

Accessory Dwelling Unit Grant Program

Accessory Dwelling Unit (ADU) Grant Program

The objective of the Accessory Dwelling Unit (ADU) Grant Program is to create more housing units in California by providing a grant for pre-development costs and non-reoccurring closing costs associated with the construction of the ADU.

Eligible Participant / Loan Origination / Servicing

- CalHFA approved participants who have executed the [ADU Lender Participation Agreement](#)
- Participant can use their own various delivery options to price and deliver their construction loans
- CalHFA will not purchase construction loans, reimburse Participant for construction loans, or provide any sort of guarantee for Participant having made construction loans to eligible borrowers
- Participant can retain servicing or release servicing to a 3rd party of their choice

Qualifications

- Low income limits — [CalHFA ADU Grant income limit](#)

Program Description

Participant will secure financing to construct the ADU. CalHFA provides up to \$40,000 for pre-development costs and non-reoccurring closing costs to build the ADU.

Applicant and Participant Process

Submission package to include:

1. Copy of current construction loan deed of trust for financing or current deed on file if no financing is used
2. Construction loan approval documents to include income used for qualifying
3. Escrow instructions to wire funds
4. Loan Estimate or Closing Disclosure
5. Itemization list for pre-development costs including Contractor's Bid, Scope of Work, or Budget
 - Pre-development costs include but are not limited to architectural designs, permits, soil tests, impact fees, property surveys, energy reports and utility hookups
6. [CalHFA Participant Affidavit](#)
 - Certify the construction of the ADU will follow Fannie Mae/FHA ADU feature requirements
 - Certify all locality permit and/or impact fees have been paid
 - Certify all eligible income is included in the income calculation. Participants shall not exclude or reduce applicant income or remove applicants to meet our income limit requirements.



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Process continued

- Certify they will provide a certificate of occupancy upon completion of the ADU

7. CalHFA Applicant Affidavit

- Certify of Owner Occupancy and Rental or Intergenerational Housing Purpose
- Certify ADU meets all local zoning ordinances for use of property and building codes
- Applicant to acknowledge they will receive a Form 1099-G alerting them of potential income tax consequences

CalHFA's Process

CalHFA will review the submission package and contribute up to \$40,000 directly to construction escrow. These funds can be used to for eligible pre-development costs and non-reoccurring closing costs to build the ADU. Any pre-development or closing costs paid up front by the applicant cannot be reimbursed as cash back but can be reimbursed as a principal reduction to the construction loan for the ADU.

CalHFA will issue a Form 1099-G to the borrower for the calendar year in which CalHFA contributed funds to escrow.