



California Housing Finance Agency

## ACCESSORY DWELLING UNIT 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.

<p><b>Eligible Participant/ Loan Origination/ Servicing</b></p>	<ul style="list-style-type: none"> <li>• CalHFA approved participants who have executed the <a href="#">ADU Lender Participation Agreement</a></li> <li>• Participant can use their own various delivery options to price and deliver their construction loans</li> <li>• 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</li> <li>• Participant can retain servicing or release servicing to a 3rd party of their choice</li> </ul>
<p><b>Qualifications</b></p>	<ul style="list-style-type: none"> <li>• Low-to-Moderate income limits – <a href="#">CalHFA income limit</a></li> </ul>
<p><b>Program Description</b></p>	<p>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.</p> <p><b>CalHFA's process:</b> Submission package to include:</p> <ul style="list-style-type: none"> <li>• Copy of current construction loan deed of trust for financing or current deed on file if no financing is used</li> <li>• Construction loan approval documents to include income used for qualifying</li> <li>• Escrow instructions to wire funds</li> <li>• Loan Estimate or Closing Disclosure</li> <li>• Itemization list for pre-development costs including Contractors Bid, Scope of Work, or Budget             <ul style="list-style-type: none"> <li>◦ Pre-development cost include but are not limited to architectural designs, permits, soil tests, impact fees, property surveys, energy reports, and utility hookups.</li> </ul> </li> <li>• <a href="#">CalHFA Participant Affidavit</a> <ul style="list-style-type: none"> <li>◦ Certify the construction of the ADU will follow Fannie Mae/FHA ADU feature requirements</li> <li>◦ Certify all locality permit and/or impact fees have been paid</li> <li>◦ Certify income</li> <li>◦ Certify they will provide a certificate of occupancy upon completion of the ADU</li> </ul> </li> <li>• <a href="#">CalHFA Applicant Affidavit</a> <ul style="list-style-type: none"> <li>◦ Certify owner occupancy</li> <li>◦ Certify ADU meets all local zoning ordinances for use of property and building codes</li> <li>◦ Applicant to acknowledge they will receive a Form 1099-G alerting them of potential income tax consequences</li> </ul> </li> </ul> <p>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.</p> <p>CalHFA will issue a Form 1099-G to the borrower for the calendar year in which CalHFA contributed funds to escrow.</p>

Last revised: 10/18/2022