



Accessory Dwelling Unit Program Update

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Program Overview

ACCESSORY DWELLING UNIT GRANT PROGRAM

- Provides up to \$40,000 in funding for ADU predevelopment costs for low- and moderate-income households

PROGRAM GOALS

- Incentivize construction of ADUs
- Create more natural occurring affordable housing while emphasizing cost efficiency
- Encouraging location and climate efficient site selection

\$100 
MILLION
IN GRANTS

\$40,000
MAXIMUM PER
HOMEOWNER 

 **2,500**
POTENTIAL
ADUS FINANCED

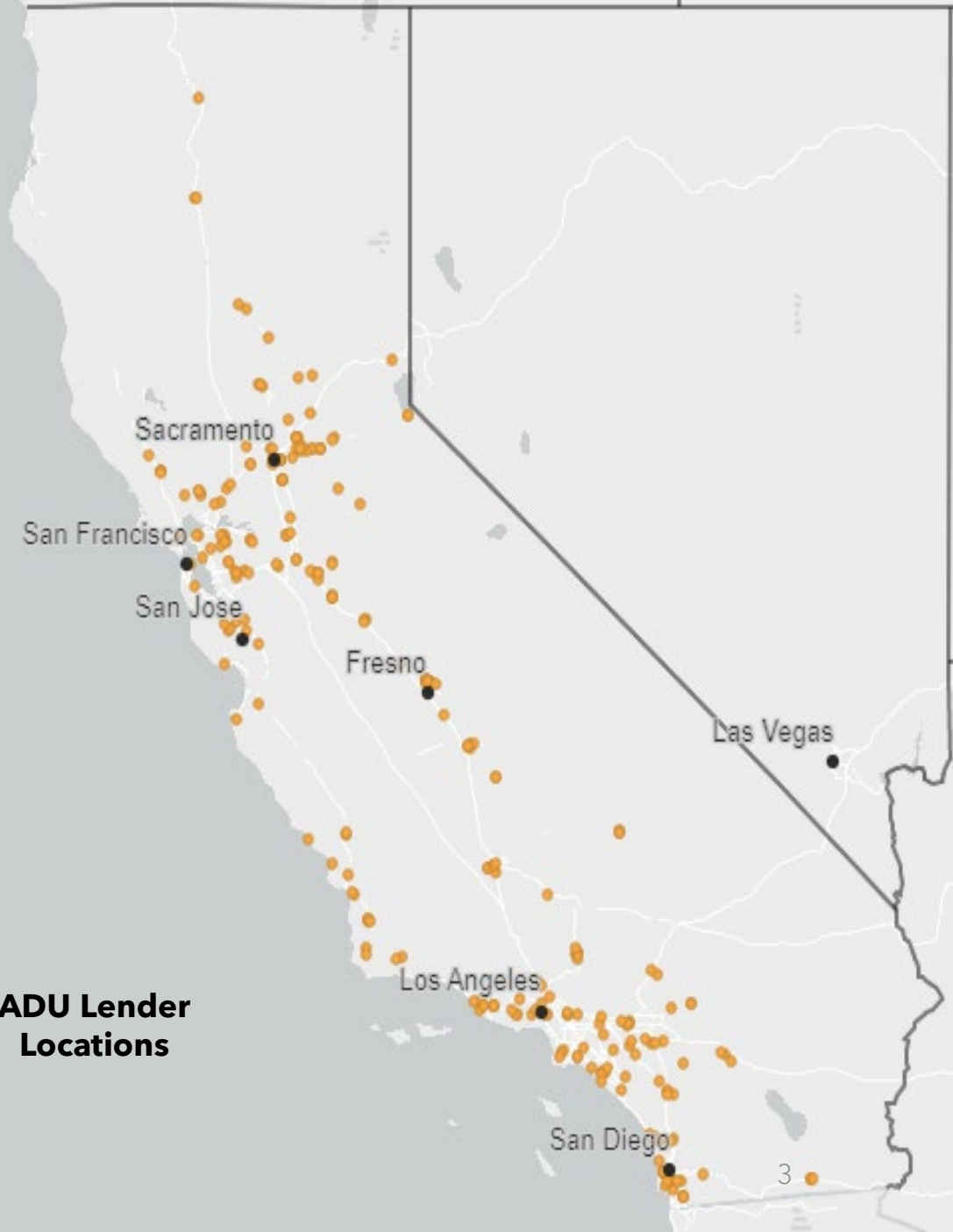


Current Status

LENDER NETWORK

- 13 lenders on website and ready to deploy funds
- 279 separate branches located throughout California

ADU Lender Locations



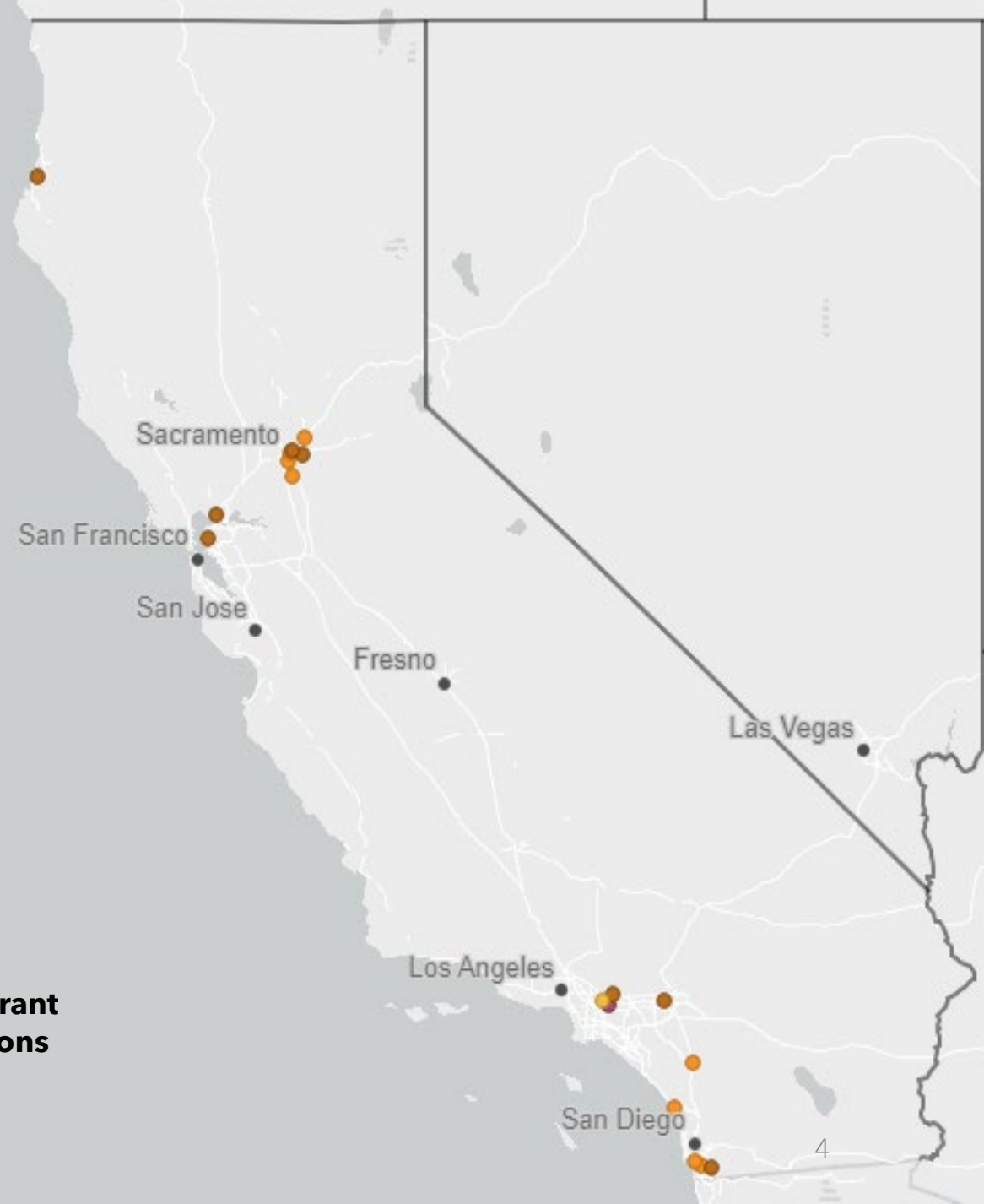


Current Status

GRANT DEPLOYMENT

- 19 total reservations
- 12 funded
- 9 separate Counties

ADU Grant Locations

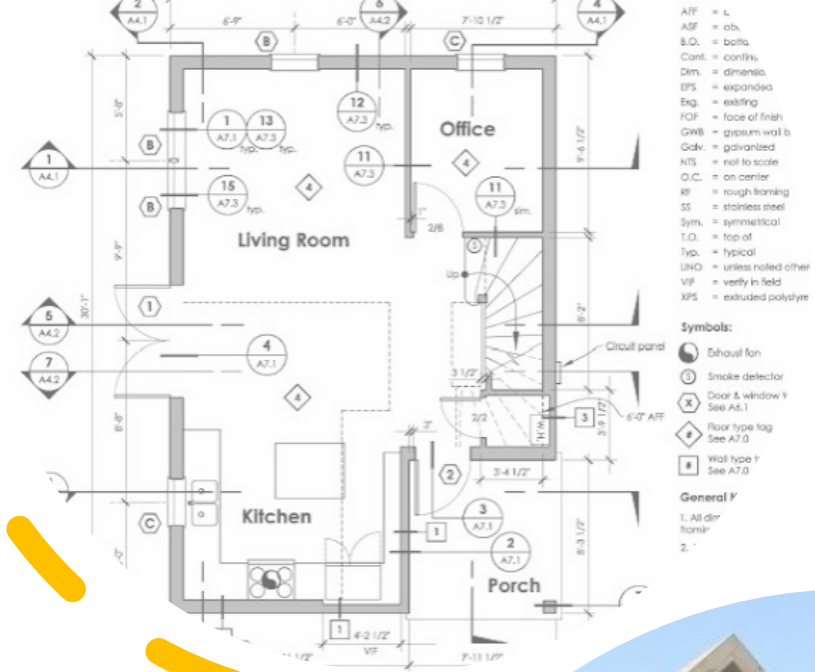




Current Status

CHALLENGES

- Depth of low- and moderate-income market for ADUs
- Interest rates
- Construction costs
- Labor shortages
- Economic environment





Digital Marketing Campaign



Traditional Marketing



Outreach Events



Local Government Outreach and Partnerships



ADU Manufacturer and Builder Partnerships



Next Steps

EXPANDED LENDER ELIGIBILITY

Develop system platform to accommodate participation by non-CalHFA approved lenders, including local jurisdictions and other grass roots organizations

- Several local jurisdictions and CDFIs have indicated interest in layering grant with existing or planned ADU financing program
- Program approval documents distributed to potential partners

ALTERNATIVE FINANCING MECHANISMS

Facilitate alternatives to construction loan that still ensure that grant funded ADUs are constructed

- Partnership with nonprofit to provide third party managed construction escrow
- Onboard new lenders with second mortgage or other financing alternatives that include a managed construction escrow.



Questions



Homeowner applies for construction loan with approved lender



Lender rolls ADU grant eligible predevelopment costs into loan



Lender prequalifies homeowner for grant and sends application to CalHFA



Upon approval, CalHFA wires funds directly into construction escrow account



ADU constructed, financed via construction loan



Forgivable Equity Builder Loan Update

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Overview



BUDGET ACT OF 2021

- CalHFA allocated \$100 million from the General Fund for the purpose of providing homebuyer assistance



ALLOCATION OF FUNDS

- **\$12 million** - State Route 710 Affordable Sales Program Phase 2
- **\$88 million** - Forgivable Equity Builder Loan for low-income households



FORGIVABLE LOAN PROGRAM GOALS

- Creating more affordable housing opportunities with deeper affordability
- Offer wealth generating opportunity through accelerated home equity gains



Program Details



ELIGIBILITY

- Households earning less than 80 percent AMI



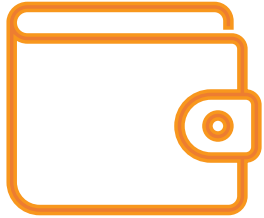
FORGIVABLE LOAN PROGRAM

- 10 percent of home purchase price/appraised value to be used for down payment and closing costs
- Forgivable over 5 years
- May be combined with other local down payment assistance programs or sources of down payment funding



BENEFITS

- Extends home ownership assistance for lower income levels
- Accelerates home equity accumulation



82

Reservations



\$34,000

Average Forgivable Loan



\$297,000

Average 1st Mortgage



22

Counties



74%

Socially Disadvantaged



Next Steps

- Build on earned media with continued outreach and marketing to targeted populations
- Monitor external real estate and mortgage market factors
- Ongoing evaluation and calibration



Questions