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**Sent:** Thursday, March 28, 2024 3:23 PM

**Subject:** Articles to discuss ahead of Owner Occupancy ADU item tonight

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*BCC Housing Strategy Committee*

Hi all,

I've been reading some articles ahead of the ADU discussion tonight. Some of the relevant articles and highlighted sections are below.

**Shelterforce:**

[ADUs: Laws and Uses, Do's and Don'ts](#)

- Owner-occupancy requirements also make it so regular folks just trying to build a backyard ADU for their own use or to rent out to earn additional income are limited in what type of financing they can get “because if a lender was to have to foreclose on it, the lender can't live there and will immediately be in violation of that requirement,” Spevak explains. Since most homeowners don't have the cash reserves to pay for an ADU outright (ADUs typically cost [at least \\$100,000](#) and can cost far more), restricting financing options severely limits who can get their units built.
- “Getting rid of that owner-occupancy requirement is a great thing for creating additional rental housing,” Chapple says. “For a long time, neighbors objected to [removing owner-occupancy requirements] because they want to keep their same neighbors and homeownership in their neighborhoods.” Chapple notes that not everyone will be able to become (or remain) a homeowner, and argues that removing the owner-occupancy requirement enables a significant increase in statewide ADU construction.
- Some cities that originally required one of the units to be owner occupied repealed those laws once officials realized the law reduced the number of ADUs being built. [Minneapolis](#) was one of those cities. [Portland](#) also revised its long-standing owner-occupancy requirement, effective Aug. 1, 2021.

**Turner Center:**

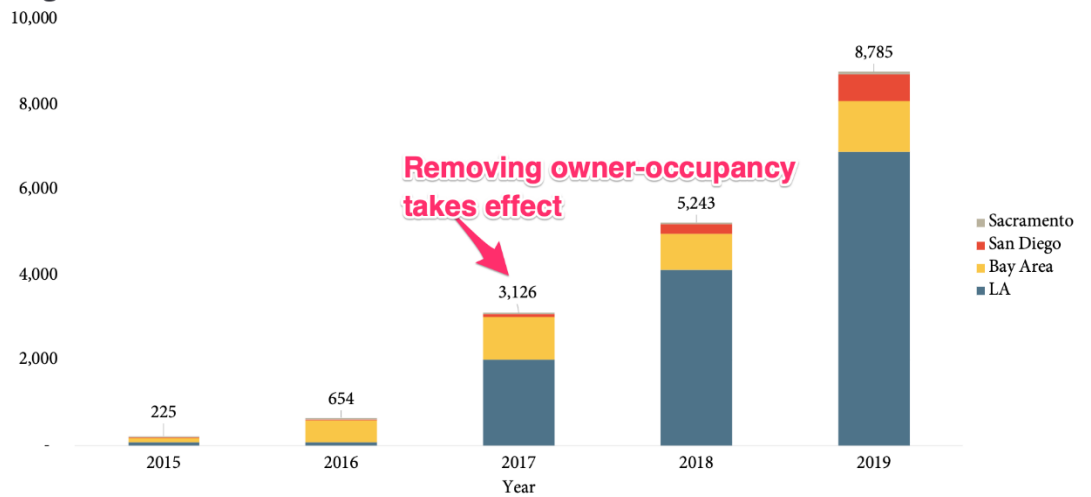
[Reaching California's ADU Potential: Progress to Date and Progress to Date and the Need for ADU Finance](#)

For background, in 2016 California adopted a law that required all municipalities in the state to make changes to their zoning codes to allow ADU's, including limiting parking requirements and setbacks, and

removing the owner occupancy requirement for 5 years. The California Legislature passed a change in 2023 permanently removing the owner-occupancy requirement statewide.

- In general, properties held by individuals, rather than companies, are disproportionately more likely to permit and construct ADUs; although some 17 percent of residential property in the state is owned by companies and organizations, they construct eight percent of ADUs.
- Changes to state law, greatly increased the number of ADU's permitted and completed

**Figure 3. ADUs Permitted in California's Major Metropolitan Regions, 2015-2019**



Sources: 2015-2017 data: “ADU Update: Early Lessons and Impacts of California’s State and Local Policy Changes”. 2018-2019 data: Calculated by the authors from Annual Production Report data (California Department of Housing and Community Development). Note: “LA” includes the cities of Los Angeles and Long Beach. “Bay Area” includes the cities of San Jose, Oakland, and San Francisco. “Sacramento” and “San Diego” include their namesake cities only.

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- Although they don't publish the coefficient or std. deviation, they do find that in L.A. County a building being occupied by the owner is positively correlated with likelihood of ADU construction. They do not find a negative correlation elsewhere.

Thanks,  
Will