



CALIFORNIA ADU REFORM: A RETROSPECTIVE

How YIMBYs Helped Kick Off a
California Building Boom

M. Nolan Gray

Research Director
California YIMBY



TABLE OF CONTENTS

Table of Contents	1
Introduction	3
What Are ADUs?	3
How Has the Law Changed?	3
What Has ADU Legalization Accomplished?	4
How Are All the ADUs Being Used?	6
What Can We Learn From ADU Legalization?	6
Where Does ADU Reform in California Go From Here?	7
Conclusion	8

“The success of our laws encouraging the development of Accessory Dwelling Units shows that progress is possible. I will continue to apply these lessons to new and existing laws so that we can be as successful in building other types of homes to make California more affordable and accessible for everyone.”

–Assemblymember David Alvarez, Chula Vista

Cover photo is by [Nicolás Boullosa](#), and is used under a [CC BY 2.0 DEED](#) licence

Table of Contents photo is by [Nicolás Boullosa](#), and is used under a [CC BY 2.0 DEED](#) licence

Introduction

In 2016, California state policymakers established a statewide set of rules for legalizing accessory dwelling units (ADUs). Eight years later, and complemented by additional, follow-on ADU regulations, we can definitively say that this reform program has been an overwhelming success: YIMBY-supported ADU legalization has triggered a building boom, such that ADUs now comprise a large share of new housing produced in most cities.

The success of ADU legalization serves as a ready model, both for future land-use reforms in California and other states seeking to address the housing shortage.

What Are ADUs?

Accessory dwelling units, also known as casitas or granny flats, are homes that share a parcel with an existing residence, typically a single-family home. ADUs can be either attached to or detached from the existing structure. They are commonly built out of existing garages.

ADUs are popular for a variety of reasons. For homeowners, ADUs can be used to:

- Help young families pay down a mortgage and afford housing otherwise out of reach;
- Provide retirees with an additional source of income, allowing them to cover maintenance costs and age in place;
- House adult children or aging relatives who otherwise couldn't afford their own home nearby.

For renters, the benefits are more straightforward: ADUs provide an inherently affordable housing option, often in neighborhoods with access to high-quality public services, jobs, and transit.

How Has the Law Changed?

In 1982, California policymakers passed **SB 1160**, which nudged local jurisdictions to legalize ADUs on all single-family lots. While subsequent legislation in 2002 (**AB 1866**) attempted to further iron out this process, the regulatory framework continued to allow local jurisdictions to set whatever standards for ADUs they liked. In practice, most local jurisdictions adopted onerous and unworkable standards that resulted in few ADUs being permitted for 34 years.

In recognition of this failure, California policymakers adopted sweeping changes in 2016 (**SB 1069** and **AB 2299**), streamlining the ADU permitting process and setting workable statewide standards. When these rules came into effect in 2017, it immediately triggered an ADU building boom. Over the past seven years, California policymakers have been busy closing loopholes.¹

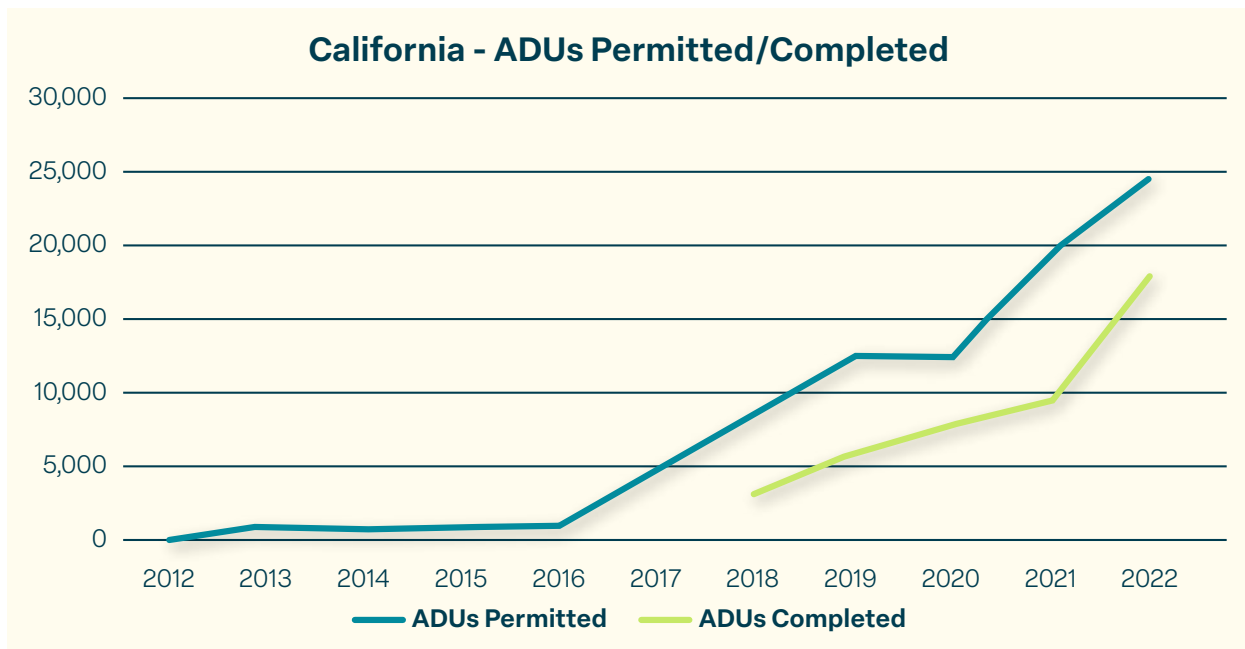
¹ For a full summary of the ADU reform timeline, as well as more information on SB 9, see [“California Senate Bill 9: An Important Symbolic Victory That Is Unlikely To Produce Meaningful Amounts Of New Housing In Single-Family Neighborhoods”](#) by Max Dubler (2022).

- In 2017, [SB 229](#) and [AB 494](#) clarified various ambiguities in the law and gave the California Department of Housing and Community Development (HCD) greater oversight over how local jurisdictions administered ADU permitting.
- In 2019, [AB 670](#) exempted ADUs/junior accessory dwelling units (JADUs) from restrictions in HOAs/CC&Rs.²
- In 2021, [AB 3182](#) further streamlined ADU permitting.
- In 2022, [AB 2221](#) closed various lingering loopholes, clearing a path for easier ADU permitting.
- In 2023, [AB 976](#) permanently exempted ADUs from unworkable owner-occupancy mandates.

What Has ADU Legalization Accomplished?

The permitting data from the past eight years is unambiguous: ADU legalization triggered a building boom. According to permitting data compiled by HCD:³

- **The number of ADUs permitted each year in California increased by 15,334% between 2016 and 2022, collectively resulting in 83,865 ADUs permitted.**
- Other than 2020—a year beset by the COVID-19 pandemic—ADU permitting has increased by 42 to 76% every year since 2016. There is little reason to believe that this growth in permitting will slow down any time soon.
- **As of 2022, 19% of all housing units produced in California—or nearly one in five homes—is an ADU.**



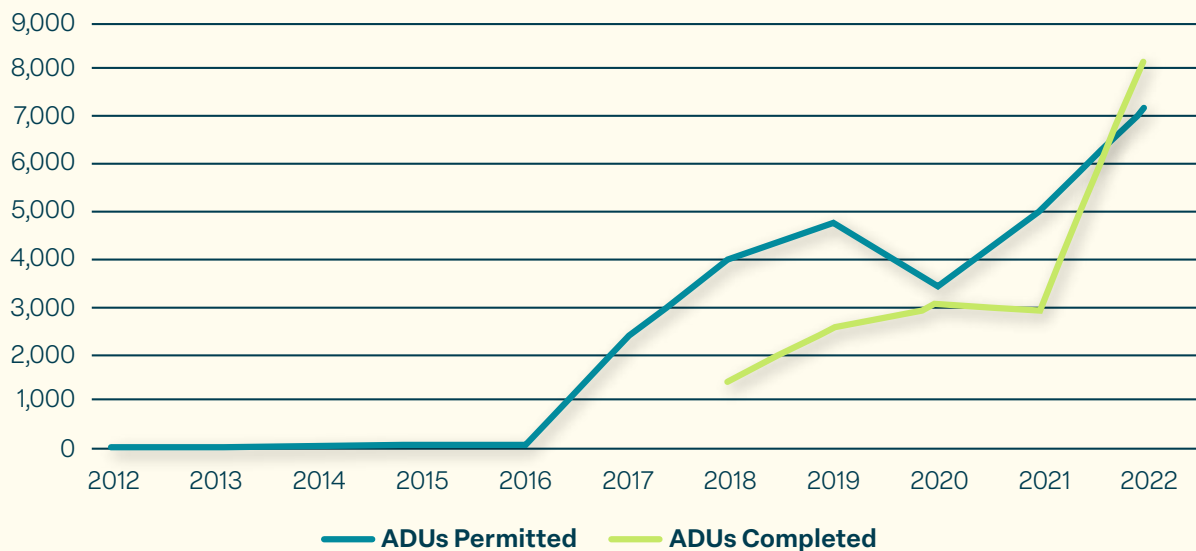
² JADUs are a unique category of ADU in California that must be carved out of an existing structure and are subject to owner-occupancy requirements.

³ Unfortunately, ADU permitting data collection methods changed over this period. I have thus stitched together two separate HCD datasets. Where there are slight discrepancies—as there are for 2018 and 2019—I opted to use [Housing Element Implementation](#) data, which is likely to be of a higher quality and also reports slightly lower permitting numbers.

This surge in ADU permitting has been most pronounced in cities like Los Angeles, where a large stock of detached single-family homes on large lots lends itself well to the addition of extra housing units. In Los Angeles, the number of ADU permits issued skyrocketed from 80 in 2016 to 7,160 in 2022, an increase of 8,850%.

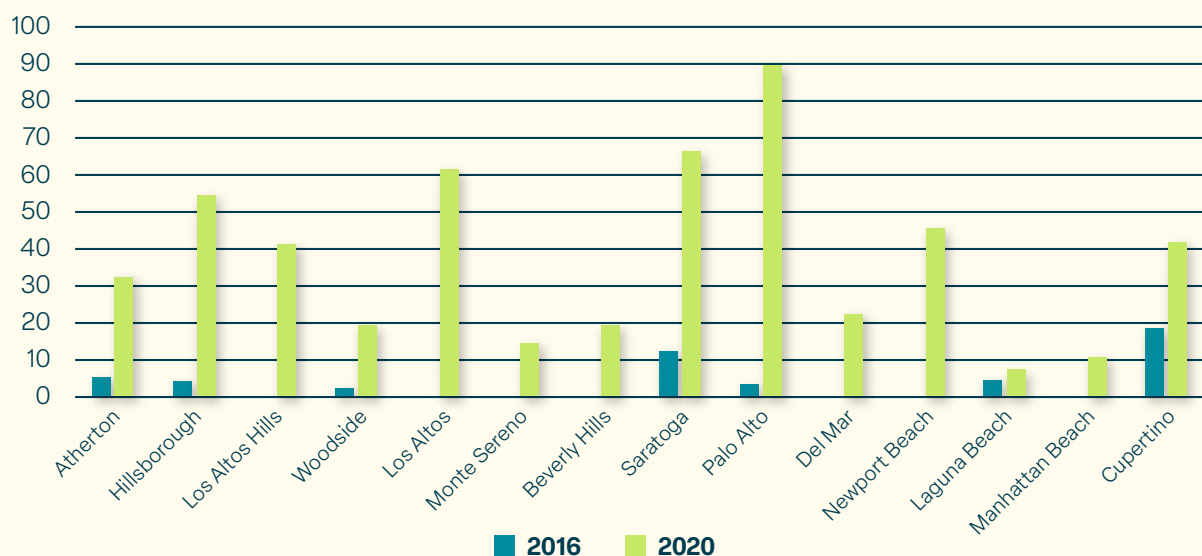
At least 26,862 ADUs have been permitted in Los Angeles alone since legalization. One in every three homes permitted last year in Los Angeles was an ADU. Almost none of these units would have been legal to build before the ADU legalization and reform program started in 2016.

Los Angeles - ADUs Permitted/Completed



The ADU building boom has also penetrated many of California's most exclusionary neighborhoods. Consider those California suburbs with the highest median household incomes and home prices: Few—if any—apartments have been built in most of the suburbs sampled below over the past 40 years. Nine didn't permit a single ADU in 2016. Yet five years later, ADU permits have grown exponentially, such that ADUs now constitute most of the housing being built in these suburbs.

ADUs Permitted (2016 vs 2020)



How are all these ADUs Being Used?

According to survey [data](#) collected by researchers at the Turner Center for Housing Innovation at UC Berkeley, ADUs are overwhelmingly used for housing—only 8% are used as short-term rentals. Better yet, according to HCD Housing Element Implementation [data](#), most of the new ADUs built in the exclusive suburbs surveyed above qualify as affordable to households earning 80% or less than the area median income.⁴ The Southern California Association of Governments [puts](#) that figure at around 66%. That is to say, **ADU legalization triggered a boom in affordable housing at no cost to the taxpayer.**

What Can We Learn From ADU Legalization?

Many lessons can be learned from the ADU legalization experience, both in guiding future California reforms and similar efforts in other states:

- 1. Local land-use rules often serve as a major barrier to new housing production.** As observed with ADU legalization, removing these regulatory barriers can immediately help to stimulate new housing production, at no public cost.
- 2. Local jurisdictions often lack the technical expertise and political incentives to lead on this type of reform.** California state policymakers spent 34 years nudging local jurisdictions to remove barriers to ADUs, with little to show for it. It took clear, workable statewide rules to ignite the present ADU building boom.
- 3. Land-use reform is a process.** While the initial 2016 reforms cleared a path for ADUs, it took five years and at least seven clean-up bills to fully iron out the statewide regulatory framework and close the remaining loopholes. The recent push to legalize duplexes and lot splits will likely follow a similar trajectory.
- 4. The process of permitting an ADU needs to be simple, prompt, and affordable.** Many ADU builders are homeowners who may not otherwise have the experience or capital needed to undertake extended entitlement reviews or pay high impact fees. Ministerial approvals, shot clock provisions, and impact fee exemptions have been key to getting ADUs built.

“The momentum behind accessory dwelling units in California is proof that there are many approaches we can take to solve the housing shortage and affordability crisis. I was proud to author AB 1332, which makes it faster and easier for homeowners to get approvals for ADUs, and builds on this momentum.”

—Assemblymember Juan Carrillo, Palmdale

⁴ HCD does not verify reported units, and some jurisdictions allegedly mark ADUs at lower AMI to meet RHNA goals.

Where Does ADU Reform In California Go From Here?

While policymakers have built an effective statewide framework for ADUs in California, there is still work to be done to secure these gains and further scale up the ADU renaissance:

1. **A state-level permitting remedy may be necessary.** Even with five years of clean-up bills, local jurisdictions continue to find creative ways to block ADU construction. One way to overcome this could be for state regulators to play a larger role in permitting state-defined housing typologies, including ADUs.
2. **Continue to fund state grants that make ADUs affordable to homeowners.** The California Housing Finance Agency has administered \$125 million in grants to support ADU projects.⁵ These grants have been key to making ADU construction affordable and accessible to all California households. Policymakers should consider extending and scaling up these programs.
3. **Implement a statewide ADU bonus program.** Since 2021, San Diego has allowed property owners to build an additional market-rate ADU, as long as they also build a deed-restricted affordable ADU.⁶ This allows property owners to build multiple ADUs on their parcels. In the first two years of implementation, this program facilitated 253 new market-rate ADUs and 295 deed-restricted affordable ADUs. A version of this policy could be adopted statewide.
4. **Create a standardized ADU program to offer same-day permitting.** San Jose permits homeowners to receive same-day permits for an ADU if the project complies with a pre-approved plan from a list of authorized ADU vendors.⁷ California could implement a similar program statewide.
5. **Allow for separate conveyance statewide.** Signed into law this year, [AB 1033](#) will give jurisdictions the option to allow the separate conveyance of ADUs. That is to say, in certain jurisdictions, homeowners will enjoy the right to sell their ADU as a separate home. California should aim to guarantee a right to separate conveyance statewide.
6. **Remove remaining local impediments to scaling ADU production.** Recent ADU reforms have eliminated most of the barriers to securing local approvals, but recalcitrant cities continue to put up roadblocks. Last year, California YIMBY partnered with ADU practitioners to pass technical fixes to ADU law. Continuing state interventions of this nature may be necessary.
7. **Export the California ADU framework to other states.** The nation's largest housing market now operates under a single ADU regulatory framework, creating a large market. Extending this framework to other states would leverage even greater economies of scale. As states across the West move to legalize ADUs, educational materials and model legislation inspired by the California framework could spread the ADU renaissance.

5 See CalHFA's [ADU Grant Program](#).

6 See "[San Diego's Success in Spurring Missing Middle Housing: The Accessory Dwelling Unit Bonus Program](#)" by Muhammad Alameldin and Quinn Underriner (2023).

7 See San Jose's [Preapproved ADU Program](#).

Conclusion

Unwinding a century of exclusionary zoning policy in California takes time. But as the case of ADU reform makes clear, it isn't impossible. Thanks to the sustained advocacy of a coalition of policymakers, housing advocates, and small-scale builders, California now enjoys an entirely new form of housing—one that now houses tens of thousands of households. As YIMBYs in California and across the world seek to tackle mounting housing shortages, they would do well to learn from ADU reform.