

# HOUSINGWIRE

## How ‘granny flats’ might save LA from affordable housing doom

*California is turning to ADUs to address housing shortages following the LA wildfires. But some officials aren't on board with these plans*

Last month's [wildfires](#) in the Los Angeles area have left many homeowners in need of [affordable housing](#) options to replace destroyed properties. In response, city officials across [California](#) are turning to an alternative property type that might've been popular among seniors back in the day.

Strategies are in place and some homeowners are on board. Yet city officials have other plans for one of the wildfire-impacted areas.

### Pasadena goes big

The City of Pasadena [announced this week](#) that it's launching the second round of its accessory dwelling unit ([ADU](#)) loan program. The application is open to qualifying homeowners until Feb. 28. The new round comes as Pasadena recovers from property losses sustained during the LA wildfires. The program targets new construction and converts existing unpermitted units to meet building codes.

Residents will have access to comprehensive assistance with financing, designing, permitting and building new ADUs — aka “granny flats.” The term refers to the historical use of ADUs as additional units for homeowners looking to house their aging parents. Today, all generations in certain parts of California may need them to rebuild housing stock.

Pasadena's influx of ADUs and financing options follows a trend of changes at the policy level that are friendly to these accessory units. The City of Long Beach also offers loans of [up to \\$250,000 to homeowners for ADU construction](#) — provided that the units are rented to low-income households. Last year, California Gov. Gavin Newsom also [signed three ADU-related bills](#) that aim to boost ADU development throughout the state.

### ‘Build-a-house’ firms arrive

Manufactured housing companies are emerging as key producers of ADUs. One such company include [Hapi Homes](#) — a HousingWire Tech 100 member that allows buyers to customize their

manufactured homes online. CEO Mary O'Brien spoke with HousingWire to offer insights into how ADUs are transforming housing in LA .

"ADUs are a fast and cost-effective way to help address LA's housing shortage, offering flexible options for multigenerational living, rental income and housing for young professionals," O'Brien said. "However, challenges remain — many [homeowners](#) are unsure where to start, face a complex process and worry about construction disruptions. Neighborhood concerns about density and parking also pose hurdles."

These units are consistently gaining traction as preferred options. Only 80 ADUs were approved in Los Angeles in 2016, according to a [California ADU reform report](#). That number grew to 7,160 in 2022. The state relaxed many standards for ADU builders, including height restrictions, stringent approval processes and diminished ADU capacity for multifamily properties. ADUs may also enhance infrastructure and revitalize neighborhoods in several ways. Aside from increasing [housing supply](#), O'Brien also pointed out that ADUs allow for more diversity in terms of housing sizes and income levels, without requiring new land development. But the biggest benefit lies in affordability.

## Government incentives

But building and setting up an ADU isn't exactly cheap. Prospective buyers can expect to pay an average of \$180,000 to set up an ADU, according to data from [Angie's List](#). That's still much less expensive than the average single-family home in California, which has a median list price of \$734,950, according to [Redfin](#).

On top of that, states often offer grant programs and incentives to mitigate costs. One example includes a California Housing Finance Agency (CalHFA) [grant program](#) that offers up to \$40,000 to reimburse certain costs. The program has helped "220,000 low- and moderate-income homebuyers with \$37.5 billion in first mortgages," according to CalHFA.

This added affordability could be a solution to the affordable housing decline after the LA wildfires. Certain neighborhoods with large portions of minority homeowners — like Altadena — will need affordable options to recover from property loss. According to a [study](#) by UCLA, more than 60% of Black-owned homes in Altadena were impacted by the Eaton fire.

Jonathan C. Curtis — a former mayor and current city council member in La Canada Flintridge — spoke with HousingWire about rebuilding efforts in affected areas. He highlighted ADUs as the fastest option for rebuilding infrastructure in cities like Altadena.

"With the trend of the ADUs in California, what people are trying to do with ADUs is to have more housing stock. Now, the areas that are going to be subject to rebuilding, anyway you look

at it, have a ways to go. I think you'll be lucky if you're back in 18 months or two years," Curtis said.

"So, one thing you can get though within a very, very short amount of time — and they're easy to build — is ADUs. You can almost get them pre-packaged. So, if you could encourage people to build ADUs, then you agree that you will allow less impact by the fire in the living room, and start getting people back closer to home," he added.

## Some officials have other plans

But some state legislators are halting the potential with sweeping measures for rebuilding. According to [reporting from CityWatch LA](#), the county's board of supervisors — led by 3rd District supervisor Lindsey P. Horvath and Chair Kathryn Barger — called for a five-year suspension of several laws that would expedite redevelopment using ADUs.

In [the document](#), county board members said they suspended the 90-day time frame for ADU approval to "accommodate the surge in rebuilds and staffing challenges for all impacted jurisdictions at the same time."

The State's Density Bonus Law also sat on the five-year chopping block. The law essentially offers a 35% bonus to developers if they allot 11% of total unit production to very low-income households. The motion suspended the law to allow "like-for-like rebuilds" and retention of "community character."

The term "like for like" refers to rebuilds that are identical by size and type to the properties that came before. Altadena was known for having single-family homes before the wildfire, meaning that ADUs would fall outside of that "character."

The motion later moves to suspend SB35, a law implemented to streamline the local review process for ADU construction. Beneath that, the board also suspended SB9. It allows owners to split vacant lots to create space for multiple units, which would most likely be ADUs.

## Contradictory statements?

Blocking laws that would help homeowners rebuild the community may seem contradictory to previous statements made by county board members concerning the rebuild. In an interview with the [Los Angeles Times](#), Barger said lawmakers "will provide you with all the resources that we can so that when you rebuild, you do it in a way that recognizes that you are in a high fire zone."

Curtis commented on the board's motion, regarding it as the latest in a series of exemptions and suspensions aimed at expediting the rebuild. While expressing respect for Barger and Horvath, he also pointed out the value of using ADUs to rebuild, rather than halting that effort.

"There's opportunities that shouldn't be overlooked," Curtis explained. "Some of those opportunities are with ADUs, and if you limit the rebuilding effort too much, then there's potential ramification that people can't afford or can't rebuild to standards. So, there's going to have to be some refinement over time."

"This 'like for like' almost sounds like a design. I hope it doesn't become a battle, as opposed to helping people rebuild," he added.