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General Questions

1. What is an ADU?

An Accessory Dwelling Unit (ADU) is: a legal and regulatory term for a secondary house or apartment that shares the building lot of a larger, primary home and provides independent living facilities for one or more persons. An ADU must be self-contained, with its own kitchen or kitchenette, bathroom and sleeping area. ADUs have been known by many names: granny flats, in-law units, backyard cottages, secondary units, guest houses, and more. No matter what you call them, ADUs are an innovative, affordable, and effective option for adding much-needed housing in California.

2. Are funds still available?

At this time, grant reservations are currently paused per CalHFA, however will resume in December 2023. All new applications will go into our waitlist in the order COMPLETED applications with all supporting documents are received.

3. How do I get on CCEDA's ADU Grant waitlist?

[Download our checklist](#) to find the requirement documentation you'll need to submit to join our waitlist.

4. Is the grant free?

Yes, the ADU grant is free money, you do not have to pay it back. However, you will receive a 1099 from CalHFA for the year the grant funds were wired into escrow, meaning you may need to pay taxes on the utilized grant funds the following year. Check with your accountant or CPA to better understand your potential tax liability given your unique circumstances.

5. How soon will I know if I get the grant?

We will process the grant applications in the order complete applications are submitted. You can ensure timely processing by submitting your employment and financial documents along with a 3rd party verified budget as soon as they are requested. Rest assured, we will keep you informed at each step of the application process.

6. How could I get help with the Project Feasibility Report?

You can order the [Project Feasibility Report offered by HOMEPLEX](#) or get in touch by sending them an email to hello@homeplex.net or calling 424-428-8000.

7. What if I've already applied for the grant through another partner?

You can only have one managed escrow account associated with the grant funds. You may still apply through CCEDA even if you've already applied and received a grant acceptance letter through another program participant, however since CalHFA will not accept duplicate reservations you **must first cancel your grant application with the other program participant** before CCEDA can reserve you.

[Grant Qualification and Uses](#)

1. Do the new income guidelines for grant qualification apply only to new applicants?

CalHFA's new income guidelines apply to all ADU Grant applicants. All existing CCEDA applicants are unfortunately now subject to [CalHFA's newly published reduced income limits](#). We are looking for alternative programs for existing CCEDA applicants who no longer qualify for the CalHFA ADU Grant.

2. Is the income limit for all members of the household?

The adjusted gross income is used for all people currently on the property deed that also reside in the household.

3. Would the total household gross income need to be less than the amount published, would that include rental income, capital gain, etc?

The total household adjusted gross income (AGI) cannot exceed the reduced <80% AMI income limits as published by CalHFA.

4. In our W2 it shows 4 numbers for the salary:

1) Wages, Tips, other Compensation (Box 1 of W-2)

2) Social Security Wages (Box 3 of W-2)

3) Medicare Wages (Box 5 of W-2)

4) CA. State Wages, Tips, Etc. (Box 16 of W-2).

Which income should be used determine eligibility to apply for the ADU grant?

You can consider box 1 of the W-2 sheet to determine your income eligibility.

5. Are income limits based on 2022 or 2023 income?

Either 2022 tax returns or 2023 paystubs and/or business P&Ls may be used to determine income eligibility

6. Can we still get a grant without a loan?

You do not need a loan when applying with CCEDA, however, you are required to show that you have all funds secured to complete your ADU project based on the project budget, including pre-construction expenses. If you end up needing a loan, our preferred lenders can help get you a loan at a good rate and your loan fees can be paid directly form the grant. If you already have an existing 2nd or HELOC, you may pay all your project expenses from the loan and upon completion of your ADU CCEDA will approve a pay down up to \$35,000 off your loan balance, once on all eligible invoices are submitted.

7. What can ADU grant proceeds be used for?

The ADU grant can be used to pay pre-construction costs associated with the ADU. Examples of eligible pre-construction costs includes feasibility reports, architectural designs, permit management, permits, impact fees, property survey, energy reports, soil tests, all site prep including demolition, utility connections, septic, tree removal, and other necessities before the actual building of the ADU. See the detailed [sample excel template](#). It can also be used to buy down the interest rate (a non-recurring closing cost) if you receive a loan through a CCEDA pre-approved lender.

8. What is considered pre-construction?

Pre-construction includes all site prep, architectural designs, permits, impact fees, property survey, energy reports, soil tests, demolition, utility connections, tree removal, and other necessities before the actual build of the ADU.

9. What costs are not covered by the grant?

Most hard construction costs (foundation, framing, finishes, fixtures, and all other construction wages and materials, etc) are not covered by the grant. Neither is solar.

10. If my ADU is completed, can I still qualify for the grant?

Unfortunately, if you've already received a Certificate of Occupancy for your ADU you won't be eligible for the grant.

11. If my property is in a trust can I still get the grant?

Yes, however you must show you are the trustee and/or beneficiary of the trust and reside on the property as your primary residence. All beneficiaries of the trust who also reside in the home must be included in the application and combined income used to qualify under [CalHFA income requirements](#).

12. What if I've already paid pre-development costs out-of-pocket?

Per CalHFA, the grant cannot reimburse you directly, however it can be used to pay qualified invoices. If your vendors provide an invoice for the amount and you have already paid them, the escrow account can pay this invoice directly to the 3rd party vendor. You may either submit the original invoices for payment (and deal with the vendor directly to be reimbursed your original payment to them) or CCEDA may authorize direct payment to your lender to pay down the balance of any loan or HELOC used to make those initial payments upon completion of your ADU.

While the grant cannot reimburse costs directly to a homeowner, grant funds may be utilized to pay down your loan balance by the amount paid to approved 3rd party vendors upon ADU completion, if you received your loan through a CCEDA-approved lender.

13. What happens if the house is in a Trust?

You must show you are the trustee and/or beneficiary of the trust and reside on the property as your primary residence. All beneficiaries of the trust who also reside in the home must be included in the application and their combined adjusted gross income is used to qualify under [CalHFA income requirements](#).

14. If my property is in an LLC can I still get the grant?

No, this is for owners of primary residences only. If the property is held by an LLC, the property must first be transferred to the owner occupant prior to CalHFA awarding the grant to the applicant.

15. Does a manufactured home qualify for my ADU?

If it is a modular home that is permanently affixed to a foundation and permitted by the city as an ADU, then yes, it would qualify for the grants and traditional home financing. If on the other hand, it is a HUD-manufactured home on a chassis, then you will need to check with your local municipality (city or county) to see if a manufactured home can be permitted as a legal ADU if it is not a cross-mod permanently affixed to a foundation. Any legally permitted ADU would qualify for the CalHFA ADU grant covering pre-construction costs.

16. Can I apply for the grant for myself if it is for my parents' house? I will be paying for the ADU.

Whoever is on the title and residing in the home must be included in the application. There is an option for a gift letter that you can show where the funds for the ADU are coming from, so if you are paying for the ADU construction, you can gift those funds to your parents who are on the title. Their income would be used to qualify for the ADU grant however.

17. Is owner occupancy required in the newly built ADU or in the main house in the property?

You must live on the property where the ADU is being built. You may live in either the home or the newly constructed ADU.

18. Can I receive the grant for my rental property and house?

No, you can only receive the grant where your primary residence is. You cannot receive two grants as you must live on the property where the ADU is being built. You may live in either the home or the ADU.

19. For those who don't qualify for the grant. is there anything available to help like an affordable loan?

We are looking for other programs to help with your ADU project.

Financing Questions

8. Do I apply for financing first or for the grant?

Through CCEDA you can apply for the grant and, if financing is needed, with your consent your application will be shared with our approved lenders who will work directly with you on your loan. You may also apply for financing with any lender of your choice and once you receive your loan, transfer those funds along with your other cash into the managed escrow account. You must show that you have all funds available to cover your entire project budget including cash available, and if you require financing, an approval letter or loan statement.

9. Do I need a loan to obtain the grant?

You do not need a loan when applying with CCEDA, however you are required to show that you have all funds secured to complete your ADU project based on the project budget, including pre-construction expenses. If you end up needing a loan, our preferred lenders can help get you a loan at a good rate and your loan fees can be paid directly from the grant. If you already have an existing 2nd or HELOC, you may pay all your project expenses from the loan and upon completion of your ADU CCEDA will approve a pay down up to \$35,000 off your loan balance, once on all eligible invoices are submitted.

10. Can you pay down my mortgage loan or HELOC?

Yes, the grant funds can be used pay down your loan so long as you can show invoices of pre-development costs paid by the HELOC.

11. What if I discover I need more financing after beginning my project?

During the application process we require thorough documentation of your ADU budget. This may include a contractor bid or a project feasibility report that includes a detailed budget to demonstrate your full project budget. In the event your project budget increases we will require evidence that you have the funds or a loan approval letter demonstrating you have sufficient funds to complete your ADU project. Our team along with our lending partners can help you determine how much you will need for your ADU build and whether you have sufficient resources for a successful ADU project completion.

CCEDA Questions

1. Can you give a breakdown of your fees?

There are no out-of-pocket fees with obtaining the grant. There is a \$5,000-7,000 administrative fee from CCEDA, which is inclusive of the CalHFA required 3rd party Fund Control Escrow account. The admin fee is determined by your unique circumstance and support needs over the course of your project and will be paid directly out of the grant proceeds.

Every financial institution and organization must charge an administration fee to cover the cost of managing the grant from application to the completion of your ADU. CCEDA's administration fees for internal management along with the minimally required 3rd party managed escrow services will not exceed \$7,000 per grant administered.

2. What are some of the differences between going through CCEDA, HPPCARES, or another CalHFA program participant to get this grant. It seems you both take similar administrative fees, but are there other structural differences?

You may choose to move forward with any CalHFA ADU Grant administrator. All approved non-profits that work with CalHFA may distribute and manage the grant. We are currently accepting applications to prepare for the phase II portal opening in December. At CCEDA, we have an intuitive system for you to submit and track your grant applications for you to be best positioned to be reviewed and pre-qualified for this ADU grant. However, we are constantly looking for other grants or financing opportunities that could help achieve your goal of building your ADU. To be added to our Waitlist, you must have all documents uploaded as well as a contractor's bid and pre-construction budget or Project Feasibility Report and demonstrate you have the funds available to build.

3. Can I still get the grant even though I want to self-manage the project rather than hire a General Contractor?

Yes, you may build the ADU yourself, however all pre-construction needs to be done by licensed 3rd party vendors that must be paid directly from the grant proceeds. Grant funds may not be paid or reimbursed directly to you. Alternatively, if you have a loan you may pay all your project expenses from the loan and the qualified pre-construction expenses may be submitted and your loan balance may be paid down upon your completing the ADU project and receiving your Certificate of Occupancy. You will be asked to sign an affidavit stating that you will provide proof of receiving the final inspection and approval from the city or you will be liable to pay back the ADU grant funds. We suggest you discuss your best options with your CCEDA grant advocate.

Questions about the Application:

1. I already submitted my application. How do I contact my Grant Advocate?

The CCEDA Grant Advocate will contact you once all your documents have been thoroughly reviewed by our staff and your file has been assigned to him.

2. Once all docs are in and if our grant is awarded by CalHFA, when should we anticipate funds to be dispersed?

CalHFA has announced that the reservations will open in early December. If you do get reserved through CCEDA, it could take a couple of months to fund most of the applications. The next step is to set up an escrow account and chose from a set of options. Once that is set up correctly, the account may be funded by CalHFA and your funds may be dispersed.

3. Why are there still pending docs on my application?

Please disregard these pending docs, they are for our staff to review when looking over your application. Only owed docs are what we need from you.

4. I have applied but the only thing left is the bid, those it means that you will not approve me because you don't have the bid?

The CalHFA grant is intended for projects that have sufficient funds available to complete the ADU per the budget. CCEDA needs to show that each applicant has the funds to cover the ADU project. Rather than prematurely requesting a bid from a contractor before you really know what you want to build, we recommend you contact [HOMEPLEX](#) for a Project Feasibility Report or another 3rd party consultant that can provide a detailed budget and pre-construction budget as required by CalHFA.

5. Who can I speak to regarding my application?

Please email any questions to advocate@adu-cceda.com. This is currently our fastest response due to the high volume of calls. Once you have been reserved and we have received all your documents, you will be assigned a grant officer that will be in direct contact with you. They will process your application and get your funds awarded.

6. When will I know if I get the Grant?

You will receive an email updating you know that your funds have been reserved. Once your file has been reviewed, a Grant Advocate will be in contact with you regarding funding.

7. What is the status of my application?

Feel free to reach out to advocate@adu-cceda.com to ask us about the status of your application. Our team will get back to you regarding any missing information or pending documents.

8. What does it mean when my grant reservation has been submitted?

This means your funds have been reserved! Our grant officers still need to review your file to make sure all documents are correct and completed. Once they have been accepted, they will be in contact with you regarding funding. During this time please upload a contractor's bid or an approved 3rd party Project Feasibility Report that includes a project budget, and a pre-construction cost breakdown of costs that will be covered by the grant, as an ADU project budget is required by CalHFA to receive your grant funds.

For more details on what to expect during the application process, visit our [Next Steps page](#).

9. If I already applied under the last round of ADU Grants do I need to reapply?

If you received confirmation that your application was received and you have been in touch with a CCEDA Grant Advocate that has verified they have all they need, then you are all set. Make sure all your documents have been submitted per this [ADU Grant checklist](#). Otherwise please email us at advocate@adu-cceda.com. To confirm the status of your application.

10. If I already applied and am on the priority list, is there any additional information I need to submit to be eligible?

Your file has been reviewed, you have been pre-qualified, and the application has been prioritized in the order of COMPLETE applications are received. When CalHFA open the portal in December, grant applications will be submitted for reservation. All reserved applicants will be notified within a week of the CalHFA portal opening.

11. Why haven't I been receiving updates on my application?

Please look at your spam folder as they can be received there. You will receive milestone emails as our staff is reviewing your file. Otherwise, please email us at advocate@adu-cceda.com.

12. If I complete all my documents, does that mean I will receive the grant?

Having a completed application does not guarantee you will receive a grant, but we will do our best to reserve a grant if you meet the requirements. Our team will accept your documents in preparation of the grant portal opening. We process complete applications in the order submitted. Don't forget to include both your project budget and pre-construction budget as these are required in your application document submittal.

13. If we already applied and ownership details have changed like if it's now just 1 owner on the deed and I applied when it was 2 owners how do I edit that do I reapply?

No need to reapply, all you need is to contact your CCEDA Grant Advocate to make changes to your application or reach out to advocate@adu-cceda.com.

14. Is it possible to make add/changes to an application or ad an applicant once I've submitted it? Or I would have to start a new application?

Contact your CCEDA Grant Advocate to put your application on the owed section in the Floify so you can make changes or reach out to advocate@adu-cceda.com.

15. The application looks like I am applying for a loan, but I don't want one. What do I do?

Please note the application portal is made for those who need a loan as well as those who do not. If these questions do not apply to you, please leave them blank. All questions with a red asterisk must be filled out in order to submit your grant application. CCEDA will NOT be performing any credit checks. Your data is private and will only be submitted to CCEDA approved lenders IF you require a loan and request assistance.

16. What does it mean when the minimum docs for reservation have been received?

You've submitted the necessary documents to reserve your grant. Please note that reservations are paused currently, but we are still actively reviewing documents in preparation for December's CalHFA portal opening. This will allow us to reserve your funds if, and when, reservations resume.

All pending documents will be reviewed by our reservation team and accepted once verified. For more details on what to expect during the application process, visit our [Next Steps page](#).

[Escrow / Receiving Funds](#)

1. How will I receive the grant funds?

The grant funds will be dispersed into a managed escrow account, as required by CalHFA.

A managed escrow account ensures accountability in the disbursement of state grant funds, protect lender funds (if applicable), and ensures your cash remains available for the duration of your ADU project. CCEDA's team oversees your account with the 3rd party fund control company, approves your construction budget, and reviews each milestone of your ADU project. You and your funds are protected with disbursement of funds to the appropriate vendor/contractor upon their meeting predetermined milestones and your submission and approval to pay their invoices. Having a third-party review construction progress prior to authorization of payments has the added benefit of protecting you throughout the process.

2. Do all of my funds need to be deposited into the escrow account?

No, you have 3 options.

1) If you have taken out a loan for your ADU project you may directly pay vendors for all project expenses, including pre-construction expenses, from your loan proceeds. When your ADU is complete, CCEDA upon submission of all qualified invoices, will approve the pay down of your loan balance by up to \$35,000.

2) If you would like the added security of the 3rd party fund control company managing all disbursements to your vendors from your escrow account and having them sign lien releases for your protection, this is included in CCEDA's standard grant management fee. In this case you would deposit all remaining budget funds into the 3rd party escrow account. You may begin by depositing a minimum of \$40,000 for Fund Control to begin paying your ADU Grant authorized pre-construction expenses.

3) Alternatively, if you do not wish to deposit all budgeted funds, you may deposit a minimum of \$40,000 to begin drawing from the CalHFA ADU grant funds. Once you complete your ADU and receive your Final Permit sign off, you may elect to either pay final payments to your contractor(s) from these funds, or request to be paid any balance remaining from your initial \$40,000 deposit. Note, any grant funds not used for pre-construction expenses will be refunded to CalHFA.

3. How many draws am I permitted to take from escrow?

Dixieline, CCEDA's State approved fund control company managing the escrow account will allow up to 8 draws during the pre-construction and construction period. Note, each draw may include as many vendor invoices as you would like processed at that time.

4. If we've already begun the ADU design phase with an architect, have plans, and have paid some permitting, do we still qualify?

Yes, Per CalHFA, the grant cannot reimburse you directly, however, it can be used to pay qualified invoices. If your vendors provide an invoice for the amount, you have already paid them, the escrow account can pay this invoice directly to the 3rd party vendor. You may either submit the original invoices for payment (and deal with the vendor directly to be reimbursed for your original payment to them) or CCEDA may authorize direct payment to your lender to pay down the balance of any loan or HELOC used to make those initial payments upon completion of your ADU.

While the grant cannot reimburse costs directly to a homeowner, grant funds may be utilized to pay down your loan balance by the amount paid to approved 3rd party vendors upon ADU completion, if you received your loan through a CCEDA-approved lender.

5. Will I receive interest on my money deposited into escrow?

No, monies in escrow must be held in non-interest-bearing accounts per regulations

6. What if I don't use all the grant?

Any remaining grant funds after you receive your Certificate of Occupancy will be returned to CalHFA's ADU grant fund. However, there are plenty of opportunities to utilize the funds including applying them to non-recurring closing costs such as paying down your interest rate.

Construction

1. Can I still apply if I am in the middle of the construction?

Yes, if you haven't yet completed the ADU or received the Certificate of Occupancy at the time CalHFA funds your grant.

2. Do bids have to be from a licensed contractor?

All bids and budgets submitted to show your project budget must be prepared by a qualified 3rd party. If you do not yet have a design, we suggest you get a project feasibility that includes both a full project budget and itemized preconstruction budget, like the Project Feasibility Report offered by HOMEPLEX, our preferred partner.

3. How will the funds be awarded to me and how do I pay my contractors?

All grant funds will be deposited into a Managed Escrow Account with DixieLine fund control. This State approved escrow company will be responsible to process all payments of grant funds to vendors upon approval by the owner and CCEDA. Vendors, contractors, inspectors etc. will be paid directly by Dixieline using the grant funds to ensure state compliant financial management of the grant.

4. Can I manage the project by myself and pay the contractors and vendors with the Grant money?

All GRANT FUNDS paid to vendors must be paid from the Managed Escrow Account. You have 3 upfront fund control account setup options which will dictate how your vendors get paid:

1) If you have taken out a loan for your ADU project you may directly pay vendors for all project expenses, including pre-construction expenses, from you loan proceeds. When your ADU is

complete, CCEDA upon submission of all qualified invoices, will approve the pay down of your loan balance by up to \$35,000.

2) If you would like the added security of the 3rd party fund control company managing all disbursements to your vendors from your escrow account and having them sign lien releases for your protection, this is included in CCEDA's standard grant management fee. In this case you would deposit all remaining budget funds into the 3rd party escrow account and all vendors would be paid directly from this managed escrow account. You may begin by depositing a minimum of \$40,000 for Fund Control to begin paying your ADU Grant authorized pre-construction expenses.

3) Alternatively, if you do not wish to deposit all budgeted funds, you may deposit a minimum of \$40,000 to begin drawing from the CalHFA ADU grant funds. In this case you may pay your non-grant qualified expenses directly with your vendors. Once you complete your ADU and receive your Final Permit sign off, you may elect to either pay final payments to your contractor(s) from these funds, or request to be paid any balance remaining from your initial \$40,000 deposit. Note, any grant funds not used for pre-construction expenses will be refunded to CalHFA.

5. Can I self-manage my project?

Yes, if you are self-managing the project, we suggest you either get a loan and pay all project costs from the loan directly to all vendors. When your ADU is complete, CCEDA upon submission of all qualified invoices, will approve the pay down of your loan balance by up to \$35,000.

Alternatively, you may deposit a minimum of \$40,000 to begin drawing from the CalHFA ADU grant funds. In this case you may pay your non-grant qualified expenses directly with your vendors. Once you complete your ADU and receive your Final Permit sign off, you may elect to either pay final payments to your contractor(s) from these funds, or request to be paid any balance remaining from your initial \$40,000 deposit. Note, any grant funds not used for pre-construction expenses will be refunded to CalHFA.

6. Since I am self-managing, what do I need to submit for a contractor's bid and budget?

You still need to provide a completed 3rd party prepared budget for the project. You would need to assemble all your subcontractor bids for the project as well as city and permit fees. Your best option would be to get an [ADU Project Feasibility Report](#) from our approved partner, [HOMEPLEX, ADU specialists](#). This will provide the 3rd party construction and pre-construction budgets needed to get your funds awarded from CalHFA.