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Homebuyers Can Now Use Income from ADUs to Help Qualify for CalHFA First Mortgages

Revised lending guidelines will conform with Fannie Mae and FHA guidelines

SACRAMENTO, April 26, 2017 — The California Housing Finance Agency has revised its guidelines so first-time homebuyers may apply rental income from an Accessory Dwelling Unit (ADU) toward loan qualification. This update follows the guidelines of Fannie Mae and the Federal Housing Administration and will take effect on May 1, 2017.

An Accessory Dwelling Unit is typically an additional living area independent of the primary dwelling unit and includes a fully functioning kitchen and bathroom. ADUs are also known as in-law units and granny flats, among other names, and make up a significant portion of living spaces in California, especially in some major cities.

New legislation signed by Governor Brown in 2016 made it easier for homeowners to build new ADUs and get existing ADUs up to code. Since then, CalHFA has worked with its lending partners to update our loan programs so more low to moderate income families can realize the dream of homeownership.

“We are always looking for creative ways to help more Californians find a place to call home, which is why we are taking this step to help more buyers qualify for our loan products,” said Tia Boatman Patterson, CalHFA Executive Director. “We agree with Governor Brown and the state legislature that increasing the availability and safety of ADUs will be a great tool to help address the continued need for affordable housing in California. What we are doing today is increasing financing options for first-time homebuyers purchasing a home with an existing accessory dwelling unit.”

“It is important for us to be flexible and innovative so that our programs can evolve to fit the changing housing needs of California families,” said Boatman Patterson.

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The California Housing Finance Agency was created in 1975 with the goal of helping more Californians find a place to call home. CalHFA's Single Family Lending Division has invested more than \$21 billion to help more than 163,000 families buy their first home with a mortgage they

can afford. CalHFA is a self-supported state agency that doesn't rely on taxpayer dollars. For more information on CalHFA programs, and how we are creating progressive financing solutions for affordable housing in California, visit www.calhfa.ca.gov or call toll free at 877.9.CalHFA (877.922.5432).