



Lilypad Homes

Press Release

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Housing and Energy Efficiency in One Small Package

Governor Brown signed junior accessory dwelling units (JADUs) into law this week. The statute, AB 2406 (Thurmond), provides an innovative and adaptive solution to address the housing crisis while at the same time helping the State meet its mandates for carbon emission reductions under the California Global Warming Solutions Act. The new law allows for the creation of small, flexible in-law apartments made specifically from spare bedrooms in homes. These naturally affordable rental units offer the lowest development costs for any new housing and have the smallest impact on the environment and the character of our neighborhoods. JR units better utilize the built environment and reduce carbon emissions from commuters by allowing people to live in the communities where they work.

The State is responding to the intersection of three fundamental demographic and economic shifts that are transforming our society: one, the rapidly increasing number of retirees who wish to remain in their homes and age in place; two, the shift toward couples and individuals living alone in single-family homes; and three, the high cost of living, particularly in popular urban coastal communities like the Bay Area and greater Los Angeles. JR units offer the greatest benefit to communities, as they make both renting and owning a home in California more affordable across all income levels, without the need for government subsidies. There is enormous pressure throughout the state to keep up with rising costs, reduce carbon emissions, and create housing. JR units offer a tangible solution to all three.

Many are looking at PACE programs created through Energy Upgrade California as a possible financing source for the development of these new small homes. This would apply to JADUs and any ADU that more efficiently uses existing living space and does not increase the size of a single-family home. If this financing opportunity can be utilized, people who may otherwise have difficulty qualifying could take out this tax-deductible loan that would transfer with the house and be paid back through a homeowner's property tax bill. This is needed in many cases because homeowners, especially those in retirement, often are house rich and cash poor and lack the necessary income to qualify for other types of loans. The JR unit, however, provides the additional income needed to pay back the cost of development.

"It is not enough to pass code," says Rachel Ginis, the Executive Director of Lilypad Homes, "You have to help provide the funding necessary to develop these units and let people know about the opportunity." Lilypad is the small, women-run nonprofit in Marin County that sponsored the bill. Working with community and agency leaders, the organization spearheaded the initiative and established JR units in local permitting code. All eyes are on California to see if they can make this housing model a reality. As a whole, the state has over four million single-family, owner-occupied homes with three or more bedrooms. Conservatively speaking, if one-half of those homes are occupied by only one or two people, the potential market is more than two million homeowners who might benefit from adding a JR unit. In addition, two million renters would have access to new, more affordable housing.