CITY OF LONG BEACH

Memorandum

Date: October 13, 2026

To: Thomas B. Modica, City Manager

From: Christopher Koontz, Director of Community Development

For: Mayor and Members of the City Council

Subject: **Backyard Builders Accessory Dwelling Unit (ADU) Loan Program**

In 2024, the City of Long Beach (City) Community Development Department launched the Backyard Builders Accessory Dwelling Unit (ADU) Pilot Program (Pilot) to help address the affordable housing shortage in Long Beach. The Pilot successfully facilitated 10 ADUs across Long Beach and demonstrated the City's capacity to deliver ADUs as affordable housing. City staff are excited that the California Department of Housing and Community Development (HCD) has now embraced that demonstrated success and has awarded the City with grant funds in the amount of $4,800,000 to expand beyond the Pilot.

Background

In recent years, ADUs have become a major contributor to the growth of Long Beach's housing stock. For a lower-income homeowner, an ADU can enable multigenerational living, reduce overcrowding, or provide an additional income stream.

The Round 2 Backyard Builders Program (Program) is supported with funds from HCD's CalHome Program. Based on CalHome regulations, the Program will include some different requirements than the Pilot. The Program will now provide financial assistance to homeowners who earn less than the low-income threshold as defined by the State of California for Los Angeles County. Many seniors in the City may own a home but have limited income (such as social security), and would therefore be ideal applicants for this program. Further, while the Pilot required homeowners to rent the ADUs to households with housing vouchers from the Housing Authority of the City of Long Beach (Housing Authority), the newly expanded Program will focus on supporting lower-income homeowners, as it allows the homeowners flexibility in how they utilize the ADU. However, to help meet the City's affordable housing needs, homeowners will be connected with the Housing Authority and encouraged to rent their ADU to households with a housing voucher.

Program Overview

The City expects to fund a minimum of 16 ADUs. Program participants will receive low interest, deferred payment loans with a 30-year term. The loan amount will equal the actual cost to develop the ADU up to a maximum of $250,000. The homeowner must be income-eligible and live in a designated program area. If the ADU is rented, there must

be a minimum tenancy of 30 days. Short-term rentals are not permitted.

In addition to financial assistance, the Program also provides ADU project management assistance at no cost to the homeowners to guide them through the design, permitting, construction, and lease-up processes.

Long Beach residents who own and occupy a single-family home, meet the income limit, and live in the designated program area are eligible to apply for the Program. Homeowners who have already begun the ADU design/construction process may apply for the Program at any point prior to issuance of certificate of occupancy. The City will not reimburse homeowners for any costs incurred before the City loan is executed. Homeowners must meet Program underwriting requirements, which include limits on debt-to-income and loan-to-value ratios.

Next Steps

The Community Development Department will host community information sessions online and in-person to provide Program information to interested applicants. The application period will be open from November 1, 2026, to November 30, 2026. For information session details and more information on the Program, visit: longbeach.gov/aduloan. Staff will continue to pursue outside funding to sustain and expand this successful program.

For more information, please contact Meggan Sorensen, Housing and Neighborhood Services Bureau Manager at (562) 570-5269 or Meggan.Sorensen@longbeach.gov.

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