

UNDERSTANDING CALIFORNIA AB1033



Accessory dwelling units, also referred to as ADUs and “granny flats,” have been available in California only as rentals. But a new law, Assembly Bill 1033, is giving Californians the opportunity to buy and sell them as accessory dwelling units or as condominiums.

Under AB 1033, which was signed into law October 11th, 2023, by Governor Newsom, property owners in participating cities will be able to construct an ADU on their land and sell it separately.

Under the new law, local governments need to opt in to the ADU/condominium approach for it to be an option in their cities and designate areas within the jurisdiction of the local agency where accessory dwelling units may be permitted.

KEY TAKEAWAYS:

- A property within an existing planned development that has an existing association shall not record a condominium plan to create a common interest development without the express written authorization by the existing association.
- Prior to recordation or modification of a subdivision map and condominium plan, any lienholder with a lien on title must provide a form of written consent with text that clearly states that the lender approves recordation of the subdivision map or condominium plan and that you have satisfied their terms and conditions, if any.
- Homeowners building ADUs must notify the local utilities, including water, sewer, gas and electric, of the creation and separate conveyance of the unit. The home and the ADU will have two separate property taxes.

For More Information, please visit:

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB1033

This Bill potentially creates issues related to Title Insurance and will be monitored closely for any adverse effects to clear title and the insurability of such transactions.