

For Immediate Release

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New Local ADU Rules Applauded By Building Industry Association

San Diego County's Adoption of AB 1033 Opens New Path to Attainable Homeownership

SAN DIEGO, CA — The Building Industry Association of San Diego County (BIA) is applauding San Diego County's recent adoption of California Assembly Bill 1033, which allows homeowners to convert accessory dwelling units into condominiums and sell them separately from the primary residence. The County of San Diego joins a growing list of California cities and counties implementing the law.

Before AB 1033, ADUs could only be rented out or used as guest space — not sold on their own. Under the new framework, a homeowner can establish an independent deed, make it eligible for conventional financing through Fannie Mae and FHA, and unlock the tax treatment that comes with separate ownership.

"The county's housing shortage puts homeownership out of reach for many working families and young buyers, and AB 1033 is poised to help tackle this problem," said Aimee Faucett, President and CEO of BIA San Diego. **"AB 1033 gives buyers an entry point into a market that's otherwise closed to them, and provides homeowners a way to convert existing square footage into a standalone, lower-cost unit — adding inventory without new construction on a new lot."**

It also gives seniors and families options they didn't have before. A senior can build an ADA-compliant ADU, move into it, and sell the main house to a family that needs more space — freeing up equity for retirement. Or a homeowner can stay in the primary residence and sell the ADU instead, generating income while keeping their home.

"AB 1033 can fundamentally shifting housing access in California," said Meredith Munger, loan officer and ADU financing specialist for CrossCountry Mortgage. **"We expect to work with many San Diegans to navigate the unique opportunities and financing structures of AB 1033."**

San Diego County residents are already preparing to use the new flexibility. Stephen Stone, a senior homeowner in Bonita, built a backyard ADU during the COVID-19 pandemic. His plan is to move into the ADU and sell the front house, using the proceeds to fund his retirement.

Brian Chan, another local homeowner, built an ADU on his single-family lot. After he and his wife welcomed a new baby, she wanted to stay home full-time. Under AB 1033, Chan plans to sell the ADU as a standalone condo, pay off the primary mortgage, and free up the household budget for her to leave full-time work.

The first AB 1033 ADU sale in the state closed recently in San Jose: a 749-square-foot, two-bedroom backyard unit sold for \$530,000. That's roughly a third of San Jose's median home price (around \$1.4 million) and well below neighboring Cupertino (around \$3 million).

This offers an early but notable signal of what ADUs could sell for relative to standalone homes in expensive markets — a dynamic San Diego County may see play out locally as more owners take advantage of these new rules.

On August 20, the County Board of Supervisors took further action focused on ways to support first-time homeowners and giving existing tenants in ADUs the first chance at purchasing the unit. The Board had previously approved with a unanimous vote an ordinance to implement AB 1033 on March 4. These votes apply only to unincorporated areas of San Diego County.

The City of San Diego adopted its own AB 1033 ordinance last year, effective August 22, 2025.

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