

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Residential Lending and Rehabilitation Services
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ACCESSORY DWELLING UNIT LOAN PROGRAM (ADULP)

Contractor Process Summary

Contractors participating in ADULP follow a specific bidding, contracting, and invoicing process. Guidance for participating contractors is provided below¹. Additional resources are available at the program website. *All forms may be completed digitally and forwarded via email.*

<https://www.oaklandca.gov/ADULP>

Purpose & Structure of ADULP

ADULP helps low-income homeowners establish a legal secondary unit on the same parcel as their single-family home. The program provides participants with guidance through bidding, contracting, permitting and construction, and a deferred payment construction loan of up to \$100,000 to finance the needed improvements. Contractors must apply to participate in a competitive bidding process for individual projects and if chosen, enter a contract with the homeowner directly to establish a fully permitted unit. Construction invoices are paid from a loan-funded escrow account according to an agreed-upon progress schedule monitored by program staff.

Eligible ADU Legalization Activities

All measures necessary to establish a legally permitted ADU or JADU are potentially eligible for funding through ADULP, subject to the project maximum. The project must result in a final permit sign off by the City of Oakland. Remediation or renovation of areas of the main building not directly related to the ADU or JADU may not be included in the ADULP scope of work but may be undertaken concurrently with separate funding.

Contractor Approval

ADULP contractors must be qualified to manage the project through scope development, cost estimation, preparation of all required submittals for permitting approval, and construction completion. This includes estimating and subcontracting out for specialty services, testing, and inspections. **Refer to the [Contractor Request for Qualifications](#)** for more information and a link to the interest survey.

Interested contractors complete the survey, then apply with references and supporting documentation, including evidence of **insurance per the City of Oakland's "Schedule Q" and [EPA Lead-Safe Certification](#)**. Once approved to participate, the company registers with the City's vendor payment system and is added to a reference list for program participants and invited to attend bid walks on a rotating basis.

Bidding Process

Once a participating homeowner has been approved for financing, a preliminary assessment is conducted by program staff. A Project Description is prepared that identifies primary areas of concern for scope development and cost estimation. Bidding contractors will be provided with this summary for comment and invited to attend a scheduled bid walk. Interested bidders then propose a scope of work and itemized cost estimate for legalization of the unit. Sealed bids are submitted to the program and homeowner by an established deadline. Multiple competitive bids are required before the homeowner may enter into a "pre-agreement" with the chosen contractor.

¹ See also the Owner Process Summary:

<https://cao-94612.s3.amazonaws.com/documents/ADULP-Process-Summary-Owner-Instructions.pdf>

Contracting and Deposit

A final pre-construction conference is conducted to finalize scope and contracts once the homeowner's loan documents are signed and the loan is funded into escrow. The contractor submits the deposit request to the owner for approval, then to program staff for processing. The contractor proceeds with design preparation and the permit application.

Permit Submission and Issuance

Permits are submitted for ADULP projects through the standard Online Permit Center managed by the Planning and Building Department. Participants will be provided with a memo to include that indicates involvement in the program and whether the project is eligible for an exception to the current code cycle year². *ADULP staff are not otherwise involved in the permitting process. See the Planning and Building website for additional resources including an ADU-specific application with detailed instructions.*

<https://www.oaklandca.gov/services/apply-for-single-family-adus>

Permitting requires a preliminary submission for zoning review and a more complete package for the full building application once zoning is approved. This initial approval can take several weeks, so contractors are encouraged to submit the minimum package for the first stage as soon as possible and assemble the detailed design and testing/reporting requirements required for plan check review during this waiting period. After zoning review, legalization projects require a field check to verify existing conditions before proceeding to plan check. The contractor is responsible for paying permit fees and invoicing the program for reimbursement.

Note that the *ADU Amnesty Program*, managed by the Planning and Building Department, is a separate effort from ADULP. Participants are not required to apply for the Amnesty Program, unless it is necessary for a zoning waiver or deferment of fines.

Construction and Progress Payments

After permit issuance, work may proceed. As progress milestones approach, contractors submit invoices for the owner to approve before forwarding payment requests to program staff. Conditions may be verified through pictures, permit records, and/or site visits before invoices are approved for payment. Retention of 10% is held until the final payment upon project completion. Change orders for any alterations to approved plans or scope must be approved before the work begins.

Final Inspection

As construction nears completion and prior to the final payment request, the contractor completes a closeout inspection with program staff to develop a list of remaining items. Upon completion of those items and submission of the final payment request, the balance is released including retention.

Questions?

Visit the program website for resources or contact the ADULP office with questions.

<https://www.oaklandca.gov/ADULP>
ADULP@oaklandca.gov.

² Because ADULP applies to *existing* structures, the Building Bureau will allow application of 2019 Building Energy Efficiency Standards instead of the new 2022 standards. Application of a prior building code cycle year for any other purpose requires a 3R report and documentation of when the unpermitted changes were completed.