

# CALIFORNIA AB 1033 SEPARATE SALE OF ADUs

**California Assembly Bill 1033 (AB 1033)** is a law that allows Accessory Dwelling Units (ADUs) to be sold separately from the primary residence under certain conditions. Previously, ADUs were considered part of the main property and could not be individually sold. AB 1033 grants local jurisdictions the ability to permit ADUs to be sold as condominiums, giving homeowners and buyers more flexibility in property ownership. This law aims to increase affordable housing options by enabling ADUs to function similarly to townhomes or condominiums rather than rental units tied to a single-family home.

**To sell an ADU separately**, the property owner must file a condominium map and related documents with the county recorder's office to establish a legal subdivision of the property. This process is similar to how multi-unit properties are converted into condominiums. Homeowners must also record a separate deed for the ADU and create a Homeowners' Association (HOA) or a maintenance agreement to manage shared spaces, utilities, and responsibilities. Additionally, a tenancy-in-common (TIC) agreement may be required if the ADU and primary dwelling remain on a shared lot without full subdivision.

**While a separate Assessor's Parcel Number (APN) is typically needed** for a property to be sold independently, the specific requirements depend on local jurisdiction rules. In many cases, the ADU will receive a new APN once the condominium subdivision is approved. However, some cities may allow the sale under a TIC structure instead, which does not require a separate APN. Homeowners must work with their local planning and building departments to ensure compliance with zoning and subdivision regulations before selling an ADU separately.

**Participation in AB1033 varies by city**, as local governments

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have the authority to opt in or out. Several cities in Southern California, including Los Angeles, San Diego, and Santa Ana, have shown interest in allowing ADUs to be sold separately, but exact participation depends on local ordinance adoption. From a title insurance standpoint, separate ADU sales require clear title records to distinguish ownership rights between the ADU and the primary home.

**Title insurance companies will typically require** a condominium plan, separate financing arrangements, and legal documentation ensuring no encumbrances affect either unit. Buyers and sellers should work with a real estate attorney and a title company to navigate these complexities.

#### **Important details to note:**

- A property located within an existing planned development with an established homeowners association cannot record a condominium plan to create a common interest development without obtaining written authorization from the association.
- Before recording or modifying a subdivision map and condominium plan, any lienholder with a claim on the property title must provide written consent explicitly stating their approval of the recordation and confirming that all required terms and conditions, if any, have been met.
- Homeowners constructing ADUs must inform local utility providers, including water, sewer, gas, and electric services, about the creation and separate conveyance of the unit. Additionally, both the primary residence and the ADU will be subject to individual property tax assessments.



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