



The Contractors State License Board, which operates under the umbrella of the California Department of Consumer Affairs, licenses and regulates California's 285,000 contractors, and is regarded as one of the leading consumer protection agencies in the United States.

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Tips for Building a Residential Accessory Dwelling Unit (ADU)

What California Consumers and Contractors Should Know

What is an ADU?

A residential accessory dwelling unit (ADU) is a small house or apartment located on the same residential lot as an existing home. ADUs can be detached, attached to the main house, or converted from spaces like garages or basements. ADUs are typically used to provide additional living space for family or to make extra rental income.

ADU Construction is Home Improvement

Building an ADU is considered a home improvement project under the Contractors State License Law. That means:

- A written Home Improvement Contract is required for the construction of an ADU. More details about Home Improvement Contracts can be found in the [Terms of Agreement publication](#).
- The down payment cannot exceed \$1,000.
- Progress payments must reflect the actual work completed or materials delivered. Avoid paying ahead or agreeing to large upfront payments.
- Always document payments and get receipts.

Who Can Build an ADU?

Consumers should hire a licensed contractor to build or install an ADU, which often involves multiple trades. Here's what to know:

- **B – General Building Contractors** can build or install ADUs. They are licensed to manage projects that involve two or more unrelated trades and can subcontract specialty work as needed.
 - **Note:** C-47 General Manufactured Housing Contractors can install an ADU if it is a manufactured home that is constructed off site and transported to the installation location.
- Other **C-Specialty Contractors** (such as electricians, plumbers, roofers) cannot generally manage a full ADU build or installation but can be subcontracted by the builder or installer to perform specific trades on the ADU.

What to Know About Contracts:

Read and understand the contract thoroughly before you sign. If there's anything you and the contractor discussed that is not written in the contract, make sure it gets added. Remember that you have three days from the day you sign to cancel a contract, five days if you are 65 or older, and seven days in disaster zones.

Always get a written contract that includes:

- Scope of work
- Project timeline
- Payment schedule
- Materials and finishes
- Contractor's license number
- Notice of cancellation rights

Verbal agreements are not enough — they offer little to no legal protection if a dispute arises.

Be careful about being asked to make payment for “plans” or “permits” before the work starts. Ask the contractor for an accounting of the cost of the plans or contact the engineer or architect who drafted them to confirm the cost and that they were paid. Call your local building department or go to the building department's website to confirm permit costs. Permits must be obtained through your local city or county. If the ADU is a manufactured home, permits may come from the California Department of Housing and Community Development.

Verify Before You Hire

- Check contractor licenses at www.cslb.ca.gov.
- Call CSLB at 800-321-CSLB (2752).
- Get at least three bids to become familiar with the differences between how costs can be estimated.
- Request references to ensure others have been satisfied with similar work from the contractor.
- Ask to see their pocket license and insurance.
- Be wary of unlicensed individuals offering “cash deals” or vague estimates.

Before You Build Your ADU, Remember:

- Never let payments get ahead of work.
- Confirm who is handling underground utilities for plumbing, electrical, and more.
- Do not pay a contractor for plans unless you know they've paid for them first.
- Get all change orders in writing to avoid costly surprises.

Additional Resources:

- ["B" General Building Contractor Fast Facts](#)
- Contact your local building department to understand any additional rules regarding ADUs in your city or county.