

How student demand is fueling an ADU boom in the neighborhoods near Cal Poly

By [John Lynch](#)

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CWA Studios architect Christopher Allen designs accessory dwelling units for property owners looking to get fresh use out of their properties. ADUs have spiked in popularity near Cal Poly over the past three years as property owners look to get more value out of rental units. David Middlecamp dmiddlecamp@thetribunenews.com

The future of housing near Cal Poly may come in smaller packages than you'd expect.

That's because [accessory dwelling units](#) — small attached or detached housing units that sit on existing residential property lots — are in the midst of a boom period in San Luis Obispo.

Since the start of 2020, the city of San Luis Obispo has issued 217 new permits for ADUs — including 125 within two miles of the Cal Poly campus, according to the city's [planning and building logs](#).

It's a trend that's unlikely to slow, San Luis Obispo-based developer and property investor John Rourke told The Tribune, as more units become available to renters and property managers look to get more value out of their properties.

"Students are the ones looking for the housing, especially close to Poly," Rourke told The Tribune. "I think the ADUs are being driven by the demand by students, and the students' ability to pay higher rents."

Here's what sparked the ADU boom — and how it's changing the complexion of San Luis Obispo's most competitive neighborhoods.



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Studios designs ADU projects for homeowners looking to get more housing capacity or other uses from their properties. *CWA Studios*

ADUs prove popular with landlords near Cal Poly

Rourke said he has built 10 ADUs in the Cal Poly area since 2017.

Interest in ADUs began growing across the state in 2016 with the passage of [Assembly Bill 2299](#), which rolled back restrictions on building second units on residential property, but only started gaining interest as a source of rental income in 2019, Rourke said.

In 2020, [Senate Bill 13](#) placed a five-year freeze on local laws that require ADUs to be owner-occupied only, essentially allowing ADUs to function as rentals through 2025.

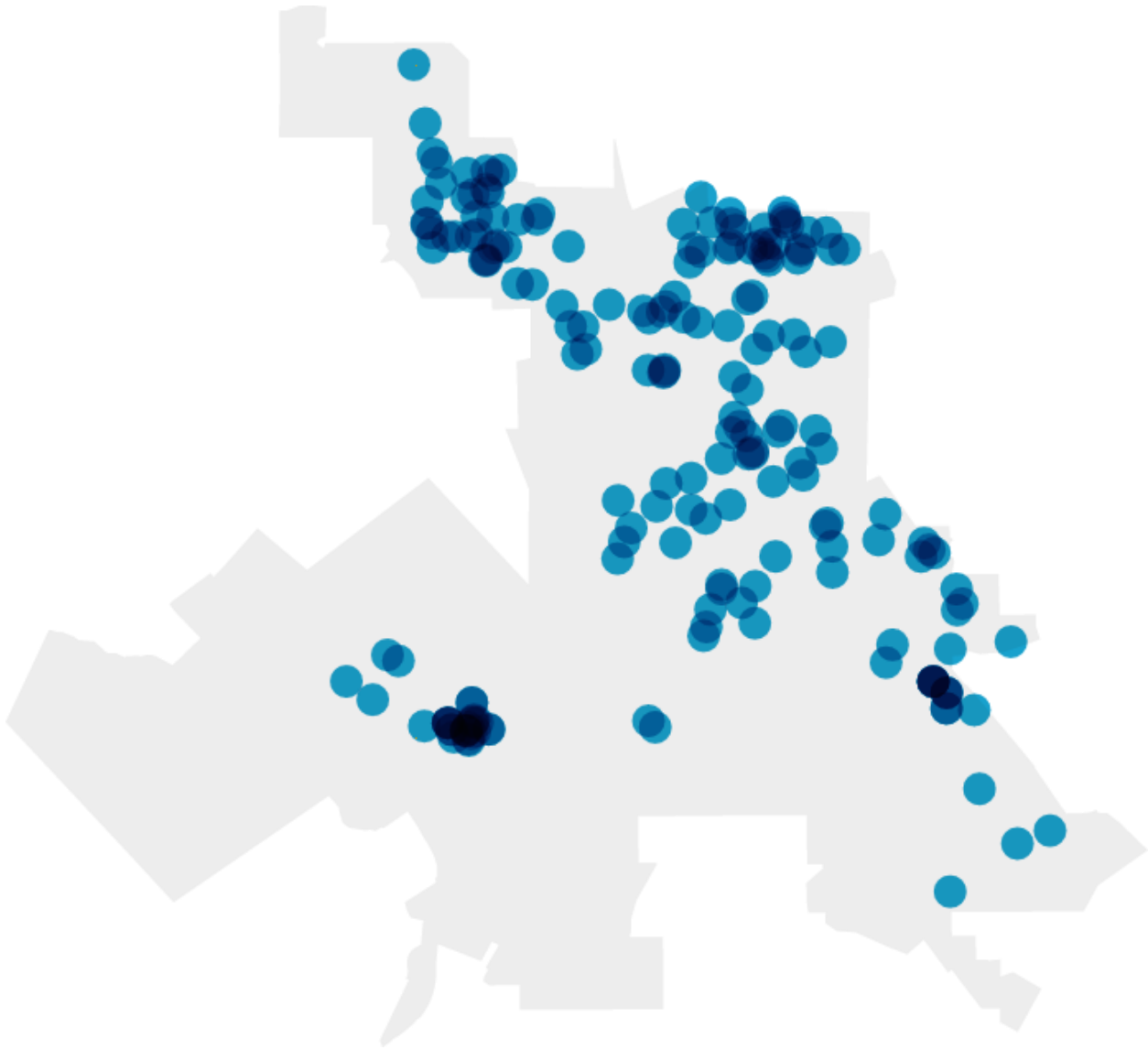
“If you’re an investor who owns a three-bedroom rental and you just want to add an additional rental, an ADU obviously makes more sense to build on a property you already have than to buy a new property,” Rourke said.

ADUs tend to be much smaller than main units, often use the same utilities as the primary dwelling and are not subject to impact fees, which makes them a cheap and efficient investment for property owners, Rourke said.

Savings on fees alone can shave tens of thousands of dollars off of the property owner’s overhead, Rourke said. If building a new house requires \$80,000 to \$90,000 in fees and permitting, an ADU’s permits and fees cost around \$5,000 in total, he said.

ADU Permits Issued in San Luis Obispo, 2020-2023

The city of San Luis Obispo issued 217 permits for accessory dwelling units between 2020 and 2023, according to the city's planning and building logs.



Map: John Lynch • Source: [City of San Luis Obispo](#)

Additionally, the city of San Luis Obispo has done a good job in streamlining the ADU application process for property owners, Rourke said.

Building a home takes six to nine months of back-and-forth with the city to get the necessary permits, plus a year or more of building, whereas ADU applications take a maximum of 60 days under state rules, Rourke said.

A freestanding ADU can take around a year to 16 months to build, not including the three-month design phase, said Christopher Allen, a San Luis Obispo-based architect with design-and-build firm [CWA Studios](#).

In recent years, Allen's studio has designed around 20 standalone and attached ADUs each year, including for some of Rourke's properties, he said.

Garage conversions — one of the more popular and cost-effective ways to construct an ADU — usually take around 90 days, Rourke said, meaning with short permitting times, new garage units can become available within around six months from start to finish.

Allen said most of the costs involved with opening an ADU as a rental come in the design and construction phase.

The cost disparity between converting a garage into a one- or two-bedroom ADU vs. building a freestanding ADU is significant, with freestanding structures costing between \$300,000 and \$400,000 and garage conversions typically priced between \$75,000 and \$100,000, Allen said.

“It still costs money, and there’s property owners that literally don’t have the \$300,000 laying around to build something new,” Allen said. “But there’s a lot of homeowners who have \$75,000 laying around, and they would love to be able to have a guaranteed source of income in perpetuity, and that really is what the garage conversion lends itself to.”



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ADU resident: ‘It’s bigger than what we previously lived in’

In neighborhoods that predominantly house Cal Poly students, the privacy of a standalone unit that one or two people can share is a valuable commodity, Rourke said.

Tyler Weaver, a bartender at Guiseppe’s Cucina Rustica in San Luis Obispo, said his ADU has been the perfect fit for him and his girlfriend.

Weaver and his girlfriend live on Palm Street, not far from Frank's Famous Hot Dogs, in a detached 800 square-foot ADU placed in the backyard of another resident.

For the past two years, the pair have called the two-bedroom, one-bath unit home — and have paid less rent for more space, Weaver said.

"It's bigger than what we previously lived in, so we actually enjoy it a lot more," Weaver told The Tribune. "We used to live in a little tiny one-bedroom, one-bath that was on on Broad Street back in a little corner."

But best of all, the property allows pets, which is a rare feature in many rental units, Weaver said.

As a standalone dwelling, Weaver's ADU has its own water and electric bills, but it shares a backyard and driveway with the main dwelling, he said.



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Weaver also said one of the best features of the ADU is the built-in community that comes with living near his neighbors.

"(Living in an ADU) gives more options for students or people that are working, to come in and do construction for a couple of months, pop in, pop out, stuff like that," Weaver said. "It's also good for full-on yearlong leases. For the homeowner, it's also nice that they're adding more value to the property as well."

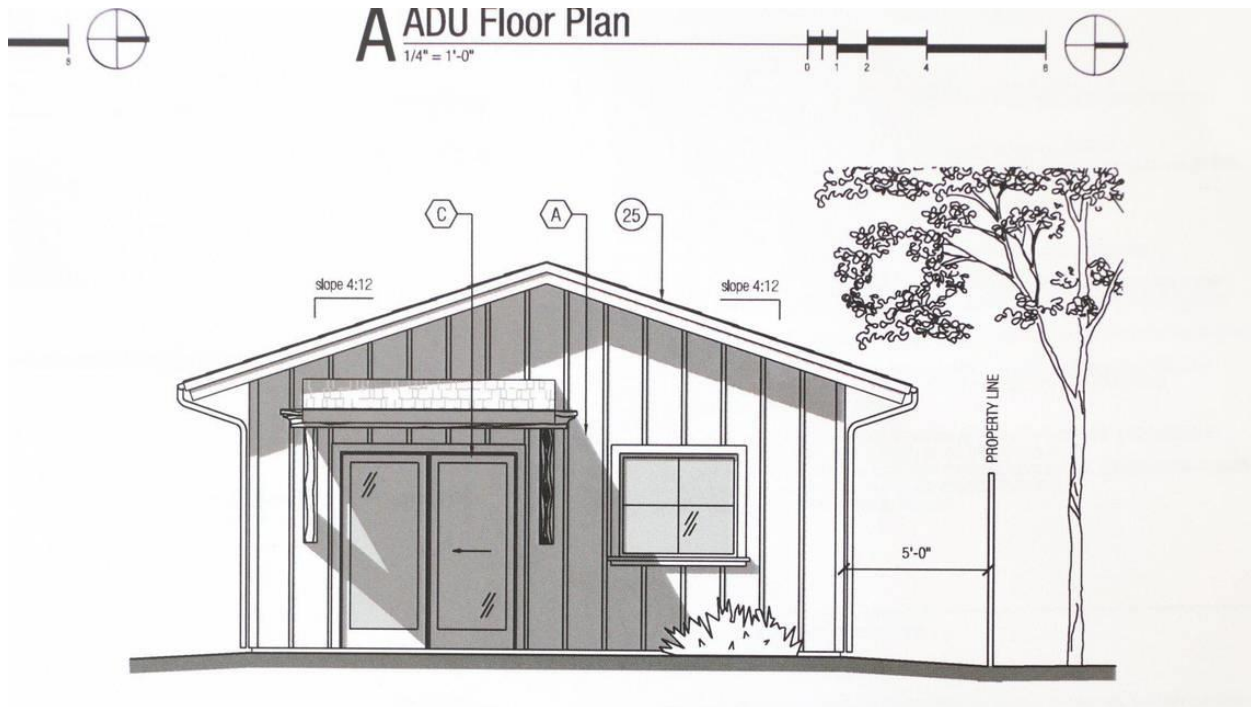
[Era Management](#) property manager Anthony Aurignac, who manages Weaver's ADU, said in his 10 years of working in real estate, he's seen rents in historically student-heavy housing balloon as Cal Poly breaks enrollment records each year.

Cal Poly and San Luis Obispo increase in popularity as desirable destinations with every passing year, Aurignac said, turning up the heat on the most coveted neighborhoods in town.

As a result, adding ADUs and expanding density in high-value neighborhoods is an increasingly preferred strategy for landlords and property managers, including several of Aurignac’s clients.

In fact, ADUs have become so popular in recent years that Era Management started working with [Housable](#), an engineering and design firm that specializes in ADUs and junior ADUs — attached ADUs under 500 square feet — Aurignac said.

“My clients absolutely love adding value any way they can, and creating more housing, provided economically it makes sense,” Aurignac said.



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Housing isn't the only thing getting smaller — so are lots

Rourke said while ADUs are becoming the “new norm” in neighborhoods, the next big trend could stem from Senate Bill 9, which was passed into law in 2021.

SB 9, also known as the HOME Act, put a significant dent in single-unit zoning in California by making it legal to build up to four homes on properties that had previously permitted one unit.

“Single-family zoning in California was kind of rooted in segregation — trying to keep poor people away from rich people,” Rourke said. “ADUs and SB 9 kind of get rid of that single-family zoning. Every property has the ability to have multiple units.”

Essentially, the law unlocked the potential for duplexes and fourplexes in residential areas through “lot splits,” allowing eligible property owners to add around 700,000 units to single-unit lots statewide, according to a [UC Berkeley Turner Center for Housing Innovation study](#).

For example, a property owner could choose to split their lot into two lots under SB 9, then build an ADU on the original lot plus a new home and ADU on the new lot, Rourke said.

With more ADUs coming on the market every year and SB 9 loosening control of single-unit zoning, San Luis Obispo's most competitive neighborhoods are closer to achieving workforce housing and density goals than they have been in the past, Rourke said.

"Affordable housing comes from quantity," Rourke said. "Not by mandating all housing to be affordable, but by just building as much as we can and letting the supply pour in."