



FOR IMMEDIATE RELEASE

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FOR MORE INFORMATION, PLEASE CONTACT:

Redwood Credit Union Public Relations Department
(707) 576-5224 | (800) 479-7928, ext. 65224 | PR@redwoodcu.org

Terence Mulligan, Napa Valley Community Foundation
(707) 254-9565 x 11 | hello@napavalleycf.org

Napa Valley Community Foundation and Redwood Credit Union Join Forces to Create Accessory Dwelling Unit Loan Product

Financing will be available to homeowners who might not have qualified for other types of lending to build a second unit

Napa, California — Napa Valley Community Foundation (NVCF) and Redwood Credit Union (RCU) have entered a first-of-its-kind partnership that aims to accelerate the adoption of accessory dwelling units (ADUs) in Napa and Sonoma Counties. The result is an innovative ADU construction loan product that will enable more homeowners to borrow the capital they need to construct second units.

Redwood Credit Union, a mission-driven, not-for-profit financial institution with 400,000 members in northern California, is managing all aspects of the ADU lending program. Napa Valley Community Foundation, a public charity that focuses on the most important challenges facing the region, including the scarcity of workforce housing, is setting aside reserves that will be available to help defray losses that the credit union may incur under new underwriting standards that take future ADU rental income into account in ways that traditional loan products do not.

“We think our collaboration with RCU will open the door to thousands of fixed-income, middle-income, and lower-income homeowners in the North Bay, people who would not otherwise be able to afford to finance an ADU,” said NVCF President Terence Mulligan. The loan product, Mulligan continued, does two things differently. “First, it allows borrowers to include a significant share of their expected ADU rental income during the underwriting process, which means a more favorable debt-to-income calculation, which generally means a bigger loan. Second, it establishes a value for the completed ADU based on future rental cash flows instead of the cost of construction, which means a more favorable loan-to-value number, which also makes more capital available.”

The Association of Bay Area Governments has determined the need to identify capacity for 18,400 new housing units in Napa and Sonoma Counties during the upcoming eight-year Housing Element period (2023 to 2031). ADUs will play an important role in helping to alleviate the significant housing challenges, creating much-needed affordable workforce housing.

A recent study conducted by the University of California at Berkeley found that statewide, 85 percent of ADUs rented on the open market were affordable to lower or moderate-income households. The study included data from Napa and Sonoma Counties, and its findings were consistent with what has been observed in more mature ADU markets, like Portland, Oregon. ADUs tend to be rented at a substantial discount, often leasing for 20 percent less than traditional apartments, because they are generally smaller and afford a bit less privacy, among other reasons. A popular one-bedroom ADU floorplan in the North Bay includes 500 square feet of living space, while many one-bedroom apartments provide 600 to 700 square feet of living space.

"The need for affordable housing has never been greater, and we see this partnership with the Napa Valley Community Foundation as a way to be part of the solution," said RCU President and CEO Brett Martinez. "By offering specialized financing for the creation of ADUs, RCU is helping to provide a brighter future through housing opportunities and economic stability across our region."

The ADU loan product is a key element of a multi-pronged strategy for supporting the development of ADUs in Napa and Sonoma counties that includes the provision of free technical assistance to local homeowners via the nonprofit Napa Sonoma ADU Center. A fiscally sponsored project of Napa Valley Community Foundation with support from Community Foundation Sonoma County, the City and County of Napa and the City of Calistoga—as well as dozens of individual donors—the Napa Sonoma ADU Center has helped 335 homeowners catalyze ADU projects since its launch in May 2020, with more projects in the pipeline.

To learn more about the new ADU loan product and free technical assistance available, local homeowners are invited to join a free webinar hosted by the Napa Sonoma ADU Center and Redwood Credit Union on Tuesday, March 29 at 6:00 p.m. [Register here](#). For an individualized consultation about financing an ADU project, contact Sean Charter, Assistant Manager, Construction Lending at Redwood Credit Union at scharter@redwoodcu.org or (707) 576-5339.

About Redwood Credit Union

Founded in 1950, Redwood Credit Union is a full-service financial institution providing personal and business banking to consumers and businesses in the North Bay and San Francisco. RCU offers complete financial services including checking and savings accounts, auto and home loans, credit cards, online and mobile banking, business services, commercial and SBA lending, and more. Wealth management and investment services are available through CUSO Financial Services L.P., and [insurance](#) and [auto-purchasing](#) services are also offered through RCU Services Group (RCU's wholly owned subsidiary). RCU has more than \$7 billion in assets and serves 400,000 members with full-service branches from San Francisco to Ukiah. For more information, call 1 (800) 479-7928, visit redwoodcu.org, or follow RCU on [Facebook](#), [Instagram](#), [Twitter](#), and [LinkedIn](#) for news and updates.

About the Napa Sonoma ADU Center

The nonprofit Napa Sonoma ADU Center launched as a pilot in May 2020 to serve as a neutral third party entity working across the public and private sectors to help increase ADU development across all 16 jurisdictions in Napa and Sonoma Counties. We began our work by conducting a series of surveys, data gathering, and focus groups with city and county staff, builders and architects, as well as homeowners who have built ADUs or are interested in building one in the future. This information helped shape our website (www.napasonomaadu.org) and the many ADU tools and resources available on it today, including an [ADU Workbook](#), [ADU Calculator](#) tool, frequent [ADU webinars](#), [ADU feasibility consults](#), [ADU Home Match](#), [ADU newsletter & blog](#), [spotlights](#) of Napa and Sonoma County neighbors who have built ADUs, and much more. Homeowners can [Contact Us](#) for more information or for help with an ADU project today.

About Napa Valley Community Foundation

Napa Valley Community Foundation works side-by-side with local donors and nonprofits to tackle the most important challenges our Valley faces. Now celebrating 27 years of service to the community, the Foundation has distributed more than \$85 million in grants to improve the quality of life for residents of the region, and currently serves as the philanthropic partner to thousands of individuals, families, nonprofit agencies and corporations in Napa Valley and beyond. To learn more, visit napavalleycf.org.

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