

THIRD READING

Bill No: SB 1117
Author: Cervantes (D)
Introduced: 2/17/26
Vote: 21

SENATE HOUSING COMMITTEE: 10-0, 4/7/26
AYES: Arreguín, Seyarto, Cabaldon, Caballero, Cortese, Durazo, Gonzalez,
Grayson, Ochoa Bogh, Padilla

SENATE LOCAL GOVERNMENT COMMITTEE: 7-0, 4/22/26
AYES: Durazo, Choi, Arreguín, Ashby, Cervantes, Laird, Seyarto

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SUBJECT: Accessory dwelling units and junior accessory dwelling units

SOURCE: California YIMBY

DIGEST: This bill provides that impact fees that are assessed on accessory dwelling units (ADUS) that exceed 750 square feet in size may only be charged on the total square footage that exceeds 750 square feet, not the entirety of the accessory dwelling unit (ADU).

ANALYSIS:

Existing law:

- 1) Defines an ADU as an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It must include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated on.

- 2) Limits development fees that local agencies can apply to ADUs and JADUS in the following ways:
- a) Prohibits local agencies, special districts, and water corporations, from treating an ADU or Junior ADU (JADU) as a new residential use for the purposes of calculating connection fees or capacity charges for utilities, unless the unit is constructed with a new single-family dwelling.
 - b) Prohibits local agencies, special districts, and water corporations from imposing impact fees on an ADU or JADU that contains less than 750 square feet or 500 square feet of interior livable space respectively.
 - c) Provides that for an ADU that exceeds 750 square feet of interior livable space, impact fees shall be charge proportionately in relation to the square footage of the primary dwelling unit.
 - d) Prohibits local agencies, special districts, and water corporations from requiring a separate utility connection or imposing a connection fee or capacity charge on an ADU or JADU that is built within the space of an existing single-family dwelling, or within the space of an existing accessory structure, unless the ADU or JADU is conveyed separate from the existing single-family dwelling.

This bill provides that impact fees that are assessed on ADUS that exceed 750 square feet in size may only be charged on the total square footage that exceeds 750 square feet, not the entirety of the ADU.

Background

ADUs/JADUs. ADUs, also known as mother-in-law units or granny flats, are additional living spaces that have a separate kitchen, bathroom, and exterior access independent of the primary residence; ADUs may be attached or detached from the primary residence. A JADU is a unit of up to 500 square feet within the primary residence. ADU/JADU law has evolved over the years to lower barriers to ADU development which has resulted in a surge in ADUs built in California. SB 1069 (Wieckowski, Chapter 720, Statutes of 2016) and AB 2299 (Bloom, Chapter 735, Statutes of 2016), permitted ADUs by-right on all residentially zoned parcels in the state. By permitting an ADU as a second unit on all single-family lots, these laws effectively doubled their allowed density. According to HCD, between 2016-2023, the number of ADUs permitted annually in the state grew from 1,336 to 26,924, a 20-fold increase. In 2023, ADUs comprised more than 21% of all homes permitted statewide.

Comments

- 1) *Author's Statement.* "California's housing crisis continues to limit homeownership opportunities and increase housing costs. Housing experts estimate a shortage of between 840,000 and 3.5 million housing units in the Golden State. Because they expand housing supply while enabling homeowners to increase the capacity of their homes and build home equity, ADUs are a key component of the state's housing strategy. For many first-time and middle-class homeowners, the ability to build an ADU can build intergenerational housing and wealth. Senate Bill 1117 will help reduce impact fees for homeowners in California by clarifying existing ADU law to ensure local governments assess impact fees only on the portion of an ADU exceeding 750 square feet. By aligning the fee calculations in statute with the intent of the Legislature, the bill promotes consistent statewide implementation, reduces unnecessary cost burdens on homeowners, and supports continued ADU construction as a pathway to increasing sustainable homeownership in California."
- 2) *Impact fees.* Local governments can charge a variety of fees to a development. These fees, commonly known as impact fees or mitigation fees, go toward infrastructure development (such as adding lanes to roads or supporting additional traffic) or other public benefits (such as new parks, schools, or affordable housing). In the wake of the passage of Proposition 13 in 1978 and the resulting loss of significant property tax revenue, local governments have also turned to development fees as a means to generate revenue. Given that California cities have tightly restricted funding sources, fees are one of the few ways cities can pay for the indirect costs of growth. The Mitigation Fee Act requires local officials, when establishing, increasing, or imposing a fee as a condition of approving a development project, to make a number of determinations including to: identify the purpose of the fee; identify the use of the fee, including the public facilities that the fee will finance; determine a reasonable relationship between the use of the fee and the development; and determine a reasonable relationship between the public facility's need and the development. Local agencies must also produce an annual report on developer and other fees.
- 3) *ADU Impact fee relief.* The state enacted numerous laws over the last decade streamlining local development approvals for a variety of housing types, including ADUS, duplexes and large affordable developments. None of the various housing streamlining laws can match the 20-fold increase achieved by

the recent reforms to ADU Law noted in the background. One notable difference between ADUs and other streamlining laws is that ADUs are entirely exempt from local impact fees if they are less than 750 square feet in size. ADUs that exceed 750 square feet are charged a reduced fee that is calculated based in proportion to the size of the primary dwelling unit local on the same parcel. For example, an ADU that will be half the size of the primary dwelling unit will have an impact fee rate that is 1/2 the normal impact fee that would be charged for a new primary dwelling built on the same site.

- 4) *Deductions.* This bill builds on the existing proportionality calculation and allows developers that build larger ADUs to deduct 750 square feet from the chargeable size of the ADU when they calculate the impact fee. Under existing law, a 1,000 square foot ADU is charged a proportionally reduced rate on the full 1,000 square feet of the ADU. Under this bill, the same 1,000 square foot ADU will only pay the proportionally reduced rate on 250 square feet. Much as a tax deduction can reduce an individual's total taxable income, this bill effectively reduces the total "chargeable" square feet of an ADU that can be assessed by a local government.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT: (Verified 5/4/26)

California YIMBY (Sponsor)

Apartment Association of Greater Los Angeles

Apartment Association of Orange County

Berkeley Property Owner's Association

California Apartment Association

California Rental Housing Association

Circulate Planning & Policy

Dirt to Keys

East Bay for Everyone

East Bay Leadership Council

East Bay Rental Housing Association

Eden Housing

Elevate California

Holos Communities

Nor Cal Rental Property Association

North Valley Property Owners Association

Santa Barbara Apartment Association, INC. DbA Santa Barbara Rental Property Association

Small Property Owners of San Francisco Institute
South Pasadena Residents for Responsible Growth
Southern California Rental Housing Association
Student Homes Coalition
The Two Hundred for Homeownership
Unidosus
Zillow Group

OPPOSITION: (Verified 5/4/26)

California Association of Recreation & Park Districts
California Fire Chiefs Association
California Special Districts Association
California State Association of Counties
City of Belmont
City of Foster City
City of Glendora
City of LA Verne
City of Paramount
City of Pico Rivera
City of Redwood City
Equitable Land Use Alliance
Families and Homes San Jose
Fire Districts Association of California
League of California Cities
Neighbors for a Better San Diego
Rural County Representatives of California
South Bay Cities Council of Governments

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