Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1117 (Cervantes) – As Amended July 8, 2026

Policy Committee:	Housing and Community Development	Vote:	10 - 0
	Local Government		8 - 0

Urgency: No   State Mandated Local Program: Yes   Reimbursable: No

SUMMARY:

For up to two accessory dwelling units (ADUs) per lot, this bill requires impact fees assessed on an ADU that exceeds 750 square feet to be charged only on the total square footage that exceeds 750 square feet, rather than proportional to the square footage of the primary unit.

FISCAL EFFECT:

No state costs. One-time and ongoing administrative costs to cities and counties, as well as foregone revenues of an unknown amount, but potentially in the high hundreds of thousands of dollars or more statewide due to impact fee losses to the extent property owners build ADUs exceeding 750 square feet. The magnitude of the revenue losses would vary depending on the dollar amount of the fees and the square footage of the newly built ADUs. The administrative costs and revenue losses are not reimbursable by the state.

COMMENTS:

1) **Purpose.** According to the author:

> California's housing crisis continues to limit homeownership opportunities and increase housing costs. 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. [This bill] 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.

   This bill is sponsored by California YIMBY and is supported by a wide array of affordable housing advocates.

2) **Background.** The Mitigation Fee Act governs the impact fees (also referred to as mitigation fees or developer fees) a local agency may levy on a development project to mitigate the impacts of a project on the surrounding community. Existing law prohibits impact fees on ADUs under 750 square feet. For ADUs greater than 750 square feet, impact fees must be proportional to the square footage of the primary unit. In addition, an ADU smaller than 500

square feet may not be considered residential construction for the purposes of school impact fees. Public utilities cannot require a new connection and cannot charge connection fees or capacity charges for an ADU on a lot with an existing or proposed single-family home that is either contained within the primary dwelling or converted from an existing accessory structure.

According to HCD, between 2016 and 2023, the number of ADUs permitted annually in the state grew from 1,336 to nearly 27,000, a 20-fold increase. In 2023, ADUs comprised more than 21% of all homes permitted statewide. Some housing advocates attribute the success of ADUs to the above fee limitations.

This bill limits local impact fees on a larger ADUs by requiring a local government to assess an impact fee on only the portion of the ADU that exceeds 750 square feet, for up to two ADUs per lot.

3) **Support and Opposition.** This bill is sponsored by California YIMBY and is supported by a wide array of affordable housing advocates. The sponsor notes that "homeowners who construct slightly larger ADUs often face impact fees that apply to the full square footage of the ADU." The sponsor asserts, for many homeowners, "these unexpected expenses make constructing an ADU financially unfeasible."

   This bill is opposed by city, county, and special district associations, and numerous local agencies. They assert, "The need for infrastructure and public services does not go away if fees are reduced, and local governments have limited general fund cash to cover upfront costs of these essential public goods to support livable, equitable, and thriving communities." Local agencies further note that sharply reducing impact fees, "shifts a greater share of the cost of serving new development onto existing residents."

4) **Opposed Unless Amended.** The California Fire Chiefs Association (CalChiefs) and the Fire Districts Association of California (FDAC) are opposed unless amended asserting that fire impact fees are one of the limited tools available to ensure that stations, apparatus, equipment, and other capital infrastructure keep pace with new development. CalChiefs and FDAC are suggesting amendments to exempt impact fees that support fire, public safety, and emergency service infrastructure, similar to the treatment provided for those fees in SB 937 (Wiener), Chapter 290, Statutes of 2024. The author's office and CalChiefs and FDAC indicate conversations are ongoing.

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