Office of Senate Floor Analyses
(916) 651-4171

UNFINISHED BUSINESS

Bill No: SB 1117
Author: Cervantes (D), et al.
Amended: 7/8/26
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

SENATE FLOOR: 37-0, 5/18/26
AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Becker, Niello, Padilla

ASSEMBLY FLOOR: 70-0, 8/20/26 - See last page for vote

SUBJECT: Accessory dwelling units and junior accessory dwelling units

SOURCE: California Yimby

DIGEST: This bill provides that impact fees charged for certain 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 of interior livable space, instead of the entirety of the ADU

Assembly Amendments narrow this bill to only apply the revised impact fee calculation to properties that contain two ADUs or less.

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 Junior ADU (JADU)s in the following ways:

   a) Probits 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:

1) Provides that for up to two ADUs on a lot, any impact fees charged for an ADU that has more than 750 square feet of interior livable space shall be charged proportionately in relation to the square footage of the primary dwelling unit, and only on the area in excess of 750 square feet of interior livable space.

2) Specifies that for properties with more than two ADUs on a lot, any impact fees charged for an ADU that has more than 750 square feet of interior livable space shall be charged proportionately in relation to the square footage of the primary dwelling unit.

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

According to the Assembly Appropriations Committee:

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.

SUPPORT: (Verified 8/20/26)

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
East Bay Yimby
Eden Housing
Elevate California
Grow the Richmond
Holos Communities
Mountain View Yimby
Napa-solano for Everyone
Nor Cal Rental Property Association
North Valley Property Owners Association
Northern Neighbors Sf
Peninsula for Everyone
San Francisco Yimby
San Jose Yimby
San Mateo Forward
Santa Barbara Apartment Association, INC. Dba Santa Barbara Rental Property Association
Santa Cruz Yimby
Santa Rosa Yimby
Shasta County Board of Supervisors
Small Property Owners of San Francisco Institute

South Bay Yimby
South Pasadena Residents for Responsible Growth
Southern California Rental Housing Association
Student Homes Coalition
The Two Hundred for Homeownership
Unidosus
Ventura County Yimby
Yes! in Redwood City
Yimby Action
Yimby Los Angeles
Yimby Monterey Peninsula
Yimby Slo
Zillow Group

OPPOSITION: (Verified 8/20/26)

California Association of Recreation & Park Districts
California Fire Chiefs Association
California Special Districts Association
California State Association of Counties
City of Belmont
City of Buena Park
City of Burbank
City of Foster City
City of Garden Grove
City of Glendora
City of LA Verne
City of Lakewood CA
City of Los Alamitos
City of Milpitas
City of Montclair
City of Paramount
City of Pico Rivera
City of Redondo Beach
City of Redwood City
City of Thousand Oaks
City of Torrance
City of Visalia
City of Vista
City of Yorba Linda
Equitable Land Use Alliance

Families and Homes San Jose
Fire Districts Association of California
League of California Cities
Marin County Council of Mayors and Councilmembers
Neighbors for a Better San Diego
Orange County Sanitation District
Rural County Representatives of California
South Bay Cities Council of Governments
Town of Apple Valley

ARGUMENTS IN SUPPORT: According to this bill's sponsor, California YIMBY, California is currently facing a significant housing shortage, which has driven up costs and limited opportunities for both renters and potential homeowners. ADUs are one of the most effective solutions for quickly and cost-effectively adding homes. These small units offer relatively affordable rental options, support multigenerational living arrangements, and enable homeowners to earn rental income, helping to offset rising housing costs and mortgage payments. SB 1117 clarifies and strengthens the existing ADU law by ensuring local governments assess impact fees only on the portion of an ADU exceeding 750 square feet.

ARGUMENTS IN OPPOSITION: A coalition of local government associations oppose this bill, they argue that SB 1117 completely disregards the Mitigation Fee Act (MFA), which strictly regulates how local agencies impose impact fees. Under the MFA, impact fees must be limited to the specific service and may cover only the cost of providing that service. Arbitrarily capping these fees would prevent the development of the public improvements and services necessary to meet the needs of residents living in the newly constructed ADU.

ASSEMBLY FLOOR: 70-9, 8/20/26
Ayes: Addis, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Celeste Rodriguez, Michelle Rodriguez, Rogers, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Wallis, Ward, Wicks, Zbur, Rivas
No Vote Recorded: Aguiar-Curry, Chen, Davies, Muratsuchi, Patel, Ransom, Blanca Rubio, Tangipa, Wilson

Prepared by: Hank Brady / HOUSING / (916) 651-4124
8/20/26 13:46:10

****** END ******