

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 543 (McNerney) – As Amended June 19, 2025

SENATE VOTE: 39-0

SUBJECT: Accessory dwelling units and junior accessory dwelling units

SUMMARY: Makes numerous organizational, technical, and clarifying changes to Accessory Dwelling Unit (ADU) Law and Junior ADU (JADU) Law. Specifically, **this bill:**

- 1) Makes the following organizational changes to ADU and JADU Law:
 - a) Removes references to JADUs from statutes in “Article 2. ADU Approvals” that specifically govern the creation of ADUs.
 - b) Recasts provisions in “Article 2. ADU Approvals” that have JADU references removed, as new statutes specific to JADU approvals in “Article 3. JADU Approvals.”
 - c) Renumbers statutes located in “Article 2. ADU Approvals” that contain provisions that are applicable to ADUs and JADUs and recasts those statutes in “Article 1. General Provisions.”
 - d) Adds references to JADUs, in “Article 1. General Provisions.”
- 2) Specifies that ADU and JADU approvals are subject to postentitlement permitting time limits governing local government reviews and approval of housing development permits, including the appeals process for an application that is denied, determined incomplete, or determined to be noncompliant.
- 3) Specifies that an ADU or JADU that contains less than 500 square feet of interior livable space constitutes “other residential construction” for the purposes of Section 17620 of the Education Code, clarifying that these developments are not subject to school impact fees.
- 4) Provides that, for the purposes of JADU law, if a local agency fails to submit a copy of its ordinance to the Department of Housing and Community Development (HCD) within 60 days of adoption or fails to respond to the department’s finding that the local ordinance does not comply with the provision of ADU and JADU law within 30 days, the ordinance shall be null and void. In that case, the local agency shall apply the standards established in state law for the approval of JADUs, unless and until the agency adopts an ordinance that complies with this bill, including, but not limited to, the submittal requirements.
- 5) Provides that no local ordinance, policy, or regulation, other than a JADU ordinance consistent with JADU law shall be the basis for the delay or denial of a building permit or a use permit.

- 6) Makes the following clarifying changes:
 - a) Specifies that statutory references to the allowed square footage of an ADU or JADU are referring to square footage of “interior livable space.”
 - b) Specifies that the obligation of a local agency to ministerially approve an application for a building permit for an ADU or JADU applies to any combination of ADU or JADU, as specified.
- 7) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this bill.

EXISTING LAW:

- 1) Governs the creation of ADUs and JADUs and related local ordinances. Four articles in Planning and Zoning Law comprise ADU and JADU law and govern the creation of ADUs and JADUs and related local ordinances, specifically:
 - a) “Article 1. General Provisions”: Establishes definitions and provisions that are applicable to ADUs and JADUs; (Government Code (GOV) §66311)
 - b) “Article 2. ADU Approvals”. Governs the creation of ADUs and related local ordinances; (GOV §66314-66332)
 - c) “Article 3. JADU Approvals”. Governs the creation of JADUs and related local ordinances; and (GOV §66333-66339)
 - d) “Article 4. ADU Sales”. Governs the ability of a property owner to sell an ADUs separately from the primary residence on the property. (GOV §66340-66342)
- 2) Establishes standards and requirements for local agencies to review non-discretionary postentitlement phase permits, including time limits under which local agencies must either approve or disapprove them. (GOV §65913.3)
- 3) Requires a local agency to provide a process for the applicant to appeal a decision that a postentitlement phase permit was denied, determined to be incomplete, or determined to be noncompliant. (GOV §65913.3)

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

- 1) **Bill Summary.** This bill makes organizational changes to ADU and JADU law. The bill adds mention of JADUs to provisions of law that apply to both ADUs and JADUs. While the bill also takes out mention of JADUs in provisions of ADU law, the bill copies those provisions and adds them to statutes governing JADUs. The bill specifies that the square footage of an ADU or JADU shall be determined by the livable space of the interior of the unit, including for the purposes of impact fee exemptions. Recent amendments to this bill, align provisions

relating to noncompliant local JADU ordinances with the provisions of SB 9 (Arreguin), currently in this Committee, relating to noncompliant ADU ordinances.

This bill is sponsored by the Casita Coalition.

- 2) **Author's Statement.** According to the author, "Over the past decade, the Legislature has passed numerous laws designed to increase the supply and affordability of housing. However, many such laws contain vague and unclear provisions, causing conflict and confusion over fee levels, permitting timelines, and other aspects of the homebuilding process. Many of the most frequently misinterpreted laws pertain to the construction of low-cost housing, specifically accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs). The Department of Housing and Community Development (HCD) reports that over fifty local governments have incorrectly applied state laws for ADUs and JADUs. SB 543 is a clean-up bill that clarifies existing state laws for ADUs and JADUs to align with interpretations and guidance issued by HCD. The legislation also codifies specific HCD guidance pertaining to the 90-day permitting rule for all housing types. The amendments made by this bill would not constitute a change in, but are declaratory of, existing law."
- 3) **A Short History on ADUs and JADUs.** The Legislature has long identified ADUs, also known as second units, in-law apartments, or "granny flats," as a valuable form of housing for family members, students, the elderly, in-home health care providers, the disabled, and others, at below-market prices within existing neighborhoods. In 1982, the Legislature first provided a framework for local governments to enact ordinances that permit the construction of ADUs, while preserving local government flexibility to regulate the units as necessary. When fewer ADUs than anticipated were developed, the Legislature significantly amended ADU law to address some of the barriers property owners encountered while trying to develop them (AB 1866, Wright, 2002).

Legislators have enacted a flurry of changes to ADU laws in recent years. Beginning in 2016, the Legislature revised ADU laws to address some of the barriers to ADU creation that local governments had adopted (SB 1069, Wieckowski and AB 2299, Bloom). These changes prohibited local ordinances from banning ADUs and required a local agency to, among other provisions:

- a) Designate areas within the jurisdiction where ADUs may be permitted.
- b) Permit ADUs that do not exceed various zoning requirements set in statute, such as minimum lot sizes and distances from property lines ("setbacks").
- c) Limit parking to one space per ADU.
- d) Approve or disapprove an application for an ADU ministerially without discretionary review if the local government does not have an ADU ordinance when it receives a permit application.
- e) Approve building permits to create an ADU ministerially if the ADU is within an existing residence, has independent exterior access, and meets certain fire safety requirements.

These bills also limited the cases when local agencies could require new utility connections for water and sewer, and limited those fees to be proportionate to the burden created by the

ADU. AB 2408 (Thurmond, 2016) also allowed local agencies to adopt an ordinance regulating JADUs, which are smaller ADUs under 500 square feet, are contained entirely within an existing single-family residence, and may or may not have separate sanitation facilities. In 2017, the Legislature clarified portions of the law (SB 229, Wieckowski and AB 494, Bloom).

In 2019, the Legislature expanded on many aspects of ADU law through three bills: SB 13 (Wieckowski), AB 68 (Ting), and AB 881 (Bloom). The most significant provisions of these bills:

- a) Require local governments to allow ADUs to be at least 800 square feet.
- b) Require local governments to allow one ADU and one JADU on a single-family parcel.
- c) Allow up to two detached units on the same site as an existing or proposed multifamily dwelling and the ministerial creation of multiple ADUs within the portions of existing multifamily buildings, as specified.
- d) Exempt ADUs under 750 square feet from impact fees and require impact fees for larger ADUs to be proportional to the square footage of the primary unit.
- e) Give HCD enforcement authority over ADU ordinances.

Next, in 2022, the Legislature made further changes to many aspects of ADU law through two bills: SB 897 (Wieckowski) and AB 2221 (Quirk-Silva). The most significant provisions of these bills:

- a) Increase the minimum height for ADUs to 16 feet for most ADUs.
- b) Require a permitting agency to approve or deny an application for an ADU or JADU within 60 days of receiving it. If a permitting agency denies an application, it must return in writing a full set of comments on how the application can be remedied.

In 2023, the Legislature permanently prohibited local governments from requiring owner-occupancy for ADUs (AB 976, Ting) and authorized local governments to adopt ordinances that permit property owners to sell or otherwise convey their ADU separately from the primary residence (AB 1033, Ting).

Most recently, SB 477 (Committee on Housing, 2024) was chaptered as an urgency measure to relocate and renumber ADU statutes to make them clearer and more readable. SB 1211 (Skinner, 2024) increased the allowable number of detached ADUs on a lot with an existing multifamily dwelling from no more than two to eight, provided that the number of ADUs does not exceed the number of existing units on the lot, and up to 2 detached ADUs on a lot with a proposed multifamily dwelling. AB 2533 (Carrillo, 2024) extended and expanded an existing ADU amnesty program.

ADU law inconsistently references ADUs and JADUs. JADUs are implicitly considered a type of ADU, but inconsistent references made it difficult to verify which aspects of the law pertained to ADUs, which aspects pertained to JADUs, and which pertained to both. In 2024, SB 477 reorganized ADU law with distinct provisions establishing standards unique to

ADUs and standards unique to JADUs. However several references to JADUs remain strewn throughout the new sections specific to ADUs.

- 4) **ADU and JADU Law Reorganization.** In 2024, SB 477 (Committee on Housing), Chapter 7, Statutes of 2024 reorganized ADU and JADU Law into a single chapter with distinct articles governing ADUs and JADUs. Prior to the enactment of SB 477, ADU Law was spread across five sections of the Government Code. ADU Law was amended 26 times from 2016 to 2024, making the law difficult to navigate. Across the five code sections governing ADU Law, statute inconsistently referenced ADUs and JADUs. JADUs are implicitly considered a type of ADU, but inconsistent references to JADUs, specifically, made it difficult to verify which aspects of the Law pertained to ADUs, which aspects pertained to JADUs, and which pertained to both. In 2024, ADU Law was moved into a new chapter with distinct articles establishing standards unique to ADUs, standards unique to JADUs, and standards that apply to both. However, several references to JADUs remain strewn throughout the new sections specific to ADUs, and some provisions of statute meant to cover both ADUs and JADUs only reference ADUs.
- 5) **Post-Entitlement Permits.** A development proposal that is approved and entitled by a local agency must also obtain approval of objective permits associated with the development proposal. This ensures the proposal is compliant with state and local building codes and other measures that protect public health, safety and the environment. Post-entitlement phase permits include permits to prepare the site for new development, including demolition permits and grading permits. Post-entitlement phase permits also include all the building permits for the new construction. This stage of the review process is often ministerial, as these postentitlement permits are typically objective in nature.

Generally, once a local agency invests the time and effort to approve and entitle a development proposal, there is an incentive for the agency to process the postentitlement permits in a timely fashion. In order to expedite this stage of the development approval process, AB 2234 (Robert Rivas), Chapter 651, Statutes of 2022, established parameters for a local agency's review of non-discretionary post-entitlement phase permits, including requiring a local agency to determine whether an application for a post-entitlement building permit is complete within 15 days of the agency receiving the application. Post-entitlement building permits must be approved by local agencies within 30 days for small housing development projects and 60 days for large housing development projects.

AB 1114 (Haney), Chapter 753, Statutes of 2023, expanded the postentitlement permits subject to the expedited review process and timelines established by AB 2234 to include all building permits and other permits issued under the California Building Standards Code, or any applicable local building code for the construction, demolition, or alteration of buildings, whether discretionary or nondiscretionary.

- 6) **Floor Area Standards.** ADU Law provides that impact fees cannot be assessed on ADUs that are less than 750 square feet in size. Existing law does not specify that the square footage is based on the "livable space" and several jurisdictions have adopted local ordinances interpreting the 750 square foot limitation as applying to the entire footprint of the ADU, rather than the livable area. However, the California Building Code defines floor area as specific to the interior perimeter of the exterior walls, or the "livable space" inside the housing unit. In doing so, local governments have adopted standards and interpretations that

differ from the original intent of the law, which may limit the size of ADUs or increase the cost of building one.

This bill specifies that livable space contained in the ADU, rather than the entire ADU footprint, counts toward the 750 square foot threshold.

- 7) **Related Legislation.** AB 1154 (Carrillo) amends statutory requirements related to small ADUs and JADUs. The bill is in the Senate Local Government Committee.

SB 9 (Arreguin) prohibits a local agency from imposing an owner-occupant requirement for a proposed or existing ADU. The bill is currently being considered by this Committee.

- 8) **Arguments in Support.** Casita Coalition, the sponsor of the bill, writes, "...[S]ome of the new state housing laws, including those on ADUs and JADUs, contain provisions that have led to confusion and conflicts among some cities and counties. HCD has circulated interpretations of these provisions in an effort to ensure the statutes are applied consistently across municipalities. Yet some local agencies have rejected these interpretations in favor of their own, resulting in conflicts over fee levels, permitting timelines, and other aspects of the homebuilding process. According to HCD, over 50 local governments have incorrectly applied state laws for ADUs and JADUs.

"SB 543 cleans up existing state laws governing ADUs and JADUs to eliminate confusion and conflicts at the local level."

- 9) **Arguments in Opposition.** Livable California has an 'oppose unless amended' position and writes, "This law would revise the requirements applicable to approval of an Accessory Dwelling Unit (ADU) or Junior Accessory Dwelling Unit (JADU) to require the local agency to determine if any application is complete and notify the applicant within fifteen (15) business days. If such notification is not provided, the application is to be deemed complete and subject to ministerial approval.

"LC believes the rigid fifteen day deadline is unduly oppressive. Public agencies can be understaffed and overworked. The bill should recognize this, and provide that if the agency timely notifies the applicant of the need for more time, and provides a reasonable explanation for the delay, the review period be extended by an additional fifteen days."

- 10) **Double-Referral.** This bill is double-referred to the Assembly Housing and Community Development Committee, where it passed on an 11-0 vote on June 18, 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

Casita Coalition (Sponsor)
California YIMBY
UnidosUS

Opposition

Livable California (Unless Amended)
Neighbors for a Livable San Diego (Unless Amended)

Analysis Prepared by: Linda Rios / L. GOV. / (916) 319-3958