

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 543 (McNerney) – As Amended July 8, 2025

Policy Committee:	Housing and Community Development	Vote:	11 - 0
	Local Government		10 - 0

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

**SUMMARY:**

This bill makes substantive, technical, and clarifying changes to Accessory Dwelling Unit (ADU) Law and Junior ADU (JADU) Law.

Specifically, this bill:

- 1) Applies existing-law postentitlement permitting time limits governing local government review and approval of housing development permits to ADU and JADU approvals, including to the appeals process for an application that is denied, determined incomplete, or determined to be noncompliant.
- 2) Specifies 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.
- 3) Renders a local JADU ordinance null and void 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 within 30 days to HCD’s finding that the local ordinance does not comply with the requirements of this bill. In either case, requires the local agency to 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.
- 4) Consistent with existing ADU law, prohibits a local ordinance, policy, or regulation, other than a JADU ordinance consistent with JADU law, from being the basis for the delay or denial of a building permit or a use permit.
- 5) Clarifies that statutory references to the allowed square footage of an ADU or JADU are referring to square footage of “interior livable space.”
- 6) Clarifies the obligation of a local agency to ministerially approve an ADU or JADU application for a building permit applies to any combination of ADU or JADU, as specified.
- 7) Makes numerous technical changes.

**FISCAL EFFECT:**

- 1) HCD anticipates minor and absorbable costs to update existing guidelines, provide technical assistance, and more closely monitor local compliance.

- 2) Costs to local agencies to implement the changes in this bill are not state-reimbursable because local agencies have general authority to charge and adjust planning and permitting fees to offset any increased costs associated with new planning mandates.

#### COMMENTS:

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

Over the past decade, the Legislature has passed numerous laws designed to increase the supply and affordability of housing. Many of the most frequently misinterpreted laws pertain to the construction of low-cost housing, specifically ADUs and JADUs. HCD reports that over fifty local governments have incorrectly applied state laws for ADUs and JADUs. [This bill] is a clean-up bill that clarifies existing state laws for ADUs and JADUs to align with interpretations and guidance issued by HCD.

- 2) **Background. ADU and JADU Law Reorganization.** In 2024, to alleviate confusion and conflicts, SB 477 (Committee on Housing), Chapter 7, Statutes of 2024, reorganized ADU and JADU Law into a single chapter in the Government Code with distinct articles for ADUs and JADUs. This bill, among other things, cleans up remaining inconsistencies.

**Postentitlement Phase Review Processes.** AB 2234 (Rivas), Chapter 651, Statutes of 2022, established procedures and timelines for the review of nondiscretionary postentitlement phase permits. Specifically, a permitting agency must notify an applicant within 15 business days whether the application is complete. If the application is incomplete, the agency must provide a list of missing items with instructions for correction. Upon resubmittal, the agency may not request new items and must again respond within 15 business days. If the agency fails to act within either timeframe, the application is deemed complete. This bill applies these requirements to permit applications for ADUs and JADUs.

**Floor Area Standards Clarification.** ADU Law prohibits impact fees on the development of an ADUs less than 750 square feet in size. Existing law does not specify the square footage is based on the “livable space.” 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. This bill prohibits impact fees on an ADU with 750 square feet of interior livable space or less or a JADU with 500 square feet of interior livable space or less.

- 3) **Arguments in Support.** The sponsor of the bill, Casita Coalition, and other supporters assert “[This bill] cleans up existing state laws governing ADUs and JADUs to eliminate confusion and conflicts at the local level.”
- 4) **Arguments in Opposition.** Livable California is opposed unless amended, and asserts:

[This bill] requires the local agency to determine if an [ADU or JADU] 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. The bill should 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.

- 5) **Related Legislation.** SB 9 (Arreguin), of this legislative session, renders a local ADU ordinance null and void if a local agency fails to submit a copy of its ordinance to HCD within 60 days of adoption, as specified, similar to a provision in this bill for JADUs. SB 9 is pending on the Assembly Floor.

**Analysis Prepared by:** Jennifer Swenson / APPR. / (916) 319-2081