

SENATE THIRD READING  
SB 543 (McNerney)  
As Amended July 8, 2025  
Majority vote

## SUMMARY

Makes numerous organizational, technical, and clarifying changes to Accessory Dwelling Unit (ADU) Law and Junior ADU (JADU) Law.

### Major Provisions

- 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;" and
  - d) Adds references to JADUs, in "Article 1. General Provisions."
- 2) 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;
  - c) Specifies that an ADU or JADU that contains less than 500 square feet of 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; and
  - d) Specifies that ADUs and JADU approval are subject to postentitlement permitting time limits governing local government reviews and approval of housing development permits.

## COMMENTS

*ADUs and JADUs:* ADUs and JADUs are both secondary housing units that the Legislature has allowed to be built on virtually any single-family lot in the state, but they differ in size, configuration, and regulatory requirements. ADUs can be up to 1,200 square feet and may be detached, attached, or converted from existing space, such as a garage or basement. In contrast, JADUs are limited to 500 square feet and must be created within an existing or proposed single-

family home, often by converting a bedroom. ADUs must include a full kitchen with a sink, cooking appliances, and counter space, while JADUs only require an efficiency kitchen, which includes a sink, a cooking appliance, and a food prep area. Additionally, ADUs must have a separate bathroom, whereas JADUs can share a bathroom with the main home or have their own.

ADU and JADU Laws have evolved over the years to lower barriers to development, resulting in a surge of ADUs and JADUs built in California. By permitting attached ADUs, detached ADUs, and JADUs on all residential lots, ADU and JADU Laws have facilitated the construction of "missing middle" housing in exclusionary single-family zones and across all residential neighborhoods in the state. As a result, ADUs have gone from representing less than 1% of new housing construction before 2017 to approximately 20% today, with more than 23,000 ADUs legally completed in 2023.<sup>1</sup> Their numbers are expected to continue growing as the ADU construction and financing industry matures, helping meet an estimated market potential of 1.8 million units in California.<sup>2</sup> Because ADUs are not dependent on state funding allocations, they are poised to remain a significant and growing part of the state's new housing stock.

*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.

This bill clarifies and recasts aspects of ADU and JADU Law to specify which statutory provisions apply to both ADUs and JADUs, and which provisions apply uniquely to each

*Floor Area Standards Clarification:* ADU Law provides that impact fees cannot be assessed on ADUs that are less than 750 square feet in size. This definition should be interpreted in a manner consistent with the California Building Code, which defines floor area as specific to the interior perimeter of the exterior walls, or the livable space in the ADU. However, 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. 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 the 750 square foot limitation should be measured against the livable space contained in the ADU, rather than the entire ADU footprint. In doing so, it will increase

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<sup>1</sup> Per HCDs "APR Dashboard" <https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-implementation-and-apr-dashboard>. Complete data for 2023 will be made available by June 30, 2024. This statistic relies on data pulled on May 28, 2024.

<sup>2</sup> Monkonnen et al, 2020, *One to Four: The Market Potential of Fourplexes in California's Single-Family Neighborhoods*, UCLA Working Paper Series: <https://www.lewis.ucla.edu/research/market-potential-fourplexes/>

consistency in local interpretation of ADU Law and will ensure that impact fees are assessed correctly for ADU developments.

*Postentitlement Phase Review Processes:* AB 2234 (Rivas), Chapter 651, Statutes of 2022, established procedures and timelines for the review of nondiscretionary postentitlement phase permits. This bill clarifies that those requirements also apply to applications to build ADUs and JADUs. Specifically, a permitting agency must notify an ADU 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 by default.

### **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 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."

### **Arguments in Support**

The Casita Coalition, the bill sponsor, writes in support: "Some 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."

### **Arguments in Opposition**

None on file for current bill version.

## **FISCAL COMMENTS**

- 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.

**VOTES****SENATE FLOOR: 39-0-1**

**YES:** Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

**ABS, ABST OR NV:** Reyes

**ASM HOUSING AND COMMUNITY DEVELOPMENT: 11-0-1**

**YES:** Haney, Patterson, Ávila Farías, Caloza, Garcia, Lee, Quirk-Silva, Ta, Tangipa, Wicks, Wilson

**ABS, ABST OR NV:** Kalra

**ASM LOCAL GOVERNMENT: 10-0-0**

**YES:** Carrillo, Ta, Hoover, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

**ASM APPROPRIATIONS: 15-0-0**

**YES:** Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Jeff Gonzalez, Solache, Ta, Tangipa

**UPDATED**

VERSION: July 8, 2025

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