

Date of Hearing: April 9, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 1154 (Carrillo) – As Introduced February 20, 2025

SUBJECT: Accessory dwelling units: junior accessory dwelling units.

SUMMARY: Amends statutory requirements related to small accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs). Specifically, **this bill:**

- 1) Prohibits a local agency from imposing parking standards for ADUs that are 500 square feet or smaller.
- 2) Eliminates owner-occupancy requirements for JADUs if the JADU has sanitation facilities (e.g., bathrooms) that are separate from the existing structure.
- 3) Requires that a rental of a JADU be for a term longer than 30 days.
- 4) Provides that no reimbursement is required by this bill 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.
- 5) Makes other technical and conforming changes.

EXISTING LAW:

- 1) Prohibits a local agency from imposing any parking standards for an ADU in any of the following instances:
 - a) The ADU is located within one-half of one mile walking distance of public transit.
 - b) The ADU is located within an architecturally and historically significant historic district.
 - c) The ADU is part of the proposed or existing primary residence or an accessory structure.
 - d) On-street parking permits are required but not offered to the occupant of the ADU.
 - e) There is a car share vehicle located within one block of the ADU.
 - f) A permit application for an ADU is submitted with a permit application to create a new single-family dwelling or a new multifamily dwelling on the same lot, provided that the ADU or the parcel satisfies any other criteria listed in ADU law. [Government Code (GOV) § 66322]
- 2) Prohibits a local agency from denying an application for a permit to create an ADU due to the correction of nonconforming zoning conditions, building code violations, or unpermitted structures that do not present a threat to public health and safety and are not affected by the construction of the ADU. (GOV § 66322)

- 3) Defines a JADU to mean a unit that is no more than 500 square feet in size and contained entirely within a single-family residence. A JADU may include separate sanitation facilities or may share sanitation facilities with the existing structure. (GOV § 66313)
- 4) Requires JADUs to be permitted in all single-family residential zones, and establishes certain development standards and local approval requirements for the creation of JADUs. (GOV § 66333)
- 5) Requires all single family residences with JADUs to be owner-occupied, meaning that the property owner is required to live in either the remaining portion of the primary residence once a JADU is created, or in the newly created JADU. This requirement exists regardless of whether or not the JADU has shared sanitation facilities. (GOV § 66333).
- 6) Requires that the rental of an ADU be for a term longer than 30 days. (GOV § 66323).

FISCAL EFFECT: This bill is keyed fiscal and contains a state-mandated local program.

COMMENTS:

- 1) **Bill Summary.** This bill prohibits a local agency from imposing parking requirements for ADUs that are 500 square feet or smaller. This bill also removes the owner-occupancy requirement for properties that contain a JADU and requires that JADUs be rented for a term longer than 30 days. This bill is co-sponsored by California YIMBY and the Office of Lieutenant Governor Eleni Kounalakis.
- 2) **Author's Statement.** According to the author, "ADUs and JADUs are powerful tools to help homeowners build generational wealth while addressing California's housing shortage. AB 1154 streamlines our housing laws by removing unnecessary barriers that deter homeowners from adding these much-needed units. By eliminating restrictive owner-occupancy requirements and aligning parking mandates for smaller ADUs with JADUs, we are empowering more Californians to maximize their property's potential and increase the availability of affordable housing in our state."
- 3) **Accessory Dwellings.** ADUs are additional living quarters that are independent of the primary residence on the same lot. ADUs are either attached to or detached from, the primary residence and provide complete independent living facilities for one or more persons, including separate access from the property's primary unit. This includes permanent provisions for living, sleeping, eating, cooking, and sanitation. Over the past few years, the Legislature has passed a number of bills to ease zoning restrictions and expedite approval processes for ADUs at the local level, which has contributed to the increased supply of ADUs throughout the state.
- 4) **Granny Flats Galore.** According to the California Department of Housing and Community Development's (HCD's) 2025 ADU Handbook, state laws that allowed attached and detached ADUs and JADUs on all residential lots, facilitated the construction of moderately dense housing in exclusionary single-family neighborhoods. Since then, various pieces of legislation have been passed to establish statewide standards regarding ADU setbacks, height limits, square footage requirements, and other land use controls, regardless of the underlying zoning. As a result, ADUs are now required to be reviewed within 60 days by local governments in a streamlined and ministerial fashion. Taken as a whole, ADU and JADU

laws have established a fast, predictable, uniform, and enforceable process for the approval of ADUs statewide.

According HCD's website titled *Annual Progress Reports- Data Dashboard and Download*, ADU construction went from being less than 1% of new construction before 2017 to being approximately 20%, with over 23,000 new ADUs legally completed in 2023. The number of ADUs and JADUs is expected to continue growing as the ADU construction and financing industry matures. A recent paper published by the UCLA Lewis Center for Regional Policy Studies titled *One to Four: The Market Potential of Fourplexes in California Single Family Neighborhoods* estimated that adding ADUs on single-family parcels have the potential of adding 1.2 million new units to the state housing market. With thousands of ADUs being added every year, ADUs have become an important part of the state's stock of new housing, with a growth potential that is not subject to the state's funding allocations.

For homeowners, ADUs and JADUs provide an opportunity to generate rental income, helping to offset mortgage payments or supplement retirement savings. They can also increase property value and offer flexibility for multigenerational living, allowing families to accommodate aging parents, adult children, or caregivers while maintaining privacy. JADUs, which are smaller and attached to the main residence, offer an affordable way to create additional living space with minimal construction costs. For renters, ADUs and JADUs help increase the supply of housing in established neighborhoods, providing more rental options in areas where single-family homes or other housing may be scarce or expensive.

- 5) **Differences Between ADUs and JADUs.** ADUs and JADUs are both secondary housing units that the Legislature has allowed to be built on 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. 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 preparation counter. Additionally, ADUs must have a separate bathroom, whereas JADUs can share a bathroom with the main home or have their own.
- 6) **Cost of Building Casitas.** ADUs are typically smaller than the average single-family home in a community, and often do not have associated land acquisition costs. As such, they tend to be cheaper to build and more affordable to rent than other market rate units, thereby providing a housing product in established neighborhoods that is more affordable in relation to other units in the community. A 2021 survey of owners of permitted ADUs conducted by researchers at the UC Berkeley Center for Community Innovation found that the median construction cost of an ADU ranged from \$100,000 to \$177,500, far cheaper than the cost of non-ADU construction. The construction typology of ADUs does impact the cost, with detached ADUs being more costly to build than garage conversions, but still costing significantly less than a typical new construction unit. The cost of JADUs may be even lower, as these units only require an efficiency kitchen, use existing space in a single-family home, and are currently not required to have a private bathroom. The same survey of ADU owners in coastal markets found that over a third of the owners rent their ADUs at a rate affordable to lower-income households.

- 7) **Owner Occupancy Requirements.** Owner occupancy requirements also differ between these two unit types. While there is no owner-occupancy requirement for ADUs, JADUs require the property owner to reside on-site, in either the primary home or the JADU itself. This bill would remove the owner-occupancy requirement for JADUs that have their own private bathroom, allowing a property owner to rent out both the main residence and the JADU. The proposed changes to owner occupancy requirements on JADUs align with the existing requirements on ADUs. However, JADUs with shared sanitation facilities would still be subject to owner-occupancy requirements.

While it is difficult to empirically isolate the effect that owner-occupancy requirements have on ADU development because they are usually adopted or repealed alongside several other policy changes, parking requirements are broadly understood to be a significant hurdle on ADU development. In the three years between the 2016 statewide ADU reforms and the passage of AB 881 (Bloom) Chapters 659, Statutes of 2019, which outlawed owner-occupancy requirements statewide, application for ADU exploded. For example, UCLA planning professor Vinit Mukhija describes in his book *Remaking the American Dream* that the City of Los Angeles received 3,818 applications for the ADU construction permits in 2017 which contrasts with the annual average of 278 ADU application in 2015 and 2016. The application for ADU continued to increase in 2018-2020 and the City of Los Angeles received 5,594 applications for ADUs on average in this time span. Professor Mukhija attributes the dramatic increase of ADUs in Los Angeles to the lack of owner occupancy requirements.

AB 1154 would prohibit owner occupancy requirements on JADUs that have their own sanitation facilities.

- 8) **Short Term Rentals.** ADUs created under state law are expressly prohibited from being “short-term rentals,” or rented out for periods less than 30 days, while no such language exists in statute establishing a similar restriction for JADUs. This bill would prohibit JADUs from being rented out as short-term rentals, aligning JADU law with ADU law.
- 9) **Parking Requirements.** Before the modern era of statewide ADU reform, UC Berkeley researchers identified parking requirements as one of the most significant impediments to ADU construction in California, particularly in denser areas like the East Bay and West Los Angeles. In denser metropolitan areas, where lot sizes and configurations make adding more parking difficult, housing prices are high and housing is in short supply as described in the 2011 article titled “Yes In My Backyard: Mobilizing Secondary Units” by the University of California, Berkley’s Center for Community Innovation article .

As with owner occupancy requirements, it is difficult to pinpoint the precise effect that parking reform has had on total ADU production because it was enacted alongside other significant reforms. However, the provision in SB 1069 (Wieckowski) Chapter 720, Statutes of 2016 to limit parking requirements on ADUs and the provisions in AB 68 (Ting) Chapter 655. Statutes of 2016 to prohibit requirements to replace parking when a garage is converted to an ADU are broadly understood as a major driver of California’s ADU boom.

AB 1154 would add to the list of parking requirement exemptions outlined in existing law, specifically adding ADUs that are 500 square feet or smaller. This proposed change to ADU

law would provide the same parking exemption currently provided to JADUs, which are required to be less than, or equal to, 500 square feet.

10) **Related Legislation.** SB 9 (Arreguin) prohibits a local agency from imposing an owner-occupant requirement for a proposed or existing ADU. The bill is being considered by the Senate Housing Committee.

11) **Previous Legislation.** AB 2533 (Juan Carrillo), Chapter 834, Statutes of 2024, extended ADU amnesty law to unpermitted ADUs and JADUs built before 2020.

SB 1211 (Skinner), Chapter 296, Statutes of 2024, prohibited local agencies from requiring replacement parking when an uncovered parking space is demolished for or replaced with an ADU. It also increases the quantity of detached ADUs that lots with an existing multifamily dwelling can have.

AB 3057 (Wilson) Chapter 210, Statutes of 2024, expanded an existing California Environmental Quality Act (CEQA) exemption for city or county adoption of an ordinance to facilitate ADUs to also include adoption of an ordinance facilitating JADUs.

SB 477 (Committee on Housing), Chapter 7, Statutes of 2024, reorganized ADU and JADU law.

AB 976 (Ting), Chapter 751, Statutes of 2023, made permanent the existing prohibition on local government's ability to require owner occupancy on a parcel containing an ADU.

AB 68 (Ting), Chapter 655, Statutes of 2019, AB 881 (Bloom), Chapter 659, Statutes of 2019, and SB 13 (Wieckowski), Chapter 653, Statutes of 2019: Collectively, these bills made changes to ADU and JADU laws, including narrowing the criteria by which local jurisdictions can limit where ADUs are permitted, clarifying that ADUs must be ministerially approved if constructed in existing garages, eliminating for five years the potential for local agencies to place owner-occupancy requirements on the units, prohibiting an ordinance from imposing a minimum lot size for an ADU, and eliminating impact fees on ADUs that are 750 square feet or less and capping fees on ADUs that are 750 square feet or more to 25% of impact fees.

SB 13 (Wieckowski), Chapter 653, Statutes of 2019, and AB 881 (Bloom), Chapter 659, Statutes of 2019, eliminated, for five years, the authority of local agencies to place owner-occupancy requirements on ADUs.

AB 2406 (Thurmond), Chapter 755, Statutes of 2016, allowed a local agency to create an ordinance for junior ADUs in single-family residential zones

AB 2299 (Bloom), Chapter 735, Statutes of 2016; and SB 1069 (Wieckowski), Chapter 720, Statutes of 2016, provided legislative intent on ADU law and provided requirements and authorizations for the entitlement of ADUs.

SB 1069 (Wieckowski), Chapter 720, Statutes of 2016, requires an ordinance for the creation of ADUs to include specified provisions regarding areas where ADUs may be located, standards, and lot density.

- 12) **Arguments in Support.** The California Home Building Alliance (HBA), including one of the co-sponsors of the bill, California YIMBY, writes, “Current law imposes different rules on JADUs and small ADUs within single-family homes, despite their functional similarities. These discrepancies create confusion for homeowners and local governments, complicate permitting, and slow down ADU production—all due to the lack of a unified regulatory framework.

“AB 1154 removes these barriers by eliminating owner-occupancy requirements for JADUs without shared sanitation and exempting small ADUs from parking mandates. These reforms will streamline development, lower costs, and expand rental housing opportunities. By expanding ADU and JADU development, especially in high-need areas, AB 1154 accelerates housing production, reduces construction costs, and advances California’s housing goals by eliminating outdated restrictions that hinder affordable housing growth.”

- 13) **Arguments in Opposition.** The League of California Cities writes in opposition, “AB 1154 would give developers, who are unaccountable to local voters, the power to determine parking requirements regardless of the location where the ADU is proposed. Parking remains a necessity for many communities in California, as approximately 70% of residents aged 16 and older drive to work alone, according to the American Community Survey estimates.

“While AB 1154 may be well intended, parking requirements are most appropriately established at the local level based on community needs. A one-size fits all approach to an issue that is project specific just does not work.”

- 14) **Double-Referral.** This bill was double referred to the Housing and Community Development Committee, where it passed on a 10-0 vote on March 26, 2025.

REGISTERED SUPPORT / OPPOSITION:

Support

Office of Lieutenant Governor Eleni Kounalakis (Co-Sponsor)
 California YIMBY (Co-Sponsor)
 Abundant Housing LA
 Bay Area Council
 California Apartment Association
 California Community Builders
 California Public Defenders Association (CPDA)
 Casita Coalition
 Circulate San Diego
 Fremont for Everyone
 Fieldstead and Company
 House Sacramento
 Leadingage California
 Redlands Yimby
 Spur
 Streets for All
 Student Homes Coalition
 The Two Hundred

Unidosus
Ventura County Yimby
Westside for Everyone

Opposition

League of California Cities (Unless Amended)

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