

Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 1117 (Cervantes) – As Introduced February 17, 2026

SENATE VOTE: 37-0

SUBJECT: Accessory dwelling units and junior accessory dwelling units

SUMMARY: Provides that any impact fees charged for an accessory dwelling unit (ADU) that has more than 750 square feet of interior livable space shall be charged only on the area in excess of 750 square feet of interior livable space, instead of the entirety of the ADU. **Specifically**, this bill:

- 1) Provides that any impact fees charged for an ADU that has more than 750 square feet of interior livable space shall be charged only on the area in excess of 750 square feet of interior livable space, instead of the entirety of the ADU.
- 2) Finds and declares that ensuring housing of is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this bill applies to all cities, including charter cities
- 3) 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, within the meaning of Section 17556 of the Government Code.

EXISTING LAW:

- 1) Defines an ADU as an attached or 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. ADUs 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. [Government Code (GOV) § 66313]
- 2) Requires a local agency to ministerially approve, within specified timelines, an application for a building permit within a residential or mixed-use zone to create one or more ADUs that meet all state and local requirements, as follows:
 - a) On lots with an existing or proposed single-family dwelling, the local agency must allow one detached ADU, one conversion ADU, and one junior ADU (JADU).
 - b) On lots with an existing multifamily dwelling, no more than 8 detached ADUs, provided that the number of detached ADUs does not exceed the number of existing dwellings on the lot. Additionally, lots with an existing multifamily dwelling are allowed to have at least one, and up to 25% of the existing number of multifamily dwelling conversion ADUs.
 - c) On lots with a proposed multifamily dwelling; no more than two detached ADUs. (GOV § 66323).

- 3) Provides that a local agency is limited in its ability to establish local development standards that differ from specified standards established in state law for issues such as density, height, square footage, and setbacks. (GOV §§ 66314, 66319)
- 4) Prohibits a local agency, special district, or water corporation from imposing any impact fee upon the development of an ADU that has 750 square feet of interior livable space or less or a junior accessory dwelling unit that has 500 square feet of interior livable space or less. Any impact fees charged for an accessory dwelling unit 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.
- 5) Establishes the Mitigation Fee Act, which governs fees local agencies may levy on development projects. (GOV §§ 66000-66025)
- 6) Requires a local agency, in any action establishing, increasing, or imposing a fee as a condition of approval of a development project by a local agency, to do all of the following: [GOV § 66001(a)]
 - a) Identify the purpose of the fee;
 - b) Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged;
 - c) Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed; and,
 - d) Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.
- 7) Requires a local agency, in any action imposing a fee as a condition of approval of a development project by a local agency, to determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed. [GOV § 66001(b)]
- 8) Prohibits a local agency that imposes any fees or charges on a residential development for the construction of public improvements or facilities from requiring the payment of those fees or charges until the date of the final inspection, or the date the certificate of occupancy is issued, whichever occurs first, with specified exceptions. [GOV § 66007(a)]
- 9) Authorizes the local agency to require the payment of fees or charges outlined in 4), above, at an earlier time if either of the following conditions is met: [GOV § 66007(b)(1)]
 - a) The local agency determines that the fees or charges will be collected for public improvements or facilities for which an account has been established and funds appropriate and for which the local agency has adopted a proposed construction schedule or plan before final inspection or issuance of the certificate of occupancy; or,

- b) The fees or charges are to reimburse the local agency for expenditures previously made.

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

COMMENTS:

- 1) **Author's Statement.** According to the author, "California's housing shortage continues to limit homeownership opportunities and drive-up housing costs across the state. Housing experts estimate a shortage of between 840,000 and 3.5 million housing units in the Golden State. ADUs are a key component of the state's housing strategy because they expand housing supply while enabling homeowners to generate rental income, offset mortgage costs, and further build home equity. For many first-time and moderate-income homeowners, the ability to construct an ADU can improve mortgage qualifications, increase long-term financial stability, and build intergenerational housing and wealth. Senate Bill 1117 will help reduce impact fees for homeowners in California. Specifically, 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. By aligning the fee calculations in law with the intent of the Legislature, the bill promotes consistent statewide implementation, reduces unnecessary cost burdens on homeowners, and supports continued ADU permitting as a pathway to increasing sustainable homeownership in California."
- 2) **A Short History on ADUs and Junior ADUs (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), Chapter 296. Statutes of 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. In 2025, AB 1154 (Carrillo)

removed owner occupancy requirements from JADUs, if the JADU has sanitation facilities that are separate from the existing structure.

- 3) **The Mitigation Fee Act.** When approving development projects, cities and counties can require the applicants to mitigate the project's effects by paying fees – known as impact fees, mitigation fees, or developer fees. Impact fees stem from a straightforward principle: new developments should pay for the impact that they have on the community and the burden they impose on public services. Prior to establishing, increasing, or imposing a fee as a condition of approving a development project, the Mitigation Fee Act requires local officials to:
 - a) Identify the fee's purpose.
 - b) Identify the fee's use, including the public facilities to be financed.
 - c) Determine a reasonable relationship between the fee's use and the development.
 - d) Determine a reasonable relationship between the public facility's need and the development.
 - e) Determine a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

The developer is typically required to pay multiple impact fees, each corresponding to different public services or infrastructure needs that the development will affect, such as roadways, schools, water and sewer infrastructure, public facilities, affordable housing, and parks.

- 4) **“Essential Nexus” and “Rough Proportionality.”** The U.S. Supreme Court and the California Supreme Court issued a series of decisions in the 1980s and 1990s that affected the scope and application of impact fees. In its 1987 *Nollan* decision, the U.S. Supreme Court said there must be an "essential nexus" between a project's impacts and the conditions for approval. In the 1994 *Dolan* decision, the U.S. Supreme Court opined that conditions placed on development must have a "rough proportionality" to a project's impacts.

In the 1996 *Ehrlich* decision, the California Supreme Court distinguished between "legislatively enacted" conditions that apply to all projects and "ad hoc" conditions imposed on a project-by-project basis. *Ehrlich* applied the "essential nexus" test from *Nollan* and the "rough proportionality" test from *Dolan* to "ad hoc" conditions. The Court did not apply the *Nollan* and *Dolan* tests to the conditions that were "legislatively enacted." In the 2024 U.S. Supreme Court decision *Sheetz vs. County of El Dorado*, the Supreme Court opined that the U.S. Constitution does not distinguish between legislatively enacted and ad-hoc conditions.

As a result of these decisions and the Mitigation Fee Act, local agencies must conduct a nexus study to ensure that any proposed impact fees meet these legal tests. Other requirements in the Mitigation Fee Act ensure that impact fees are appropriately levied and spent, including that a local agency must:

- a) Hold at least one open and public meeting prior to levying a new fee or increasing an existing one.
- b) Deposit and spend the fees within five years of collecting them.
- c) Refund fees or make specific findings on when and how the fees will be spent for construction, if the fees are not spent within five years of collection.

If a local agency levies an impact fee to fund a capital improvement associated with a development, it must deposit the fees with any other fees for that improvement in a separate account or fund. Any person may request an independent audit of how the impact fees have been collected and spent, including an assessment of whether the fees exceed the amount reasonably necessary to cover the costs of the stated projects or services.

- 5) **Impact Fee Uses.** Different jurisdictions charge and use impact fees differently. The Department of Housing and Community Development's 2019 report on Residential Impact Fees in California: Current Practices and Policy Considerations to Improve Implementation of Fees Governed by the Mitigation Fee Act describes: "Our case studies display a variance in fee revenue indicative of the breadth of ways in which localities rely on impact fees to fund public services... Fremont collected the highest amount of fee revenue among the case studies... primarily driven by its prioritization of a high level of service for parkland and facilities... Roseville depends on impact fees to fund development-related infrastructure like transportation and utilities... Riverside County rel[ies] on revenue to fund a variety of services, including parks, transportation, fire, and library improvements... Oakland prioritizes affordable housing fees... Los Angeles also recently implemented affordable housing fees... parks are a priority for Los Angeles, and the city asks development to support new parks within a certain radius of the project in order to maintain existing levels of service."
- 6) **Impact fees under ADU law.** ADU law reduces the impact fees that ADUs may be subject to in a variety of ways. ADUs under 750 square feet are exempt from impact fees and impact fees imposed on larger ADUs must be proportional to the square footage of the primary unit. JADUs under 500 square feet also cannot be charged impact fees. An ADU or JADU that is smaller than 500 square feet also cannot be considered residential construction for the purposes of school impact fees. Public utilities cannot require a new connection and cannot charge connection fees or capacity charges for an ADU or JADU on a lot with an existing or proposed single-family home that is either:
- a) Contained within the primary dwelling.
 - b) Converted from an existing accessory structure.

As a result of the Legislature's actions on ADUs, annual permits for ADUs have increased 20-fold from 2016 to 2023. Specifically, 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.

Some housing advocates attribute the success of ADUs to the fee limitations that are a unique feature among other housing laws. CA YIMBY wants the Legislature to further reduce fees on ADUs.

- 5) **Bill Summary.** This bill builds on the existing proportionality calculation in ADU Law and allows developers who build larger ADUs to deduct 750 square feet from the chargeable size of the ADU when they calculate the impact fee.

This bill is sponsored by California YIMBY

- 6) **Policy Considerations.** As mentioned above, SB 1211 (Skinner) Chapter 296, Statutes of 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. The Committee may wish to consider if this bill will have an impact on local agencies and their duty to provide adequate infrastructure and public services to their jurisdictions.

- 7) **Committee Amendments.** In order to address the policy consideration above, the Committee may wish to consider the following amendment:

GOV 66311.5... (c) (1) (A) A local agency, special district, or water corporation shall not impose any impact fee upon the development of an accessory dwelling unit that has 750 square feet of interior livable space or less or a junior accessory dwelling unit that has 500 square feet of interior livable space or less.

(B) For up to two accessory dwelling units on a lot, Any impact fees charged for an accessory dwelling unit 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.

(C) For properties with more than two accessory dwelling units on a lot, any impact fees charged for an accessory dwelling unit 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.

(2) For purposes...

- 8) **Related Legislation.** AB 956 (Quirk-Silva) requires local agencies to ministerially approve two detached, new construction ADUs on a lot with an existing or proposed single-family dwelling. This bill is pending in Senate Local Government Committee.
- 9) **Arguments in Support.** California YIMBY, the sponsor of the bill, writes in support, “California is currently facing a significant housing shortage, which has driven up costs and limited opportunities for both renters and potential homeowners. Accessory Dwelling Units (ADUs) have emerged as 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.

“However, the current interpretation of state law in some jurisdictions has resulted in an arbitrary ‘fee cliff.’ While ADUs of 750 square feet or smaller are exempt from most local impact fees, homeowners who construct slightly larger units often face impact fees that apply to the full square footage of the ADU, including the first 750 square feet that would typically be exempt. In communities where fees range from \$10 to \$30 per square foot, this can lead to a sudden increase in project costs by thousands of dollars. For many homeowners, these unexpected expenses make constructing an ADU financially unfeasible.

“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. By aligning the fee calculations in law with the intent of the Legislature, the bill promotes consistent statewide implementation, reduces unnecessary cost burdens on homeowners, and supports continued ADU permitting as a pathway to increasing sustainable homeownership in California.”

- 10) **Arguments in Opposition.** The League of California Cities, California Special Districts Association, California Association of Recreation and Park Districts, California State Association of Counties, and Rural County Representatives of California write in opposition to the bill, “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. Further, the inability to ensure that the applicable fees will generate sufficient funding to construct the necessary facilities within a reasonable timeframe may make it more difficult to rely on those fee mechanisms as mitigation for environmental impacts, thereby encouraging legal challenges and consequent delays.

“Data reported by cities and counties in their Annual Progress Reports (APR) provided to the Department of Housing and Community Development (HCD) demonstrate the potential fiscal impact of SB 1117. Over the past 3 years, cities and counties have reported to HCD that an average of 28,000 ADU’s have been constructed each year. Under this bill, our coalition has found that impact fees, assuming a hypothetical 1,000 square foot ADU, would be reduced from \$2,500 under current proportionality calculations to \$625, which is a \$1,875 decrease per ADU. Assuming that ADU construction holds steady at the current average of 28,000 units per year, local governments statewide could experience mitigation fee reduction of up to \$52 million annually. A reduction of fees of this magnitude is concerning given that the goal of ADU’s is to increase population density. If this bill is passed, there is a very strong potential that local governments will not be able to provide the level public services and utilities that increased populations require and expect in their communities.”

- 11) **Double-Referral.** This bill is double-referred to the Assembly Housing and Community Development Committee, where it passed on a 10-0 vote on June 10, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

California Yimby- *SPONSOR*
 Abundant Housing Los Angeles
 Apartment Association of Greater Los Angeles
 Apartment Association of Orange County
 Berkeley Property Owner's Association
 California Apartment Association
 California Rental Housing Association
 Capitol Business Alliance
 Casita Coalition
 Circulate Planning & Policy

Dirt to Keys
East Bay Rental Housing Association
East Bay Yimby
Eastside Housing for All
Eden Housing
Elevate California
Everybody's Long Beach
Faith and Housing Coalition
Grow the Richmond
Inner City Law Center
Mountain View Yimby
Napa-solano for Everyone
Neighborhood Partnership Housing Services INC
Nor Cal Rental Property Association
North Valley Property Owners Association
North Valley Rental Property Association
Northern Neighbors
Northern Neighbors Sf
Peninsula for Everyone
San Francisco Yimby
San Jose Yimby
San Mateo Forward
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
Southern California Obtainable Housing
Southern California Rental Housing Association
Student Homes Coalition
The Two Hundred for Homeownership
Ventura County Yimby
Yes! in Redwood City
Yimby Action
Yimby Los Angeles
Yimby Monterey Peninsula
Yimby Slo
Zillow Group

Opposition

Buena Park; City of
California Association of Recreation & Park Districts
California Fire Chiefs Association – *Unless Amended*
California Special Districts Association
California State Association of Counties (CSAC)
Camarillo; City of
City of Belmont

City of Buena Park
City of Citrus Heights
City of Foster City
City of Lakewood CA
City of Morgan Hill
City of Redwood City
City of San Marcos
City of Thousand Oaks
Eastern Municipal Water District
Fires Districts Association of California – *Unless Amended*
League of California Cities
Marin County Council of Mayors and Councilmembers
Rural County Representatives of California (RCRC)

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