



As Introduced: February 17, 2026
Last updated: March 2, 2026

PURPOSE OF THE BILL

Existing law requires fees charged for the construction of accessory dwelling units (ADUs) to be determined in accordance with the specified provisions of the Mitigation Fee Act. Local governments are also barred from imposing any impact fee upon the development of an ADU that has 750 square feet of interior livable space or less, and requires any impact fees charged for an ADU that has more than 750 square feet of interior livable space to be charged proportionately in relation to the square footage of the primary dwelling unit.

Senate Bill 1117 will reduce barriers to ADU production by ensuring that local impact fees are calculated fairly and proportionately, consistent with state housing policy. The bill would also apply only to the portion of an ADU that exceeds 750 square feet of interior livable space. SB 1117 does not increase, reduce, or alter the existing 750 square-foot exemption in existing law.

PROBLEM & NEED FOR THE BILL

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.

According to a 2024 law review article by UC Davis law professor Chris Elmendorf and UC Santa Barbara professor Clayton Nall, California's landmark accessory dwelling unit (ADU) reform law is one of the Legislature's crowning achievements in California housing policy. In 2023 alone, more than 28,000 ADU permits were approved in California.

The Legislature has taken numerous steps to reduce local barriers to ADU permitting, including limiting the imposition of impact fees. Existing law prohibits impact fees on ADUs that are 750 square feet or smaller and requires that fees for larger ADUs be charged proportionately.

However, some local governments calculate impact fees based on the entire square footage of an ADU once it exceeds 750 square feet rather than only on the portion above that threshold. This interpretation increases project costs far beyond what the Legislature intended and may discourage the construction of moderately sized ADUs. In jurisdictions where impact fees are more than \$10 per square foot, that change can add more than \$8,000 to project costs. Property owners are often forced to either shrink their designs to stay under the cap—which limits the flexibility and use of their ADUs—or abandon their ADU plans altogether.

WHAT THIS BILL WOULD DO

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.

BILL STATUS

Referred to the Senate Housing and Local Government committees – February 26, 2026

SUPPORT

California YIMBY (sponsor)