



Honorable Mayor and Members of the Hermosa Beach City Council

ADOPT AN ORDINANCE REPEALING AND REPLACING CHAPTER 17.21 OF THE HERMOSA BEACH MUNICIPAL CODE RELATING TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS

CEQA: Determine the action to be Statutorily Exempt from the California Environmental Quality Act (CEQA) under Public Resources Code § 21080.17.

(Community Development Director Alison Becker)

Recommended Action:

Staff recommends City Council:

1. Determine the Ordinance to be Statutorily Exempt from the California Environmental Quality Act (CEQA) under Public Resources Code § 21080.17;
2. Adopt by title only and waive second reading of an Ordinance (**Attachment 1**) repealing and replacing Chapter 17.21 of the Hermosa Beach Municipal Code pertaining to Accessory (ADU) and Junior Accessory Dwelling Units (JADU); and
3. Direct the City Clerk to print and publish the summary ordinance in a newspaper of general circulation within 15 days following adoption and post it on the City's bulletin for 30-days.

Executive Summary:

At its March 10, 2026 meeting City Council held a public hearing and approved a Zone Text Amendment (ZTA repeal and replace Chapter 17.21 of the Hermosa Beach Municipal Code to comply with recent changes to state law that impose new limits on local authority to regulate Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs). Except as otherwise noted, these new laws took effect on January 1, 2026. The Planning Commission voted unanimously during their January 20, 2026 meeting to adopt a resolution advising City Council to adopt the proposed ordinance, and to find the action statutorily exempt from CEQA.

Background:

In recent years, the California Legislature has approved, and the Governor has signed into law, numerous bills that impose new limits on local authority to regulate ADUs and JADUs. In late 2025, four new bills were enacted that further amend state ADU law. Additionally, on December 29, 2025 the California Department of Housing and Community Development (HCD) sent the City of Hermosa Beach a letter indicating that the City's ADU ordinance failed to comply with state ADU laws in various ways

(Attachment 2). The proposed ordinance would resolve the issues identified by HCD and bring the City’s ADU policies in compliance with state law as described below.

At its January 20, 2026 meeting, the Planning Commission, which serves as the advisor to the City Council on all land-use matters, reviewed the related Zone Text Amendment and unanimously recommended City Council’s approval amending Chapter 17.21 of the Hermosa Beach Municipal Code (HBMC) related to Accessory and Junior Accessory Dwelling Units in line with the staff recommendation, and in the interest of compliance with State law. At the March 10, 2026, meeting, City Council considered the Planning Commission’s recommendation and adopted the draft ordinance as recommended.

Past Commission Action

Meeting Date	Description
<u>January 20, 2026</u>	Planning Commission holds a public hearing and unanimously votes to approve a resolution to recommend that the City Council repeal and replace Chapter 17.21 of the Hermosa Beach Municipal Code relating to Accessory and Junior Accessory Dwelling Units.
<u>March 10, 2026</u>	City Council approved ZTA 25-XXXX repealing and replacing HBMC Chapter 17.21 pertaining to ADUs and JADUs

Assembly Bill (AB) 462 – Coastal Development Permits; Disaster-Affected Areas

Existing law requires most ADUs proposed in the Coastal Zone to obtain a Coastal Development Permit (CDP) in addition to other local ADU permit requirements. Historically, the CDP for an ADU was not subject to the state ADU law’s 60-day shot clock to approve or deny a complete ADU application. Additionally, local permitting decisions on a CDP for an ADU could be appealed to the California Coastal Commission if the underlying property was subject to the Coastal Commission’s appeals jurisdiction (as set forth in Public Resources Code 30603).

AB 462 alters the status quo on numerous fronts. Most notably, local agencies with a certified local coastal program (LCP) must now approve or deny a CDP application for an ADU within 60 days of receiving a complete application. The local agency’s review of the CDP application must also take place “concurrently with the process to approve or deny” any other permit required to approve the ADU (i.e., an ADU permit and building permit). (Gov. Code, § 66329(a).) AB 462 also eliminates the ability to appeal a CDP for an ADU to the Coastal Commission. If a local agency does not have a certified LCP, then it now must “immediately notify” the Coastal Commission when an ADU application is submitted. Subject to limited exceptions, the Coastal Commission’s review of the CDP application is subject to the same 60-day shot clock that applies to local agencies with a certified LCP. (*Id.*, at (b)(1)–(5).) The City does not have a fully certified LCP, so City staff now immediately notify the Coastal Commission when an ADU application is submitted.

Beyond changes to CDP processing, AB 462 modifies the rules governing the issuance of a certificate of occupancy (CofO) for an ADU. Historically, state law has prohibited a local agency from issuing a CofO for an ADU before one is issued for the primary dwelling (i.e., the primary dwelling must have a CofO before the ADU.)

AB 462 creates a narrow exception to this prohibition for detached ADUs when all of the following conditions are satisfied: (1) the Governor has declared a state of emergency for the county on or after February 1, 2025; (2) the primary dwelling was substantially damaged or destroyed by an event referenced in the state of emergency proclamation; and (3) the ADU has been issued construction permits and passed all required inspections. (Gov. Code, § 66328(b).) If these conditions are satisfied, the detached ADU can receive a CofO before the primary dwelling. In all other scenarios, the primary dwelling still needs a CofO before one can be issued for an ADU.

AB 462 was enacted as an urgency measure that *took effect immediately* when signed by the Governor (on October 10, 2025).

The following three bills were enacted as non-urgency measures and took effect on January 1, 2026.

AB 1154 – JADU Owner-Occupancy; Short-Term Rental

When a JADU is developed, existing state law requires a property owner to reside in the JADU or remaining portion of the single-family dwelling. AB 1154 narrows this requirement to now only apply when a JADU shares sanitation facilities (bathroom) with the single-family dwelling. If the JADU has its own bathroom, then the property owner does not have to reside on the property at all. (See amended Gov. Code, § 66333(b).)

AB 1154 also expressly prohibits JADUs from being used as short-term rentals (i.e., rented for a term shorter than 30 days). (See amended Gov. Code, § 66333(g).) The City's ADU ordinance already included this prohibition, but it is now required by state law.

SB 9; SB 543 – ADU Ordinance Submittal to HCD; Approval

Under existing law, local agencies are required to submit a copy of their ADU ordinance to the California Department of Housing and Community Development (HCD) within 60 days of adoption.

Last year's SB 9 and SB 543 created a penalty for failing to do so by rendering null and void any local ordinance that is not submitted to HCD within 60 days of adoption. (See amended Gov. Code, § 66326(d); new Gov. Code, § 66333.5(d).) The bills further specify that a local ADU ordinance is null and void if HCD issues findings that the ordinance does not comply with state law and the local agency fails to respond to HCD within 30 days. (*Id.*)

SB 543 – ADU Size; Number of ADUs; Impact Fees; Application Timeline

SB 543 makes numerous changes and clarifications to state ADU law, most notably as it pertains to how ADU and JADU size allowances are calculated.

ADU & JADU Size

Existing state law as well as the current Hermosa Beach ADU ordinance establishes that the maximum size of a JADU may not exceed 500 square feet. It also prohibits enforcement of certain development standards that would have the effect of preventing the development of an ADU that is at least 800 square feet pursuant to Government Code section 66314 through 66322.

SB 543 amends state ADU law to specify that the allowable square footage of an ADU or JADU refers to “interior livable space” whereas previously the basis of measurement was left undefined and subject to local interpretation. (See amended Gov. Code, § 66313(d), 66321(b)(2).)

Impact Fees

Existing law exempts ADUs that are 750 square feet or smaller from development impact fees (DIFs).

SB 543 clarifies that DIFs may not be imposed on an ADU that has 750 or fewer square feet of *interior* livable space or on a JADU with 500 or fewer square feet of *interior* livable space.

The bill also exempts an ADU or JADU with fewer than 500 square feet of interior livable space from school impact fees. (See amended Gov. Code, § 66311.5.)

Quantity of ADUs Created Under Government Code Section 66323

Existing state law creates four categories of ADUs that must be approved if they comply with the limited standards provided in Government Code section 66323(a)(1)–(4). These are:

1. a converted ADU and JADU created on a lot with a proposed or existing single-family dwelling (Gov. Code, § 66323(a)(1));
2. a detached ADU created on a lot with a proposed or existing single-family dwelling (Gov. Code, § 66323(a)(2));
3. converted ADUs created in an existing multifamily dwelling (Gov. Code, § 66323(a)(3)); and
4. detached ADUs created on a lot with a proposed or existing multifamily dwelling.

For some time, there has been uncertainty as to whether ADUs created under Government Code section 66323 could be combined. While the City’s municipal code allows combinations, HCD initially took the position in its 2020 ADU Handbook that state law does not require local agencies to allow combinations. But for the last few years, HCD

has taken the opposite position: yes, combinations are permitted. (See HCD January 2025 ADU Handbook, at p.19 [“Pursuant to Government Code section 66323, subdivision (a), local governments must allow units created pursuant to subparagraphs (1) and (2) together or (3) and (4) together”].)

SB 543 codifies HCD’s most recent interpretation by amending Government Code section 66323 to specifically allow combinations. Thus, state law now requires local agencies to permit a lot with a multifamily dwelling to have a converted ADU or ADUs created under section 66323(a)(3) *and* detached ADUs created under section 66323(a)(4), and lot with a single family dwelling to have a converted ADU and a JADU created under section 66323(a)(1) *and* a detached ADU created under section 66323(a)(2).

ADU Permitting Process

Existing law has long required local agencies to approve or deny an ADU application within 60 days of receiving a complete application. However, state law was silent with respect to incompleteness determinations, subsequent resubmittals, and appealing local decisions on ADU applications.

SB 543 requires local agencies to now:

1. determine whether an ADU application is complete within 15 business days of submittal;
2. if the application is incomplete, within the same 15 days provide the applicant with a list of incomplete items and how to address them;
3. review a resubmitted application for completeness within 15 business days;
4. provide the applicant with a written appeal process for any incompleteness determination or denial (to the Planning Commission or City Council, or both); and
5. provide a final written determination on the appeal within 60 business days of receiving the appeal). (See amended Gov. Code, §§ 66317 [ADUs], 66335 [JADUs].)

Discussion & Recommendation:

AB 462 took effect immediately when signed, but it technically does not require any change to a local ADU ordinance; the City just needs to follow the new rules for CDP processing and issuance of a CofO, if applicable. The remaining bills took effect on January 1, 2026, and for the City’s ADU ordinance to remain valid and enforceable, it must comply with the new changes in state law. Adopting the proposed ordinance (**Attachment 1**) ensures that the City’s ADU ordinance would remain in compliance with state law in the manner identified by the letter from the California Department of Housing and Community Development dated December 29, 2025 (**Attachment 2**). For these reasons, staff, in line with the Planning Commission’s recommendation, recommend that City Council conduct a public hearing to approve an ordinance repealing and replacing Chapter 17.21 of the Hermosa Beach Municipal Code relating to Accessory and Junior Accessory Dwelling Units.

Environmental Determination:

Under California Public Resources Code Section 21080.17, CEQA does not apply to the adoption of an ordinance by a city or county implementing the provisions of Chapter 13 of Division 1 of Title 7 of the California Government Code, which is California's ADU law. Therefore, the proposed ordinance is statutorily exempt from CEQA because it implements state ADU law.

Public Notification:

No legal ad is required for the March 24, 2026, meeting to consider the second reading of the ordinance. A legal ad was published in the Easy Reader, a newspaper of general circulation, and posted in three locations in advance of the March 10, 2026 City Council hearing.

Attachments:

1. Draft Ordinance
2. CA Housing and Community Development Department letter dated Dec 29, 2025

Respectfully Submitted by: Jake Whitney, Associate Planner and Aryan Ray, Intern

Concur: Alexis Oropeza, Planning Manager

Concur: Alison Becker, AICP, Community Development Director

Legal Review: Sarah Locklin, Interim Assistant City Attorney

Approved: Steve Napolitano, City Manager