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City Manager's Report

January 27, 2026, City Council Meeting

Prepared by: Carole Kendrick, Director of Development Services

Item #: 7.8

Subject: Second Reading and Adoption of Zoning Ordinance Amendment (ZOA) 25-01 – Accessory Dwelling Unit 2026 Update Public Hearing and Consideration of an Ordinance Amending Title 10, Chapter 4, Section 12 of the Placerville Municipal Code Regarding Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs)

Recommendation: Conduct the second reading of Ordinance No1730 amending Title 10, Chapter 4, Section 12 of the Placerville Municipal Code to update standards for Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs) for consistency with State law changes effective January 1, 2026, incorporating the Planning Commission's recommended edits.

Purpose: To bring the City's regulations into full compliance with recent changes to California State ADU law effective January 1, 2026, in direct response to the October 8, 2025, HCD Technical Assistance Letter and new legislation (AB 1154, SB 543, and SB 9 of 2025) (Attachment F).

Strategic Plan Strategy: Maintain /Improve Quality of Life – Strategy 6 Maintain and Update Planning Documents.

Background: The City's ADU and JADU regulations in Section 10-4-12 were last comprehensively updated in 2024 via Ordinance No. 1714. State ADU law continues to evolve to promote housing production, with several bills enacted in 2025 taking effect on January 1, 2026 (e.g., AB 1154, SB 543, SB 9, and others) (see Attachment E). These changes further streamline approvals, clarify standards (e.g., square footage as interior livable space), limit owner-occupancy for certain JADUs, prohibit short-term rentals for JADUs, require 15-day completeness reviews, and strengthen enforcement by the California Department of Housing and Community Development (HCD).

The California Department of Housing and Community Development (HCD) released the updated 2025 ADU Handbook in January 2025, incorporating prior changes (including the permanent elimination of owner-occupancy requirements for ADUs via AB 976). HCD issued a Letter of Technical Assistance to the City on October 8, 2025 (Attachment E), identifying potential outdated provisions and encouraging amendments for compliance. HCD also released a January 2026 Addendum to the 2025 Handbook (Attachment E), summarizing the latest changes.

To ensure ongoing compliance and avoid risks such as Housing Element decertification or enforcement actions, the proposed amendments proactively align the City's ordinance with these State

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requirements while retaining objective local standards for design, safety, and infrastructure.

Planning Commission Action: The Planning Commission held a duly noticed public hearing on January 6, 2026, to consider the proposed amendments. The Commission reviewed the staff report, attachments, and public testimony. They suggested minor edits to the draft ordinance to enhance compliance with the January 2026 HCD Addendum. In addition to raising concerns regarding parking, historic districts, public safety access, and number of permits allowed.

The Planning Commission edits were incorporated into the revised redline (Attachment C). The Commission adopted Resolution No. 26-___ recommending approval of the ordinance, as edited, to the City Council by a vote of 3 yay and 1 no.

City Council Action: The City Council held a duly noticed public hearing on January 13, 2026, to consider the proposed amendments including the Planning Commission’s revisions. The City Council took testimony from the public and discussed concerns related to parking, historic districts and public safety access.

Discussion: In direct response to HCD's October 8, 2025, Letter of Technical Assistance and to ensure compliance with State law changes effective January 1, 2026—including AB 1154 (limiting JADU owner-occupancy and prohibiting short-term rentals for JADUs), SB 9 (strengthening HCD review and nullification of non-compliant ordinances), and SB 543 (requiring 15-day completeness reviews and other clarifications)—the proposed ordinance amends the City's ADU and JADU regulations.

The amendments incorporate guidance from HCD's 2025 ADU Handbook (updated January 2025) and the January 2026 Addendum, while retaining objective local standards permitted under State law (e.g., design matching, privacy measures, and 4-foot setbacks). The redlined text (Attachment C) removes or modifies provisions that conflict with State law post-January 1, 2026, such as eliminating post-2025 owner-occupancy requirements for ADUs, updating deed restrictions to exclude prohibited elements, and aligning penalties with infraction standards. No new discretionary requirements are added, promoting housing production without compromising public health, safety, or infrastructure capacity.

Key Proposed Amendments for Compliance with State Law Effective January 1, 2026:

- **Application Processing:** Requires a 15-day determination of application completeness, with specific feedback on deficiencies (SB 543).
- **Owner-Occupancy for JADUs:** Limits owner-occupancy requirements to JADUs sharing sanitation facilities with the primary dwelling (AB 1154).
- **Short-Term Rentals:** Prohibits short-term rentals (less than 30 days) for JADUs (AB 1154).
- **Enforcement and HCD Review:** Extends mandatory HCD review to JADU ordinances; strengthens nullification of non-compliant local provisions (SB 9).
- **Other Alignments:** Maintains no owner-occupancy for ADUs (permanent per prior law); up to 1,200 sq. ft. for detached ADUs; 4-foot side/rear setbacks; no additional parking; proportional impact fees; and fire/solar requirements per State codes. Retains local design and historic resource

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protections where allowed.

These updates facilitate ADU/JADU production, supporting the City's Housing Element goals and Regional Housing Needs Allocation (RHNA) obligations.

General Plan and Housing Element Consistency: The amendments advance Housing Element Program H-1.2 (ADU Promotion) and are consistent with General Plan Goal H-1 (Affordable Housing Production), as they remove barriers to accessory dwelling units as a key affordable housing strategy.

Public Communications: A public notice was published in the Mountain Democrat on December 24, 2025. As of the preparation of this report, the Development Services Department has received no public comments, with the exception of comments received at the January 6, 2026, Planning Commission meeting from Kathi Lishman and Michael Drobesh. Any comments submitted before the scheduled City Council meeting will be presented to the Council during the public hearing.

Options:

- **Adopt the Ordinance as Introduced** Conduct second reading and adopt the Ordinance as presented in Attachment A.
- **Adopt with Modifications** Direct specific changes (e.g., further refine applicability or reporting).
- **Provide Alternative Direction** Direct staff to revise, abandon the program, or defer.

Environmental: The project qualifies for a Categorical Exemption under the California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3), as it can be seen with certainty that there is no possibility of a significant effect on the environment. The amendment is a regulatory update to zoning text for compliance with State law, does not approve any specific development project, and facilitates ministerial permitting of ADUs/JADUs that remain subject to site-specific building permit review and applicable codes. No unusual circumstances exist that would cause potential significant environmental effects.

Cost: None anticipated. The amendments are ministerial in nature and may reduce staff time on appeals or enforcement by aligning with State law. Any future ADU/JADU permits will generate standard building fees.

Budget Impact: None.



Dave Warren, City Manager



Carole Kendrick, Director of Development Services

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Attachments:

- Attachment A: Draft Ordinance
- Attachment B: Planning Commission Resolution
- Attachment C: Redlined Zoning Code (incorporating Planning Commission edits)
- Attachment D: Clean Version Zoning Code - draft
- Attachment E: Addendum to the 2025 HCD ADU Handbook (January 2026)
- Attachment F: HCD Technical Assistance Letter dated October 8, 2025

Incorporated by Reference

- City of Placerville General Plan
- City of Placerville Zoning Ordinance
- City of Placerville 6th Cycle Housing Element (2021-2029)
- California Government Code §§ 66310–66342 (consolidated ADU law)
- AB 1154, SB 543, SB 9 (2025) bill texts and analyses
- HCD Accessory Dwelling Unit Handbook (Updated January 2025)
- City of Placerville Planning Department file ZOA 25-01