



# Ordinance Fact Sheet

June 23, 2025

**TO:** CITY COUNCIL

**FROM:** CITY ATTORNEY

**SUBJECT:** AN ORDINANCE OF THE CITY OF PASADENA AMENDING TITLE 4, CHAPTER 4.17 (THE NEW RESIDENTIAL IMPACT FEE ORDINANCE), SECTION 4.17.050, AND TITLE 4, CHAPTER 4.32 (CONSTRUCTION TAX ORDINANCE), SECTION 4.32.050 TO REDUCE THE RESIDENTIAL IMPACT FEES AND CONSTRUCTION TAX AND FOR QUALIFYING ACCESSORY DWELLING UNITS

## TITLE OF PROPOSED ORDINANCE

AN ORDINANCE OF THE CITY OF PASADENA AMENDING TITLE 4, CHAPTER 4.17 (THE NEW RESIDENTIAL IMPACT FEE ORDINANCE), SECTION 4.17.050, AND TITLE 4, CHAPTER 4.32 (CONSTRUCTION TAX ORDINANCE), SECTION 4.32.050 TO REDUCE THE RESIDENTIAL IMPACT FEES AND CONSTRUCTION TAX AND FOR QUALIFYING ACCESSORY DWELLING UNITS

## PURPOSE OF THE ORDINANCE

As directed by the City Council on May 5, 2025, this ordinance amends Sections 4.17.050 and Section 4.32.050 of the Pasadena Municipal Code to reduce or waive the construction tax and residential impact fees for qualifying accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs).

## REASONS WHY LEGISLATION IS NEEDED

Under the direction of the City Council and Economic Development and Technology Committee of the City Council, the Planning & Community Development Department studied ADU fees and identified various fees and taxes that they recommended be reduced.

MEETING OF 06/23/2025

AGENDA ITEM NO. 13

On May 5, 2025, the City Council approved staff's recommendation to:

1. Waive the Construction Tax for all ADUs utilizing the City's Standard Plans Program (pre-reviewed plans for new ADU Construction), and ADUs governed by an Affordability Covenant or a Landlord Agreement for Accessory Dwelling Units pursuant to the City's Housing Department's Inclusionary Housing Regulations ("Housing Agreement");
2. Reduce the Construction Tax by 25% for all other ADUs that are 900 square feet or fewer; and
3. Waive Residential Impact Fees for ADUs that are 900 square feet or fewer, and ADUs governed by a Housing Agreement.

Title 4, Chapter 32, the Construction Tax Ordinance, levies a tax on building permits and enumerates exemptions to the tax in Section 4.32.050 of the Pasadena Municipal Code. An ordinance amendment will exempt qualifying ADUs from the tax.

Similarly, Title 4, Chapter 17, the New Residential Impact Fee Ordinance, levies an impact fee on residential subdivisions and other residential development. An ordinance amendment will exempt qualifying ADUs from this impact fee.

#### **PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED**

The Planning and Community Development Department will implement this ordinance.

#### **ENVIRONMENTAL DETERMINATION**

On May 5, 2025, the City Council found that the recommended actions are exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3), the "common-sense" exemption. The reduction of fees for ADUs does not have the potential for causing a significant effect on the environment and it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. The effects of this action are adequately addressed and encompassed by the City Council's determination and no further study is required.

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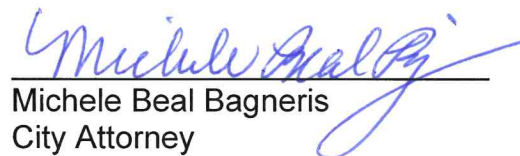
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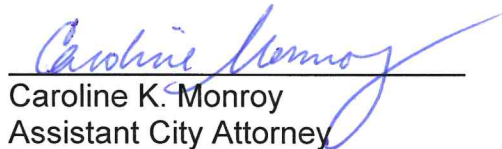
### **FISCAL IMPACT**

Reduction of the construction tax reduces revenue to the City's Building Fund, with the City subsidizing staff costs related to reviewing, processing, inspecting and maintaining records for ADUs. Staff estimates the Residential Impact Fee collected annually for ADUs would be reduced by approximately 50% (from \$105,000 to \$52,000). This will reduce funds available to the Parks and Recreation Department for parks, open space and recreational facilities in the City.

Respectfully submitted,

  
Michele Beal Bagneris  
City Attorney

Prepared by:

  
Caroline K. Monroy  
Assistant City Attorney

Concurred by:

  
MIGUEL MÁRQUEZ  
City Manager

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