

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2005 (Ahrens) – As Amended April 9, 2026

Policy Committee:	Housing and Community Development	Vote:	11 - 0
	Local Government		10 - 0

Urgency: No                      State Mandated Local Program: Yes                      Reimbursable: No

**SUMMARY:**

This bill changes the owner-occupancy requirements for urban lot splits under SB 9 (Atkins), Chapter 162, Statutes of 2021, by adding an alternative compliance pathway.

Specifically, this bill:

- 1) Requires the seller of an urban lot split pursuant to SB 9, to disclose in writing any owner-occupancy requirements for three years after the conveyance of an urban lot split unit.
- 2) Requires a local agency to provide an applicant for an SB 9 urban lot split an additional option for meeting the owner occupancy requirements by allowing the applicant to require, as a condition of sale to the homebuyer, that one of the units of both parcels of the lot split remain owner-occupied for three years, beginning on the date the parcel or unit is conveyed to the homebuyer, subject to the following:
  - a) The local agency must record a notice of the owner-occupancy requirement as a condition of ministerial approval of the parcel map for the lot split.
  - b) The parcel or unit being purchased must be subject to a recorded deed restriction imposing the owner-occupancy requirement on any subsequent homebuyer who purchases the parcel or unit during the three-year period.
  - c) The homebuyer must record a notice of owner-occupancy as a condition to acquiring title to a parcel or unit. The notice must state that the homebuyer, and any subsequent homebuyer who purchases the parcel or unit during the three-year period, must occupy the parcel or unit or designate the parcel or unit as their primary residence.
- 3) Allows an applicant for an SB 9 urban lot split to be a managing or authorized member of a limited liability company or the trustee of a living trust.
- 4) Prohibits a local agency from imposing or adopting any requirement, process, practice, or procedure, or undertake any course of conduct, that applies to a project solely or partially on the basis that the project is an SB 9 urban lot split, including, but not limited to, restricting the eligibility of an applicant.

**FISCAL EFFECT:**

- 1) HCD estimates minor and absorbable costs.

- 2) Costs to cities and counties of an unknown amount to provide an additional owner-occupancy compliance pathway for urban lot splits proposed under SB 9. These costs are not state-reimbursable because local agencies have general authority to charge and adjust planning and permitting fees to cover their administrative expenses associated with new planning mandates

#### COMMENTS:

- 1) **Purpose.** According to the author:

SB 9 was designed to enable small, incremental housing production led by homeowners, creating opportunities for more attainable, entry-level ownership in existing neighborhoods. It also allows homeowners to unlock value within their own property that is otherwise inaccessible unless they sell and leave their home. However, implementation has revealed unintended technical barriers that prevent some responsible homeowners from participating, particularly those who use common estate planning tools. [This bill] clarifies the law, so it works as intended, ensuring these homeowners are not excluded while maintaining strong protections against investor speculation.

- 2) **Background.** Existing law, authorized by SB 9 (Atkins), Chapter 162, Statutes of 2021, requires a local agency to ministerially approve a parcel map for an urban lot split if the development or parcel meets specified requirements. SB 9 requires the local agency to require an applicant for an urban lot split to sign an affidavit stating the applicant intends to occupy one of the housing units as their principal residence for a minimum of three years from the date of the approval of the urban lot split. SB 9 also requires the existing homeowner to serve as the project applicant, who then must be solely responsible for obtaining local approvals, including navigating the subdivision process.

According to the author, HCD has interpreted SB 9's owner-occupancy provision to mean that a living trust, limited liability company, or other legal entity cannot serve as the applicant, even when the beneficiary owner or member is the current owner-occupant of the property.

- 3) **Support and Opposition.** Supporters, including the California Home Building Alliance and others, maintain the bill will improve the usability of SB 9 by allowing homeowners to utilize common ownership structures, such as trusts and LLCs, and by creating a pathway for partnerships with builders, which may increase the number of feasible projects and expand small-scale homeownership opportunities. They also assert the alternative owner-occupancy option may help ensure that newly created units are ultimately occupied by homeowners, rather than serving as investor rental units.

Opponents, the California Association of Realtors, argue that shifting the owner-occupancy requirement away from the applicant and onto future homebuyers could weaken SB 9's original anti-speculation guardrails and introduce additional complexity in enforcement, particularly with respect to tracking and enforcing deed restrictions over time.