

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 2601 (Lee) – As Introduced February 20, 2026

**SUBJECT:** Planning and zoning: housing development: streamlined approval and subdivisions

**SUMMARY:** Makes several changes to the permitting and subdivision processes for small-scale and missing middle housing developments. Specifically, **this bill:**

- 1) Establishes concurrent processing of an application for an urban lot split under SB 9 (Atkins), Chapter 162, Statutes of 2021, with the application for an SB 9 duplex.
  - a) Provides that a local agency's issuance of building permits, grading permits, or certificates of occupancy for a proposed SB 9 duplex may be conditioned upon the applicant first obtaining approval and recording a parcel map for the new parcels through the SB 9 lot split; and
  - b) Allows a local agency to deem a building permit or other postentitlement permit for an SB 9 duplex incomplete and require revisions in response to any comments from the local agency or other reviewing agencies regarding the parcel map's compliance with applicable state or local development and building standards.
- 2) Authorizes the primary dwellings associated with an SB 9 urban lot split to be developed or converted as condominiums, including allowing condominium conversion of an existing unit, pursuant to applicable state and local condominium law, including the Davis-Stirling Act.
- 3) Provides that, notwithstanding any other law, a parcel map for an SB 9 urban lot split is exempt from the requirement to obtain a public report from the Department of Real Estate (DRE), provided that the development otherwise complies with state and local safety standards. Further provides that this exemption only applies for the purposes of streamlining the sale or conveyance of starter homes and small-lot residential units and does not limit the authority of the DRE to enforce consumer protection, disclosure, or antifraud provisions under state law.
- 4) Establishes concurrent processing of ministerial housing development applications and associated building permit applications for a housing development under SB 684 (Caballero), Chapter 783, Statutes of 2023, and SB 1123 (Caballero), Chapter 294, Statutes of 2024, with an application for a parcel map or tentative and final map under SB 684/1123.
  - a) Provides that a local agency's issuance of building permits, grading permits, or certificates of occupancy for a proposed SB684/1123 housing development may be conditioned upon the applicant first obtaining approval and recording a parcel map or tentative and final map for the lot split under SB 684/1123; and
  - b) Allows a local agency to deem a building permit or other postentitlement permit for a SB 684/1123 housing development project incomplete and require revisions in response to any comments from the local agency or other reviewing agencies regarding the parcel

map's or tentative and final map's compliance with applicable state or local development and building standards.

- 5) Provides that notwithstanding any other law, a parcel map for an SB 684/1123 urban lot split is exempt from the requirement to obtain a public report from DRE, provided that the development otherwise complies with state and local safety standards. Further provides that this exemption only applies for the purposes of streamlining the sale or conveyance of starter homes and small-lot residential units and does not limit the authority of the DRE to enforce consumer protection, disclosure, or antifraud provisions under state law.

#### **EXISTING LAW:**

- 1) Requires a local agency to ministerially approve an urban lot split creating up to two parcels, and to ministerially approve up to two residential units on a parcel, if specified criteria are met. (Government Code (GOV) Sections 66411.7, 65852.21)
- 2) Authorizes local agencies to apply objective zoning, subdivision, and design standards to SB 9 projects, but prohibits standards that would physically preclude the construction of up to two units per parcel or otherwise conflict with state law. (GOV 66411.7, 65852.21)
- 3) Provides that a local agency is not required to permit more than two units on a parcel created through an urban lot split, including units created through SB 9, ADUs, or JADUs. (GOV 66411.7)
- 4) Requires ministerial approval of qualifying subdivisions of up to 10 parcels and associated housing development projects of up to 10 units, subject to objective standards and specified eligibility criteria. (GOV 66499.41, 65852.28)
- 5) Requires local agencies to ministerially approve qualifying housing development projects on subdivided lots within specified timeframes and limits the ability of local agencies to deny such projects except upon a written finding of a specific, adverse impact on public health and safety. (GOV 65852.28)
- 6) Requires local agencies to issue building permits for qualifying housing development projects of 10 or fewer units on subdivided lots, subject to compliance with applicable standards and conditions related to subdivision approval. (GOV 65913.4.5)
- 7) Requires approval and recordation of a parcel map or final map prior to the separate sale or financing of subdivided parcels, and governs the process for tentative and final map approvals. (GOV 66426, 66499.41)
- 8) Requires a subdivision creating five or more lots or five or more units to obtain a public report from the Department of Real Estate prior to offering subdivided lands for sale or lease, subject to specified exemptions. (Business and Professions Code (BPC) Sections 11000 et seq.)
- 9) Governs the creation of condominiums and common interest developments, including requirements for condominium plans, disclosures, and governance, pursuant to the Davis-Stirling Common Interest Development Act. (Civil Code (CIV) Sections 4000 et seq.)

**FISCAL EFFECT:** Unknown

**COMMENTS:**

**Author’s Statement:** According to the author, “The state has enacted a variety of laws in recent years to encourage and speed the development of new and affordable housing units. Much of that effort has focused on streamlining permitting and approval processes through government agency deadlines, ministerial approvals, and exemptions from regulatory processes (such as CEQA). While these efforts have provided more certainty and potentially reduced timeframes for developments, projects still must engage in separate approval processes, however streamlined, when the development requires a parcel map split.

This bill proposes to allow developments to be eligible for concurrent review of parcel map splits associated with specified development types, including ADU, condos, and SB 9 splits. By allowing concurrent review of different aspects of a single project, the development may be able to be approved faster, without imposing new deadlines on approving agencies, and provide greater certainty for project financing.”

**California’s Housing Crisis:** California’s housing crisis is a half-century in the making.<sup>1</sup> After decades of underproduction, supply is far behind demand, and housing and rental costs are soaring. As a result, millions of Californians must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation, directly impacting the quality of life in the state.<sup>2</sup> One in three households in the state doesn’t earn enough money to meet their basic needs.<sup>3</sup> In 2024, over 187,000 Californians experienced homelessness on a given night.<sup>4</sup>

To meet this housing need, HCD determined that California must plan for more than 2.5 million new homes, and no less than one million of those homes must be affordable to lower-income households, in the 6<sup>th</sup> Regional Housing Needs Allocation (RHNA) cycle. By contrast, housing production in the past decade has been under 100,000 units per year – including less than 10,000 units of affordable housing per year.<sup>5</sup> Increasing the overall supply of housing, both market-rate and deed-restricted affordable, is essential to reducing upward pressure on rents and home prices, and to creating a more stable, accessible housing market for Californians across income levels.

The state’s housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Turner Center to this Committee showed that the impacts of the housing crisis are significantly more severe for lower-income individuals, single-earner households, Black and Latino Californians, younger and older populations, and those who reside in, or aspire to live and work in, the state’s highest-cost regions.<sup>6</sup> As it pertains to homeownership, homeownership rates have fallen to historic lows. The median home price in California now exceeds \$800,000, effectively locking out many working families from the ownership market.

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<sup>1</sup> California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

<sup>2</sup> IBID.

<sup>3</sup> IBID.

<sup>4</sup> U.S. Department of Housing and Urban Development, Point in Time Counts.

<https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>

<sup>5</sup> <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

<sup>6</sup> UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

**SB 9:** In 2021, the Governor signed SB 9 (Atkins), Chapter 162, Statutes of 2021, which allowed up to four homes on lots where currently only one exists. It did so by allowing existing single-family homes to be converted into duplexes. It also allowed single-family parcels to be subdivided into two lots, while allowing for a new two-unit building to be constructed on the newly formed lot. Under SB 9, the total number of units that can be built on a formerly single-family zoned lot is capped at four. Under existing law, accessory dwelling units (ADUs) may be built in combination with SB 9 so long as the total number of units on a lot does not exceed four. Property owners may use both SB 9 and ADUs to achieve the maximum allowed density in a configuration that best suits their site and circumstances, for example, two primary units under SB 9 and one ADU per unit. Furthermore, SB 9 explicitly prohibits the owner of the parcel being subdivided from also subdividing the adjacent parcels under SB 9 in order to limit its applicability to a two-lot, four-unit cap.

SB 9 has the potential to help address the state's multi-million unit housing deficit. According to a 2021 study from the UC Berkeley Turner Center for Housing Innovation, the passage of SB 9 increased the amount of market-feasible homes statewide by 700,000.<sup>7</sup> However, a 2023 analysis from the Turner Center determined that, in its first year, the effect of the law has been relatively limited.<sup>8</sup> Los Angeles had the most activity, with 211 applications for new units under SB 9 in 2022. The state's other large cities all reported very few applications for lot splits or new units. For example, the City of San Diego reported receiving just seven applications for new SB 9 units in 2022.

There are multiple reasons for this slow uptake. It often takes a few years for the construction process to catch up with changes to land use policy. Also, higher interest rates greatly increased the cost to finance a second unit, adding a chilling effect to the housing market. The City of San Diego has a generous local ADU program, providing a local pathway to increasing missing-middle housing which is less restrictive than the provisions of SB 9. SB 450 (Atkins), Chapter 286, Statutes of 2024, amended SB 9 to address some of the early barriers to low utilization of SB 9. SB 450 (Atkins) added a 60-day review period for SB 9 applications, removed the ability of local agencies to deny certain SB 9 projects, prohibited a local agency from imposing standards on SB 9 projects that do not apply to the underlying zoning district, gave HCD explicit enforcement authority over SB 9, and strengthened the statewide concern findings that applied to SB 9 to charter cities. The provisions of SB 450 became effective on January 1, 2025, so it is too early to judge the impact of those changes on SB 9 uptake.

**SB 684/1123:** SB 684/1123 established a streamlined, ministerial pathway for small-scale housing development on subdivided lots. Specifically, these laws require local agencies to ministerially approve qualifying subdivisions of up to 10 parcels and associated housing development projects of up to 10 units on lots zoned for multifamily or on lots that are vacant and zoned for single-family residential developments. SB 684/1123 projects are required to meet specified objective standards related to site eligibility, density, affordability (if it is located on a site identified for lower-income housing in the most recent housing element), and environmental constraints. The statutes limit local discretion to objective zoning, subdivision, and design standards, prohibit standards that would physically preclude development at required densities, and impose firm timelines for approval. Together, these provisions are intended to facilitate "missing middle" housing by enabling smaller, by-right projects in urbanized areas.

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<sup>7</sup> <https://turnercenter.berkeley.edu/wp-content/uploads/2021/07/SB-9-Brief-July-2021-Final.pdf>

<sup>8</sup> <https://turnercenter.berkeley.edu/research-and-policy/sb-9-turns-one-applications/>

SB 684/1123 also establish a coordinated framework between subdivision approvals and vertical development, allowing housing projects to proceed on newly created lots while maintaining compliance with the Subdivision Map Act (SMA). However, under existing law, subdivision maps, project approvals, and building permits are often processed sequentially, which can introduce delays even for ministerial projects. As a result, while these laws reduce discretionary barriers, practical implementation has highlighted ongoing timing and coordination challenges between entitlement, subdivision, and permitting processes.

**Public Reports:** Under the Subdivided Lands Act, a subdivider offering five or more lots or units for sale is generally required to obtain a public report from the DRE prior to marketing the subdivision to the public, unless a statutory exemption applies. The public report requires disclosure of material information about the property, including title conditions, encumbrances, access, utilities, financing arrangements, and applicable use restrictions. These disclosures are reviewed by DRE prior to issuance and are intended to inform prospective purchasers about the characteristics of the subdivision and any associated obligations, serving a consumer protection function for the prospective buyer. The requirement most commonly applies to larger subdivisions and common interest developments, including projects with homeowners' associations (HOAs), where purchasers may be subject to ongoing financial and governance obligations.

According to the DRE's Subdivision Public Report Application Guide, the public report process involves a multi-step administrative review with associated processing timeframes. Within approximately 10 days of initial submission, DRE determines whether the application meets "substantially complete" requirements. Once deemed substantially complete, DRE generally issues a qualitative deficiency notice within 20 days for standard subdivisions or 60 days for common interest developments, with additional rounds of review occurring as applicants respond to identified deficiencies. After all issues are resolved and the file is deemed "perfected," DRE issues the final public report within 10 days for standard subdivisions or 15 days for common interest developments. While these timeframes provide structure to the review process, overall processing time may vary depending on the complexity of the project and the extent of revisions required. Some developers cite that this Public Notice requirement introduces additional time and administrative steps into the development process.

**This Bill:** This bill makes several changes to the permitting and subdivision processes for small-scale and missing middle housing developments under SB 9 and SB 684/1123, primarily by aligning timelines and reducing procedural barriers between subdivision and vertical development. Specifically, this bill requires local agencies to allow concurrent processing of applications for urban lot splits and associated SB 9 duplexes, as well as concurrent processing of subdivision maps and ministerial housing development and building permit applications for projects authorized under SB 684/1123. While this bill allows these approvals to proceed in parallel, it preserves existing sequencing requirements by authorizing local agencies to condition the issuance of building permits, grading permits, or certificates of occupancy on the prior approval and recordation of the applicable parcel map or final map.

This bill also makes targeted changes to facilitate the delivery and sale of small-scale ownership housing. It authorizes the primary dwellings associated with an SB 9 urban lot split to be developed or converted as condominiums, including allowing the conversion of existing units, subject to applicable state and local condominium laws. This provision creates a clear pathway for SB 9 units to be sold as individual ownership interests, which may enable up to four

separately conveyable homes on a site. In addition, this bill exempts parcel maps for SB 9 urban lot splits from the requirement to obtain a public report from the DRE, provided that projects comply with applicable health and safety standards, and provides that this exemption is intended to streamline the sale of starter homes and small-lot residential units without limiting the Department's consumer protection authority.

Taken together, this bill does not expand the underlying eligibility or increase density for SB 9 or SB 684/1123 projects, but instead focuses on improving how these projects move through the approval process and how resulting units may be structured and conveyed. By allowing concurrent processing while maintaining key subdivision law checkpoints, this bill seeks to reduce delays associated with sequential approvals while preserving local oversight of final map recordation and compliance with applicable standards.

### *Policy Considerations*

**Public Reports:** This bill exempts SB 9 and SB 684/1123 subdivisions from the DRE Public Report requirement, in an attempt to further expedite small-scale housing development and sales. However, existing law already does not require Public Reports for subdivisions of fewer than five units or lots, therefore SB 9 projects should not be subject to this Public Report requirement under current law, and this amendment may not be necessary.

SB 684/1123 projects may include up to 10 units and, in some cases, may include shared infrastructure or common interest elements. As a result, eliminating the public report requirement could reduce consumer disclosures in projects that begin to resemble larger subdivisions traditionally subject to DRE review, raising questions about whether disclosure to the future purchaser may still be warranted.

**Arguments in Support:** None on file.

**Arguments in Opposition:** The California Association of Realtors writes in opposition: "AB 2601 places homeowner protections established in SB 9 (Atkins, 2021) to ensure homeowners benefit from the generational wealth building opportunity created by streamlining urban lot splits in jeopardy. SB 9 was the product of extended stakeholder negotiations. Many of those discussions resulted in the establishment of guardrails intended to protect homeowners and communities and reduce gentrification risks. AB 1033 (Ting, 2023) was advanced in an attempt to render many of the protections in SB 9 moot by opening the door to conveyance of ADUs without any guardrails or limitations. However, a key negotiated provision ensured that local governments retain the power to voluntarily adopt a local ordinance to clarify local title conveyance procedures and other mandated construction standards. AB 2601 seeks to eliminate local control by mandating that all cities and counties in California permit "lot splitting" of ADUs in a time that insurance costs are skyrocketing, insurance availability for these types of common interest developments is unclear, and transparency in the HOA management space remains a serious concern.

AB 2601 would circumvent the consumer protections intentionally established in SB 9 (Atkins, 2021) by creating a pathway to convert ADUs not intended for separate sale into condominiums, particularly in the state's most affordable and diverse neighborhoods."

**Committee Amendments.** The Committee may wish to consider the following amendment:

- 1) Deleting the provisions of the bill that exempt SB 9 and SB 684/1123 developments from DRE's Public Reports requirement.

**Related Legislation:**

AB 2005 (Ahrens) of this legislative session would establish a new owner-occupancy pathway for SB 9 developments. AB 2005 passed out of this Committee with a vote of 11-0 and is pending in the Committee on Local Government.

SB 1116 (Caballero) of this legislative session further revises the streamlined and ministerial approval framework created by SB 684/1123. SB 1116 is pending in the Senate Committee on Local Government.

SB 450 (Atkins), Chapter 286, Statutes of 2024. Amended the process established by SB 9 (Atkins), Chapter 162, Statutes of 2021 for the ministerial approval of a duplex in a single-family zone and the lot split of a parcel zoned for residential use into two parcels.

SB 9 (Atkins), Chapter 162, Statutes of 2021. Required the ministerial approval by a local agency of a duplex in a single-family zone and the lot split of a parcel zoned for residential use into two parcels.

SB 684 (Caballero), Chapter 783, Statutes of 2023. Created a streamlined, ministerial approvals process for the construction of up to 10 residential units on multifamily parcels.

SB 1123 (Caballero), Chapter 294, Statutes of 2024. Expanded SB 684 (Caballero) to vacant single-family sites and made other changes.

AB 1033 (Ting), Chapter 752, Statutes of 2023 allowed local governments to adopt an ordinance to allow the separate conveyance of the primary dwelling unit and ADU as condominiums.

**Double-Referred:** This bill was also referred to the Assembly Committee on Local Government, where it will be heard should it pass out of this committee.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file.

**Opposition**

California Association of Realtors

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