

## ASSEMBLY THIRD READING

AB 2601 (Lee)

As Amended April 16, 2026

Majority vote

**SUMMARY**

Makes several changes to the permitting and subdivision processes for small-scale and missing middle housing developments.

**Major Provisions**

- 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) 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.

**COMMENTS**

*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>1</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>2</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.

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

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<sup>1</sup> <https://turnercenter.berkeley.edu/wp-content/uploads/2021/07/SB-9-Brief-July-2021-Final.pdf>

<sup>2</sup> <https://turnercenter.berkeley.edu/research-and-policy/sb-9-turns-one-applications/>

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.

*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 pathway for SB 9 units that have ADUs to be sold as individual ownership interests, which may enable up to four separately conveyable homes on a site.

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.

### **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 the California Environmental Quality Act (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."

### **Arguments in Support**

None on file.

**Arguments in Opposition**

The California Association of Realtors writes in opposition to a prior version of this bill: "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 Homeowners Association (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."

**FISCAL COMMENTS**

None.

**VOTES****ASM HOUSING AND COMMUNITY DEVELOPMENT: 10-0-2**

**YES:** Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Wicks, Wilson

**ABS, ABST OR NV:** Ta, Tangipa

**ASM LOCAL GOVERNMENT: 7-0-3**

**YES:** Carrillo, Pacheco, Ramos, Blanca Rubio, Stefani, Ward, Wilson

**ABS, ABST OR NV:** Ta, Johnson, Ransom

**UPDATED**

VERSION: April 16, 2026

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