
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 782 (Quirk-Silva) - Subdivisions: security

Version: July 16, 2025

Policy Vote: L. GOV. 7 - 0, B., P. & E.D.
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Urgency: No

Mandate: No

Hearing Date: August 18, 2025

Consultant: Mark McKenzie

Bill Summary: AB 782 would prohibit the Real Estate Commissioner (Commissioner) from requiring security in connection with a subdivision improvement if sufficient security has been provided to a local agency for the same improvement, as specified.

Fiscal Impact:

- The Department of Real Estate (DRE) estimates one-time costs of approximately \$132,000 over two years to promulgate regulations regarding bonding requirements for proposed subdivisions. (Real Estate Fund)

Background: Existing law, the Subdivision Map Act, establishes a statewide regulatory framework for controlling the subdividing of land into parcels for sale, lease, or financing. Local subdivision approvals must be consistent with city and county general plans. The Map Act allows local officials to require, as a condition of approving a proposed subdivision, the dedication of property within a subdivision for streets, alleys, drainage, utility easements, and other public easements and improvements. Once subdividers comply with those conditions, local officials must issue final maps. The Map Act also constrains the dedications and improvements that local cities and counties can require as a condition of a subdivision of four or fewer lots to only the dedication of rights-of-way, easements, and the construction of reasonable offsite and onsite improvements for the parcels being created.

To ensure completion of improvements, the Map Act allows a city or county to require the developer to furnish various forms of security, including bonds, cash deposits, credit instruments, or property liens. This security ensures the developer constructs the improvements as agreed upon and pays for labor, materials, and improvements. Regardless of the type of security used, the county recorder must attach a priority lien on the property, which the city or county can release or subordinate at any time. Once the developer starts work on the improvements, they are liable, along with the entity furnishing the security, until the city or county signs off on the completion of the improvements.

In addition to local requirements, subdivision developers are also subject to review by the Department of Real Estate. Existing law, the Subdivided Lands Act, outlines the process that a developer must follow before offering lands in a subdivision of five or more units for sale or lease. A developer that wants to offer subdivided lands for sale or lease must file an application with DRE for a public report consisting of a notice of intention and a completed questionnaire form, as specified. This statement must include various information regarding the developer's plans, including information on

how they intend to provide utilities to the subdivision, what uses the subdivision will offer, who will occupy the subdivided parcels, and the indebtedness incurred to pay for improvements.

Once DRE determines that a developer's application is complete and not subject to specified grounds for denial, the Commissioner must issue a public report authorizing the sale or lease of subdivision lots or parcels. The public report includes information on the covenants, conditions, and restrictions that govern the use of the property, the costs and assessments for maintaining homeowner associations and common areas, and other material disclosures. As a condition for approving the application and issuing the public report, the Commissioner must find that the developer has sufficient security to protect the purchaser or lessee from fraud, misrepresentation, or deceit, including a demonstration that adequate financial arrangements have been made for all offsite improvements, and for any community, recreational, or other facilities, as specified.

Proposed Law: AB 782 would prohibit the Commissioner from requiring the furnishing of a security in connection with the performance of any act or agreement related to a subdivision improvement if the Commissioner determines that security sufficient to protect the interests of purchasers, owners, and lessees has been furnished to a local agency for the same improvement, as specified.

Staff Comments: This bill is intended to prevent circumstances in which a developer is required to provide financial security to both local agencies and the DRE for the same public and private improvements that are planned as part of a subdivision. Specifically, the bill prohibits the Commissioner from requiring security for a subdivision improvement if security has been furnished to the local agency for the same improvement in an amount sufficient to protect the interests of purchasers, owners, and lessees. The DRE indicates that it will need to promulgate regulations to specify financial security requirements for developers of new subdivisions seeking a public report from the Commissioner in order to sell or lease subdivided lots. DRE estimates 2-year limited-term staffing costs of approximately \$67,000 in the first year and \$65,000 in the second year to develop and adopt these regulations.

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