
SENATE COMMITTEE ON LOCAL GOVERNMENT

Senator María Elena Durazo, Chair

2025 - 2026 Regular

Bill No: SB 1116
Author: Caballero
Version: 4/15/26

Hearing Date: 4/22/26
Fiscal: Yes
Consultant: Favorini-Csorba

PLANNING AND ZONING: HOUSING DEVELOPMENT PROJECTS: SUBDIVISIONS

Makes numerous changes related to the Starter Home Revitalization Act.

Background

Planning and approving new housing is mainly a local responsibility. The California Constitution allows cities and counties to “make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws.” It is from this fundamental power (commonly called the police power) that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public—including land use authority.

Subdivision Map Act. The Subdivision Map Act (Map Act) governs how local officials regulate the division of real property into smaller parcels for sale, lease, or financing. Cities and counties adopt local subdivision ordinances to carry out the Map Act and local requirements. City councils and county boards of supervisors use the Map Act to control a subdivision's design and improvements. Local subdivision approvals must be consistent with city and county general plans.

Under the Map Act, cities and counties can attach scores of conditions. 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. For smaller subdivisions that create four or fewer parcels, local officials usually use parcel maps, but they can require tentative parcel maps followed by final parcel 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.

Small lot subdivisions. One strategy to reduce the cost of housing is to facilitate the construction of “missing-middle” housing types that accommodate more units per acre, but are not inherently expensive to build. This includes medium-density housing, such as duplexes, fourplexes, garden apartments, town homes, and others. In addition to being land-efficient while being less expensive to build, these housing types offer several benefits, including:

- Climate and environmental benefits because they are infill projects with small unit sizes, resulting in fewer vehicle miles traveled and less intensive energy and water usage by residents than single-family homes on larger lots;
- Potentially lower sales prices because they are smaller and use construction techniques that are less costly than those used for larger structures. Insurance requirements are also lower for small lot developments because each unit is insured separately, rather than through a common interest development. The lower cost of these units can open up areas that lower-income households and people of color have historically been excluded from, and allow those individuals to begin building wealth through property ownership; and
- Expanding the pool of homebuilders, since the construction and financing are comparatively less complicated than they are for larger mid- and high-rise structures. For example, a 2023 report by the Terner Center for Housing Innovation on the City of San Diego’s Accessory Dwelling Unit (ADU) bonus program, which is designed to produce missing middle housing, found, “... smaller scale builders are more likely to be led by women or people of color, which was one of the reasons why the City initially pursued this small-scale infill Program.”

Several cities have sought to encourage the development of smaller “starter homes,” such as town homes and bungalows in single family neighborhoods, as well as in areas zoned for commercial and multifamily development that remain undeveloped or underdeveloped by adopting small lot ordinances to streamline the development process for smaller homes. For example, using its existing authority under the Map Act, the City of Los Angeles allows for the development of small lot subdivisions that relax minimum lot sizes, setbacks, and other requirements to allow small homes to be built on separately saleable lots.

The Starter Home Revitalization Act. To further facilitate missing middle housing, SB 684 (Caballero, 2023) enacted the Starter Home Revitalization Act (SHRA), which established ministerial approval processes for small lot subdivisions on lots zoned for multi-family use. SB 684 requires cities and counties to ministerially approve the subdivision of a lot into up to 10 parcels—and to ministerially approve housing projects with 10 or fewer *total* units across those parcels.

To be eligible, the project must meet a list of conditions, including:

- The lot is no larger than 5 acres and located on an infill site in a city or in an urban area in a county with a population greater than 600,000;
- The resulting parcels are at least 600 square feet in size;
- The units are no larger than 1,750 square feet in size, on average;
- The development is not located in an environmentally sensitive area and does not require the demolition or alteration of specified types of housing, including affordable housing and housing occupied by tenants within the past five years; and
- The development complies with all other objective requirements imposed by the local agency that do not conflict with the law, including subdivision map act requirements and local inclusionary housing requirements; and
- The project is connected to a public water system and municipal sewer system.

Local governments can impose objective requirements on small lot subdivisions, but cannot impose standards that:

- Physically preclude a project being built to densities that allow housing presumed to be affordable to lower-income households (in most cases, 30 units/acre);
- Require a setback between units;
- Require more parking or greater setbacks than certain limits;
- Limit the floor-area ratio for these projects to less than specified amounts; and
- Apply requirements to these projects on the basis that they are permitted under state law.

SB 1123 (Caballero, 2024) expanded the SHRA to single-family lots, provided that the lot proposed to be subdivided is no larger than 1.5 acres and does not contain any structures, unless those structures are vacant and abandoned.

Most recently, AB 130 (Committee on Budget, 2025) further expanded the sites on which the SHRA could be used by allowing developers to carve off a “remainder parcel” that retains existing land uses or structures, does not contain any new residential units, and is not exclusively dedicated to serving the housing development project. AB 130 excluded the remainder parcel from counting towards the 10-parcel limit in the SHRA.

As developers gain more experience with the SHRA, they have identified barriers to further use of the law to built housing units. Some housing advocates want the Legislature to remove some of those barriers.

Proposed Law

SB 1116 makes numerous changes related to the SHRA.

Changes to the SHRA. SB 1116 makes a variety of changes to the restrictions that current law allows cities and counties to impose on SHRA projects.

Zoning provisions. Current law prohibits cities and counties from imposing standards that physically preclude the development of a project at specified densities in existing law, or that imposes specified floor area ratio limits. **SB 1116** repeals those limitations and instead prohibits standards that:

- Physically preclude a project from including as many units as the maximum number of parcels that the SHRA allows;
- Physically preclude the development of units with an average floor area of 1,750 square feet;
- Prohibit a SHRA development from including additional units or floor area if permitted by other locally-established objective standards that apply uniformly to developments in the zone; and
- Impose a front setback from the original lot line greater than 10 feet or internal setbacks between the newly created parcels, unless required by the California Building Standards Code.

SB 1116 also establishes that the existing height limits in the SHRA must be based on the physical height of the building and not the number of floors.

These changes become operative for applications received by a city or county on or after January 1, 2027.

Subdivision provisions. SB 1116 also revises the standards for the lots that are eligible to be subdivided using the SHRA and the lots that can be created under the SHRA.

Current law requires as a condition of using the SHRA that lots zoned for single-family residential development be either vacant or only contain structures that are abandoned and uninhabitable. **SB 1116** replaces this with a requirement that the structures must be abandoned or *untenantable*, as specified.

Current law requires an eligible multifamily lot to be smaller than five acres and substantially surrounded by qualified urban uses. **SB 1116** allows the SHRA to be used on lots of any size and on lots that meet any of the following criteria:

- Have been previously developed with an urban use;
- At least 75 percent of the perimeter of the lot adjoins parcels with developed urban uses;
- At least 75 percent of the area within one-quarter mile radius of the site is developed with urban uses; or
- For sites with four sides, at least three of four sides are developed with urban uses and at least two-thirds of the perimeter of the site adjoins parcels developed with urban uses.

Current law requires parcels created under the SHRA to be no smaller than 600 square feet, or 1,200 square feet if the parcels are zoned for single-family use. **SB 1116** instead allows the minimum lot size established for multifamily parcels and single-family parcels created through an SHRA subdivision to be met with averaging, specifically:

- Allows parcels created by subdividing existing multifamily residential parcels to be as small as 480 square feet provided that the average size of the new parcels created by the subdivision average at least 600 square feet;
- Allows parcels created by subdividing existing single-family residential parcels to be as small as 960 square feet provided that the average size of the new parcels created by the subdivision average at least 1,200 square feet; and
- Requires, where averaging is used to satisfy the minimum lot size requirements, that none of the newly created parcels are more than half the size of the original lot.

Current law requires a SHRA project to result in either of the following, as applicable:

- For a site in the jurisdiction's housing element, no fewer than as many units as projected for the site in the housing element. If it was identified to meet the jurisdiction's low or very low income housing requirements, the SHRA project must result in at least as many deed-restricted affordable units as identified for the site;
- For a site not in the jurisdiction's housing element, no fewer than 66% of the maximum allowable density, as specified.

SB 1116 replaces these density requirements with the following:

- The base zoning for the site, independent of any remainder parcel, does not allow for more than 15 units, as specified;
- For a site where the local zoning does not specify a maximum number of units, the zoning for the parcel, independent of any remainder parcel, does not allow for more than 26,250 square feet of residential floor area; and
- For a site identified to accommodate a portion of the jurisdictions share of the regional housing need for low-or very low-income households, any housing development on the site must create a *proportional* amount of low or very low income units as projected in the housing element for the site. These units must be subject to a recorded affordability restriction of at least 45 years.

SB 1116 also requires a local agency to approve or deny an application for a final map for SHRA subdivision within 60 days from the date the local agency receives a completed application, or the project is deemed approved. It also requires a local agency that denies an application to return a full set of written comments identifying the deficiencies in the application and a description of how the application can be remedied to the applicant within 60 days of receiving a completed application.

Homeowners' association restrictions. SB 1116 also voids any covenants and governing documents for common interest developments that either effectively prohibit or unreasonably restrict the construction, use, or sale of new homes developed using the SHRA. The bill allows those covenants or governing documents to impose reasonable restrictions, as specified. It also provides that an active homeowners association formed before January 1, 2026, and which collects regular assessments from its members, may amend its declarations one time to restrict or prohibit the construction of developments authorized under the SHRA for a period of up to 30 years.

Other changes. SB 1116 requires cities and counties to report to HCD specified information on SHRA development within the jurisdiction.

The bill also requires cities and counties to submit a copy of any ordinance they adopt to HCD within 60 days of adoption and establishes a review process whereby HCD may submit findings regarding the ordinance to the city or county, and if HCD finds that the ordinance does not comply, the city or county has 30 days to respond. A city or county may amend the ordinance or adopt it unchanged, as long as it makes findings as to why the ordinance complies with state law, at which point HCD may notify the Attorney General that the city or county is in violation of the law.

If a city or county does not submit its ordinance or fails to respond to HCD's findings, the ordinance is null and void, and the city or county must apply only the requirements in state law to SHRA developments.

SB 1116 specifies that the SHRA must be interpreted liberally in favor of producing the maximum number of total housing units, and makes other technical and conforming changes.

Comments

1. Purpose of the bill. According to the author, “California continues to face a severe housing shortage, particularly for entry-level homeownership opportunities. While recent reforms have helped accelerate rental housing production, pathways to homeownership, especially smaller and more affordable homes, remain limited for many Californians. The Starter Home Revitalization Act, enacted through SB 684 (Caballero, 2023), created a streamlined pathway to allow small-lot subdivisions and the construction of missing-middle housing to expand access to homeownership. SB 1116 incorporates lessons learned during SB 684’s early implementation. Local interpretations and regulatory barriers have, in some cases, limited the ability of SB 684 to fully deliver the small-scale, ownership-oriented housing it was designed to produce. SB 1116 clarifies key provisions of the law, strengthens oversight, and ensures that local standards cannot undermine the housing production authorized by the statute. By improving implementation of the Starter Home Revitalization Act, this bill helps unlock more small-scale homeownership opportunities and supports California’s broader effort to address its housing shortage.”

2. Compromises. When the Legislature enacted the SHRA for multifamily lots and subsequently expanded it to cover single-family lots, it unlocked the potential to build up to 10 units on sites that local zoning might otherwise not allow, as long as the projects still met reasonable subdivision design standards. Specifically, because the subdivision map process is an important step in ensuring that communities function well and include necessary supporting infrastructure, prior legislation preserved the ability of local governments to require certain improvements and subdivision design standards.

In the three years since, developers have identified provisions that make it harder to use the SHRA. SB 1116 loosens a variety of restrictions on these projects by prohibiting local standards—including subdivision requirements—that would physically preclude building as many units as the SHRA would otherwise allow. On the one hand, these changes are likely to make it easier to build more, and larger, SHRA units. On the other hand, this comes at the cost of important standards that were explicitly preserved in prior legislation. Without the ability to impose subdivision design standards, local governments may lose the ability to require improvements or project designs that, among other things, ensure access to homes in the project, emergency vehicle clearances, or stormwater management. To ensure that the projects built under the SHRA meet the needs of future residents of those projects, the Committee may wish to consider amending SB 1116 to retain the ability for local governments to impose subdivision design standards and require improvements.

3. Is it working? The goal of the SHRA was to enable development of small, for-sale homes that would be naturally more affordable than existing or new single-family homes in a given jurisdiction. This March, a groundbreaking ceremony was held for a project permitted using the SHRA in Campbell to convert an existing single-family lot into six townhomes. The project is expected to be completed in 2027, with the price of each home expected to start at \$1.15 million. The price for a townhome in Campbell is \$1.45 million, according to calculations by Homes.com, meaning that these homes will be offered for 25% less than comparable homes. This represents a significant savings. On the other hand, a sale price of \$1.15 million is out of reach for many Californians. Additional measures, such as deed-restricted affordable housing, continue to be necessary to meet the housing needs of all Californians.

4. Charter city. The California Constitution allows cities that adopt charters to control their own “municipal affairs.” In all other matters, charter cities must follow the general, statewide laws. Because the Constitution doesn’t define “municipal affairs,” the courts determine whether a topic is a municipal affair or whether it’s an issue of statewide concern. SB 1116 says that it applies to all cities, including charter cities. To support this assertion, the bill includes a legislative finding and declaration that addressing the housing crisis and the severe shortage of housing is a matter of statewide concern.

5. Mandate. The California Constitution requires the state to reimburse local governments for the costs of new or expanded state mandated local programs. Because SB 1116 adds to the duties of local officials, Legislative Counsel says the bill imposes a new state mandate. SB 1116 disclaims the state’s responsibility for providing reimbursement by citing local governments’ authority to charge for the costs of implementing the bill’s provisions.

6. Incoming! The Senate Rules Committee has ordered a double referral of SB 1116: first to the Committee on Housing, which approved the bill at its April 7th hearing on a vote of 8-0, and second to the Committee on Local Government.

Support and Opposition (4/17/2026)

Support: Abundant Housing LA (Sponsor)

Abundant Housing Pasadena

Ahla Koreatown

Alhambra Urbanists

California Apartment Association

California Yimby

Casita Coalition

Circulate Planning & Policy

Dtla 4 All

East Bay Leadership Council

Eastside Housing for All

Elevate California

Fieldstead and Company, INC.

Holos Communities

Lisc San Diego

Montebello Housing Development Corporation

Monterey Bay Economic Partnership

Neighborhood Partnership Housing Services INC

Neighborhood Partnership Housing Services, INC.

New Way Homes

Power California Action

Powerca Action

South Pasadena Residents for Responsible Growth

Spur

Student Homes Coalition

The Casita Coalition

The Two Hundred for Homeownership

Unidosus

Visionary Home Builders
Westside for Everyone

Opposition: City of Pico Rivera
Equitable Land Use Alliance (ELUA)
Families and Homes San Jose

-- END --