
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1116 (Caballero) - Planning and zoning: housing development projects: subdivisions

Version: April 23, 2026

Urgency: No

Hearing Date: May 11, 2026

Policy Vote: HOUSING 8-0, L. GOV. 6-0

Mandate: Yes

Consultant: Mark McKenzie

Bill Summary: SB 1116 would make numerous changes to the Starter Home Revitalization Act (SHRA), require local agencies that adopt SHRA ordinances to submit them to the Department of Housing and Community Development (HCD) for review to determine compliance, and require local agencies to include additional information regarding SHRA developments in their annual progress reports (APRs), as specified.

Fiscal Impact:

- HCD anticipates costs of up to \$980,000 annually and 4.0 PY of staff to implement this bill, including establishing a new workflow to review SHRA ordinances, notifying local agencies if ordinances are non-compliant, and notifying the Attorney General if an ordinance is in violation of state law. HCD would also have workload associated with updating the APR form and related technical assistance materials, providing technical assistance directly to local governments and other stakeholders, and developing one-time IT enhancements to the HCD Connect database and existing related reports. (General Fund)
- Unknown state-mandated local costs to make changes to planning processes and procedures related to the changes to SHRA statutes and to include additional information regarding SHRA projects in annual progress reports (APRs). 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. (local funds)

Background: The Subdivision Map Act regulates how local officials approve the conversion of larger parcels into marketable lots. Major subdivisions (more than four lots) require a discretionary tentative map and a ministerial final map. Minor subdivisions (four or fewer lots, called “lot splits”) usually require a single, discretionary parcel map. In some communities, minor subdivisions require a tentative parcel map and a final parcel map, similar to major subdivisions. Local subdivision approvals must be consistent with city and county general plans.

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, and town homes. Existing law allows developers to submit an application for a small home lot development for the construction of single-family homes on a lot that is up to five acres, substantially surrounded by qualified urban uses, and zoned for multifamily housing, as specified. A local agency may

impose conditions on a small lot development, but cannot impose setback requirements between units, a minimum lot size, a requirement for enclosed parking, or the formation of a homeowners association. Local agencies must approve an application for such a development unless it doesn't comply with these requirements, the requirements of the Subdivision Map Act, or all local general plan, zoning, subdivision, and design standards, as specified.

Existing law, the Starter Home Revitalization Act, as enacted by SB 684 (Caballero, 2023), establishes a ministerial approval process for small lot subdivisions on lots zoned for multifamily use. Subsequently, the Legislature enacted SB 1123 (Caballero, 2024) to expand the SHRA to single-family lots. Specifically, existing law requires cities and counties to ministerially approve the subdivision of a lot into up to 10 parcels, and ministerially approve housing projects with 10 or fewer total units across those parcels. To be eligible for ministerial approval, a project must meet a list of specified conditions, including the following:

- 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. SB 1123 allows SHRA developments on lots no larger than 1.5 acres that do not contain any structures, unless those structures are vacant and abandoned.
- 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 certain types of housing, including affordable housing and units occupied by tenants within the past five years.
- 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.
- 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 from the original lot line, as specified.
- Limit the floor-area ratio for these projects to less than specified amounts.
- Apply requirements to these projects on the basis that they are permitted under state law.

Proposed Law: SB 1116 would make numerous changes to the SHRA that are intended to incentivize the use of this tool to build more housing, including the following:

- Prohibit a local government from imposing the following standards on SHRA projects for applications received on or after January 1, 2027, in addition to existing restrictions:

- Standards that physically preclude a project from including as many units as the maximum number of parcels that the SHRA allows to be created by subdividing the original lot.
- Standards that physically preclude an SHRA development from including additional units or floor area permitted by any objective zoning, subdivision, or design standards that apply uniformly to developments in the zone.
- Standards that impose a front setback from the original lot line that exceeds 10 feet, except as specified in the California Building Standards Code.
- Standards that impose a floor area ratio that is less than 1.25.
- Require existing height limits in the SHRA to be based on the physical height of the building and not the number of floors.
- Require the zoning provisions of the SHRA to be interpreted liberally in favor of producing in favor of producing the maximum number of total housing units.
- Replace the requirement that single-family residential lots are either vacant or only contain structures that are abandoned and uninhabitable with a requirement that those structures be abandoned or untenable, as specified.
- Remove the requirement that lots zoned for multifamily residential are smaller than five acres.
- Replace the requirement that lots must be substantially surrounded by qualified urban uses with a requirement that the lots must 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.
 - 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 that are developed with urban uses.
- Deletes the minimum parcel sizes specified in the SHRA for multifamily and single-family parcels and instead allow the minimum lot size to be met as follows:
 - Allow 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.
 - Allow 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.
 - Require, 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.
 - Require the area of any designated remainder parcel to be excluded from the calculation of residential density.
- Replace the existing density requirements that apply to a site proposed for an SHRA development with requirements that the site meet 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.

- 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 shall be subject to a recorded affordability restriction of at least 45 years.
- Require a local agency to approve or deny an application for a final map for a SHRA subdivision within 60 days from the date the local agency receives a completed application, require an application shall be deemed approved if the local agency fails to act within 60 days, and require 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.
- Require a local agency that has adopted an SHRA ordinance to submit a copy of the ordinance to HCD within 60 days of adoption, and require HCD to notify the local agency and provide up to 30 days for a response, if the department finds that the ordinance does not comply with the SHRA.
- Require the local agency to consider HCD's findings and either amend the ordinance to comply or adopt the ordinance without changes after adopting a resolution explaining the reasons it believes that its ordinance is compliant.
- Require HCD to notify the local agency, and authorize HCD to notify the AG that the local agency is in violation of state law, if the local agency does not amend its ordinance to become compliant or adopt a resolution with findings explaining the reason the ordinance is compliant and addressing HCD's findings.
- Deems a local SHRA ordinance null and void if the local agency does not submit it to HCD for review within 60 days of adoption or if the agency fails to respond to HCD's findings that the ordinance does not comply with the SHRA within 30 days, as specified.
- Require local agencies to report the following information on their APRs regarding SHRA housing development projects:
 - The number of applications submitted.
 - The location and number of developments approved or denied.
 - The total number of building permits issued.
 - The total number of units constructed and the income category of those units.
- Deems void and unenforceable any covenants, restrictions, or conditions that either prohibit or physically preclude the development of a project using the SHRA, but allows those covenants and restrictions that impose objective standards that do not physically preclude development, are uniformly applied, and do not conflict with the SHRA.
- Specify that these limitations on covenants and restrictions do not apply to real property that is part of a common interest development.

Related Legislation: AB 130 (Committee on Budget), Chap. 22/2025, a budget trailer bill, included a provision that allows subdivisions proposed under the SHRA to designate "remainder parcels" that do not contain new residential units and are not dedicated to serving the housing development project, and excluded the remainder parcel from counting towards the 10-parcel limit in the SHRA.

SB 1123 (Caballero), Chap. 294/2024, required local agencies, as of July 1, 2025, to ministerially approve the subdivision of vacant, single-family lots of up to 1.5 acres to allow for up to 10 units, as specified, and made other changes to SB 684.

SB 684 (Caballero), Chap. 783/2023, the Starter Home Revitalization Act, required a local agency, by July 1, 2024, to ministerially approve subdivision maps for smaller urban developments of 10 or fewer single-family residential units that meet specified requirements, and limited applicability to lots zoned for multifamily use.

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