

THIRD READING

Bill No: SB 1116
Author: Caballero (D)
Amended: 4/23/26
Vote: 21

SENATE HOUSING COMMITTEE: 8-0, 4/7/26

AYES: Arreguín, Cabaldon, Caballero, Cortese, Durazo, Gonzalez, Grayson, Padilla

NO VOTE RECORDED: Seyarto, Ochoa Bogh

SENATE LOCAL GOVERNMENT COMMITTEE: 6-0, 4/22/26

AYES: Durazo, Choi, Arreguín, Ashby, Cervantes, Laird

NO VOTE RECORDED: Seyarto

SENATE APPROPRIATIONS COMMITTEE: 5-0, 5/14/26

AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab

NO VOTE RECORDED: Seyarto, Dahle

SUBJECT: Planning and zoning: housing development projects: subdivisions

SOURCE: Author

DIGEST: This bill makes a series of changes regarding the scope of zoning provisions and subdivision provisions of the Starter Home Revitalization Act (SHRA), and voids specified types of covenants that would prohibit SHRA projects.

ANALYSIS:

Existing law, pursuant to the SHRA:

- 1) Requires a local government to ministerially approve, without discretionary review or a hearing, a parcel map or a tentative and final map for a housing development project that meets, among others, the following requirements:

- a) The proposed subdivision will result in 10 or fewer parcels and the housing development project on the lot proposed to be subdivided will contain 10 or fewer units.
 - b) The proposed development is located on a lot that meets all of the following sets of requirements:
 - i) The lot is zoned for multifamily residential development or the lot is vacant, as defined, and zoned for single-family residential development.
 - ii) The lot is no larger than five acres and substantially surrounded by qualified urban uses, as defined.
 - c) The parcels created will be no smaller than the following unless the local government allows a smaller minimum parcel size:
 - i) 600 square feet for parcels created by subdividing multifamily parcels.
 - ii) 1,200 feet for parcels created by subdividing vacant single-family parcels.
 - d) The housing units on the lot proposed to be subdivided are one of the following:
 - i) Constructed on fee simple ownership lots.
 - ii) Part of a common interest development.
 - iii) Part of a housing cooperative, as specified.
 - iv) Owned by a community land trust.
 - e) The average total area of floorspace of the proposed units does not exceed 1,750 net habitable square feet.
- 2) Provides that a housing development project on a proposed site to be subdivided does not have to comply with any a minimum requirement on the size, width, depth, frontage, or dimensions of an individual parcel created by the development beyond the minimum parcel size.
 - 3) Requires a local agency to ministerially consider an application for a project that meets the specified requirements of the Starter Home Revitalization Act.
 - 4) Requires a local agency to approve or deny an application for a parcel map or a tentative map, or a development application, for a housing development project submitted to a local agency within 60 days from the date the local agency receives a completed application, as specified.

- 5) Allows a local agency to deny an accessory dwelling unit (ADU) or junior accessory dwelling unit (JADU) on parcels created pursuant to the Starter Home Revitalization Act.

This bill:

- 1) Expands the existing restriction on standards that a local government may not impose on SHRA projects relative to the physical size of the housing development project.
- 2) 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.
- 3) Replaces the requirement that lots zoned for single-family residential development are either vacant or only contain structures that are abandoned and uninhabitable with a requirement that the structures must be abandoned *or* untenable, as specified.
- 4) Allows the minimum lot size established for multifamily parcels and single-family parcels created through an SHRA subdivision to be met with averaging.
- 5) Replaces the existing density requirements that apply to a site proposed for a SHRA development with requirements that the site meet the following:
 - a) The base zoning for the site, independent of any remainder parcel, does not allow for more than 15 units, as specified.
 - b) 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.
 - c) 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.
- 6) 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, as specified.

- 7) Requires local agencies to submit a copy of any ordinance adopted to implement the provisions of the SHRA to the California Department of Housing and Community Development (HCD) for review, as specified.
- 8) Requires local agencies to address any items in an SHRA related ordinance that HCD deems deficient within a certain time period, and provides that a failure to take action in response to HCD's findings will render the ordinance null and void.
- 9) Except for properties that are a part of a common interest development, voids any covenant, restriction, condition, restriction, or other provision contained in any deed, declaration, contract, security instrument, or other instrument affecting the use of real property shall be void and unenforceable if it prohibits or would physically preclude the development that is of an SHRA housing development.

Background

Ministerial subdivisions for smaller projects. In 2023, the Governor signed SB 684 (Caballero, Chapter 783, Statutes of 2023), which established the SHRA and streamlined small lot subdivisions to help promote their development. The statutory provisions created by that bill require local governments to ministerially approve a parcel map or tentative and final map with 10 or fewer units on sites zoned multifamily that are no larger than five acres and substantially surrounded by qualified urban uses. Projects must meet minimum density requirements and comply with existing setback and height requirements. Units can be no greater than 1,750 net habitable square feet. The project must also comply with any local inclusionary requirements. If the project receives a tentative or parcel map pursuant to this bill, the local agency must issue the building permit based on the approved map under specified circumstances. Two years ago, SB 1123 (Caballero, Chapter 294, Statutes of 2024) revised the statute to expand its scope, most notably extending the streamlining provisions to vacant lots zoned for single-family developments that meet specified conditions.

Comments

- 1) *Author's Statement.* "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) *Groundbreaking.* This March, a groundbreaking ceremony was held for a project in Campbell. Proponents believe this is the first SHRA project to break ground since the SHRA took effect in 2024. The project is taking advantage of the SHRA to convert an existing lot into six townhomes. According to the developer, the project was submitted to the city in January of 2025 and received approval eight months later. The project is expected to be completed in 2027 with the price of each home expected to start at \$1.15 million. The median home price in Campbell is \$1.8 million. The project developer indicated that they have 20 similar projects in the pipeline across the Bay Area.¹
- 3) *Under Construction.* The Legislature has slowly expanded and revised the SHRA every year since its inception in 2023. Two years ago, SB 1123 (Caballero, Chapter 294, Statutes of 2024) expanded the scope of the SHRA to apply to vacant single-family parcels, and last year, AB 130 (Committee on Budget, Chapter 22, Statutes of 2025) allowed a proposal to subdivide a parcel under the SHRA to designate a "remainder parcel" that does not count against the number of parcels that can be created, or factor into the density requirements that applies to the parcels that will be developed with SHRA projects. This bill continues the effort to revise and expand the scope of the SHRA. The sponsors of this bill, California YIMBY, indicate that the changes are largely in response to challenges experienced by developers that are submitting applications for SHRA developments.
- 4) *Single-family parcels.* The original bill creating the SHRA sought to streamline the subdivision and the development of for-sale townhomes on the newly subdivided multifamily and single-family parcels. The provision in SB 684 (Caballero, Chapter 783, Statutes of 2023) that applied to single-family parcels

¹ Ayah Ali-Ahmad, "Campbell Fast-tracks Townhome Development, First in State," KQED, March 7, 2026, <https://www.kqed.org/news/12075689/campbell-fast-tracks-townhome-development-first-in-state>.

was removed in the Assembly Appropriations Committee and the final version of the bill was limited to multifamily parcels. The following year, SB 1123 (Caballero, Chapter 294, Statutes of 2024), as originally heard in this Committee in April of 2024, would have expanded the SHRA to apply to vacant single-family parcels generally. The Assembly Housing and Community Development Committee noted that the term “vacant” as it related to single-family parcels was undefined, and the bill was amended in that committee to state that: “vacant” means having no permanent structure, unless the permanent structure is abandoned and uninhabitable. The amendments further specified that certain types of housing, generally housing occupied by low-income tenants shall not be considered “vacant.”

- 5) *Ordinance adoption.* The SHRA allows local agencies to adopt ordinances to implement the zoning or subdivision portions of the law. ADU law similarly authorizes local agencies to adopt ordinances to implement ADU law, but it requires local agencies to submit the ordinance to HCD for review. ADU’s ordinance provisions were recently amended to specify that a local ordinance implementing ADU Law is null and void if the local agency fails to submit a copy of the ordinance to the department of HCD or if the local agency fails to respond to HCD’s findings within specified timeframes. This bill extends the same requirements to an SHRA ordinance.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- 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)

SUPPORT: (Verified 5/14/26)

Abundant Housing LA
Abundant Housing Los Angeles
Abundant Housing Pasadena
Ahla Koreatown
Alhambra Urbanists
California Apartment Association
California Yimby
Casita Coalition
Circulate Planning & Policy
Dtla 4 All
East Bay for Everyone
East Bay Leadership Council
East Bay Yimby
Eastside Housing for All
Elevate California
Grow the Richmond
Holos Communities
Montebello Housing Development Corporation
Mountain View Yimby
Napa-solano for Everyone
Neighborhood Partnership Housing Services, INC.
Northern Neighbors
Peninsula for Everyone
Power California Action
San Jose Yimby
San Mateo Forward
Santa Cruz Yimby
Santa Rosa Yimby
Sf Yimby
South Bay Yimby
South Pasadena Residents for Responsible Growth
Spur
Student Homes Coalition
The Casita Coalition
The Two Hundred for Homeownership
Unidosus
Ventura County Yimby

Visionary Home Builders
Westside for Everyone
Yes! in Redwood City
Yimby Action
Yimby Los Angeles
Yimby Monterey Peninsula
Yimby Slo

OPPOSITION: (Verified 5/14/26)

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

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5/16/26 10:32:56

**** **END** ****