

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

SB 1116 (Caballero) – As Amended June 11, 2026

SENATE VOTE: 37-0

SUBJECT: Planning and zoning: housing development projects: subdivisions

SUMMARY: Makes a series of changes regarding the scope of zoning and subdivision provisions of the Starter Home Revitalization Act (SHRA), established by SB 684 (Caballero) Chapter 783, Statutes of 2023, and later revised by SB 1123 (Caballero), Chapter 294, Statutes of 2024, and voids specified types of covenants that would prohibit SHRA projects. Specifically, **this bill:**

- 1) Voids any covenants and restrictions that either prohibit or physically preclude the development of a project using the SHRA.
- 2) Allows covenants or restrictions to impose objective standards that do not physically preclude development, are uniformly applied, and do not conflict with the SHRA.
- 3) Excludes common interest developments from the limitations on covenants and restrictions in 1) and 2).
- 4) Provides that a local agency shall not impose objective zoning, subdivision, or design standards on SHRA development applications if they would:
 - a) Physically preclude the development of units with a floor area at least as large as the average unit size (1,750 square feet) permitted under the SHRA; or
 - b) Prohibit a SHRA development from including additional units or floor area where permitted by any objective zoning standards, objective subdivision standards, and objective design standards that uniformly apply to development within the underlying zone;
 - c) Restrict the number of floors allowed in a SRHA development (outside of a height limit that applies exclusively to the physical height of the building based on the underlying zoning designation, which is permitted);
 - d) Impose a front setback from the original lot line greater than 10 feet or internal setbacks between the newly created parcels, except as required in the California Building Standards Code.
- 5) Removes floor area ratio (FAR) limitations that a local government can impose on SHRA development.
- 6) Declares that the zoning provisions of the SHRA shall be interpreted liberally in favor of producing the maximum number of total housing units.

- 7) 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* substantially lack any of the following characteristics:
 - a) Effective waterproofing and weather protection of roof and exterior walls, including unbroken windows and doors;
 - b) Plumbing or gas facilities that conformed to applicable law in effect at the time of installation, maintained in good working order;
 - c) A water supply approved under applicable law that is under the control of the tenant, capable of producing hot and cold running water, or a system that is under the control of the landlord, that produces hot and cold running water, furnished to appropriate fixtures, and connected to a sewage disposal system approved under applicable law;
 - d) Heating facilities that conformed with applicable law at the time of installation, maintained in good working order;
 - e) Electrical lighting, with wiring and electrical equipment that conformed with applicable law at the time of installation, maintained in good working order; or
 - f) Floors, stairways, and railings maintained in good repair.
- 8) Removes the requirement that lots zoned for multifamily residential must be smaller than five acres.
- 9) Replaces the requirement that a lot is substantially surrounded by qualified urban uses with a requirement that the lots must meet any of the following criteria, established in AB 130 (Committee on Budget), Chapter 22, Statutes of 2025:
 - a) Have been previously developed with an urban use;
 - b) At least 75% of the perimeter of the lot adjoins parcels with developed urban uses;
 - c) At least 75% of the area within one-quarter mile radius of the site is developed with urban uses; or
 - d) 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.
- 10) Allows the minimum lot size established for multifamily parcels and single-family parcels created through an SHRA subdivision to be met with averaging, specifically:
 - a) 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 averages at least 600 square feet; and

- b) 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 averages at least 1,200 square feet.
- 11) Requires, where averaging is used pursuant to 11), that none of the newly created parcels are more than half the size of the original lot, except in the case of remainder parcels. Provides that any remainder parcel designated as a part of an SHRA subdivision shall not count toward the residential density calculation with respect to lot size averages.
- 12) 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; or
 - 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.
- 13) For a site identified to accommodate a portion of the jurisdiction's 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.
- 14) 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. Provides that an application shall be deemed approved if the local agency fails to act within 60 days. 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.
- 15) Adds SHRA applications, approvals, permits, and construction statistics to the list of Annual Progress Report (APR) reporting requirements for local governments, beginning with the report due by April 1, 2028.
- 16) Requires a local agency to submit any SHRA implementing ordinances to HCD for review and approval, with specified approval timeframes and procedures.
- 17) Provides that if a local agency fails to comply with the requirements of 16), then any SHRA local implementing ordinance shall be null and void.

EXISTING LAW:

- 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 requirements:
 - i) The lot is zoned for multifamily residential development or the lot is vacant, as defined, and zoned for single-family residential development; and
 - 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; or
 - 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 (CID);
 - iii) Part of a housing cooperative, as specified; or
 - iv) Owned by a community land trust; and
 - e) The average total area of floorspace of the proposed units does not exceed 1,750 net habitable square feet. (Government Code (GOV) Sections 65852.28 and 66499.41)
- 2) Provides that a housing development project on a proposed site to be subdivided does not have to comply with any minimum requirement on the size, width, depth, frontage, or dimensions of an individual parcel created by the development beyond the minimum parcel size. (GOV 66499.41)
 - 3) 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. (GOV 65852.28 and 66499.41)
 - 4) Allows a local agency to deny an accessory dwelling unit (ADU) or junior accessory dwelling unit (JADU) on parcels created pursuant to the SHRA. (GOV 66499.41)

FISCAL EFFECT: According to the Senate Committee on Appropriations:

- 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)

COMMENTS:

Author's Statement: 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.”

California’s Housing Crisis: California’s housing crisis is a half-century in the making.¹ After decades of underproduction, supply is far behind demand, and housing and rental costs are soaring. As a result, millions of Californians must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation, directly impacting the quality of life in the state.² One in three households in the state doesn’t earn enough money to meet their basic needs.³ In 2024, over 187,000 Californians experienced homelessness on a given night.⁴

To meet this housing need, HCD determined that California must plan for more than 2.5 million new homes, and no less than one million of those homes must be affordable to lower-income households, in the 6th Regional Housing Needs Allocation (RHNA) cycle. By contrast, housing production in the past decade has been under 100,000 units per year – including less than 10,000 units of affordable housing per year.⁵ Increasing the overall supply of housing, both market-rate and deed-restricted affordable, is essential to reducing upward pressure on rents and home prices, and to creating a more stable, accessible housing market for Californians across income levels.

The state’s housing crisis is not equally experienced by all Californians. Testimony by the UC Berkeley Turner Center to this Committee showed that the impacts of the housing crisis are

¹ California Department of Housing and Community Development, *A Home for Every Californian: 2022 Statewide Housing Plan*. March 2022, <https://storymaps.arcgis.com/stories/94729ab1648d43b1811c1698a748c136>

² IBID.

³ IBID.

⁴ U.S. Department of Housing and Urban Development, *Point in Time Counts*.

<https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>

⁵ <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

significantly more severe for lower-income individuals, single-earner households, Black and Latino Californians, younger and older populations, and those who reside in, or aspire to live and work in, the state's highest-cost regions.⁶ As it pertains to homeownership, homeownership rates have fallen to historic lows. The median home price in California now exceeds \$800,000, effectively locking out many working families from the ownership market.

Missing Middle Housing as a Solution: California's housing shortage is not solely a shortage of overall housing supply; it is also a shortage of housing diversity. For decades, much of the state's residential land has been limited to detached single-family homes on large lots, constraining opportunities to build the types of housing that historically served moderate-income households, first-time homebuyers, seniors, and smaller families. These "missing middle" housing types, including duplexes, fourplexes, cottage courts, townhomes, and ADUs, typically provide more homes at lower price points than traditional single-family development while remaining compatible with existing neighborhoods. In particular, missing middle housing can offer a pathway to homeownership at a significantly lower cost than detached homes because they require less land, use infrastructure more efficiently, and are generally smaller in size. Recent research from the UC Berkeley Center for Law, Energy & the Environment found that attached housing types, such as townhomes, often represent the lowest-cost homeownership option when considering not only purchase price, but also ongoing transportation and infrastructure costs.

In recent years, the Legislature has enacted a series of measures intended to facilitate missing middle housing production and expand homeownership opportunities. State ADU laws have established a streamlined, ministerial approval process for ADUs and JADUs on residential lots statewide, contributing to a dramatic increase in small-scale infill housing production. SB 9 (Atkins), Chapter 162, Statutes of 2021, authorized duplexes and urban lot splits in single-family zones, while SB 684 (Caballero), Chapter 783, Statutes of 2023, and SB 1123 (Caballero), Chapter 294, Statutes of 2024, created a ministerial pathway for small-lot subdivisions that support ownership-oriented housing products. More broadly, the state has increasingly relied on objective standards, ministerial approvals, and targeted upzoning to facilitate housing production and reduce barriers to development. These efforts reflect a growing recognition that addressing California's housing crisis will require not only more housing overall, but a greater variety of housing types capable of serving households across a range of incomes, life stages, and homeownership aspirations.

Starter Home Revitalization Act: To further facilitate missing middle housing, the SHRA established ministerial approval processes for small lot subdivisions and associated housing development 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;

⁶ UC Berkeley Turner Center Testimony by Ben Metcalf, Managing Director, at the State Housing Production Legislation: Actions, Outcomes, and Opportunities Informational Hearing, February 12, 2025

- 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;
- 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;
- Require a setback between units;
- Require more parking or greater setbacks than certain limits;
- Limit the FAR 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) 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), Chapter 22, Statutes of 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 build housing units.

Assembly Outcomes Review: In early 2026, Assembly Speaker Rivas announced that the Assembly would undertake an “Outcomes Review” oversight initiative to evaluate how recently enacted laws are working in practice. While bill signings are an important milestone, the Assembly is equally focused on what happens after a measure becomes law. Specifically, whether the bills the Legislature passes deliver on their promises and meet the expectations set for them. The Outcomes Review process brings lawmakers together to hold hearings, gather feedback on real-world implementation, and assess whether policies are achieving their intended results. The goal of this process is to strengthen accountability, identify needed legislative and implementation improvements, and report findings publicly later in the year. In the spirit of the Outcomes Review, it is important to continuously evaluate the efficacy of bills after they are signed, and assess what is, and what is not, working to address the housing crisis. The SHRA

was not included in the formal assembly Outcomes Review project, but this legislation is aligned with the spirit of addressing the shortcomings of legislation in response to real-world experiences.

This Bill: This bill would make numerous changes to the SHRA to address barriers identified by practitioners, the author’s office, and the bill sponsors. Among other things, this bill expands the universe of eligible SHRA sites by removing the existing five-acre cap on multifamily parcels, replacing the “substantially surrounded by qualified urban uses” standard with the broader urban infill site criteria established by AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, and modifying the eligibility requirements for single-family parcels by delineating criteria that would render a single-family home untenable and thereby eligible for the SHRA. This bill also provides additional flexibility for lot design by allowing parcel size averaging, authorizing smaller individual lots where average parcel size requirements are met, and revising the minimum density provisions governing SHRA projects such that the SHRA can be used on sites that would allow for up to 15 units based on density limits or residential square footage restrictions. In addition, this bill requires projects located on sites identified in a housing element to accommodate lower-income RHNA to provide a proportional amount of deed-restricted affordable housing consistent with the assumptions used in the housing element.

This bill also seeks to address local implementation issues that, according to proponents, have limited the practical use of the SHRA. This bill voids certain private covenants and restrictions that prohibit or physically preclude SHRA projects, while preserving objective standards that do not conflict with state law. This bill also narrows the ability of local governments to apply otherwise objective zoning, subdivision, and design standards in a manner that reduces the development capacity authorized by the SHRA. Among other things, this bill prohibits standards that would prevent a project from achieving the average unit size permitted under the SHRA, limit additional units or floor area otherwise allowed by the underlying zoning, restrict the number of floors independent of an applicable height limit, require front setbacks greater than 10 feet, or require internal setbacks between newly created parcels except as required by the Building Standards Code. This bill additionally removes the existing FAR limitations that may be applied to SHRA projects and requires the statute to be interpreted liberally in favor of maximizing housing production.

This bill establishes additional approval timelines and remedies for final subdivision maps, requires local governments to report SHRA applications, approvals, permits, and completed units to HCD through the APR, and requires locally adopted SHRA implementing ordinances to be submitted to HCD for review. If a jurisdiction fails to submit an implementing ordinance or respond to HCD findings regarding noncompliance, the ordinance becomes void, and the jurisdiction must instead apply the standards established directly in state law.

Arguments in Support: Members of the HOME Coalition write in support: “The SHRA was first enacted in 2023 by SB 684 (Caballero) to allow ministerial approval of small-lot subdivisions (up to 10 units) in qualifying urban areas. However, implementation has revealed barriers that need to be addressed to ensure the SHRA is a strong tool to promote the streamlined construction of missing-middle housing. Ambiguity in eligibility standards and inconsistent local implementation have further limited the law’s impact.

The bill tightens limits on local design constraints, protects allowable density and floor area ratios (FAR), clarifies height standards, creates flexibility for minimum parcel sizes, strengthens Department of Housing and Community Development (HCD) oversight, and enhances annual housing reporting requirements to better track progress toward Regional Housing Needs Allocation (RHNA) goals. These changes will ensure the law is implemented more effectively.”

Arguments in Opposition: The Neighbors for a Better San Diego write in opposition: “Cities are still implementing SB-1123 – It’s premature to be making drastic changes.

Before California’s cities have fully adopted the Starter Home Revitalization Act (SHRA, SB-1123) and developers have figured out how to best use the regulations, SB-1116 proposes numerous changes to the current regulations that significantly change the allowed scale and eligibility of SHRA developments.

Proposed changes violate the principles of “missing middle” housing.

The success of the SHRA depends on the urban planning principles of “missing middle” housing, as defined by Daniel Parolek/Opticos, which refers to building types that increase housing densities within the forms of existing zoning. This includes conforming to building heights, footprints, setbacks (especially front yard and street side yard setbacks), angle planes, lot coverage, floor area ratios, and other objective standards that apply to the zones in which the new structures will be built.

Adherence to the principles of missing middle planning is critical to ensuring that new housing fits into the fabric of existing neighborhoods.

The current SHRA regulations are mostly consistent with existing zoning. Unfortunately, SB-1116 disregards missing middle principles and pushes heights, setbacks, and floor area ratios beyond reasonable values.”

Related Legislation:

SB 1090 (Perez) of this legislative session would temporarily exempt two zip codes from the requirements of the SHRA. SB 1090 is pending hearing in this Committee.

AB 1751 (Quirk-Silva) of this legislative session would provide an alternative streamlined ministerial approval pathway for townhome development projects. AB 1751 is in the policy committee process in the Senate.

SB 1123 (Caballero), Chapter 294, Statutes of 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.

SB 684 (Caballero), Chapter 783, Statutes of 2023 created the SHRA, which established a ministerial approval process for small lot subdivisions and associated housing development on lots zoned for multi-family use.

Double-Referred: This bill was also referred to the Committee on Local Government, where it will be heard should it pass out of this Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Abundant Housing L.A. (Sponsor)
California YIMBY (Sponsor)
Casita Coalition (Sponsor)
UnidosUS (Sponsor)
Abundant Housing LA
California Apartment Association
Chamber of Progress
Circulate Planning & Policy
East Bay Leadership Council
East Bay YIMBY
Elevate California
Everybody's Long Beach
Fieldstead and Company
Grow the Richmond
Housing Trust Silicon Valley
Inner City Law Center
LISC San Diego
Monterey Bay Economic Partnership
Mountain View YIMBY
Napa-solano for Everyone
Neighborhood Partnership Housing Services, INC.
New Way Homes
North Bay Leadership Council
Northern Neighbors
Peninsula for Everyone
PowerCA Action
San Francisco YIMBY
San Mateo Forward
Santa Cruz YIMBY
Santa Rosa YIMBY
SLOCo YIMBY
South Bay YIMBY
Southern California Black Chamber of Commerce
Southern California Obtainable Housing
SPUR
Student Homes Coalition
The Two Hundred for Homeownership

Valley Industry and Commerce Association
Ventura County YIMBY
Visionary Home Builders
Yes! in Redwood City
YIMBY Action
YIMBY Los Angeles
YIMBY Monterey Peninsula

Opposition

California Cities for Local Control
Equitable Land Use Alliance
Neighbors for a Better San Diego
Save Lafayette
Wake Up California
Individuals (2)

Oppose Unless Amended
Families and Homes San Jose
United Neighbors

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