Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1116 (Caballero) – As Amended July 2, 2026

Policy Committee:	Housing and Community Development	Vote:	12 - 0
	Local Government		10 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill makes numerous changes to the Starter Home Revitalization Act (SHRA) and voids certain covenants that prohibit SHRA projects.

Among its major provisions, this bill:

1) Voids any covenants, conditions, or restrictions that either prohibit or physically preclude the development of a project using the SHRA, except those that apply to real property in a common interest development.

2) Requires, beginning with the report due by April 1, 2028, a local planning agency to include in the annual progress report (APR) to the Department of Housing and Community Development (HCD), specified information with respect to housing development projects under the SHRA.

3) Prohibits a local agency from imposing objective zoning, subdivision, or design standards on an SHRA development application that physically preclude the development of at least as many units as the maximum number of parcels that may be subdivided, prohibits additional units or floor area where otherwise permitted, restricts the number of floors, or imposes a front setback or internal setbacks, as specified.

4) For purposes of ministerial approval of a parcel map or a tentative and final map under the SHRA, revises requirements regarding abandoned and uninhabitable structures and qualified urban uses, adjusts allowable minimum parcel sizes for newly created parcels, revises existing density requirements for a proposed site, and requires 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, as specified.

5) Clarfies the changes in items 3 and 4, above, apply only to applications received on or after January 1, 2027.

FISCAL EFFECT:

1) HCD estimates:

   a) Ongoing General Fund administrative costs to implement the changes to the SHRA are absorbable within existing resources.

b) General Fund costs for ongoing workload to provide technical assistance (TA) to local governments and other stakeholders and to respond to new report requests, as well as one-time costs update the housing element APR form and TA materials and to update IT systems are likely minor and less than $100,000 annually.

   HCD notes there are multiple bills moving through the Legislature that impact the APR. If several of these bills passed and were signed, HCD would need additional resources to absorb new workload created by all the APR-related bills, including this one. HCD estimates the total General Fund costs to be in the hundreds of thousands of dollars, including additional staff time and one-time costs.

2) Costs to local agencies of an unknown, but potentially substantial amount to make changes to planning processes and procedures related to the changes to SHRA statutes and to include additional information regarding SHRA projects in APRs. Local jurisdictions note the APR submission process has grown quite complex, requiring additional staff time as multiple data points have been recently added to the report. However, local costs related to housing element updates are generally not state-reimbursable because cities and counties have the authority to charge and adjust planning and permitting fees to cover administrative costs associated with new planning mandates.

COMMENTS:

1) **Purpose.** According to the author:

   > While recent reforms have helped accelerate rental housing production, pathways to homeownership, especially smaller and more affordable homes, remain limited for many Californians. The [SHRA] created a streamlined pathway to allow small-lot subdivisions and the construction of missing-middle housing to expand access to homeownership. 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. By improving implementation of the [SHRA], this bill helps unlock more small-scale homeownership opportunities and supports California's broader effort to address its housing shortage.

2) **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. Local subdivision approvals must be consistent with city and county general plans.

   Recently, the Legislature has enacted a series of measures intended to facilitate the construction of "missing middle" housing types, such as duplexes, fourplexes, garden apartments, and town homes, which typically accommodate more units per acre but are not inherently expensive to build. Existing law allows developers to submit an application for a small-lot development for the construction of single-family homes on a lot up to five acres, substantially surrounded by qualified urban uses, and zoned for multifamily housing. 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.

The SHRA, established by SB 684 (Caballero) Chapter 783, Statutes of 2023, establishes a ministerial approval process for small-lot subdivisions on lots zoned for multifamily use, and was subsequently expanded by SB 1123 (Caballero), Chapter 294, Statutes of 2024, to include lots zoned for single-family use. The SHRA 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.

This bill makes numerous changes to the SHRA to address implementation barriers identified by developers and other stakeholders.

3) **Support and Opposition.** This bill is supported by numerous home builders and affordable housing organizations. The HOME coalition asserts this bill will "remove barriers to small-lot subdivisions and missing-middle homeownership opportunities, making homeownership more accessible and affordable for Californians."

   The bill is opposed by the League of California Cities (Cal Cities), the Rural County Representatives of California (RCRC) and several neighborhood groups. Cal Cities and RCRC assert this bill substantially alters the framework of the SHRA before it has been sufficiently implemented and evaluated and "allows additional residential development to proceed without adequately considering the cumulative impacts that continued growth places on communities."

4) **Related Legislation.** AB 130 (Committee on Budget), Chapter 22, Statutes of 2025, a budget trailer bill, 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 exclude the remainder parcel from counting towards the 10-parcel limit in the SHRA.

   SB 1090 (Perez), of this legislative session, temporarily exempts two zip codes in the community of Altadena in Los Angeles County impacted by the 2025 Eaton fire from the requirements of the SHRA and SB 9 (Atkins), Chapter 162, Statutes of 2021. SB 1090 is pending on the Assembly Floor.

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