SENATE RULES COMMITTEE SB 1116

Office of Senate Floor Analyses

(916) 651-4171

UNFINISHED BUSINESS

Bill No: SB 1116

Author: Caballero (D)

Amended: 8/20/26

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

SENATE FLOOR: 37-0, 5/20/26

AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

NO VOTE RECORDED: Becker, Grove, Niello

ASSEMBLY FLOOR: Passed, 8/25/26

SUBJECT: Planning and zoning: housing development projects: subdivisions

SOURCE: Author

DIGEST: This bill 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.

Assembly Amendments remove language requiring local agencies to submit SHRA ordinances to HCD, revise the definition of an abandoned structure to cite specific conditions in the Civil Code, and address chaptering conflicts with AB 2601 (Lee), and SB 1090 (Perez)

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) Voids any covenants and restrictions that either prohibit or physically preclude the development of a project using the SHRA, except in common interest developments.

2) Provides that a local agency shall not impose objective zoning, subdivision, or design standards on SHRA development applications that would: physically preclude the development of units with an average size of 1,750 square feet; prohibit an SHRA development from including additional units or floor area where permitted by objective local standards in the zoning district; restrict the number of floors allowed in a SRHA development; or impose a front setback greater than 10 feet or internal parcel setbacks, except as required in the California Building Standards Code.

3) Removes floor area ratio (FAR) limitations that a local government can impose on SHRA development.

4) Declares that the zoning provisions of the SHRA shall be interpreted liberally in favor of producing the maximum number of total housing units.

5) 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 certain building characteristics.

6) Removes the requirement that lots zoned for multifamily residential must be smaller than five acres to be eligible for the SHRA.

7) Replaces the requirement that a lot is substantially surrounded by qualified urban uses to use the SHRA with a requirement that the lots must meet any of the infill criteria established in AB 130 (Committee on Budget, Chapter 22, Statutes of 2025).

8) Allows the minimum lot size established for multifamily parcels and single-family parcels created through an SHRA subdivision to be met with averaging.

9) Requires, where averaging is used pursuant to 8), 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.

10) Replaces the existing density requirements that apply to a site proposed for SHRA development with requirements that either the base zoning for the site does not allow for more than 15 units, as specified; or for a site where the local zoning does not specify a maximum number of units, the zoning for the parcel does not allow for more than 26,250 square feet of residential floor area.

11) 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.

12) 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.

13) 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.

14) Makes nonsubstantive conforming and chaptering amendments.

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

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."

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]

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.

Traffic Jam. This is one of three bills, along with AB 2601 (Lee) and SB 1090 (Perez) that are amending the SHRA this session. One of the bills, SB 1090 (Perez,) includes an urgency clause and places a moratorium on new SHRA applications in two LA County zip codes beginning October 1, 2026. This bill makes changes to the SHRA to clarify terms and revise development criteria for SHRA developments based on years of experience implementing the SHRA (see prior comment). Pending development applications that utilize streamlining statutes are subject to legislative changes to those statutes. SHRA applications that are pending on January 1, 2027, including applications submitted prior to October 1, 2026, in those two zip codes, will be subject to the changes this bill makes to the SHRA.

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

According to the Assembly Appropriations Committee:

1) HCD estimates:

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

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.

SUPPORT: (Verified 8/25/26)

Abundant Housing LA (Sponsor)
California Yimby (Sponsor)
Abundant Housing Pasadena
Ahla Koreatown
Alhambra Urbanists
California Apartment Association
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 8/25/26)

City of Pico Rivera
Equitable Land Use Alliance
Families and Homes San Jose
League of California Cities
Neighbors for a Better San Diego
Rural County Representatives of California
Save Lafayette

Wake up California

ARGUMENTS IN SUPPORT: A coalition of YIMBY organizations support this bill. They argue that this bill tightens limits on local design constraints, protects allowable density and floor area ratios, clarifies height standards, creates flexibility for minimum parcel sizes, 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 Rural County Representatives of California (RCRC) and the League of California Cities are opposed along with several other groups. They argue that SB 1116 substantially alters the framework established under the SHRA, legislation that reflected extensive negotiations among housing advocates, local governments, builders, and other stakeholders. SB 1116 removes or weakens many of the established guardrails before the original legislation has had sufficient time to be implemented and evaluated.

Prepared by: Hank Brady / HOUSING / (916) 651-4124
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****** END ******