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**SENATE COMMITTEE ON HOUSING**  
**Senator Nancy Skinner, Chair**  
**2023 - 2024 Regular**

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**Bill No:** SB 1123 **Hearing Date:** 4/2/2024  
**Author:** Caballero  
**Version:** 4/1/2024 Amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Alison Hughes

**SUBJECT:** Planning and zoning: subdivisions: tenancy in common

**DIGEST:** This bill makes changes to the Starter Home Revitalization Act, which requires local agencies to ministerially approve subdivision maps for specified projects in urban areas that include 10 or fewer housing units.

**ANALYSIS:**

*Existing law, pursuant to the Starter Home Revitalization Act:*

- 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.
    - 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 600 square feet, unless allowed by the local government.
  - 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 defined in Section 817 of the Civil Code.

- 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, 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.
- 6) Delays the operative date of the Starter Home Revitalization Act to July 1, 2024.

**This bill:**

- 1) Defines “net habitable square feet” as the finished and heated floor area fully enclosed by the inside surface of walls, windows, doors, and partitions, and having a headroom of at least six and a half feet, including working, living, eating, cooking, sleeping, hall, service, and storage areas, but excluding garages, carports, parking spaces, cellars, half-stories, and unfinished attics and basements.
- 2) Provides that a housing development project on a proposed site to be subdivided shall not be required to comply with minimum frontage requirements.
- 3) Allows for housing units that are subdivided to part of a tenancy in common.
- 4) Clarifies that if a local agency chooses to permit ADUs or JADUs, the units shall not count towards the 10 unit cap.

- 5) Authorizes a lot to be subdivided to take place on a vacant parcel in a single-family zone. A local agency may impose a height limit of no less than the height allowed under the existing zoning designation applicable to the lot.

**COMMENTS:**

- 1) *Author's statement.* “Last year, I authored SB 684 to expand homeownership opportunities by streamlining the process to subdivide parcels and build modest density infill housing projects. The months following SB 684’s passage, I heard from a number of stakeholders on the ground that are excited to implement the legislation, but shared a number of issues that would help clarify the bill’s intent. SB 1123 incorporates needed clarity to ensure local agencies, developers, and other interested parties understand exactly when and how to use SB 684 in order to eliminate any unnecessary delay or uncertainty.”
- 2) *Modest density increases.* California’s high — and rising — land costs necessitate dense housing construction for a project to be financially viable and for the housing to ultimately be affordable to lower-income households. Yet, recent trends in California show that new housing has not commensurately increased in density. In a 2016 analysis, the Legislative Analyst’s Office (LAO) found that the housing density of a typical neighborhood in California’s coastal metropolitan areas increased only by 4% during the 2000s. In addition, the pattern of development in California has changed in ways that limit new housing opportunities. A 2016 analysis by BuildZoom found that new development has shifted from moderate-, but widespread, density to pockets of high-density housing near downtown cores surrounded by vast swaths of low-density single-family housing. Specifically, construction of moderately-dense housing (*i.e.*, 2 to 49 units) in California peaked in the 1960s and 1970s and has slowed in recent decades.

A 2019 Zillow report found that even modest densification, such as duplexes and fourplexes could result in millions more homes. Across 17 metro areas analyzed nationwide, allowing 10% of single-family lots to house two units instead of one could yield almost 3.3 million additional housing units to the existing housing stock. In the L.A. region, if one in five single-family lots were re-zoned to hold two homes, the local housing stock could be boosted by 775,000 homes.

- 3) *Creating more missing middle housing types.* Another method of lowering the cost of housing is to facilitate the construction of “missing middle” housing types that generate more units per acre, such as town homes, duplexes, and fourplexes. Several cities have sought to encourage the development of smaller

“starter homes,” such as town homes and bungalows in single-family neighborhoods, as well as in areas zoned for commercial and multifamily development that remain undeveloped or underdeveloped by adopting small lot ordinances that streamline the development process for smaller homes. For example, using its existing authority under the Subdivision Map Act, the City of Los Angeles allows for the development of small lot subdivisions that relax minimum lot sizes, setbacks, and other requirements to allow for the creation of small homes on separately saleable lots.

AB 803 (Boerner-Horvath, Chapter 154, Statutes of 2021) incentivized the construction of modestly dense homes designed for ownership at more affordable prices than neighboring single-family homes. It did this by removing the ability for local agencies to impose setback requirements between units and minimum lot sizes, and reducing parking requirements. It also precludes a local agency from requiring a small home lot development to be within a homeowners association. This is likely due to the fact that homeownership dues can significantly add to the cost of ownership.

- 4) *Ministerial subdivisions for smaller projects.* Last year, the legislature passed and the Governor signed SB 684 (Caballero, Chapter 783, Statutes of 2023), which streamlined small lot subdivisions to help promote their development. It would require local governments to ministerially approve a parcel map or tentative and final map and projects with 10 or fewer units on sites zoned multifamily and no larger than five acres and substantially surrounded by qualified urban uses. Projects should meet minimum density requirements, as established in the housing element for that parcel, 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.
- 5) *Application to single-family zones.* SB 634 (Caballero) applied in both single family and multifamily neighborhoods until the application to single-family zones was removed in the Assembly Appropriations Committee. This bill would reinstate the application to single-family zones but only to vacant parcels. Additionally, this bill would provide that the height limits for those zones shall apply to the projects authorized by this bill.
- 6) *Implementation issues.* As noted by the author, practitioners have pointed out ambiguities in the law signed last year. Specifically, the bill would clarify how net habitable space is defined with regards to size limits of the units, allows for

units that are part of a tenancy in common to be permitted, prohibits minimum frontage requirements beyond 600 square feet as authorized by the prior bill, and provides that a local government chooses to permit ADUs or JADUs, the units shall not count towards the 10 unit cap.

7) *Double-referral*. This bill was also referred to the Local Government Committee.

**RELATED LEGISLATION:**

**SB 684 (Caballero, Chapter 783, Statutes of 2023)** — required local agencies to ministerially approve subdivision maps for specified projects in urban areas that include 10 or fewer housing units.

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

**POSITIONS:** (Communicated to the committee before noon on Wednesday, March 27, 2024.)

**SUPPORT:**

California Building Industry Association (CBIA)  
California Chamber of Commerce  
California Community Builders  
California YIMBY  
Circulate San Diego  
Housing Action Coalition  
Monterey Bay Economic Partnership  
SPUR  
YIMBY Action

**OPPOSITION:**

None received.

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