



## Anna M. Caballero

14<sup>th</sup> Senate District

### SB 1116 – Starter Home Revitalization Act 3.0 (as introduced 02/17/2026)

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#### SUMMARY

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SB 1116 strengthens and clarifies the Starter Home Revitalization Act (SHRA) to remove local barriers to small-lot subdivisions and missing-middle homeownership opportunities. 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.

#### BACKGROUND

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California continues to face a severe housing affordability crisis driven by chronic underproduction, particularly in the entry-level and moderate-income homeownership market. While recent housing reforms have streamlined multifamily development, smaller-scale ownership-oriented projects – often referred to as missing-middle housing – are struggling to catch up.

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.

#### PROBLEM

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Although current law allows ministerial approval of small-lot housing developments, many jurisdictions may impose standards, such as restrictive height interpretations, excessive setbacks, rigid parcel size requirements, and dimensional rules, that effectively reduce allowable unit counts or make projects infeasible. Ambiguity in eligibility standards and inconsistent local implementation have further limited the law's impact.

Without clear statutory direction and strong oversight, the SHRA cannot fully deliver the small-scale, ownership-oriented housing needed to address California's affordability crisis.

#### SOLUTION

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SB 1116 strengthens and clarifies the Starter Home Revitalization Act to ensure it produces small-scale, ownership-oriented housing as intended. The bill:

- Clarifies that height limits must be measured in feet, not number of stories.
- Prohibits setback and dimensional standards that reduce allowable unit yield or undermine permitted density and floor area ratios.
- Requires the statute to be interpreted liberally in favor of maximizing housing production.
- Aligns eligibility standards with established CEQA infill criteria.
- Allows flexible lot size averaging to support smaller parcels while preventing oversized individual lots.
- Updates the definition of net habitable square feet to allow more functional layouts.
- Strengthens HCD oversight of local implementing ordinances.
- Expands annual reporting to better track production and RHNA progress.

#### SUPPORT

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California YIMBY (Co-Sponsor)  
Abundant Housing LA (Co-Sponsor)  
UnidosUS (Co-Sponsor)

#### CONTACT

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Jeffrey Roth, Chief of Staff  
[Jeffrey.Roth@sen.ca.gov](mailto:Jeffrey.Roth@sen.ca.gov) | (916)651-4014