

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 2005 (Ahrens) – As Amended April 9, 2026

**SUBJECT:** Housing developments: urban lot split: owner-occupancy

**SUMMARY:** Creates an alternative compliance pathway for the owner-occupancy requirement of SB 9 (Atkins), Chapter 162, Statutes of 2021. Specifically, **this bill:**

- 1) Requires the seller of an urban lot split pursuant to SB 9 (SB 9 split), to disclose in writing any owner-occupancy requirements for three years after the conveyance of an urban lot split unit.
- 2) Requires a local agency to provide two pathways to meet the owner occupancy requirements of an SB 9 split. In addition to requiring an applicant for an SB 9 split to sign an affidavit stating that the applicant of the SB 9 split intends to occupy one of the units as their principal residence for at least three years from the date of the split in existing law, this bill requires local agencies to also provide the following option:
  - a) An applicant for an SB 9 split shall require, as a condition of sale to a homebuyer, that one of the units on both parcels of an SB 9 split remains owner occupied for three years, beginning on the date a parcel or unit is conveyed by the applicant to a homebuyer. If an applicant selects this option, all of the following are required:
    - i) The local agency records a notice of the owner-occupancy requirement as a condition of ministerial approval of the parcel map for an SB 9 split.
    - ii) A parcel or unit being purchased is subject to a recorded deed restriction imposing the owner-occupancy requirement on any subsequent homebuyer who purchases the parcel or unit during the three-year period.
    - iii) The homebuyer records a notice of owner-occupancy as a condition to acquiring title to a parcel or unit. The notice shall state that the homebuyer, and any subsequent homebuyer who purchases the parcel or unit during the three-year period is required to occupy the parcel or unit or designate the parcel or unit as their primary residence.
  - b) Allows a managing or authorized member of a limited liability company or the trustee of a living trust to apply for an SB 9 split.
- 3) Prohibits a local agency from imposing or adopting any requirement, process, practice, or procedure, or undertake any course of conduct, that applies to a project solely or partially on the basis that the project is an SB 9 split, including, but not limited to, restricting the eligibility of an applicant of an SB 9 split.
- 4) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code (GOV).

5) Makes technical and conforming changes.

**EXISTING LAW:**

- 1) Requires streamlined and ministerial approval by a local agency of a duplex in a single-family zone [Government Code (GOV) Section 65852.21], and the urban lot split of a parcel zoned for residential use into two parcels, each at least 40% of the original lot's size (GOV § 66411.7). Specifically:
  - a) Prohibits an urban lot split if the lot was previously split under SB 9, and prohibits an owner or related party from splitting adjacent lots to prevent circumvention of the two-lot limit. (GOV § 66411.7)
  - b) Provides that an application for a duplex or an urban lot split must be considered and approved or denied by the local agency within 60 days of the date the local agency receives a completed application. Further provides that:
    - 1) If a local agency denies an application for a duplex or urban lot split, the permitting agency must provide, in writing, a full set of comments to the applicant, with a list of items that are defective or deficient, and a description of how the application can be remedied by the applicant; and
    - 2) If the local agency has not approved or denied the application within 60 days and the application meets all qualifying criteria, the application is deemed approved. (GOV § 66411.7 & 65852.21)
  - c) Prohibits a local agency from imposing objective standards on a proposed duplex that do not apply uniformly to developments within the underlying zoning district. Otherwise, allows a local agency to adopt or impose objective zoning standards, objective subdivision standards, and objective design standards on development authorized by this section as follows:
    - 1) If those standards are more permissive than applicable standards in the underlying zone;
    - 2) If the standards would not physically preclude the construction of up to two units or physically preclude either of the two units from being at least 800 square feet in floor area;
    - 3) A city or county may require a setback of up to four feet from the side and rear lot lines; and
    - 4) A city or county may not require setbacks for an existing structure or a structure constructed in the same location and to the same dimensions as an existing structure. (GOV § 66411.7 & 65852.21)
  - d) Allows a local agency to impose objective standards for a proposed lot split so long as they are related to the design or to the improvements of a parcel. (GOV 66411.7)

- e) Requires an applicant for an urban lot split to sign an affidavit stating they intend to occupy one of the housing units as their primary residence for at least three years following the lot split. (GOV § 66411.7)
- f) Prohibits units created by SB 9 from being used as short-term rentals (i.e., they must be rented for terms longer than 30 days). (GOV § 66411.7 & 65852.21)
- g) Requires the Department of Housing and Community Development (HCD) to notify a local agency if it has taken an action in violation of SB 9 and authorizes HCD to notify the Attorney General (AG) if the local agency is in violation of SB 9, at HCD's discretion. (GOV § 65585 & 65585.1)

**FISCAL EFFECT:** This bill is keyed fiscal and contains a state-mandated local program.

**COMMENTS:**

- 1) **Bill Summary.** This bill revises the provisions of SB 9 related to owner-occupancy requirements for urban lot splits. Under existing law, SB 9 requires an applicant for an urban lot split to sign an affidavit stating they intend to occupy one of the housing units as their primary residence for at least three years following the lot split. This bill provides an alternative pathway to meeting an owner occupancy requirement under SB 9. The applicant has the option to either use the existing requirement in existing law or require, as condition of sale to the homebuyer, that one of the units on both parcels of an urban lot split remain owner occupied for three years. If the applicant chooses to use the new option created by this bill, the three-year owner occupancy requirement would begin on the date a parcel or unit is conveyed to the homebuyer as deed restriction and stays with the property for three years. If the first purchaser of the property with an owner occupancy deed restriction then sells the property before that three-year expiration period, the owner occupancy requirement would pass on to the subsequent purchaser.

This bill also requires sellers of units resulting from this new SB 9 owner-occupancy pathway to provide written disclosure of the three-year owner-occupancy restriction upon conveyance.

This bill additionally allows a managing or authorized member of an LLC or a trustee of a living trust to apply for an SB 9 urban lot split. The bill prohibits a local agency from adopting or imposing any requirement, process, practice, or procedure, or undertaking any course of conduct, that applies to a project solely or partially on the basis that the project is an urban lot split, including, but not limited to, restricting the eligibility of an applicant of an urban lot split.

This bill is author sponsored.

- 2) **Author's Statement.** According to the author, "California's housing shortage—and the growing homeownership crisis—requires solutions at many scales. SB 9 was designed to enable small, incremental housing production led by homeowners, creating opportunities for more attainable, entry-level ownership in existing neighborhoods. It also allows homeowners to unlock value within their own property that is otherwise inaccessible unless they sell and leave their home.

“However, implementation has revealed unintended technical barriers that prevent some responsible homeowners from participating, particularly those who use common estate planning tools. AB 2005 clarifies the law, so it works as intended, ensuring these homeowners are not excluded while maintaining strong protections against investor speculation.

“By removing these barriers, AB 2005 helps unlock small-scale housing production, expand access to entry-level homeownership, and support long-term wealth building for California families who are increasingly being priced out of the market.”

- 3) **Planning and Zoning Law.** Cities and counties enact zoning ordinances to implement their general plans. Zoning determines the type of housing that can be built. In addition, before building new housing, housing developers must obtain one or more permits from local planning departments and must also obtain approval from local planning commissions, city councils, or county board of supervisors. Some housing projects can be permitted by city or county planning staff ministerially, or without further approval from elected officials. Projects reviewed ministerially require only an administrative review designed to ensure they are consistent with existing general plan and zoning rules, as well as meeting standards for building quality, health, and safety. Most large housing projects are not allowed ministerial review; instead, these projects are vetted through both public hearings and administrative review. Most housing projects that require discretionary review and approval are subject to review under the California Environmental Quality Act, while projects permitted ministerially generally are not.
- 4) **Subdivision Map Act.** The Subdivision Map Act (Map Act) governs how local officials regulate the division of real property into smaller parcels for sale, lease, or financing. Cities and counties adopt local subdivision ordinances to carry out the Map Act and local requirements. City councils and county boards of supervisors use the Map Act to control a subdivision's design and improvements. Local subdivision approvals must be consistent with city and county general plans.

Under the Map Act, cities and counties can attach scores of conditions. The Map Act allows local officials to require, as a condition of approving a proposed subdivision, the dedication of property within a subdivision for streets, alleys, drainage, utility easements, and other public easements and improvements. Once subdividers comply with those conditions, local officials must issue final maps. For smaller subdivisions that create four or fewer parcels, local officials usually use parcel maps, but they can require tentative parcel maps followed by final parcel maps. The Map Act also constrains the dedications and improvements that local cities and counties can require as a condition of a subdivision of four or fewer lots to only the dedication of rights-of-way, easements, and the construction of reasonable offsite and onsite improvements for the parcels being created.

- 5) **SB 9- Duplexes and Subdivisions.** In 2021, the Governor signed SB 9 (Atkins), Chapter 162, Statutes of 2021, which allowed up to four homes on lots where currently only one exists. It did so by allowing existing single-family homes to be converted into duplexes. It also allowed single-family parcels to be subdivided into two lots, while allowing for a new two-unit building to be constructed on the newly formed lot. Under SB 9, the total number of units that can be built on a formerly single-family zoned lot is capped at four. Under existing

law, ADUs may be built in combination with SB 9 so long as the total number of units on a lot does not exceed four. Property owners may use both SB 9 and ADUs to achieve the maximum allowed density in a configuration that best suits their site and circumstances, for example, two primary units under SB 9 and one ADU per unit. Furthermore, SB 9 explicitly prohibits the owner of the parcel being subdivided from also subdividing the adjacent parcels under SB 9 in order to limit its applicability to a two-lot, four-unit cap.

- 6) **Related Legislation.** AB 2601 (Lee) makes several changes to the permitting and subdivision processes for small-scale and missing middle housing developments. AB 2601 is pending in this committee.

AB 1751 (Quirk-Silva) establishes the Missing Middle Townhome Ownership Act, creating a streamlined, ministerial approvals pathway for townhome development on residentially zoned lots. AB 1751 is pending in this committee.

- 7) **Arguments in Support.** The Home Building Alliance writes in support, “The bill creates a more practical pathway for homeowners to successfully deliver housing by allowing them to partner with experienced builders and small developers. Most homeowners do not have the expertise or financial capacity to independently manage subdivision, financing, and construction. AB 2005 enables these partnerships while preserving strong safeguards against speculative activity.

“Importantly, AB 2005 helps create something that is largely missing from today’s housing market: attainable, entry-level homeownership opportunities. By maintaining owner-occupancy requirements and enabling the production of smaller homes, the bill supports the creation of ‘protected ownership inventory’ that is effectively reserved for homeowners rather than investors.

“The bill also maintains all of SB 9’s existing anti-displacement protections, including restrictions on demolishing tenant-occupied or rent-restricted housing. By empowering existing homeowners to build on their property—rather than forcing them to sell—AB 2005 can help reduce displacement pressures while supporting long-term wealth building.”

- 8) **Arguments in Opposition.** The California Association of Realtors writes in opposition, “AB 2005 (Ahrens), which seeks to eliminate local control by mandating all cities and counties allow corporate and other investors to take advantage of the state’s ‘urban lot split’ streamlining process in our state’s most affordable neighborhoods, which was intentionally limited to owner occupants. AB 2005 will lead to rapid gentrification in our state’s most vulnerable and under-resourced communities.

“AB 2005 (Ahrens) places SB 9 (Atkins, 2021) protections established to ensure homeowners benefit from the generational wealth building opportunity created by streamlining urban lot splits in jeopardy. To enact SB 9 required extended and detailed negotiation among stakeholders. Those discussions resulted in the establishment of guardrails intended to protect homeowners and communities and reduce gentrification risks. Those guardrails reflected the input of members of communities who have been historically subject to policies that resulted in displacement of residents and rapid gentrification.”

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Abundant Housing Los Angeles  
Bay Area Council  
California YIMBY  
Circulate Planning & Policy  
Equitable Land Use Alliance (ELUA)  
Families and Homes San Jose  
Fieldstead and Company, INC.  
Housing Action Coalition  
Spur  
SV@Home  
SV@Home Action Fund  
The Two Hundred for Homeownership

**Opposition**

California Association of Realtors

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