



COUNTY OF SANTA CRUZ

PLANNING DEPARTMENT

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SB 1123: STARTER HOME REVITALIZATION ACT OF 2025

What is Senate Bill 1123 (SB 1123)?

In 2024, Governor Newsom signed into law Senate Bill 1123 (SB 1123) to encourage the construction of modestly sized single-family homes that may be affordable to first-time homebuyers. SB 1123, which amends Assembly Bill 803 (AB 803), is in effect as of July 1, 2025. This law allows for subdivision of multifamily zoned parcels or vacant single-family zoned parcels into small lot single-family parcels. For parcels created using SB 1123, jurisdictions cannot require minimum parcel size, minimum setbacks between housing units (except as required by the building code), enclosed parking, or formation of a homeowners' association.

What parcels are eligible for SB 1123 projects in Santa Cruz County?

Parcels eligible for subdivision under SB 1123 must meet the following criteria:

- Zone district: Located in a multifamily zone district or single-family zone district.
- Parcel size:
 - Single-family: Maximum existing parcel size: 1 1/2 acres AND vacant.
 - "Vacant" means no permanent structure, unless structure is abandoned and uninhabitable.
 - Multifamily: Maximum existing parcel size: 5 acres.
- Urban infill location: Minimum 75% of parcel perimeter adjoins or is across the street from residential, commercial, public institutional, or transit land use.
- Neighborhood: Residentially-zoned properties within 500 feet have a minimum zone district density of less than 30 dwelling units per acre.
- Not designated affordable: The parcel must not be identified for affordable housing in the General Plan Housing Element.

What development requirements apply to SB 1123 projects?

Projects eligible for SB 1123 must meet the following criteria:

- Number of single-family homes:
 - Maximum: 10 dwelling units (not including ADUs/JADUs)
 - Minimum: If the parcel is listed in the General Plan Housing Element, development must result in at least as many housing units and income levels as projected for the parcel in the Housing Element. If the parcel is not listed in the Housing Element, the development must result in at least 66% of a density of 20 du/ac.
- Average total area of habitable floor area: Does not exceed 1,750 net habitable square feet.
- Minimum lot size: Multifamily = No less than 600 square feet. Single-family = No less than 1,200 square feet.
- Ownership structure: Subdivided parcels must either be sold as fee simple ownership lots, part of a common interest development, a housing cooperative, or constructed on land owned by a community land trust.
- Development standards: Development must meet the applicable multifamily/single-family district height and setback requirements.
- Demolition: SB 1123 projects cannot require demolition of deed restricted affordable housing, rent-controlled housing, housing occupied by a tenant within the last 5 years, or rental housing that was withdrawn within the last 15 years per Chapter 12.75 of Division 7 of the California Government Code.
- Affordability: SB 1123 projects are subject to the inclusionary housing requirements of Santa Cruz County Code Chapter 17.10.