

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

651 Bannon Street, Suite 400
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



October 7, 2025

Brian Schoenfisch
City of San Diego
Deputy Director, Urban Innovation Division
550 West C St.
12th Floor (MS# DSD-2A)
San Diego, CA 92101

Dear Brian Schoenfisch:

**RE: City of San Diego – Use of Remainder Parcels under the Starter Home
Revitalization Act (SHRA) – Letter of Technical Assistance**

The California Department of Housing and Community Development (HCD) received a request from the City of San Diego (City) regarding the use of remainder parcels under the Starter Home Revitalization Act (SHRA).¹ This letter provides technical assistance regarding the use and designation of remainder parcels for single-family residences under Government Code section 66499.41, subdivision (a)(1)(B).

Background

Senate Bill (SB) 684 (Chapter 783, Statutes of 2023) established a streamlined, ministerial process for the subdivision of up to ten parcels on lots zoned for multifamily residential development. In 2024, SB 1123 (Chapter 294, Statutes of 2024) expanded the scope of Government Code section 66499.41, subdivision (a)(2) to include lots that are “vacant and zoned for single-family residential development.”² A remainder parcel is a portion of land that is set aside when a lot is subdivided under the SHRA and is not proposed for development at that time.

Question: Can an applicant designate an existing single-family residence or structure as a “remainder parcel” such that the rest of the site is considered “vacant” and therefore eligible for the provisions under the SHRA?

The answer is “yes.” Under Government Code section 66499.41, subdivision (a)(1)(B), a proposed subdivision may designate a remainder parcel that includes existing single-family residences that will not affect the vacancy, maximum parcel size, or density requirements of the proposed subdivision for purposes of SHRA eligibility.

¹ Gov. Code, §§ 65852.28, 65913.4.5, and 66499.41.

² Gov. Code, § 66499.41, subd. (a)(2)(A)(ii).

On June 30, 2025, Governor Gavin Newsom signed two budget trailer bills – Assembly Bill (AB) 130 and Senate Bill (SB) 131. These provisions took effect immediately and included an amendment to Government Code section 66499.41 to expressly permit the designation of a remainder parcel. Statute now provides that a remainder parcel may be designated that “retains existing land uses or structures, does not contain any new residential units, and is not exclusively dedicated to serving the housing development project.”³

The vacancy requirement established under SB 1123 was intended to prevent the demolition of viable housing and ensure that deed-restricted affordable units and homes subject to price controls are preserved. By allowing the designation of a remainder parcel to retain an existing residence or other use, the statute provides a clear mechanism to preserve this existing housing stock while still enabling subdivision and the production of new housing opportunities.

The statutory language governing remainder parcels is written broadly to expressly allow the retention of “existing land uses or structures.” This includes an existing single-family residence. Importantly, the remainder parcel is excluded from the ten-parcel cap as well as density calculations,⁴ demonstrating the intent for remainder parcels to be treated distinctly from the proposed subdivision and development. Accordingly, once a remainder parcel is designated to retain an existing use, the site area outside of the remainder parcel may be considered “vacant” for purposes of eligibility under the SHRA. The site area for the proposed subdivision and development is still required to meet all criteria under the SHRA, including minimum lot sizes.

If you have any questions regarding the content of this letter or would like additional technical assistance, please contact Mackenzie Goldberg at mackenzie.goldberg@hcd.ca.gov.

Sincerely,



Brian Heaton
Section Chief, Land Use Policy
Housing Accountability Unit

cc: Jacob Basinger, Senior Planner, jbasinger@sandiego.gov

³ Gov. Code, § 66499.41, subd. (a)(1)(B).

⁴ Gov. Code, § 66499.41, subds. (a)(1)(B), (a)(5)(B)(iii).