



COMMUNITY DEVELOPMENT DEPARTMENT

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CITY COUNCIL STAFF REPORT

Date: November 18, 2025

Subject

New fee for Ministerial Urban Lot-Split Applications

Recommended Action

Adopt Resolution No. 25-XXXX to amend the City's Master Fee Schedule – Schedule C – to establish a new, reduced fee for Ministerial Urban Lot-Split Applications

Background

Senate Bill 9

State Senate Bill 9 (SB 9) was signed into law by the Governor in September 2021 and went into effect on January 1, 2022. SB 9 allowed for the ministerial approval of lot-splits (i.e., one residential lot being subdivided into two lots) and the ability to construct a second primary residence, as distinct from an accessory dwelling unit (ADU), and/or duplexes on single-family residential properties. Prior to SB 9's adoption, approval of all subdivision applications was considered discretionary, requiring approval by a local agency in a public meeting, such as a Planning Commission, City Council or Administrative hearing. Like many State legislative actions in recent years, SB 9 was intended to boost and expedite housing production, specifically the "missing middle" (i.e., housing that is more affordable by design, such as ADUs, duplexes and small-scale single-family homes) housing in suburban settings.

New lots created through SB 9 had to meet the requirements of State law, such as maintaining minimum lot areas, but did not have to comply with all individual local agency zoning regulations. SB 9 also allowed local agencies the ability to implement standards specific to ministerial lot-splits, which the City did in 2022 through the adoption of Ordinance 22-2246. Accordingly, these regulations were limited to SB 9 applications and did not apply to traditional subdivisions subject to discretionary approval. In October 2024, Senate Bill 450 was signed into law and went into effect on January 1, 2025, limiting cities' ability to treat properties utilizing the provisions of SB 9 differently from other properties in the same zoning district and further streamlining the timeline and approval process for SB 9 projects.

Despite SB 9 taking effect at the outset of 2022, the City did not receive any SB 9 lot-split applications in either 2022 or 2023. To date, however, the City has approved 6 lot-split applications with 7 currently under review. Of these 13 approved and under review applications,

11 were submitted in 2025 after SB 450's streamlining provisions went into effect, so interest on the part of residential property owners in subdividing their properties under the provisions of SB 9/SB 450 seems to be increasing.

Fee Study Update

In 2023, a year after SB 9 had taken effect but before the City had received any lot-split applications, the City began a comprehensive fee study update looking at all City fees, including those for subdivision applications. One of the objectives of the fee study was to maximize cost recovery for staff time spent reviewing and processing City applications. There are two basic types of subdivision applications: 1) Parcel Maps, which are required for subdivisions resulting in four or fewer lots; and 2) Tentative/Final maps, which are required for subdivisions resulting in five or more lots. Since an SB 9 lot-split results in the creation of two lots it was treated as a Parcel Map application, despite it being a ministerial action. Also, at the time the fee study update was underway the City had not completed a SB 9 lot-split review (the two SB 9 lot-split applications submitted in 2024 were received in February and August, but neither was approved until 2025) so there was no tangible basis for determining whether the staff time spent reviewing a SB 9 lot-split application would significantly differ from the time spent on a discretionary Parcel Map. When the fee study was adopted in May 2024, with the new fees becoming effective on July 1, 2024, the City's Parcel Map fee increased by 31%, from \$20,917 to \$27,393. The current fee for the Fiscal Year 2025-26 is \$30,047, which is based on an estimated 95.5 staff hours being spent processing a Parcel Map application.

Reasons for Recommendation and Available Options

Due to the type of review and process in place when the fee schedule update was adopted, it was expected that the fee for a conventional Parcel Map would appropriately cover the staff time and costs of processing SB 9 lot-split applications. However, with the adoption of SB 450, the review of urban lot split applications has become more streamlined, differentiating the ministerial SB 9 process from the discretionary Parcel Map process. Additionally, with more SB 9 lot-split applications having been submitted staff is now more familiar with the time it takes to process them and estimates that a typical (it needs to be noted, however, the actual time spent on individual applications can vary widely), SB 9 lot-split application takes a total 33.25 staff hours to complete. Based on this estimate, staff recommends that SB 9 lot-splits be considered a distinct application from Parcel Maps and that a new fee of \$10,885 be established to cover the cost of staff time. Conversely, the existing Parcel Map fee could continue to be applied to SB 9 lot-split applications

Sustainability Impact

No sustainability impact.

Fiscal Impact

No fiscal impact.

City Work Program (CWP) Item/Description

None

Council Goal:

Housing and Fiscal Strategy

California Environmental Quality Act

If approved, the recommended action would involve a change to the City's fee schedule and would not result in a potentially significant impact on the environment. The action is, therefore, not subject to the California Environmental Quality Act (CEQA) or the CEQA Guidelines.

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Reviewed by: Benjamin Fu, Director of Community Development

Floy Andrews, Interim City Attorney

Approved for Submission by: Tina Kapoor, Interim City Manager

Attachments:

A – Draft Resolution

B - Exhibit A - FY2025-26 Fee Schedule C - Planning Fees (Redline)

C – Exhibit A - FY2025-26 Fee Schedule C - Planning Fees (Clean)