**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**
**DIVISION OF HOUSING POLICY DEVELOPMENT**
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July 17, 2026

Rob Eastwood
Community Development Director
City of Campbell
70 N. First St.
City Hall - Upper Level
Campbell, CA 95008

Dear Rob Eastwood:

**RE: City of Campbell SHRA Implementation – Letter of Technical Assistance**

The California Department of Housing and Community Development (HCD) received a request for technical assistance regarding how the Starter Home Revitalization Act (SHRA)[1] should be implemented in the City of Campbell (City), including in relation to other state laws such as the Housing Crisis Act (HCA)[2] and the Permit Streamlining Act (PSA)[3]. Among other provisions, the SHRA allows for residentially-zoned sites, including vacant single-family-zoned lots, to be subdivided and individually developed for new housing, provided the new units meet certain size standards. This letter provides technical assistance to the City regarding the timing of vacancy status, demolition of existing housing, vesting of preliminary applications, enforcement of limits on the number of stories, and classification of half-stories for square footage purposes.

## Background

HCD understands that the City has received significant development interest in using the SHRA since the law was first enacted; as of May 20, 2026, the City has received 16 applications for SHRA projects, including 11 in 2026 alone. Of these projects, 8 were proposed on single-family-zoned lots.[4] Prior to April 2026, the City governed the review of SHRA applications through a series of interim ordinances. These ordinances considered a single-family-zoned parcel to be vacant for SHRA purposes "no later than the date of recordation of a final map or issuance of a building permit, whichever occurs

[1] Gov. Code §§ 65852.28, 65913.4.5, 66499.40, 66499.41.
[2] Gov. Code § 66300.6.
[3] Gov. Code § 65941.1.
[4] City of Campbell Starter Home Projects webpage (accessed 2026-06-05), https://www.campbellca.gov/1535/Starter-Home-Projects.

first."[5] In April 2026, the City adopted an urgency ordinance, amending the vacancy requirement for single-family-zoned lots to require that a lot be vacant "on the date that a development proponent submits an application" for a SHRA project.[6] This ordinance remains in effect pending the adoption of an urgency ordinance and any amendments to State law that would affect the vacancy requirement. In April, the City also submitted a list of seven questions to HCD.[7]

**Analysis**

HCD provides technical assistance on the following seven questions posed by the City:

**Question 1: Must a parcel satisfy the statutory definition of "vacant" under Government Code section 66499.41, subdivision (a)(2)(A)(ii) at the time of application submittal? If not, at what point must vacancy be established?**

The SHRA does not provide a definitive point in time in which the parcel must satisfy the definition of "vacant". However, a parcel should satisfy the statutory definition of "vacant" under the SHRA at the time of application submittal. The SHRA states that a local government shall ministerially consider a map for a housing development that meets the listed requirements in the statute.[8] Among these requirements, the SHRA states that a lot can either be zoned to allow for multifamily residential uses, or it can be "vacant and zoned for single-family residential development."[9] Additionally, subdivision (a)(2) states that "the lot *proposed* to be subdivided" (emphasis added) must satisfy the listed requirements, suggesting that the site must be vacant at the start of the process (i.e., at the time the project is proposed in the form of an application being submitted).

**Question 2: The City of Campbell adopted an interim ordinance providing that a single-family-zoned parcel must satisfy the statutory definition of "vacant" no later than recordation of the project's final map or issuance of a building permit, whichever occurs first. Is this approach consistent with Government Code section 66499.41, subdivision (a)(2)(A)(ii)?**

As stated in the answer to the previous question, a single-family-zoned parcel must satisfy the statutory definition of "vacant" by the time of application submittal.

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[5] City of Campbell Interim Ordinance No. 2334, August 4, 2025, https://ca-campbell.civicplus.com/DocumentCenter/View/24477/Ordinance-No-26-2347-SB-1123?bidId=, PDF page 8.
[6] City of Campbell Ordinance No. 26-2347, April 21, 2026, https://ca-campbell.civicplus.com/DocumentCenter/View/24477/Ordinance-No-26-2347-SB-1123?bidId=, PDF page 3.
[7] HAU 3283 Request for Technical Assistance, April 16, 2026, https://www.campbellca.gov/DocumentCenter/View/29536/Housing-Law-Request-Case-HAU0003283.
[8] Gov. Code, § 66499.41, subd. (a).
[9] Gov. Code, § 66499.41, subd. (a)(2)(A).

**<u>Question 3</u>: Does Government Code section 66300.6, subdivision (a) apply to the approval of a stand-alone demolition permit for an existing residential unit?**

The answer is "no." The HCA prevents a local government from approving "a housing development project that will require the demolition of one or more residential dwelling units" unless the project creates at least as many units as will be demolished.[10] This limits the scope of the section to only applications for housing development projects that demolish residential units as part of the development application.

A standalone demolition permit for an existing residential unit does not contain a replacement housing development project and therefore is not prohibited by the section. Note that a subsequent housing development would be subject to the "five-year lookback" provision of Government Code section 66499.41, subdivision (a)(2)(A)(ii)(III) to determine if the lot is eligible for the SHRA (specifically, whether the lot is considered vacant). Additionally, the subsequent development would be subject to a different "five-year-lookback" provision in Government Code section 66300.6, subdivision (b) requiring the replacement of protected units.

**<u>Question 4</u>: If Government Code Section 66300.6, subdivision (a) does not apply to approval of a stand-alone demolition permit, may the City adopt a demolition control ordinance that limits issuance of demolition permits for existing residential units unless a replacement housing project has already received the necessary approvals?**

HCD acknowledges receipt of this question but respectfully declines to provide a determination at this time. However, if the City chooses to pursue a local demolition control ordinance, it should be mindful of potential unintended consequences resulting from a restrictive demolition control ordinance as it may impede beneficial redevelopment of sites and housing production goals.

**<u>Question 5</u>: Does Government Code section 65941.1 allow a preliminary application for a housing development project to be submitted after a formal application has already been filed, rather than prior to submitting the formal application?**

The answer is "yes." The PSA does not prevent a preliminary application from being submitted after a formal development application has already been filed. Neither Government Code section 65941.1, nor Government Code section 65589.5, subdivision (o) – which requires that projects be subject only to the standards in place when a completed preliminary application is submitted – include language which requires a preliminary application to be submitted prior to the submittal of a formal application.

**<u>Question 6</u>: Under Government Code section 65852.28, subdivision (b)(2)(A)(ii), may the City enforce limits on both numeric height and the number of stories, or must compliance be evaluated solely based on the numeric height limit?**

[10] Gov. Code, § 66300.6, subd. (a).

The answer is “yes.” In allowing the local government to impose height limits no less than the height allowed pursuant to the existing zoning designation, Government Code section 65852.28 does not specify whether the limit must be measured in numeric height or the number of stories. Similarly, Government Code section 66499.40, subdivision (b)(6) requires that SHRA-enabled developments must “comply with existing height limits, if applicable,” without specifying whether the limit is in numeric height or the number of stories. In the absence of more specific language, the City is able to enforce either height limit, as applicable in the underlying zone. Note that the height limit imposed on a SHRA-enabled development must be exactly that of the underlying zone. The City may not impose a unique height limit applicable only to SHRA-enabled developments.

**Question 7: Where a local definition of a half-story permits habitable floor area, is that area nonetheless excluded from the 1,750 square foot limit, or is the exclusion intended to apply only to non-habitable space, like the other examples provided in the statute?**

The answer is “yes, the half-story is not counted toward the 1,750 square foot limit.” Government Code section 66499.40, subdivision (b)(9) requires that the units in a SHRA project must not have an average total floorspace area greater than 1,750 net habitable square feet. Government Code section 66499.41, subdivision (a)(6) defines “net habitable square feet” as “means the finished and heated floor area fully enclosed by the inside surface” of the building edge, “excluding garages, carports, parking spaces, cellars, half-stories, and unfinished attics and basements.” However, this definition of net habitable square feet is only for the purposes of determining a project’s eligibility to use the SHRA, not for compliance with local development standards. Pursuant to Government Code section 65852.28, subdivision (b)(1), a local government may impose objective standards related to the housing development, provided they do not otherwise conflict with the other provisions of the SHRA.[11]

## Conclusion

A parcel should satisfy the statutory definition of “vacant” under the SHRA by the time of application submittal. The HCA does not prohibit the City from approving a standalone demolition permit, and the PSA and HAA do not require that a preliminary application be submitted prior to a formal application in order to achieve vesting. The City is not prevented from imposing numeric or story-based height limits on SHRA projects. Finally, a local definition of floor area that includes half-stories is not applicable to whether a project’s average unit floor area exceeds the SHRA’s limit.

[11] Gov. Code § 65852.28, subd. (b)(2) prevents a local government from imposing objective development standards that would physically preclude the densities allowed by the SHRA. While HCD is not currently aware of a conflict between the City’s local definition of floor area for its own standards and the SHRA’s parameters for eligible projects, in the event of an unforeseen conflict between these requirements, the City would be precluded from imposing them on a SHRA project.

HCD remains committed to supporting the City of Campbell in facilitating housing at all income levels and hopes the City finds this clarification helpful. If you have questions or need additional information, please contact David Ying at david.ying@hcd.ca.gov.

Sincerely,



Brian Heaton
Section Chief, Land Use Policy