
TABLE OF CONTENTS

About the Authors	i
Foreword	iii
Acknowledgements	iv
Overview	1
What is a Subdivision?	2
Common Interest Developments	2
How Common are Common Interest Developments?	3
Why Common Interest Developments?	3
AB 32 – Global Warming Solutions Act	5
SB 375 – Sustainable Communities and Climate Protection Act	7
DRE Administration of the Subdivided Lands Act	7
The Role of the DRE in the Subdivision Process	8
The DRE Does Not Exercise Land Use Authority	9
The DRE Does Not Exercise Authority Over the Affairs of HOAs	9
Background for Understanding California’s Subdivision Process	10
Subdividers, Developers, and Homebuilders	10
Title Records	10
Title Insurance	11
Land Use Restrictions	11
Essential Residential Services and Quasi-Governmental Associations	12
Ownership Interests	14
Common Area	15
Subdivisions – Ownership Form vs. Physical Form	16
Attached Housing and Subdivision Types	16
Detached Housing and Subdivision Types	17
Maintenance Responsibility	17
Developer Preference for Single-Family Detached Homes to Attached Housing	18
Marketing Concerns	18
Expertise	20
Construction Defect Liability	20
Common Interest Developments of Single-Family Detached Homes	21
Distinctions of Subdivision Types	21
Standard Subdivisions	21
Common Interest Developments	22
Homeowners Associations	27
When Required	27
Formation	28
Budget	29
Assessments	29
Operating Expenses and Reserves	29
Other Responsibilities	30

TABLE OF CONTENTS (cont.)

The Housing Development Process	30
Duration of the Development Process	31
The Real Estate Cycle and the Supply-Demand Gap	31
Ex Ante Analysis and Project Delays	33
Factors Affecting Project Duration	33
Project Development Overview	35
Predevelopment Stage	35
Feasibility Analysis	36
Internal Factors	37
External Factors	39
Land Acquisition and Land Financing	39
Feasibility Period	39
Title Conditions	40
Purchase Price and Payment of the Purchase Price	40
Tentative Map and Land Use Entitlements	41
Tentative Map Process	41
Satisfaction of Conditions of Approval	42
Project Design	42
Approval of Subdivision Improvement Plans	43
Final Map Approval and Recordation	43
Financing During the Predevelopment Stage	43
Development/Construction Stage	43
Selling Stage	44
Legislation Related to Subdivisions and the Subdivided Lands Act	45
Regulations of the Real Estate Commissioner – Subdivisions	46
California Environmental Quality Act	46
Davis-Stirling Act	46
Subdivision Map Act	47
Subdivisions Subject to the Map Act vs. the SLA	48
Types of Maps – Tentative Map, Final Map, Parcel Map	49
The Mapping Process	49
Common Interest Developments under the Map Act	50
Maps for Common Interest Developments – “Vertical” vs. “Horizontal” Subdivisions	51
Phasing	53
Conversions to Common Interest Developments Under the Map Act	53
Comparison of the Subdivided Lands Act and the Subdivision Map Act	54
The Subdivided Lands Act	54
Subdivision Definition and Applicability of SLA	55
Exemptions	56
The Public Report	56
Issuance of Public Reports – Historical Data	58
The Public Report Application Process	58

TABLE OF CONTENTS (cont.)

The Public Report Application	62
The Public Report Application Review	62
Purchase Money Handling	63
Completion of Improvements	63
Phasing/Annexation	64
Homeowners Association	65
Warranties and Guaranties	68
Issuance of the Public Report	68
Appendix A: Legislative History of the Subdivided Lands Act	73
Appendix B: Business and Professions Code – Timeline	79
Sources	89

TABLE OF CONTENTS (cont.)

List of Acronyms	87
-----------------------------------	----

List of Figures

Figure 1 - Distribution of Public Reports 1993-2012	3
Figure 2 - Public Reports Issued Annually By Type	4
Figure 3 - DRE Involvement in the Development Process	8
Figure 4 - Land Use Controls and Community Services	13
Figure 5 - Public Report Applications Detached vs. Attached	19
Figure 6 - The Real Estate Cycle	31
Figure 7 - The Development Pipeline	34
Figure 8 - The Residential Development Process	36
Figure 9 -The Scope of the Map Act vs. SLA	48
Figure 10 - Flowchart: Is a public report required?	57
Figure 11 - Issuance of Public Reports by Report Type	59
Figure 12 - Issuance of Public Reports by Type	60
Figure 13 - Flowchart: Public Report Application Review Process	61
Figure 14 - Mandated Application Processing Timeframes	69

List of Illustrations

Illustration 1 - Condominium Ownership Areas	16
Illustration 2 - Typical Standard Subdivision	22
Illustration 3 - Planned Development	22
Illustration 4 - Community Apartment	23
Illustration 5 - Airspace Condominium	24
Illustration 6 - Detached Condominium	25
Illustration 7 - Stock Cooperative	25
Illustration 8 - Limited Equity Housing Cooperative	26
Illustration 9 - Tenancy in Common	27
Illustration 10 - Horizontal Subdivision	51
Illustration 11 - Vertical Subdivision	52
Illustration 12 - Detached Condominium	53

List of Tables

Table 1 - Ownership Interests by Subdivision Type	14
---	----