

ASSEMBLY THIRD READING

AB 1070 (Ward)

As Amended January 5, 2026

Majority vote

SUMMARY

Requires the Department of Housing and Community Development (HCD) to convene a working group to research and consider recommending building standards to allow residential developments between three and ten units to be built under the requirements of the California Residential Code (CRC), and requires HCD to perform a review of residential construction cost pressures, as specified.

Major Provisions

- 1) Requires HCD, no later than December 31, 2027, to convene a working group, with membership including but not limited to the California Building Standards Commission (CBSC), State Fire Marshal, Division of the State Architect, Energy Commission, and other stakeholders, to research and consider identifying and recommending amendments to state building standards allowing residential developments of between three to ten units to be built under the requirements of the CRC, and any necessary modifications to maintain health and safety standards for the developments.
- 2) Requires each entity in the working group to provide input relative to its area of expertise and oversight.
- 3) Requires HCD to provide a one-time report of its findings to the Legislature in the annual report, as specified, no later than December 31, 2028.
- 4) If the working group identifies and recommends amendments to building standards in the report under 3) above, requires HCD and other state agencies within the working group with authority to propose adoption of building standards to research, develop, and consider proposing for adoption by CBSC such standards for the next triennial update of the California Building Standards Code that occurs on or after January 1, 2027, notwithstanding any other law.
- 5) Allows HCD to exceed the scope and application of the International Residential Code, as specified, to allow residential developments of between three and ten units to be designed and constructed under the requirements of the CRC.
- 6) Clarifies that this bill does not limit the application of the California Electrical Code, the California Mechanical Code, the California Plumbing Code, and the California Energy Code to residential occupancies of any size.
- 7) Prohibits this bill from authorizing the working group to propose the expansion of the CRC to include chapters in the International Residential Code that were not adopted in the 2025 edition due to duplication with other parts of the California Building Standards Code.
- 8) Requires HCD, by December 31, 2027, to perform a review of construction cost pressures for single-family and multifamily residential construction as a result of new or existing building

standards requirements in the California Building Standards Code and provide a one-time report of its findings to the Legislature in the annual report, as specified.

- 9) Requires HCD to perform the review under 8) above commencing with the next triennial update of the California Building Standards Code that occurs on or after January 1, 2031, and every three years thereafter, to revise or update standards, as needed.

COMMENTS

Building Standards: The California Building Standards Law establishes the process for adopting state building standards by the Commission. Statewide building standards are intended to provide uniformity in building across the state. The CBSC's duties include the following: receiving proposed building standards from state agencies for consideration in each triennial and intervening building code adoption cycle; reviewing and approving building standards submitted by state agencies; adopting building standards for state buildings where no other state agency is authorized by law; and publishing the approved building standards in the California Building Standards Code (CCR, Title 24).

Most building standards currently in use in California are developed and vetted at the national level every three years by technical organizations, academics, and trade associations that develop consensus standards, which are then incorporated into the International Building Code (IBC), the national model code used by most US jurisdictions. At the state level, agencies with authority over specified occupancies then review the IBC and amend as necessary for California's needs.

After the proposal of building standards by state agencies, the proposals undergo a public vetting process. A code advisory committee composed of experts in a particular scope of code reviews the proposed standards, followed by public review. The proposing agency considers feedback and may then amend the standards and re-submit them to the CBSC for consideration. CBSC reviews and adopts the standards and files them with the Secretary of State for codification and publishing, and there is a 180-day period during which local agencies file modifications and changes to the state codes (though they are not limited to this window). The new codes then take effect January 1 of the subsequent year following publication. Updates and changes to building standards are adopted on two timelines: through the triennial code adoption cycle which occurs every three years, and through the intervening code adoption cycle which provides an update to codes 18 months after the publication of the triennial codes. Regulatory activities for each cycle begin over two years before the effective date of the codes.

HCD is responsible for the standards for residential buildings, hotels, and motels. The California Building Code and CRC govern general standards for multifamily and single-family residential construction, while other codes similarly control other aspects of building. As a matter of practice, the Legislature typically offers guidelines or directs agencies to consider certain standards, rather than requires the adoption of specific standards, in order to provide flexibility and allow for subject matter experts to determine appropriateness and weigh the many considerations that must be evaluated when recommending new or modified building standards.

Numerous Directives and Mandates Leading to Standards Freeze: The Legislature and Governor have enacted multiple additional directives to research and propose new building standards in recent years, including for rainwater catchment, electric vehicle charging, water efficiency and reuse, adaptive reuse projects, ""single stair"" apartments exceeding three stories, and beyond. Some of the most impactful mandates in recent years have also come from outside stakeholders

or the adopting agencies themselves (rather than the Legislature), like solar panel mandates and fire sprinkler requirements. There are several legitimate and important concerns that are addressed by these and many other elements of building standards for housing. However, the framework for proposing and adopting new standards leaves agencies in silos regarding the volume or costs of new proposals that counterpart agencies are also simultaneously developing. Cost analyses are performed on each individual modification or for each respective chapter, not on the accumulation of the entirety of changes in each intervening or triennial cycle across all agencies. Holistic review is therefore difficult and while individual standards may increase costs by what appears a reasonable amount, from a different lens, the cost of the totality of all cumulative changes may be less reasonable.

In response to concerns regarding the rapid pace of modifications to building standards, the deadly Los Angeles fires of January 2025, and a need to find methods to stem increases in housing construction costs, the Legislature and Governor enacted several significant changes to building standards in the 2025 housing budget trailer bill, AB 130 (Committee on Budget), Chapter 22. The most significant change is a freeze to any new building standards or changes to existing building standards affecting residential units at both the state and local level until 2031, with limited exceptions. AB 130 (Committee on Budget) also curtailed the practice of incorporating significant new building standards into the codes via the intervening code cycle (instead only technical or emergency changes may be made in this manner).

Housing Costs and Missing Middle Housing: The cost of housing in California is the highest of any state in the nation. Additionally, the pace of cost increase has far outstripped that in other parts of the country. One result of this is that homeownership has become much more difficult to attain, and the median priced home in California has continued to climb even during the high interest rate environment. Construction costs have also continued to increase, though there are many drivers of this, including the cost of materials, cost and availability of labor, complexity of building code requirements, availability of construction loan financing, and more. According to the California Association of Realtors' Housing Affordability Index, only 17% of California households can afford to purchase the median priced home – compared to 36% for the country.

One of the many reasons that housing is too expensive is the type of housing that is being built. Much of the housing built in California is large single-family homes (which can be an inefficient use of land) and mid- and high-rise construction (which are expensive to build). A strategy to lower the cost of housing is to facilitate the construction of "missing-middle" housing types that accommodate more units per acre, but are not as inherently expensive to build. This includes medium-density typologies such as accessory dwelling units, condos, duplexes, fourplexes, and the like. These units are more likely to be affordable to moderate-income households that cannot afford typical market-rate homes, but that earn too much income to qualify for publicly-subsidized affordable housing.

The CRC governs construction of one- and two-family dwellings and townhouses of three stories or less. The California Building Code (CBC) establishes requirements for all other buildings, including medium and high-density housing. These are based on model international codes commonly used around the country. However, certain reasonable requirements in the CBC for larger buildings can make development prohibitively complicated or render the economics infeasible for smaller ones. As a result, several jurisdictions across the United States have begun to allow smaller, missing-middle housing types, including triplexes and fourplexes, to be built under the requirements of the Residential Code.

Additionally, the unit cutoffs in the CRC do not align with the current financing offerings for constructing one- to four-unit dwellings. FHA-backed mortgages allow recipients to take advantage of more affordable financing for construction up to a fourplex, but the rigidity of the CBC hinders this possibility. In addition, some jurisdictions have reported that the construction of new units that increase the unit count of a parcel from two to three (or more) are triggering the heightened requirements of the CBC, including instances of adding an ADU to properties with a duplex, or adding a second ADU to a lot with a single-family home and an existing ADU.

This bill would direct HCD to set up a working group, similar to the working group established in AB 529 (Gabriel), Chapter 743, Statutes of 2023, to examine the possibility of modifying the CBC/CRC here in California for smaller developments between three and 10 units in size, without creating negative impacts on health and safety.

The city of Memphis, which pioneered this new flexibility, identified several immediate benefits to the shift, including no longer requiring separate mechanical, engineering, and plumbing drawings to be submitted for project permitting; providing simpler egress requirements; and safely modifying seismic and fire protections. In addition, more small-scale residential contractors are now available to build these homes, as commercial contractors tend to work on larger projects like block-size apartment complexes and large commercial buildings.

Cost Study: New building standards being proposed by various code entities like HCD or the Division of the State Architect to CBSC must be accompanied by an analysis that justifies approval based on specific criteria. While the law currently requires the proposing entity to analyze the cost to the public of individual building code modifications, as discussed above, it is not apparent that any entity is reviewing the accumulation of those many changes at a holistic level to form a reasonable estimate of the cumulative cost impacts. These changes and any new or heightened requirements in the code have a direct impact on the cost of new housing in the state. This bill would require HCD to begin performing a more holistic cost pressure analysis of proposed standards, to better identify the impacts and ensure the residential building standards process evaluates not just the granular cost of individual modifications, but the overall impact of the totality of standards.

According to the Author

""AB 1070 would direct HCD to create a working group to explore allowing 'missing middle' developments between three and 10 units to be built under the requirements of the California Residential Code, rather than the California Building Code. This change could unlock the production of triplexes and other smaller multi-family housing types by streamlining code requirements, while preserving health and safety and opening up a broader workforce to build these projects. Additionally, this bill would also require HCD to perform an analysis of cost pressures created by current building code requirements and to complete the same analysis in future building code cycles with a goal of maintaining or reducing the costs of construction for new housing.""

Arguments in Support

According to California YIMBY, ""AB 1070 would direct the Department of Housing and Community Development to convene a working group to study and recommend pathways for allowing missing middle housing developments of three to 10 units to be constructed in the California Residential Code. This recognizes that modern fire safety technology and mitigation, including sprinklers, alarms, and fire-resistant assemblies, have raised the safety baseline in

residential code buildings, making it reasonable to permit more units while still satisfying health and safety requirements. Other jurisdictions have demonstrated that allowing small multifamily projects to follow residential code standards can safely reduce complexity, eliminate duplicative engineering requirements, expand the pool of qualified builders, and lower overall project costs.'"

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 1) HCD estimates General Fund (GF) costs of \$1.69 million in fiscal year (FY) 2026-27, and \$388,000 in FY 2027-28, and annually thereafter. These costs include ongoing funding for one staff position to support the new workload created by this bill, one-time contracting costs of \$1.5 million in the first year to perform the review of residential construction cost pressures, and, for every triennial cycle thereafter, contracting costs of approximately \$570,000 per cycle or \$190,000 per year. HCD indicates the consultant work would be significant and require coordination and outside entity contribution.
- 2) Based on last year's nearly identical bill, estimated costs to the Division of the State Architect of approximately \$256,000 annually for two years to participate in the working group and consider amendments to building standards under its jurisdiction (Disability Access Fund and Public School Planning, Design, and Construction Review Revolving Fund).
- 3) Minor and absorbable costs (GF and special funds) for the Energy Commission and State Fire Marshal to participate in the working group and assist HCD in the investigation of possible building standards changes.

VOTES

ASM HOUSING AND COMMUNITY DEVELOPMENT: 11-0-1

YES: Haney, Patterson, Ávila Fariás, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Ta, Tangipa, Wicks

ABS, ABST OR NV: Wilson

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Stefani, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Bauer-Kahan, Pacheco, Pellerin, Solache, Ta, Tangipa

UPDATED

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CONSULTANT: Nicole Restmeyer / H. & C.D. / (916) 319-2085

FN: 0002239