

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 1815 (Wicks) – As Amended March 19, 2026

SUBJECT: Factory-built housing: building standards

SUMMARY: Prohibits cities and counties from imposing or enforcing building standards that exceed state minimum building standards on a housing construction project that utilizes factory-built housing (FBH), as specified. Specifically, **this bill:**

- 1) Prohibits cities and counties from imposing or enforcing building standards that exceed state minimum building standards in the California Building Standards Code (CBSC) (Title 24 of the California Code of Regulations) on a housing construction project that utilizes FBH.
- 2) Specifies the prohibition in 1) is limited to projects when at least 15% of the project's hard costs are spent on FBH that bears the insignia of the California Department of Housing and Community Development (HCD).
- 3) Defines "hard costs" as the total cost of labor and materials required for the construction scope.
- 4) Declares that the provision of adequate housing, in light of the severe shortage of housing at all income levels in this state, is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution and the changes made by this bill applies to all cities, including charter cities.

EXISTING LAW:

- 1) Establishes the California FBH Law. (Health and Safety Code (HSC) 19960 *et seq.*)
- 2) Defines "FBH" to mean a residential building, dwelling unit, or an individual dwelling room or combination of rooms thereof, or building component, assembly, or system manufactured in such a manner that all concealed parts or processes of manufacture cannot be inspected before installation at the building site without disassembly, damage, or deconstruction of the part, including units designed for use as part of an institution for resident or patient care, that is either wholly manufactured or is in substantial part manufactured at an offsite location to be wholly or partially assembled onsite in accordance with specified building standards and regulations. Excludes from the definition of FBH a mobilehome, recreational vehicle, or a commercial modular, as specified. (HSC 19971)
- 3) Requires all FBH manufactured after the effective date of the FBH building standards adopted under the FBH Law that is sold or offered for sale to first users within California to bear insignia of approval issued by HCD. (HSC 19980)
- 4) Requires all FBH bearing an insignia of approval to be deemed to comply with the requirements of all ordinances or regulations enacted by any city, county, or district that may be applicable to the construction of housing. (HSC 19981(a))

- 5) Pauses changes to building standards affecting residential units at the state and local level until 2031, with limited exceptions. (HSC 18929.1)
- 6) Establishes the California Building Standards Commission (CBSC) within the Department of General Services, and requires the commission to approve and adopt building standards and to codify those standards in the California Building Standards Code. Requires CBSC to publish editions of the code in its entirety once every three years. In the intervening period the commission must publish supplements as necessary. (HSC 18942 and 18930)
- 7) Requires CBSC to receive proposed building standards from a state agency for consideration in an 18-month code adoption cycle. Requires CBSC to adopt regulations governing the procedures for 18-month code adoption cycle, which must include adequate provision of the following:
 - a. Public participation in the development of standards;
 - b. Notice in written form to the public of the compiled building standards with justifications;
 - c. Technical review of the proposed building standards and accompanying justification by advisory boards appointed by CBSC; and
 - d. Time for review of recommendations by the advisory boards prior to CBSC taking action. (HSC 18929.1)
- 8) Provides that only those building standards that are approved by the CBSC and are in effect at the local level at the time an application for a building permit is submitted shall apply to the plans and specifications for construction, with exceptions for permits for residential dwellings based on model home designs approved under specified standards. (HSC 18938.5)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "California urgently needs to embrace innovation to solve our housing crisis. Modern construction methods like factory-built housing (FBH) hold so much potential to produce housing more quickly, more affordably, and in a more environmentally friendly manner. But our regulatory framework is constraining the industry's growth and adoption. AB 1815 will create the standardization that factories need to scale across the state. Building all factory-built housing projects to the state's building standards code prevents fragmentation across California's 540 local jurisdictions. This will create a clear, consistent pathway for factories to successfully scale up production across the state, producing housing more quickly and more affordably at a time when we need it most."

Select Committee on Housing Construction Innovation: In late 2025, the Assembly Select Committee on Housing Innovation (Select Committee) was established with the purpose of exploring how the state can play a role in reducing housing costs by facilitating innovation in housing construction. The Select Committee conducted two hearings in January 2026 and received testimony from industry experts. These experts discussed all of the following: the benefits and risks of industrialized construction methods, including potential cost savings; the

ability to reduce project timelines; and, regulatory, labor, and budget considerations. The hearings also explored barriers to opportunities for scaling construction innovation.

The Select Committee requested support from the University of California, Berkeley's Turner Center for Housing Innovation (Turner Center) to conduct research, including interviews with people familiar with the industry. The Turner Center interviewed 65 people representing different perspectives in the industry, including market-rate and affordable housing developers, general contractors, off-site manufacturers, architects, investors, lenders, building trades unions and carpenters union members, state and regional government staff, building code experts, and representatives from companies using 3D printing, artificial intelligence, or other emerging technologies.

The Turner Center published a white paper, titled "Potential Pathways to Scale Innovative Construction Methods in California." The Turner Center's white paper details seven categories of approximately 40 policy proposals identified by stakeholders as potential pathways to reducing barriers to accelerating industrialized construction, including FBH, at scale. These categories of proposals include:

- increase certainty through building code reform;
- increase consistency and certainty through other process reforms;
- reduce financial risk and liability to encourage industry growth;
- support pipeline certainty through demand aggregation;
- increase long-term industry certainty by developing a strong workforce pipeline;
- modify existing state funding stream to better align with the realities of FBH; and
- address negative perceptions of industrialized construction through education and data.

Stakeholders identified building code fragmentation as a significant challenge to producing FBH at scale. Some stakeholders suggested narrowing the scope of local review to reduce uncertainty without fully removing local authority. Others suggested the development of a single statewide building code for industrialized construction and preempting local building code. The white paper notes that additional research would be required before switching to a state preemption or performance-based building code for industrialized construction.

FBH: FBH, often referred to as modular, manufactured, or prefabricated housing, involves the construction or assembly of various components of a housing unit or room in a factory and the transport of those components or structures to the construction site, where they are installed and fixed to a building foundation. FBH is a specific subset of industrialized construction, which refers to a broad spectrum of practices that apply the ideas and methods from the manufacturing industry to housing design and construction. This is in contrast to traditional ("site-built" or "stick-built") homes, which are built piece by piece on top of the foundation at the actual construction site. FBH units and building components are generally assembled in factories located inside or outside of California. The mass production techniques in a factory environment can sometimes be faster and cheaper than site-built construction methods and are not as impacted by weather constraints that might hamper construction progress on a site, though benefits will

vary widely between projects. Research reviewed by the Turner Center finds that using factory-based methods has the potential to reduce hard costs by 10% to 25% compared to traditional construction while also reducing build times significantly.

Around the world: FBH has achieved notable success in countries like Sweden and Japan, where it has become a prominent method of delivering housing at scale. In Sweden, an advanced industrialized construction ecosystem integrates forestry, manufacturing, and housing development, allowing firms to standardize designs and use assembly-line production to deliver high-quality multi-family housing efficiently. Academic research on Swedish prefabrication systems shows that companies have successfully translated manufacturing principles, like repeatability, supply-chain integration, and quality control, into housing production, resulting in strong performance across cost, time, and quality dimensions.

Prefabrication has been institutionalized for decades in Japan through coordinated industry and government support. According to research from the Harvard Joint Center for Housing Studies, prefabricated housing accounted for about 14% of all housing starts in Japan as of 2019, with even conventional construction incorporating highly modularized and pre-cut components. Large firms have refined factory-based production systems that can assemble a majority of a home in a matter of days, emphasizing precision, durability, and customization at scale. Studies of Japanese and Swedish firms also find that prefabricated housing can deliver higher and more consistent quality than site-built construction due to controlled factory environments and advanced automation, even when costs are comparable or slightly higher. International research, including analyses by the RAND Corporation, has highlighted FBH as a promising strategy to address housing shortages by improving productivity and reducing construction risk, particularly when supported by standardized regulations and stable demand pipelines.

FBH in California: FBH may be installed where other similar types of dwelling units are zoned. Existing law allows local governments to exercise specified local land use requirements with respect to FBH, but the Attorney General has ruled that local governments may not require use permits for FBH built in residential areas. Local requirements imposed on FBH may not differ substantially from requirements imposed on other residential buildings of the same size.

HCD has maintained building code and plan approval authority over FBH. HCD currently contracts with various Design Approval Agencies who perform third-party review and approval of FBH designs according to regulations established by HCD and the building standards governing FBH. HCD approves Quality Assurance Agencies that inspect FBH during the production phase in the manufacturing facility or offsite. In-plant inspections are conducted by a third party agent certified by HCD to ensure FBH and modular buildings meet state codes and standards during the manufacturing process. Approved FBH must bear a California Insignia of Approval on each FBH system or component in the project.

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 specific needs. There are approximately 20 state agencies that develop building standards and propose them for adoption to the CBSC.

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 California Residential Code (CRC) govern general standards for multifamily and single-family residential construction, while the California Plumbing Code governs plumbing requirements for a variety of buildings and other codes similarly control other aspects of building. Within the codes, there are certain requirements that are mandatory for all newly constructed dwellings or buildings, and certain provisions that are optional or voluntary – meaning the requirements must be followed only if an entity chooses to construct certain items or systems.

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.

Local Amendments to State Codes: Local governments are provided wide latitude to make changes and modifications to the state baseline codes – so long as they exceed or are more protective than the state baseline, not a reduction – and for codes affecting residential buildings (excluding energy “reach codes” which follow a different process), neither the CBSC nor statute requires the local modifications to include any cost determinations or economic impact analysis. Local governments simply have to include a finding in their filing with the CBSC that the modifications are “reasonably necessary because of local climatic, geological, or topographical conditions” (HSC 17958.7) or environmental conditions for green building standards. CBSC does not currently have the authority to review these findings for validity, merits, or the justification of reasonableness, nor do the local amendments have to follow the APA or more rigorous state review criteria requiring state building standards to “not [be] unreasonable, arbitrary, unfair, or capricious, in whole or in part” (HSC 18930(a)(4)) or have a “cost to the

public [that is] reasonable, based on the overall benefit to be derived from the building standards” (HSC 18930(a)(5)).

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, 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), and allowed phased residential developments utilizing model home designs to continue using approved building permits until those designs substantially change or for a period of 10 years, rather than at each new code cycle.

This bill: As noted previously, fragmentation in the building code was identified as a potential barrier to FBH production. This bill prohibits a city or county from imposing building standards that exceed the state minimum building standards if at least 15% of the hard costs (i.e., total cost of labor and materials) are spent on FBH with HCD insignia. Housing development projects utilizing FBH are often categorized as volumetric modular or panelized. Projects utilizing volumetric modular FBH are entire sections of a building, like a full room or the entire unit. These “box-like” structures are delivered to the site and installed on-site to complete the final project. Some developers may use volumetric modular for a portion of the development -like the bathrooms – but the rest of the development is stick-built. Projects utilizing panelized FBH, sometimes referred to as “flat packs,” include flat panels of components like walls, floors, or roofs. Panels are shipped from the factory to the site and assembled on-site for installation. The author has stated the 15% threshold was selected to capture both volumetric modular methods and panelized methods of FBH.

Arguments in Support: According to the California Housing Consortium (CHC) and the Housing Action Coalition (HAC), “CHC and HAC are proud to co-sponsor AB 1815, which prevents local jurisdictions from imposing or enforcing building standards that exceed the state

minimum building standards on factory-built housing projects. AB 1815 prohibits local jurisdictions from imposing or enforcing building standards that exceed the state minimum building standards in the California Building Standards Code on factory-built housing projects. By allowing all factory-built housing projects to be built to the state building code, AB 1815 creates the standardization needed for factories to successfully scale up production across California.”

According to the New California Coalition, “AB 1815 prohibits local jurisdictions from imposing or enforcing building standards that exceed the state minimum building standards in the California Building Standards Code on factory-built housing projects. By allowing all factory-built housing projects to be built to the state building code, AB 1815 creates the standardization needed for factories to successfully scale up production across California.”

According to the California Conference of Carpenters, “It has become clear that pre-manufactured housing can provide a significant portion of future home development for our state at a more affordable price than existing on-site housing construction. AB 1815 is one of several measures that will encourage use of this important innovation in home building.”

According to the Zillow Group, “The nation’s housing deficit, driven in large part by underbuilding following the Great Recession, continues to put upward pressure on housing costs. Zillow research shows that some of the most significant shortages are concentrated in high-cost coastal markets, including Los Angeles, San Francisco, San Diego, and San Jose. As a result, Californians are among those most impacted by the housing affordability crisis. AB 1815 will help address these challenges by creating the standardization needed for factory-built housing to successfully scale up production across the state.”

Arguments in Opposition: None on file.

Policy considerations:

Review of 15% threshold: To determine whether a housing construction project reaches the 15% threshold to be exempt from local building standards that exceed the minimum state building standards, a developer would need to know the project’s hard costs early in the development process as the FBH needs to be manufactured in compliance with the applicable building standards to receive an HCD insignia of approval. As currently drafted, it is unclear whether the information related to the construction project’s hard costs spent on FBH would be included in the design plans for review and approval by the HCD-certified third-party agency. It is unclear who in the process would determine whether FBH meets the 15% standard.

Utilization of FBH: Housing construction projects with multiple buildings could potentially meet the 15% threshold with only one building utilizing FBH while allowing all other structures in the project to be site-built. As currently drafted, this bill could allow those site-built buildings of the project to be built to the minimum state building standards, even if those structures did not contain FBH components, so long as one building reaches the 15% threshold. *The committee may wish to amend the bill to ensure that the 15% threshold applies to the hard costs for each building in the project.*

Committee amendments: The committee may wish to consider the following amendments:

- 1) (b) (1) A city, county, or city and county shall not impose or enforce building standards that exceed the state minimum building standards in the California Building Standards Code (Title 24 of the California Code of Regulations) on a housing construction project that utilizes factory-built housing, provided that at least 15 percent of the project's hard **costs for each building in the project** are spent on factory-built housing that bears the insignia of the Department of Housing and Community Development.
- 2) Correct a drafting error: SEC 2: Therefore, Section 1 of this act ~~adding~~ **amending** Section ~~19991.5 to~~ **19993 of** the Health and Safety Code applies to all cities, including charter cities.

Related legislation:

AB 557 (McKinnor), of this legislative session, allows for the reuse of certain plans or specifications for FBH if the plans have previously been approved by HCD or a qualified DAA in the same building code cycle, with conditions. AB 557 is pending consideration in the Senate Committee on Housing.

AB 2058 (Harabedian), of this legislative session eliminates the requirement that local enforcement agencies enforce and inspect the installation of FBH and instead requires a first user of FBH to select either the local enforcement agency or a quality assurance agency to enforce and inspect the installation. Establishes caps on fees by local enforcement agencies related to the installation and permitting of FBH. AB 2058 was approved by this committee and is pending consideration in the Assembly Committee on Local Government.

AB 2166 (Carrillo), of this legislative session establishes the Multifamily Backstop Financing Program at the California Housing Finance Agency for purposes of supporting multifamily projects through the provision of state-backed credit backstops that would enable surety companies to issue payment and performance bonds to offsite housing factories in the state, as specified. AB 2166 is pending consideration in this committee.

AB 2185 (Quirk-Silva), of this legislative session requires various state departments to evaluate state-funded multi-family affordable housing programs to remove any barriers and create opportunities to fund FBH. AB 2185 is pending consideration in this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Housing Consortium (Co-Sponsor)
 Housing Action Coalition (Co-Sponsor)
 New California Coalition (Co-Sponsor)
 21st Century Alliance
 Abundance Network
 AIDS Healthcare Foundation
 Autodesk
 California Building Industry Association
 California Conference of Carpenters
 California Downtown Association
 California YIMBY
 Casita Coalition

Circulate Planning & Policy
DignityMoves
Elevate California
LeadingAge California
Non-profit Housing Association of Northern California
Student Homes Coalition
Zillow Group

Opposition

None on file

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