
SENATE COMMITTEE ON HOUSING
Senator Jesse Arreguín, Chair
2025 - 2026 Regular

Bill No:	AB 1815	Hearing Date:	6/30/2026
Author:	Wicks		
Version:	6/22/2026 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Hank Brady		

SUBJECT: Factory-built housing: building standards

DIGEST: This bill 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.

ANALYSIS:

Existing law:

- 1) Establishes the California FBH Law, which does the following:
 - a) 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.
 - b) Defines “Design Approval Agency” to mean a private organization meeting the requirements specified in Department of Housing and Community Development (HCD) regulations to perform evaluation of FBH and factory-built specifications.
 - c) 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.

- d) 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.
- 2) 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.
- 3) 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.
- 4) 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.
- 5) Pauses changes to building standards affecting residential units at the state and local level until 2031, with limited exceptions.

This bill:

- 1) Removes local snow load requirements, and local wind pressure requirements from the list of standards entirely reserved to local jurisdictions to impose on FBH.
- 2) Provides that local zoning, design standards, and wildfire safety requirements imposed on FBH shall not vary substantially from the requirements imposed on other residential buildings of similar size.
- 3) Prohibits a city or county from imposing or enforcing building standards that exceed the state minimum building standards in the California Building Standards Code on an FBH construction project.
- 4) Defines the following terms related to FBH:
 - a) “Factory-built housing” means a residential building where the cost of factory built components comprise at least 15% of the cost of vertical construction of a detached structure.

- b) “Cost of factory-built components” means the total cost of manufacturing and applicable sales tax of factory-built components exclusive of transportation costs.
- c) “Cost of vertical construction” mean the total direct hard costs, inclusive of labor and materials for type of construction work within the footprint of a structure including foundations, and excluding earthwork, and ground improvements. Direct hard costs do not include a general contractors’ general conditions, requirements, insurance, overhead. or profit.

Background

Factory-Built Housing. FBH refers to industrialized housing construction, where either the entirety of, or components of, a housing unit are produced or assembled in an offsite factory, or both, and then transported to the housing site. FBH is often colloquially referred to as modular, or prefabricated housing. Where traditional “site-built” or “stick-built” housing is entirely constructed on a foundation at the actual housing site, FBH utilizes the efficiencies of an assembly line, similar to a car or an appliance. Entire units and modules are assembled in a climate-controlled factory and are much less susceptible to construction delays associated with traditional housing construction (e.g., disruptive weather). While benefits may vary by project and jurisdiction, the Turner Center for Housing Innovation at University of California, Berkeley (Turner Center), finds that using FBH methods has the potential to reduce hard costs for a project by 10-25% and significantly reduce build times, compared to traditional construction.¹

International FBH Models. 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, using more sustainable and durable materials like mass timber. 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 also 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

¹ Stephanie Hawke, et. al. *Potential Pathways to Scale Innovative Construction Methods in California*. Accessible here: <https://turnercenter.berkeley.edu/wp-content/uploads/2026/03/PathwaystoScaleInnovativeConstruction2026.pdf>. March 2026.

about 14% of all housing starts in Japan as of 2019. 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. These models position FBH as a promising strategy to address housing shortages by improving productivity and reducing construction risk when aided by standardized regulations and stable demand pipelines.

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 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, union members, state and regional government staff, building code experts, and representatives from companies using 3D printing, A.I., and other emerging technologies. Their findings culminated in the Turner Center’s report, *Potential Pathways to Scale Innovative Construction*.

Comments

- 1) *Author’s statement.* “California urgently needs to embrace innovation to solve our housing crisis. Modern construction methods like [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.”

- 2) *FBH in California.* FBH may be installed where other similar types of dwelling units are allowed. Existing law allows local governments to exercise specified local land use requirements with respect to FBH, but local requirements imposed on FBH may not differ substantially from requirements imposed on other residential buildings of the same size.

HCD maintains building code and plan approval authority over FBH. HCD currently contracts with various Design Approval Agencies (DAAs) 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 (QAAs) 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.

- 3) *The FBH Approval Process.* Under the FBH Law, factory-built units and building components are regulated by HCD, which promulgates health and safety regulations to benefit users and purchasers of FBH.

There are three primary components of the current FBH Approval Process:

<i>1. Design Approval</i>	A third-party QAA reviews design plans submitted by an FBH manufacturer to ensure compliance with state building codes. Approved designs must also provide a document describing in detail all of the installation and assembly methods required onsite to clarify the onsite inspection responsibilities of the local building departments.
<i>2. In-Plant Inspection</i>	An in-plant inspection is conducted by a third-party QAA within the factory manufacturing the units and components to ensure all output is manufactured in accordance with the approved design plans and relevant building codes, prior to transportation to the housing site.

3. Site Inspection	Under current law, when an FBH unit or building components are delivered to a housing site, a local enforcement agency (LEA) is responsible for ensuring the installation meets building standards, and that no previously approved components were changed since the QAA’s inspection. An LEA may also enforce local reach codes that apply to the site, as well as other local requirements like setbacks.
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- 4) *Reach Codes.* 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.

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 last year’s housing budget trailer bill, AB 130 (Committee on Budget, Chapter 22, Statutes of 2025). 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 levels 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.

- 5) *Zoning codes and building codes.* California FBH Law currently allows local agencies to impose “local use zone” or zoning requirements, and certain categories of building standards on FBH projects, provided that the standards do not deviate substantially from standards imposed on similar residential structures. Existing law specifies that in addition to zoning requirements, local

agencies can impose building setbacks, side and rear yard requirements, site development, property line, and architectural requirements on FBH projects; these standards are all duplicative examples of zoning code requirements, which statute already reserves for local agencies to impose. This bill removes these superfluous references. Removing these references to zoning code standards removes excess language from statute but does not have a practical effect on the ability of local agencies to impose zoning requirements that apply broadly to residential structures in the jurisdiction such as setback requirements, and requirements for off-street parking.

The more substantive changes in this bill stems from provisions that remove the ability of a city or county to impose or enforce building standards that exceed the state minimum building standards on any projects where FBH components comprise 15% of the vertical construction costs of each structure in the project. An exception to this preemption is made for wildfire safety building requirements that a local agency adopts. The wildfire allowance recognizes that construction standards in areas of the state more prone to wildfires carry certain risks that should not be waived. Local building standards related to wildfires are not the only standards necessary to deal with geographical hazards. The CBSC adopts optional Flood-Resistant Construction Standards as an appendix to the State Building Code. The California Department of Water Resources (DWR) additionally adopts a model floodplain management ordinance for communities in specific flood zones. The Flood Resistant Construction Standards, found in Appendix G of the State Building Code, are optional for local agencies to adopt. It is unclear if the language in this bill allowing the application of “state minimum building standards” is inclusive of optional standards adopted by the CBSC. This bill raises questions regarding whether a local agency that adopts the state’s Flood Resistant Construction Standards for residential construction could apply those standards to an FBH development.

The Committee may wish to specify that Flood Resistant Construction Standards are applicable to FBH, and that FBH must comply with local requirements for homes in a flood hazard area to be elevated above the design flood elevation.

- 6) *Opposition.* The California State Association of Electrical Workers, the California State Pipe Trades Council, and the Western States Council of Sheet Metal Workers oppose this bill. They note that the 15% factory-built housing requirement creates a loophole that would allow a 1000-unit project that includes only 200 FBH units and 800 “site built” units to evade application of any unique local building standards. They further note that every local climatic

and geographic condition in California cannot be contemplated in the state building code. Finally, they note that FBH factories are often located outside of California, creating a risk that portion of California based construction work will be outsourced to factories out of state.

- 7) *15% of what?* The author's intent is to prevent building standards from applying to a project where FBH components comprise at least 15% of the cost of each vertical structure, not 15% of the cost of an entire project. Opponents of the bill argue that 15% could apply on a unit basis. *The Committee may wish to clarify the author's intent.*
- 8) *Committee amendments.* To address the policy considerations noted above, the committee may wish to consider the following amendments.
 - a) **Clarify that the 15% cost requirement is applicable to each individual structure in a project, and that any structure in a project that is entirely site-built without factory-built components is not exempt from local building standards.**
 - b) **Specify that the state's *Flood Resistant Construction Standards* are applicable to FBH.**

Related/Prior Legislation

AB 557 (McKinnor, 2025) — require FBH plans be assigned a serial number, and be automatically approved for subsequent use in different projects if approved for use in one prior. Require HCD and QAAs to limit their reviews to the portions of a plan or specification that have not already received approval, as specified. *This bill was held at the request of the author.*

AB 2185 (Quirk-Silva, 2026) —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 in the Senate Appropriations Committee.*

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, June 24th, 2026.)

SUPPORT:

California Housing Consortium (Sponsor)

Housing Action Coalition (Sponsor)
Aids Healthcare Foundation
Autodesk, INC.
Bay Area Council
California Council for Affordable Housing
California Downtown Association
California Yimby
Casita Coalition
CBIA
Circulate Planning & Policy
City of Oakland
Council of Infill Builders
Dignitymoves (UNREG)
East Bay Yimby
Eden Housing
Elevate California
Grow the Richmond
Habitat for Humanity Greater San Francisco
Inner City Law Center
Mountain View Yimby
Napa-solano for Everyone
Northern Neighbors Sf
Peninsula for Everyone
San Francisco Yimby
San Jose Yimby
San Mateo Forward
Santa Cruz Yimby
Santa Rosa Yimby
South Bay Yimby
Student Homes Coalition
The California Housing Partnership
Ventura County Yimby
Yes! in Redwood City
Yimby Action
Yimby Los Angeles
Yimby Monterey Peninsula
Yimby Slo

OPPOSITION:

California State Association of Electrical Workers
California State Pipe Trades Council

Western States Council Sheet Metal, Air, Rail and Transportation

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