

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1926 (Pacheco) – As Amended April 13, 2026

Policy Committee: Housing and Community Development      Vote: 12 - 0

Urgency: No      State Mandated Local Program: No      Reimbursable: No

**SUMMARY:**

This bill requires a new regulation, or the amendment or repeal of a regulation, that could increase construction costs for single-family and multifamily residential construction be submitted by, or approved in writing by, the Department of Housing and Community Development (HCD) before transmittal to the Secretary of State or the Office of Administrative Law.

**FISCAL EFFECT:**

HCD estimates ongoing General Fund (GF) costs of approximately \$2.70 million to \$2.73 million annually for 12 staff positions, IT infrastructure, and administrative overhead to establish and administer a centralized review and approval process for proposed and adopted regulations and building standards across state agencies that may impact residential construction costs.

HCD indicates this process would require developing and maintaining an intake and tracking system, conducting substantive cost-impact analyses, coordinating with proposing agencies to evaluate assumptions and methodologies, and issuing written determinations within existing rulemaking timelines.

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

**COMMENTS:**

- 1) **Purpose.** According to the author, this bill “aims to address some of the cost pressures associated with residential construction by reviewing some of our building codes and standards.”
- 2) **Background. *Building Standards.*** The California Building Standards Law establishes the process for adopting state building standards by the California Building Standard Commission (CBSC). There are approximately 20 state agencies that develop building standards and propose them for adoption to the CBSC, most commonly HCD, the State Fire Marshall, and the Division of the State Architect. The CBSC publishes the approved building standards in the California Building Standards Code.

Existing law requires any building standard adopted or proposed by a state agency to be submitted to and approved or adopted by CBSC before publication and in compliance with

certain procedures, including, among others, procedures required under the Administrative Procedures Act (APA).

Existing law requires a state agency, when submitting building standards to CBSC, to submit a written analysis of various factors, including if the cost to the public is reasonable based on the overall benefit expected to be derived from the building standards.

This bill adds approval from HCD to the documentation a state agency must submit to CBSC as part of its written analysis, if the standard would increase the cost of residential construction.

***The Administrative Procedures Act (APA).*** The APA establishes the general process for the adoption of state regulations, including the adoption of building standards. Prior to submission to CBSC for publication in the California Code of Regulations or transmittal to the Secretary of State for codification, the APA requires every state agency proposing new or amended regulations to prepare and submit to the Office of Administrative Law (OAL) a notice of the proposed action and an initial statement of reasons (ISOR) for proposing the change in regulation.

AB 1612 (Lara), Chapter 471, Statutes of 2012, required an ISOR for a regulation that is a building standard to include the estimated cost of compliance, the estimated potential benefits, and the related assumptions used to determine the estimates.

This bill requires HCD to approve in writing any new or amended regulation that could increase construction costs for single-family and multifamily residential developments before the regulation can be valid or effective and submitted to the Secretary of State or the OAL.

- 3) **Related Legislation.** AB 2044 (Petrie-Norris), of this legislative session, requires the CBSC to deny a proposed building standard if it finds the ISOR is submitted without a completed statement of estimated cost compliance, including the related assumptions used to determine the estimate. AB 2044 is pending in this committee.

**Analysis Prepared by:** Jennifer Swenson / APPR. / (916) 319-2081