

CONCURRENCE IN SENATE AMENDMENTS

AB 2012 (Hoover and Wicks)

As Amended August 21, 2026

Majority vote

SUMMARY

This bill makes various changes to the requirements in regards to the transport of manufactured homes, as specified. Additionally, requires the State Department of Housing and Community Development (HCD) to convene a stakeholder working group and submit a report to the Legislature pertaining to improving efficiencies in the transport of various types of housing structures, as specified.

Senate Amendments

- 1) Expand the issuance of a special or annual permit to include the transportation of a manufactured home, factory-built housing, and commercial modular, not exceeding 14 feet in total width, as specified.
- 2) Remove the requirement and further authorizes Caltrans in cooperation with the California Highway Patrol (CHP) or a local authority to require pilot car or special escort services for the transport of manufactured housing units, as specified.
- 3) Require by March 31, 2027, for HCD in consultation with Caltrans and CHP to convene a stakeholder workgroup to gather feedback on cost pressures associated with the transport of manufactured homes, factory-built housing, and commercial modular and further provide feedback in regards to efficiencies and cost saving opportunities associated with the transport of the abovementioned housing units. Further specifies the workgroup is to meet on a quarterly basis and identifies various stakeholder groups required to serve on the HCD-led working group, as specified.
- 4) Require HCD in consultation with Caltrans and CHP to submit a report to the Legislature with findings and recommendations by January 1, 2029.
- 5) Make technical changes to clarify the provisions specified in this bill pertain to manufactured homes, factory-built housing, or commercial modular, as defined.

COMMENTS

California's housing crisis. California faces a complex and deepening housing affordability crisis. Rising home prices and rents, high rates of homelessness, overcrowding, and displacement are widespread. For decades, California's home prices have outpaced other states. As of February 2026, the median-sale price of a home in California is approximately \$818,600 to \$823,180. Over 11 California counties, including San Francisco and Orange County, maintain median prices over \$1 million.

Underproduction of housing is one of the main drivers of the state's housing affordability crisis. The state has not built enough housing to meet the demand. According to the California Department of Housing and Community Development (HCD), California must build 2.5 million homes by 2030 to meet the state's housing needs. In fact, California is second to last in terms of housing units per capita, with 358 units per 1,000 people, behind the national average of 419

units. While there are several reasons for the housing shortage, including lengthy development timelines, stringent and variable building codes, and land use regulations, a key contributor is high development costs.

Innovative housing construction. Innovation in the building industry has emerged as a potential pathway to lower costs and increased housing production. Industrialized construction (IC) has precedent in the United States and abroad and refers to a broad spectrum of practices that apply the ideas and methods from the manufacturing industry to housing design and construction. This includes prefabricated building elements (such as walls, floors, or entire units) assembled in facilities separate from the project site, as well as technology like on-site 3D printing. HCD uses the term "factory-built housing" (FBH) to refer to the specific subset of IC focused on off-site prefabrication, such as panelized elements or volumetric modular units. This is distinct from manufactured housing units, which are similarly produced off-site but are governed by federal code and follow distinct market and regulatory dynamics. IC methods promise shorter timelines, greater predictability, improved quality control, and the potential for economies of scale. In theory, these efficiencies could translate into lower per-unit costs; reduced financing risk; and ultimately, greater housing supply.

Specific applications of off-site construction have documented savings of up to 20% on the cost of building a three or four-story wood-frame multifamily development, and projects with substantial off-site construction components can reduce timelines by between 40 and 50%.

Despite these advantages, factory-built construction has struggled to reach scale in the state. While there are successful projects and firms operating in California, the sector remains small relative to conventional site-built construction, with some estimates putting it as less than 5% of total new residential construction. This gap between technical potential and market reality suggests that the constraint is not simply whether factory-based methods can work, but whether the broader policy, regulatory, financial, and institutional environment will allow them to work.

Stakeholders consistently emphasize that the failure to scale can be traced back to the distinct barriers related to risk, certainty, and liability that IC faces. Factory-based production requires upfront capital, standardized processes, and predictable approvals; yet current regulatory and financing systems were largely designed around site-built construction and often introduce uncertainty, duplication, and misaligned incentives. As a result, some of the efficiencies that IC is meant to deliver are eroded by friction elsewhere in the development process.

The California Assembly convened a Select Committee on Housing Construction Innovation in late 2025. The Committee was tasked with understanding how the State can play a role in reducing the barriers that prevent innovative housing construction methods from achieving scale. To do this with a full understanding of the industry landscape, the Select Committee partnered with the Turner Center for Housing Innovation at UC Berkeley to conduct research with IC stakeholders and experts. Established in 2015, the Turner Center has become a leading voice in identifying, developing, and advancing innovative public and private sector solutions to the nation's most intractable housing challenges.

From November 2025 through early January 2026, Turner Center researchers spoke with more than 65 people familiar with the industry, including both 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. These conversations led to more than 75 policy ideas across seven broad themes, which were winnowed down to approximately 40 ideas. The research culminated in a report released in March 2026 entitled "Potential Pathways to Scale Innovative Construction Methods in California."

In the Turner Center report, one of the areas identified for future research is "Changes to California Escort Requirements for Factory-Built Housing." The researchers noted that one participant in their research found that California's rules for transporting large modules differ from those in neighboring states, particularly in requiring two California Highway Patrol escort vehicles to accompany units of a certain size on highways. The researchers then proceed to state that, "further research would be needed to understand the regulatory basis for the current escort requirements, appropriate levers for modifying them, and agencies and stakeholders that would need to be involved."

California road safety. California continues to experience a high level of roadway fatalities and serious injuries, with conditions on high-speed facilities, particularly the state highway system, representing a significant share of severe outcomes. According to the California Office of Traffic Safety, there were 4,061 traffic fatalities statewide in 2023, a decrease from 4,539 in 2022, though still historically elevated compared to pre-pandemic levels. The statewide fatality rate was approximately 1.26 deaths per 100 million vehicle miles traveled.

The state highway system, managed by Caltrans, comprises over 15,000 centerline miles and carries a disproportionate share of long-distance and high-speed travel, resulting in a higher severity of crashes relative to local streets. Crash data collected through Caltrans' annual highway reports indicate that highway collisions are more likely to result in fatalities or serious injuries due to higher travel speeds, longer trip lengths, and increased interaction with heavy vehicles.

Caltrans transportation permitting process. The Caltrans Transportation Permit Manual specifies four main types of special permits (transportation permits), single trip, repetitive, variance, and annual. Each of these is considered a type of special permit.

A single-trip permit is issued for a load or vehicle exceeding 8'-6" in width, 14' in height, or 80,000 pounds in weight, and is valid for one-way travel from Point A to Point B. The permit is valid for seven days and is good for one trip. Permit writers prepare a safe route by checking all horizontal and vertical clearances, as well as bridge weight restrictions. If the same route is used for multiple one-way trips, a repetitive permit may be issued for loads up to 12 feet wide, 14'-6" high, and 90 feet long. A repetitive permit is valid for up to 90 days. For loads exceeding 15 feet in width, 17 feet in height, or 135 feet in length, a variance permit is issued, which is a type of single trip permit. A variance permit may require a California Highway Patrol escort to move the load.

An annual permit is issued for a load or vehicle up to 12 feet in width, 14 feet in height, and 40 feet distance from kingpin to rear axle. These permits are valid for one year. Permit writers do not prepare a specific route; rather, permit holders may travel on all designated annual routes. Caltrans weekly notifies the hauler of any restrictions on those annual routes.

Regarding manufactured homes, annual permits are issued for loads up to 12 feet in width, 14 feet in height, and combined lengths up to 105 feet using California pilot car maps. These limits allow uniform statewide travel without requiring route-specific engineering review. A single-trip

permit is issued for manufactured homes between 12 and 16 feet in width because exceeding annual permit parameters (width, height, and length) requires verification of bridge clearances, overhead structures, turning radii, and overall route feasibility. When widths exceed 12 feet, heights exceed 14 feet, or lengths approach 120 feet, individual routing and clearance checks become necessary for safe operation. Expanding annual permit eligibility to the statutory maximums in the Vehicle Code (VEH 35790.1) would eliminate the operational boundary between permit types and undermine the safety foundation of the annual permit program.

Pilot cars. Escort vehicles play a critical role in identifying hazards, assisting lane positioning, warning the public, and ensuring drivers can safely navigate constrained or complex highway segments. Lane widths on highways in California range from 9 to 12 feet wide. Manufactured homes are often wider than the width of the lane they are travelling on, and the increased widths proposed in this bill exacerbate this issue.

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Committee comments. This bill attempts to remove the barriers identified by supporters of this bill that they contend would improve the efficiencies of transporting manufactured homes, factory-built housing, or commercial modular in and throughout California to assist in tackling the housing supply issue. Amendments were made to this bill in the Senate on August 21. The new provisions include establishing a stakeholder working group to identify inefficiencies and cost saving measures that aim to improve the transport of these three types housing structures in the future. It remains unclear why HCD is tasked with convening this working group in

coordination with Caltrans and CHP when the goal of the working group is specifically meant to address issues under the purview of the latter two agencies. Additionally, changing Caltrans' requirement to require pilot vehicles or CHP escort services for the transport of manufactured homes to be permissive may have unintended safety consequences and may be a subject better suited for discussion in the working group.

According to the Author

"California's housing crisis requires a creative solution to increase affordability and availability. Factory-built housing and manufactured homes offer an innovative approach to alleviating the housing shortage across our state. AB 2012 will lower transportation costs for manufactured homes and factory-built housing by allowing larger, more efficient housing modules to be shipped in California, while still maintaining safe conditions. This bill increases the allowable module width while reducing overly burdensome escort requirements. By modifying the current shipping procedures, we will significantly reduce the overall transportation costs and ensure more affordable housing options are available to Californians."

Arguments in Support

The California Housing Consortium, sponsors of this bill, write: "The UC Berkeley Turner Center for Housing Innovation recently released a report titled "Potential Pathways to Scale Innovative Construction Methods in California," which discusses opportunities for the state to adopt industrialized construction methods. It highlights the advantages of factory-built housing and summarizes some of the barriers that prevent the scaling of innovative construction strategies in California. The report also notes that stakeholders cited the high cost of transporting factory-built housing as a factor that places additional pressure on the industry.

AB 2012 brings factory-built housing under the state's annual permit system, eliminating the need for obtaining hundreds of individual shipping permits for a single factory-built project. The bill also clarifies that a special permit shall not be required to move a manufactured home if an annual permit has been obtained."

Arguments in Opposition

None on file.

FISCAL COMMENTS

Unknown.

VOTES:

ASM TRANSPORTATION: 13-0-3

YES: Wilson, Davies, Aguiar-Curry, Ahrens, Carrillo, Hart, Hoover, Jackson, Macedo, Papan, Ransom, Rogers, Sharp-Collins

ABS, ABST OR NV: Ávila Farías, Harabedian, Lackey

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Bauer-Kahan, Calderon, Caloza, Ellis, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 76-0-4

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Johnson, Kalra, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Jackson, Lee, Quirk-Silva, Celeste Rodriguez

UPDATED

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