

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 2058 (Harabedian) – As Amended March 19, 2026

**SUBJECT:** California Factory-Built Housing Law: inspection: permitting.

**SUMMARY:** Eliminates the requirement that local enforcement agencies enforce and inspect the installation of factory-built housing (FBH) and instead requires a first user of FBH to select either the local enforcement agency or a quality assurance agency (QAA) to enforce and inspect the installation, and caps the fees local enforcement agencies may charge for permits and inspections of FBH. Specifically, **this bill:**

- 1) Eliminates the requirement that local enforcement agencies enforce and inspect the installation of FBH.
- 2) Prohibits a local enforcement agency or QAA from disassembling, damaging, or destroying FBH while inspecting the installation of that FBH housing, as specified.
- 3) Requires a first user to choose to have either the local enforcement agency or a QAA, acting on behalf and subject to the supervision of the California Department of Housing and Community Development (HCD), enforce and inspect the installation of FBH.
- 4) Authorizes a local enforcement agency, by ordinance, to establish an inspection fee for the inspection of the installation of FBH.
- 5) Caps the fee in 4) to no more than 50% of the equivalent inspection fee for non-FBH.
- 6) Prohibits a local enforcement agency from charging an inspection fee if a first user chooses to have a QAA enforce and inspect the installation of FBH.
- 7) Prohibits a local enforcement agency from establishing any permitting fee related to FBH that exceeds 50% of the equivalent permitting fee for non-FBH.
- 8) Finds and declares that the provision of adequate housing, in light of the severe shortage of housing at all income levels in the state, is a matter of statewide concern and is not a municipal affair as the term is used in Section 5 of Article XI of the California Constitution, applies this bill to all cities, including charter cities.
- 9) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution. However, if the Commission on State Mandates determines that this bill contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

**EXISTING LAW:**

- 1) Establishes the California FBH Law. (Health and Safety Code (HSC) Section 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 destruction of the part, including units designed for use as part of an institution for resident or patient care, that is either wholly manufactured or 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 mobile home, a recreational vehicle, or a commercial modular, as specified. (HSC 19971)
- 3) Defines “design approval agency” (DAA) as a private organization meeting the requirements of HCD regulations to perform evaluation of FBH plans and specifications. (HSC 19969.3)
- 4) Defines “first user” as the person, firm, or corporation who initially install FBH within this state. Excludes from the definition of first user a person who subsequently purchases a building which wholly or partially consists of FBH. (HSC 19972)
- 5) Defines “QAA” as a private organization meeting the requirements specified in regulations of HCD to perform in-plant inspections of the construction of FBH. (HSC 19976.05)
- 6) Deems all FBH bearing an Insignia of Approval, as specified, to comply with the requirements of all ordinances or regulations enacted by any city, county, city and county, or district which may be applicable to the construction of housing, except as specified. (HSC 19981(a))
- 7) Requires local enforcement agencies to enforce and inspect the installation of FBH and requires the installation of FBH to be conducted in accordance with the requirements of the State Building Standards Code and State Housing Law relating to FBH. (HSC 19992)
- 8) Reserves to local jurisdictions local use zone requirements, local snow load requirements, local wind pressure requirements, local fire zones, building setback, side and rear yard requirements, site development and property line requirements, as well as the review and regulation of architectural and aesthetic requirements. (HSC 19993)
- 9) Prohibits those local requirements imposed on FBH from varying substantially from the requirements imposed on other residential buildings of similar size. (HSC 19993)
- 10) Authorizes HCD to provide by regulation for the qualification and disqualification of QAAs to perform inspections of FBH manufacturers, acting on behalf and under the supervision of HCD. (HSC 19991.4)

**FISCAL EFFECT:** This bill is keyed fiscal and contains a state-mandated local program.

**COMMENTS:**

- 1) **Bill Summary.** This bill 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 QAA to enforce and inspect the installation.

This bill authorizes a local enforcement agency to establish an inspection fee for the inspection of the installation of FBH and caps the fee at no more than 50% of the equivalent inspection fee for non-FBH. A local enforcement agency shall not charge an inspection fee if a first user chooses to have a QAA enforce and inspect the installation of FBH. This bill also prohibits a local enforcement agency from establishing any permitting fee related to FBH that exceeds 50% of the equivalent permitting fee for non-FBH.

This bill also prohibits a local enforcement agency or QAA from disassembling, damaging, or destroying FBH while inspecting the installation of that FBH. This bill applies to all cities, including charter cities.

This bill is sponsored by the author.

- 2) **Author's Statement.** According to the author, "The housing crisis in California is making life increasingly unaffordable for families, young adults, and working communities, and it is forcing many people to leave the state simply because they cannot find a home within their budget. Factory-built homes offer a solution by getting homes built faster and cheaper, but current laws allow unnecessary inspections, delays, and high fees that drive up costs and slow construction. AB 2058 will streamline inspections, protect homes from damage during installation, and reduce permitting fees, making it faster and more affordable to bring these homes to Californians. By removing these barriers, the bill will help more people to achieve the dream of homeownership.
- 3) **Police Power.** The California Constitution allows cities and counties to "make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws." It is from this fundamental power (commonly called the police power) that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public—including land use authority.
- 4) **Building Codes.** The California Building Standards Code (Title 24 of the California Code of Regulations) contains building standards and regulations as adopted by the CBSC. These standards include, among other requirements, structural standards for building safety (the Building Code), fire safety standards (the Fire Code), energy efficiency standards (the Energy Code), and standards for green buildings (CalGreen). The CBSC updates the Building Standards Code on a three-year cycle—the CBSC published new standards that went into effect on January 1, 2023. Once adopted at the state level, cities and counties in California then enact an ordinance to adopt the codes. Improvements to existing buildings must comply with the current building codes, and may trigger additional code upgrades for other parts of the building.
- 5) **Building Permit Approvals.** A builder may need a range of administrative permits from the local agency to actually complete the work to construct or modify a building. These permits can include building permits and other permits for: demolition; grading; excavation;

electrical, plumbing, or mechanical work; encroachment in the public right-of-way; roofing; water and sewer connections or septic systems; fire sprinklers; and home occupations.

City and county building departments enforce the provisions of the State Housing Law, the California Building Standards Code, and local zoning codes that specify the allowable forms and uses of buildings within a city or county's jurisdiction. Within building departments, the positions responsible for evaluating building permits for compliance include building officials, inspectors, plan checkers, and civil engineers. State Housing Law also allows local agencies to hire private entities on a temporary basis to perform plan checking services. Some agencies contract out a portion of their workload during especially busy times, or certain portions of the building permit review process, such as reviewing compliance with energy efficiency requirements. Other local agencies contract out nearly all plan checking functions to a private firm.

- 6) **The Permit Streamlining Act (PSA).** The PSA requires public agencies to act fairly and promptly on applications for development proposals. Under the PSA, public agencies have 30 days to determine whether applications for development projects are complete and request additional information; failure to act results in an application being "deemed complete." The PSA applies to the discretionary approval phase of a development review process; this is the phase where the agency, in its discretion, decides whether it approves of the concept outlined in the development proposal. Because the local agency is exercising discretion, these approval decisions are subject to CEQA. Discretionary permits often apply to new developments, significant renovation, or changes in use that may impact the community. Tenant improvements may or may not require discretionary permits.
- 7) **Post-entitlement Permits.** A development proposal that does not require any discretionary approvals, or has been approved and entitled by a local agency, is still required to obtain approval for a range of post-entitlement permits, including building, health, and safety permits. This stage of the review process is often ministerial, as these post-entitlement permits are typically objective in nature.

In order to expedite this stage of the development approval process for housing developments, AB 2234 (Robert Rivas), Chapter 651, Statutes of 2022, established parameters for a local agency's review of non-discretionary post-entitlement phase permits, including requiring a local agency to determine whether an application for a post-entitlement building permit is complete within 15 days of the agency receiving the application. Post-entitlement building permits must be approved by local agencies within 30 days for small housing development projects and 60 days for large housing development projects.

AB 1114 (Haney), Chapter 753, Statutes of 2023, expanded the post-entitlement permits subject to the expedited review process and timelines established by AB 2234 to include all building permits and other permits issued under the California Building Standards Code, or any applicable local building code for the construction, demolition, or alteration of buildings, whether discretionary or nondiscretionary.

AB 301 (Schiavo and Rivas), Chapter 488, Statutes of 2025, extended these post-entitlement phase permitting provisions to state agencies.

- 8) **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 streams to better align with the realities of FBH; and
- address negative perceptions of industrialized construction through education and data.

Stakeholders identified instances in which building elements were inspected by local jurisdictions despite having already been reviewed during the in-factory inspection process by HCD-approved QAAs, per HCD guidelines. The Turner Center's white paper identified consensus among stakeholders for consolidated review and inspection authority at the state level, though less consensus on the form of such consolidated review. One potential policy identified by some stakeholders was to allow third-party inspectors, hired by the project developer, to perform on-site inspections. Some stakeholders noted that allowing FBH projects to use third-party inspectors for an entire project, including on-site work, would reduce local friction and may increase efficiency.

- 9) **Factory Built Housing.** 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.

- 10) **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 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 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.

Existing law establishes three primary responsibilities of local governments related to the installation of FBH. These include plan review of the portions of the project that are not designated as FBH or have not been approved previously by HCD or an HCD third-party agency, permit issuance and inspection of the installation and assembly of FBH units at the building site, and an authority to establish an inspection fee for the inspection involved in the installation of the FBH structure. Local agencies maintain authority over a variety of post-manufacture elements of these projects (for example, snow load, wind pressure, building setback, and architectural requirements) and are also responsible for inspecting and approving the installation of the FBH at the project site. Local building standards related to local conditions are incorporated into the design of FBH units in factory. During installation, local inspectors verify the presence of the HCD insignia and inspect on-site assembly and non-factory components.

- 11) **In-plant Inspections.** The inspection of FBH manufactured products may be made either by HCD, third-parties approved by HCD, or local building departments that are specifically approved by HCD. These agencies conduct in-plant inspections to monitor the manufacturer's compliance with approved plans and the applicable California Building Standards Code. Under existing law, city and county building departments may request a reciprocity agreement with HCD to conduct in-plant inspections within their jurisdiction.
- 12) **QAAs.** Existing law allows these private organizations, on behalf of HCD, to perform in-plant inspections of FBH once certified by HCD and subjects QAAs to other requirements related to reporting and certification outlined in the California Code of Regulations. As part of an application for certification, QAAs must include a statement under penalty of perjury

that the agency is not under the control or jurisdiction of any manufacturer or supplier for any industry affected by the California FBH law, except by contract approved by HCD. QAAs must report and maintain written reports of all inspection activities and submit monthly reports to HCD that summarize inspection activity conducted in the previous month with information about the manufacturer's quality control program and the number of units with FBH insignia, among other requirements. QAAs must also notify HCD of any discovery of units shipped from factory without required inspection or insignia within 24 hours of discovery.

- 13) **Assembly and Installation of FBH.** Existing law requires local enforcement agencies to enforce and inspect the installation of FBH. Regulations require a manufacturer of FBH with plan approval to provide two sets of the approved FBH plans to the installer. The installer must provide one set of the approved plans to the local enforcement agency prior to installation. The plan includes a list of the installation work to be done on-site. Local enforcement agencies are required to accept plans approved by HCD or a DAA for purposes of issuing an installation permit after determining the design criteria are consistent with the requirements for the local jurisdiction.

- 14) **Related Legislation.** AB 1621 (Wilson) makes several changes to law governing the approval and issuance of post entitlement phase permits by state and local agencies for housing development projects. AB 1621 is pending in the Appropriations Committee.

AB 1693 (Zbur) requires a local building department to allow a qualified professional certifier to certify compliance with applicable building, health, and safety codes for a tenant improvement relating to a retailer. AB 1693 is pending in the Business and Professions committee.

AB 2418 (Mark González) requires, until January 1, 2037, local agencies to contract with or employ, or allow an applicant to retain, a private provider to check plans and specifications for specified nonresidential buildings if there is an excessive delay in the local agency's estimate or performance of this function; specifies requirements for fees that local agencies may prescribe for nonresidential building permits; and, requires inspections of specified nonresidential buildings or structures to be conducted within 10 business days of a notice of completion of permitted work for those projects. AB 2418 is pending in the Judiciary Committee.

- 15) **Previous Legislation.** AB 253 (Ward), Chapter 487, Statutes of 2025, allowed, until January 1, 2036, an applicant for specified residential building permits to contract with or employ a private professional provider to check plans and specifications if the county or city estimates a timeframe for this plan-checking function that exceeds 30 days, or does not complete this plan-checking function within 30 days.

AB 301 AB 301 (Schiavo), Chapter 488, Statutes of 2025, established specific timeframes for state departments to review and approve any required permits and approvals in the post-entitlement phase for housing development projects.

AB 660 (Wilson) would have various changes to the time limits and procedures for local agency review and approval of post-entitlement permits. AB 660 was held in the Senate Appropriations Committee.

AB 671 (Wicks), Chapter 470, Statutes of 2025, required a local building department or permitting department to allow a qualified professional certifier to certify compliance with applicable building, health, and safety codes for a tenant improvement relating to a restaurant.

AB 1007 (Blanca Rubio), Chapter 502, Statutes of 2025, expedited timelines for approval or disapproval by a public agency acting as the "responsible agency" for residential and mixed-use development projects.

AB 1308 (Hoover), Chapter 509, Statutes of 2025, required the building department of every city or county to conduct an inspection of permitted work within 10 business days of receiving notice of the completion of permitted work authorized by a building permit issued for specified housing projects.

AB 281 (Grayson and Robert Rivas), Chapter 735, Statutes of 2023, required special districts to comply with specified timeframes, similar to those for cities and counties, when reviewing and approving post-entitlement phase permit applications from housing developers.

AB 1114 (Haney), Chapter 753, Statutes of 2023, expanded the scope of post-entitlement phase permits subject to mandated processing timelines and other requirements to include discretionary permits.

AB 2234 (Robert Rivas), Chapter 651, Statutes of 2022, required local agencies to process non-discretionary permits within 30 days for small housing development projects and 60 days for large housing development projects.

16) **Arguments in Support.** The California Housing Consortium writes in support, "The UC Berkeley Turner Center for Housing Innovation recently released a report titled 'Potential Pathways to Scale Innovative Construction Methods in California,' which explores opportunities to adopt industrialized construction methods, including factory-built housing, in California. Factory-built housing, where substantial portions of a home are built off-site and installed on-site, can reduce construction costs and accelerate construction timelines. However, the report states that stakeholders have noted that the dual inspection framework that exists for factory-built housing stands as a barrier to scaling its use. Under the current framework, the state conducts in-factory inspections and local jurisdictions conduct on-site inspections. In some cases, local jurisdictions inspect building components that have already been reviewed in the factory by the State. Current law allows redundant inspections, the disassembly of homes during installation, and excessive permitting fees – all of which slow construction and raise costs. AB 2058 addresses these barriers by protecting factory-built housing units during inspections to prevent disassembly or damage, allowing developers to choose whether a local agency or a third-party quality assurance agency conducts the inspection, and capping inspection and permitting fees to make installation more affordable. These changes reduce unnecessary delays while maintaining safety standards and facilitating the use of factory-built housing in California."

17) **Arguments in Opposition.** None on file.

18) **Double-Referral.** This bill is double-referred to the Housing and Community Development Committee, where it passed on a 12-0 vote on April 15, 2026.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Abundant Housing Los Angeles  
Aids Healthcare Foundation  
Autodesk, INC.  
California Council for Affordable Housing (CCAH)  
California Housing Consortium  
California Yimby  
SPUR  
Student Homes Coalition

**Opposition**

None on file

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