

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS  
 Buffy Wicks, Chair  
 AB 2058 (Harabedian) – As Amended March 19, 2026

Policy Committee:	Housing and Community Development	Vote:	12 - 0
	Local Government		10 - 0

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

**SUMMARY:**

This bill allows a first user of factory-built housing (FBH) to use either the local enforcement agency or a quality assurance agency (QAA) to enforce and inspect the installation. This bill also limits inspection and permitting fees charged by a local agency to 50% of the equivalent fees for non-FBH.

Specifically, this bill:

- 1) Deletes the requirement that local enforcement agencies enforce and inspect the installation of FBH and instead allows a first user of FBH to choose 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), to 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) Authorizes a local enforcement agency to establish by ordinance an inspection fee for the inspection of the installation of FBH, not to exceed 50% of the equivalent inspection fee for non-FBH.
- 4) 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.
- 5) Prohibits a local enforcement agency from establishing a permitting fee related to FBH that exceeds 50% of the equivalent permitting fee for non-FBH.

**FISCAL EFFECT:**

- 1) HCD anticipates significant and complex workload to implement and administer the process of certifying QAAs and overseeing administrative operations of certified inspectors, compliance, and enforcement.

Specifically, to implement the program HCD estimates General Fund costs of \$1.33 million in fiscal year 2027-27 and \$1.09 million annually thereafter for five additional positions, IT infrastructure, and administrative overhead. Staff would be responsible for the development of program standards, including stakeholder engagement; certification of QAAs; oversight of installation inspections and complaint investigations; and providing ongoing technical assistance and support.

Included in the first-year estimate are one-time costs to implement required system changes of approximately \$180,000, inclusive of analysis, design, development, testing, and ongoing support, as well as estimated costs of approximately \$60,000 for reporting development related to QAA activity and installation inspections.

HCD observes this bill identifies no funding. It also contends existing QAA-related fee authority cannot support the significant staffing and resources needed for oversight and enforcement and other requirements of the bill. For these reasons, HCD concludes it will need ongoing General Fund support to implement the bill.

- 2) Ongoing local agency costs, potentially significant statewide, to the extent the fee caps proposed in the bill do not allow a local agency to fully recover the costs of its permitting or inspection functions for FBH. Additional one-time costs to local agencies of an unknown amount to make administrative changes to their FBH inspection programs. These costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates (General Fund).

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:

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, but current laws allow unnecessary inspections, delays, and high fees that drive up costs and slow construction. [This bill] 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.

- 2) **Background. *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 then transporting those components or structures to the construction site, where they are installed and fixed to a building foundation. Under the California Factory-Built Housing Law, HCD maintains building code and plan approval authority over FBH.

HCD contracts with various QAAs who perform third-party review and approval of FBH designs according to regulations established by HCD and the building standards governing FBH. HCD also approves QAAs that inspect FBH during the production phase in the manufacturing facility or offsite.

Under existing law local governments are responsible for permit issuance and inspection of the installation and assembly of FBH units at the building site. Local governments have authority to establish an inspection fee for the inspection of the installation of the FBH

structure. 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.

***Assembly Select Committee on Housing Innovation (Select Committee).*** The Select Committee was established in 2025 to explore the state's role in reducing housing costs through facilitating innovation in housing construction. 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 produced a white paper detailing seven categories of approximately 40 policy proposals identified by stakeholders as potential pathways to reducing barriers to accelerating industrialized construction, including FBH, at scale.

Included among the policy recommendations for FBH, was allowing third-party inspectors, hired by the project developer, to perform on-site inspections. This bill implements that recommendation.

- 3) **Related Legislation.** AB 1815 (Wicks), of this legislative session, prohibits a city or county from imposing or enforcing building standards that exceed state building standards in the California Building Standards Code on a housing project that utilizes FBH, as specified. AB 1815 is pending in this committee.

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