

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2185 (Quirk-Silva) – As Amended March 19, 2026

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

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

SUMMARY:

This bill requires relevant state agencies, when administering multifamily affordable housing programs, to clarify that factory-built housing (FBH) projects are an allowable use of funding under these programs.

Specifically, this bill:

- 1) Requires the California Housing and Homelessness Agency (HHA), the California Housing Finance Agency (CalHFA), the California Debt Limit Allocation Committee (CDLAC), and the California Tax Credit Allocation Committee (TCAC), no later than July 1, 2027, when administering a multifamily affordable housing program, as specified in the bill, to do the following:
 - a) Review, analyze, and make any changes necessary to their guidelines and regulations to facilitate the production and use of FBH.
 - b) Clarify that FBH projects are an allowable use of funding under these programs.
 - c) To the extent the agency directly funds the multifamily affordable housing program project, whether for construction financing, permanent financing, or both, make sufficient early deposits available for FHB projects as an allowable use of funding under each of these programs to support the upfront payments needed to cover material costs and factory production.

FISCAL EFFECT:

Minor and absorbable costs to the State Treasurer's Office (TCAC and CDLAC), CalHFA, and HCD.

COMMENTS:

- 1) **Purpose.** According to the author:

California cannot solve its housing crisis with yesterday's tools. Factory-built housing can lower costs and deliver homes faster, but our state programs have not kept up. When funding structures delay projects instead of supporting them, we lose time, we lose units, and we lose opportunities for families who need housing now. [This bill]

updates our affordable housing programs in line with how homes are actually being built today. It removes barriers, supports innovation, and helps us build more affordable housing at the scale California needs.

- 2) **Background. *FBH*.** FBH, also 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.

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.

One of the Turner Center's recommendations was to use state funding programs to help create more predictable demand for newly built FBH products. This bill incorporates this recommendation by requiring the state's housing agencies to review and analyze their guidelines and regulations for the affordable housing programs they administer and make changes necessary to facilitate the production and use of FBH.

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