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**SENATE COMMITTEE ON HOUSING**  
**Senator Aisha Wahab, Chair**  
**2025 - 2026 Regular**

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<b>Bill No:</b>	AB 557	<b>Hearing Date:</b>	7/15/ 2025
<b>Author:</b>	McKinnor		
<b>Version:</b>	4/24/2025 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Ryan Hardmeyer		

**SUBJECT:** California Factory-Built Housing Law

**DIGEST:** This bill allows for the reuse of certain plans or specifications for factory-built housing (FBH) if the plans for an individual unit have previously been approved by the Department of Housing and Community Development (HCD) or a qualified design approval agency, as specified.

**ANALYSIS:**

*Existing law:*

- 1) Under California Building Standards Code (BSC), establishes “the minimum requirements to safeguard the public health, safety and general welfare through structural strength, means of egress facilities, stability, access to persons with disabilities, sanitation, adequate lighting and ventilation and energy conservation; safety to life and property from fire and other hazards attributed to the built environment; and to provide safety to fire fighters and emergency responders during emergency operations.”
- 2) Establishes the California Factory-Built Housing Law, which defines FBH as a residential building, dwelling unit, individual dwelling room, or combination of rooms, or building components, assembly, or system manufactured so that all concealed parts or processes of manufacturing cannot be inspected before installation.
  - a) “Building component” means any subsystem, subassembly, or other system designed for use in, or as part of, a structure, which may include structural, electrical, mechanical, plumbing, and fire protection systems and other systems affecting health and safety. However, “building component” does not include appliances or equipment, such as heaters, stoves, refrigerators, or air conditioners, listed and labeled by an approved testing and listing agency.

- b) “Building system” means plans, specifications, and documentation for a system of manufactured building, or for a type or a system of building components, which may include structural, electrical, mechanical, plumbing, and fire protection systems and other systems affecting health and safety, including variations which are submitted as part of the building system.
  - c) “Design approval agency” is a private organization meeting the requirements of department regulations to perform evaluation of factory-built housing plans and specifications.
- 3) Requires all FBH manufactured after the effective date of the FBH building standards adopted under the California Factory-Built Housing Law that is sold or offered for sale to first users within California to bear insignia of approval issued by HCD.
  - 4) Requires all FBH bearing an insignia of approval to be deemed to comply with the requirements of all ordinances or regulations enacted by any city, county, or district that may be applicable to the construction of housing.
    - a) The insignia informs local building officials that the unit has been inspected and approved in accordance with the approved plans, which must be submitted to the local agency.
    - b) Installation of factory-built housing or building components is subject to inspection by the local building department.
  - 5) Requires HCD to regulate the qualification and disqualification of DAAs, which performs approvals of FBH plans and specifications. The approval of DAAs is deemed to be the equivalent of HCD approval.
  - 6) Prohibits a city, county, or district from requiring submittal of plans for any FBH manufactured or to be manufactured under the FBH Law for purpose of determining compliance with the FBH Law or regulations, or for determining compliance with any local construction requirement, except as specified.

**This bill:**

- 1) Requires HCD to approve plans or specifications of FBH by unit serial number and allows those same plans to be used in subsequent development projects within the same triennial Building Standards Code cycle.

- 2) Requires HCD or a qualified DAA to limit its review of new plans or specifications for FBH to the portions of plans or specifications that have not received prior approval and have not been previously issued a unit serial number or numbers within the same triennial building code cycle.
- 3) Requires HCD, if no modifications or changes have been made to FBH building standards in a subsequent building code cycle, to allow for the reuse of previously approved plans or specifications with a unit serial number for the subsequent building code cycle.

## Background

*California Building Standards and FBH.* HCD protects the health and safety of Californians by enforcing standards for housing construction, maintenance of farmworker housing, and manufactured/factory-built homes. FBH is a residential building, dwelling unit, individual dwelling room, or combination of rooms, or building components, assembly, or system manufactured so that all concealed parts or processes of manufacturing cannot be inspected before installation. Once assembled onsite, there is no practical difference between FBH and site-built residential structures. HCD oversees implementation of the California Factory-Built Housing Law to ensure the health and safety of persons using or purchasing FBH or FBH building components. The program seeks to provide California residents with reduced housing costs through mass production techniques resulting from a factory production environment.

For FBH, HCD pre-inspects units prior to shipment to placement sites to ensure compliance with BSC. All FBH components and systems offered for sale within the state to first users (meaning a person, firm or corporation who initially installs a factory-built home or component) must bear an insignia of approval issued by HCD and confirmed by a DAA upon installation of the unit(s). DAAs are responsible for approving FBH plans and specifications for the housing project.

## Comments

- 1) *Author's Statement.* "Delays in the local government approvals process for housing developments are cited as a significant constraint restricting the housing production pipeline. Projects utilizing factory-built housing (FBH) face unnecessary obstacles in the post-entitlement permitting process. Existing California Factory-Built Housing Law only allows for full building approval and does not allow for individual units to be pre-approved. When submitting a new project's factory-built units for state-level permitting approvals, all units must be reviewed and approved for a new permit, even if the units are the same unit models as previously approved for another project. Under existing

practice, each individual project is required to be reviewed anew in its entirety, whether or not the factory-built unit models utilized within have been previously approved by the agency. This means that unchanged, identical approved unit models are being needlessly reviewed from the beginning on all subsequent projects that use them, adding unnecessary time and expense in the plan check and inspection process. AB 557 will limit the review of factory-built plans in all projects to only the portions that have not received prior approval, allowing for the reuse of previously-approved FBH unit models in new projects without requiring new reviews.”

- 2) *Where can FBH be built?* FBH may be installed where other similar types of dwelling units are zoned. State 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.
- 3) *HCD’s role in approving FBH.* Unlike other housing development projects, the state plays a much larger role in the regulation and approval of FBH and statutorily limits the role for locals, unless the local government is permitted to assume more responsibility. With regards to FBH, HCD is responsible for the following:
  - a) Plan check of FBH designs through HCD-approved Design Approval Agency (DAA).
  - b) Conduct in-plant inspections of FBH through HCD-approved DAAs.
  - c) Issue HCD’s Insignia of Approval and oversee insignia record-keeping.
  - d) Review applications for eligibility to act as a DAA and perform plan checking on behalf of HCD.
  - e) Review applications for eligibility to act as a DAA or Quality Assurance Inspector (QAI) performing in-plant inspections on behalf of HCD.
  - r) Monitor DAAs, QAIs, and local building departments for compliance.
  - g) Handle complaints and investigations.

Plan approval is required for every model or design of FBH and building component that is designated for sale in California. Design approval is performed by a third-party Design Approval Agency (DAA), which is certified and monitored by HCD. The DAA reviews the FBH designs and supporting calculations to ensure compliance with the requirements of the California Building Standards Code (BSC) and relevant FBH regulations. Approved designs must also provide a document describing in detail all of the installation and assembly methods required onsite in order to clarify the onsite inspection responsibilities of the local building departments. HCD also pre-inspects units prior to shipment to placement sites to ensure compliance with BSC. All FBH components and systems offered for sale within the state to first users (meaning a person, firm or corporation who initially installs a factory-built home or component) must bear an insignia of approval issued by HCD and confirmed by a DAA upon installation of the unit(s). DAAs are responsible for approving FBH plans and specifications for the housing project.

- 4) *In-plant inspections.* In-plant inspections ensure FBH and modular buildings meet state codes and standards during the manufacturing process. The inspection of FBH may be made either by: 1) HCD, 2) third parties approved by HCD; or, 3) city or county building departments that are specifically approved by HCD. HCD may certify an FBH Quality Assurance Agency (QAA) or local building department to act on its behalf. These agencies conduct in-plant inspections to monitor the manufacturer's compliance with HCD-approved plans and CBSC.

City or county building departments may request a reciprocity agreement with HCD to conduct in-plant inspections of FBH products that are manufactured within the political limits of their jurisdiction. The authority having jurisdiction must first enact an ordinance in this regard, then seek approval from HCD in order for HCD to qualify inspections of FBH in manufacturing facilities located within their political boundaries and jurisdiction.

- 5) *Current responsibilities of local governments.* State laws establish three limited roles for local governments in the FBH approval process:
- a) Review portions of project plans either not designated as FBH, or that have not been previously approved by HCD or an HCD-designated agency.
  - b) Issue permits and inspect the installation and assembly of FBH units at the building site in its jurisdiction.

- c) By ordinance, the locality may establish an inspection fee for the inspection involved in the installation of the FBH structure.

Local governments *cannot* require review of any FBH plans — though they may review portions of the development that are not designated as FBH — or charge plan check fees when plans have already been approved by HCD or an HCD-approved third-party DAA. State law does authorize local governments to prescribe “local zoning requirements, local snow load requirements, local wind pressure requirements, local fire zones, building setbacks, side and rear yard requirements, site development and property line requirements, as well as the review and regulation of architectural and aesthetic requirements.”

However, all other aspects of the overall project plan approval lie with HCD.

- 6) *Who’s in charge?* The sponsors of the bill describe a duplicative approval process, where they must receive approval to install the same FBH model unit across different project sites. To that end, this bill would allow HCD to review an individual model unit once during the building standards triennial cycle, and a manufactured housing developer could then use that model for any subsequent project in any project configuration without additional HCD approval. In other words, this bill, as written, would eliminate HCD building standard review of a subsequent FBH development for the development as a whole, if HCD has previously approved a single model unit previously, without requiring any other agency to assume that duty. As a policy matter, and as is required for all other housing developments in the state, each individual development should be subject to review for compliance with state and local building codes. This is because each housing project configuration could require different plumbing, electrical, sanitation, accessibility, energy, or other health and safety requirements. Additionally, a different project site could be in flood plain or on a fault line and thus subject to unique seismic development requirements, or present a number of different challenges.

While an individual FBH unit may be suitable for one site under one project configuration and under specific plan approvals submitted to HCD, one individual unit approved in another project may not be suitable or representative of the plans for an entirely different project for another due to these concerns.

The author’s stated goal is to streamline FBH approvals and authorize approved models across housing projects. To do so, however, would require a comprehensive review of the permitting process and the inclusion of stakeholders to come up with alternative processes and proposals that do not completely eliminate health and safety standards.

**Instead of the bill in print, the committee may wish to consider requiring HCD to conduct a study and report back to the Legislature by the end of 2026 on how best to achieve the objectives of the author, and even consider additional changes beyond what is contemplated in this bill to encourage FBH construction. The study could include the following:**

- a) HCD shall conduct a study of existing approval processes for factory built housing units at the state and local levels and provide recommendations to the Legislature by December 31, 2026 for how to best streamline those approvals.**
- b) HCD shall receive input in the study from relevant stakeholders, including but not limited to, manufactured housing developers, affordable housing developers, local agencies, and state and local building officials.**
- c) The study shall include, but not be limited to, recommendations related to the following:**
  - (1) Changes to state and local factory built approval processes to reduce model unit approval timelines.**
  - (2) Changes to state and local factory built housing approval processes that provide flexibility to use approved design model serial codes across projects.**
  - (3) Changes to state and local approval processes to provide flexibility to use previously approved models from one triennial cycle to another.**
- d) The study shall also consider processes to allow developers to identify previously approved model unit serial codes.**

#### **Related/Prior Legislation**

**AB 1332 (J. Carillo, Chapter 759, Statutes of 2023)** — required each local agency, by January 1, 2025, to develop a program for the preapproval of ADU plans and for the ministerial approval of ADU applications utilizing a plan for an ADU that has been preapproved by the local agency within the current triennial building standards code cycle.

**FISCAL EFFECT:** Appropriation: No    Fiscal Com.: Yes    Local: Yes

**POSITIONS:** (Communicated to the committee before noon on Wednesday, July 9, 2025.)

**SUPPORT:**

Inner City Law Center  
Zillow Group

**OPPOSITION:**

None received.

**-- END --**