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AB-557 California Factory-Built Housing Law. (2025-2026)

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AMENDED IN ASSEMBLY APRIL 24, 2025

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 557

Introduced by Assembly Member McKinnor

February 12, 2025

An act to amend ~~Sections 19980, 19981, 19991, 19991.2, 19991.3, 19992, 19993, 19995, and 19997 of, to add Section 19970.5 to, to repeal Sections 19975.1 and 19991.1 of, and to repeal and add Section 19975 of, Section 19980~~ the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 557, as amended, McKinnor. California Factory-Built Housing Law.

Existing law, the California Factory-Built Housing Law, requires all factory-built housing after a specified date that is sold or offered for sale to first users within the state to bear insignia of approval issued by the department, deems that housing to comply with the requirements of all ordinances or regulations enacted by any city, city and county, county, or district that may be applicable to the construction of housing, as specified, and prohibits a city, city and county, county, and district from requiring submittal of plans for any factory-built housing manufactured, or to be manufactured pursuant to these provisions, as specified. ~~The law requires the Department of Housing and Community Development to enforce its provisions, except for in plant inspections of the manufacture and installation of factory built housing by local enforcement or inspection agencies, as specified.~~ Existing law requires the department to provide by regulation for the qualification and disqualification of design approval agencies to perform approval of factory-built housing plans and ~~specification and of quality assurance agencies to perform inspections of factory built housing.~~ ~~Existing law~~ *specifications and* makes approval by these agencies the equivalent of department approval. ~~The law requires the department to adopt rules and regulations to interpret and make specific these provisions, as specified.~~ The law provides that any person who violates any of these provisions and other specified law is guilty of a misdemeanor, as specified.

This bill would ~~expand the application of the California Factory-Built Housing Law to include the inspection and approval of factory-built developments, defined to mean any development project that uses factory-built housing for at least 50% of the residential square footage of the project. The bill would remove the inspection and enforcement duties on local governments and~~

~~would require the department to provide by regulation for the qualification and disqualification of installation inspection agencies, as defined and specified. The bill would additionally authorize licensed architects, under penalty of perjury, to approve factory-built housing and factory-built development plans and specifications on behalf of the department. The bill would require plans or specifications of factory-built housing approved pursuant to these provisions to be approved by unit serial number, as specified. The bill would make conforming changes: number and would authorize the approved plans or specifications to be used in subsequent development projects unless building standards relating to factory-built housing are modified, as specified. The bill would require the department and the design approval agencies to limit their review to the portions of a plan or specification that has not already received approval, as specified.~~ By expanding the scope of ~~of existing crimes, an existing crime~~, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

~~SECTION 1. Section 19970.5 is added to the Health and Safety Code, to read:~~

~~19970.5. "Factory-built development" means a development project that uses factory-built housing for at least 50 percent of the residential square footage of the project.~~

~~SEC. 2. Section 19975 of the Health and Safety Code is repealed.~~

~~SEC. 3. Section 19975 is added to the Health and Safety Code, to read:~~

~~19975. "Installation inspection agency" means a private organization meeting the requirements of department regulations to perform inspections of the installation of factory-built housing and the construction of factory-built developments.~~

~~SEC. 4. Section 19975.1 of the Health and Safety Code is repealed.~~

SEC. 5. SECTION 1. Section 19980 of the Health and Safety Code is amended to read:

19980. (a) Any factory-built housing manufactured after the effective date of the building standards published in the State Building Standards Code and the other regulations adopted pursuant to Chapter 4 (commencing with Section 19990) of this part, which is sold or offered for sale to first users within this state, ~~and any factory-built development constructed on or after January 1, 2026,~~ shall bear insignia of approval issued by the department.

(b) Any plans or specifications of factory-built housing approved by the department pursuant to this part shall be approved by unit serial number ~~for use in any development project~~ and may be used in subsequent development projects ~~without receiving approval for each project in which that unit design is used.~~ *pursuant to this subdivision:*

(1) A plan or specification that has been approved by the department and issued a unit serial number or numbers may be used in any subsequent development project within the same triennial building code cycle in which the plan or specification received its initial approval.

(2) A plan or specification that has been approved by the department and issued a unit serial number or numbers may be used in any subsequent development project in a subsequent triennial building code cycle provided that no modification has been made to the building standards relating to factory-built housing adopted pursuant to this part since the plan or specification received its initial approval.

(c) The department, or a qualified design approval agency acting pursuant to Section 19991.3, shall limit its review of new plans or specifications for factory-built housing to the portions of those plans or specifications that have not been approved for use in that triennial building code cycle pursuant to subdivision (b).

~~SEC. 6. Section 19981 of the Health and Safety Code is amended to read:~~

~~19981. (a) All factory-built housing or factory-built developments bearing an insignia of approval pursuant to Section 19980 shall be deemed to comply with the requirements of all ordinances or regulations enacted by any city, city and county, county, or district that may be applicable to the construction of housing. A city, city and county, county, or district shall not require submittal of plans for any factory-built housing manufactured, or to be manufactured, or factory-built development constructed, or to be constructed,~~

~~pursuant to this part for the purpose of determining compliance with this part or the regulations promulgated thereunder, or for determining compliance with any local construction requirement, except as provided in Section 19993.~~

~~(b) Any factory-built housing or factory-built development bearing a department insignia of approval pursuant to Section 19980 shall not be in any way modified prior to, or during, installation unless approval is first obtained from the department.~~

~~SEC. 7. Section 19991 of the Health and Safety Code is amended to read:~~

~~19991. The department shall enforce every provision of this part, the building standards published in the State Building Standards Code relating to factory-built housing, and the other regulations adopted pursuant to this part.~~

~~SEC. 8. Section 19991.1 of the Health and Safety Code is repealed:~~

~~SEC. 9. Section 19991.2 of the Health and Safety Code is amended to read:~~

~~19991.2. The department shall make in-plant inspection of all factory-built housing in all places of manufacture.~~

~~SEC. 10. Section 19991.3 of the Health and Safety Code is amended to read:~~

~~19991.3.(a) The department shall provide by regulation for qualification and disqualification of design approval agencies to perform approval of factory-built housing and factory-built development plans and specifications, and the approvals of those agencies shall be deemed the equivalent of department approval. The regulations for qualification of design approval agencies shall specifically provide for the absence of any conflict of interest between manufacturers and design approval agencies and for department oversight of design approval agency performance.~~

~~(b) An architect licensed pursuant to Chapter 3 (commencing with Section 5500) of Division 3 of the Business and Professions Code may perform approval of factory-built housing and factory-built development plans and specifications under penalty of perjury. Approvals by an architect shall be deemed the equivalent of department approval. The department shall provide by regulation for the disqualification of architects for this purpose.~~

~~SEC. 11. Section 19992 of the Health and Safety Code is amended to read:~~

~~19992. The department shall enforce and inspect the installation of factory-built housing. The department shall provide by regulation for the qualification and disqualification of installation inspection agencies to perform inspections of the installation of factory-built housing and the construction of factory-built developments. The installation of factory-built housing and the construction of factory-built developments shall be conducted in accordance with the requirements of the building standards published in the State Building Standards Code relating to factory-built housing and the other requirements of Part 1.5 (commencing with Section 17910), subject to the provisions of Section 19990.~~

~~SEC. 12. Section 19993 of the Health and Safety Code is amended to read:~~

~~19993.(a) 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 are hereby specifically and entirely reserved to local jurisdictions notwithstanding any requirement of this part.~~

~~(b) Local requirements imposed on factory-built housing or factory-built developments pursuant to the authority granted by this section shall not vary substantially from the requirements imposed on other residential buildings of similar size.~~

~~SEC. 13. Section 19995 of the Health and Safety Code is amended to read:~~

~~19995. Except as provided in Section 18945, the department shall hear appeals brought by any person regarding the application to that person of any building standard published in the State Building Standards Code relating to factory-built housing or factory-built developments or to any other rule or regulation of the department promulgated pursuant to this part.~~

~~SEC. 14. Section 19997 of the Health and Safety Code is amended to read:~~

~~19997.(a) Any person who violates any of the provisions of this part, a building standard published in the State Building Standards Code relating to factory-built housing or factory-built developments, or any other rules or regulations adopted pursuant to this part is guilty of a misdemeanor, punishable by a fine not exceeding one thousand dollars (\$1,000) or by imprisonment not exceeding 30 days, or by both that fine and imprisonment.~~

~~(b)(1) For violations of Section 19980, 19991.3, or 19991.4, the department shall assess civil penalties in a range between two hundred fifty dollars (\$250) and two thousand dollars (\$2,000). When determining the amount of the assessed civil penalty, the department shall take into consideration whether one or more of the following or similar circumstances apply:~~

~~(A) The citation includes multiple violations.~~

~~(D)The cited person has a history of violations of the same or similar provisions of this part and the regulations promulgated under this part:~~

~~(C)In the judgment of the department, the person has exhibited bad faith or a conflict of interest:~~

~~(D)In the judgment of the department, the violation is serious or harmful:~~

~~(E)The citation involves a violation perpetrated against a senior citizen, veteran, or person with disabilities:~~

~~(F)There is exculpatory evidence that, in the judgment of the department, is material to the elements of the current violation for which the citation is being issued and is significantly related to the degree of fault:~~

~~(2)If a citation lists more than one violation and each of the violations relates to the same manufacturing facility or client, the total penalty assessment in each citation shall not exceed ten thousand dollars (\$10,000):~~

~~(3)If a citation lists more than one violation, the amount of assessed civil penalty shall be stated separately for each section violated:~~

~~(4)Appeals procedures shall be the same as those provided under subdivisions (c) to (e), inclusive, of Section 18021.7:~~

~~(e)Nothing in this section is intended to preclude remedies available under other provisions of law:~~

SEC. 15.~~SEC. 2.~~ The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 16.~~SEC. 3.~~ No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because 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.

SEC. 17.~~SEC. 4.~~ The Legislature finds and declares that in light of the severe shortage of housing and emergency shelter in this state, lowering the cost and timeline of housing production by reducing obstacles in approvals and inspections of factory-built housing and factory-built developments is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore,~~Sections 1 to 14, inclusive, Section 1~~ of this act, amending ~~Sections 19980, 19981, 19991, 19991.2, 19991.3, 19992, 19993, 19995, and 19997 of, adding Section 19970.5 to, repealing Sections 19975.1 and 19991.1 of, and repealing and adding Section 19975 of, Section 19980 of~~ the Health and Safety Code, ~~apply~~ *applies* to all cities, including charter cities.