



AB 557 (McKinnor) Modular Homes FACT SHEET

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ISSUE

California faces an acute housing crisis, marked by a severe shortage of homes to meet the needs of all Californians. 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 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.

Site-built scopes of projects utilizing factory-built housing are generally still required to be permitted within their local jurisdictions. This means that applicants for projects using factory-built housing are required to run two separate permitting processes, one at the local level and one at the state level, adding complexity and potential conflicts to the permitting process. This often elongates the permitting process for modular projects, with which local permitting agencies are often unfamiliar, and subjects them to the typical long permitting timelines that local permitting agencies suffer from, usually 6-12 months.

SOLUTION

AB 557 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.

Factory-built housing is a critical solution to California's housing crisis that can shrink construction timelines by as much as 60%, as well as reduce waste by 80% as compared to traditional construction, while eliminating cost overruns on 55% of the project as factory costs are fixed. Additionally, the technology provides steady manufacturing jobs in controlled, enclosed environments that are safer than traditional construction job sites.

AB 557 will ensure that the permitting of both the factory-built and site-built components of projects move at similar timelines, minimizing delays and increasing the supply of quality housing in the state.

SUPPORT

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