Factory-Built Housing: A Smart Solution for California Communities

Why This Matters

California faces a housing crisis with high costs, limited supply, and growing climate risks. Communities need solutions that are **affordable, fast, and resilient,** factory-built housing (FBH) offers exactly that. Unlike traditional site-built construction, FBH is manufactured in factories and assembled on-site, reducing costs, timelines, and environmental impacts.

The California Strategic Growth Council's (SGC) **Factory-Built Housing Regional Pilot Program** supports regional partnerships to scale these solutions, but the benefits extend far beyond any single program. This primer explains why FBH is a timely opportunity for local governments, tribes, non-profits, developers, manufacturers, and the public.

What Is Factory-Built Housing?

Factory-built housing refers to homes or building components manufactured off-site in a factory and then transported for assembly on a permanent foundation. This approach includes:

- **Modular (Volumetric)**: Fully built sections or rooms are shipped and stacked on-site.
- **Panelized**: Walls, floors, and roofs are shipped flat for assembly on-site.
- **Accessory Dwelling Units (ADUs)**: Small, self-contained homes ideal for infill development, and backyard casitas.
- **Multi-family Buildings**: Duplexes, fourplexes, and apartment buildings. Optimal for scaling the cost and time savings of FBH.

Unlike manufactured homes that are built to the federal Housing and Urban Development code and designed to remain mobile, FBH must meet the same state and local building codes as site-built homes.

The California Department of Housing and Community Development (HCD) certifies third-party agencies to ensure compliance with the California Building Standards Code at the

factory. On-site, local jurisdictions review site-specific requirements, including fire safety and stormwater management. Resources like HCD's Factory-Built Housing Handbook provide further information on this process.

Why Choose Factory-Built Housing?

1. Faster, More Affordable Construction

- Controlled factory environments streamline production.
- Standardized processes reduce delays and material waste.
- Bundled pricing often includes design, labor, and materials, reducing costs.

2. Climate-Smart and Resilient

- Lower greenhouse gas emissions and embodied carbon.
- Many designs are energy-efficient and use sustainable materials.
- Quicker disaster recovery because pre-approved designs allow for rapid deployment and designs can be made disaster resilient.

3. Workforce and Economic Benefits

- Controlled factory settings reduce worker injury risks and exposure to pollutants.
- Consistent demand pipelines and predictable schedules eliminate seasonal fluctuations in work, offering consistent pay and hours.
- A centralized work site reduces long commutes, improving the work-life balance of factory employees.
- Ergonomic environments make work more accessible for older or disabled workers.
- Training and apprenticeships can be aggregated in the factory to support advancement in a growing industry.

4. Design Flexibility

- Housing options range from single-family homes to multifamily buildings.
- Customizations are readily available for solar, off-grid, and net-zero features.

- Innovative materials like cross-laminated timber or recycled goods can be easily integrated into designs.

Real-World Examples

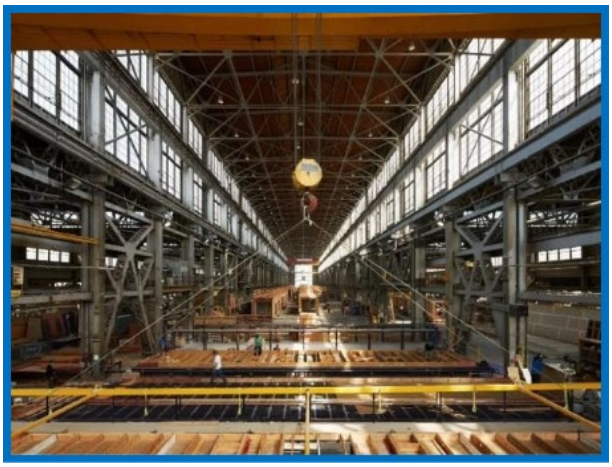

Image 1: Harbinger Homes Manufacturing Facility in Daly City, Credit: Mattew Millman, New York Times

Image 2: Assembly of modular housing units in Vallejo, Credit: Lowney Architecture

- **Guerdon in Boise Idaho**: The leading manufacturer of large-scale, commercial modular construction projects in the western US and Canada, Guerdon's innovative modular technology combines on-site construction with precise off-site factory assembly line production. This method creates stable factory and on-site jobs, and adaptable multifamily, student, and workforce housing.
- **Altadena Fire Recovery**: After the Eaton and Palisades fires, some residents rebuilt quickly with a factory-built home. Returning to their community within a year and avoiding displacement. See The Altadena Prefab Handbook in the Additional Resources section for further information.

Altadena residents Steve, Charlotte, and their neighbors in front of their new factory-built home one year after the Eaton and Palisades fires.

How to Get Started

Local jurisdictions, Tribal governments, non-profits, and developers can take these steps to advance factory-built housing in their region:

1. Assess Community Needs

- Identify housing gaps (e.g., affordable units, disaster recovery planning, or workforce housing).
- Review zoning and land-use policies for opportunities to streamline or advance solutions like infill development or ADUs.

2. Engage Stakeholders

- Convene local leaders, housing advocates, and community members to identify community needs and challenges to FBH, gather input on proposals, and create housing plans.
- Bring together workforce organizations, labor unions, and local government to ensure local jobs will be supported with future plans.

3. Explore Partnerships

- Connect with modular and panelized housing manufacturers, housing developers, contractors, architects, and others to hear their experiences and recommendations for using FBH in the region.

- Collaborate with regional housing authorities and state programs like SGC's FBH Program to facilitate cross-sector coordination and investment.
- Hold an event that gathers industry experts together to create FBH best practices for the region.

4. Streamline Permitting

- Adopt pre-approved designs or expedited review processes for FBH.
- Use examples from cities like San Diego and Los Angeles for work plan templates. (See the Additional Resources section)

5. Secure Funding

- Leverage state and federal grants, tax credits, and local housing funds to fill funding gaps.
- Explore public-private partnerships for financing and development that invests in the community.

6. Pilot a Project

- Demonstrate feasibility through ADUs or a small multifamily development.
- Document outcomes to build community support and scale future projects.

Why Act Now?

Factory-built housing is not just a construction method - it's a strategy for **affordable housing, climate resilience, and economic development**. By embracing FBH, communities can:

- Deliver housing faster and at a lower cost.
- Create safe local jobs and training opportunities.
- Reduce emissions and prepare for climate impacts.
- Increase disaster resiliency and expedite recovery efforts.

Additional Resources

- The Altadena Prefab Handbook: A Homeowner's Guide to Prefab created by cityLAB UCLA.
- The City of San Diego's FBH Informational Bulletin and streamlined permitting process.
- The City of Los Angeles' Plan Check Guidelines for State Approved FBH.
- Hammond, Destine. "The Economic Impact of Factory-Built Housing." Next Step: Affordable Housing Done Right, Jun 2025, The Economic Impact of Factory-Built Housing- Next Step.
- HCD's FBH Handbook for Local Enforcement Agencies, Builders, and the General Public.
- Zonta, Michaela. "Increasing Affordable Housing Stock Through Modular Building." Center for American Progress, Feb 2024, https://www.americanprogress.org/article/increasing-affordable-housing-stock-through-modular-building/.