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TED GAINES

CHAIRMAN

CALIFORNIA STATE BOARD OF EQUALIZATION

ANTONIO VAZQUEZ

MEMBER

CALIFORNIA STATE BOARD OF EQUALIZATION

MEMORANDUM

Date: August 6, 2025

To: Sally J. Lieber, Vice Chair
Mike Schaefer, Board Member, Fourth District
Malia M. Cohen, State Controller

From: Ted Gaines, Chairman
Antonio Vazquez, Board Member, Third District

Re: **August 20, 2025, Board Meeting Item. Report on Informational Hearing on Property Tax Implications for the Construction of Modular Homes to Help Rebuild After Disasters.**

Honorable Members,

On July 29, 2025, the Board convened the Informational Hearing on Property Tax Implications for the Construction of Modular Homes to Help Rebuild After Disasters. The goal was to gather testimony from key leaders on the possible use of modular housing to help communities rebuild after disasters and also to play a part in addressing the state's lack of affordable housing, specifically to: 1) understand the challenges and opportunities for the modular housing industry and the new construction and cost issues that may need to be addressed; and 2) understand the variety of other possible property tax implications or exclusions which may arise as the modular housing industry continues to develop in California.

The invited speakers presented significant testimony in response to these topics – including highlighting the application of modular housing to disaster recovery efforts in Los Angeles County, the development of technological innovations, the challenges associated with the insurance industry, and the experience of various stakeholders with the construction and installation process. Based on the testimony received, we believe that Board should consider future matters and possible action on how it can assist with the issues of 1) addressing misconceptions about modular housing among the public and the insurance industry; and 2) labor relations with regard to the unique aspects of the modular housing industry.

The attached draft Report summarizing the testimony and discussion at the informational hearing is submitted for your review. We will seek Board approval of the Report at the August 20, 2025, Board Meeting, after your review is complete. By approving the Report, the Board can have a comprehensive summary of the hearing which can be shared with the participants and be made available to the public.

Thank you for your collaboration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Gaines", with a stylized, sweeping flourish at the end.

TED GAINES, Chairman
Board of Equalization, 1st District

A handwritten signature in blue ink, appearing to read "Antonio Vazquez", with a stylized, sweeping flourish at the end.

ANTONIO VAZQUEZ, Member
Board of Equalization, 3rd District

Mr. Matt Cox, Chief Deputy, Office of Chairman Ted Gaines
Mr. Alexander Fay, Staff Counsel, Office of Member Antonio Vazquez
Mr. Douglas Winslow, Chief Deputy, Office of Vice Chair Sally J. Lieber
Mr. Cody Petterson, Chief Deputy, Office of Member Mike Schaefer
Mr. Hasib Emran, Deputy State Controller
Ms. Yvette Stowers, Executive Director

**REPORT ON THE JULY 29, 2025, STATE BOARD OF EQUALIZATION INFORMATIONAL
HEARING ON PROPERTY TAX IMPLICATIONS FOR CONSTRUCTION OF MODULAR HOMES
TO HELP REBUILD AFTER DISASTERS**

1. Introductory Remarks on Informational Hearing..... Mr. Gaines/Mr. Vazquez

Mr. Vazquez provided a brief introduction to the issue of rebuilding after wildfire disasters and the possible benefits of modular housing in terms of both cost and time. Mr. Gaines gave introductory comments highlighting problems of housing affordability and the slow pace of community recovery after disasters. Mr. Vazquez and Mr. Gaines expressed gratitude to the presenting speakers.

2. Modular Housing and Disaster Recovery: Challenges and Opportunities..... Mr. Gaines/Mr. Vazquez

Bea Stotzer, Founder and Board Chair, New Economics for Women

Ms. Stotzer provided an overview of the efforts in which New Economics for Women (NEW) is engaged, that are aimed at addressing the lack of housing for fire victims. Ms. Stotzer described NEW's goal of deploying 100 modular housing units as ADUs for families recovering from 2025 wildfire disasters in Los Angeles County. Ms. Stotzer expressed concern that insurance companies often do not agree to insure properties in the aftermath of wildfire disasters but also expressed optimism that the current use of modular housing to rebuild will dispel some of the misconceptions about modular homes; for example, that they do not reflect the current building standards. Ms. Stotzer provided a number of recommendations, including 1) a state-created Wildfire ADU Recovery Loan Program, 2) targeted ADU construction grants, 3) tax credits and forgivable loans for ADU construction, 4) pre-approval for modular units that meet certain design requirements, and 5) state approval of third-party housing inspectors to reduce waiting times for inspections on newly constructed modular homes.

Bobby Shokri, Founder and Chief Executive Officer, Menu Homes

Mr. Shokri explained the benefits of modular housing, including the elimination of on-site waste, the reduction of permitting issues, and the reduction of building time. Mr. Shokri highlighted that Menu Homes has offered discounted prices for some disaster victims and is developing roofing technology which would significantly increase the fire-proofing of the home. Modular homes are built to the same state and local building codes as traditional homes, and are placed on a permanent foundation, either concrete slabs or pier and beam foundations, and insurance companies should classify them similarly. He stated that Menu Homes has been pushing for a guarantee of insurability for their modular home products if the homes are built with the new fire-proof technology.

3. Modular Housing and Housing Affordability: Challenges and Opportunities..... Mr. Gaines/Mr. Vazquez

Vamsi Kotla, Chief Executive Officer, ReMo Homes;

Ryan Blowers, Chief Technology Officer, ReMo Homes;

Paartha Dutta, Ph.D., Chief Technologist at United Semiconductors and Chief Scientist, ReMo Homes

Mr. Kotla, Mr. Blowers, and Dr. Dutta provided testimony on behalf of ReMo Homes, with a particular focus on technological innovation and steps that ReMo Homes is taking to improve the efficiency of the modular housing industry.

Mr. Kotla explained that ReMo Homes has been engaged in public-private partnerships to develop modular homes, with the ultimate goal of demonstrating that modular innovation can lower costs, reduce waste, and deliver high quality homes in California which also create stable careers in the construction trades.

Dr. Dutta testified that ReMo Homes is developing new types of insulation and paneling materials that can increase the construction efficiency and improve the environmental impact of modular housing through the production of recyclable materials.

Mr. Blowers explained that the innovation of the private sector can reduce the cost of construction exponentially, comparing the impact of innovation on the aerospace industry. One example of innovation which is unique to ReMo Homes is the potential use of system part tracking, which can both make repairs easier while also allowing for tracking and data collection on the effect of any one particular component of a home.

In response to questions, the speakers expressed that construction within California is critical in minimizing transportation costs for modular housing and also expressed concerns that insurance companies are misunderstanding or misclassifying modular housing, which is built to a higher standard than mobile homes.

Bill O'Neil, Vice President, Capital Markets, SoLa Impact

Mr. O'Neil provided an overview of SoLa's modular housing developments, highlighting the potential benefits for renters and the time and cost savings for developers. Mr. O'Neil stated that modular housing can be a useful tool for creating multifamily affordable housing buildings. He also described a factory established by SoLa in Watts, California, which has allowed the company to hire workers from the surrounding community. Mr. O'Neil also discussed custom software that helps design buildings of up to 100 units, which would save a significant amount of planning time and results in an economy of scale that benefits homeowners by reducing the cost and the wait time. Mr. O'Neil suggested that the government could further increase the amount of modular housing being produced through various financial incentives.

4. The Labor Perspective: Challenges and Recommendations for the Modular Housing Industry..... Mr. Gaines/Mr. Vazquez

Chris Hannan, President, State Building and Construction Trades Council of California

Mr. Hannan provided testimony on behalf of organized labor with respect to its interactions with the modular housing industry. Mr. Hannan expressed support of the modular housing industry as a possible avenue to open the trades up to more people, given the potential for having a set workplace with set work hours to accommodate workers' circumstances. He explained that the building trades are supportive of technological and industry evolution, and that labor considerations are critical for the successful development of the industry. Mr. Hannan stated that he recently toured a factory operated by FullStack Modular in Carson, California, and invited the Board Members to visit the facility to observe an example of a factory which effectively engages in modular housing construction while also adequately engaging with organized labor to support its workers.

5. Board Discussion and Closing Remarks.... Mr. Vazquez/Ms. Lieber/Mr. Emran/Mr. Gaines

Mr. Vazquez thanked Mr. Gaines for his partnership in hosting the informational hearing and the speakers for their presentations. Mr. Vazquez stated his interest in following up with the speakers on some of the issues raised, including industry engagement with organized labor and the importance of incentivizing investment in increasing the housing supply.

Ms. Lieber expressed gratitude to the organizers of the informational hearing and the presenters. She highlighted the importance of the use of Accessory Dwelling Units (ADUs) to increase the state's housing supply and also the resolution of possible misconceptions with the insurance industry regarding modular housing.

Mr. Emran thanked the organizers and presenters and expressed interest in visiting the Full-Stack Modular housing factory described in the hearing. He also indicated that modular housing presents another tool in the toolbox to resolve the housing shortage in California.

Mr. Gaines thanked Mr. Vazquez for his collaboration in hosting the informational hearing and underscored the importance of communicating the qualities of modular housing to insurance companies and allowing companies, such as the industry presenters, to engage in innovative practices to find solutions to the state's housing shortage.

Mr. Vazquez adjourned the Informational Hearing at approximately 2:30 p.m.