



Request for Policy Analysis (Council Referrals)

Department Housing Rules Date 5/6/2026 Item C.2
 Department Rep. Name/Ext. Sarah Fields, Deputy Director Councilmember Sponsorship Vice Mayor Foley; Councilmembers Ortiz, Candelas, and Tordillos
 Policy/Ordinance Subject Prefab Factory-Produced Housing Structures

Staff Recommendation

<input checked="" type="checkbox"/> GREEN Adopt based on tradeoffs outlined on next page	<input type="checkbox"/> YELLOW Defer to a later designated date or the annual Budget Process	<input type="checkbox"/> RED Recommend Council not adopt nominated idea	<input type="checkbox"/> NEEDS CLARIFICATION OR MORE TIME TO EVALUATE
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Staff Evaluation

Is this already underway in a department work plan? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Is this time critical or an emergency? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Will this require substantial resources, staffing, budget, strategic support, or reprioritizing existing work plan? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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Criterion to Determine Scale of Project Complexity

Project complexity is determined by scoring the project in each of the 3 criteria below and then summing the score.

a. Low Complexity is a sum of 6 or less.

b. Medium Complexity is a sum of 7 – 9. Total Score = 6

c. High Complexity is a sum of 10 or greater.

Scoring Criterion	Low Complexity	Medium Complexity	High Complexity
	Estimated Duration	6 – 9 months <input checked="" type="checkbox"/> = 1	9 - 18 months <input type="checkbox"/> = 2
(Internal)	Organizational Complexity: Can easily be absorbed into existing work plan <input checked="" type="checkbox"/> = 1	Planned work (future) <input type="checkbox"/> = 2	Work not currently proposed <input type="checkbox"/> = 3
	Have staff with required skillset/knowledge <input type="checkbox"/> = 1	Have staff with required skillset/ requires moderate research <input checked="" type="checkbox"/> = 2	Do not have staff with required skillset/requires significant research <input type="checkbox"/> = 3
	Less than or equal 2 staff required <input checked="" type="checkbox"/> = 1	3 - 4 staff required <input type="checkbox"/> = 2	More than 5 staff required <input type="checkbox"/> = 3
(External)	1 Additional department; no community outreach required <input checked="" type="checkbox"/> = 1	2 Other departments Involved; some community outreach required <input type="checkbox"/> = 2	3 or more departments and/or external partners involved; significant community outreach required <input type="checkbox"/> = 3

DEPT. Required	<input type="checkbox"/> Airport	<input type="checkbox"/> Auditor	<input type="checkbox"/> CMO	<input type="checkbox"/> OEDCA	<input type="checkbox"/> ESD	<input type="checkbox"/> Fire	<input type="checkbox"/> HR	<input type="checkbox"/> IT	<input type="checkbox"/> PRNS	<input type="checkbox"/> Police	<input type="checkbox"/> Retirement
	<input type="checkbox"/> Attorney	<input type="checkbox"/> Clerk	<input type="checkbox"/> CMO – Budget	<input type="checkbox"/> Community Energy	<input type="checkbox"/> Finance	<input checked="" type="checkbox"/> Housing	<input type="checkbox"/> IPA	<input type="checkbox"/> Library	<input type="checkbox"/> PBCE	<input type="checkbox"/> PW	<input type="checkbox"/> DOT

CMO Approval: /s/ Lee Wilcox Date 5/5/2026

Analysis

Explain the rationale for staff recommendation, including any mitigating factors that need to be considered (recent legislative action, significant work plan changes, etc.). Please address the following as well.

GREEN LIGHT: The Administration can implement this nominated idea under its current work plan. Item should be sent to Council to add to department work plan. (1) How will the idea be approached? (2) If adopted, what is its impact and/or tradeoff to the City Council Focus Area or to a department work plan, including strategic support? (3) What is the minimum viable scope to move the idea forward and reduce its complexity?

The Housing Department will research and evaluate current opportunities and challenges associated with modular pre-fabricated housing development, as directed, and publish an information memorandum by the end of 2026. In addition to the previously identified topics (including labor standards; comparisons with traditional stick-built construction; financing options; economic and workforce benefits and drawbacks; and analysis of steel versus wood frame construction, with particular attention to opportunities for increased building height and density), the Department will also examine:

- (1) specific construction and development considerations unique to modular projects,
- (2) limitations arising from applicable tax credits and related provisions of the Internal Revenue Service Code, and
- (3) insurance challenges, including high deductibles and coverage gaps commonly associated with this type of development.

Given the significant interest in, and ongoing development of, the modular pre-fabricated construction industry, this remains an area of active monitoring for the Department. Ongoing, systematic review of construction practices and emerging innovations that can advance Department and City objectives is essential to achieving critical policy and programmatic goals.

YELLOW LIGHT: Administration recommends Council defer this nominated idea to a later designated date or the annual Budget Process due to (describe cost implications, workload impacts, or other factors)

RED LIGHT: The Administration recommends Council not to adopt this nominated idea due to (describe reason implementation would be difficult if not impossible – conflict with other laws, etc.).

