

# Factory-Built Housing (FBH) Pre-Development Program

## *Draft Guidelines for Public Comment*



CALIFORNIA  
STRATEGIC  
GROWTH  
COUNCIL

**February 16, 2024**

Program information can be accessed at: [sgc.ca.gov/grant-programs/factory-built-housing/](http://sgc.ca.gov/grant-programs/factory-built-housing/)

To sign up to receive notices, updates, and information regarding the Factory-Built Housing Pre-Development Program (and other Strategic Growth Council (SGC) grant programs and initiatives), visit the <https://bit.ly/FBHSign-Up> or the SGC website and click on the “E-list” link at: <http://sgc.ca.gov/>.

## Table of Contents

Section 1: Introduction .....	4
1.1 Background .....	4
1.2 Funding Availability .....	6
1.3 California Climate Investments .....	7
1.4 Statutory Authority .....	8
1.5 Program Summary .....	9
1.6 Program Vision for Racial Equity .....	9
1.7 Program Objectives .....	9
1.8 Program Timeline .....	10
Section 2: Eligibility .....	10
2.1 Eligibility Requirements .....	10
2.2. Eligible Applicants .....	10
2.3 Eligible Proposals .....	11
2.4 Eligible Costs & Activities .....	14
Section 3: Program Thresholds .....	18
3.1 DOE Title 1703 Part I .....	18
3.2 Site-Readiness .....	19
3.3 Applicant Capacity .....	19
3.4 Energy Efficiency .....	20
3.4 Justice40 Initiative .....	20
3.5 Community Benefits Agreements .....	20
Section 4: Policy Priorities .....	21
4.1 Energy Efficiency .....	21
4.2 Site Selection .....	21
4.3 Affordable Housing .....	22
4.4 Community Benefit Plans .....	23

4.5 Disaster Relief, Recovery, and Resilience ..... 27

Section 5: Application ..... 28

5.1 Application Timeline & Process ..... 28

5.2 Application Components ..... 29

5.3 Scoring Criteria..... 34

Section 6: Grant Administration ..... 41

6.1 Funding Availability & Award Amount..... 41

6.2 Grant Agreement ..... 42

6.3 Grant Timeline ..... 42

6.4 Disbursements and Accounting of Funds ..... 42

6.5 Reporting Requirements..... 43

6.6 Non-Performance & Non-Compliance..... 44

6.7 Audits and Record Retention..... 45

6.8 Compliance with State and Federal Requirements ..... 45

6.9 Grantee Publicity Guidelines ..... 47

Attachment A: Definitions ..... 49

## Section 1: Introduction

### 1.1 Background

California has set ambitious goals to meet the urgency of the State’s concurrent housing and climate crises. Recognizing that the impact of these issues amplifies racial and economic equity gaps across the State, the California Strategic Growth Council (Council) aims to address public health, racial equity, local economies, energy efficiency, and access to affordable housing and sustainable transportation in California’s under-served communities through multi-benefit investment programs. Through these programs, SGC invests across the spectrum of capacity building and infrastructure implementation to center communities while advancing strategic growth in California. Following the passage of the Federal Inflation Reduction Act, SGC has prioritized opportunities to leverage State support and implement federal funding that will bring multi-benefit impacts to under-served communities in California.

On October 26, 2023, the Strategic Growth Council (Council) passed a resolution to [“Support Energy-Efficient Factory-Built Housing to Meet the State’s Climate, Housing, and Equity Goals.”](#)

This resolution directed the Strategic Growth Council to:

“Coordinate with member agencies and departments of the Council, the California Air Resources Board, and other state entities, as needed and beneficial to the State, on the development of a pilot funding program that:

- a) Evaluates the potential of factory-built housing to reduce greenhouse gas emissions;
- b) Provides funding to support California facility expansion and/or establishment where the expansion would support an increased supply of housing units built in a factory setting; and
- c) The project is eligible for and applying for federal assistance to build, utilize, or expand clean energy infrastructure, create jobs, and reduce emissions.”

To meet the goals of this resolution, SGC has launched a new initiative, the Factory Built Housing (FBH) Pre-Development Program (Pre-Development Program), to connect eligible and experienced housing producers with the financial and institutional support necessary to expand housing manufacturing across the state. The Pre-Development Program makes State funds available to Applicants seeking federal financing for the construction or retrofitting of facilities dedicated to the production of FBH components. In addition to increasing the production of FBH for affordable units, the Program aims to support the construction of single- and multi-family units designed to the highest standards of energy efficiency and community benefit.

#### Factory Built Housing

SGC has identified factory-built housing (FBH) as an opportunity to accelerate progress towards the State’s housing, climate, and energy goals. Per the California Department of Housing and Community Development (HCD), FBH is defined as a residential building, dwelling unit,

individual dwelling room, or combination of rooms, or building components, assembly, or system manufactured so that all concealed parts or processes of manufacturing cannot be inspected before installation.

In California, newly constructed FBH is designed and manufactured to comply with HCD's regulations (Title 25 of the California Code of Regulations), the California Factory-built Housing Law, and the California Building Standards Code (CBSC), including CBSC Part 11 (CALGreen), the first-in-the-nation mandatory green building standards code with goals of energy efficiency, water efficiency and conservation, material conservation and resource efficiency, and environmental quality.

Research suggests FBH has the potential to help address the barriers to the State's housing production and affordability goals while reducing emissions inherent in residential construction. Unlike conventional CALGreen-compliant site-built housing, FBH has the benefit of being built in a controlled environment. This allows FBH to be built without the typical weather restraints conventional housing is subject to, which allows for a more predictable production timeline and increased efficiency and production cost savings. Off-site construction also uses less material due to greater precision in fabrication techniques, provides more comfortable conditions for workers and a stable place of work rather than requiring extensive travel as in traditional construction, and provides greater economy of scale for bulk procurement of building materials since they can be procured for multiple projects at a time and stored onsite. Additionally, FBH can be manufactured concurrently in a factory while site elements (e.g., foundation, utilities, accessory buildings, etc.) are constructed, which provides the benefit of timesaving over site-built housing.

As the FBH industry is growing across the nation, there is an opportunity for the State to increase access to federal funding and accelerate the industry within California while prioritizing community and environmental benefits.

#### [Title 1703 Clean Energy Financing Program](#)

Through the Inflation Reduction Act (IRA), the US Department of Energy Loan Programs Office (LPO) is able to provide loan authority up to \$290 billion through the [Title 1703 Clean Energy Financing Program](#) (Title 1703) to help finance clean energy projects, build energy infrastructure, create jobs, and reduce emissions across the United States.

Through Title 1703, the LPO provides federal financing for projects that support clean energy deployment and energy infrastructure reinvestment to reduce greenhouse gas (GHG) emissions and air pollution. LPO's patient capital and flexible funding, paired with the prioritization of community benefits, uniquely incentivize the private sector to invest in under-resourced communities. LPO's loan authority for Title 1703 under the IRA is active through September 30, 2026.

Until recently, all projects funded under Title 1703 were required to employ innovative technologies that were new or significantly improved relative to commercially available

technologies. This distinction excluded projects that utilize established commercial technologies, including FBH, from Title 1703. Congress revised this requirement through the Bipartisan Infrastructure Law in 2023, and added a provision that extends eligibility to projects that reduce GHG emissions without using an innovative technology, as long as the projects receive “meaningful financial support” from a [State Energy Financing Institution](#) (SEFI) and fall into one of the categories of eligible projects under the Title 1703 program.

Congress enacted this change to Title 1703 in part to provide access to debt for borrowers seeking to deploy already commercialized clean energy technologies. By providing loan guarantees to SEFI-supported projects (which can include guarantees of loans made by eligible private lenders), the LPO can now offer project financing to a wider range of borrowers under Title 1703, including small, rural, and underserved communities.

In September 2023, the DOE designated SGC as a SEFI, which made entities that have received SGC funds potentially eligible to apply for Title 1703 financing. The DOE determines “meaningful financial support” from a SEFI on a case-by-case basis. Through the s Pre-Development Program, SGC aims to provide meaningful financial support.

FBH manufacturing facilities that prioritize energy-efficiency, the reduction of building material-related greenhouse gases, workforce development, and produce an end-use product that is energy-efficient are eligible for funding under Title 1703. LPO financing is an opportunity for FBH manufacturers to build new facilities or expand, repurpose, retrofit, or renovate existing facilities that are energy efficient and will produce housing that is energy efficient.

The Title 1703 application is split into two parts: Part I and Part II. Part I requires high-level project and applicant financials, while Part II requires more details across financial planning, community and workforce benefits, and implementation strategies. Many applicants who pass Part I do not fully complete the Part II Application due to the high volume of capital and technical capacity required to complete pre-development across infrastructure and business planning. Due to the low profit margins within the FBH industry, this is a significant challenge for FBH manufacturers. SGC’s Factory-Built Housing Pre-Development Program (Pre-Development Program) will address this by providing financial support and capacity to Title 1703 Applicants who have succeeded in Part I and are embarking on Part II. The Pre-Development Program will support the continued expansion of FBH across the state, and thus accelerate the State’s ability to meet its housing, energy, and climate goals while meaningfully including community benefits.

The program will be administered by SGC.

## 1.2 Funding Availability

A total of \$12,000,000 will be available for the Pre-Development Program, with individual grants ranging from \$500,000 to \$4,000,000. The Notice of Funding Availability (NOFA) will be released in May 2024, following the approval of these Guidelines by the Council. Applications will be reviewed on a rolling basis until March 2026 or until all funds are obligated.

### 1.3 California Climate Investments

The Pre-Development Program is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas (GHG) emissions, strengthening the economy, and improving public health and the environment— particularly in disadvantaged communities. The Cap-and-Trade program also creates a financial incentive for industries to invest in clean technologies and develop innovative ways to reduce pollution. California Climate Investments projects include affordable housing, renewable energy, public transportation, zero-emission vehicles, environmental restoration, more sustainable agriculture, recycling, and much more. At least 35 percent of these investments must be located within and benefiting residents of disadvantaged communities, low-income communities, and low-income households across California. For more information, visit the California Climate Investments website at: [www.caclimateinvestments.ca.gov](http://www.caclimateinvestments.ca.gov).

The California Air Resources Board (CARB) adopts [Funding Guidelines](#) for Agencies that Administer California Climate Investments (CARB’s Funding Guidelines). All agencies that administer California Climate Investments dollars must adhere to those Guidelines.

Pursuant to AB 1532 (Chapter 807, Statutes of 2012), Health and Safety Code Sections 39711-39723), Greenhouse Gas Reduction Fund (GGRF) monies shall be used to facilitate reductions of greenhouse gas emissions and, where applicable and to the extent feasible, to:

- Maximize economic, environmental, and public health benefits to the state.
- Foster job creation by promoting in-state greenhouse gas emissions reduction projects carried out by California workers and businesses.
- Complement efforts to improve air quality.
- Direct investment toward the most disadvantaged communities and households in the state.
- Provide opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions.
- Lessen the impacts and effects of climate change on the State’s communities, economy, and environment.

California Climate Investments refers to such benefits as “co-benefits”. Co-benefits from the Pre-Development Program may include:

- Support for local workforce development
- Local capacity-building
- Retention or creation of quality jobs or entrepreneurial activities
- Anti-displacement activities



- Climate adaptation and community resiliency efforts

California Climate Investments are required to meet minimum levels of investments to projects that benefit residents of Disadvantaged Communities, Low-Income Communities, and Low-Income Households, collectively referred to as “Priority Populations.” The Pre-Development Program is funded through the Affordable Housing and Sustainable Communities (AHSC) Program’s continuous appropriation and contributes to the AHSC Program’s overall Priority Population funding targets of 75%.

To count toward California Climate Investments’ statutory investment minimums, administering agencies must determine if a project meets the criteria for providing direct, meaningful, and assured benefits to Priority Populations by identifying that a project is located within a census tract identified as a Disadvantaged Community or Low-Income Community, or directly benefits residents of a Low-Income Household; that the project meaningfully addresses an important need; and that the project directly addresses the identified need. SGC will use the [Priority Populations Map](#) to determine if a project’s location may contribute to the California Climate Investments Priority Population funding targets. SGC will also use a [Benefit Criteria Table](#) to determine if investments have a direct benefit to Priority Populations.

#### 1.4 Statutory Authority

Public Resources Code sections 75127 and 75128 direct the Strategic Growth Council to manage and award financial assistance to support the planning and development of communities that achieve sustainability objectives. Public Resources Code Section 75126(b) states that these funded activities must be consistent with California’s planning priorities specified in Government Code Section 65041.1 (California’s Planning Priorities). Public Resources Code Section 75125 states that the Strategic Growth Council shall develop guidelines for awarding financial assistance, including criteria for eligibility and additional considerations.

AB 32 (Chapter 488, Statutes of 2006) and related amendments identify climate change as a serious threat to the economic well-being, public health, natural resources, and environment of California and established the Greenhouse Gas Reduction Fund (GGRF). Health and Safety Code Section 39719(b)(1)(C) apportions the Strategic Growth Council twenty percent (20%) of GGRF auction proceeds for the Affordable Housing and Sustainable Communities (AHSC) program on an annual basis. Health and Safety Code Section 39712(b) requires that GGRF monies be used to reduce GHG emissions consistent with the purposes of AB 32.

Public Resources Code Section 75210 established AHSC to: “reduce greenhouse gas (GHG) emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development, and that support related and coordinate public policy objectives.”

[Public Resources Code Section 75212](#) lists the types of projects eligible for funding under the AHSC. Specifically, Section 75212(i) authorizes the Strategic Growth Council to invest in projects for “planning to support implementation of a sustainable communities strategy, including



implementation of local plans supporting greenhouse gas emissions reduction efforts and promoting infill and compact development.”

### 1.5 Program Summary

- **Eligible Entities:** Applicants that have passed Part I of the DOE Title 1703 Clean Energy Financing Fund and are in the process of applying for Part II, including financing firms and developers sponsoring decarbonization projects, as well as commercial firms and nonprofit organizations.
- **Eligible Proposals:** Proposals that are developing applications to the Title 1703 Part II Application to build new and/or expand, retrofit, or repurpose existing FBH manufacturing facilities in California that produce an energy-efficient end-use product and prioritize co-benefits such as energy-efficiency, affordability, and workforce development. The program is seeking to prioritize support to FBH facilities that produce multi-family units for deed-restricted rental developments.
- **Eligible Activities:** Pre-development costs to prepare the Part II Application, including community engagement to develop a Community Benefits Plan, financial and business plan preparation, and facility development planning.
- **Funding Available:** \$500,000 - \$4,000,000 per grant.
- **Grant Term:** Two-year Project Completion Period; Two-year Reporting Period
- **Grant Availability Type:** Competitive
- **Match Funding Required:** Match funding is not required by SGC, but the LPO will expect Applicants to have 30 – 50% of their total capital needs met, or a clear process to obtaining it early in the application process. The LPO can lend up to 80% of eligible project costs but typically has a 50 – 70% loan-to-value.
- **Disbursement Type:** Reimbursement for incurred costs.

### 1.6 Program Vision for Racial Equity

SGC is committed to advancing racial equity in its operations, investments, and policy initiatives and to achieving a vision in which all people in California live in healthy, thriving, and resilient communities regardless of race.

### 1.7 Program Objectives

The Pre-Development Program’s key program objectives are to:

- Leverage SGC’s State Energy Financing Institution (SEFI) status to support Applicants applying to the DOE’s Title 1703 Program draw down federal funding and support the development of energy-efficient factory-built housing manufacturing facilities to accelerate progress towards the State’s housing, equity, and climate goals.

- Ensure the factories support healthy, thriving, and resilient communities by prioritizing co-benefits such as local workforce development and the affordability and energy-efficiency of factory-built units.

## 1.8 Program Timeline

The approximate timeline below is subject to change. The most up-to-date timeline and upcoming events will be found on the Pre-Development Program webpage.

- February 16, 2024: Draft Guidelines Released
- February 16 – March 22, 2024: Draft Guidelines Public Comment Period
- April 24, 2024: Final Guidelines Adopted
- May 2024: Notice of Funding Availability (NOFA) Released
- Summer 2024 – March 2026: Applications accepted on a rolling basis, every two months
- Fall 2024 – June 2026: Applications recommended to Council on a rolling basis
- Project Completion Period: Two (2) years from grant execution. All Part II applications must be submitted to the DOE prior to September 2026
- Performance Period: Two (2) years after Project completion

## Section 2: Eligibility

### 2.1 Eligibility Requirements

To be considered for an award, Applicants must meet SGC's minimum eligibility requirements as stated below in Sections 2.2 and 2.3, including passing Part I of the Title 1703 application. As the intent of the Pre-Development Program is to leverage and complement the LPO's Title 1703 Program, Applicants should review the following documents provided by the DOE.

- [Title 1703 Resource Page](#)
- [Title 1703 Program Guidance](#)
- [Title 1703 Pre-Application Consultation](#)
- [Application Part I Guidance](#)
- [Application Part II Guidance](#)

### 2.2. Eligible Applicants

Applicants must provide documentation that they have passed Title 1703's Part I Application and are preparing for the Part II Application to build, expand, retrofit and/or repurpose an energy-efficient factory-built housing manufacturing facility in California. Applicants that qualify under the LPO Title 1703 Program include financing firms and developers sponsoring decarbonization projects, as well as commercial firms and nonprofit organizations. Applicants



must work with partners local to the facility to create and implement a Community Benefits Plan, as required by the Department of Energy, and enter into a legally binding Workforce and Community Agreement.

## 2.3 Eligible Proposals

Eligible Proposals must:

- Develop the Title 1703 Part II application, apply to Title 1703 program, and aim to reach financial close with the LPO for a project that will build, expand, retrofit and/or repurpose an energy-efficient factory-built housing manufacturing facility in California.
- Align with the criteria specific to the Pre-Development Program.
- Involve pre-development and planning activities that do not include “public work,” such as construction, alteration, demolition, installation, repair, or maintenance work.
- Ultimately build a factory-built housing (FBH) manufacturing facility in California and produce housing in California.

FBH manufacturing facilities must adhere to the following definitions and standards to produce in the State of California:

“Factory-Built Housing” as set forth in Health and Safety Code Section 19971 means a residential building, dwelling unit, or an individual dwelling room or combination of rooms thereof, or building component, assembly, or system manufactured in such a manner that all concealed parts or processes of manufacture cannot be inspected before installation at the building site without disassembly, damage, or destruction of the part, including units designed for use as part of an institution for resident or patient care, that is either wholly manufactured or is in substantial part manufactured at an offsite location to be wholly or partially assembled onsite in accordance with building standards published in the California Building Standards Code and other regulations adopted by the commission pursuant to Section 19990. Factory-Built Housing does not include a mobile home, as defined in Section 18008, a recreational vehicle, as defined in Section 18010.5, or a commercial modular, as defined in Section 18012.5.

In California, newly constructed FBH is designed and constructed to comply with Title 25 of the California Code of Regulations, the California Factory-built Housing Law, and the CBSC, including part 11, the first-in-the-nation mandatory green building standards code with goals of energy efficiency, water efficiency and conservation, material conservation and resource efficiency, and environmental quality.

All FBH components and systems that are offered for sale within California to first users (meaning a person, firm, or corporation who initially installs FBH or FBH components) shall bear an insignia of approval issued by the HCD, in accordance with California Health and Safety Code, section 19980, and HCD regulations. The manufacturing of FBH is regulated by the HCD through their Factory-built Housing Program.

DOE Eligible Project & SGC Eligible Proposal Requirements

For the purpose of the Pre-Development Program, these terms are so defined:

- “Proposals” are the work product that Applicants applying to and funded by the Pre-Development Program aim to develop, such as the application to and supporting components for the Title 1703 Program.
- “Projects” are the construction and operations of the factory-built housing manufacturing facility that Applicants aim to implement, with support from SGC’s Pre-Development Program and the DOE’s Title 1703 Program.

The table below provides a high-level comparison of DOE Title 1703 Project Eligibility requirements and Pre-Development Program requirements. Applicants to SGC’s Pre-Development Program must meet all applicable DOE requirements and all SGC requirements.

Applicants are highly encouraged to review [Section III of Title 17 Clean Energy Financing Program Guidance](#) for greater detail on DOE requirements. SGC also strongly encourages Applicants to utilize the LPO’s no-fee, no-commitment Pre-Application Consultation to discuss their proposed project and learn more about the LPO’s process before formally applying.

SGC Pre-Development Program eligibility requirements are described in detail in Sections 2, 3, and 5 of this document.

**Table 1: DOE Eligible Project & SGC Eligible Proposal Requirements**

DOE Title 1703 Project Requirements	SGC Pre-Development Program Proposal Requirements
<b>Be located within the United States.</b> The project must be located in the United States, defined as the several states, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and any other territory or possession of the United States of America.	Applicants outside of California are eligible to apply, but all Proposals must seek to build an energy-efficient factory-built housing manufacturing facility in the State of California that produces homes for residents of California.
<b>Be an energy-related project.</b> The project must concern the production, consumption, transportation, or storage of energy, or related manufacturing activities; or support industrial decarbonization, critical minerals, and other components or eligible energy-related project categories under section 1703(b) of Title 1703.	No additional requirements.
<b>Avoids, reduces, utilizes, or sequesters air pollutants or anthropogenic emissions of greenhouse gases.</b> Projects are statutorily required to avoid, reduce,	No additional requirements.

DOE Title 1703 Project Requirements	SGC Pre-Development Program Proposal Requirements
<p>utilize, or sequester air pollutants or anthropogenic emissions of greenhouse gases, and any project under Section 1706(a)(1) involving electricity generation through the use of fossil fuels must have controls or technologies to avoid, reduce, utilize, or sequester air pollutants and anthropogenic emissions of greenhouse gases.</p>	
<p><b>Have a Reasonable Prospect of Repayment.</b> There must be a reasonable prospect that the applicant will be able to repay the principal and interest on the guaranteed loan and any other project debt incurred.</p>	<p>No additional requirements.</p>
<p><b>Involves technically viable and commercially ready technology.</b> Commercially ready technology has been demonstrated at near commercial-scale under expected process conditions with results supporting the expected performance of the proposed deployment. Performance data from testing at pilot and demonstration scales must have been performed and be available for review in order to confirm commercial readiness. Applications will be denied if the proposed project is for research, development, or demonstration.</p>	<p>No additional requirements.</p>
<p><b>Include an analysis of how the proposed project will engage with and affect associated communities, as part of a Community Benefits Plan.</b> The application should identify community benefits, including economic, social, environmental, and equity considerations, as well as potential harms that would need to be mitigated over the life of the project. The project should have support from relevant stakeholders. Borrowers are expected to report on elements of this information as part of ongoing reporting requirements.</p>	<p>A Community Benefits Plan (CBP) is not required to apply for the Pre-Development Program, as eligible costs include developing the CBP. Applicants to the Pre-Development Program must commit to reaching a binding Workforce and Community Agreement.</p>
<p><b>Does not benefit from prohibited federal support.</b> DOE cannot issue loan guarantees to projects that are expected to benefit from certain other forms of federal support (“Federal Support Restriction”), including grants, cooperative agreements, or other loan guarantees from federal agencies or entities. Otherwise,</p>	<p>No additional requirements. SGC highly recommends Applicants thoroughly explore this during their Title 1703 Part I process, prior to</p>

DOE Title 1703 Project Requirements	SGC Pre-Development Program Proposal Requirements
allowable federal tax benefits, including energy production and investment tax credits, are excluded from the Federal Support Restriction.	applying for the Pre-Development Program.
Involves one or more of the thirteen 1703 Eligible Technologies.	Projects must be an “efficient end-use energy technology” as defined by the DOE.
Receives meaningful financial support or credit enhancements from a State Energy Financing Institution (SEFI).	This Fund will provide meaningful support from a SEFI (SGC). The DOE evaluates “meaningful support” on a case-by-case basis.

## 2.4 Eligible Costs & Activities

Costs to support Part II of the DOE Title 1703 LPO Application to establish energy-efficient FBH manufacturing facilities in California are generally eligible for reimbursement, unless otherwise noted this section.

### Direct Costs

Direct costs are defined as costs completely attributed to the implementation of the Grant Agreement. Direct costs incurred during the grant term and/or after the grant award but prior to the grant agreement execution and specified in the Grant Agreement will be eligible for reimbursement but adhere to the same requirements below.

Direct costs may include, but are not limited to:

- Personnel costs for project management and grant administration;
- Labor;
- Equipment and supplies costs;
- Translation or interpretation services;
- Peer-to-peer learning opportunities, or
- Travel expenses directly tied to the implementation of the grant
  - Travel reimbursements must adhere to the State rates and conditions established on the [CalHR website](#), except for “incidentals” and out-of-state travel, which will not be reimbursable under this grant.

Other costs may be considered on a case-by-case basis as proposed by Applicant in submission to the Pre-Development Program, including fees required by the DOE that are not covered by the loan. The Grant Agreement will outline any and all activities that use subcontracts to perform an eligible activity.

## Pre-Development Costs

Eligible Pre-Development Costs include the development of materials required for the Part II Application. Refer to [Part II Application Instructions](#) for greater detail.

Eligible Costs/Activities include research, development, and preparation of:

- Technical Information
  - Site Description
  - Project Construction Plan
  - Architectural Drawings and Materials
  - Operation and Maintenance Plan
  - Decommissioning Plan
  - Engineer's Report
- Legal and Regulatory Information
  - Permits & Approvals
  - Background and Legal Structure
- Business Plan
  - Project Summary
  - Output
  - Market Analysis
  - Marketing & Sales Plan
  - Feedstock Supply Plans
  - Insurance Coverage
- Financial Plan
  - Financial Statements
  - Project Financial Model & Analysis
  - Financial Plan
  - Credit History
  - Collateral
  - Consideration of Pari-Passu Status
  - Preliminary Credit Assessment
  - SEFI Qualifications
  - Other Financial Information
  - Assurance of Customer or Associated Community Benefit

## Community Benefit Plans

The DOE requires Applicants to submit a Community Benefits Plan (CBP) as part of their Part II application. The DOE can discuss and provide feedback on the CBP to potential Applicants during a pre-application consultation – SGC highly recommends Applicants utilize this resource.

The Pre-Development Program will support development and refinement of a CBP and requires the execution of a Workforce and Community Agreement, as approved by SGC.

Eligible costs and activities associated with developing a CBP include:

- Identifying the project’s Community Jobs and Justice Lead.
- Identifying local stakeholders that have been or will be engaged and description of types of planned or executed engagement activities and associated outcomes.
- Developing and/or negotiating a community-focused agreement such as a Construction Workforce Agreement, Community Benefits Agreement, and/or Good Neighbors Agreements.
- Stakeholder outreach and engagement activities conducted or planned as part of the project’s environmental reviews.
- Developing plans to pursue bonus tax credits for projects placed in service in an “[energy community](#),” low-income community, or part of a “[qualified low-income residential building project](#)” or “[qualified low-income economic benefit project](#)” as defined by the DOE.
- Investment in workforce education and training of both new and incumbent workers to ensure that jobs created by the Project are of sufficient quality to attract and retain skilled workers in the industry.
- Plans or activities that support adherence to strong labor standards, including creation of good-paying jobs with the free and fair choice to join a union; wages, benefits, and other worker supports; workforce education and training, especially registered apprenticeship programs and quality pre-apprenticeship programs; and efforts to engage employees in the design and execution of workplace safety and health plans.
- Estimation of anticipated jobs that will be enabled by the project in the region. Designing or enhancing community engagement that results in innovative and meaningful community-focused agreements and practices built upon the input and expertise of local public agency staff, community-based organizations, workforce development boards, labor unions, Tribal organizations, and overburdened individuals and groups.
- Stakeholder outreach and engagement conducted or planned as part of the project’s environmental reviews.
- Working with local community stakeholders to develop workforce development strategies that advance the recruitment, training, and hiring of individuals who live within the surrounding community and aim to connect these populations with training and hiring opportunities created by the factory.
- Costs associated with community engagement and outreach:
  - Translation and interpretation for meetings and written materials



- Participant compensation that is an exchange of payment for services rendered in the development of community work products,
  - Services must be appropriately documented with deliverables such as sign in sheets or written surveys.
- Provision of transportation services for community residents, such as a vanpool.
- Provision of on-site childcare services for community residents.
- Food and refreshments that are determined to be an integral part of the event. Examples of activities where it would be appropriate to approve food purchase would include a design charrette held in the evening, where the meal is consumed as part of the event and replaces a meal otherwise missed by attending the event.

### Indirect Costs

Indirect costs are costs that are not readily identified with a specific project activity, contract, or function, but that are necessary for the general advancement of a project.

Indirect costs may account for up to ten percent (10%) of the total grant award, minus any funds for equipment purchases with a per unit cost of \$5,000 or more. The 10% maximum of indirect cost applies to all entities, including University of California (UC) and California State University (CSU) entities. California Native American Tribes may request a higher indirect cost rate, provided the applying California Native American Tribe substantiates the rate with supporting documentation.

Documentation related to the determination of the Grantee's indirect cost rate must be retained by the Grantee for audit purposes.

### Reasonableness

All costs must be reasonable. A cost is considered reasonable if, in its nature and amount, it does not exceed that which a prudent person would incur under the circumstances prevailing at the time the decision was made to incur the cost. In determining the reasonableness of a given cost, an applicant should consider the following:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the entity or the proper and efficient performance of this Grant Agreement;
- The restraints or requirements imposed by factors such as sound business practices, arm's-length bargaining, federal, state, local, tribal, and other laws and regulations, provisions of these Guidelines, and terms and conditions of the Program Grant Agreement;
- Market prices for comparable goods or services for the geographic area;

- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to its employees, the public at large, and the State; and
- Whether the cost significantly deviates from the acquiring entity's established practices and policies regarding the incurrence of costs.

### Ineligible Costs

The following costs are ineligible for reimbursement under the Program:

- The following costs associated with community engagement and outreach:
  - Direct cash benefits or subsidies to participants.
  - Alcoholic refreshments.
  - Participant incentives, such as door prizes, which are unrelated to specific community work products.
  - General meetings that do not specifically discuss or advance implementation of the Proposal or Project.
- Lobbying or advocacy work, such as direct lobbying for the passage of specific bills or local propositions;
- Commission fees;
- Ongoing operational costs beyond the grant term;
- Expenses for publicity not related to the awarded Proposal implementation;
- Bonus payments of any kind;
- Damage judgments arising from the acquisition, construction, or equipping of a facility, whether determined by judicial process, arbitration, negotiation, or otherwise;
- Services, materials, or equipment obtained under any other State program
- Costs incurred between the date of application to LPO and environmental clearance (e.g., Authority to Use Grant Funds), in accordance with 10 CFR Part 1021, that constitute an adverse environmental impact or that limit the choice of reasonable alternatives pursuant to 40 CFR 1506.1.

## Section 3: Program Thresholds

### 3.1 DOE Title 1703 Part I

Applicants must demonstrate proof that they have passed Part I of the Title 1703 Application and are preparing to or submitting Part II of the Application.

## 3.2 Site-Readiness

The Title 1703 Part I application requests a status of the planning documents which includes the construction plan (including site acquisition and equipment deployment, as applicable), operation and maintenance plan, waste disposal plan, and preliminarily risk management plan.

Applicants to the Pre-Development Program should describe their progress on identifying and securing a site and all permits, as well as the required zoning designation to operate. At the time of application, Applicants must identify all permits required to implement proposed components of the application and provide assurances that the permit(s) can be obtained within the grant term.

Following federal and state environmental clearance, Applicants may secure their project site and all permits during the Grant Term; however, successful Applicants for the Title 1703 Program will own their project site or have signed a lease agreement that gives them full control of the site.

## 3.3 Applicant Capacity

### 3.3.1 Applicant Capacity

Applicants should be able to demonstrate their Project team's collective capacity to build or retrofit a manufacturing facility to produce factory-built housing, including financial management strengths, investment in the venture to-date and anticipated investment during the construction and operation phase of the facility; proposed equity investment in the project; and the project's strategic significance.

Ideally, Applicants should be able to provide an example(s) of successful implementation of project types and scales comparable to the proposed project. Applicants that are not able to include examples of past implementation of similar projects should provide a description of prior experience and projects that are relevant to the Program, and that the Applicant believes demonstrates sufficient expertise and capacity relevant to the Program.

Applicants should provide a letter of support from one (1) reference who can speak to the quality and timeliness of work completed by them.

### 3.3.2 Financial Capacity

Applicants must possess the financial capacity to adhere to the reimbursement processes of the Program as defined by the Grant Agreement.

To demonstrate financial capacity, Applicants must provide a current annual organizational budget and recent financial statements, as specified in the application.

Non-profit organizations must submit a copy of their most recent Federal Form 990 and a copy of the organization's IRS 501(c)(3) Tax Determination Letter in addition to a current annual budget and recent financial statements.

Any Applicant that had an audit finding, civil, or criminal judgment in the last five (5) years is required to disclose it in the application in an official letter.

### 3.4 Energy Efficiency

The Applicant must comply with Title 24, the California Building Standards Code (CCR, Title 24), the Building Energy Efficiency Standards Code (Title 24, Part 6), CalGreen (Title 24, Part 11), and all relevant DOE Title 1703 building efficiency requirements. The Applicant must build an efficient end-use energy technology, as defined by the DOE.

### 3.4 Justice40 Initiative

The Justice40 initiative directs that 40% of the overall benefits of certain Federal investments, including Title 1703, go to support “disadvantaged communities,” or DACs. The DOE recognizes the "geographic" definition of “disadvantaged communities” as those census tracts defined by the [White House Climate and Economic Justice Screening Tool \(CEJST\)](#).

To advance the Justice40 initiative, the proposed FBH manufacturing facility must be located in a Justice 40-designated DAC, which are identified by census tract and defined by the [White House Climate and Economic Justice Screening Tool \(WH CEJST\)](#).

Applicants will need to demonstrate how their Project will benefit the surrounding community and how they will mitigate any potential negative effects on those communities.

Applicants should demonstrate how they will provide benefits that align with the DOE’s Justice40 eight policy priorities to the Project’s surrounding communities. Applicants should describe anticipated benefits that the Justice40 disadvantaged community and/or California Climate Investments Priority Population can expect. Applicants should detail how and when the anticipated benefits are expected to flow to Justice40 and/or California disadvantaged communities, such as if they will receive direct benefits within the term of the SGC grant or the DOE loan, if awarded.

Applicants should also demonstrate a thorough understanding of site impacts and a commitment to mitigation efforts. Applicants should demonstrate whether they have evaluated, are aware of, or have identified any expected negative impacts to the surrounding community(ies) from the proposed project site, including how Applicant intends to mitigate these impacts.

### 3.5 Community Benefits Agreements

#### Workforce and Community Agreements

In addition to the development of the Community Benefits Plan required by the Title 1703 Part II Application, Pre-Development Program Applicants must commit to reaching a legally binding [Workforce and Community Agreement](#) among community groups and Applicant that specifies the benefits the community will receive from the Applicant in exchange for support of the project.

Workforce and Community Agreements include a range of formal agreements among a project developer/owner, impacted community groups, and relevant labor unions, including an agreement specifying a project's commitments to the community; a collective bargaining agreement specifying wages, benefits, health and safety standards, workforce education and training, and other terms of employment with a labor union; or the agreement could include both community and workforce provisions.

This term as used here is inclusive of Community Benefits Agreements, Community Workforce Agreements, Good Neighbor Agreements, Project Labor Agreements, Collective-Bargaining Agreements, and other similar contractual tools. Applicants may choose which agreement best serves their project and community groups.

## Section 4: Policy Priorities

### 4.1 Energy Efficiency

The Applicant must comply with the following California codes and requirements: Title 24, the California Building Standards Code (CCR, Title 24), the Building Energy Efficiency Standards Code (Title 24, Part 6), CalGreen (Title 24, Part 11); and all relevant DOE Title 1703 building efficiency requirements. The Applicant must build an efficient end-use energy technology, as defined by the DOE.

Beyond Title 24 compliance, CALGreen also includes voluntary measures (Appendices A4: Residential and A5: Nonresidential) that exceed the mandatory measures and can be voluntarily adopted by local enforcing agencies and utilized by builders or designers with concurrence from the local enforcing agency. For those projects that include voluntary CALGreen measures, additional points will be awarded in scoring.

### 4.2 Site Selection

#### 4.2.1 Consistency with Existing Local Land Use Policy & Sustainable Community Strategies

Applicants shall indicate a commitment to ensuring the Pre-Development Programs will enable their project to achieve consistency with relevant local or regional plans such as general plans, Sustainable Communities Strategies, local hazard mitigation plans, designations, zoning, building intensity and density requirements, design guidelines, and applicable goals, policies, and programs.

Further, throughout the period of the grant agreement, Applicants must ensure continuous consistency with the plans referenced in and underlying the application. Consistency shall be demonstrated by submittal of letters from the local jurisdiction's Planning Department and Public Works Department, or equivalents, describing the proposal's consistency with all relevant plans as described above. This requirement can be met with individual letters from each department, one combined letter signed by relevant departments, or a letter from an individual with authority over both departments (such as a City Manager).

Any Applicant whose Project Area crosses municipal boundaries, federally recognized tribal territory boundaries, or other jurisdictional boundaries must provide letters from all relevant departments or authorities.

#### 4.2.2 Excess Lands

To address the shortage of housing for Californians, Governor Newsom ordered the Department of General Services (DGS) and the Department of Housing and Community Development (HCD) to identify and prioritize excess state-owned property and aggressively pursue sustainable, innovative, cost-effective housing projects.

Applicants may be awarded additional points for commitments to site the FBH manufacturing facility on land designated as Excess Land in accordance with Executive Order (EO) N-06-19 or on land donated by or leased at a discounted rate from the California Department of Transportation. To be eligible for points in this section, Applicants must indicate their intent to locate the manufacturing facility on a designated state-owned Excess Land through participating in a solicitation process with DGS as outlined in Gov. Code 11011.2. DGS ultimately determines if a specific project is eligible to be sited in accordance with Executive Order (EO) N-06-19 and Gov. Code 11011 and is provided authority to use a specific property.

A full GIS-enabled inventory of excess state-owned parcels can be found [here](#). Note that not all excess sites are suitable for development of manufacturing facilities and it is up to DGS to determine eligibility of proposed sites.

#### 4.3 Affordable Housing

The Program seeks to support facilities that commit to contribute to housing production and housing affordability across the State. SGC will work with awarded Applicants to ensure a commitment to help meet California's housing needs and provide Affordable Housing for Low Income Households (< 80% AMI) while preserving overall business health, sustainability, and profitability.

The Program is specifically seeking to prioritize support to FBH facilities that produce multi-family units for deed-restricted rental developments. Facilities that produce single-family units (including ADUs) or a mix of single- and multi-family units are still eligible to apply.

The following section describes minimum requirements and commitments to affordable housing production by a successful applicant. Applicants will be required to show the same commitment to affordable housing production in the LPO Part II application business plan and financing plan or demonstrate to SGC a change in feasibility.

- Demonstrate cost savings in the design and manufacturing processes that lead to lower cost housing when compared to substantially similar site-built housing projects
- For the first five years of operations, at least 20% of housing units produced for and sited at deed-restricted rental developments in California.

- Qualifying deed-restricted developments are restricted for a minimum of 20 years and limit occupancy to households at or below 80% of the area median income for the project site.
- Applicants can substantiate commitments through purchase orders, Letters of Engagement, Support, or Commitment from qualifying projects, affordable housing developers, public agencies, or other relevant stakeholders that are mentioned in the scoring criteria.

Applicants may also share details on completed contracts for affordable housing to demonstrate a track record.

#### 4.4 Community Benefit Plans

The DOE requires Applicants to submit a Community Benefits Plan (CBP) as part of their Part II application. Eligible costs/activities for the Pre-Development Program include the development of a CBP.

Applicants to the Pre-Development Program must also commit to a Workforce and Community Agreement with the surrounding community. Through direct community and labor engagement, Applicants should also determine which Community and Workforce Agreement is best suited for the project and community groups.

Applicants for the Pre-Development Program must demonstrate their engagement with local stakeholders to date and/or their strategy for future engagement activities. Local stakeholders may include Tribal government, community-based organizations, workforce development organizations, labor unions, and other entities that advance diversity, equity, and inclusion in the Project Area.

All Community Benefits Plans should address four key priorities:

1. **Community and Labor Engagement:** Early, meaningful, and robust community and labor engagement is key to reducing risks on a project, including engagement with labor unions, Tribal governments, local governments, and community-based organizations that support or work with underserved communities.
2. **Quality Jobs:** A well-qualified, skilled, and trained workforce is necessary to ensure project stability, continuity, and success and to meet program goals. The CBP is focused on both construction and operations jobs.
3. **Diversity, Equity, Inclusion, and Accessibility (DEIA):** DEIA initiatives and programs seek to advance the participation of underserved and underrepresented groups.
4. **Justice40:** President Biden's [Justice40 Initiative](#) directs 40 percent of the benefits from certain federal investments, including all LPO loans, to flow to disadvantaged communities (DACs), as defined by the White House Climate and Economic Justice

Screening Tool. CBPs should outline how the proposed project will benefit DACs and mitigate any potential negative effects on these communities.

#### 4.4.1 Community & Labor Engagement

The Pre-Development Program requires Applicants to work with local stakeholders through direct engagement in all phases of project development process to develop a Community Benefits Plan that provides direct, meaningful, and assured benefits to federally defined disadvantaged communities and/or California Climate Investments Priority Populations.

When developing the Community Benefits Plan, the Applicant should ensure local stakeholders needs are identified and met through a documented outreach and engagement process. Applicants must tailor community engagement to their project area through partnerships with local stakeholders. Applicants must also use proven methods of engagement to facilitate direct participation of community residents, including ensuring translation of meetings and materials, scheduling meetings at times that are convenient to community members, and engaging community members in information gathering as well as outreach.

To apply to the Pre-Development Program, Applicants must share an engagement strategy that identify specific local stakeholders, describes their engagement thus far, additional stakeholders they plan to meet, and how local stakeholders will remain engaged throughout the development of the Community Benefits Plan and Part II application and implementation. Applicants should also demonstrate prior experience working with local stakeholders, including community and labor engagement, to develop a FBH manufacturing facility or a similar project that required an understanding of US DOE Community Benefit Plans four core policy priorities.

#### 4.4.2 Quality Jobs and Workforce Continuity

The Community Benefits Plan does not require legally binding agreements, but Applicants to the Pre-Development Program will be required to reach a legally binding Workforce and Community Agreement, such as a Community Benefits Agreement or Community Workforce Agreement.

Applicants should demonstrate how they will create “good jobs” through the construction of the FBH manufacturing facility and when the facility is opened. The [US Department of Labor defines a “good job”](#) as a job that:

1. Provides fair, transparent, and equitable pay that exceeds the local average wage for an industry.
2. Delivers basic benefits (e.g., paid leave, health insurance, retirement/savings plan, access to affordable, reliable, and high-quality child care/long-term care for loved ones, and transportation).
3. Provides workers with an environment in which to have a collective voice.





4. Helps the employee develop the skills and experiences necessary to advance along a career path.
5. Provides predictable scheduling, and a safe, healthy, and accessible workplace devoid of hostility and harassment.
6. Has employees properly classified with the limited use of independent contractors and temporary workers.
7. Protects workers' statutory right for a free and fair choice to join a union under the National Labor Relations Act (NLRA).

Applicants should also demonstrate how they will create workforce opportunities through the FBH manufacturing facility and demonstrate how these jobs will benefit the local community. Possible workforce development activities include:

- Commitments to employer financial contributions to workforce training programs (e.g. directly making contributions to support relevant programming at training institutions such as community and technical colleges and/or K-12 school systems), scholarships, and paid time for employees to participate in skills training;
- Partnerships and financial contributions to community-based organizations to provide support services to workers on projects or people in relevant training (e.g., childcare supports, transportation vouchers, and employability skills training); and
- Adoption of inclusive recruitment strategies (e.g., a strategy to support broad recruitment for apprenticeship programs and outreach to community-based organizations that work with prospective workers/apprentices).

#### 4.4.3 Diversity, Equity, Inclusion, & Accessibility (DEIA)

To advance diversity, equity, inclusion, and accessibility in the local community of the FBH factory, applicants should describe plans to partner with business organizations, educational institutions, and workforce training organizations that serve underrepresented workers who face barriers to accessing high-quality jobs. These measures should aim to strengthen the Applicant and Project's ties with the local community, diversify supply chains, and contribute to the health and robustness of the surrounding community.

Potential DEIA measures include:

- Identify existing relationships with the regional Minority Business Development Agency (MBDA) Business Center, [Minority Serving Institutions](#), or a local community business diversity organization.
- Create business DEIA plans, including goals for number and/or dollar value of contracts, grants, or cooperative agreements awarded to federally identified SBA-graded socioeconomic categories, minority business enterprises, minority-owned businesses, woman-owned businesses, veteran-owned businesses, businesses located in



underserved communities, or local businesses identified as disadvantaged or prioritized by the State, local government, or local community.

- Partner with and participate in events with federal, State, and local economic development and business development organizations, such as the MBDA, the Small Business Administration (SBA), and/or the Department of Energy.
- Participate in business mentoring programs to help grow clean energy enterprises.
- Describe mechanisms to publicly share and promote employment, contracting, supplier, and other opportunities to local communities.
- Outline recruitment partnerships in the community with Community Colleges, local workforce boards and workforce systems, community-based organizations, and Apprenticeship Readiness Programs.
- Support gender inclusion by setting goals for female worker recruitment in all areas of the project.
- Establish workforce diversity, equity, inclusion, and accessibility goals for individuals who belong to underserved communities, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; veterans; returning citizens; and persons otherwise adversely affected by persistent poverty or inequality and contracting with businesses owned by such persons.

#### 4.4.4 California Priority Populations

As described in Section 3.4 of this document, the Justice40 initiative directs that 40% of the overall benefits of certain Federal investments, including Title 1703, support “disadvantaged communities.” The DOE recognizes the “geographic” definition of “disadvantaged communities” as those census tracts defined by the [White House Climate and Economic Justice Screening Tool \(CEJST\)](#). The “common condition” definition of community includes federally recognized tribal lands and US territories, in accordance with the US Office of Management and Budget’s Interim Implementation Guidance.

To advance the Justice40 initiative, the proposed factory-built housing manufacturing facility must be in a Justice 40-designated community (census tract), as defined by the [White House Climate and Economic Justice Screening Tool \(WH CEJST\)](#).

To advance California Climate Investments’ statutory investment minimum, projects will be awarded additional points if they are located within California Climate Investments Priority Population funding targets. Not all California Priority Populations align with the federal disadvantaged communities. SGC will also use a Benefit Criteria Table to determine if investments have a direct benefit to Priority Populations.

**“Priority Populations”** include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B of the GGFR Funding Guidelines for more information on the definitions. The Priority Populations Map is available at:

<https://gis.carb.arb.ca.gov/portal/apps/experiencebuilder/experience/?id=6b4b15f8c6514733972cabdda3108348>

The Benefit Criteria Tables for this program will be available at: [www.arb.ca.gov/cci-resources](http://www.arb.ca.gov/cci-resources).

#### 4.5 Disaster Relief, Recovery, and Resilience

In addition to an ongoing housing shortage, California has experienced a series of major natural disasters in the past decade and anticipated more in the coming years. According to the 2023 California State Hazard Mitigation Plan, “historically, California has been most impacted by floods, wildfires, and earthquakes. Due to the impacts of climate change, drought and extreme heat have become significant hazards”.

Of the 58 counties in California, the mitigation plan notes:

- “Earthquake was identified as a hazard by 57 counties; of those, 46 counties identified it as a hazard of high concern.
- Wildfire was identified as a hazard by 57 counties; of those, 45 counties identified it as a hazard of high concern.
- Flood was identified as a hazard by 57 counties; of those, 38 counties identified it as a hazard of high concern”

SGC believes Factory-Built Housing can support disaster recovery initiatives through accelerated deployment of permanent housing and long-term shelters into impacted communities following a disaster, and through production of units that are resilient to hazard impacts.

Program seeks the ability to quickly deploy long term housing solutions into disaster-impacted communities and a partner that is willing to support such recovery efforts. This support may include:

- Production of high-quality resilient units that can be deployed quickly after a disaster as permanent housing or temporary housing that can be converted to permanent housing.
- Development of designs that are pre-approved in multiple jurisdictions, for various site conditions to accelerate deployment, and have received the required HCD Codes and Standards approvals
- Collaboration with facility’s proposed host community and surrounding jurisdictions to understand siting and zoning considerations for potential shelter and housing needs



- Track record of deploying high quality units in disaster impacted communities shortly following a disaster
- Other support as proposed by a program applicant

The Program will prioritize Applicants that make meaningful commitments to support recovery efforts and will award points for those applications that provide clear, detailed, and feasible proposals of support.

## Section 5: Application

### 5.1 Application Timeline & Process

The approximate timeline below is subject to change. The most up-to-date timeline and upcoming events will be found on the Pre-Development Program webpage.

- **February 16, 2024:** Draft Guidelines Released
- **February 16 – March 22, 2024:** Draft Guidelines Public Comment Period
- **April 24, 2024:** Final Guidelines Adopted
- **May 2024:** Notice of Funding Availability (NOFA) Released
- **Summer 2024 – March 2026:** Applications accepted on a rolling basis, every two months.
- **Fall 2024 – June 2026:** Applications recommended for Council adoption on a rolling basis.
- **Project Completion Period:** Two (2) years from grant execution. All Part II applications must be submitted to the DOE prior to September 2026.

Applications for the Pre-Development Program will be evaluated and scored through a competitive process. Applications will be evaluated and scored based on the merits of the SGC Program Application and reviewer assessment that the Proposal reflects the necessary elements to successfully complete the DOE Title 1703 Part II Application to build, retrofit, or repurpose an energy-efficient housing manufacturing facility in the state of California while advancing SGC's priorities.

#### 5.1.1 Application Review Process

To be considered, Applicants must submit a full and complete application by providing all requested information, answering all questions, and submitting all required application attachments listed in Section 5.2. Projects will be reviewed and scored only after meeting threshold requirements. Threshold requirements are required but unscored elements of the application. Incomplete applications, and those not demonstrating compliance with threshold requirements, will not be reviewed.

SGC will accept applications every two months until March 2026 or until funds are obligated. If the Proposal is recommended for award, Applicants can expect their Proposal to be presented to the Council for consideration within two to four months of their submittal date.

After the submission due date, SGC and an interagency review panel will review and score the applications submitted. After the application deadline, staff will conduct a completeness check of application materials. Applicants missing application information will be notified by Program staff. If applicants are contacted because of missing information, the applicant will have two (2) business days to provide the missing information, otherwise the application will be deemed incomplete and ineligible. Note that this application correction process does not act as a deadline extension. Applicants should submit complete application packets. Evidence of purposeful submission of an incomplete application to acquire more time will result in disqualification of the application.

Top-scoring applicants will be invited to a one-hour interview with SGC and an interagency review panel, after which scores from the interview will be added to the total and final score.

SGC staff will recommend awards to the Council, who will vote to approve the awards in public Council Meetings. At least 10 days prior to the Council Meeting, SGC staff will post basic information about each of the proposals submitted for consideration, including whether they are recommended for award.

If none of the applications meet threshold requirements, SGC will issue a revised solicitation.

### 5.1.2 Unselected Applicants

Unselected Applicants will be notified via email by Program staff. Program staff will be available to provide application debrief meetings. If the application is still open, Unselected Applicants may re-apply one time.

### 5.1.3 Public Records Act

All applications and submitted materials are subject to the California Public Records Act (GC § 6250) requirements and certain information may be publicly disclosed under those requirements. Materials will remain confidential through the evaluation process, and after the application is submitted; however, all submitted documents may be made publicly available after SGC posts the awards or the solicitation is cancelled.

## 5.2 Application Components

### 5.2.1 Application Thresholds

To be considered complete, applications for the Pre-Development Program must address the threshold requirements described below.

### 5.2.2 US DOE LPO Title 1703 Application Materials

Applicants must provide documentation that they have passed Title 1703's Part I Application and are preparing for the Part II Application to build, expand, retrofit and/or repurpose an energy-efficient factory-built housing manufacturing facility in California. To demonstrate this, Applicants should provide the following components:

- Application Materials
  - DOE LPO invitation to submit Part II of the Title 1703 Program application process.
  - Complete and final DOE LPO Title 1703 Program Part I application
- Status Reports (Updates to Part I application)
  - Updated written report on the status of required US DOE LPO Part II application project planning documents, including the construction plan (including site acquisition and equipment deployment, as applicable), operation and maintenance plan, waste disposal plan, and preliminarily risk management plan.
  - Updated written report on the status of identifying and securing site permits, as well as the required zoning designation to operate per US DOE LPO Part II application requirements.

### 5.2.2 Pre-Development Program Application Materials

Pre-Development Program threshold requirements are required but unscored elements of the application and include the following:

- Applicant must meet the definition of an eligible applicant (See Section 2.2).
- The Proposal must be for eligible pre-development and planning activities that do not include “public work” such as construction, alteration, demolition, installation, repair or maintenance work.
- Applicant must submit the required DOE LPO Application Materials as identified in Section A: 1 – 5 of the [Title 1703 Part I Application Instructions](#).
- The proposed manufacturing facility must be located in a Justice 40-designated community (census tract), as defined by the White House Climate and Economic Justice Screening Tool (WH CEJST).
- Applicant's project team must possess prior experience with successfully executing projects similar in type and scale to the proposed Project or possess sufficient prior experience relevant to the building or retrofitting a manufacturing facility to produce factory-built housing.

- Ideally, Applicants should be able to provide an example/example of successful implementation of project types and scales comparable to the proposed project. Applicants that are not able to include examples of past implementation of similar projects should provide a description of prior experience and projects that are relevant to the Program, and that the Applicant believes demonstrate sufficient expertise and capacity relevant to the Program.
- This application component should address the following questions:
  - How does Applicant meet the minimum qualifications listed, and to what extent if any, does the Applicant exceed the minimum qualifications?
    - Please provide documentation or work samples that demonstrate this.
  - Who are the key personnel (i.e., Project Manager) and other personnel who will be working on the project?
    - For each role, please include title, role description, anticipated level of effort, and the individual identified to fill that role. For each individual, please provide a resume and qualifications and a summary of similar work or studies.
  - Applicants should provide a letter of support from one (1) reference who can speak to the quality and timeliness of the Applicants past projects.
- Applicants must demonstrate financial capacity to carry out completion of the US DOE LPO Part II application and the proposed project. To demonstrate financial capacity, Applicants must submit the following documentation:
  - Current annual organizational budget and recent financial statements, as specified in the Program Application.
  - Facility specific financial statements for past two (2) years (if available).
  - Non-profit organizations must submit a copy of their most recent Federal Form 990 and a copy of the organization's IRS 501(c)(3) Tax Determination Letter in addition to a current annual budget and recent financial statements.
  - Any Applicant that had an audit finding, civil, or criminal judgment in the last five (5) years is required to disclose it in the application in an official letter.
  - Preliminary financing plan for manufacturing facility including investment in the venture to-date, anticipated investment during the construction and operation phase of the facility and proposed equity investment in the project.
- Applicant must commit to entering into a Workforce and Community Agreement to specify the Project's commitments to the community.



- The Applicant must demonstrate they will comply with Title 24, the California Building Standards Code (CCR, Title 24), the Building Energy Efficiency Standards Code (Title 24, Part 6), CalGreen (Title 24, Part 11), and all relevant DOE Title 1703 building efficiency requirements. The Applicant must build an efficient end-use energy technology, as defined by the DOE.

### 5.2.3 Description of Proposed Facility and Production

- Description of geographic location where the SGC grant funds will be expended, including locations where staff time for pre-development activities and preparation of the US DOE LPO Part II application will be completed.
  - Location(s), preferably at the census tract level, where SGC grant funds will be expended.
  - Map of location(s) relative to Disadvantaged Community (DAC) census tracts as defined by CalEPA.
- Description of the proposed manufacturing facility, including:
  - Estimated facility square footage, location, lot size, site amenities, facility footprint, and other key details demonstrating the production capacity of the proposed facility.
  - Anticipated or target annual facility capacity for factory-built housing unit development.
- Description of factory-built housing units that will be manufactured at the facility, including:
  - Unit Type(s): Single-family, multi-family, and/or commercial units.
  - Unit Size(s): Estimated unit sizes, including overall square footage, and number of bedrooms (for residential units).
  - Unit Cost: Anticipated average cost per unit for each unit type.
  - Unit Quantities: Expected quantity of housing units of each type, size, and cost.
- If Applicant is leveraging funds from multiple sources of California GGRF dollars or if the applicant is pursuing funding multiple sources of GGRF dollars, the Applicant must describe all existing or potential GGRF sources.

### 5.2.3 Application Attachments

- **Workplan** for completion of the US DOE LPO Part II application, including clear timelines, discrete tasks, and detailed deliverables.
- **Proposal Budget**





- Anticipated budget for use of SGC Program funds including sufficient detail, broken down by task and line item.
- Overall proposal budget including sufficient detail, broken down by task and line item.
- **Letters:** The Program requires Letters to demonstrate different levels of engagement with various stakeholders. If the letter type is not specified, Applicants/stakeholders may determine which letter is most suited to their relationship.
  - **“Letter of Commitment”** refers to documentation indicating some level of partnership or commitment between one or more stakeholder and the applicant. The documentation may or may not be legally binding, but should outline the responsibilities of, and be affirmed by, each of the parties to the agreement.
  - **“Letter of Support”** refers to documentation indicating support for the project, provided by a stakeholder that has been engaged. To provide context for the organization’s support, key local community-based organizations or stakeholders can include their role and experience in the community, as well as details on the history of interaction, collaboration, and outcomes between the stakeholder and Applicant.
  - **“Letter of Engagement”** refers to documentation provided by, or affirmed by, stakeholders to indicate they have at least been in contact with the Applicant and are interested in further potential involvement.
- **Letters from Community and Workforce Stakeholders**
  - Letters from Project Partners and/or Project Stakeholders, including from the community in which the project is to be located are required. Letters must demonstrate meaningful buy-in and support among entities and groups most likely to be involved in and/or impacted by the Project.
  - Letters may address the four key priority areas for the US DOE LPO-required Community Benefits Plan.
  - Applicants may submit Letters of Engagement, Support, or Commitment from the following stakeholders:
    - State and local economic development agencies
    - Local elected officials
    - Education and workforce partner
    - Community and philanthropic organizations
    - Labor leaders/organizations for both construction and operations



- **Letters from Industry Stakeholders**
  - Recipients or Purchasers of Factory-Built Housing Units
    - Affordable housing developers who have ordered and/or sited factory-built housing units manufactured by Applicant.
    - Jurisdictions where factory-built housing units manufactured by Applicant have been constructed and used as post-disaster housing.
  - Prospective Recipients or Purchasers of Factory-Built Housing Units
    - Affordable housing developers who intend to purchase factory-built housing units manufactured by Applicant.
  - Prospective Project Partners
    - Jurisdictions in discussions or process to approve siting of factory-built housing units manufactured by the Applicant.
    - Other prospective project partners (e.g., community engagement consultant, construction companies, architecture and engineering firms, planning and zoning consultants, other providers of capital, etc.)
- **Additional Required Letters**
  - Letter of support from one (1) reference who can speak to the quality and timeliness of work completed by them.

### 5.3 Scoring Criteria

Applicants must submit a completed SGC Program Application. Each Program Application meeting threshold requirements will be scored on an evaluative scale ranging from zero points to **60 total points** achievable based on the criteria outlined here. For narrative-based policy scoring items, Applicants must provide full and complete responses to the questions outlined in the Program Application.

#### 5.3.1 Project Description, Vision, and Location (5 points total)

Up to **5 points** will be awarded to Applicants based on the clarity, quality, and feasibility of the project described, the Vision Statement, project site location, and the identified characteristics of the community in which the manufacturing facility will be sited. Maximum points will be reserved for those Applicants who demonstrate a thorough understanding and commitment to the State of California and SGC's housing, equity, and climate goals.

- Project Vision Statement, including Applicant's plan to ensure Project alignment with Program requirements, priorities, goals and objectives and the Applicant's detailed plan to meet them. Applicants should demonstrate a thorough understanding and commitment to the State of California and SGC's housing, equity, and climate goals.



- Overall description of the proposed project location and nearby community(ies). Applicants must identify site and community characteristics that make the selected location desirable for this project (e.g., available workforce, local partners, natural resources, proximity to supply chain, and available land).

### 5.3.2 Feasibility & Project Planning (6 points)

Up to **6 points** will be awarded to Applicants with a clear plan for the project's capital stack and assessment of project development feasibility.

The LPO can guarantee up to 80% of eligible project costs, although many projects end up in the 50 – 70% range. Please describe the remaining components of your project financing structure, including details of existing commitments and gaps you are seeking to address.

Please describe any anticipated planning and implementation challenges and your plans for addressing those challenges. Include expectations of SGC, DOE, or external support if applicable for successful Part II application development or successful FBH manufacturing facility development.

### 5.3.3 Energy Efficiency (6 points total)

Applicants will be awarded one point for each commitment they make to implementing a voluntary CalGreen measure in their **manufacturing facility**, for a maximum of **2 points**.

- How will Applicant comply with all applicable federal, state, and local requirements and regulations regarding energy efficiency?
- How will Applicant meet the mandatory measures for non-residential buildings required by the California Green Building Standards Code (CalGreen)?
- Which voluntary CalGreen measures, if any, does Applicant intend to meet for the project's manufacturing facility? How will these measures be implemented and documented?

Applicants will be awarded up to two points for their commitment to implementing any voluntary CalGreen measures in the **factory-built housing units** to be produced by the project, for a maximum of **2 points**.

- Which voluntary CalGreen measures, if any, do you intend to deploy for housing units produced by the project's manufacturing facility? How will these measures be implemented and documented?
- Do Applicant's current manufacturing and production facilities already meet voluntary CalGreen measures? If so, please describe the facilities and specific features.

Maximum points will be reserved for those Applicants who demonstrate commitment to energy efficiency in both their manufacturing efforts and in the housing units produced, and for

those who demonstrate that they already meet voluntary CalGreen measures in any existing production efforts (up to **2 additional points**).

- How will Applicant go above and beyond those requirements to meet California’s ambitious climate targets?
- Do Applicant’s current manufacturing and production facilities already meet voluntary CalGreen measures? If so, please describe the facilities and specific features.
- Do the housing units currently produced by Applicant meet voluntary CalGreen measures? If so, please describe the specific units and features.

#### 5.3.4 Site Selection (6 points total)

For applicants who have selected a site, up to **3 points** will be awarded for those that have completed a detailed site evaluation. These applicants should demonstrate that they have conducted an evaluation of the proposed project site and have determined that the proposal is consistent with relevant local or regional plans such as general plans, local hazard mitigation plans, designations, zoning, building intensity, and density requirements, design guidelines, and applicable goals, policies, and programs.

For applicants who have not yet selected a site, up to **3 points** will be awarded to those applicants that have taken steps to assess and select potential sites.

- What process was used to evaluate the proposed site for the development of the proposed manufacturing facility? Please describe in detail.
- Based on the evaluation, has Applicant determined that the site is consistent with the plans noted above, and does the Applicant understand what permits will be required for site development?
  - Please describe the entitlement process and required permits. Please note any inconsistencies with and/or challenges arising from applicable plans, regulations, policies, or programs, and describe the Applicant’s plan for addressing those challenges.
- Does Applicant intend to apply for streamlined ministerial approval under Government Code Section 65913.4?

Applicants will be awarded **up to 3 points** for demonstrating their intent to explore, select, and develop their Project on an eligible site identified as an Excess Lands, through the solicitation process with DGS as outlined in EO-N-06-19 and Gov. Code 11011.

Applicants must answer the following questions:

- Is the Applicant planning to locate the manufacturing facility on a state-designated site which is considered excess land under EO-N-06-19 and Gov. Code 11011?

- If yes, please use the [DGS inventory of excess state-owned parcels](#) to identify which parcels and areas you are interested in.

### 5.3.5 Housing Affordability (12 points)

Up to **12 points** will be awarded to Applicants based on the clarity, quality, and feasibility of the proposed strategy to prioritize housing affordability in the project's business and financing plans, and on the Applicant's demonstrated level of commitment to housing affordability which exceeds minimum program threshold requirements.

Applicants with a demonstrated track record of working to site units on deed-restricted projects may receive up to **4 points**. Track records are evidenced through the applicant narrative, resume of past affordable housing work, and letters from Industry Stakeholders.

Applicants must detail their commitment to housing affordability by, at minimum, committing to the following:

- For the first five years of operations, at least 20% of housing units produced are purchased by affordable housing developers for deed-restricted rental developments in California.
- Qualifying deed-restricted developments are restricted for a minimum of 20 years and limit occupancy to households at or below 80% of the area median income for the project site.

Applicants will receive up to **4 points** for commitments to future unit production that exceed the minimum requirement of 20% for the first five years of operations.

- What housing affordability targets is Applicant's project committed to and how will you meet them? Please explain in detail how your project will meet the program's minimum housing affordability requirements.
- If Applicant's project intends to exceed the minimum required housing affordability target, please explain the affordability measures the proposed project is committed to and detail how the project will meet these targets.

Applicants must answer the following questions to demonstrate how they will advance housing affordability throughout the State and may receive up to **4 points**.

- Factory Built Housing is often described as leading to lower costs when compared to similar site-built housing. Applicants should respond to this claim with supporting details on their own past production and-necessary production scale, in addition to design and/or manufacturing process efficiencies that achieve cost savings, as well as a discussion on who benefits from the cost savings.
- How will this grant enable Applicant's project to increase the supply of housing in California and increase the affordability of housing throughout the State?



### 5.3.6 Community & Workforce Benefits (21 points)

#### Community and Labor Engagement (9 points total)

Up to **3 points** will be awarded to Applicants based on the depth, detail, and quality of the proposed Community Engagement Strategy and alignment with US DOE LPO Title 1703 Community Benefits Plan (CBP) objectives and priorities.

- Describe your Community Engagement Strategy for the project. How does it align with SGC program requirements and US DOE LPO Title 1703 Community Benefits Plan (CBP) priorities and objectives?

An **additional 4 points** will be reserved for those Applicants who can demonstrate through narrative response and letters that they have conducted robust initial community engagement efforts for this project which align with SGC program and US DOE LPO priorities.

- What stakeholder groups will your Community Engagement Strategy include, and what engagement activities will be implemented during the grant term (if awarded)?
- What community engagement activities and efforts have been conducted to date on the proposed project?
  - What target communities, groups, and subpopulations have been reached?
  - What engagement activities have been conducted? Describe the methods, format, outputs and outcomes for this engagement.
  - What data has been gathered, analyzed, and/or used to inform engagement activities and strategy for the project?

Applicants with a demonstrated track record of meaningful community engagement and benefits around past facility development will be awarded an **additional 2 points**. Track records are evidenced through the applicant narrative, resume of past community work, and letters from Community Stakeholders.

- Does the Applicant have a track record of prior experience in utilizing community engagement to develop projects that deliver benefits to federal Justice40 communities or California Climate Investments Priority Populations?

#### Quality Jobs and Workforce Continuity (6 points total)

Up to **6 points** will be awarded for the depth, detail, and quality of the proposed approach to creating high quality, “good jobs” and the Applicant’s commitment to pursuing additional labor and workforce measures such as a Community Workforce Agreement, Project Labor Agreement, and/or local hiring as described in Section 4.4.2 and 4.4.3. Applicants must answer the following questions:

- How will Applicant create high quality, “good jobs” as defined by the US DOE? Please address all elements included in Section 4.4.2 and the items below to ensure your answer is full and complete:
  - Number of jobs expected to be created and retained
  - Expected types of jobs to be created and retained
  - Expected or target job retention rates
  - Approach to diversity, equity, inclusion, and accessibility
- What strategies will Applicant use to create workforce opportunities through the manufacturing facility? Please describe any DEIA elements of the strategies.
- What strategies will Applicant use to create workforce opportunities or benefits beyond the manufacturing facility in the broader community (including contracting and subcontracting opportunities)? Please describe any DEIA elements of the strategies.

#### Justice40 (6 points total)

Applicants will be awarded up to **6 points** for providing benefits (beyond the US DOE LPO’s Justice40 and Community Benefits Plan priorities and requirements) and siting their projects in a disadvantaged community and low-income community as defined for California Climate Investments. Please see Sections 3.4 and 4.4.4 for additional details and requirements.

- How does/will Applicant’s site selection align with the US DOE LPO’s Title 1703 Justice40 eight policy priorities?
- Is the proposed project will be sited within a census tract identified as a Disadvantaged Community or Low-Income Community as defined by the California Climate Investments Funding Guidelines?
- How will Applicant use this grant to demonstrate and enhance its commitment to serving California’s Priority Population? Please note that this can be demonstrated in a variety of ways, including locating the factory in a DAC, establishing a preference for hiring and contracting with residents of nearby DACs, contracting businesses in nearby DACs, or committing to signing a community benefits agreement, etc.
- Has Applicant analyzed the project site to determine whether there are any potential negative impacts to the surrounding community(ies) due to the siting of the project (e.g., increased air pollution and greenhouse gas emissions from the manufacturing facility or newly generated vehicle trips to and from the facility)? Please explain in detail.
- How does Applicant intend to mitigate any expected negative impacts on the surrounding community(ies) due to the siting of the project? Please explain in detail.



SGC will use the Priority Populations Map to determine if a project's location may contribute to the California Climate Investments Priority Population funding targets. The Priority Populations Map is available at:

<https://gis.carb.arb.ca.gov/portal/apps/experiencebuilder/experience/?id=6b4b15f8c6514733972cabdda3108348>

### 5.3.7 Disaster Mitigation and Recovery (4 points total)

Up to **2 points** will be awarded to Applicants based on the clarity, depth, and feasibility of their plans for and commitment to prioritizing the production of high-quality resilient permanent housing or long-term temporary housing which can be converted to permanent housing for disaster recovery in impacted communities. Applicants must describe their commitment to prioritizing the manufacture and production of permanent housing or temporary housing for disaster relief in impacted communities.

- How does Applicant propose to support disaster recovery efforts in California? Please provide a clear, detailed, and feasible proposal of support.
  - Can Applicant commit to the production of high-quality resilient units that can be deployed quickly after a disaster as permanent housing (or temporary housing that can be converted to permanent housing)?
  - Is Applicant willing to commit to the development of designs that are pre-approved in multiple jurisdictions and for various site conditions to accelerate deployment?
  - Can Applicant commit to collaboration with a proposed facility's host community and surrounding jurisdictions to understand siting and zoning considerations for potential shelter and housing needs?
  - Is there other support Applicant would like to propose?

Applicants who have a track record of prior experience in providing support and/or high-quality units in disaster impacted communities will be awarded an additional **2 points**.



**Table 2: Scoring Criteria Points Breakdown**

Scoring Criteria	Total Possible Points	Weight
<b>Project Description, Vision, and Location</b>	5	8%
<b>Feasibility &amp; Project Planning</b>	6	10%
<b>Energy Efficiency</b>	6	10%
<b>Site Selection</b>	6	10%
<b>Housing Affordability</b>	12	20%
<b>Community &amp; Workforce Benefits</b>	21	35%
<i>Community and Labor Engagement</i>	9	15%
<i>Quality Jobs and Workforce Continuity</i>	6	10%
<i>Justice40</i>	6	10%
<b>Disaster Mitigation and Recovery</b>	4	7%
<b>TOTAL</b>	<b>60</b>	<b>100%</b>

## Section 6: Grant Administration

### 6.1 Funding Availability & Award Amount

The Factory-Built Housing Pre-Development Program has \$12,000,000 total to award, with individual grants ranging from \$500,000 to \$4,000,000. The Notice of Funding Availability (NOFA) will be released in May 2024, following the approval of the Program Guidelines by the Strategic Growth Council (SGC). Applications will be reviewed on a rolling basis, until March 30, 2026 or all funds are obligated. To batch application review and award processes, applications will be due on a specific date every other month on SGC’s application and grant management platform Submittable.

Applicants have the flexibility to request the amount of funding needed to carry out the work described in their proposal for the grant term. As a SEFI, SGC will provide “meaningful financial support” through this grant. The DOE determines “meaningful financial support” on a case-by-case basis, depending on the type of financial support, size of the applicant project, and additional considerations shared in this [DOE blog post](#). Applicants are encouraged to work with the DOE to determine the appropriate amount through the DOE Part I process.

- Grant availability type: Competitive.
- Disbursement Type: Reimbursement only.

- The exact award amounts provided are contingent on the competitive selection process. Possible reasons for why an Applicant might not receive their full funding request include:
  - Concerns regarding the feasibility of all proposed activities within the grant term
  - Removal of ineligible costs that are included in the proposal
  - If funding remains after awarding the highest scoring Applicants, partial awards may be made to the next highest-scoring Applicant(s).

SGC retains the right to make partial awards.

## 6.2 Grant Agreement

The Pre-Development Program is administered by SGC. Upon the award of the Pre-Development Programs, SGC shall enter into one or more agreements with the Applicant, one of which will be in the form a State of California Standard Agreement (Standard Agreement), which shall commit funds from the Affordable Housing & Sustainable Communities Program in an amount sufficient to fund the approved grant amount.

Grants will be executed between SGC and the Applicant only. SGC will not enter any contractual relationship with any Co-Applicants or subcontractors.

## 6.3 Grant Timeline

Grant terms are four (4) years; with the option to extend on a case-by-case basis. The Project Completion Period is two (2) years, followed by a two (2) year Performance Period, during which Project outcomes will be monitored and grant close-out activities will conclude.

All applications for the Title 1703 Part II program must be submitted prior to September 30, 2026 but SGC recommends applications are submitted to Part II as quickly as possible.

Recognizing that the timeline from first contact with LPO to conditional commitment can take anywhere from six months to more than a year and is largely dependent on the applicant's preparedness and ability to provide required documents, the four-year grant term may be flexible and confirmed during the Standard Agreement Process.

## 6.4 Disbursements and Accounting of Funds

### Pre-Disbursement Conditions

The Grantee cannot request advance payment or reimbursement for any costs incurred or work completed before grant execution. Eligible costs incurred after the award date are eligible for reimbursement once the Pre-Development Program Standard Agreement is executed.

Conditions precedent to the initial disbursement of Program funds shall include receipt of approved Part I Application for Department of Energy Loan Programs Office Title 1703 Clean Energy Financing.

Disbursement of grant funds requires verification of eligible costs. The Grantee will be responsible for compiling all invoices, supporting documentation, and reporting materials into a single package and providing them to SGC. Once the package has been approved for payment, funds will be disbursed to the Grantee.

### Disbursement Schedule

- Grantees may request reimbursement from SGC on a bimonthly basis (every two months).
- Program funds must be disbursed in accordance with deadlines specified in the Standard Agreement, and in no event later than the disbursement deadlines outlined in the NOFA.
- SGC will retain the last 5% of the overall grant budget, to be paid once the State has determined that the grant terms have been fulfilled.

## 6.5 Reporting Requirements

During the term of the Standard Agreement and according to the deadlines identified in the Standard Agreement, the Grantee shall submit, upon request of SGC, a progress report that demonstrates satisfaction of all reporting requirements pursuant to the Pre-Development Program's reporting requirements identified in the Standard Agreement.

### Monthly Progress Reporting (Application Part II Phase)

Monthly progress reports during Title 1703 Clean Energy Financing Program Application Part II pre-development allow grantees to provide updates on how the commitments and project terms they proposed to SGC are fitting into/not fitting into the actual Part II Application.

Grantees will develop detailed work plans and budgets as part of the Pre-Development Program application. SGC will work with Grantees to make adjustments to these documents as needed. These documents will contain more detail than the Standard Agreement and will provide specific, measurable milestones and metrics by which the Grantee and SGC can evaluate progress during the performance period.

SGC will provide templates for the progress reports, work plan, budget, invoice form, and reimbursement request forms. These documents will record the Project's expenditures and assess general progress on deliverables.

### Regular Check-In Meetings

All Grantees can expect to participate in regular check-in meetings with SGC staff and contractors. During these meetings, Grantees can describe their work and SGC staff can offer feedback and guidance on draft deliverables. SGC staff and contractors will also support Grantees in meeting the various administrative criteria, developing financial and grant management processes, and building connections between Grantee(s) and State and Federal agencies. The Grantee check-in meeting schedule will align with the invoicing schedule.

### Annual Progress Reports

In addition to regular check-ins, Grantees will submit annual progress reports that provide updates on the overall status of the grant. During the term of the Standard Agreement and according to the annual deadline identified in the Pre-Development Program Standard Agreement, the Recipient shall submit an annual performance report that demonstrates satisfaction of all reporting requirements pursuant to the Program reporting requirements identified in the Standard Agreement.

Recipient shall also submit any additional reporting requirements developed by the Council or CARB. SGC will collaborate with CARB to develop refined metrics and consistent methodologies for quantifying economic, environmental, and public health benefits, as required by Funding Guidelines for Agencies that Administer California Climate Investments. These may include but are not limited to: Project metrics; the duration over which the grantee will track Project metrics; frequency of reporting; the format grantee will use to report; Project profile information; Project benefit information; and information related to Priority Population benefits.

### Employment Benefits & Outcome Reporting (Factory Development Phase)

Grantees will identify target employment benefits and project outcomes in the Community Benefits Plan and Work Plan submitted as part of the Part II LPO Program Application.

## 6.6 Non-Performance & Non-Compliance

SGC has sole discretion to determine if Grantee is performing in accordance with the Grant Agreement. Non-performance issues can include but are not limited to:

- Misuse of funding for ineligible expenses
- Inability to meet performance requirements or scheduled milestones
- Failure to complete or failure to make a good faith effort to complete the Proposal as a whole or any Proposal Components; and/or
- Failure to comply with the Guidelines or terms and conditions of the Grant Agreement.

SGC will notify Grantee, in writing, if non-performance is determined, and will provide instructions and a timeline to rectify all cases of non-performance.

Grantee must respond to a determination of non-performance within thirty (30) days either by a) acting on corrective actions and notifying SGC of actions taken, or b) disputing SGC's findings in writing. SGC, without waiver of other rights or remedies, may require the Grantee to re-perform any actions defined in the Standard Agreement if determined to be not performed in accordance with the Standard Agreement.

SGC may withhold any reimbursements due to Grantee until the Grantee brings the Project back into full compliance. Costs and expenses for these actions shall be borne by the applicable

Grantee or Subcontractor.

SGC has the right to issue a Stop Work Order and suspend payments to the Grantee. SGC reserves the right to issue a Stop Work Order if there is a breach in the leveraged funding commitments that put components of the Project at risk of not being completed.

Both SGC and the Grantee have the right to terminate the Grant Agreement prior to the end of the grant term upon 30 calendar days of written notice. The written notice shall specify the reason for early termination and may permit SGC or the Grantee to rectify any deficiencies prior to the termination date.

## 6.7 Audits and Record Retention

At any time during the term of the Standard Agreement, SGC may perform or cause to be performed a financial audit of any and all phases of the Grantee's Project. At SGC's request, the Grantee shall provide, at its own expense, a financial audit prepared by a certified public accountant. The State of California has the right to review project documents and conduct audits during project implementation and over the project life.

All records, physical and electronic, must be adequately protected from loss, damage, or destruction for possible audit(s). The Grantee agrees that the State or designated representative will have the right during normal business hours to review and to copy any records and supporting documentation pertaining to the performance of the Grant Agreement and interview any employees who might reasonably have information related to such records.

Further, Grantee agrees to include a similar right of the State to audit records and interview staff of any Subcontractors related to performance of the Grant Agreement.

- Grantee and Subcontractors must maintain copies of Project records four (4) years after all terms of the Grant Agreement are fulfilled, unless a longer period of records retention is stipulated.
- The State retains the right to conduct an audit each year during the grant term and up to four (4) years after all terms under the Grant Agreement are fulfilled.
- The State may require recovery of payment from the Grantee, issue a Stop Work Order or terminate the Grant Agreement, as warranted, based on an audit finding, or any other remedies available in law or equity.

## 6.8 Compliance with State and Federal Requirements

Grantees will be responsible for achieving and maintaining compliance with all applicable federal, state, and local laws, ordinances, and requirements. The following requirements are triggered by the use of public funds and are provided for informational purposes.

### [DOE LPO Title 1703 Federal Requirements](#)

Federal law requires the following reviews and project provisions be met for a project to receive DOE LPO support under Title 1703:

- National Environmental Protection Act (NEPA) compliance
- Prevailing wage requirements
- Cargo-Preference Act
- Build America, Buy America

Additional information is provided in the DOE LPO Title 1703 Part I and Part II application instructions and through consultation with LPO.

### [State Requirements](#)

#### [CEQA Compliance](#)

The California Environmental Quality Act (CEQA) generally requires state and local government agencies to inform decision makers and the public about the potential environmental impacts of proposed projects, and to reduce those environmental impacts to the extent feasible.

The laws and rules governing the CEQA process are contained in the CEQA statute (Public Resources Code Section 21000 and following), the CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 and following), published court decisions interpreting CEQA, and locally adopted CEQA procedures.

#### [State Prevailing Wage](#)

For the purposes of the State Prevailing Wage Law (including Labor Code Sections 1720 – 1785), a grant or loan under the Pre-Development Program shall be considered public funding. Program funding of the Proposal shall not necessarily, in and of itself, be considered public funding of a Project unless such funding is considered public funding under the State Prevailing Wage Law.

It is not the intent of SGC in these regulations to subject Projects to the State Prevailing Wage Law by reason of AHSC Program funding of the Project in those circumstances where such public funding would not otherwise make the Project subject to the State Prevailing Wage Law. As currently designed, the Pre-Development Program is for pre-development and planning activities that do not include “public work” such as construction, alteration, demolition, installation, repair or maintenance work. Applicants should assess each phase of work on the proposal and project, and evaluate if the phase is subject to prevailing federal or state wages; state and federal regulations for prevailing wage are separate and distinct and must be evaluated independently.

The Department of Industrial Relations (DIR) is the primary resource for consultation on the requirements of California prevailing wage law.

## 6.9 Grantee Publicity Guidelines

Grantees are required to acknowledge SGC and California Climate Investments (CCI) in all publications, websites, signage, invitations, and other media related and public-outreach products and events related to the Project. Guidance on CCI logo usage, signage, and logo files contained in the CCI Media and Communications Style Guide are available at: [www.caclimateinvestments.ca.gov/logo-graphics-request](http://www.caclimateinvestments.ca.gov/logo-graphics-request). SGC staff will provide logo files and guidance on their usage directly to Grantees.

- (a) Long-form written materials, such as reports, must include the following standard language about the Council, FBH Program, and California Climate Investments:
  - a. [Insert final FBH Program Summary/Mission]
  - b. The Factory-Built Housing Manufacturers Pre-Development Program Fund is part of CCI, a statewide program that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities. The Cap-and-Trade program also creates a financial incentive for industries to invest in clean technologies and develop innovative ways to reduce pollution. California Climate Investments projects include affordable housing, renewable energy, public transportation, zero emission vehicles (ZEV), environmental restoration, more sustainable agriculture, recycling, and much more. Find out more about the program at: [www.caclimateinvestments.ca.gov](http://www.caclimateinvestments.ca.gov).”
- (b) Any informational materials that do not qualify as long-form, but include at least a paragraph of text, such as press releases, media advisories, short case studies, some flyers, etc., should include the following language:
  - i. (1) Long version: “[Project Name] is supported by California Strategic Growth Council’s Factory-Built Housing Pre-Development Program with funds from California Climate Investments, a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities.”
  - ii. (2) Short version: “[Project Name] is supported by California Strategic Growth Council’s Factory-Built Housing Pre-Development Program with funds from California Climate Investments—Cap-and-Trade Dollars at Work”
- (c) Recipients may at times produce promotional materials that are primarily visual in nature, such as banners, signage, certain flyers, and sharable images for social media. In such cases, when including the boilerplate language acknowledging CCI and SGC support is not practical, grantees should instead include the official logos of the Council and CCI, preceded by the words “Funded by.”

- (d) Recipients are required to identify a point of contact for all press inquiries and communications needs related to the project and provide the name, phone number and email address of this individual to the Council.
- (e) Recipients are encouraged to distribute a press release after grant decisions are made at the Council's Public Council Meeting (or until notified by the Council when awards are embargoed) and for other major milestones throughout the lifecycle of the grant. All press releases must be approved by SGC Communications Office prior to distribution and the Council must be alerted and invited to participate in any and all groundbreaking, grand opening, and press conferences related to the award by emailing [factorybuilthousing@sgc.ca.gov](mailto:factorybuilthousing@sgc.ca.gov).
- (f) Recipients are required to prepare one or more two-to-four-page documents that provide a summary of the Project components and tell the story of the proposal development process and/or implementation. All such materials must be approved by SGC Communications Office prior to distribution. These materials will be displayed on the Council website.
- (g) Applicants and Recipients are encouraged to use social media to share the process of creating a proposal and to inform the throughout implementation. @CalSGC, and @CAClimateInvest should be tagged on all posts related to the grant. Use of the hashtags is encouraged.





## Attachment A: Definitions

**“Affordable Housing”** means any unit or units of housing unit that are made available at an affordable rent, to a household earning no more than 80 percent of the Area Median Income (AMI). Rental Units shall be subject to a recorded covenant ensuring affordability for a duration of at least 55 years. For homeownership projects, it means a housing unit that is made available at an affordable housing cost, as defined in Health and Safety Code Section 50052.5, to a household earning no more than 120 percent of the AMI. Homeownership units shall initially be sold to and occupied by a qualified household and shall be subject to a recorded covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

**“Community Benefits”** could include the eligible costs and activities outlined withing section 2.4.2, in addition to the accepted Co-benefits described by the Program’s California Climate Investments reporting requirements.

**“Community Engagement”** refers to the process of working collaboratively with and through groups of people affiliated by geographic proximity, special interest, or similar situations to address issues affecting the well-being of those people.

**“Deed-Restriction”** is a legal agreement, such as a restrictive covenant, between two parties that limits the uses of a real property. Common restrictions include limiting a property to subsidized affordable housing, density and size restrictions.

**“Disadvantaged Community” (DAC)** as established by CalEPA for SB535 (<https://oehha.ca.gov/calenviroscreen/sb535>)

1. Census tracts receiving the highest 25 percent of overall scores in CalEnviroScreen 4.0;
2. Census tracts lacking overall scores in CalEnviroScreen 4.0 due to data gaps, but receiving the highest 5 percent of CalEnviroScreen 4.0 cumulative pollution burden scores;
3. Census tracts identified in the 2017 SB35 DAC designation as disadvantaged, regardless of their scores in CalEnviroScreen 4.0; and
4. Lands under the control of federally recognized Tribes. For purposes of this designation, a Tribe may establish that a particular area of land is under its control even if not represented as such on CalEPA’s DAC map and therefore should be considered a DAC by requesting a consultation with the CalEPA Deputy Secretary for Environmental Justice, Tribal Affairs and Border Relations at [TribalAffairs@calepa.ca.gov](mailto:TribalAffairs@calepa.ca.gov).

**“Greenhouse Gas Reduction” (GHG Reduction)** means actions designed to reduce emissions of one or all the following gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

**“Letter of Commitment”** refers to documentation indicating some level of partnership or commitment between one or more stakeholder and the applicant. The documentation may or

may not be legally binding, but should outline the responsibilities of, and be affirmed by, each of the parties to the agreement.

**“Letter of Support”** refers to documentation indicating support for the project, provided by a stakeholder that has been engaged. To provide context for the organization’s support, key local community-based organizations or stakeholders can include their role and experience in the community, as well as details on the history of interaction, collaboration, and outcomes between the stakeholder and Applicant.

**“Letter of Engagement”** refers to documentation provided by, or affirmed by, stakeholders to indicate they have at least been in contact with the Applicant and are interested in further potential involvement.

**“Lower Income”** has the meaning set forth in Health and Safety Code Section 50079.5, households with gross incomes not exceeding 80 percent of AMI.

**“Low-Income Households”** mean individual households with either 1) household incomes at or below 80 percent of the statewide median income, or 2) household incomes at or below the threshold designated as low-income by Department of Housing and Community Development’s State Income Limits adopted pursuant to Health and Safety Code Section 50093.

**“NOFA”** means a Notice of Funding Availability issued by the Strategic Growth Council.

**“Nonprofit Organization”** is any nonprofit corporation (including religious institutions, Community Based Organizations, an philanthropic organizations) qualified to operate in California pursuant to subdivision (c)(3) under Section 501 of the Internal Revenue Code.

**“Priority Populations”** include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B of the GGRF Funding Guidelines for more information on the definitions. The Priority Populations Map is available at:

<https://gis.carb.arb.ca.gov/portal/apps/experiencebuilder/experience/?id=6b4b15f8c6514733972cabdda3108348>

**“Public Agency”** means a Locality, transit agency, public housing authority or redevelopment successor agency.

**“Public Work”** for the purposes of this document, refers to the construction, alteration, demolition, installation, repair or maintenance work done under contract and paid for in whole or in part out of public funds. The definition applies to private contracts when certain conditions exist. Grantee can identify additional stipulations and exceptions under Cal. Labor Code § 1720 et seq.

**“Qualified Low-Income Economic Benefit Project”** refers to the definition provided through the DOE’s Low-Income Communities Bonus Credit Program: (1) Section 48(e)(2)(C) provides that a facility will be treated as part of a qualified low-income economic benefit project if at least 50

percent of the financial benefits of the electricity produced by such facility are provided to households with income of less than 200 percent of the poverty line (as defined in § 36B(d)(3)(A)) applicable to a family of the size involved, or less than 80 percent of area median gross income (as determined under § 142(d)(2)(B)). (2) For a qualified low-income economic benefit project, § 48(e)(2)(D) provides that electricity acquired at a below-market rate will be considered a financial benefit. The forthcoming guidance will further clarify the parameters of financial benefit.

**“Qualified Low-Income Residential Building Project”** refers to the definition provided through the DOE’s Low-Income Communities Bonus Credit Program:

1. Section 48(e)(2)(B) provides that a facility will be treated as part of a qualified low-income residential building project if such facility is installed on a residential rental building which participates in an affordable housing program, and the financial benefits of the electricity produced by such facility are allocated equitably among the occupants of the dwelling units of such building.
2. An affordable housing program includes any of the following:
  - a. A covered housing program (as defined in § 41411(a) of the Violence Against Women Act of 1994 (34 U.S.C. 12491(a)(3)).
  - b. A housing assistance program administered by the Department of Agriculture under title V of the Housing Act of 1949.
  - c. A housing program administered by a tribally designated housing entity (as defined in § 4(22) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(22)).
  - d. Such other affordable housing programs as the Secretary may provide. 7 (3) For a qualified low-income residential building project, § 48(e)(2)(D) provides that electricity acquired at a below-market rate will be considered a financial benefit. The forthcoming guidance will further clarify the parameters of financial benefit.

**“Project Sponsor”** as defined in the Title 17 Clean Energy Financing Program guidance, is any person that assumes substantial responsibility for the development, financing, and structuring of an Eligible Project and owns or controls, by itself and/or through individuals in common or affiliated business entities, a five percent or greater interest in the proposed Eligible Project or the Borrower.

**“Workforce and Community Agreements”** include a range of formal agreements between a project developer/owner, impacted community groups, and relevant labor unions. This could be an agreement specifying a project’s commitments to the community; a collective-bargaining agreement specifying wages, benefits, health and safety standards, workforce education and training, and other terms of employment with a labor union; or it could include both

community and workforce provisions. This term as used here is inclusive of Community Benefits Agreements, Community Workforce Agreements, Good Neighbor Agreements, Project Labor Agreements, Collective-Bargaining Agreements, and other similar contractual tools. For details: <https://www.energy.gov/infrastructure/about-community-benefits-plans>