California Strategic Growth Council
Resolution No. 26-03

Increased Funding for the Factory-Built Housing Program

WHEREAS, in December 2022, the California Strategic Growth Council (SGC) adopted a resolution on Housing, Climate, and Equity (Council Priority 3), directing SGC and its member agencies to promote strategic, equitable growth through their programs and policies; and

WHEREAS, in October 2023, SGC adopted Resolution 23-02 directing staff to develop a pilot program to fund energy-efficient manufacturing facilities applying for federal clean energy assistance to expand infrastructure, create jobs, and reduce emissions; and

WHEREAS, on April 30, 2025, SGC repealed Resolution 23-02 in its entirety and directed staff to coordinate with member agencies and departments of SGC, the California Air Resources Board (CARB), and other state entities, as needed and beneficial to the state, on the development of a modified pilot funding program that:

1. Evaluates the potential of factory-built housing (FBH) to reduce greenhouse gas emissions and contribute to the state's housing production and affordability goals; and
2. Assesses potential interventions to address challenges to the provision and deployment of FBH in California; and
3. Provides funding to support the expansion of FBH in California; and

WHEREAS, innovations in FBH that are designed and constructed in compliance with the California Green Building Standards Code, 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, have demonstrated potential to address the above-mentioned barriers to the state's housing production and affordability goals while reducing the production-related emissions inherent in residential construction; and

WHEREAS, the statewide housing plans call for California to plan for more than 2.5 million homes by 2030, with over 1 million of those homes affordable to lower-income households; and

WHEREAS, CARB's 2022 Scoping Plan aims to reduce greenhouse gas emissions 85% below 1990 levels by 2045, including a 48% reduction of 1990 levels greenhouse gases by 2030, surpassing the statutory mandate to reduce emissions 40% below 1990 levels in 2030; and

WHEREAS, in August 2026, SGC committed $10 million in funding to Factory-Built Housing Round 3 applicants to support a diverse portfolio of regional and multi-regional projects that demonstrate how FBH could deliver benefits across a wide range of communities; and

WHEREAS, Round 3 of the Factory-Built Housing Program received 65 applications requesting approximately $110 million in total funding, resulting in the round being oversubscribed by roughly 11 times the available funding; and

WHEREAS, remaining auction proceeds from Fiscal Year 2025–26 together with Affordable Housing and Sustainable Communities (AHSC) Program disencumbrances provide an opportunity to reinvest a portion of available resources into high-priority Sustainable Communities initiatives, including FBH and the Tribal Housing and Capacity Building Initiative programs; and

WHEREAS, under AB 179 (2026), the state established the AHSC *Sustainable Communities Allocation*, administered by SGC, thereby authorizing SGC to direct 30% of AHSC funds toward flexible community-strengthening and greenhouse-gas-reducing investments consistent with statutory program goals; and

WHEREAS, these investments align with AHSC's statutory objectives to reduce greenhouse gas emissions, support sustainable land-use patterns, and expand equitable housing and mobility opportunities, reinforcing recent legislative direction and SGC's authority to allocate funds accordingly; and

WHEREAS, the current funding for the Factory-Built Housing Regional Pilot Program is consistent with California Climate Investments (CCI) Expenditure Records and Attestation Memoranda required for compliance with statutory program administration; and

WHEREAS, in accordance with AB 179 (2026) directives restructuring AHSC oversight and allocation authority, SGC will update relevant documentation to reflect revised funding levels while maintaining compliance with all applicable state statutes, climate-investment requirements, and reporting standards.

NOW, THEREFORE, BE IT RESOLVED, the California Strategic Growth Council approves an increase of $10 million, for a total of $22 million, in expenditure from already accumulated Affordable Housing and Sustainable Communities Program's continuous appropriation funds from disencumbered funds and Fiscal Year 25-26 to further support factory-built housing ecosystem development, innovation, and technical assistance for the Factory-Built Housing Round 3 Regional Pilot Program.

BE IT FURTHER RESOLVED, that of the Round 3 total, up to $20 million is available for grant awards, including additional awards and increases to awards approved August 26, 2026, up to $1.5 million for no-cost technical assistance, and the remainder for program administration.

This Resolution is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, officers, employees, or any other person.

Passed and adopted this 28th day of October, 2026.