Factory-Built Housing Regional Pilot Program

Round 3

Final Grant Amended Guidelines

Oct. 28, 2026

CALIFORNIA STRATEGIC GROWTH COUNCIL

CALIFORNIA CLIMATE INVESTMENTS

Visit sgc.ca.gov/grant-programs/factory-built-housing/ for more program information.

Sign up to receive updates about the Factory-Built Housing Regional Pilot Program and other Strategic Growth Council initiatives at https://bit.ly/FBHSign-Up.

How to Use this Document

This Grant Guidelines document governs Round 3 of the Factory-Built Housing Regional Pilot Program (FBH Program) and provides resources and guidance for potential applicants and Grantees. This document includes information about the two grant types available to eligible applicants: Catalyst Grants and Planning Grants. All information in this document applies to both grant types unless specifically stated otherwise.

Please note that this document is not the only source of information on FBH Program requirements. The forthcoming Notice of Funding Availability (NOFA), application, and application instructions will provide additional information, resources, and guidance for applicants.

Stay Updated

- Please email factorybuilthousing@sgc.ca.gov with any questions
- Sign up for the FBH Program newsletter
- Check the SGC website for the latest FBH Program information

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Section 1: Program Background

1.1 California Strategic Growth Council

The Factory-Built Housing Regional Pilot Program (FBH Program) is administered by the California Strategic Growth Council (SGC). SGC staff are responsible for developing Grant Guidelines, releasing Notices of Funding Availability (NOFA), conferring with the Council, making grant awards, and administering the program.

The SGC seeks to advance public health, racial equity, local economies, energy efficiency, affordable housing, and sustainable transportation in underserved communities through multi-benefit investment programs.

1.2 Program History

In December 2022, SGC adopted a resolution on Housing, Climate, and Equity (Council Priority 3), directing the Council and its member agencies to promote strategic, equitable growth through their programs and policies. The resolution called for identifying new tools and strategies to advance California's housing, climate, and equity goals at the scale needed to meet current and future demands.

In coordination with the Business, Consumer Services, and Housing Agency, the Department of Housing and Community Development, and the California Air Resources Board, SGC identified factory-built housing as a key opportunity to accelerate progress toward the state's housing, climate, and energy goals. 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.

1.3 Previous Rounds

To meet the Council's directive, SGC launched the first round of the FBH Program in August 2024, followed by Round 2 in November 2024, both of which aimed to support the development of factory-built housing manufacturing facilities by eligible applicants pursuing federal funding for energy-efficient housing production. The SGC did not make any awards during the first two application rounds.

On April 27, 2025, after gathering and integrating feedback from industry experts and stakeholders, the Council adopted a revised factory-built housing resolution.[1] This resolution directed SGC to develop a modified pilot program that does not limit funds to applicants pursuing federal assistance.

[1] California Strategic Growth Council, Resolution to Support Energy-Efficient Factory Built Housing (SGC Resolution 25-01) - April 27, 2025: https://sgc.ca.gov/meetings-events/council/2025/04-30/docs/20250430-7_AttachmentA.pdf.

1.4 Program Alignment with State Climate Initiatives

The FBH Program is funded by a $22,000,000 allocation from the Affordable Housing and Sustainable Communities (AHSC) Program. Public Resources Code Section 75210 created the AHSC Program to "implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development, and that support related and coordinated public policy objectives."

The AHSC Program receives its funding from California's Greenhouse Gas Reduction Fund (GGRF), which is administered in California by the California Climate Investments (CCI) Program. As such, the FBH Program is considered to be a CCI Program and is subject to CCI and GGRF funding requirements and priorities, which are reflected in these Grant Guidelines.

1.5 Program Funding Summary

The FBH Program will allocate up to $20 million to the provision of grants, with up to $1.5 million reserved for no-cost technical assistance and capacity building services for applicants, Grantees, and Partners. Maximum award amounts for each grant are listed below. Exact award amounts will be determined by SGC and are contingent on a competitive application and selection process.

The SGC may make partial awards or reallocate funds between grant types in the event of undersubscription and/or ineligibility.

- **Funding Available for FBH Program Round 3 Awards:** approximately $19,000,000
- **Award Caps and Grant Term**
  - **Catalyst Grants:** Up to $500,000 over a two-year term
  - **Planning Grants:** Up to $3 million over a three-year term
- **Application / Selection:** Competitive
- **Match Funding Required:** No
- **Disbursement:** Reimbursement
- **Technical Assistance:** No-cost technical assistance will be available to support applicants with application preparation and Grantees with grant administration and project implementation.
- **Advance Payment:** Eligible Catalyst Grantees may receive up to 25% of their total grant award as an advance.

	Catalyst Grants	Planning Grants
Purpose	Help launch early-stage initiatives and partnerships.	Scale existing initiatives from planning toward implementation.
Maximum Award	$500,000	$3,000,000
Grant Term	Two years	Three years

1.6 Program Timeline

The anticipated timeline for Round 3 of the FBH Program is subject to change. The most up-to-date timeline and upcoming events will be found on the SGC FBH Program website.

The competitive Notice of Funding Availability (NOFA) and application for Round 3 will be released in early 2026, following the approval of the Round 3 Grant Guidelines by the Strategic Growth Council.

Anticipated Date	Program Activity
August 27, 2025	Draft Round 3 Grant Guidelines Released for Public Comment
December 2025	Final Round 3 Grant Guidelines Adopted by SGC
Early 2026	Notice of Funding Availability (NOFA) Released
Early 2026	Applications Period Open (singular due date for all applications)
Mid-2026	Applications Reviewed
Late-2026	Awards Recommended for Council Adoption
Early 2027	Grant Agreements Executed
2027-2030	Project Completion Period
2029- 2030	Project Evaluation

Section 2: Program Approach

2.1 Unlocking the Benefits of Factory-Built Housing for a Better Housing Future

California faces a growing need for housing that is affordable, equitable, climate-smart, and resilient. At the same time, the state must meet ambitious greenhouse gas (GHG) reduction goals, confront the increasing frequency of climate-related disasters, and support long-term recovery in vulnerable communities.

The Factory-Built Housing Regional Pilot Program (FBH Program) will help meet these intersecting challenges by accelerating the adoption of factory-built housing solutions that are efficient, sustainable, and adaptable to diverse community needs. By investing in regional partnerships and flexible implementation strategies, the FBH Program empowers communities to scale housing solutions that align with local goals and statewide priorities.

Factory-built housing refers to a residential building, dwelling unit, an individual dwelling room or combination of rooms, or building components that are either wholly or substantially manufactured at a facility that is separate and off-site from the location at which the building, unit, rooms, or components will be assembled. Mobile homes and recreational vehicles do not qualify as factory-built housing.[2]

Unlike conventional site-built construction, factory-built housing is produced in controlled, off-site environments using standardized, repeatable processes. This method offers numerous advantages that make factory-built housing a powerful tool in California's housing and climate action toolkit, including:

- **Lower Costs and Streamlined Construction:** Factory-built housing reduces overall development costs through efficient labor use, bulk material purchasing, and controlled manufacturing that minimizes waste, delays, and cost overruns.
- **Faster Timelines:** Off-site fabrication enables parallel progress with site preparation, significantly reducing time to occupancy.
- **Reduced Emissions:** Energy-efficient manufacturing, less material waste, and compliance with California Green Building Standards (CALGreen) all contribute to a lower carbon footprint.[3]

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[2] California Health and Safety Code Section 19971: http://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=HSC&division=13.&title=&part=6.&chapter=&article= ; California Building Standards Code, Sections 18008, 18012.5, and 19990: https://www.dgs.ca.gov/BSC/Codes.

[3] State of California Building Standards Commission, California Green Building Standards Code (Part 11, Title 24, California Code of Regulations): https://www.dgs.ca.gov/bsc/calgreen.

- **Design Flexibility and Scalability:** Factory-built housing can support a wide range of housing types, from backyard Accessory Dwelling Units (ADUs) to mid-scale infill projects, that are adaptable to the character and needs of different communities.
- **Climate Resilience:** Factory-built housing integrates fire-resistant materials such as mass timber panels, reflective roofing, and enhanced insulation to help communities withstand wildfire, extreme heat, and other climate hazards.
- **Disaster Recovery Readiness:** Factory-built housing can be rapidly deployed as interim or permanent housing, providing a vital resource for communities rebuilding after wildfires, floods, and other disasters.
- **Economic Development and Industrial Diversification:** Investing in modular and prefabricated housing production and delivery can stimulate local economies in rural and underserved areas by creating anchor employers, attracting supply-chain businesses, and driving innovation in low-carbon materials and digital design.
- **Workforce Development and Skilled Jobs:** Expanding factory-built housing production and deployment generates a variety of new jobs in design, manufacturing, assembly, installation, and logistics, especially when supported by training partnerships that equip workers with transferable skills and experience in sustainable construction practices and technology.

The FBH Program is designed to unlock these benefits and help regions translate vision into action by supporting both early exploration and advanced planning efforts that advance the production, deployment, and use of factory-built housing across California.

2.2 Program Goal

The FBH Program is designed to support regional strategies that use factory-built housing to expand the supply of affordable, high-quality homes across California. The goal is to create solutions that can be scaled and replicated to move beyond one-off development projects to broader, long-term impact.

Recognizing that each region faces unique barriers to housing production (e.g., fragmented permitting processes, aging infrastructure, and limited local capacity), the Program emphasizes approaches that are tailored to local conditions and priorities.

To address these challenges, the FBH Program seeks to fund a diverse portfolio of regional and multi-regional projects that demonstrate how factory-built housing can deliver benefits across a wide range of communities and jurisdictions. The Program's flexible framework encourages applicants to propose innovative models for regional collaboration, planning, and implementation that can be adapted and scaled across different areas of the state.

Program Objectives

While the FBH Program offers applicants significant flexibility in designing regional approaches, all requirements, applications, and scoring criteria are anchored in four core Program Objectives:

1. **Build Regional Networks and Capacity:** Strengthen the ability of regions to deliver factory-built housing at scale by cultivating durable partnerships among public agencies, private developers, and nonprofit organizations.
2. **Reduce Greenhouse Gas Emissions:** Lower the environmental impact of residential construction through more efficient design, production, and delivery methods that reduce emissions across the residential construction lifecycle.
3. **Deliver Co-Benefits for California Communities:** Advance regional housing and community development initiatives that deliver meaningful co-benefits to local communities — particularly for California's Priority Populations *(See Appendix A: Glossary)*.
4. **Foster Innovation:** Elevate creative regional initiatives that demonstrate scalable, effective models for planning and delivering factory-built housing aligned with local and statewide priorities.

Together, the Program Goals and Objectives form the foundation of the FBH Program's grant structure, eligibility requirements, and evaluation criteria. Applicants must clearly demonstrate how their proposed projects will advance this framework and contribute to California's broader housing and climate goals.

2.3 Grant Types

To support applicants at different stages of regional coordination and implementation readiness in meeting FBH Program Objectives, the Program offers two grant types: Catalyst Grants and Planning Grants.

Both aim to expand the regional use and impact of factory-built housing but are tailored to support applicants at different project stages, from early efforts to build capacity and partnerships to more advanced initiatives preparing for implementation and large-scale delivery.

Catalyst Grants

The Program will provide Catalyst Grants of up to $500,000 over a two-year term to help Grantees launch or advance early-stage efforts that build regional knowledge, capacity, networks, and stakeholder support for the production and deployment of factory-built housing in California.

Who Should Apply?

Catalyst Grants are designed for entities exploring factory-built housing opportunities, forming new partnerships, or conducting early-stage efforts to build regional knowledge, capacity, and stakeholder support for factory-built housing development.

Catalyst Grants are ideal for applicants in the early stages of partnership formation, research and analysis, or stakeholder engagement who wish to establish or grow relationships and networks

among regional partners, increase regional understanding of factory-built housing solutions and benefits, and/or identify enabling conditions for advancing factory-built housing as an affordable housing solution in their region.

Catalyst Activities

Catalyst Grants may fund activities such as:

- Conducting research on regulatory, zoning, or land use barriers to factory-built housing production.
- Completing market studies to assess regional demand and housing needs.
- Identifying and convening public, private, and community stakeholders to form cross-jurisdictional coalitions.
- Hosting peer learning exchanges or regional dialogues on factory-built housing opportunities, challenges, and strategies.
- Developing preliminary plans, frameworks, or roadmaps to inform future factory-built housing projects and policies.

Catalyst projects are expected to result in increased regional capacity, collaboration, and stakeholder support for factory-built housing as a viable affordable housing strategy. Projects should also produce or promote innovative, scalable, and/or replicable strategies for removing barriers to factory-built housing expansion and integrating factory-built housing into local and regional housing plans.

Planning Grants

The FBH Program will provide Planning Grants of up to $3 million over a three-year term to support initiatives that are ready to translate exploratory and early-stage coordination efforts into actionable strategies, scalable plans, and targeted pre-implementation activities.

Who Should Apply

Planning Grants are designed for projects that have progressed beyond the early-stage activities and are poised to implement or meaningfully advance coordinated planning efforts that position their region for scalable factory-built housing delivery.

Planning Grant applicants must propose a clear vision for expanding factory-built housing at a regional scale and demonstrate that they possess the legal authority, capacity, established relationships, and collaborative infrastructure needed to deliver actionable plans, policies, or frameworks that advance Program objectives.

Planning Activities

Planning Grants may fund activities such as:

- Amending local or regional policies to streamline permitting for factory-built housing projects.
- Conducting in-depth regional factory-built housing market analyses and developing action plans.

- Identifying and assessing feasible sites for factory-built housing development.
- Advancing predevelopment work and pilot project pipeline planning.
- Designing regional financing tools or aligning public subsidy strategies.
- Implementing or advancing regional regulatory or permitting reforms to remove barriers to factory-built housing.
- Developing and implementing governance structures and other regional collaborative frameworks.
- Integrating factory-built housing strategies into regional transportation, climate, or housing plans.

Planning projects are expected to result in actionable frameworks, expanded or formalized partnerships, or proven tools and strategies that accelerate factory-built housing implementation, align regional housing and climate goals, and create replicable models that can be scaled across jurisdictions.

Section 3: Eligibility

To advance the FBH Program Objectives of building regional networks and capacity and fostering innovation, the Program offers flexible eligibility requirements that encourage collaboration across government, nonprofit, and private sectors. This allows applicants to design partnerships that address the unique challenges and opportunities of their region while implementing projects across jurisdictions.

Section 4: Application outlines the application components, documents, and supporting documentation prospective applicants must submit for their application to be considered complete and eligible for scoring. Applicants will be required to illustrate how their proposed projects align with and advance the Program Goal and Objectives described in Section 2: Program Approach.

Note: All of the eligibility requirements described below apply to applications for Catalyst and Planning Grants.

3.1 Applicant Eligibility Requirements

Lead Applicant

Lead Applicants for both grant types must meet all of the following criteria for their application to be considered for an award:

1) Must be based in/operating in the State of California.
2) Must be authorized to enter into agreements and to receive and hold public funds, **or** be operating/able to operate under a fiscal sponsor authorized to enter into agreements and receive and hold public funds.
3) Must demonstrate financial and operational capacity to manage a regional project, coordinate multiple project partners and subcontractors, and satisfy grant requirements.
4) Must demonstrate a track record of **or** commitment to accelerating the production and use of factory-built housing, **and/or** other innovative and affordable housing solutions.

Partner Eligibility Requirements

Partners must meet the following criteria for their application to be considered for an award:

1) Must be based in/operating in the State of California.

Eligible Entity Types

Lead applicants and Partners must be one of the following types of entities for their application to be considered eligible for an award:

1. **Tribal Entities**: An applicant that is a Tribe or a Tribally Designated Housing Entity including any of the following:
    a. An Indian Tribe as defined under USC Section 4103(13)(B) of Title 25; or

   b. A Tribally Designated Housing Entity under 25 USC 4103(22); or
   c. Listed in the Bureau of Indian Affairs Office of Federal Acknowledgement Petitioner List, pursuant to CFR Section 83.1 of Title 25; or
   d. Indian Tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purpose of consultation pursuant to GOV Section 65352.3.
2. **Local Governments:** Any city, county, or city and county government in the State of California. State and federal governments and agencies are not eligible to apply as Lead Applicant.
3. **Multijurisdictional Entities:** Entities operating in the State of California, including:
   - Metropolitan Planning Organizations: Federally designated regional planning bodies responsible for coordinating transportation planning and investment decisions in metropolitan areas.
   - Joint Powers Authorities: Legal entities formed when two or more local public agencies agree to jointly exercise common powers to accomplish shared goals.
   - Regional Transportation Planning Agencies: State-designated regional entities responsible for preparing regional transportation plans and programming transportation funds.
   - Councils of Governments: Voluntary associations of local governments that work together to plan and address regional issues such as transportation, housing, and the environment.
   - Regional Housing Finance Authorities: Public entities established under state law to finance, support, and coordinate affordable housing development at a regional scale.
4. **Community-Based Organizations (CBOs) and Nonprofits:** 501(c)(3) nonprofit organizations, nongovernmental organizations, philanthropic organizations/foundations, Tribal-serving organizations in the State of California.
5. **Community Development Financial Institutions (CDFIs):** Private financial institutions certified by the U.S. Department of the Treasury to provide credit, capital, and financial services in underserved markets and communities in the State of California.
6. **Private For-Profit Entities:** Privately held corporations owned by a small group of individuals or entities that do not trade shares publicly. Public companies that issue shares to the general public are not eligible for funding.
7. **California Institutions of Higher Education:** Public or private nonprofit colleges, universities, and community colleges located in the State of California.
8. **Public Authorities:** Public entities created by legislation or ordinance in the State of California to carry out specific governmental functions, often with independent governing boards.
9. **Public Corporations** (excluding state agencies): Corporations formed by the state or local governments in the State of California for public purposes, distinct from private corporations, and granted legal powers to carry out public functions (California GC § 811.2).

10. **Special Districts**: Local governmental units established in the State of California for a specific purpose, such as economic development, infrastructure, affordable housing, education, water, fire protection, or parks and recreation.
11. **State Agencies, Subagencies, and Departments:** State government entities may participate as a Partner but are not eligible to apply as Lead Applicant.
12. **Other Local and Regional Public Agencies:** Governmental or quasi-governmental organizations at the local or regional level in the State of California, including departments, boards, and commissions.

Ineligible Entity Types

The following entity types are not eligible to apply as a Lead Applicant or Partner:

- **Individuals:** Individual community members are not eligible to apply as Lead Applicant or Partner but may be engaged as subcontractors.
- **Federal Agencies, Subagencies, and Departments:** Federal government entities are not eligible to apply as Lead Applicant or Partner.
- **Public Companies:** Corporations that offer publicly traded stock for sale to members of the general public are not eligible to apply as Lead Applicant or Partner.

3.2 Partnership Requirements

The FBH Program requires that both grant types of form Partnerships that are regional, diverse and can collaboratively administer the funded Projects to meet FBH Program Objectives. All eligible Partnerships must include the Lead Grantee, at least one community-based organization, and additional Partners.

Catalyst Grants

Application Requirements: none

Grant Term Requirement: by the end of the first year of the Grant Term, Catalyst Lead Grantees and Partners must have developed a Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA) that details Partnership.

Planning Grants

Planning Grants are designed for local and regional entities with demonstrated commitment to advancing factory-built housing in their service areas and communities and the ability or authority to implement identified changes. As such, Planning Grant applicants should be in collaboration with other organizations that can address specific gaps to enable or prepare for factory-built housing development and possess the legal authority or ability to implement or significantly advance their proposed actions.

Application Requirements:

- List of identified Partners, demonstrated previous experiences working together, and expected roles these Partners will fulfill in the Project in the form of narrative questions

- Draft MOU/MOA that details partnerships (unsigned and not to be signed until before Grant Execution, if Project is awarded)
- If the Lead Applicant is not a public agency, at least ONE identified Partner must be a public agency with the demonstrated authority to implement proposed activities, including but not limited to land use changes, infrastructure planning, or public-private partnership development. This ONE identified public agency Partner must provide a letter of intent that commits them to working on the Project with the Lead Grantee, if awarded.

Grant Term Requirement: administration of the executed MOU/MOA

1) **Applicant Roles and Responsibilities**

	Application	**Grant Period (if awarded)**
Lead Applicant	• Prepare and submit grant application • Provide all required information and documents • Serve as primary point of contact during application review process	• Sign contract and enter Grant Agreement with the state (Lead Applicant becomes Grantee) • Grantee leads activity implementation and grant administration • Ensures project compliance across Partners and subcontractors • Serves as primary point of contact through project closeout
Partner(s)	• Signatures and roles described in Draft MOU	• Implements activities and supports grant administration and compliance

3.3 Project Area Eligibility Requirements

The **Project Area** is the geographic area in which proposed activities will be conducted. Project Area eligibility requirements are intended to ensure that awarded projects align with Program Objectives related to regional scope and benefits to Priority Populations.

The Lead Applicant must propose a Project Area that meets the following criteria for their application to be considered for an award:

1. **The Project Area is located in the State of California.**
2. **The Project Area must be composed of, at minimum, one county and/or two local jurisdictions.**
    - Beyond the criteria above, Lead Applicants may identify the boundaries of their region by shared natural, political, economic, and/or infrastructure systems; shared climate risks; and/or other shared characteristics, challenges, or dynamics.
    - Lead Applicants may choose to work within a region that is pre-defined by another initiative or designation, but doing so will not impact scoring or award selection.

3.4 Eligible Activities

Proposed eligible activities must enable or accelerate factory-built housing solutions at-scale and benefit Priority Populations (See Appendix A: Glossary).

Eligible activities must also be regional or multi-regional in scale and do not primarily benefit singular development projects. At the time of application, Lead Applicants must demonstrate that proposed activities will be conducted throughout the Project Area and are not limited to specific sites or jurisdictions.

3.5 Eligible Costs

Note: The following eligible costs apply to both Catalyst and Planning Grants.

Eligible Direct Costs

Direct costs are expenses that are necessary to carry out the approved Work Plan and are directly tied to project activities, deliverables, or milestones. Eligible direct costs may include but are not limited to:

- Personnel costs for staff, contractors, and vendors who are directly engaged in performing project activities
- Equipment and supplies required for the execution of project tasks
- Travel expenses directly related to project implementation, including transportation, lodging, and meals. Travel reimbursements must adhere to the rates and conditions established by the State of California on the CalHR website. Out-of-state travel and incidental expenses are not eligible for reimbursement unless specifically approved in the Grant Agreement.
- Other direct project-related expenses that are explicitly necessary to achieve the goals and deliverables outlined in the Work Plan and Budget

The SGC may consider other direct costs on a case-by-case basis.

Eligible Indirect Costs

Indirect costs are costs incurred for a common or joint purpose benefitting more than the approved FBH Program project activities. Indirect costs are necessary for the general operation of the organization but are not directly attributable to the grant as direct costs of executing the project.

Grantees may request reimbursement for indirect costs up to 10% of the total grant award (excluding equipment purchases over $5,000 per unit). Requests for higher indirect cost rates require prior approval and must include supporting documentation. The 10% maximum of indirect cost applies to all entities, except for Federally Recognized Native American Tribes which may use the indirect cost rate negotiated with the federal government.

For the purposes of the FBH Program, eligible indirect costs may include, but are not limited to:

- Personnel costs associated with administrative, supervisory, legal, and executive staff
- Personnel costs associated with facilities and maintenance, including clerical support, janitorial, grounds keeping etc.
- Operating expenses and equipment costs not included as part of direct project costs (functions such as accounting, budgeting, audits, business services, information technology; and office rent, utilities, insurance, computers/software, supplies, etc.)
- Organizational overhead related to maintaining compliance, reporting, or internal controls

Indirect personnel costs generally cover work associated with the grant that is occasional or intermittent. Documentation related to the determination of the Grantee's indirect cost rate must be retained by the Grantee for audit purposes.

3.6 Ineligible Costs

The following costs are ineligible for direct reimbursement under the FBH Program:

- Direct construction of housing units or on-site building costs*
- Acquisition of land or property*
    - *Note: The Program will consider funding activities such as innovative financing structures and competitive grant programs that may pass through funds to development projects involving direct construction. In these cases, projects may use FBH Program funds for construction pre-development and development costs on a case-by-case basis. The SGC has sole discretion to determine whether a pass-through arrangement meets the requirements and objectives of the FBH Program. *(See Appendix B: Pass-Through Funding Policy)*.
- Direct financial assistance (such as rental subsidies or mortgage assistance) to individuals or households
- Costs that duplicate efforts already funded by another state or federal program without generating new, additional value
- The following costs associated with community engagement and outreach:
    - 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 project.
- Lobbying or advocacy work, such as direct lobbying for the passage of specific bills or local propositions*
    - *Note: Grantees may use program funds to develop propositions relevant to factory-built housing activities but cannot use funds to support lobbying activities to advance or pass legislation.
- Commission fees
- Operating costs
- 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.

Section 4: Application

This section outlines required application components, including the forms, documents, and supporting materials that must be submitted for a complete and eligible grant application. Additional information and guidance will be provided in the NOFA and application.

4.1 Application Submission and Review Process

- All applications must be submitted electronically via the Submittable online platform by the due date provided in the NOFA and application announcement. A separate Submittable application will be provided for each grant type.
    - Note: No PDFs, email submissions, or hard copies will be accepted.
- After the application window closes, Program staff will conduct completeness and threshold reviews of all applications submitted before the due date.
    - Only applications that meet all Program Thresholds will advance to interagency review and scoring.
    - Applications that do not meet all thresholds will not be scored. If none of the applications meet threshold requirements, SGC may issue a revised solicitation.
- All applications that are complete and meet threshold requirements will be evaluated and scored by an interagency review panel using the Scoring Criteria (see Section 5: Scoring Criteria). The review panel is composed of panelists from state agencies who have experience in FBH Program subject matter, Objectives, and priorities.
    - **For Planning Grants only:** Top-scoring applicants will be invited to a one-hour interview with SGC and/or the interagency review panel.
- Program staff will then synthesize application scores and (for Planning Grant applications) additional information from applicant interviews to determine final scoring and Grantee selection.
- SGC staff will recommend awards to the Council, who will vote to approve the awards in public Council Meetings.
- At least 10 calendar days prior to the Council Meeting, SGC staff will post summary information about each application submitted for consideration.

4.2 Application Components

Applications must be fully complete and submitted by deadline to be considered eligible. The FBH Program will release separate applications for Catalyst and Planning grants.

In addition to the listed thresholds below, there will be Narrative Response questions and required supporting documentation for each grant type that reflect the intended activities, applicants, and partnerships described in Section 2.3: Grant Types and Section 5: Scoring Criteria. Additional details will be released in the NOFA.

Threshold Application Requirements for Catalyst and Planning Grants

Applications for both grant types must include all of the information and documentation listed below and meet the Eligibility Criteria listed in Section 3: Eligibility to advance to the interagency review panel for scoring.

Applications that fail to meet threshold requirements will not be scored.

1. **Lead Applicant Thresholds**
    a. **Eligible Entity Type:** Lead Applicant must confirm that they are an eligible entity type.
    b. **Authorizing Resolution or Letter (public agencies only):** Lead Applicants who are public agencies must provide one of the following
        i. **A formal Authorizing Resolution or Letter of Authorization** approved by their governing authority that enables the Grantee to enter into agreement with SGC and have authority to execute all proposed activities if awarded, **or**
        ii. **A statement** confirming that, if awarded, the Lead Applicant is able to submit a Formal Authorizing Resolution or Letter of Authorization no later than 60 days after notice of award.
    c. **Financial Documents:** Lead Applicants must provide all financial documents required for their entity type listed below.
        i. **For Profit Entities:** Current annual operating budget and financial statements from the last two years, including:
            1. Balance sheets
            2. Income statements
            3. Statements of cash flows

        ii. **501(c)(3) Nonprofits**
            1. Copy of most recent Federal Form 990
            2. Copy of IRS 501(c)(3) Tax Determination Letter
            3. A valid Employer Identification Number (EIN)
            4. Any Applicant with an audit finding from the last five years is required to disclose it in an official letter.

        iii. **Applicants operating under fiscal sponsorship by a 501(c)(3) nonprofit or academic institution**
            1. A copy of the sponsor's most recent Federal Form 990, a copy of the sponsor's IRS 501(c)(3) Tax Determination Letter, and any audit findings from the last five years

2. A letter from the fiscal sponsor confirming sponsorship or stating intent to serve as fiscal sponsor

d. **Program Objectives Alignment**: Applications propose activities that are aligned with the FBH Program Objectives and do not contain significant amounts of ineligible or irrelevant activities. Applications' proposed activities are regional or multi-regional in nature, and do not primarily benefit singular development projects.
e. **Planning Grants ONLY - Draft Partnership Memorandum of Understanding (MOU)** outlining the project role and responsibilities of the Lead Applicant and each Partner named in the application. SGC will provide an MOU template and additional guidance in the NOFA and application.

2. **Partner(s) Thresholds**
   a. **Eligible Entity Type:** Partner(s) must confirm that they are an eligible entity type.

3. **Project Area Thresholds**
   a. **Project Area Description:** Provide a description of the proposed Project Area that demonstrates that it is comprised of, at minimum, one county and/or two local jurisdictions. Applicants may identify the boundaries of their region by shared natural, political, economic, and/or infrastructure systems; shared climate risks; and/or other shared characteristics, challenges, or dynamics.

   b. **Project Area and Priority Populations Map:** Applicants will provide a map that identifies the boundaries and key jurisdictions of their Project Area, and, if applicable, any relevant Priority Populations located within the Project Area.

      i. SGC will provide a map template, instructions, and additional guidance in the FBH Program NOFA and application.

4. **Activity Thresholds**
   a. **Work Plan and Budget Workbook:** Applicants will use a Budget and Work Plan Excel workbook provided by the Program to clearly outline proposed activities, costs, deliverables, and timelines. SGC will provide the template, instructions, and additional guidance in the NOFA and application.
   b. **Description of proposed activities** including specific tasks, costs, deliverables and intended outcomes, communities and populations served, and cost justification demonstrating proposed activities meet eligibility criteria:
      i. **Activities are regional or multi-regional in nature and do not primarily benefit singular development projects**: Applicants must demonstrate that proposed activities will be conducted throughout the Project Area and not limited to specific sites or jurisdictions.

      ii. **Proposed costs are eligible, feasible, and align clearly with proposed activities and Program Objectives:** Applicants must demonstrate that Budget does not include significant ineligible costs.

Section 5: Scoring Criteria

The scoring criteria outlined below reflect the FBH Program's goal of building a diverse portfolio of regional and multi-regional projects that collectively advance Program objectives and priorities.

5.1 Catalyst Grant Scoring Criteria

FBH Program Catalyst Grant applications will be scored out of a total of 100 points according to the following criteria:

Table 1. Catalyst Grant: Scoring Criteria Summary

CATALYST GRANT SCORING CRITERIA	POINTS
Alignment with FBH Program Vision and Objectives	20 points
Applicant Experience and Capacity	20 points
Collaborative Partnerships	10 points
Project Impact and Co-Benefits	25 points
Workplan and Budget Feasibility	15 points
Project Replicability and Innovation	5 points
Priority Points	5 points
TOTAL	**100 points**

Alignment with FBH Program Goal, Objectives, and Priorities (20 points)

- **20 points:** Proposed project clearly aligns with FBH Program Goal and Priorities, and applicant demonstrates clear connection between Program Objectives and proposed activities and outcomes.

Applicant Experience and Capacity (20 points)

- **10 points:** Lead Applicant demonstrates previous experience and/or commitment to advancing factory-built housing, affordable housing, and/or community development initiatives.
- **10 points:** Lead Applicant demonstrates sufficient staffing, project management, and technical expertise necessary to execute the proposed activities.

Collaborative Partnerships (10 points)

- **10 points:** Applicant demonstrates understanding of regional stakeholder entities and proposes activities that will establish and/or strengthen collaborative partnerships/networks in the Project Area.

Project Impact and Co-Benefits (25 points)

- **10 points**: Demonstrated need or value of proposed exploratory activities, including through narratives of anticipated Project benefits and outcomes. Provide justifications for the need based off previous research, regional/local data, climate risks, current housing market conditions, both current and/or historical
- **10 points**: Proposed Catalyst activities in the application and Workplan address these identified barriers and may, thereby reasonably, contribute to increasing the efficacy of deploying factory-built housing units
- **5 points**: Proposed Catalyst activities in the application and Workplan also provide co-benefits to local/regional communities (See Appendix A: Glossary for definition of co-benefit)

Workplan and Budget Feasibility (15 points)

- **10 points:** Overall project design and feasibility are clear, relevant, and appropriate, given the Project's vision statement, proposed activities, and Program Goal and Objectives. Work Plan provides clear description of activities, discrete tasks, and deliverables. Activities are sequenced appropriately and inclusive of entire grant term.
- **5 points:** Budgets clearly align with the tasks detailed in the Work Plan. Reviewers consider cost reasonableness, use of funds, and clear justification for each expense.

Project Innovation and Replicability (5 points total)

- **2.5 points:** Project has potential to scale and replicate across other regions.
- **2.5 points**: Project has a creative and innovative approach to factory-built housing project design, construction, delivery, or financing.

Priority Points (5 points)

- **3 points:** Project vision intends to benefit Priority Populations (see Appendix A: Glossary for definition of Priority Populations)
- **2 points:** Lead Applicant has demonstrated history of completing work benefiting Priority Populations (see Appendix A: Glossary for definition of Priority Populations)

5.2 Planning Grant Scoring Criteria

FBH Program Planning Grant applications will be scored out of a total of 100 points according to the following criteria:

Table 2. FBH Program Planning Grants Scoring Criteria Summary

PLANNING GRANT SCORING CRITERIA	POINTS
Alignment with FBH Program Goal, Objectives, and Priorities	15 points
Applicant Experience and Capacity	20 points
Collaborative Partnerships	15 points
Project Impact and Co-Benefits	20 points
Workplan and Budget Feasibility	20 points
Project Replicability and Innovation	5 points
Priority Points	5 points
TOTAL	**100 points**

Alignment with FBH Program Goal, Objectives, and Priorities (15 points)

- **15 points:** Proposed project clearly aligns with FBH Program Goal and Priorities, and applicant demonstrates clear connection between Program Objectives and proposed activities and outcomes.

Applicant Experience and Capacity (20 points)

- **10 points:** Lead Applicant demonstrates previous experience and/or commitment to advancing factory-built housing, affordable housing, and/or community development initiatives.
- **10 points:** Lead Applicant demonstrates sufficient staffing, project management, and technical expertise necessary to execute the proposed activities.

Collaborative Partnerships (15 points)

- **10 points:** Applicant demonstrates understanding of regional stakeholder entities and proposes activities that will establish and/or strengthen collaborative partnerships/networks in the Project Area.
- **5 points:** Partnership Memorandum of Understanding (MOU) demonstrates strong partnership structure and outlines defined project roles for the Lead Applicant and each Partner. Narrative responses demonstrate justification for partner selection and explains how partner(s) will help advance the project.

Project Impact and Co-Benefits (20 points)

- **5 points:** Applicant clearly identifies and demonstrates understanding of local communities, housing and community development needs in the Project Area
- **10 points:** Proposed Planning activities in the application and Workplan address these identified barriers and may, thereby reasonably, contribute to increasing the efficacy of factory-built housing deployment
- **5 points:** Demonstrates that proposed activities in the application and Work Plan will provide specific co-benefits to local/regional communities *(See Appendix A: Glossary for definition of co-benefit).*

Workplan and Budget Feasibility (20 points)

- **10 points:** Overall project design and feasibility are clear, relevant, and appropriate, given the Project's vision statement, proposed activities, and Program Goal and Objectives. Work Plan provides clear description of activities, discrete tasks, and deliverables. Activities are sequenced appropriately and inclusive of entire grant term.
- **10 points:** Budgets clearly align with the tasks detailed in the Work Plan. Reviewers consider cost reasonableness, use of funds, and clear justification for each expense.

Project Innovation and Replicability (5 points)

- **2.5 points:** Project has potential to scale and replicate across other regions.
- **2.5 points**: Project has a creative and innovative approach to factory-built housing project design, construction, delivery, or financing.

Priority Points (5 points)

- **3 points:** Project vision intends to benefit Priority Populations (see Appendix A: Glossary for definition of Priority Populations)
- **2 points:** Lead Applicant has demonstrated history of completing work benefiting Priority Populations (see Appendix A: Glossary for definition of Priority Populations)

5.3 Interagency Review Panel Interviews

Following the interagency panel review, top-scoring Planning Grant applicants will be invited to participate in an interview with the Interagency Review Panel and Program staff. Interviews will be scored out of 10 points based on the applicant's ability to convey strong vision, project design and feasibility, community impact, appropriate scale, and potential for replicability.

5.4 Partial Awards and Reallocations

The SGC retains the right to make partial awards and to reallocate funds between FBH Program grant types in the event of undersubscription and/or ineligibility or to advance the FBH Program's Goal and Objectives.

Possible reasons 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 application.
- If funding remains after awarding the highest-scoring applicants, partial awards may be made to the next highest-scoring applicant(s).

The SGC may also issue additional awards from the existing Round 3 funding pool in the event that the Council authorizes a funding increase. Any such additional awards will be based solely on the scores of applications as originally submitted, without revision or resubmission by applicants. The SGC may also increase previously approved partial awards in cases where an applicant's award was reduced solely due to insufficient funds at the time of the original Round 3 allocations. Any such increases will be made only to restore funding up to the level justified by the application as originally submitted, and will not involve any revision or resubmission of materials.

Section 6: Grant Management

6.1 Post-Award Consultation Process

Applicants selected for awards will be required to participate in a Post-Award Consultation (PAC) Process prior to finalizing the Grant Agreement. During the PAC Process, SGC will help Grantees and Partners finalize a scope of work that will include an operable Work Plan, Budget, and Timeline throughout the grant term. The FBH Program will provide templates, instructions, and Technical Assistance to support Grantees in developing these materials. The Program may request additional information as needed to meet other applicable reporting or audit requirements.

6.2 Grant Agreement

Grants will be executed between SGC and the Lead Applicant only. The SGC will not enter into any contractual relationship with Partners or subcontractors.

The Grant Agreement will clearly identify all required deliverables, reporting schedules, invoicing requirements, and timelines for Project completion. Grantees are responsible for complying with all reporting and financial requirements outlined in the Grant Agreement.

Once the Grant Agreement has been executed, the Lead Applicant will be referred to as the "Grantee" and Partners will remain as "Partners."

6.3 Reporting Requirements

The information below outlines required deliverables for both grant types. Any project-specific deliverables and reporting schedules will be clearly identified in their Grant Agreement.

Grantees will be required to submit regular progress reports and invoices, a mid-term report, and a final report. The SGC will provide forms, templates, and instructions for each of these reporting components.

Regular Invoices and Progress Reports

All FBH Program Grantees will submit invoices and reimbursement request forms according to the invoicing and reimbursement schedule outlined in the Grant Agreement. All invoices must include a progress report that describes the activities undertaken, milestones met, and deliverables completed during the reporting period.

Regular Check-In Meetings

All FBH Program Grantees can expect to participate in regular check-in meetings with SGC staff and Technical Assistance providers. During these meetings, Grantees and FBH Program staff will review Project invoices and progress reports to date, discuss any challenges, and identify solutions and/or necessary amendments to the Work Plan and Budget. Program staff will provide feedback

and guidance on Project activities and deliverables, and Grantees will have the opportunity to ask questions and request Technical Assistance or other support.

Mid-Term Report

Approximately halfway through the grant term, Grantees will submit a mid-term report including:

- A comprehensive assessment of Project progress and status to date (including milestones and objectives met and remaining, expenditures, and any other information outlined in the Grant Agreement);
- Updates on the status of Project deliverables and descriptions of Project output and impact to date;
- Demonstration of compliance with all reporting and compliance requirements set forth in the Grant Agreement; and
- Identification and description of any barriers or challenges that have or may significantly alter the Project timeline, deliverables, or scope.

The due date for the Mid-Term Report will be identified in the Grant Agreement and based on the agreed upon Work Plan and Project timeline.

Final Report

In the final phase of the Project, Grantees will submit a final report including:

Provide a comprehensive assessment of Project progress and status to date (including milestones and objectives met and remaining, expenditures, and any other information outlined in the Grant Agreement).

Present deliverables, output, and Project impact to date:

- A comprehensive assessment of Project progress and status to date (including milestones and objectives met and remaining, expenditures, and any other information outlined in the Grant Agreement);
- Updates on the status of Project deliverables and descriptions of Project output and impact to date;
- Demonstration of compliance with all reporting and compliance requirements set forth in the Grant Agreement; and
- Identification and description of any barriers or challenges that have or may significantly alter the Project timeline, deliverables, or scope.
- An evaluation of overall Project progress, impact, successes, challenges, and lessons learned during the Project Period. Grantees will use the Work Plan and Budget submitted at the beginning of the grant term, as well as their mid-term report, to gauge progress and outcomes. The due date for the Final Report will be identified in the Grant Agreement and based on the agreed upon Work Plan and Project timeline.

Project Evaluation

Throughout the grant term, FBH Program Grantees and Partners must collaborate with an SGC-appointed Evaluator to provide Project-related data. The purpose of the Evaluation is to capture FBH Program funding impact on a regional level. The SGC will provide more details about the Evaluation within forthcoming Grant Administration Manuals

Community of Practice Participation

Grantees will be expected to participate in a Community of Practice (CoPs), which will provide a space to engage in peer-to-peer learning and collaboration other Grantees, brainstorm solutions to common challenges, and contribute to a repository of lessons learned and examples of innovative and effective best practices.

6.4 Disbursements and Accounting of Funds

Grantees cannot receive reimbursement or advance payment for any costs incurred or work completed before execution of the Grant Agreement. Only eligible costs incurred after the execution of the Grant Agreement are eligible for reimbursement or advance payment.

Invoicing Schedule

Catalyst Grant Invoices may be submitted on a quarterly basis, and Planning Grant Invoices may be submitted every two months, or in accordance with the schedule specified in the Grant Agreement. Program staff will review submitted invoices to verify that costs are eligible and consistent with the approved Work Plan and Budget. Once verified, funds will be disbursed to the Grantee.

Retainage

The SGC will retain 5% of the total grant award until the successful completion of the Project and fulfillment of all grant requirements, as documented in the final report and verified by the state. Grantees are expected to maintain complete, organized, and auditable records of all financial transactions throughout the Project term, to support both routine monitoring and potential post-grant audits.

Advance Payment Option

Eligible Catalyst Grantees may receive up to 25% of their total grant award as an advance. Planning Grantees are not eligible. Advance payment is available to the following Catalyst Grantee organizations:

- Registered 501(c)(3) nonprofit organizations in good standing
- Federally recognized Tribes whose territorial boundaries lie wholly or partially within the State of California in accordance with AB 3017
- California Native American Tribes that are not federally recognized but are organized as a 501(c)(3) nonprofit are eligible for advance payment as private, nonprofit organizations. Tribes must submit a limited waiver of sovereign immunity for the advanced funds.

Note: Advance payment disbursements must be deposited into a federally insured account.

Disbursements and Accounting of Funds

All reimbursement requests for eligible costs must include a detailed invoice accompanied by supporting documentation, including evidence of expenditures and a progress report that describes the activities completed, milestones achieved, and deliverables produced during the reporting period. The FBH Program will provide an invoice template and instructions for use by the Grantee.

The Grantee will be responsible for compiling and submitting all invoices, supporting documentation, and reporting materials in accordance with invoicing and reporting requirements and schedules.

Once the package has been approved for payment, funds will be disbursed to the Grantee.

- Grantees may request reimbursement from SGC on an interval as specified by the Grant Agreement.
- Program funds must be disbursed in accordance with due dates specified in the Grant Agreement, and in no event later than the disbursement due dates outlined in the NOFA.
- The 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.

Tribes will not be required to sign a limited waiver of sovereign immunity to receive payments on a reimbursement basis from SGC through the FBH Program.

Non-Performance and Non-Compliance

The SGC has sole discretion to determine if the 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 application as a whole or any application components; and/or
- Failure to comply with the Guidelines or terms and conditions of the Grant Agreement.

The SGC will notify the Grantee in writing if non-performance is determined and will provide instructions and a timeline to rectify all cases of non-performance. The Grantee must respond to a determination of non-performance within 30 days either by a) acting on corrective actions and notifying SGC of actions taken, or b) disputing SGC's findings in writing. The SGC, without waiver of other rights or remedies, may require the Grantee to re-perform any actions defined in the Grant Agreement if determined not to have been performed in accordance with the Grant Agreement.

The SGC may withhold any reimbursements due to the 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. The SGC has the right to issue a Stop Work Order and suspend payments to the Grantee. The SGC reserves the right to issue a Stop Work Order if there is a breach

in the leverage funding commitments that puts 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.

6.5 Audits and Record Retention

At any time during the term of the Grant 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, the 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.

6.6 Publicity Requirements

FBH Program Grantees are required to use SGC names and/or logo for all publications, websites, signage, invitations, and other media-related and public-outreach products related to the FBH Program Grant.

To the extent practicable, Grantees shall develop signage informing the public that their project received funding from California Climate Investments, a statewide initiative that puts billions of Cap-and-Invest, formerly known as Cap-and-Trade, dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment — particularly in disadvantaged communities.

Appendix A: Glossary of Terms

Accessory Dwelling Unit (ADU) – As defined by the State of California, an Accessory Dwelling Unit (ADU) is an attached or a detached residential dwelling unit that provides complete, independent living facilities for one or more persons, and is located on a lot with a proposed or existing primary residence. An ADU includes permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is, or will be, situated. ADU typologies include a) efficiency units and b) manufactured homes, as defined in Section 18007 of the Health and Safety Code.

California Climate Investments (CCI) - The FBH Program is part of California Climate Investments (CCI), a statewide program that works with the SGC and other state agencies to administer California Greenhouse Gas Reduction Funds (GGRF), which are allocated by the state Legislature. CCI supports programs and projects that reduce greenhouse gas (GHG) emissions, strengthen the economy, and improve public health and the environment - particularly in disadvantaged communities. CCI projects include affordable housing, renewable energy, public transportation, zero-emission vehicles, environmental restoration, sustainable agriculture, recycling, and more. The use and administration of CCI funds are governed by guidelines set forth by the California Air Resources Board (CARB), the state agency responsible for protecting public health and welfare by reducing air pollutants in California.

California Strategic Growth Council (SGC) - The FBH Program is administered by the California Strategic Growth Council (SGC). The SGC staff are responsible for developing Grant Guidelines, releasing Notices of Funding Availability (NOFAs), conferring with the Council, making grant awards, and administering the Program. The SGC seeks to advance public health, racial equity, local economies, energy efficiency, affordable housing, and sustainable transportation in underserved communities through multi-benefit investment programs. The SGC's programs support both capacity building and infrastructure development, centering community needs while promoting strategic growth statewide.

Co-Benefits – Co-benefits for projects funded by the SGC are defined by CARB and CCI as the positive, indirect outcomes of climate investments beyond greenhouse gas (GHG) reduction. Co-benefits can include improvements and advancements for local economic opportunity and workforce development, public health, sustainability, community resilience, the protection of natural and agricultural lands, and improved social equity in disadvantaged communities. The CCI Co-Benefit Assessment Methodologies resource page includes an expanded definition, tools and processes for identifying and measuring co-benefits, and additional examples of co-benefits for SGC projects.

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

Factory-Built Housing - As defined in the California Health and Safety Code Section 19971, Factory-Built Housing refers to 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 California Building Standards Code 19990.

Mobile homes and recreational vehicles do not qualify as factory-built housing (CBSC, Sections 18008 and 18012.5).

In California, newly constructed factory-built housing must be designed and constructed to comply with Title 25 of the California Code of Regulations, the California Factory Built Housing Law, and the California Building Standards Code (Title 24), including Part 11 the California Green Buildings Standards (CalGreen).

Grant Performance and Reporting Period - The span of time during which a Grantee must carry out approved activities and submit required reports.

Grant Term - The full duration of the Grant Agreement, covering all obligations from award to closeout.

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

Notice of Funding Availability (NOFA) – A notification issued by the Strategic Growth Council that announces the availability of program funds, and which includes the application cycle starting date, the due date for application submission, and the allocations amounts for each grant program category.

Nonprofit Organization - Any nonprofit corporation (including religious institutions, Community Based Organizations, and philanthropic organizations) qualified to operate in California pursuant to subdivision (c)(3) under Section 501 of the Internal Revenue Code.

Partnership Memorandum of Understanding (MOU) – A formal agreement between the Lead Applicant and each Partner that outlines the project roles, responsibilities, and commitments of all participating entities throughout the application and grant performance periods. The Partnership MOU is a required application document that demonstrates the strength and structure of the partnership, including defined roles for the Lead Applicant and each Partner, the diversity and composition of the partnership, and the partners' shared commitment to advancing factory-built housing solutions and serving identified regions. SGC will provide a Partnership MOU template and guidance in the NOFA and application materials to support applicants in developing this agreement.

Pass-Through Funds – For the purposes of the FBH Program Round 3, pass-through funds are defined as FBH Program funds that are disbursed to the Grantee, who then distributes those funds

to other entities (e.g., local governments, tribes, community-based organizations, nonprofits, private sector firms, or joint powers authorities) to implement projects aligned with FBH Program Objectives.

Project Area – The geographic region in which proposed FBH Program activities will be conducted. To be eligible for FBH Program funding, the Project Area must be located in the State of California and must be composed of, at minimum, one county and/or two local jurisdictions. Applicants may define the boundaries of their Project Area by shared natural, political, economic, and/or infrastructure systems; shared climate risks; and/or other shared characteristics. Project Areas must contain Priority Populations that will be served by the Project's proposed activities. Eligible activities must be regional or multi-regional in nature and conducted throughout the Project Area, rather than limited to specific sites or individual jurisdictions.

Project Area Map – A visual representation of the proposed Project Area showing its geographic boundaries and the locations of Priority Populations within the region that will be served by the proposed FBH Program activities.

Priority Populations - California Climate Investments defines Priority Populations as the following:

- Census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535;
- Census tracts identified as low income per AB 1550; or
- A low-income household per AB 15504

Applicants will use the California Climate Investments Priority Populations Mapping Tool 4.0 to identify the Priority Populations that are located in the proposed Project Area and will be served by the Project.

Appendix B: Pass-Through Funding

Pass-Through Funding Policy

The FBH Program permits pass-through funding when doing so creates clear and measurable pathways to a sustained increase of regional housing supply. Grantees remain the sole recipients of FBH Program funds from SGC and are accountable for ensuring that any and all recipients of pass-through funds, including subrecipients, partners, and contractors, operate in accordance with FBH Program Objectives, FBH Grant Guidelines, Program policies, and state compliance standards.

Pass-Through Funding Mechanisms and Definitions

The Strategic Growth Council (SGC) may authorize Grantees to pass-through awarded Program funds to other entities when establishing alternative funding and financing mechanisms (e.g., innovative financing products or competitive grant programs) for the development of multiple factory-built housing projects. In these cases, in addition to the Eligible Costs outlined in Section 3: Eligibility FBH Program funds can be transferred to subrecipients, which may use the funds for construction pre-development and development costs on a case-by-case basis. The SGC has sole discretion to determine whether a pass-through arrangement meets the requirements and objectives of the FBH Program. The SGC retains the right to allow pass-through funding for other proposed project types on a case-by-case basis.

For the purposes of the FBH Program Round 3, pass-through funds are defined as FBH Program funds that are disbursed to the Grantee, who then distributes those funds to other entities (e.g., local governments, Tribes, community-based organizations, nonprofits, private sector firms, or joint powers authorities) to implement projects aligned with FBH Program Objectives. While the FBH Program does not allow Grantees to fund development projects directly with FBH Program funds, recipients of pass-through funds may use the funds for development projects and associated pre-construction, construction, and acquisition costs. The pass-through funding option is primarily reserved for project proposals that intend to pass-through funding to multiple entities for various projects. This flexibility is designed to enable factory-built housing solutions beyond the scale of a single development project.

While there is no cap on pass-through funding, proposed projects that include pass-through funding must explicitly describe, at the time of application, the applicant's vision for the pass-through mechanism or structure, its alignment with FBH Program Objectives, and the anticipated administrative and compliance responsibilities of all participating entities. Administrative requirements will be further defined in the NOFA and FBH Grant Management Manual.

Entities directly affiliated with the Grantee (e.g., a non-profit arm of a for-profit Grantee or a subsidiary of the Grantee) are not permitted to receive pass-through funds from the FBH Program.

The SGC reserves the right to request additional documentation or justification at the time of application to ensure the applicant's Project aligns with FBH Goals and Objectives.

1. Roles and Definitions

To ensure consistency and compliance with state and federal grant management requirements, the FBH Program recognizes the following roles:

Entity Type	Definition / Role
Grantee (Grant recipient / Pass-Through Entity)	The primary recipient of FBH Program funds from SGC. Responsible for full Program and fiscal oversight, ensuring that all subawards or contracts comply with Program and state requirements.
Subrecipient / Pass-through funds recipient	A non-state entity receiving funds from the Grantee to carry out a portion of the FBH Program's purpose. This role should not merely be to provide goods or services. Subrecipients are responsible for programmatic decisions and for compliance with applicable state and FBH Program rules.
Project Partner	A collaborating organization contributing expertise, data, staff time, or leveraged resources. Partners may receive compensation as either a contractor or subrecipient, through subcontracting agreements, depending on their role.
Contractor / Vendor	An entity engaged by the Grantee or subrecipient through a procurement process to provide goods or professional services that support, but do not implement, a FBH Program Objective.

2. Compliance and Accountability

- The FBH Program will distribute funds only to the Grantee.
- The Grantee is responsible for:
    - Executing and managing all subrecipient, partner, and/or contractor agreements.
    - Monitoring financial and performance compliance.
    - Collecting and submitting required FBH Program reporting.
    - Preparing reimbursement requests and reviewing those of subrecipients, Project Partners, and contractors.
    - Ensuring subrecipients comply with applicable State Administrative Manual sections, the FBH Program NOFA, and Grant Guidelines.

- Subrecipients are accountable to the Grantee for proper use of funds, Program performance, and documentation. Subrecipients must enter into a Subrecipient Agreement with Grantee and may not transfer or assign the agreement to another agency, organization, or party.
- Contractors and vendors must be procured in compliance with all applicable competitive procurement requirements and deliver goods or services as specified by contract.
- Entities do not receive funds directly are not subject to financial monitoring but may be asked to provide data or participate in Program evaluation.

3. Required Documentation

Grantees must maintain clear documentation demonstrating the appropriate classification of each entity receiving FBH Program funds or supporting an FBH Program-funded project, including, but not limited to:

- Executed subrecipient agreements, contracts, and/or Memorandums of Agreement (MOAs)/MOUs;
- Evidence of procurement or selection processes;
- Project Budget and invoicing documentation;
- Risk assessments and monitoring plans for subrecipients; and
- Reporting schedules consistent with SGC and FBH Program requirements.

The SGC may require additional documentation on a case-by-case basis to ensure alignment with FBH Program Objectives throughout the duration of the grant term.