CONSENT

Agenda Item #5b-ii

Oct. 28, 2026

Subject: **Factory Built Housing Program: Round 3 Pilot Program Guidelines Amendment and NOFA Update**

Reporting Period: August – October 2026

Staff Lead: Sean Kennedy, Deputy Director of Energy Investments

Recommended Action

Staff recommend the Council approve revisions to the Guidelines and Notice of Funding Availability (NOFA) for the Factory-Built Housing (FBH) Program to increase available funding and recommended awards.

Summary

The California Strategic Growth Council (SGC) approved of Round 3 FBH Program Final guidelines in December 2025, and the program released a NOFA in February 2026. Round 3 was originally approved for $12 million with $10 million available through awards.

The August 2026 council meeting approved staff recommended awards to 10 top-scoring applicants across the state.

SGC staff proposes amending Round 3 Guidelines and NOFA to include $10 million in available disencumbered Affordable Housing Sustainable Communities (AHSC) funds and funds from Fiscal Year 2025-26 to greater support FBH Program objectives: ecosystem development, greenhouse gas emission reduction, innovation, and co-benefit delivery to California communities. This would increase the originally approved $12 million to up to $22 million for FBH Round 3 applicants.

Background

About the FBH Program

The FBH Program aims to accelerate 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 in the face of ambitious greenhouse gas reduction goals and increasingly frequent climate-related disasters.

The FBH Program is funded by an allocation from the Affordable Housing and Sustainable Communities (AHSC) Program. Approximately $10 million was available for Round 3's provision

of grants, with about $1 million in additional funds reserved for no-cost technical assistance and capacity-building services for applicants, grantees, and partners.

Guidelines and NOFA Updates

Staff propose the following changes to the program Guidelines and NOFA to accommodate additional funding for Round 3. The changes would help meet demonstrated demand, with Round 3 seeing an 11 times oversubscription rate, and to ensure that the program can fully support regions and partners working to advance factory-built housing solutions.

Updates to Round 3 Guidelines and NOFA include:

- Increase awards from $10 million to up to $20 million.
- Increase no-cost technical assistance to grantees and unawarded applicants from $1 million to up to $1.5 million.
- Update award and grant execution timelines.
- Include language that authorizes the use of additional funds toward awarding existing applicants from the Round 3 pool, scored on applications as originally submitted, with no revision or resubmission.
- Fix authorizing legislation language.

Next Steps

Upon approval of amendments to the FBH Program Round 3 Guidelines and NOFA, staff will publish the revised Guidelines and NOFA and notify all applicants of the associated changes.

Council Recommendation

Should the Council agree with staff's recommendation, the following motion language is suggested:

"I move that the council approve revisions to the Factory-Built Housing Program Round 3 Guidelines and Notice of Funding Availability."

Attachments

Attachment A: Factory-Built Housing Regional Pilot Program Round 3 Guidelines

Attachment B: Factory-Built Housing Regional Pilot Program Round 3 NOFA