

Aug. 26, 2026

Subject: Factory-Built Housing Program: Round 3 Pilot Program Grant Recommendations

Reporting Period: April - August 2026

Staff Lead: Sean Kennedy, Deputy Director of Energy Investments

Recommended Action

Approve the staff recommendation to award \$10 million to support the 10 factory-built housing projects (five Planning Grants and five Catalyst Grants) identified in this report through Round 3 of the Factory-built Housing Regional Pilot (FBH) Program.

Summary

This staff report summarizes California Strategic Growth Council's (SGC) FBH Round 3 (R3) Grant Program, the R3 Application Process, and FBH Staff award recommendations. Attachments include proposal summaries and applicant scores.

The FBH R3 NOFA made \$10 million available for Planning Grant awards (up to \$3 million each) and Catalyst Grant awards (up to \$500,000 each) to advance factory-built housing statewide. The Program received 65 applications for both grant types (37 Catalyst, 28 Planning). Staff recommend awarding 10 proposals, with seven fully funded and three partially funded.

Background

About the Factory-Built Housing Program

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

To comply with the Council's directive, SGC launched the first two rounds of the FBH Program in August and November 2024, respectively. Both rounds aimed to support the development of factory-built housing manufacturing facilities by applicants seeking federal funding for energy-efficient housing production. SGC made no awards in the first two application rounds. On April 27, 2025, after gathering and integrating community and industry feedback, the Council adopted a revised factory-built housing resolution. The resolution directed SGC to develop a

modified pilot program (Round 3) that does not limit funding to applicants pursuing federal assistance.

Background on the Round 3 Process

The FBH Program staff developed its final Guidelines through an extensive public engagement process that included regional webinars and interviews to understand the needs and priorities across the state's factory-built housing ecosystem. SGC released the FBH Program R3 Draft Guidelines in August 2025 for a 41-day public comment period. After staff incorporated all public comments, the Council approved the Final Guidelines on Dec. 10, 2025.

Round 3 Application Process

In February 2026, the Factory Built Housing (FBH) team released a Notice of Funding Availability (NOFA) for the Round 3 Program, with an application deadline of May 5, 2026. The NOFA made \$10 million available for Planning and Catalyst Grants, with Planning awards capped at \$3 million each and Catalyst awards capped at \$500,000 each. Following the NOFA release, the FBH staff hosted 11 virtual Application Office Hours sessions for all audiences in February, March, and April. In addition to those virtual office hours, program staff and the technical assistance providers held separate technical assistance meetings with approximately 30 applicants.

Round 3 Review Process

FBH R3 received 65 applications across both Grant Types (37 Catalyst, 28 Planning). All 65 applicants underwent a multi-stage review conducted by **FBH program staff, a Technical Assistance Provider, and an Interagency Review Panel. The review process included three phases:**

1. *Completeness Check and Program Threshold Review:* TA provider and Program Staff reviewed all submitted application materials for completeness and conducted initial threshold reviews per the Guidelines. Applicants were notified if their applications were incomplete and given 10 business days to resubmit any missing information flagged by FBH staff. After resubmission, 55 applications were complete and passed program threshold review, advancing to interagency review.
2. *Interagency Review:* FBH R3's Interagency Review Panel consisted of 16 reviewers representing the following state agencies: California Air Resources Board (CARB), Department of Housing and Community Development (HCD), Office of Land Use and Climate Innovation (LCI), and SGC. Reviewers scored proposals using the scoring rubric developed by program staff and the criteria listed in the FBH guidelines. The program held an orientation and individual meetings to train panel members before scoring applications. Each application was reviewed by two interagency reviewers, whose scores (out of 100) were averaged to determine a final score, with staff-facilitated debriefs and optional score adjustments for applications with significant scoring discrepancies.

3. *Interviews (Planning Grant Applicants Only)*: After the Interagency Review, staff conducted 30-minute interviews with the top 10 Planning Grant applicants, all of whom scored 80 points or higher in that review. Each interview included four standardized questions to better understand the project's vision, alignment with program goals and objectives, and potential for long-term impact. Lead applicants were required to attend, and all Partners were invited to participate. Staff scored interviews using a rubric shared with all interviewees approximately three business days before their interviews. Three staff scores were averaged to produce a final score of 10, which was added to the top 10 Planning Grant applicants' Interagency scores. As a result of the interview component, Planning Grant scores are calculated out of 110 points, while Catalyst Grant scores remain calculated out of 100 points.

While the FBH Program conducted a competitive funding process and evaluated all eligible applications using the scoring criteria outlined in the Round 3 Guidelines, the Guidelines also direct staff to recommend awards that collectively advance program goals by supporting “a diverse portfolio of regional and multi-regional projects” that build capacity, foster innovation, and maximize statewide impact (FBH Guidelines Sections 2.2 and 5). In alignment with this requirement, Program Staff applied a portfolio approach when developing Council award recommendations, balancing numerical scores with additional considerations such as geographic coverage, technical diversity, equity impacts, replicability, additionality, and complementarity across project types.

Because scores among the highest-ranking proposals were extremely close, a strictly score-based allocation would have produced a narrower set of awards concentrated in similar regions and modalities. Instead, by applying the portfolio approach described in the Guidelines, staff proposes fully funding two Planning Grants with strong implementation readiness and partially funding three additional high-scoring Planning Grant proposals. By providing three partial awards instead of a single additional full award, staff is able to support all three high-quality proposals, broaden geographic and technical diversity, and catalyze more statewide readiness. Catalyst Grant recommendations likewise reflect the Guidelines' emphasis on early-stage capacity building and innovation, prioritizing projects that address equity, rural and Tribal needs, wildfire-impacted communities, and regions with historically limited factory-built housing capacity. Together, the recommended awards represent a balanced statewide portfolio that adheres to the program guidelines and makes the best use of available funds to maximize statewide impact.

In summary, the portfolio of applications recommended for award includes a diverse range of project types that, together, aim to serve urban, suburban, rural, and tribal communities across various regions throughout the state. Staff recommendations for award are included in Table 1.

Table 1: Staff Recommendations for FBH Grant Round 3 Awards

Grant Type	Lead Applicant	Score	Requested Award	Recommended Award	Region¹
Planning	StopWaste	104	\$3,000,000	\$3,000,000	7 – San Francisco Bay Area
Planning	Mutual Housing California	101.25	\$2,800,589.39	\$2,800,589.38	6 – Sacramento Valley
Planning	City of Anaheim	101	\$1,854,864	\$599,629.54	3 - Los Angeles
Planning	Bay Area Council Foundation	98.5	\$2,968,995.15	\$599,629.54	6 - Sacramento Valley 7 - San Francisco Bay Area
Planning	Tahoe Prosperity Center	93.5	\$2,931,000	\$599,629.54	9 - Sierra Nevada
Catalyst	Riverside County Department of Housing and Workforce Solutions	97	\$500,000	\$500,000	2 - Inland Desert
Catalyst	cityLAB-UCLA	94.25	\$500,000	\$500,000	3 – Los Angeles

¹ Region is based off the California Climate Change Assessment

Catalyst	Integrity Custom Built, Inc	89.25	\$500,000	\$500,000	3 – Los Angeles
Catalyst	Building Lives by Building Structure (BLBS)	88	\$400,522	\$400,522	4 – North Coast
Catalyst	Stanislaus Equity Partners	87.75	\$500,000	\$500,000	8 – San Joaquin Valley

Council Recommendation

Approve the staff recommendation to award \$10 million in FBH Program funds to support the five identified Planning Grant proposals and the five identified Catalyst Grant proposals.

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

"I move that the Council approve the recommended awards for Round 3 of the Factory-built Housing Regional Pilot Program."

Attachments

Attachment A: Project Summaries for FBH Grant Applications Recommended for Round 3 Funding

Attachment B: FBH R3 All Application Final Scores