ACTION

Agenda Item #8

Oct. 28, 2026

Subject: **Factory-Built Housing Program: Additional Round 3 Grant Awards**

Reporting Period: August – October 2026
Staff Lead: Sean Kennedy, Deputy Director of Energy Investments

Recommended Action

Approve the staff recommendation to award $9,135,975 to expand the Factory-Built Housing (FBH) Pilot Program Round 3 award portfolio by increasing previously approved partial Planning awards, providing partial funding for two additional high-scoring Planning proposals, and fully funding one Catalyst proposal.

Summary

In August 2026, the Council approved $10 million in Round 3 awards. However, because the initial budget was insufficient relative to the strength and volume of proposals, multiple high-scoring Planning applications received only partial awards, and additional strong proposals could not be funded at all. This left clear, quantifiable unmet needs, and several promising projects were not funded despite competitive scores and alignment with program goals.

SGC staff proposes leveraging accumulated Affordable Housing and Sustainable Communities (AHSC) continuous appropriation funds—including disencumbered dollars and Fiscal Year 2025–26 appropriations—to support and accelerate this demonstrated momentum. The recommended additional $9,135,975 in awards will:

- Fully or substantially fund the strongest Planning proposals, ensuring robust regional capacity building,
- Support additional high-ranking Planning and Catalyst proposals that were previously left unfunded, and
- Maintain a balanced statewide portfolio in accordance with Round 3 guidelines.

Together, these adjustments allow the program to address documented unmet demand and ensure that Round 3 investments more fully reflect the strength, geographic diversity, and strategic value of the proposals received.

Background

About the FBH Program

The FBH Regional Pilot Program supports the development and deployment of factory-built housing solutions that advance California's climate, equity, and housing affordability goals. The Council adopted revised Round 3 guidelines, reflecting significant program updates, in December 2025. In February 2026, the program released a Notice of Funding Availability (NOFA) for $10 million across two grant types: Catalyst Grants of up to $500,000 and Planning Grants of up to $3 million.

Interest in Round 3 far exceeded available funding. By the close of the application period, the program had received 65 applications (37 Catalyst and 28 Planning) requesting approximately $111million—more than 11 times the funding available.

August 2026 Council Awards

On Aug. 26, 2026, the Council approved $10 million in Round 3 awards, funding five Planning and five Catalyst projects. These awards reflected a diverse set of lead applicants—including public agencies, tribal nonprofits, private developers, and higher-education institutions—and spanned seven of the nine California Climate Change Assessment regions. Funded activities ranged from large regional accelerators to targeted initiatives such as developing alternative building materials for tribal communities.

However, due to severe oversubscription and limited funding, several highly competitive Planning proposals could not be funded at their full requested amounts. Three were awarded only partial funding sufficient to preserve key regional activities but potentially insufficient to unlock their full projected impact. Other strong proposals could not be funded at all despite alignment with program goals. These gaps created a clear opportunity for additional investment as funding became available.

Additional Funding

SGC staff proposes leveraging accumulated Affordable Housing and Sustainable Communities (AHSC) Program continuous appropriation funds—including disencumbered dollars and FY 2025–26 appropriations—to support and accelerate this demonstrated momentum. Based on this identification of resources, staff developed a revised award slate designed to maximize the impact of Round 3 investments while meeting key program requirements, including:

- Program guidelines, and
- Geographic distribution requirements and portfolio diversification goals, and
- Maximizing statewide impact, and
- Addressing previously unmet regional and technical needs.

Recommendation for Increased and Additional Round 3 Awards
Staff recommend maintaining and building upon the August baseline with additional funding made possible by the increased program budget.

1. ***Increase August-approved partial Planning awards***

Three Planning applicants (Anaheim, Bay Area Council Foundation, Tahoe Prosperity Center) received partial awards of $599,629.54 each in August due to insufficient available funding. Staff recommends increasing the City of Anaheim's award by $1.25 million and increasing the Bay Area Council Foundation's and Tahoe Prosperity Center's awards by $1.54 million each to bring them closer to their full requested amounts.

2. ***August-approved Catalyst Awards Remain Unchanged***

All Catalyst grants approved in August were funded at their full requested amounts and require no adjustments.

3. ***Additional October Partial Planning Awards***

Two high-scoring Planning proposals not funded in August—ReMo Homes Inc. and Communities for Global Solutions (C4GS)—are now recommended for partial awards of $2.145 million each.

4. ***Additional October Catalyst Award***

One high-scoring Catalyst proposal, USGL Land, is now recommended for a full $500,000 award.

Council Recommendation

Staff recommends that the Council approve the revised Round 3 award slate, which builds on the August 2026 baseline awards by authorizing increased Planning awards and three additional recommended awards made possible by additional program funding.

Suggested Motion:
"I move that the Council approve the updated award recommendations for Round 3 of the Factory-Built Housing Program, which include 1) the increase of three already approved partial Planning Grant awards from the June Council meeting 2) and the addition of three new recommended proposals for award."

Attachments

- Attachment A: Project Summaries (Updated)
- Attachment B: FBH R3 All Application Final Scores (Updated)