Factory-Built Housing Regional Pilot Program: Eligible Activities Guide

Introduction

The California Strategic Growth Council's Factory-Built Housing (FBH) Regional Pilot Program is designed to accelerate the coordination and capacity-building needed to effectively scale factory-built housing.

Eligible activities must be regional or multi-regional in scale and 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. This document draws on real-world examples and actionable activities to support prospective applicants in planning successful factory-built housing projects. For further information on eligible activities for the Catalyst and Planning Grants see Section 3.4: Eligible Activities of the Factory-Built Housing Regional Pilot Program Guidelines or reach out to the FBH Team at factorybuilthousing@sgc.ca.gov.

The examples included in this document are intended to illustrate potential eligible activities that applicants may consider. They are provided for **informational purposes only** and do not represent required practices, preferred methods, or guaranteed outcomes. Applicants should not assume that replicating these examples will result in higher scores or compliance with program requirements.

Scoring decisions are based solely on the criteria outlined in the official program guidelines and evaluation framework. While these examples may offer useful insights, applicants are encouraged to develop proposals that reflect their community's unique needs, resources, and context.

Regional Research and Planning

Potential Activities:

- *Conduct research on regulatory, zoning, or land use barriers to factory-built housing production:* This helps identify and address obstacles that slow or prevent factory-built housing projects. By understanding these constraints, communities can streamline permitting, update outdated codes, and create policies that enable faster, more cost-effective deployment of housing solutions.
    - Example: The City of Los Angeles issued plan check guidelines for factory-built housing to clarify valuation and compliance steps, **reducing uncertainty** and **accelerating approvals**.
- *Evaluate regional housing needs and the financial tools and funding available for factory-built housing development*: Funding is often a large hurdle in beginning development, understanding your region's housing needs and existing funding streams already available helps identify gaps.

- Example: A paper titled Building Affordability by Building Affordably: Exploring the Benefits, Barriers, and Breakthroughs Needed to Scale Off-Site Multifamily Construction by the Terner Center **explores barriers** and **proposes solutions** to enable off-site construction to expand from its currently limited operations in the United States, and deliver more housing, affordably, and rapidly, to the market.

Community and Stakeholder Engagement

Potential Activities:

- *Develop a stakeholder engagement strategy to align the local priorities and plans regarding factory-built housing:* This ensures adequate community involvement, feedback, and equitable community benefits. From a review of regulatory barriers to engagement with labor groups for workforce development, a strong understanding of stakeholders, markets, and capacity is necessary for the strategic expansion of factory-built housing.
  - Example: The Metropolitan Area Planning Council (MAPC) of Eastern Massachusetts committed to **coalition building** with labor council representatives, community-based developers, architects, and lenders as they invested in a modular housing factory. By involving actors from every step of the development process, their work effectively aligns and streamlines the implementation of factory-built housing.
- *Develop and distribute public education materials:* This raises awareness of factory-built housing benefits, reduces stigma, and builds public confidence in factory-built housing.
  - Example: The Altadena Prefab Handbook: A Homeowner's Guide to Rebuilding with Prefab was created by city-LABUCLA to assist local homeowners in navigating **rebuilding with factory-built housing** after the Eaton and Palisades wildfires of 2024. The Handbook covers the process, benefits, and long-term value of constructing prefabricated housing in an accessible and understandable manner.
- *Host or participate in community events:* Community events can educate, gather input, and support the creation of local housing priorities. Community members are a key stakeholder in any housing development project and should be involved at several steps in the planning process as collaborators.

Collaborative Partnerships

Potential Activities:

- *Organize events for factory-built housing industry leaders and stakeholders:* Events such as trainings, convenings, peer-to-peer learning, or cross-industry workgroups can facilitate the formation of regional best practices for factory-built housing and collaborative partnerships across sectors.
  - Example: The annual Housing California Conference brings together stakeholders in affordable housing statewide to participate in learning labs, workshops, roundtable discussions, and

networking events. The exchange of ideas leads to **innovation** and **relationship building** across sectors.

- *Create collaborative partnerships to advance factory-built housing at the regional level:* Public/private sector relationships are essential to advancing industry wide solutions to the housing crisis.
    - Example: The Partnership for Advancing Technology in Housing (PATH) is a public/private sector initiative that seeks to expand the development and utilization of new technologies in order to make American homes more durable, more energy efficient and environmentally friendly, easier to maintain and less costly to operate, and more comfortable and exciting to live in. PATH links key agencies in the federal government with leaders from the home building, product manufacturing, insurance, financial and regulatory communities in a unique partnership focused on technological innovation in the American housing industry.

Land Use and Regulatory Alignment

Potential Activities:

- *Facilitate zoning, permitting, and building code alignment*: This can remove barriers to factory-built housing development by expediting permitting, reducing regulatory costs, and removing duplicative processes.
    - Example: The City of San Diego developed a dedicated work plan and permitting guidelines for **state-approved factory-built housing**. By reviewing local zoning and regulatory barriers, the city created an information bulletin and streamlined processes for modular and panelized units, making it easier for developers and homeowners to pursue off-site construction.
- *Develop pre-approved designs for factory-built housing*: When created in coordination with the applicable inspection and permitting processes pre-approved designs can expedite the development process and prepare a region for faster disaster recovery.
    - Example: Remo Homes was the first modular housing company to receive **statewide pre-approval** in California. The approval allows ReMo Homes' SupReMo™ home plan to be deployed statewide. SupReMo is a patent-pending modular manufacturing system, designed to standardize design and engineering while significantly reducing permitting friction, administrative costs, and rebuild timelines.
- *Plan pilot projects that advance energy-efficient, innovative, and/or regenerative building practices*: Housing development projects have the power to provide more than just a place to live, they can also provide co-benefits to communities by reducing greenhouse gas emissions and embodied carbon and using regenerative or sustainable materials.
    - Example: Sekisui's Green First Zero Model **minimizes energy consumption** through high-efficiency thermal insulation, energy-saving facilities, and solar and fuel cells. In the

manufacturing process, Sekisui recycles all waste, reducing the environmental impact of their homes through the entire process, from design to construction.

- Example: Misawa Home's Smart Tech GX Plus homes **reduce energy consumption** with a floor central ventilation system, a photovoltaic power generation system, and high entropy materials. **Sustainable materials** are also used in construction, M-Wood2 which is a blend of recycled waste wood and waste plastic. Misawa Homes also reduces the impact of construction by prioritizing building with existing structures.

Market and Project Development

Potential Activities:

- *Develop incentives for factory-built housing development*: Incentives can range from tax breaks to grant programs, loans with lower interest rates, and state backed funding. Incentives stimulate market growth and support long-term investments in the local factory-built housing industry.
  - Example: The City of Cleveland is seeking a modular housing manufacturer to build a factory in the city, the awarded manufacturer will earn the opportunity to fill more than 25,000 vacant residential lots. By offering such a large contract, Cleveland will attract an experienced large-scale manufacturer. The resulting factory will **grow the local economy, supply local jobs and training opportunities, and supply affordable housing**.
- *Form a project pipeline with regional agencies and stakeholders*: Project pipelines ensure that factory-built housing manufacturers and developers can stay in the industry and scale up their projects. Pipelines can also build local confidence in factory-built housing and de-risk the industry for hesitant investors.
  - Example: Local educational agencies (LEAs) in California are leveraging land under their ownership to build **workforce housing**. The Jefferson Union High School District recently oversaw the construction of a multifamily development for school staff that consists of 118 prefabricated sections. Constructed in Guerdon's Boise, Idaho factory, the project supplies 56 affordable apartments for teachers, administrators, and their families.
  - Example: In 2024, a similar five-story residential project was approved in Oakland to provide affordable housing for Oakland Unified School District teachers. Close to nearby schools and several transit lines, the **infill housing development** relies on modular housing constructed by Harbinger Homes, a Northern California manufacturer.
- *Support local workforce development*: The workforce is a necessary part of building capacity for factory-built housing in a region. **Job training programs** in factory-built housing construction, installation, and inspection can support job growth and local economic development, creating thriving regional factory-built housing industries and safe, skilled jobs with consistent pay and hours.

Financing Tools and Incentives

Potential Activities:

- *Design alternative financing tools or incentives:* Traditional construction financing methods are often unsuited to factory-built housing projects due to high pre-development costs and different project timelines. Offering alternative options makes the market more accessible to developers with less capital and can **de-risk projects for investors**. Other financing methods can also be used to open pathways to affordable homeownership in under resourced communities.
    - Example: **DreamBuild** capitalizes on the adaptability and affordability of off-site construction to help families build a budget friendly home. Created by BC WORKSHOP, **tailored lending products and financial advisors** guide families to homeownership. Families can use the website to see how each change affects their budget and **custom mortgage product.** As the needs of the homeowners change or their finances strengthen, the designs allow the home to be expanded and additional rooms constructed.
    - Example: The community developer **Frolic** partners with land and homeowners to create **housing cooperatives**. Co-ops create affordable housing and homeownership opportunities, giving residents ownership of their unit and partial ownership of the community, building non-traditional financial equity over time. This model can prevent or slow gentrification, reduce monthly housing costs for the land/homeowner, and creates new units with **down payments ranging from $10,000 to $30,000**, making homeownership possible for low-income households.