

Oct. 8, 2025

**Subject:** Council Priority 3 Update

**Reporting Period:** June 2024 – October 2025

**Staff Lead:** Sean Kennedy, Deputy Director of Energy Investments

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## Summary

In December 2022, the California Strategic Growth Council (SGC) passed a resolution calling for a coordinated approach to housing, climate and equity efforts that support strategic and inclusive growth across California (Council Priority 3). Council Priority 3 aims to improve access to affordable housing in healthy and amenity-rich communities, provide a variety of mobility options that reduce the need to drive, and preserve and ensure access to natural and working lands. This progress report summarizes key achievements that build on actions outlined in the Priority 3 Work Plan submitted to the Council in April 2023. The report also provides an overview of ongoing initiatives aligned with the goals and objectives of Council Priority 3.

## Background

### Council Priority 3: Housing, Climate and Equity

California is experiencing acute and entwined housing and climate crises, the impacts of which are driving and amplifying widening racial and economic equity gaps across the state. Addressing these challenges requires changing how California builds and connects communities through strategic growth: an inclusive and coordinated interagency approach to development and conservation that helps protect our health and natural environment, making our communities more resilient, vibrant and socially diverse. To support Council Priority 3 implementation, SGC Staff developed a work plan designed to operationalize the goals of Priority 3. The work plan draws on a review of existing recommendations and input gathered through a Request for Information released in March 2023. The work plan comprises short and medium-term actions and objectives and is organized by three goals:

1. Ensure existing opportunities to simultaneously advance the State's housing, climate and equity objectives are utilized to their full potential.
2. Identify additional tools and strategies to meet the State's housing, climate and equity goals in a coordinated way and at the scale and pace necessary to close existing gaps and meet the urgency of current and projected needs.
3. Improve coordination and information sharing between State, local, federal and Tribal partners at the nexus of housing, climate and equity.

Progress on Work Plan implementation is monitored by the Land Use and Climate Strategy (LCS) sub-committee of the interagency Housing and Transportation Work Group.

## Council Priority 3: 2024-25 Highlights

### State-local Energy and Climate Collaborative (SLECC)

SLECC was launched in 2023 to make communication and collaboration between agencies and local communities more sustained, streamlined and responsive. SLECC seeks to operationalize Action 7 of the Council Priority 3 work plan, which directs SGC and its member agencies to “convene implementation workshops with local and regional planners, community-based organizations, and stakeholder groups focused on barriers and opportunities to leverage existing policies and practices”. SLECC is administered by CivicWell’s California Climate and Energy Collaborative (CCEC) in partnership with SGC, California Energy Commission, and California Air Resources Board, who together aim to identify, co-create, and amplify actionable solutions to address place-based housing, energy and climate priorities across the state.

CCEC is a program directed initially by the California Public Utilities Commission (CPUC) in 2009 to help advance local energy efficiency and climate action efforts in alignment with state goals, including through coordination with state agencies. In 2020, responding to significant increases in federal and state funding and focus on equitable engagement, CCEC expanded its efforts to help its network of nearly 4,000 energy and climate practitioners from local government and partner organizations better track and access opportunities through weekly updates and a monthly Local Energy Resources Network (LERN) webinar series, which often features state agency input and participation.

By 2022, it became clear that the need for engagement between state and local leaders was overwhelming existing capacity, particularly for less-resourced communities that were unable to keep up with siloed and sometimes duplicative requests. Communities expressed that single-issue, one-way, one-off engagement transactions weren’t meeting their need to meaningfully address complex, system-level issues that crossed multiple agencies or to build sustained commitment to addressing local priorities, barriers and solutions.

Since 2023, SLECC has facilitated statewide discussions for a growing network of 400 state and local leaders on various issues, with representatives from over 10 participating agencies regularly commenting that it offers a unique and valuable vehicle for cross-agency communication. SLECC has also facilitated regional convenings with broader place-based, community-serving organizations in San Diego (October 2023) and the Inland Deserts (December 2024), which launched SLECC’s Regional Energy and Climate Hub (REACH) initiative. REACH aims to establish a lasting vehicle for coordination at the regional scale, including capturing regional priorities and needs, and facilitating the leveraging of available capacity and assistance. Given clear alignment with SGC’s goals, particularly in Council Priority 3, SGC volunteered to co-chair SLECC and invited CCEC to collaborate on regional Catalyst Convenings, with CCEC supporting planning, facilitation, outreach, logistics and input analysis.

At the Oct. 8, 2025, Council meeting, staff will gather ideas and feedback on SLECC’s upcoming information dashboard and reports, as well as how future work plans can better engage agencies in addressing key barriers while supporting effective state-local coordination on housing, energy and climate matters.

## Vienna Social Housing Field Study

In September 2025, Deputy Director of Energy Investments Sean Kennedy participated in a 6-day immersive social housing field study in Vienna, Austria, organized by the Global Policy Leadership Academy (GPLA). Participation in the Field Study is by invitation only and limited to a carefully selected cohort of leaders and professionals from across the country.

The Field Study offered a valuable opportunity to gain firsthand knowledge of a globally renowned social housing system while connecting with fellow leaders advancing innovative housing solutions internationally and across the United States. The curriculum included daily lectures, symposia, gatherings, exhibits, field trips, and discussion of topics including:

- The role of government in planning and funding social housing
- The economics of the Vienna Social Housing Model, including rents and incomes served
- A comparison of affordable housing in the USA to the Vienna Social Housing Model
- Urban planning and urban design
- Creating permanent affordability for all
- Housing subsidies in Vienna
- Creating a walkable and bikeable city

As part of the field study, Deputy Director Kennedy presented an overview of California State efforts at the housing-climate nexus as part of a practitioner panel discussion on “The Future of Housing”. Insights from the field study will inform the redesign of SGC’s Factory-built Housing (FBH) Pilot Program and will be disseminated more broadly across SGC-member agencies to inform continued statewide progress on affordable and resilient housing.

## Ongoing initiatives

### FBH Regional Pilot Program

In 2024, SGC launched the FBH Pre-development Pilot Program. Per Resolution 23-02, the FBH Pilot Program was designed to support FBH manufacturers pursuing federal funding to expand, retrofit, and/or build new energy-efficient facilities that produce energy-efficient housing. The program ran two application rounds, from August to September 2024 and from November 2024 to January 2025, yet did not make any awards.

Based on feedback gathered through additional consultation with FBH experts and market participants, on April 27, 2025, the Council adopted a revised resolution to support energy-efficient factory-built housing to meet the State’s housing, climate and equity goals.<sup>1</sup> The resolution directs SGC staff to develop a modified pilot program that expands the scope of the FBH Pilot Program by removing the requirements that program funds only be used to support FBH manufacturing facilities that are eligible for and pursuing federal funding. The redesigned program focuses on the deployment of factory-built housing units across California regions rather than on the manufacturing process itself.

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<sup>1</sup> [https://sgc.ca.gov/wp-content/uploads/20250430-7\\_AttachmentA.pdf](https://sgc.ca.gov/wp-content/uploads/20250430-7_AttachmentA.pdf)

Draft guidelines for the revised program were released for a 30-day public comment period on Sept. 10. Staff will present the revised guidelines for Council approval in December 2025.

### **Executive Order N-2-24**

On July 31, 2024, Governor Newsom issued Executive Order (N-2-24) to accelerate and streamline infill development projects to transform undeveloped and underutilized properties statewide into livable and affordable housing for Californians. The order aims to help communities build lower-cost housing near critical infrastructure, prioritize transit-oriented development, streamline infill production, and reduce sprawl, thereby further aligning the State's housing and climate goals.

N-2-24 recognizes that an all-of-government approach is necessary to realize the full potential of infill development in housing current and future generations of Californians. The order directs the SGC, as part of its ongoing work on Council Priority 3 on Housing, Climate and Equity, to investigate and report to the Business, Consumer Services and Housing Agency (BCSH) on processes, permits and other administrative actions that can be adjusted to create flexibility and lower the per unit cost of infill housing.

Through coordination with State partners, SGC is developing a report outlining the current landscape of infill housing in California, key issues affecting infill development, and recommendations for processes, permits, and state administrative actions that can be amended to lower per-unit costs. The recommendations and strategies are drawn from a review of existing academic literature, reports, and media articles, as well as responses received to a public Request for Information released in December 2024. The final report will be submitted to BSCH in late 2025.

### **Elevating natural building strategies for housing, carbon reduction, and climate adaptation**

Action 21 of the Council Priority 3 work plan directs SGC and its member agencies to develop a repository for new tools and strategies to inform future initiatives. Under this directive, LCI and SGC are working with partners to explore the integration of earthen building approaches into a broad suite of inter-agency policies and programs. These materials and techniques – which include monolithic adobe, hemp-lime, strawbale, and light straw clay among others – are widely abundant and exhibit exceptional fire resilience, carbon sequestration potential, and seismic and thermal performance, making them ideal tools in addressing multiple State goals simultaneously through combined effort. Staff will present key findings as part of a future Council Priority 3 update.

### **Discussion Questions**

- 1.What is most valuable to learn from SLECC's upcoming dashboard and reports?
- 2.How can state-local coordination most meaningfully accelerate progress towards housing, climate, and equity goals?