

A stylized illustration of a city skyline with various buildings, trees, and people on bicycles, rendered in shades of blue and orange.

Thank you for joining the Factory-Built Housing Landscape Assessment

- Please complete the poll to help our team memorialize the insights provided
- We will record this session exclusively to support in data collection for the RFI



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A stylized illustration of a rural landscape with houses, trees, a tractor, and silos, rendered in shades of blue and orange.



Factory-Built Housing Landscape Assessment

March 18, 2025



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Factory-Built Housing (FBH)

- **October 2023:** SGC Resolution to Support Energy-Efficient FBH to Meet the State's Housing, Climate, and Equity Goals
 - Council Priority 3: Housing, Climate, & Equity
 - Affordable Housing & Sustainable Communities Program
- **FBH Benefits**
 - Time, cost, and material savings
 - Energy efficiency
 - Quality jobs
 - Greenhouse gas reductions



San Leandro Senior Apartments

Affordable housing built on former parking lot across from San Leandro BART Station.
Reduced 22 weeks of construction time.
Funded by AHSC.



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Original Opportunity – FBH Pre-Development

Goals

- Build new/expand energy-efficient FBH manufacturing facilities in California
- Expand FBH market in California and co-benefits that support State priorities

Policy Priorities

- Accelerate supply of affordable and energy-efficient housing in CA
- Support Justice40 and California priority communities through community & workforce benefits
- Support disaster relief, recovery, and resilience

Funds Available: \$12M to support applicants applying for Part II of the US DOE LPO Title 17 Clean Energy Financing Loan

- Environmental assessments, financial planning, community benefits plan development, and other activities needed to apply for federal funding

Funding Source: Affordable Housing & Sustainable Communities (AHSC) Program set-aside

- Part of California Climate Investments (CCI) to reduce GHGs and benefit Disadvantaged Communities



FBH Round 1 and 2 Program Results

Applications and Awards

- Round 2 applications closed Jan 3, 2025
- 1 applicant submitted to both rounds; no award

Short-Term Proposal Withdrawal

- No Phase I applicants far enough along in the application process to meet funding timeline
- Uncertainty the LPO program will continue under new administration

Barriers for FBH Applicants

- Offtake - Applicants lack purchase agreements necessary to pay back LPO loan
- Scale - LPO \$100m project threshold too large for early-stage companies
- Small Pool – Limited manufacturers overall, very limited participation in LPO program



FBH Program Update

Objectives

- Better understand the barriers to deployment of FBH in the California market
- Enhance market adoption of FBH
- Leverage/unlock other investments in FBH
- Identify programmatic alternatives
- Right-size activity funding
- Match and increase demand to supply
- Improve affordability



Factory-Built Housing Pre-Development Fund – Broader Opportunities

- Request for Information (RFI)
 - Seeks input from broad cross-sector stakeholders and industry experts to define:
 - Experience/expertise related to FBH
 - Barriers to FBH deployment in California
 - Opportunities for FBH in California
 - Types of support/interventions needed to enable greater deployment
 - Recommendations for how SGC's funding may have the largest impact
 - Opened February 20, 2025 / Closes March 20, 2025



Program Re-Design - Initial Observations

- Deployment Barriers
 - Non-standardized building codes at all levels
 - Local zoning restrictions
 - Financing options for purchase
 - Negative perception / Low Market Acceptance
 - Complex transportation logistics
 - Installation requires specialized labor
- Limits to Funding Manufacturing Facilities
 - Few eligible applicants
 - Limited focus on urban infill projects
 - Facility proximity to consumer demand
 - Predominately outside of California near large master planned communities
- Demonstrable Benefits/ROI
 - Variable based on project conditions (location, housing type, and project scale)



Preliminary Re-Design Opportunities

- Focus on deployment of FBH (demand side), rather than on development of factories (supply side)
- Conduct a mix of interventions to support deployment
 - Education to increase awareness of opportunities, affordability and benefits
 - Toolkits for local governments (planning, zoning, codes, siting, installation)
 - Pilot projects to demonstrate feasibility and ROI



Discussion (1 of 2)

- Please describe your experience or expertise as it relates to factory-built housing in California.
- Please describe your existing relationships with other FBH market participants in California.
- In your experience, what have been the most significant barriers to factory-built housing **supply** in California?
- In your experience, what have been the most significant barriers to factory-built housing **deployment** in California?



Discussion (2 of 2)

- What do you see as the most significant opportunities for factory-built housing deployment in California?
- What specific forms of support (capital, financing, market development, regulatory, etc.) and other interventions could enable greater deployment of factory-built housing in California?
- Do you have recommendations for how \$1-3M in grant funds could enable greater deployment of factory-built housing?



Questions?

SGC Factory-built Housing
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