



Department of Commerce

**2026 Supplemental Capital Budget Request
September 2025**



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STATE OF WASHINGTON
DEPARTMENT OF COMMERCE

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9/11/2025

Director Chapman-See,

We know Washington is facing the largest budget deficit in decades alongside major reductions in federal funding. This is an incredibly tough budget environment, and we appreciate the strong partnership with the Governor's team at OFM as we work together on priorities that will have a positive impact on our state for generations.

Commerce's mission has always been to strengthen communities. Even at this moment, our work must align with the Governor's and Legislature's goals: building more housing, expanding our energy grid and generation capacity, investing in critical infrastructure, and supporting our most vulnerable neighbors.

To prepare for this reality, Commerce has already made internal shifts to build capacity and sharpen our focus on the work that matters most. This allows us to strengthen our contracting and deliver more consistent, accountable, and equitable outcomes for communities across Washington.

Our supplemental budget request for 2026 reflects that discipline. It zeroes in on the Governor's highest priorities and the areas where we can deliver the most impact:

- Accelerating housing development, preserving existing affordable housing, and helping local planners meet growth demands.
- Advancing the state's Energy Strategy by supporting local partners on new generation and transmission projects.
- Expanding trauma-informed, community-based resources for survivors of violent crime, domestic violence, and sexual assault; and
- Building the systems we need to deploy contracts efficiently for community investments and strategic infrastructure.

We started this process with more than 80 proposals and, through nine months of hard conversations and collaboration, narrowed to the core set reflected here. That work would not have been possible without the dedication of Commerce staff and the input of community members across the state.

Even in a challenging fiscal climate, small, strategic investments today will build the foundation for greater efficiency, equity, and resilience tomorrow. I'm grateful to our partners and staff who leaned in to help us prioritize what matters most and keep Washington moving forward.

A handwritten signature in black ink, appearing to read 'Joe Nguyen', with a stylized, flowing script.

Director Joe Nguyen

103 - Department of Commerce Ten Year Capital Plan by Project Class

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS001

Date Run: 10/8/2025 5:03PM

Project Class: Preservation (State-Owned)

Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2025-27	New Approp 2025-27	Estimated 2027-29	Estimated 2029-31	Estimated 2031-33	Estimated 2033-35
4	40001941 PAC Tower Renovations and Maintenance									
	057-1 State Bldg Constr-State	715,000				715,000				

Project Class: Program Improvement (State-Owned)

Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2025-27	New Approp 2025-27	Estimated 2027-29	Estimated 2029-31	Estimated 2031-33	Estimated 2033-35
0	92001178 2022 Broadband Office									
	001-2 General Fund-Federal	50,000,000	4,913,000	25,211,000	19,876,000					

Project Class: Grant/Loan

Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2025-27	New Approp 2025-27	Estimated 2027-29	Estimated 2029-31	Estimated 2031-33	Estimated 2033-35
1	30000726 Clean Energy and Energy Freedom Program									
	057-1 State Bldg Constr-State	23,400,000	21,713,000	538,000	1,149,000					
	355-1 St. Bld Const Acct-State	17,000,000	14,490,000	2,399,000	111,000					
	Project Total:	40,400,000	36,203,000	2,937,000	1,260,000					
1	30000881 Clean Energy Funds 3									
	057-1 State Bldg Constr-State	38,073,000	19,969,000	9,496,000	8,608,000					
	22M-1 Energy Efficncy Acct-State	5,500,000	643,000	2,760,000	2,097,000					
	355-1 St. Bld Const Acct-State	127,000	127,000							
	355-B St. Bld Const Acct-Debt Limit									

103 - Department of Commerce Ten Year Capital Plan by Project Class

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS001

Date Run: 10/8/2025 5:03PM

Project Class: Grant/Loan

Agency Priority	Project by Account-EA Type	Estimated Total	Prior Expenditures	Current Expenditures	Reapprop 2025-27	New Approp 2025-27	Estimated 2027-29	Estimated 2029-31	Estimated 2031-33	Estimated 2033-35
	Project Total:	43,700,000	20,739,000	12,256,000	10,705,000					
1	30000882 Energy Efficiency and Solar Grants									
	057-1 State Bldg	5,501,000	5,283,000	330,000	(112,000)					
	Constr-State									
	22M-1 Energy Efficiency	5,500,000	4,247,000	1,124,000	129,000					
	Acct-State									
	Project Total:	11,001,000	9,530,000	1,454,000	17,000					
1	40000042 Clean Energy Transition 4									
	057-1 State Bldg	21,300,000	7,062,000	8,962,000	5,276,000					
	Constr-State									
	355-1 St. Bld Const	11,300,000	10,739,000	49,000	512,000					
	Acct-State									
	355-B St. Bld Const									
	Acct-Debt Limit									
	Project Total:	32,600,000	17,801,000	9,011,000	5,788,000					
1	40000049 2019-21 Energy Efficiency and Solar Grants Program									
	057-1 State Bldg	12,500,000	7,844,000	4,122,000	534,000					
	Constr-State									
1	40000149 2021-23 Energy Retrofits for Public Buildings Grant Program									
	057-1 State Bldg	9,957,000	2,181,000	6,277,000	1,499,000					
	Constr-State									
1	40000621 2023-25 Community Solar									
	26C-1 Climate Commit	6,000,000		3,141,000	2,859,000					
	Accou-State									
2	40000677 2025-27 Housing Trust Fund									
	057-1 State Bldg	147,400,000				147,400,000				
	Constr-State									
	355-1 St. Bld Const	102,600,000				102,600,000				
	Acct-State									
	355-B St. Bld Const									
	Acct-Debt Limit									
	Project Total:	250,000,000				250,000,000				
3	91002449 Multifamily Bldg Efficiency Grants									

103 - Department of Commerce
Ten Year Capital Plan by Project Class
2025-27 Biennium
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Version: 15 2026 First Supplemental Request

Report Number: CBS001

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Project Class: Grant/Loan

<u>Agency</u> <u>Priority</u>	<u>Project by Account-EA Type</u>	<u>Estimated</u> <u>Total</u>	<u>Prior</u> <u>Expenditures</u>	<u>Current</u> <u>Expenditures</u>	<u>Reapprop</u> <u>2025-27</u>	<u>New</u> <u>Approp</u> <u>2025-27</u>	<u>Estimated</u> <u>2027-29</u>	<u>Estimated</u> <u>2029-31</u>	<u>Estimated</u> <u>2031-33</u>	<u>Estimated</u> <u>2033-35</u>
3	91002449 Multifamily Bldg Efficiency Grants									
	26C-1 Climate Commit	5,000,000				5,000,000				
	Accou-State									
6	40000246 Economic Opportunity Grants Authority									
	689-1 Rural WA Loan	110,000				110,000				
	Acct-State									
Total: Grant/Loan		411,268,000	94,298,000	39,198,000	22,662,000	255,110,000				

Total Account Summary

<u>Account-Expenditure Authority Type</u>	<u>Estimated</u> <u>Total</u>	<u>Prior</u> <u>Expenditures</u>	<u>Current</u> <u>Expenditures</u>	<u>Reapprop</u> <u>2025-27</u>	<u>New</u> <u>Approp</u> <u>2025-27</u>	<u>Estimated</u> <u>2027-29</u>	<u>Estimated</u> <u>2029-31</u>	<u>Estimated</u> <u>2031-33</u>	<u>Estimated</u> <u>2033-35</u>
001-2 General Fund-Federal	50,000,000	4,913,000	25,211,000	19,876,000					
057-1 State Bldg Constr-State	258,846,000	64,052,000	29,725,000	16,954,000	148,115,000				
22M-1 Energy Efficncy Acct-State	11,000,000	4,890,000	3,884,000	2,226,000					
26C-1 Climate Commit	11,000,000		3,141,000	2,859,000	5,000,000				
Accou-State									
355-1 St. Bld Const Acct-State	131,027,000	25,356,000	2,448,000	623,000	102,600,000				
355-B St. Bld Const Acct-Debt									
Limit									
689-1 Rural WA Loan Acct-State	110,000				110,000				
Total	461,983,000	99,211,000	64,409,000	42,538,000	255,825,000				

Ten Year Capital Plan by Project Class

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Report Number: CBS001

Date Run: 10/8/2025 5:03PM

<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2025-27	2025-27
Functional Area	*	All Functional Areas
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Include Enacted	No	No
Sort Order	Project Class	Project Class
Include Page Numbers	Y	Yes
For Word or Excel	N	N
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

Department of Commerce

Review Documentation from DAHP

2025- 2027 Biennium

Per Executive Order 05-05, agencies must consult with Department of Archaeology and Historic Preservation (DAHP) and the Governor's Office of Indian Affairs (GOIA) on all capital construction projects and land acquisitions for the purpose of a capital construction project.

Department of Commerce capital programs contain multiple subprojects; therefore, the DAHP requirements are contained in the application or contract process. Program specific procedures for obtaining EO 05-05 compliance are listed below. The agency is in compliance with DAHP and GOIA EO 05-05 requirements.

Community Economic Revitalization Board (CERB)

Community Economic Revitalization Grant/Loan Program
CERB Competitive Economic Development Grant Program
CERB Competitive Community Revitalization Grant Program
CERB Direct Appropriations

- Community Economic Revitalization Board (CERB) requires EO 05-05 be met as a special condition to the initial offer of financial assistance for construction projects. The recipient is given six months to meet the EO 05-05 terms or the funding offer is withdrawn. Documented evidence is retained in the project files.

Public Works Board (PWB)

Public Works Assistance Account Program (Construction Loans)

- Pre-Construction Loan
- Emergency Loan
- Direct Appropriations – Main Street Grant
- Water System Acquisitions and Rehabilitation (WSARP) Grant

Housing Assistance and Affordable Housing

Housing Trust Fund

- Housing Assistance, Affordable Housing, and Housing Trust Fund program application and contract conditions require EO 05-05 compliance for construction projects. Documented evidence is retained in the application/contract files.

Community Capital Facilities

Building Communities Fund
Building for the Arts
Individual Capital Provisos
Local and Community Projects
Library Capital Improvement Program Grants
Youth Recreational Facilities
Energy Efficiency and Solar Grant Projects

- Applicant projects are pre-screened using DAHP provided criteria. For example, if the project is for acquisition-only or has gone through a federal Section 106 National Historic Preservation Act review, per DAHP agreement, the department exempts the project from EO 05-05 procedures. However, for projects not meeting the DAHP criteria (for example, the project disturbs dirt ground and/or impacts a building older than 50 years), the department requires the grantee obtain DAHP evaluation approval according to EO 05-05 prior to contract execution. For projects involving modifications to a building older than 50 years, DAHP may recommend criteria pertaining to the proposed rehabilitation. Documented evidence is retained in the application/contract files.

Energy Division

State Energy Program

- The State Energy Program requires EO 05-05 compliance for all projects. The State Energy Office has a signed Programmatic Agreement with DAHP and the Department of Energy that covers some of the projects. Documented evidence is retained in the application/contract files for all projects that are not covered by the Programmatic Agreement.

Weatherization

Low-Income Energy Assistance Program – Weatherization (LIHEAP-WX)

Energy MatchMakers Program (MM)

Bonneville Power Administration (BPA) – Weatherization Program

Department of Energy (DOE) Weatherization Program

- Weatherization program requirements have federal requirements to satisfy EO 05-05 for weatherizing homes 45 years and older that could be historically significant. The policy states:

“The application for federal funds necessitates an environment review for Historic and Cultural Resources. This applies to all weatherization programs including DOE, Health and Human Services (HHS), BPA, and the MM Program.”

Local agency compliance is monitored. Failure to work with DAHP before work proceeds on homes 45 years and older results in disallowed costs.

Rural Washington Loan Fund

Rural Washington Loan Program

- Rural Washington Loan Fund contract conditions require EO 05-05 compliance for construction projects. Documented evidence is retained in the contract files. This program normally does not fund ground breaking projects.

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Capital FTE Summary
2025-27 Biennium
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Version: 02 2025-27 Capital Budget Request

Report Number: CBS004
Date Run: 9/13/2024 3:44PM

FTEs by Job Classification

Job Class	Authorized Budget		2025-27 Biennium	
	2023-25 Biennium			
	FY 2024	FY 2025	FY 2026	FY 2027
AA3, AA4			3.0	3.0
BA4			2.1	2.1
CS1, CS2, CS3, CS4, CS5			82.8	82.8
EMS2, EMS3, EMS4			1.6	1.6
MA3, MA4, MA5			7.2	7.2
PS3			0.2	0.2
WMS2			8.3	8.3
WMS3			2.9	2.9
Total FTEs			108.1	108.1

Account

Account - Expenditure Authority Type	Authorized Budget		2025-27 Biennium	
	2023-25 Biennium			
	FY 2024	FY 2025	FY 2026	FY 2027
001-1 General Fund-State			7,616,335	10,000,000

Narrative

- Commerce can provide this data outside of CBS
- Commerce can provide this data outside of CBS
- Commerce can provide this data outside of CBS

Capital FTE Summary
2025-27 Biennium
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Report Number: CBS004
Date Run: 9/13/2024 3:44PM

<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2025-27	2025-27
Agency	103	103
Version	02-A	02-A
Include Page Numbers	Y	Yes
For Word or Excel	N	N
User Group	Agency Budget	Agency Budget

Department of Commerce

Maintenance Backlog Reduction Plan

The Department of Commerce does not currently have a maintenance backlog reduction plan as defined in Chapter 1 of the 2025-27 Capital Budget Instructions.

The department does not manage maintenance or repair project backlogs.

Department of Commerce

All Preservation Projects

The Department of Commerce has only one preservation project:

1. 40001841 PAC Tower Renovations and Maintenance

Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 10:01AM

Project Number: 40001941

Project Title: PAC Tower Renovations and Maintenance

Description

Starting Fiscal 2026
Project Class: Preservation (State-Owned)
Agency Priority: 4

Project Summary

The Department of Commerce is requesting \$656,000 to remodel and renovate spaces within the Pacific Tower Hospital. Multiple leased spaces in the Pacific Tower Hospital building are in need of maintenance or renovations in order for them to become leasable spaces. Currently, these spaces are vacant, resulting in a loss of sublease revenue to pay for the increasing operations cost or provide needed space for community organizations. This proposal will provide the necessary funding to make updates to specific leased spaces in the tower.

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

The proposed solution is to request funding for the needed maintenance and renovation of portions of the leased spaces within the Pacific Tower Building. The funding will allow for repairs and renovations, which will allow spaces to be leased. Multiple tenants have vacated their leases within the Pacific Tower Hospital, with one suite being an industrial kitchen. Two of the spaces require remodeling and repair due to previous tenant use. By renovating previously leased spaces, Pacific Tower and Commerce can attract new tenants and organizations as lessees. Pacific Tower will generate additional sublease revenue to help fund the ongoing management costs and other smaller maintenance items. The Urban Renaissance Group (URG) and Jones, Lang, Lasalle Americas Inc. (JLL), the building's on-site management teams, bear these operational costs.

What is the proposed solution? What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

The request is to address capital renovation and maintenance issues that have arisen outside of the 20-year capital maintenance plan for the Pacific Tower building. The funding would allow for the following modifications:

Convert Suite 130 from a café to an office space – Estimated Cost: \$148,971.44

-Remove the countertops and display case/ Patch walls, update carpet, paint/ Add a wall for the common area side of the space

Remodel and convert Suite 205 from a kitchen space to office spaces – The last tenant improvements for this space occurred in 2014. - Estimated Cost \$434,117.67

-Demolition work/ Concrete Core/X-Ray/ Structural Engineering Patching of existing roof/ Flooring and ceiling work/ Paint/ Plumbing, HVAC, and electrical work

Remodel and repair Suite 210 – Once remodeled, this space has a new prospective tenant that will commit to a five-year lease. Estimated Cost - \$60,055.75

-The space will be split into two smaller spaces/ Needs new carpet and paint/ Potential ceiling and HVAC work if split/ Needs additional door to separate spaces/ Add shared kitchen space

Update and replace the internet switches and wireless access points – Estimated Cost: \$13,124

Total estimated project costs: \$656,268.86.

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

The department is legally obligated to cover the cost of capital improvements associated with the department's use of the Pacific Tower campus. The renovations and remodeling of certain suites are needed to provide usable spaces to new tenants. Delaying or avoiding these renovations and repairs will deter use of rental space and rental income for the building.

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit

and how many units or facilities would be added, people or communities served, etc.

OFM

103 - Department of Commerce

Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 10:01AM

Project Number: 40001941

Project Title: PAC Tower Renovations and Maintenance

Description

The renovations and maintenance outlined in this request will benefit the current and future lessees of the Pacific Tower. Renovating and converting the current spaces will improve uses and offer more available space for the public and nonprofit organizations to lease.

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

This project does not leverage any other non-state funding.

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

No.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate.

N/A

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

-Significant legislative rules as defined in RCW 34.05.328

-Any new grant or loan program that Commerce will carry out or implement

-A capital project, grant, or loan award costing at least \$12,000,000

-A transportation project, grant, or loan costing at least \$15,000,000

-? YES. If yes, please indicate which one item from the list above it will create:

If yes, then this DP (if enacted) will create a "significant agency action" and trigger HEAL Act compliance. Please click here for [ARL-DP Guidance and read the Fiscal Analysis Checklist](#) on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

N/A

Is there additional information you would like decision makers to know when evaluating this request?

N/A

Location

City: Seattle

County: King

Legislative District: 037

Project Type

Preservation - Unidentified

103 - Department of Commerce
Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 10:01AM

Project Number: 40001941

Project Title: PAC Tower Renovations and Maintenance

Description

Growth Management impacts
N/A

Funding

Acct Code Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period	
		Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1 State Bldg Constr-State	656,000				656,000
Total	656,000	0	0	0	656,000

	Future Fiscal Periods			
	2027-29	2029-31	2031-33	2033-35
057-1 State Bldg Constr-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

Parameter	Entered As	Interpreted As
Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	40001941	40001941
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	Y	Y
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

Department of Commerce

All Programmatic Projects

The Department of Commerce does not currently have any programmatic related projects as defined in Chapter 3 of the 2025-27 Capital Budget Instructions.

Department of Commerce

Grants and Loans Projects

- | | |
|-------------|--|
| 1. 40000677 | 2025-27 Housing Trust Fund |
| 2. 91002449 | Multifamily Building Efficiency Grants |
| 3. 40000246 | Economic Opportunity Grants Authority |

Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/16/2025 10:18AM

Project Number: 40000677

Project Title: 2025-27 Housing Trust Fund

Description

Starting Fiscal Year: 2026

Project Class: Grant/Loan

Agency Priority: 2

Project Summary

This proposal requests \$250 million for the 2025-2027 biennium budget to support affordable housing capital programs administered by the Housing Division. The Office of Financial Management and Commerce forecast in a 2023 housing estimate that in order to meet the 2044 housing production goals, Washington State will need 1.1 million more homes. Nearly half of those new units will need to be affordable to households making less than 50% of the median family income. To achieve the state's housing goals, Commerce will need to continue to fund the construction of new homes. In this supplemental request, funds are prioritized on preservation of existing affordable homes and supporting the capacity of more community-based developers. The request is listed within the subproject 40001942 "Additional funding for Affordable Housing".

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed.

Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

Currently more than 219,000 extremely low-income households are severely cost burdened in Washington State. Housing targets released by the Department in 2023 as required under RCW 36.70A.070 ([HB 1220](#)) estimate that an additional 1.1 million new units are needed by 2044. Of which, 523,000 units should be affordable to households with incomes less than 50% of the Area Median Income (AMI). According to the same analysis, over 122,000 units of Permanent Supportive Housing are also needed.

DSHS's Research and Data Analysis reported to the [Legislature per ESSB 5693 \(Se. 208\)\(9\)](#), the number of individuals potentially eligible for receipt of PSH increased (9 percent) from 61,534 in July 2017 to 66,886 in June 2022. If recently observed trends continue, the projected number of individuals potentially eligible for PSH by June 2025 is expected to be 83,971, or 109,954 at the upper end of the forecast.

Significant changes to land use requirements passed in the five years in the legislature are expected to expand housing supply and the variety of housing types, which should reduce overall housing costs and the need for subsidies. However, even under optimistic assumptions regarding the impact of land use changes on housing costs, large increases in housing subsidies and/or income supports will be needed to meet the affordability targets for households with incomes between 0-50% AMI.

Key measures of housing affordability show that overall Washington state is somewhat more affordable than the national average. For instance, in 2022 for the USA as a whole, 13.3% of households were extremely housing cost burdened, while in Washington 12.7% were extremely cost burdened. By the same measure, affordability in Washington is similar or better than in Texas, Georgia, and Florida (12.5%, 12.8%, and 15.8% respectively). [Census Bureau 2022 American Community Survey, [Table S2503](#).?]

However, these aggregate statistics mask the significant affordability problems faced by people in Washington, where plentiful, higher wage jobs create affordability for the majority while leaving people at the margins behind. For instance, federal disability payments are the same nationwide, but \$900 per month goes much further in a lower cost of living state.

Recent and proposed land use reforms are critical to meet the needs of Washington's growing communities, and additional supply will moderate housing price inflation. But high wages lead to higher housing prices, even when there is an abundant supply of units. To accommodate all of the people of Washington, investments in affordable housing need to scale to meet the need.

In the current biennium more than \$600 million of capital funding was appropriated for affordable housing including permanent supportive housing. Combined with leveraged federal, local, and private funding, this investment is expected to produce an estimated 8,000 units of subsidized housing (4,000 per year).

Using optimistic assumptions about the impacts of land use reforms, meeting the 1.1 million target would require the addition of more than 26,000 subsidized units each year. Ideally, increases in federal housing vouchers, federal capital investments, or federal income supports could address a large portion of this unmet need. However, the state should not wait for federal action to begin addressing immediate housing needs and scaling-up development capacity to help tackle the affordable housing crisis. People with Housing Choice Vouchers issued by HUD are often not able to locate available units in the timeliness standards set by the federal agency. This indicates the need to build affordable housing projects that can utilize the federal vouchers for sustainability.

Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/16/2025 10:18AM

Project Number: 40000677

Project Title: 2025-27 Housing Trust Fund

Description

What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

\$250 million dollars in capital funding is projected to result in approximately 4,440 units of affordable housing. This projected number of units takes into account that some of the funding is for preservation of existing units, smaller amounts of leveraged funds from other funding sources as those sources are exhausted, increased costs of building materials and labor, and higher interest rates.

We propose the following breakdown of this funding with projected units:

Multifamily/Rental Housing, including Permanent Supportive Housing (PSH): Approx. 3,500 units impacted (1500 new units; 2,000 units preserved) (60% of the \$250 million)

- **65%** of the multi-family capital investment will be reserved for current affordable housing in need of repairs and preservation and to acquire/retain housing with expiring affordability restrictions (aka Continuing Affordability Program). Persons living in the state's affordable housing portfolio deserve high quality housing and these investments ensure that existing housing is safe, decent and affordable. These three programs provide critical resources at three points in the life cycle of an affordable housing development:

- o The HTF Repair Program addresses urgent repairs to return units to habitability when properties experience crisis such as water leaks, fires, meth contamination or severe damage.

- § Timeline: The HTF Repair Fund will be available on an ongoing basis through an online portal until all funds are spent.

- § The Housing Preservation Program invests in properties with deferred maintenance issues which contribute to long-term vacancies, safety and health issues. Over the 40–50-year lifespan of a property, rent restricted properties experience challenges and are limited in the ability to access private capital. This source fills a major gap in the housing ecosystem. Refer to related statute [43.185A.180](#).

- § Timeline: Commerce will release a competitive funding application six months into the fiscal year. All funds will be committed within the biennium.

- o The Continuing Affordability program retains affordable housing in a community, and in the case of USDA properties, ensures that valuable housing vouchers remain available to a community. Without these investments, rural properties become unsustainable and are at jeopardy for loss to market activity.

- § Timeline: Commerce will release a competitive funding application six months into the fiscal year. All funds will be committed within the biennium.

- **25%** of the affordable housing investment will support the open competitive investment strategy using a combined funders application which provides the greatest opportunity to meet local priorities, pair with other funding sources (federal and local), and fund deep investments in pro equity projects. Addressing critical needs of housing for persons with intellectual and developmental disabilities, seniors on fixed incomes facing increasing risk of homelessness, building workforce housing in rural communities, transit-oriented development and to meet other essential needs are achieved through scoring, funding targets and the coordinated funding process. The program will be administered following [RCW 43.185A.140](#), which includes target minimum investments of 10% for By and For organizations and 30% target for rural and statewide investment. The low-income portions of housing projects, including social or mixed income housing, would be eligible for this funding.

- o Timeline: Commerce will award these funds during the biennium, with a goal to release a competitive funding application approximately 90 days after the budget is enacted.

- **9%** of funding will be targeted for rapid permanent supportive housing (Apple Health and Homes Capital Program set in [RCW 43.330.187](#)). Previous Apple Health and Homes (AHAH) Capital awards includes 14 projects and 2 direct appropriations. The 263 units of PSH will be leveraged with federal Medicaid covered services through the Foundational Community Supports program (at Health Care Authority) and some limited rent support. AHAH is a testament to the growing intersection between health and housing.

- o Timeline: Commerce will utilize these funds during the biennium, with a goal to release a competitive funding application approximately 90 days after the budget is enacted.

- **1%** of funding will be set-aside for Capacity Building, Outreach and Support to continue the efforts to provide technical assistance and preconstruction funding to rural developers, Tribes, By and For Organizations, and those historically unable of accessing state capital investment. In addition to technical assistance, communities tell us about the need for predevelopment funding to assist with the costs associated with performing due diligence, assembling a site and preparing funding applications for our highly competitive capital programs. Direct grants will empower organizations to develop the internal capacity to obtain and effectively manage affordable housing. Refer to related statute: [RCW 43.185A.170](#).

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Project Title: 2025-27 Housing Trust Fund

Description

o Timeline: Commerce will release a competitive funding application in the first fiscal year and commit all funding with a two-year period to spend all funds. If more than \$5,000,000 is appropriated, a second application cycle will be available in the second year of the biennium. All funds will be committed within the biennium.

Homeownership: Approx 940 units impacted incl (800 new units, 140 preserved) Manufactured Housing units and lots: This can fund upwards of 3,000+ new homeowners. Creating new homeowners generates rental-housing vacancies for new tenants and provides stability to the new homeowners. (40% of the \$250 million)

- **75%** of the remaining homeownership investment will support competitive funding to support new construction, keep subsidized units affordable, support down-payment assistance programs and provide non-profits with the support they need to acquire capital and/or rehabilitate properties. The priority is for these investments to support new first-time homebuyers. The program will be administered following [RCW 43.185A](#)

o Timeline: Projects funded with competitive funding in general, projects awarded funds will be available for occupancy 12 months to 3 years after awards (SFYs 2027-29)

- **15%** of the homeownership investment will go towards the acquisition and preservation of Manufactured Housing and Mobile Home Communities and providing technical assistance to eligible non-profit organizations and residential cooperatives. Due to a limited capacity of these communities to be able to access capital and capital assets manufactured housing communities often face challenges with preservation and acquiring technical support. The department also recognizes that limiting income eligibility to 80% of the Area Median Income, disenfranchises certain communities that have limited access to capital in urban areas. These funds will be available for the preservation of housing up to 100% of the Area Median Income to address the challenges that communities face with accessing capital for cashflow to support capital reserves and infrastructure repairs.

- **10%** of the remaining homeownership investment will go towards competitive funding to support non-profit organizations that have actionable construction plans and need to acquire surplus land or extra land in order to enact their planned construction project.

- **\$12 million** set aside - The Home Futures Institute is a program to build the capacity of nonprofit community land trusts and other organizations interested in developing or preserving affordable housing. **\$2 million** will fund participants in the Home Futures Institute. A minimum of **\$10 Million** will be directed to the graduates of the Institute for technical assistance and Operating purposes, which will include providing a continuum of support and technical assistance.

o Timeline: Commerce will utilize these funds over a two-year cycle in partnership with the NW Community Land Trust Coalition. Existing law allows Commerce to use up to 3% of capital appropriations for affordable housing for administrative costs. The current staff level needed to support the \$600M in capital funding for the current biennium is 78.2 FTE. Increased staffing levels will be needed to accommodate a larger investment. There will be some efficiencies gained as operations improve, and award sizes increase resulting in fewer contracts per \$100 million. However, these estimates will need adjustments if there are new or one-off provisos requiring new program guidelines, separate solicitations, etc. We estimate the following **additional FTEs** would be needed, paid out of existing authority to support the increase in capital awards:

FTE by Position Category New Additional

CS3 4.3

CS5 1.1

Total Additional FTEs 5.4

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

Alternatives considered include:

Requesting the federal government provide 100% of the housing or income subsidies needed to meet the targets. Although the current federal administration has proposed subsidies that would address the targets, there is not any indication that those federal subsidies will be enacted in the near term. Washington should start ramping up investments and development capacity immediately in order to meet the 20-year housing unit targets.

Relying on tenant-based vouchers instead of capital investments. Meeting our housing targets will require adding an additional 26,000 subsidized units per year. This proposal funds approximately 4,000 units per year, leaving plenty of room to layer in additional tenant-based vouchers, if that is a direction policymakers want to pursue. However, a strategy weighted primarily toward vouchers could cause rental housing inflation. In contrast, significant investments in capital-financed rental units can serve as an anchor against inflation, preventing excessive rental price inflation in the larger for-profit housing market. Finally, although tenant-based vouchers do directly address affordability, vouchers do not directly add units to the overall supply and

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Description

are thus not well suited to address the needs of an undersupplied housing market.

Relying on land use regulation alone to make housing affordable to lower income households. Land use reforms are foundational to success. Without land use reforms it will be difficult and more costly to build subsidized housing. Land use reforms can plausibly lead to market rate housing being affordable to people with incomes between 50-80% AMI. Even places with an overt oversupply of housing (e.g., Detroit) see large percentages of the lowest income households experiencing significant cost burdens.

Even employing the most optimistic assumptions about the impacts on housing prices of land use reforms and expanded supply, achieving the state targets will require an increase in housing subsidies.

Working upstream to increase incomes and housing stability through behavioral health interventions, education, and life skills. Increased investments in education and behavioral health are important, providing real returns that in most cases offset the costs of the interventions. Positive outcomes include recovery from substance use disorder and other behavioral health illnesses and increased work participation. And for some people ongoing behavioral health supports are critical to remaining stably housed: subsidies alone are not enough. However, extensive review of the research literature and related modeling do not show that additional investments in behavioral health treatment and education meaningfully reduce homelessness or the need for housing or income subsidies. More than a decade of research by Commerce and national efforts have confirmed this finding. That said, the state should continue expansion of behavioral health interventions, job training, system navigation, etc. because, at the margins, those interventions can help people achieve recovery and increased self-sufficiency. And Commerce should continue to actively support exploration of new models to improve self-sufficiency and reduce the need for public subsidies.

Improve efficiency and effectiveness of interventions and subsidies. Every system, public and private, should continue focusing on improving efficiency and effectiveness. Commerce operates a nation-leading performance management system for homelessness interventions, and its housing initiatives have undergone extensive public and private audits and performance reviews. These reviews have generated useful recommendations, many of which have been implemented. However, none have identified changes capable of dramatically reducing costs or improving effectiveness to the extent that would eliminate the need for substantial increases in housing subsidies.

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit and how many units or facilities would be added, people or communities served, etc.

RCW 43.185A.140 requires that Commerce's affordable housing programs serve rural areas, BIPOC communities across the state, and overwhelmingly benefit persons with disabilities and those with low incomes. These investments are exclusively made through nonprofit community organizations, federally recognized Tribes, housing authorities and local governments, which, as mission-bound organizations ensures the long-term protections of state assets.

Over half of the units funded by 2023-25 Multifamily Housing investments serve Homeless households, and 75% are Very Low-Income Households (<50% AMI). These projects are serving the most vulnerable populations in the state of Washington through the development of shelters, transitional housing, group homes and apartment homes. Twenty percent (20%) of the 2023-25 investments produce Permanent Supportive Housing units.

The investments funded by the 2023-2025 Homeownership investments provided low-income households as defined by Commerce and in statute (<80% AMI) with opportunities to purchase their homes or preserve the affordability of homes. These projects provide opportunities for households who would not be able to afford market rate options for homeownership, thus providing long term stability through consistent housing costs to the household. These investments also create opportunities for the beneficiary households to leverage their homes' worth to fund education, small business investment and pay for important life-costs. These investments also decrease the long-term pressure on Commerce to maintain its level of investment in rental housing through creating new vacancies in state-subsidized rental properties due to households moving towards owning their homes.

These investments also include support for Down Payment Assistance revolving loan fund programs. In many areas of the state homeownership is likely unattainable for low-to-moderate households without the Down Payment Assistance programs supported by Washington State's investment. In this package, funding Capital programs that support Down Payment Assistance should source their funding from taxable bond accounts; such as, account 355. Accounts with funding from non-taxable bonds cannot be loaned to eligible homeowners due to statutory limitations. Commerce staff will be able to expedite the process and better aid capital funding awardees if they do not have to seek permission for a fund swap after the legislative session ends for Down Payment Assistance revolving loan fund programs.

In the 2025-27 Biennium, if there is an increase in funding, Commerce will seek to expand eligible projects to include more

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Description

diverse projects that foster mixed income housing and leverages private investment. Scoring will be established that creates workforce housing in rural communities and pairs with investments from the Amazon Housing Equity Fund and others in creating Transit-Oriented Development (TOD). In all areas, Commerce will prioritize investments in By and For organizations and Tribal entities.

In the DSHS – RDA report to the Legislature, the estimated 83,000 individuals who could benefit from PSH include the following characteristics:

- Were observed to be homeless in the month;
- Were 18 years of age or older in that month;
- Had at least one month of Title XIX Medicaid coverage in the past year (inclusive of the month in question); AND
- Had a mental health diagnosis or substance use disorder in the past two years (inclusive of the month in question) OR an indication of a significant chronic illness based on Medicaid claims data.

According to the January 2025 Snapshot Report on Homelessness, 46,355 individuals are currently in emergency shelters or unsheltered and meet the chronic homeless definition throughout Washington State. Over 58,000 and 53,000 individuals in emergency shelters or unsheltered have a mental health disorder or a substance use disorder. Over 42,000 individuals have both a co-occurring mental health disorder and a substance use disorder.

According to the GMA projections, 122,469 units of PSH are needed in the next 20 years to meet the needs of Washington's most complex and vulnerable citizens.

This proposal would fund approximately 2,300 new units and preserve 2,140 existing units.

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

Historically, Commerce leverages at least \$5 for every \$1 invested. In 2024, Commerce's multifamily investments represented \$2.1 billion in total housing investments, including \$1.7 billion in non-state funding.

Beyond federal sources for affordable housing are stagnant and generated primarily through the Low-Income Housing Tax Credit program. The public-private program administered by the Washington State Housing Finance Commission (WSHFC) allocates tax credits and private activity bond capacity to help developers generate approximately \$500 - \$800 million in combination of equity and debt. Through a combination of sources, including sales tax for affordable housing (HB 1406), local referenda, and Federal HOME funds, local sources contribute an additional \$300-\$400 million. Many projects obtain permanent financing from lenders motivated by community reinvestment act requirements or federally backed loans, these also cover a portion of affordable housing projects.

The leverage ratio is subject to macro environmental concerns such as interest rates and tax credit pricing, which makes it difficult to predict. Continued advocacy through federal funding, and access to private investments by increasing mixed-income developments, may help maintain the \$5 to \$1 leverage. However, opportunities to fully fund a project (i.e. "to go deep") means projects may be expedited and less cumbersome to the developer.

The Apple Health and Homes (AHAH) capital funding will also leverage federal Medicaid funded services through the Foundational Community Supports benefit. These pre-tenancy and tenancy-sustaining services called Community Support Services are estimated to leverage over \$20 million in federal funds and are the cornerstone for the AHAH initiative.

Any capital funding provided in 2025-27 will assist to enact the changes enabled by updates to the Growth Management Act in recent years. These include increased middle housing, diverse types of housing, and increased density in many areas.

With the creation of the Covenant Homeownership Program (CHP) (HB 1474) in 2023, the Capital funds requested by Commerce will be leveraged with more than \$100 million in down-payment assistance funding administered by the Washington State Housing Finance Commission. Recipients of CHP funds will be able to purchase homes produced through Capital funding investments and investments in homeownership preservation.

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

No.

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If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate.

Since 2008, the affordable housing projects developed by Commerce have had to meet high efficiency and sustainability standards ([Evergreen Sustainable Design Standards](#)). Residential housing is a major contributor to greenhouse gases, and housing funded by this program has exceeded building code standards for over a decade. These standards will continue to require developers to site developments in locations that reduce carbon pollution and investments will also rehab buildings to make them more energy efficient.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

- Significant legislative rules as defined in RCW 34.05.328
- Any new grant or loan program that Commerce will carry out or implement
- A capital project, grant, or loan award costing at least \$12,000,000
- A transportation project, grant, or loan costing at least \$15,000,000
- ? YES. If yes, please indicate which one item from the list above it will create:

If yes, then this DP (if enacted) will create a “significant agency action” and trigger HEAL Act compliance. Please click [here for ARL-DP Guidance and read the Fiscal Analysis Checklist](#) on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

N/A

Is there additional information you would like decision makers to know when evaluating this request?

N/A

[

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants - Competitive

Application process used

Various

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
057-1	State Bldg Constr-State	147,000,000				147,000,000
057-1	State Bldg Constr-State					

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Funding

Acct Code	Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriates	New Appropriates
355-1	St. Bld Const Acct-State	102,600,000				102,600,000
355-B	St. Bld Const Acct-Debt Limit					
	Total	249,600,000	0	0	0	249,600,000
Future Fiscal Periods						
		<u>2027-29</u>	<u>2029-31</u>	<u>2031-33</u>	<u>2033-35</u>	
057-1	State Bldg Constr-State					
057-1	State Bldg Constr-State					
355-1	St. Bld Const Acct-State					
355-B	St. Bld Const Acct-Debt Limit					
	Total	0	0	0	0	

Operating Impacts

No Operating Impact

SubProjects

SubProject Number: 40001942

SubProject Title: Additional funding for affordable housing

Starting Fiscal Year: 2026

Project Class: Grant/Loan

Agency Priority: 2

Project Summary

See parent project for details

Project Description

See parent project for details

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants - Not Competitive

Application process used

Various

Growth Management impacts

N/A

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Project Title: 2025-27 Housing Trust Fund

SubProjects

SubProject Number: 40001942

SubProject Title: Additional funding for affordable housing

Funding

Acct Code	Account Title	Estimated Total	Expenditures Prior Biennium	Current Biennium	2025-27 Fiscal Period Reappropriations	New Appropriations
057-1	State Bldg Constr-State	147,000,000				147,000,000
	Total	147,000,000	0	0	0	147,000,000

Funding

Acct Code	Account Title	Estimated Total	Expenditures Prior Biennium	Current Biennium	2025-27 Fiscal Period Reappropriations	New Appropriations
355-1	St. Bld Const Acct-State	102,600,000				102,600,000
	Total	102,600,000	0	0	0	102,600,000

Future Fiscal Periods

	2027-29	2029-31	2031-33	2033-35
057-1 State Bldg Constr-State				
Total	0	0	0	0

Future Fiscal Periods

	2027-29	2029-31	2031-33	2033-35
355-1 St. Bld Const Acct-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

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<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	40000677	40000677
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	N	N
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

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Project Number: 91002449

Project Title: Multifamily Bldg Efficiency Grants

Description

Starting Fiscal Year: 2026

Project Class: Grant/Loan

Agency Priority: 3

Project Summary

The Energy Division proposes to restore funding for important energy efficiency and decarbonization work for affordable multifamily housing and as part of the state's Clean Buildings Performance Standard (CBPS). Multifamily building owners and their occupants across Washington are ready and eager to make energy use improvements to their buildings in the form of heating and cooling equipment, building envelope measures, and other site-level work. However, they lack the capital to do so. This decision package would restore funding for this grant program. Funding request is represented in the subproject 40001943 "Additional funding for Multifamily efficiency grants"

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

Preservation of existing affordable multifamily housing is critical to ensure the state has adequate housing supply that is safe, healthy and affordable to operate. Low-income households bear a disproportionate energy burden for the cost of utilities relative to household income. The existing Multifamily Efficiency Grant program, launched in 2025, did not receive an appropriation for the 25-27 biennium. The intent of the program is to improve the energy efficiency of existing affordable housing stock within the Housing Trust Fund portfolio based on the proviso language.

Residential energy efficiency retrofits are identified in Washington's forthcoming Comprehensive Climate Action Plan (CCAP) as a key strategy to reduce greenhouse gas emissions and provide direct benefits to residents.

This program will also support compliance with the Clean Buildings Performance Standard for multifamily buildings over 20,000 square feet, which are required to be in compliance by June 2027. Under the standard, buildings are required to measure their energy use and create operations and maintenance and energy management plans. Commerce will fund energy efficiency work for these projects through the continuation of its grant program.

Demand for grants far exceeds available funds from the FY25 capital budget. When completing an identification of all possible eligible projects for the FY25 funding, energy division and HTF staff identified 1,294 projects, with a priority list of 120 projects based on building age and fuel type. With the 23-25 allocation, we are only able to fund 30 projects with an average project cost of \$1.6 million. Assuming the same average price per project, funding the remaining 90 projects in the priority list would cost \$144,000,000. There are additional projects that could benefit from this funding that are not on the priority list.

Furthermore, Commerce is exploring potential synergies between this program and existing home ownership assistance programs within the department. Energy will continue to partner with the Housing Division who will assist with screening the projects to determine highest priority and most strategic resource allocation based on housing stock, financing stock, and cost-efficiency.

What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

Commerce would like to secure funding to continue this important program that provides grants for capital upgrades such as installing heat pump technology for space and water heating, building shell improvements, lighting upgrades, building controls, etc. The program also provides funding for energy planning and management work required for compliance with the Clean Buildings Performance Standard. This program funds energy efficiency upgrades that reduce operating costs and therefore energy burden for low- and moderate-income households around the state. These upgrades, such as heat pump installations, also allow households access to cooling which is critical to protect community health and foster resilience, especially as summer temperatures rise and the frequency increases for extreme weather events and wildfires.

This DP request is pending availability of CCA dollars.

Affordable housing owners are often not well-positioned to make capital-intensive energy efficiency improvements. This grant program will support these building types, with a priority on supporting projects that demonstrate financial need, and those across the Washington Housing Finance Commission and Housing Trust Fund portfolios.

The result of inaction is that buildings may be out of compliance with the standard, and energy and long-term cost savings are left on the table, rather than energy efficient technology benefitting building owners and low-income occupants. Safety, comfort,

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Project Title: Multifamily Bldg Efficiency Grants

Description

health and cost savings are all critical benefits of energy efficiency and electrification projects, particularly those that incorporate the addition of air conditioning. This funding works to make it more equitable to benefit from highly efficient, electrical equipment.

Funding this program with revenue from the Climate Commitment Act allowance auctions directly meets the intended purpose of those funds per the statutory requirements. Projects under this program would reduce carbon emissions and directly increase climate resilience in overburdened communities while also helping to address issues of environmental justice and health inequity in the state. It also helps to achieve the requirement that at least 35% of CCA revenue be invested in projects that directly benefit overburdened communities, and at least 10% be used for projects with tribal support.

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

One alternative is to provide financing to support energy efficiency improvements, rather than fund part or all of an energy efficiency project. As one example, Washington Housing Finance Commission already offers this type of financing to affordable multifamily owners, and it has not resulted in meeting the needs of underserved communities and affordable housing occupants. These building owners are less likely to be able to invest in large capital improvements, even with financing.

Funding part or all of these improvements is, in some cases, the only way to make important efficiency and emissions improvements. However, it certainly excludes affordable housing without access to significant upfront capital.

The state continues to struggle with housing affordability and energy burden. By not funding this program for ongoing operations, there are many projects not moving. This is a long-term lost opportunity to reduce energy burden for occupants and to reduce greenhouse gas emissions from the built environment.

Multifamily buildings over 20,000 square feet are subject to the requirements of the Clean Buildings law. These buildings will need to be in compliance by June 2027. These grants provide much needed resources for owners of affordable housing to come into compliance.

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit and how many units or facilities would be added, people or communities served, etc.

The projects funded through this program reduce energy use and related greenhouse gas emissions by 20 percent on average. The beneficiaries of this grant program, first and foremost, are the occupants of these HTF multifamily buildings that benefit from reduced utility costs, improved indoor air quality, and comfort.

Commerce estimates there are likely thousands of low-income, multifamily buildings needing energy reporting, benchmarking, and operations and maintenance planning services. The Washington Housing Trust fund has historically served over 1,200 affordable housing properties and the Washington Housing Financing Commission and an additional 1,656. All 2,856 of these buildings will be eligible for this funding. These buildings are dispersed across the state, but the vast majority fall within areas shaded blue on the overburdened communities map.

Communities benefit from preservation of existing affordable housing.

There will be significant greenhouse gas emissions reductions from these projects with global benefits as well as localized air quality improvements that can help reduce health disparities in overburdened communities.

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

This program leverages:

- Utility funding in the form of incentives for energy efficiency and electrification improvements, which many utilities across the state offer for commercial customers.
- Federal funding: Home Energy Rebates authorized by the federal Inflation Reduction Act can and must serve low- and moderate-income multifamily buildings. Federal funding for whole home efficiency and electric rebate appliances can be leveraged with this funding request.
- Local governments (ex. Seattle) have clean heat and fuel switching incentives for low-income households.

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Description

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

No.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate.

This decision package directly funds efficiency and emissions reductions in our state's largest residential buildings, representing some of the largest scale energy users. It is some of the most important and cost-effective work that can be done to meet the state's emissions limits in statute and directly contributes to buildings meeting the Clean Buildings performance standard.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

-Significant legislative rules as defined in RCW 34.05.328

-Any new grant or loan program that Commerce will carry out or implement

-A capital project, grant, or loan award costing at least \$12,000,000

-A transportation project, grant, or loan costing at least \$15,000,000

-? YES. If yes, please indicate which one item from the list above it will create:

If yes, then this DP (if enacted) will create a "significant agency action" and trigger HEAL Act compliance. Please click here for ARL-DP Guidance and read the Fiscal Analysis Checklist on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

A HEAL Environmental Justice Assessment was already completed when the program initially launched with funds from the 2023-2025 biennial capital budget.

Is there additional information you would like decision makers to know when evaluating this request?

N/A

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants - Competitive

Application process used

Various

Growth Management impacts

N/A

Funding

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Date Run: 9/16/2025 10:19AM

Project Number: 91002449

Project Title: Multifamily Bldg Efficiency Grants

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
26C-1	Climate Commit Accou-State	5,019,000		19,000		5,000,000
	Total	5,019,000	0	19,000	0	5,000,000

		Future Fiscal Periods			
		2027-29	2029-31	2031-33	2033-35
26C-1	Climate Commit Accou-State				
	Total	0	0	0	0

Operating Impacts

No Operating Impact

SubProjects

SubProject Number: 40001943

SubProject Title: Additional funding for Multifamily efficiency grants

Starting Fiscal Year: 2026

Project Class: Grant/Loan

Agency Priority: 3

Project Summary

See parent project for details.

Project Description

See parent project for details.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants - Competitive

Growth Management impacts

N/A

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
26C-1	Climate Commit Accou-State	5,000,000				5,000,000
	Total	5,000,000	0	0	0	5,000,000

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2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/16/2025 10:19AM

Project Number: 91002449

Project Title: Multifamily Bldg Efficiency Grants

SubProjects

SubProject Number: 40001943

SubProject Title: Additional funding for Multifamily efficiency grants

		Future Fiscal Periods			
		2027-29	2029-31	2031-33	2033-35
26C-1	Climate Commit Accou-State				
Total		0	0	0	0

Operating Impacts

No Operating Impact

Capital Project Request

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<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	91002449	91002449
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	N	N
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

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Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:52AM

Project Number: 40000246

Project Title: Economic Opportunity Grants Authority

Description

Starting Fiscal 2023
Project Class: Grant/Loan
Agency Priority: 6

Project Summary

Spending authority for Community Development Block Grant Economic Opportunity Funds (Fund 689).

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

This request is for \$110,000 in Community Development Block Grant (CDBG) program income from Fund 689 to continue community investments under this program. The budget authorization will allow Commerce to award Federal funds as approved by HUD to assist rural communities with grants through the 2025-2027 biennium. These grant funds provide low- and moderate-income communities in Washington with grant funding that address community facility or infrastructure improvement priorities. CDBG is a critical investment tool in rural Washington, and this request will ensure Commerce has all the resources available to strengthen communities.

This request comes amid federal uncertainties and a recent proposal to eliminate CDBG funding for federal fiscal year (FFY) 2026, which begins October 2025. Paired with FFY 2025 funds, approximately \$13 million, this proposal could be part one of the last federally funded CDBG investments. The time is now to leverage these certain resources and invest in community projects. Failure to allocate this CDBG program income in a timely manner may also risk the return of these funds to HUD.

What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

This request is an opportunity to secure the \$110,000 in Community Development Block Grant (CDBG) program income from Fund 689 to continue community investments. Projects will be awarded and drawn through the 2025-2027 biennium. Commerce proposes using this spending authority to fund one or more CDBG eligible projects, such as infrastructure improvements, housing rehabilitation, or community facilities.

Spending authority is needed to make awards and reimburse CDBG grantees for eligible activities to spend down this CDBG program income. This action will allow communities to make infrastructure investments, enhance community public safety and health, and engage in other community economic and development activities.

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

There is not a true alternative available and these federal funds are dedicated for CDBG investments. If spending authority is not granted, then Commerce would not be authorized to award and expend the available funds to local government grant recipients. Commerce would not be following its HUD approved Action Plan for the use of the CDBG program income funds and may need to return those funds to HUD. And low- and moderate-income communities in rural Washington would need to find other grant resources to fund their projects.

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit and how many units or facilities would be added, people or communities served, etc.

CDBG grants are awarded to rural cities, towns and counties in Washington for activities that will principally benefit low- and moderate-income residents. The grants fund activities that will directly result in infrastructure and public facility projects that support community development strategies for rural communities. The current spending authority available is likely enough to fund a portion of one project, which could vary in its outcomes depending on the type of project that seeks funding.

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the

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Project Number: 40000246

Project Title: Economic Opportunity Grants Authority

Description

request result in matching federal, state, local, or private funds?

While there is no federal matching requirement, CDBG Economic Opportunity Grant projects often include applicant resources along with other state and federal funding to finance projects. For example, a recent request for a road improvement project would have leveraged approximately \$1.2 million in other state and local financing, while a separate request to finance a new public library would have leveraged \$19 million in local, state, private and nonprofit funds. These are illustrations only as the exact level of other funds this proposal could leverage depend on community requests received at the time.

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

No.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate.

It is possible that an investment made under this request could contribute to reducing greenhouse gas emissions, but it depends on the project. Projects are prioritized by local governments and can include energy-efficient upgrades, such as to HVAC systems.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

-Significant legislative rules as defined in RCW 34.05.328

-Any new grant or loan program that Commerce will carry out or implement

-A capital project, grant, or loan award costing at least \$12,000,000

-A transportation project, grant, or loan costing at least \$15,000,000

-? YES. If yes, please indicate which one item from the list above it will create:

If yes, then this DP (if enacted) will create a "significant agency action" and trigger HEAL Act compliance. Please click here for ARL-DP Guidance and read the Fiscal Analysis Checklist on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

N/A

Is there additional information you would like decision makers to know when evaluating this request?

Without additional spending authority, Commerce cannot award or expend funds in accordance with the HUD-approved Action Plan. Funds Failure to adhere to the approved action plan and federal regulations could result in returning these funds to HUD.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans - Competitive

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Report Number: CBS002

Date Run: 9/12/2025 9:52AM

Project Number: 40000246

Project Title: Economic Opportunity Grants Authority

Description

Growth Management impacts

N/A

Funding

Acct Code Account Title		Estimated Total	Expenditures		2025-27 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
689-1	Rural WA Loan Acct-State	110,000				110,000
Total		110,000	0	0	0	110,000

		Future Fiscal Periods			
		2027-29	2029-31	2031-33	2033-35
689-1	Rural WA Loan Acct-State				
Total		0	0	0	0

Operating Impacts

No Operating Impact

<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	40000246	40000246
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	Y	Y
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

Department of Commerce

All Reappropriation Projects

ENERGY Division

Reappropriations are necessary for seven Energy Division capital fund sources due to contractual obligations associated with active clean energy projects. These funding sources are not included in the current enacted budget for the 2025-2027 biennium. This matter has been discussed with the Office of Financial Management (OFM), which has requested that we submit an agency Decision Package (DP) to restore the authority to reappropriate the funding.

- 30000726 Clean Energy and Energy Freedom Program
- 30000881 Clean Energy Fund 3
- 30000882 Energy Efficiency and State Grants
- 40000042 Clean Energy Transition
- 40000049 2019-21 Energy Efficiency and Solar Grants Program
- 40000149 2021-23 Energy Retrofits for Public Buildings Grant Program
- 40000621 2023-25 Community Solar

LOCAL GOVERNMENT Division

The 2025 State Capital Budget (SB 5195, sec. 8020) moved the Washington State Broadband Office's (WSBO) spending authority for the Broadband Infrastructure Program (BIP) into a single federal broadband account created in RCW 43.330.400. This account will also hold the federal Broadband Equity, Access, and Deployment Program funding. However, the transfer of remaining BIP authority did not also convey budget authority as capital project #92001178 was eliminated. WSBO will require the remaining federal BIP spending authority to be identified to continue these critical broadband investments.

- 92001178 2022 Broadband Office

Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:25AM

Project Number: 30000726

Project Title: Clean Energy and Energy Freedom Program

Description

Starting Fiscal 2026
Project Class: Grant/Loan
Agency Priority: 1

Project Summary

Reappropriations are necessary for seven Energy Division capital fund sources due to contractual obligations associated with active clean energy projects. These funding sources are not included in the current enacted budget for the 2025-2027 biennium. This matter has been discussed with the Office of Financial Management (OFM), which has requested that we submit an agency Decision Package (DP) to restore the authority to reappropriate the funding. This request is for a reappropriation.

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

Every year, Commerce assesses how much funding is anticipated to be unspent by capital fund sources at the end of the fiscal year and requests those funds to be reappropriated. Seven Energy Division fund sources were missed in the reappropriations request for FY25. The Energy Division has been able to temporarily sustain current awards and contracts by swapping in aligned funding authorized in the 25-27 budget, however the need remains for reappropriations to preserve both projects and contracts currently in development.

Not continuing funding for these projects under construction would negatively impact Commerce's mission of strengthening communities and growing Washington's economy by reducing jobs in the impacted communities and by losing the environmental benefits and reduced energy burden these projects will provide.

What is the proposed solution? What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

Request for the following project to be reappropriated:
30000726 Clean Energy and Energy Freedom Program

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

OFM

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:25AM

Project Number: 30000726

Project Title: Clean Energy and Energy Freedom Program

Description

N/A - technical budget fix

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit and how many units or facilities would be added, people or communities served, etc.

N/A - technical budget fix

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

No

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

N/A - technical budget fix

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A - technical budget fix

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate.

All of the contracted projects contribute to meeting the greenhouse gas emission limits

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Report Number: CBS002

Date Run: 9/12/2025 9:25AM

Project Number: 30000726

Project Title: Clean Energy and Energy Freedom Program

Description

established in RCW 70A.45.050 through reducing demand on the grid, reducing consumption and generating electricity through renewable energy.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

- Significant legislative rules as defined in RCW 34.05.328
- Any new grant or loan program that Commerce will carry out or implement
- A capital project, grant, or loan award costing at least \$12,000,000
- A transportation project, grant, or loan costing at least \$15,000,000
- ? YES. If yes, please indicate which one item from the list above it will create: _____
- ? NO

·If yes, then this DP (if enacted) will create a “significant agency action” and trigger HEAL Act compliance. Please click here for [ARL-DP Guidance](#) and read the [Fiscal Analysis Checklist](#) on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

No – this is not an SAA.

Is there additional information you would like decision makers to know when evaluating this request?

OFM has confirmed the funds are available for Commerce pending action by the Legislature to reappropriate agency authority to expend funds.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type
Grant/Loan - Unidentified

OFM

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Version: 15 2026 First Supplemental Request

Report Number: CBS002
Date Run: 9/12/2025 9:25AM

Project Number: 30000726
Project Title: Clean Energy and Energy Freedom Program

Description

Grant Recipient Organization: Various
RCW that establishes grant: NA
Application process used
Various

Growth Management impacts
NA

Funding

Acct Code Account Title		Estimated Total	Expenditures		2025-27 Fiscal Period	
			Prior Biennium	Current Biennium	Reapprops	New Approps
057-1	State Bldg Constr-State	23,400,000	21,713,000	538,000	1,149,000	
355-1	St. Bld Const Acct-State	17,000,000	14,490,000	2,399,000	111,000	
Total		40,400,000	36,203,000	2,937,000	1,260,000	0
Future Fiscal Periods						
		2027-29	2029-31	2031-33	2033-35	
057-1	State Bldg Constr-State					
355-1	St. Bld Const Acct-State					
Total		0	0	0	0	

Operating Impacts

No Operating Impact

Parameter	Entered As	Interpreted As
Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	30000726	30000726
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	Y	Y
User Group	Agency Budget	Agency Budget

User Id

*

All User Ids

Capital Project Request

2025-27 Biennium

*

Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:34AM

Project Number: 30000881

Project Title: Clean Energy Funds 3

Description

Starting Fiscal 2026
Project Class: Grant/Loan
Agency Priority: 1

Project Summary

Reappropriations are necessary for seven Energy Division capital fund sources due to contractual obligations associated with active clean energy projects. These funding sources are not included in the current enacted budget for the 2025-2027 biennium. This matter has been discussed with the Office of Financial Management (OFM), which has requested that we submit an agency Decision Package (DP) to restore the authority to reappropriate the funding. This request is for a reappropriation.

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

Every year, Commerce assesses how much funding is anticipated to be unspent by capital fund sources at the end of the fiscal year and requests those funds to be reappropriated. Seven Energy Division fund sources were missed in the reappropriations request for FY25. The Energy Division has been able to temporarily sustain current awards and contracts by swapping in aligned funding authorized in the 25-27 budget, however the need remains for reappropriations to preserve both projects and contracts currently in development.

Not continuing funding for these projects under construction would negatively impact Commerce's mission of strengthening communities and growing Washington's economy by reducing jobs in the impacted communities and by losing the environmental benefits and reduced energy burden these projects will provide.

What is the proposed solution? What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

Request for the following project to be reappropriated:
30000881 Clean Energy Fund 3

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

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Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:34AM

Project Number: 30000881

Project Title: Clean Energy Funds 3

Description

N/A - technical budget fix

Who does this proposal impact or serve? How is the proposal impacting equity in the state?

What populations will benefit and how many units or facilities would be added, people or communities served, etc.

N/A - technical budget fix

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

No

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

N/A - technical budget fix

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A - technical budget fix

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:34AM

Project Number: 30000881

Project Title: Clean Energy Funds 3

Description

efficiency? Please elaborate.

All of the contracted projects contribute to meeting the greenhouse gas emission limits established in RCW 70A.45.050 through reducing demand on the grid, reducing consumption and generating electricity through renewable energy.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

- Significant legislative rules as defined in RCW 34.05.328
- Any new grant or loan program that Commerce will carry out or implement
- A capital project, grant, or loan award costing at least \$12,000,000
- A transportation project, grant, or loan costing at least \$15,000,000
- ? YES. If yes, please indicate which one item from the list above it will create: _____
- ? NO

·If yes, then this DP (if enacted) will create a “significant agency action” and trigger HEAL Act compliance.

Please click here for [ARL-DP Guidance and read the Fiscal Analysis Checklist](#) on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

No – this is not an SAA.

Is there additional information you would like decision makers to know when evaluating this request?

OFM has confirmed the funds are available for Commerce pending action by the Legislature to reappropriate agency authority to expend funds.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans - Competitive

Application process used

Various

Growth Management impacts

NA

Funding

Expenditures

2025-27 Fiscal Period

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:34AM

Project Number: 30000881

Project Title: Clean Energy Funds 3

Funding

<u>Acct Code Account Title</u>	<u>Estimated Total</u>	<u>Prior Biennium</u>	<u>Current Biennium</u>	<u>Reapprops</u>	<u>New Approps</u>
057-1 State Bldg Constr-State	38,073,000	19,969,000	9,496,000	8,608,000	
22M-1 Energy Efficiency Acct-State	5,500,000	643,000	2,760,000	2,097,000	
355-1 St. Bld Const Acct-State	127,000	127,000			
355-B St. Bld Const Acct-Debt Limit					
Total	43,700,000	20,739,000	12,256,000	10,705,000	0

Future Fiscal Periods

	<u>2027-29</u>	<u>2029-31</u>	<u>2031-33</u>	<u>2033-35</u>
057-1 State Bldg Constr-State				
22M-1 Energy Efficiency Acct-State				
355-1 St. Bld Const Acct-State				
355-B St. Bld Const Acct-Debt Limit				
Total	0	0	0	0

Operating Impacts

No Operating Impact

Parameter**Entered As****Interpreted As**

Biennium

2025-27

2025-27

Agency

103

103

Version

15-A

15-A

Project Classification

*

All Project Classifications

Capital Project Number

30000881

30000881

Sort Order

Project Priority

Priority

Include Page Numbers

Y

Yes

For Word or Excel

Y

Y

User Group

Agency Budget

Agency Budget

User Id

*

All User Ids

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Capital Project Request**

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:37AM

Project Number: 30000882

Project Title: Energy Efficiency and Solar Grants

Description

Starting Fiscal Year: 2026

Project Class: Grant/Loan

Agency Priority: 1

Project Summary

Reappropriations are necessary for seven Energy Division capital fund sources due to contractual obligations associated with active clean energy projects. These funding sources are not included in the current enacted budget for the 2025-2027 biennium. This matter has been discussed with the Office of Financial Management (OFM), which has requested that we submit an agency Decision Package (DP) to restore the authority to reappropriate the funding. This request is for a reappropriation.

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

Every year, Commerce assesses how much funding is anticipated to be unspent by capital fund sources at the end of the fiscal year and requests those funds to be reappropriated. Seven Energy Division fund sources were missed in the reappropriations request for FY25. The Energy Division has been able to temporarily sustain current awards and contracts by swapping in aligned funding authorized in the 25-27 budget, however the need remains for reappropriations to preserve both projects and contracts currently in development.

Not continuing funding for these projects under construction would negatively impact Commerce's mission of strengthening communities and growing Washington's economy by reducing jobs in the impacted communities and by losing the environmental benefits and reduced energy burden these projects will provide.

What is the proposed solution? What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

Request for the following project to be reappropriated:

30000882 Energy Efficiency and Solar Grants

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

OFM

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Capital Project Request**

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:37AM

Project Number: 30000882

Project Title: Energy Efficiency and Solar Grants

Description

N/A - technical budget fix

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit and how many units or facilities would be added, people or communities served, etc.

N/A - technical budget fix

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

No

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

N/A - technical budget fix

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A - technical budget fix

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy

OFM

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2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:37AM

Project Number: 30000882

Project Title: Energy Efficiency and Solar Grants

Description

efficiency? Please elaborate.

All of the contracted projects contribute to meeting the greenhouse gas emission limits established in RCW 70A.45.050 through reducing demand on the grid, reducing consumption and generating electricity through renewable energy.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

- Significant legislative rules as defined in RCW 34.05.328
- Any new grant or loan program that Commerce will carry out or implement
- A capital project, grant, or loan award costing at least \$12,000,000
- A transportation project, grant, or loan costing at least \$15,000,000
- ? YES. If yes, please indicate which one item from the list above it will create: _____
- ? NO

· If yes, then this DP (if enacted) will create a “significant agency action” and trigger HEAL Act compliance. Please click here for [ARL-DP Guidance](#) and read the [Fiscal Analysis Checklist](#) on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

No – this is not an SAA.

Is there additional information you would like decision makers to know when evaluating this request?

OFM has confirmed the funds are available for Commerce pending action by the Legislature to reappropriate agency authority to expend funds.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans - Competitive

Application process used

Various

Growth Management impacts

NA

Funding

Expenditures

2025-27 Fiscal Period

OFM

103 - Department of Commerce**Capital Project Request**

2025-27 Biennium

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Version: 15 2026 First Supplemental Request**Report Number:** CBS002**Date Run:** 9/12/2025 9:37AM**Project Number:** 30000882**Project Title:** Energy Efficiency and Solar Grants**Funding**

Acct Code Account Title	Estimated Total	Prior Biennium	Current Biennium	Reapprops	New Approps
057-1 State Bldg Constr-State	5,501,000	5,283,000	330,000	(112,000)	
22M-1 Energy Efficncy Acct-State	5,500,000	4,247,000	1,124,000	129,000	
Total	11,001,000	9,530,000	1,454,000	17,000	0

Future Fiscal Periods

	2027-29	2029-31	2031-33	2033-35
057-1 State Bldg Constr-State				
22M-1 Energy Efficncy Acct-State				
Total	0	0	0	0

Operating Impacts**No Operating Impact****Parameter****Entered As****Interpreted As**

Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	30000882	30000882
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	Y	Y
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

**103 - Department of Commerce
Capital Project Request**

2025-27 Biennium

*

Version: 15 2026 First Supplemental Request**Report Number:** CBS002**Date Run:** 9/12/2025 9:44AM**Project Number:** 40000042**Project Title:** Clean Energy Transition 4**Description****Starting Fiscal Year:** 2026**Project Class:** Grant/Loan**Agency Priority:** 1**Project Summary**

Reappropriations are necessary for seven Energy Division capital fund sources due to contractual obligations associated with active clean energy projects. These funding sources are not included in the current enacted budget for the 2025-2027 biennium. This matter has been discussed with the Office of Financial Management (OFM), which has requested that we submit an agency Decision Package (DP) to restore the authority to reappropriate the funding. This request is for a reappropriation.

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

Every year, Commerce assesses how much funding is anticipated to be unspent by capital fund sources at the end of the fiscal year and requests those funds to be reappropriated. Seven Energy Division fund sources were missed in the reappropriations request for FY25. The Energy Division has been able to temporarily sustain current awards and contracts by swapping in aligned funding authorized in the 25-27 budget, however the need remains for reappropriations to preserve both projects and contracts currently in development.

Not continuing funding for these projects under construction would negatively impact Commerce's mission of strengthening communities and growing Washington's economy by reducing jobs in the impacted communities and by losing the environmental benefits and reduced energy burden these projects will provide.

What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

Request for the following project to be reappropriated:
40000042 Clean Energy Transition

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

N/A - technical budget fix

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit and how many units or facilities would be added, people or communities served, etc.

N/A - technical budget fix

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

No.

OFM

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Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:44AM

Project Number: 40000042

Project Title: Clean Energy Transition 4

Description

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A - technical budget fix

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A - technical budget fix

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate.

All of the contracted projects contribute to meeting the greenhouse gas emission limits established in RCW 70A.45.050 through reducing demand on the grid, reducing consumption and generating electricity through renewable energy.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

- Significant legislative rules as defined in RCW 34.05.328
- Any new grant or loan program that Commerce will carry out or implement
- A capital project, grant, or loan award costing at least \$12,000,000
- A transportation project, grant, or loan costing at least \$15,000,000
- ? YES. If yes, please indicate which one item from the list above it will create:

If yes, then this DP (if enacted) will create a "significant agency action" and trigger HEAL Act compliance. Please click here for [ARL-DP Guidance and read the Fiscal Analysis Checklist](#) on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

No – this is not an SAA.

Is there additional information you would like decision makers to know when evaluating this request?

OFM has confirmed the funds are available for Commerce pending action by the Legislature to reappropriate agency authority to expend funds.

Location
City: Statewide

County: Statewide

Legislative District: 098

Project Type

OFM

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Capital Project Request

2025-27 Biennium

*

Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:44AM

Project Number: 40000042

Project Title: Clean Energy Transition 4

Description

Project Type

Loans - Competitive

Application process used

Various

Growth Management impacts

NA

Funding

Acct Code Account Title		Expenditures		2025-27 Fiscal Period	
		Estimated Total	Prior Biennium	Current Biennium	New Approps
057-1	State Bldg Constr-State	21,300,000	7,062,000	8,962,000	5,276,000
355-1	St. Bld Const Acct-State	11,300,000	10,739,000	49,000	512,000
355-B	St. Bld Const Acct-Debt Limit				
Total		32,600,000	17,801,000	9,011,000	5,788,000
					0
Future Fiscal Periods					
		2027-29	2029-31	2031-33	2033-35
057-1	State Bldg Constr-State				
355-1	St. Bld Const Acct-State				
355-B	St. Bld Const Acct-Debt Limit				
Total		0	0	0	0

Operating Impacts

No Operating Impact

Parameter	Entered As	Interpreted As
Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	40000042	40000042
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes

For Word or Excel
User Group
User Id

Y
Agency Budget
*

Y
Agency Budget
All User Ids

103 - Department of Commerce

Capital Project Request

2025-27 Biennium

*

Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:47AM

Project Number: 40000049

Project Title: 2019-21 Energy Efficiency and Solar Grants Program

Description

Starting Fiscal 2026
Project Class: Grant/Loan
Agency Priority: 1

Project Summary

Reappropriations are necessary for seven Energy Division capital fund sources due to contractual obligations associated with active clean energy projects. These funding sources are not included in the current enacted budget for the 2025-2027 biennium. This matter has been discussed with the Office of Financial Management (OFM), which has requested that we submit an agency Decision Package (DP) to restore the authority to reappropriate the funding. This request is for a reappropriation.

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

Every year, Commerce assesses how much funding is anticipated to be unspent by capital fund sources at the end of the fiscal year and requests those funds to be reappropriated. Seven Energy Division fund sources were missed in the reappropriations request for FY25. The Energy Division has been able to temporarily sustain current awards and contracts by swapping in aligned funding authorized in the 25-27 budget, however the need remains for reappropriations to preserve both projects and contracts currently in development.

Not continuing funding for these projects under construction would negatively impact Commerce's mission of strengthening communities and growing Washington's economy by reducing jobs in the impacted communities and by losing the environmental benefits and reduced energy burden these projects will provide.

What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

Request for the following project to be reappropriated:
40000049 2019-21 Energy Efficiency and Solar Grants Program

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

N/A - technical budget fix

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit and how many units or facilities would be added, people or communities served, etc.

N/A - technical budget fix

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

No.

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A - technical budget fix

OFM

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Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:47AM

Project Number: 40000049

Project Title: 2019-21 Energy Efficiency and Solar Grants Program

Description

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A - technical budget fix

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate.

All of the contracted projects contribute to meeting the greenhouse gas emission limits established in RCW 70A.45.050 through reducing demand on the grid, reducing consumption and generating electricity through renewable energy.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

-Significant legislative rules as defined in RCW 34.05.328

-Any new grant or loan program that Commerce will carry out or implement

-A capital project, grant, or loan award costing at least \$12,000,000

-A transportation project, grant, or loan costing at least \$15,000,000

-? YES. If yes, please indicate which one item from the list above it will create:

If yes, then this DP (if enacted) will create a "significant agency action" and trigger HEAL Act compliance. Please click here for [ARL-DP Guidance and read the Fiscal Analysis Checklist](#) on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

No – this is not an SAA.

Is there additional information you would like decision makers to know when evaluating this request?

OFM has confirmed the funds are available for Commerce pending action by the Legislature to reappropriate agency authority to expend funds.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans - Competitive

Application process used

Various

Growth Management impacts

NA

Funding					
Acct Code	Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period
			Prior Biennium	Current Biennium	New Approps
057-1	State Bldg Constr-State	12,500,000	7,844,000	4,122,000	534,000
	Total	12,500,000	7,844,000	4,122,000	534,000
					0

OFM

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2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:47AM

Project Number: 40000049

Project Title: 2019-21 Energy Efficiency and Solar Grants Program

Funding				
	Future Fiscal Periods			
	2027-29	2029-31	2031-33	2033-35
057-1 State Bldg Constr-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	40000049	40000049
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	Y	Y
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

**103 - Department of Commerce
Capital Project Request**

2025-27 Biennium

*

Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:50AM

Project Number: 40000149

Project Title: 2021-23 Energy Retrofits for Public Buildings Grant Program

Description

Starting Fiscal 2026
Project Class: Grant/Loan
Agency Priority: 1

Project Summary

Reappropriations are necessary for seven Energy Division capital fund sources due to contractual obligations associated with active clean energy projects. These funding sources are not included in the current enacted budget for the 2025-2027 biennium. This matter has been discussed with the Office of Financial Management (OFM), which has requested that we submit an agency Decision Package (DP) to restore the authority to reappropriate the funding. This request is for a reappropriation.

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

Every year, Commerce assesses how much funding is anticipated to be unspent by capital fund sources at the end of the fiscal year and requests those funds to be reappropriated. Seven Energy Division fund sources were missed in the reappropriations request for FY25. The Energy Division has been able to temporarily sustain current awards and contracts by swapping in aligned funding authorized in the 25-27 budget, however the need remains for reappropriations to preserve both projects and contracts currently in development.

Not continuing funding for these projects under construction would negatively impact Commerce's mission of strengthening communities and growing Washington's economy by reducing jobs in the impacted communities and by losing the environmental benefits and reduced energy burden these projects will provide.

What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

Request for the following project to be reappropriated:
40000149 2021-23 Energy Retrofits for Public Buildings Grant Program

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

N/A - technical budget fix

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit and how many units or facilities would be added, people or communities served, etc.

N/A - technical budget fix

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

No.

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A - technical budget fix

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2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:50AM

Project Number: 40000149

Project Title: 2021-23 Energy Retrofits for Public Buildings Grant Program

Description

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A - technical budget fix

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate.

All of the contracted projects contribute to meeting the greenhouse gas emission limits established in RCW 70A.45.050 through reducing demand on the grid, reducing consumption and generating electricity through renewable energy.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

-Significant legislative rules as defined in RCW 34.05.328

-Any new grant or loan program that Commerce will carry out or implement

-A capital project, grant, or loan award costing at least \$12,000,000

-A transportation project, grant, or loan costing at least \$15,000,000

-? YES. If yes, please indicate which one item from the list above it will create:

If yes, then this DP (if enacted) will create a “significant agency action” and trigger HEAL Act compliance. Please click here for [ARL-DP Guidance and read the Fiscal Analysis Checklist](#) on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

No – this is not an SAA.

Is there additional information you would like decision makers to know when evaluating this request?

OFM has confirmed the funds are available for Commerce pending action by the Legislature to reappropriate agency authority to expend funds.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Loans - Competitive

Application process used

Various

Growth Management impacts

NA

Funding					
Acct Code	Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period
			Prior Biennium	Current Biennium	New Approps
057-1	State Bldg Constr-State	9,957,000	2,181,000	6,277,000	1,499,000
	Total	9,957,000	2,181,000	6,277,000	1,499,000
					0

OFM

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Capital Project Request

2025-27 Biennium

*

Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:50AM

Project Number: 40000149

Project Title: 2021-23 Energy Retrofits for Public Buildings Grant Program

Funding				
	Future Fiscal Periods			
	2027-29	2029-31	2031-33	2033-35
057-1 State Bldg Constr-State				
Total	0	0	0	0

Operating Impacts

No Operating Impact

Parameter	Entered As	Interpreted As
Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	40000149	40000149
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	Y	Y
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

**103 - Department of Commerce
Capital Project Request**

2025-27 Biennium

*

Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:56AM

Project Number: 40000621

Project Title: 2023-25 Community Solar

Description

Starting Fiscal 2026
Project Class: Grant/Loan
Agency Priority: 1

Project Summary

Reappropriations are necessary for seven Energy Division capital fund sources due to contractual obligations associated with active clean energy projects. These funding sources are not included in the current enacted budget for the 2025-2027 biennium. This matter has been discussed with the Office of Financial Management (OFM), which has requested that we submit an agency Decision Package (DP) to restore the authority to reappropriate the funding. This request is for a reappropriation.

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

Every year, Commerce assesses how much funding is anticipated to be unspent by capital fund sources at the end of the fiscal year and requests those funds to be reappropriated. Seven Energy Division fund sources were missed in the reappropriations request for FY25. The Energy Division has been able to temporarily sustain current awards and contracts by swapping in aligned funding authorized in the 25-27 budget, however the need remains for reappropriations to preserve both projects and contracts currently in development.

Not continuing funding for these projects under construction would negatively impact Commerce's mission of strengthening communities and growing Washington's economy by reducing jobs in the impacted communities and by losing the environmental benefits and reduced energy burden these projects will provide.

What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

Request for the following project to be reappropriated:
40000621 2023-25 Community Solar

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

N/A - technical budget fix

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit and how many units or facilities would be added, people or communities served, etc.

N/A - technical budget fix

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

No.

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

N/A - technical budget fix

OFM

103 - Department of Commerce

Capital Project Request

2025-27 Biennium

*

Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:56AM

Project Number: 40000621

Project Title: 2023-25 Community Solar

Description

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A - technical budget fix

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate.

All of the contracted projects contribute to meeting the greenhouse gas emission limits established in RCW 70A.45.050 through reducing demand on the grid, reducing consumption and generating electricity through renewable energy.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

-Significant legislative rules as defined in RCW 34.05.328

-Any new grant or loan program that Commerce will carry out or implement

-A capital project, grant, or loan award costing at least \$12,000,000

-A transportation project, grant, or loan costing at least \$15,000,000

-? YES. If yes, please indicate which one item from the list above it will create:

If yes, then this DP (if enacted) will create a "significant agency action" and trigger HEAL Act compliance. Please click here for [ARL-DP Guidance and read the Fiscal Analysis Checklist](#) on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

No – this is not an SAA.

Is there additional information you would like decision makers to know when evaluating this request?

OFM has confirmed the funds are available for Commerce pending action by the Legislature to reappropriate agency authority to expend funds.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Grants - Competitive

Application process used

Various

Growth Management impacts

NA

Funding					
Acct Code Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period	
		Prior Biennium	Current Biennium	Reappropriations	New Appropriations
26C-1 Climate Commit Accou-State	6,000,000		3,141,000	2,859,000	
Total	6,000,000	0	3,141,000	2,859,000	0

OFM

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Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/12/2025 9:56AM

Project Number: 40000621

Project Title: 2023-25 Community Solar

Funding				
	Future Fiscal Periods			
	2027-29	2029-31	2031-33	2033-35
26C-1 Climate Commit Accou-State				
Total	0	0	0	0

Operating Impacts		
No Operating Impact		
<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	40000621	40000621
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	Y	Y
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids

Capital Project Request

2025-27 Biennium

*

Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/18/2025 11:03AM

Project Number: 92001178

Project Title: 2022 Broadband Office

Description

Starting Fiscal Year: 2022

Project Class: Program Improvement (State-Owned)

Agency Priority: 0

Project Summary

The 2025 State Capital Budget (SB 5195, sec. 8020) moved the Washington State Broadband Office's (WSBO) spending authority for the Broadband Infrastructure Program (BIP) into a single federal broadband account created in RCW 43.330.400. This account will also hold the federal Broadband Equity, Access, and Deployment Program funding. However, the transfer of remaining BIP authority did not also convey budget authority as capital project #92001178 was eliminated. WSBO will require the remaining federal BIP spending authority to be identified to continue these critical broadband investments.

Project Description

What is the problem and how does it impact Commerce's mission? Identify the problem or opportunity addressed. Why is the request a priority? Is this a statutory program? For preservation projects it is helpful to include information about the current condition of the facility or system.

Spending authority for BIP was removed in the 2025 State Capital Budget alongside the transfer of the remaining BIP resources under capital project #92001178 to the federal broadband account. Re-instating spending authority for BIP will allow Washington to continue in partnership with five counties that received \$30 million in federal funding. The remaining federal funding is not identified on the Expenditure Authority System (EAS) and are needed for these community broadband projects to continue. By providing clear spending authority the projects may continue without any short-term impediment to the federal BEAD funds currently on hand in this same account.

The WSBO is one of 13 projects awarded funding from the **NTIA Broadband Infrastructure Program**. Washington received \$30 million for last-mile fiber and last-mile wireless projects that aim to overcome barriers to broadband access and connectivity in five rural counties of the state: Ferry, Jefferson, Kittitas, Okanogan and Stevens, serving an estimated 7,196 unserved households. These counties were selected through a 2019 assessment – part of our collaborative work between WSBO, Public Works Board and CERB to provide universal high-speed internet access throughout the state by 2024.

What will the request produce, purchase or construct (i.e., predesign or design of a building, construction of additional space, etc.)? Is it a competitive solicitation?

WSBO will require the remaining federal BIP spending authority to be identified in the 2026 Supplemental Capital Budget to continue these critical broadband investments. If this spending authority for BIP isn't called out, WSBO will end up with an equivalent funding shortage in the BEAD account when we those resources are fully expended.

What alternatives were explored and why was the recommended alternative chosen? If this project has an associated predesign, please summarize the alternatives the predesign considered

Capital Project Request

2025-27 Biennium

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/18/2025 11:03AM

Project Number: 92001178

Project Title: 2022 Broadband Office

Description

The solution was identified in partnership with OFM and requires spending authority for BIP to be specifically identified in the 2026 Supplemental Capital Budget. If the spending authority for BIP isn't re-instated in the capital budget, WSBO will have an equivalent funding shortage in Washington's BEAD funding as these are the only other funds currently on deposit in the new federal broadband account.

Who does this proposal impact or serve? How is the proposal impacting equity in the state? What populations will benefit and how many units or facilities would be added, people or communities served, etc.

Washington received \$30 million for last-mile fiber and last-mile wireless projects that aim to overcome barriers to broadband access and connectivity in five rural counties of the state: Ferry, Jefferson, Kittitas, Okanogan and Stevens, serving an estimated 7,196 unserved households. These counties were selected following through a 2019 assessment – part of our collaborative work between WSBO, Public Works Board and CERB to provide universal high-speed internet access throughout the state by 2024.

Does this project or program leverage non-state funding? If yes, how much by what fund source, and could the request result in matching federal, state, local, or private funds?

The \$30 million in awarded federal resources are leveraging approximately \$6.5 million in local, private or nonprofit funds. These projects were awarded in 2022.

For IT-related costs: Does this project fund the development or acquisition of a new or enhanced software or hardware system or service? Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.) Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)

No.

If the project is linked to the Puget Sound Action Agenda, describe the impacts on the Action Agenda, including expenditure and FTE detail. See Chapter 13 (HEAL Act and Puget Sound Recovery) in the 2025-27 Operating Budget Instructions.

N/A

How does this project contribute to meeting the greenhouse gas emissions limits established in RCW 70A.45.050, Clean Buildings performance standards in RCW 19.27A.210, or other statewide goals to reduce carbon pollution and/or improve energy efficiency? Please elaborate.

Broadband investment have the potential to reduce vehicle miles traveled as residents may

Capital Project Request

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Project Title: 2022 Broadband Office

Description

telecommute or pursue health, education, or other appointments and personal needs via remote access. This will lead to fewer cars on the road and less greenhouse gas emissions, but the projects do not directly reduce emissions.

Environmental Justice and the HEAL Act: Will this decision package create any of the following significant agency actions:

-Significant legislative rules as defined in RCW 34.05.328

-Any new grant or loan program that Commerce will carry out or implement

-A capital project, grant, or loan award costing at least \$12,000,000

-A transportation project, grant, or loan costing at least \$15,000,000

-? YES. If yes, please indicate which one item from the list above it will create:

If yes, then this DP (if enacted) will create a “significant agency action” and trigger HEAL Act compliance. Please click here for [ARL-DP Guidance](#) and read the [Fiscal Analysis Checklist](#) on page 2. Please include these costs in the expenditure calculations and assumptions questions above.

Is there additional information you would like decision makers to know when evaluating this request?

This is an administrative oversight from the 2025 State Capital Budget after federal broadband funds were moved under the new federal broadband account. Removal of capital project #92001178 from the capital budget compels this request.

Location

City: Statewide

County: Statewide

Legislative District: 098

Project Type

Acquisition-Land

Growth Management impacts

NA

New Facility: No

Funding

Acct Code	Account Title	Estimated Total	Expenditures		2025-27 Fiscal Period	
			Prior Biennium	Current Biennium	Reappropriations	New Appropriations
001-2	General Fund-Federal	50,000,000	4,913,000	25,211,000	19,876,000	
	Total	50,000,000	4,913,000	25,211,000	19,876,000	0

Future Fiscal Periods

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Version: 15 2026 First Supplemental Request

Report Number: CBS002

Date Run: 9/18/2025 11:03AM

Project Number: 92001178

Project Title: 2022 Broadband Office

Funding				
	2027-29	2029-31	2031-33	2033-35
001-2 General Fund-Federal				
Total	0	0	0	0

Operating Impacts

No Operating Impact

Capital Project Request

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<u>Parameter</u>	<u>Entered As</u>	<u>Interpreted As</u>
Biennium	2025-27	2025-27
Agency	103	103
Version	15-A	15-A
Project Classification	*	All Project Classifications
Capital Project Number	92001178	92001178
Sort Order	Project Priority	Priority
Include Page Numbers	Y	Yes
For Word or Excel	N	N
User Group	Agency Budget	Agency Budget
User Id	*	All User Ids