Washington State Department of Commerce

2025-27 Building Communities Fund Report

Biennial Report per RCW 43.63A.125

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Report to the Legislature

Director Joe Nguyễn

COMMUNITY CAPITAL FACILITIES

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Acknowledgments

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Special thanks to the Building Communities Fund Advisory Board for its unpaid services in reading and evaluating the eligible applications Commerce received.

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Introduction

Background

RCW 43.63A.125 established the Building Communities Fund (BCF) in 2008, directing the Department of Commerce (Commerce) to administer the program. BCF grants 25% matching funds to nonprofit organizations for acquiring, constructing or rehabilitating facilities used for the delivery of social or health services. It is financed through the sale of state bonds. Each even-numbered year, Commerce solicits BCF applications with no maximum funding limit and submits them for funding consideration.

Specifically, RCW 43.63A.125 (3) and (4) directs Commerce to:

> (3) The department shall submit biennially to the governor and the legislature in the department's capital budget request a ranked list of the qualified eligible projects for which applications were received. The list must include a description of each project, its total cost, and the amount of state funding requested. The appropriate fiscal committees of the legislature shall use this list to determine building communities fund projects that may receive funding in the capital budget. The total amount of state capital funding available for all projects on the biennial list shall be determined by the capital budget beginning with the 2009-2011 biennium and thereafter. In addition, if cash funds have been appropriated, up to $3,000,000 may be used for technical assistance grants. The department shall not sign contracts or otherwise financially obligate funds under this section until the legislature has approved a specific list of projects.
>
> (4) In addition to the list of ranked qualified eligible projects, the department shall submit to the appropriate fiscal committees of the legislature a summary report that describes the solicitation and evaluation processes, including but not limited to the number of applications received, the total amount of funding requested, issues encountered, if any, and any recommendations for process improvements.

Role of the BCF Advisory Board

BCF's authorizing statute directs Commerce to develop and administer a competitive grant process. A key component is reviewing applications in consultation with a citizen advisory board. The BCF Advisory Board (Board), which Commerce recruited and appointed, consists of volunteers with expertise administering or advocating on behalf of community nonprofit organizations throughout the state. The board also helps develop program policy, review applications and recommend projects for the governor and Legislature to review.

The 2025-2027 Board convened in October 2024 to review and rank applications. The Board used the 10 evaluation benchmarks established in BCF statute to evaluate them.

Recommended project list

At the conclusion of the work session, the Board approved a ranked list of 38 qualified eligible projects totaling $49,082,585 for submittal to the governor for consideration in the 2025-2027 State Capital Budget. The Legislature will make the final determination regarding which projects, if any, will be included in the capital budget. The full list of projects is available in Table 1.

Table 1: 2025-27 Building Communities Fund Recommended Project List

Rank	Organization name	Brief project title	Recommended amount	Total eligible project costs
1	Shelton Family Center	Youth Community Center	$640,000	$2,572,241
2	Confederated Tribes of the Colville Reservation	Inchelium Community Wellness Center	$2,500,000	$31,686,624
3	Rainier Valley Food Bank	Room for All Campaign	$690,000	$13,641,152
4	Olympic Peninsula Young Men's Christian Association.	Jefferson County Early Learning and Family Support Center	$1,570,000	$6,285,000
5	White Center Food Bank	Keep the Community Fed	$1,150,000	$6,516,994
6	Boys & Girls Clubs of Benton and Franklin Counties	Boys & Girls Clubs of Benton and Franklin Counties - Prosser Clubhouse	$350,000	$6,540,470
7	Multicultural Child and Family Hope Center	Hilltop Family Resource Center - The Cora Whitley Family Center	$250,000	$997,344
8	Methow Valley Community Center	Methow Valley Community Center Clean Air Refuge and Energy Retrofit	$450,000	$1,830,113
9	International Community Health Services	Healthy Aging and Wellness Center	$2,000,000	$8,515,004
10	The Arc of King County	Arc Legacy Center	$797,000	$7,067,729
11	Somali Health Board	Somali Community and Cultural Innovation Hub	$2,500,000	$12,807,998
12	Wenatchee Valley Young Mens Christian Association	Building What Matters	$2,500,000	$6,875,522
13	Council for the Homeless	Housing Solutions Center Acquisition and Renovation	$1,188,000	$4,751,878
14	Wenatchee Valley Museum and Cultural Center	Wenatchee Valley Cultural Center	$2,500,000	$17,836,594
15	Boys & Girls Clubs of Benton and Franklin Counties	Boys & Girls Clubs of Benton and Franklin Counties - Pasco Clubhouse	$1,425,000	$6,214,663
16	Making A Difference Foundation	Farm Fresh HUB Facility	$1,500,000	$6,242,500
17	Boys & Girls Clubs of the Olympic Peninsula	Enhancing Safety and Security	$20,250	$81,000
18	Chelan Douglas County Volunteer Attorney Services	Chelan Douglas County Volunteer Attorney Services - New Home	$300,000	$1,222,356
19	Helpline House	Expanded Community Resource Center and Food Bank	$2,500,000	$10,047,265
20	Salish School of Spokane	Salish Cultural and Recreation Community Center	$2,500,000	$10,000,000
21	Sauk-Suiattle Indian Tribe	Natural Resources Department Renovations Project	$100,000	$400,000
22	Chelan Douglas Community Action Council	Chelan Douglas Community Action Council	$2,000,000	$9,487,868
23	Mercy Housing Northwest	Market and Community Hub	$900,000	$3,612,238
24	Vashon Maury Community Food Bank	Vashon Food Bank New Building	$1,300,000	$5,802,370
25	Dispute Resolution Center of Kitsap County	Place for Peace Capital Expansion Project	$540,000	$2,195,405

Rank	Organization name	Brief project title	Recommended amount	Total eligible project costs
26	Alatheia Therapeutic Riding Center	Alatheia Capacity Building Project	$595,000	$2,383,071
27	Indian American Community Services (IACS), formerly known as India Association of Western Washington (IAWW)	IACS Kent Community Center	$2,000,000	$13,219,183
28	Sexual Assault Center of Pierce County	Healing Headquarters	$990,000	$3,963,523
29	East African Community Services	Rainier Beach Family Empowerment Center	$2,000,000	$12,640,411
30	Community Health Care	New Puyallup Health Center	$2,000,000	$33,316,719
31	HopeSparks	HopesCloset	$12,337	$49,351
32	New Hope Community Development Initiative	Commercial Space	$450,000	$1,800,000
33	Skyway Coalition	Skyway Resource Center Acquisition	$1,450,000	$6,150,000
34	Making A Difference Foundation	Food Bank Warehouse/Delivery Center	$500,000	$2,000,000
35	Hoh Indian Tribe	Hoh Highlands Government Center	$2,000,000	$4,775,000
36	OPAL Community Land Trust	Community Services at Pea Patch Lane	$2,000,000	$24,636,447
37	Children's Home Society of Washington (dba Akin)	Vancouver Family Resource Center	$1,227,998	$4,911,994
38	Lopez Food Center	Lopez Food Center	$1,687,000	$7,695,269
		Total Amount Requested	**$49,082,585**	

Recommendations

Commerce recommends a focus on two areas of improvement that will lower barriers to access and project deliverability for BCF grantees. These recommendations may also likely increase the number of potential applicants and requests for state funds that advance important community projects.

- Consider a state match increase
- Consider alternatives to contract reimbursements for nonprofits in lieu of the current model

In addition to these two recommendations and over the last two biennia, Commerce received technical assistance funding in alignment with authority provided under RCW 43.63A.125(3) to assist prospective BCF applicants to access these state funds. Activities under this authority include capacity building and pre-development of projects vital to support non-residential social services in overburdened communities. Greater detail on how BCF provided technical assistance in 2023-25 is described below.

Increase state match

Currently BCF can match up to 25% of eligible capital costs and is a barrier to advancing social services provided by nonprofit organizations. An increase in the allowable state match would lead with equity to improve assistance to all grant recipients.

The enabling statute does allow the department to reduce the amount of non-state match required under "exceptional circumstances," which include but are not limited to:

- Natural disasters affecting projects;
- Emergencies beyond an applicant's control, such as a fire or an unanticipated loss of a lease where services are currently provided; or
- Delay that could result in a threat to public health or safety.

Due to the force majeure nature of these circumstances, the Board has chosen to use this exemption for only one project - when the Coastal Community Action Partners lost their facility due to fire in 2018.

If the goal is to reduce barriers to access for disadvantaged and lower capacity organizations, lower match requirements should be set for organizations that meet a definition of disadvantaged or low capacity (such as, organizational size, geographic location, by-and-for organizations, organizations that have never received previous state grants, or other criteria). Alternatively, match could also be set as a goal instead of a requirement. Projects with higher match amounts could be evaluated and ranked higher on the recommended projects list, but having a lower match amount wouldn't disqualify a project from applying or receiving funding consideration.

Explore updates to contract reimbursement

BCF grants (like many other capital grants at Commerce) are distributed on a reimbursement basis and are often paid on a time-and-expense reimbursement basis. That is, after the work has been completed and the expense has been incurred by the grantee. **For many organizations, especially smaller nonprofits, the reimbursement approach is a burden to applying for competitive grants and delivering capital projects.**

Commerce continues to assess internal policies and practices to improve programs and better meet the needs of community grantees, especially those in overburdened communities. As such, Commerce is reviewing its statutory authority and working with partner agencies in the executive branch, along with current and prospective grantees, to explore solutions that improve equity in our contract reimbursement capabilities.

Program next steps

The BCF program is housed in the Capital Programs Section of the Community Capital Facilities Unit (CCF) and is a key driver in Commerce's overall mission to strengthen communities. In the 2025-27 biennium, the Legislature appropriated over $300 million to this section across many different funds, and ongoing programs and one-time appropriations. This section has 19 staff working to meet the administrative requirements of more than 800 projects. In addition, staff manage an additional 200 to 400 projects that have received re-appropriation of their capital grants. The total dollar value of projects managed by staff in any one biennium can therefore be approximately $500 to $800 million.

This experience and subject matter expertise is critical for both the BCF program team and communities as it supports the development of critical educational resources about the many state laws, rules and guidelines that inform requirements for Commerce funding. Many projects must also meet additional state and/or federal requirements. The CCF Resource Toolkit is located on the CCF webpage and is a great example of our work to provide technical assistance and education so that grant recipients may successfully manage state funding requirements and deliver their community projects.

As we apply our shared expertise in capital programs administration, we also build upon our 2021 program evaluation to provide technical assistance, including pre-development funding, and to continue community outreach and engagement for prospective BCF applicants.

Technical assistance

Pre-development costs pose a significant barrier to building communities. Applying for a BCF grant requires significant pre-development operational costs, especially for by-and-for and Black, Indigenous, and People of Color (BIPOC) led organizations as well as small, rural organizations. Most of these organization's staff are direct service providers and must also perform administrative duties, which may include grant writing, internal auditing and evaluation, fundraising, and financial management. In addition, staff also manage day-to-day business activities such as business plan development, marketing, outreach and engagement, strategic planning, customer service, employee engagement, and human resources.

In 2023-2025, the Legislature appropriate $850,000 for Commerce to provide technical assistance to organizations interested in applying for BCF grants. Along with to-be-contracted community capital project expert partners, Commerce is planning to facilitate a monthly workshop at locations across the state each spring and summer for as long as funding is available to continue the work. Workshops will prepare potential applicants to meet capital funding and contracting requirements, develop capacity to raise match funds, and understand state requirements, such as LEED certification, prevailing wages, and Executive Order 21-02.

Commerce is planning regional workshops across Washington, including:

- Anacortes
- Bellingham
- Pasco
- Seattle
- Spokane
- Vancouver
- Wenatchee
- Yakima

Content at the workshops will be helpful to all prospective capital grant program applicants. While BCF applicants will be prioritized, prospective applicants to other state capital grant programs will also be welcomed to register for the workshops on a space-available basis.

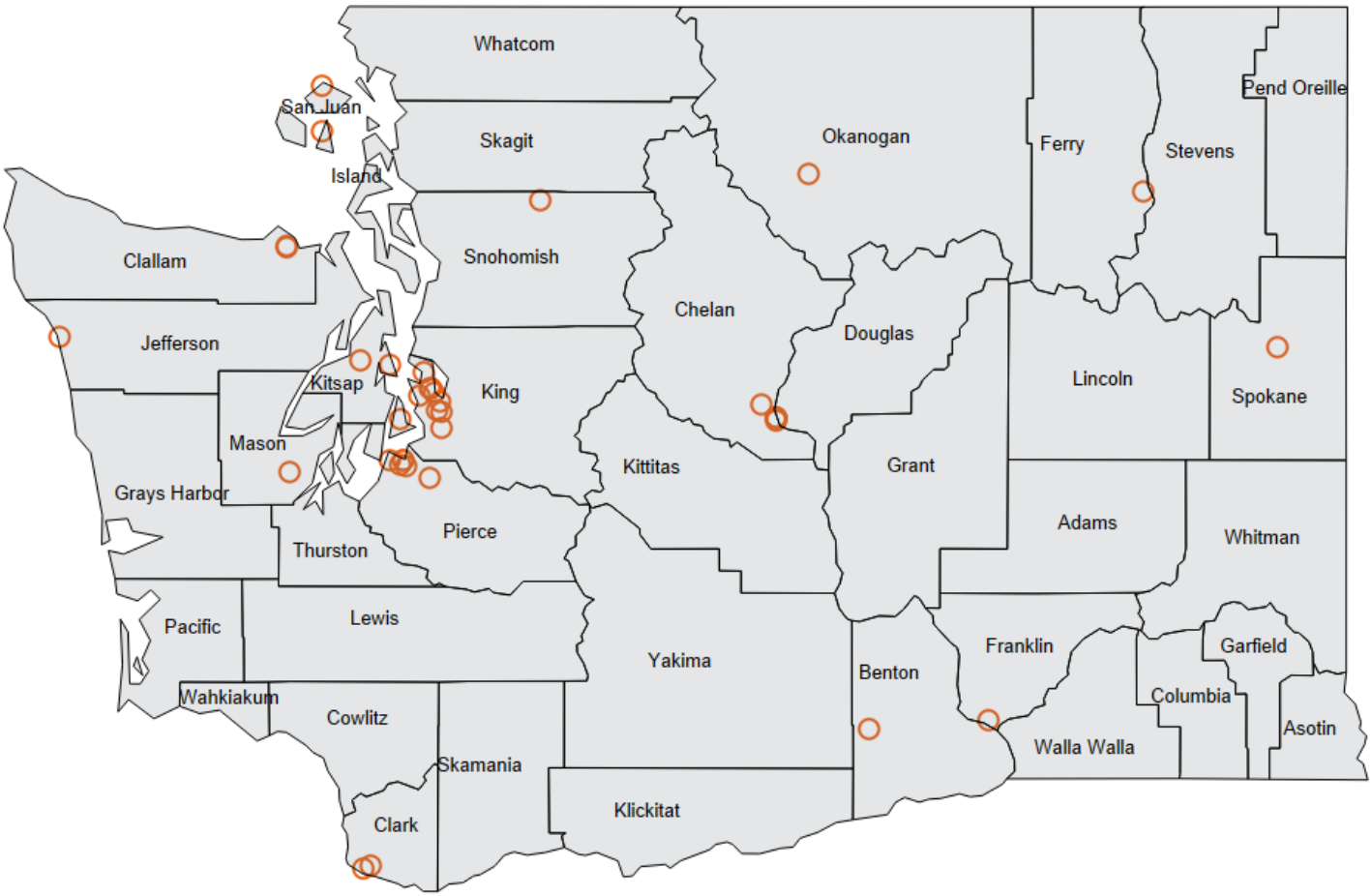
It is not always a lack of knowledge and expertise, but a lack of funds to conduct the necessary pre-development work, which impedes these organizations from conducting necessary pre-development work. This work can include developing an operations business plan, a project feasibility study, a fundraising feasibility plan, and an annual report, among the many other activities involved in real-estate acquisition and construction of capital facilities.

Continue program outreach

Virtual workshops provide more access to rural, BIPOC led, and by-and-for led organizations to participate in community outreach and engagement. While digital divides still exist in Washington, especially for rural and BIPOC communities, virtual workshops provided staff the opportunity to engage with more organizations and allowed more equitable access to information. Adopting new tools of engagement allowed for more effective question and answer sessions and provided an opportunity for BCF to better market itself. Many organizations referred other organizations to apply after they attended a virtual workshop.

Commerce has also continued to utilize the BCF Outreach Tool, as described in 2022 BCF legislative report. Since its development, the tool has assisted programs at Commerce and other agencies (Agriculture and Ecology) to identify organizations whose mission may align with the purpose of funding and to conduct further community engagement.

Appendix A: BCF recommended project map



Appendix B: Recommended projects by district

Legislative district	Organization name	Project title	Recommended grant amount
3	Salish School of Spokane	Salish Cultural and Recreation Community Center	$2,500,000
7	Chelan Douglas County Volunteer Attorney Services	Chelan Douglas County Volunteer Attorney Services - New Home	$300,000
7	Confederated Tribes of the Colville Reservation	Inchelium Community Wellness Center	$2,500,000
7	Methow Valley Community Center	Methow Valley Community Center Clean Air Refuge & Energy Retrofit	$450,000
7	Wenatchee Valley Museum and Cultural Center	Wenatchee Valley Cultural Center	$2,500,000
7	Wenatchee Valley Young Mens Christian Association	Building What Matters	$2,500,000
11	Somali Health Board	Somali Community & Cultural Innovation Hub	$2,500,000
11	The Arc of King County	Arc Legacy Center	$797,000
12	Alatheia Therapeutic Riding Center	Alatheia Capacity Building Project	$595,000
12	Chelan Douglas Community Action Council	Chelan Douglas Community Action Council	$2,000,000
16	Boys & Girls Clubs of Benton and Franklin Counties	Boys & Girls Clubs of Benton and Franklin Counties - Pasco Clubhouse	$1,425,000
16	Boys & Girls Clubs of Benton and Franklin Counties	Boys & Girls Clubs of Benton and Franklin Counties - Prosser Clubhouse	$350,000
23	Dispute Resolution Center of Kitsap County	Place for Peace Capital Expansion Project	$540,000
23	Helpline House	Expanded Community Resource Center and Food Bank	$2,500,000
24	Boys & Girls Clubs of the Olympic Peninsula	Enhancing Safety and Security	$20,250
24	Hoh Indian Tribe	Hoh Highlands Government Center	$2,000,000
24	Olympic Peninsula Young Men's Christian Assn.	Jefferson County Early Learning & Family Support Center	$1,570,000
27	Community Health Care	New Puyallup Health Center	$2,000,000
27	HopeSparks	HopesCloset	$12,337

Legislative district	Organization name	Project title	Recommended grant amount
27	Making A Difference Foundation	Farm Fresh HUB Facility	$1,500,000
27	Making A Difference Foundation	Food Bank Warehouse/Delivery Center	$500,000
27	Multicultural Child and Family Hope Center	Hilltop Family Resource Center - The Cora Whitley Family Center	$250,000
27	Sexual Assault Center of Pierce County	Healing Headquarters	$990,000
34	New Hope Community Development Initiative	Commercial Space	$450,000
34	Vashon Maury Community Food Bank	Vashon Food Bank New Building	$1,300,000
34	White Center Food Bank	Keep the Community Fed	$1,150,000
35	Shelton Family Center	Youth Community Center	$640,000
37	East African Community Services	Rainier Beach Family Empowerment Center	$2,000,000
37	International Community Health Services	Healthy Aging and Wellness Center	$2,000,000
37	Mercy Housing Northwest	Market and Community Hub	$900,000
37	Rainier Valley Food Bank	Room for All Campaign	$690,000
37	Skyway Coalition	Skyway Resource Center Acquisition	$1,450,000
39	Sauk-Suiattle Indian Tribe	Natural Resources Department Renovations Project	$100,000
40	Lopez Food Center	Lopez Food Center	$1,687,000
40	OPAL Community Land Trust	Community Services at Pea Patch Lane	$2,000,000
41	Indian American Community Services (IACS), formerly known as India Association of Western Washington (IAWW)	IACS Kent Community Center	$2,000,000
46	Children's Home Society of Washington (dba Akin)	Vancouver Family Resource Center	$1,227,998

Legislative district	Organization name	Project title	Recommended grant amount
49	Council for the Homeless	Housing Solutions Center Acquisition and Renovation	$1,188,000
		Total recommended project awards	**$49,082,585**

Appendix C: Program administration

Distressed communities

The Building Communities Fund (BCF) was established in 2008, replacing the Community Services Facilities Program established in 1997. This report is submitted to meet the requirements of RCW 43.63A.125.

BCF directs Commerce to identify qualified community and social service capital projects in distressed areas of the state and to evaluate and submit a ranked list of these projects to the governor and Legislature. These facilities must be used to deliver nonresidential community services, such as social service centers and multipurpose community centers, including those serving a distinct or ethnic population.

A distressed community must include at least one of the following characteristics:

- A county that has an unemployment rate that is 20% above the state average for the previous three years
- An area within a county that the department determines to be a low-income community, based on the low-income community designations in the U.S. Department of the Treasury-Community Development Financial Institutions Fund's new markets tax credit program
- A school district in which at least 50% of local elementary students receive free or reduced-price meals

In addition, RCW 43.63A.125 directs Commerce to:

- Establish a competitive process to solicit and evaluate applications from nonprofit organizations
- Evaluate applications in consultation with a citizen advisory board using objective criteria
- Submit biennially to the governor in the department's capital budget request a ranked list of the qualified eligible projects
- Submit biennially a summary report that describes the solicitation and evaluation process
- Develop and manage contracts as well as monitor project expenditures and grantee performance

Submit a biennial report to the appropriate fiscal committees of the Legislature beginning Jan. 1, 2011.

Eligibility criteria

In the 2025-2027 application cycle, BCF staff reviewed 62 submitted applications to ensure they met eligibility thresholds. Guidelines stipulate that applicants must:

- Be registered in the state as a nonprofit organization
- Have a legally constituted board of directors
- Agree to enter the Leadership in Energy and Environmental Design (LEED) certification process or apply for and receive an exemption
- Certify that state prevailing wages will be paid
- Have control of the project site through ownership or long-term lease agreement

After completing a preliminary review to determine eligibility, program staff forwarded 42 applications to the BCF Advisory Board (Board) for review.

Project eligibility criteria

To be forwarded to the governor for funding consideration, projects must acquire, construct or rehabilitate a nonresidential facility used to deliver community services (such as social service and multipurpose community centers), including those serving a distinct or ethnic population. Projects must also be located in a distressed community or serve a substantial number of low-income or disadvantaged people.

Projects must meet at least one of the following criteria:

- Be located in a distressed county, as defined by the state Employment Security Department
- Be located in an area designated as a low-income community in the U.S. Department of the Treasury-Community Development Financial Institutions Fund's new markets tax credit program
- Be located in a school district in which at least 50% of local elementary students receive free or reduced-price meals
- Demonstrate that at least 40% of service recipients are at or below 200% of the U.S. Dept. of Health and Human Services Poverty Level Guidelines or;
- Qualify as "disadvantaged" as outlined by the federal Small Business Administration's Individual Determinations of Social and Economic Disadvantage.

The Board used the 10 evaluation benchmarks set forth in statute as a template for evaluating applications. To be forwarded to the governor for funding consideration, applicants had to demonstrate to the Board's satisfaction that their project met each of the following 10 criteria:

1. The project will increase the range, efficiency or quality of the services provided to citizens.
2. The project will be located in a distressed community or will serve a substantial number of low-income or disadvantaged people.
3. The project will offer a diverse set of activities that meet multiple community service objectives. That could include, but is not limited to, providing social services, expanding employment opportunities for or increasing the employability of community residents, or offering educational or recreational opportunities separate from the public school system or private schools as long as recreation is not the sole purpose of the facility.
4. The project will reflect a long-term vision shared by residents, businesses, leaders and partners for the development of the community.
5. The project will require state funding to accomplish a discrete, usable phase of the project.
6. The project is ready to proceed and will make timely use of the funds.
7. The project is sponsored by one or more entities that have the organizational and financial capacity to fulfill the terms of the grant agreement and maintain the project into the future.
8. The project will fill an unmet need for community services.
9. The project will achieve its stated objectives.
10. The project is a community priority as shown through tangible commitments of existing or future assets made to the project by community residents, leaders, businesses and government partners.

Application solicitation process

The BCF solicitation process consists of five main elements:

- email announcements and notifications
- prominent posting on the funding opportunities section of the Commerce webpage

- posting BCF application information and resources on the program webpage,
- outreach and engagement workshops, and
- application workshops.

Commerce assembled an email list of organizations that might have an interest in applying for funding through BCF, and each received BCF application notices. In cases where umbrella organizations did not release their proprietary mailing lists to Commerce, each organization agreed to distribute BCF information in its regular newsletter to members. Participating organizations included:

- Community Action Agencies
- Association of Washington Cities
- Washington State Association of Counties
- Nonprofit organizations listed with the Office of the Secretary of State
- Commission on African American Affairs
- Commission on Hispanic Affairs
- Commission on Asian Pacific American Affairs
- Governor's Office of Indian Affairs
- Indian tribes in Washington state
- YMCAs and YWCAs
- Boys & Girls Clubs

Existing Commerce mailing lists of community nonprofit organizations (approximately 7,000)

All organizations or individuals who contacted Commerce concerning the BCF program or were referred by the Office of the Governor, the Office of Financial Management or the Legislature

The BCF webpage on the Commerce website offers information about BCF, including application guidelines, forms and a link to the online application. For outreach, staff conducted an online application workshop in June, 2024 with over 200 people in attendance. The 2025-2027 BCF application timetable spanned June through late October 2024:

- Applications available: June 20, 2024
- Online workshop: June 26, 2024
- Applications due to Commerce: August 22, 2024
- Board hearings: October 21-23, 2024