



**Department of Commerce**

# **Building Communities Fund 2016**

*Biennial Report per RCW 43.63.A 125*

December 2016  
Report to the Legislature  
Brian Bonlender, Director

## Acknowledgements

### **Washington State Department of Commerce**

Mark K. Barkley, Assistant Director, Local Government Division  
Michael Kendall, Acting Managing Director, Community Capital Facilities Unit  
Eric Tompkins, Program Manager, Community Capital Facilities Program

Special thanks to the Building Communities Fund Advisory Board for their unpaid services in reading and evaluating the 36 applications received by Commerce.

### **2016 Building Communities Fund Advisory Board**

Advisory Board Members Present at Work Session:

Miriam Barnett, YWCA of Pierce County, Tacoma  
Julie Honekamp, Spokane Neighborhood Action Partners, Spokane  
Kay Sardo, Opportunities Council (retired), Bellingham  
Matthew Watrous, Washington State Boys & Girls Club Association, Seattle

Advisory Board Members Absent from Work Session:

Dean Hanks, Bellarmine Prep, Tacoma  
Steve Mitchell, Opportunities Industrialization Center, Yakima  
Ronald Morrison, Retired, Vancouver  
Scott Shinsato, Goodwill Industries of the Columbia, Kennewick

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## Executive Summary

The Building Communities Fund was established by RCW 43.63A.125 in 2009. The Department of Commerce (Commerce) administers the program, which grants 25 percent matching funds to nonprofit organizations for acquiring, constructing, or rehabilitating facilities used for the delivery of social or health services. The program is financed through the sale of state bonds.

The program was designed to serve distressed communities, and small and rural projects are encouraged to apply. Building Communities Fund investments play a key role in improving the economic, social, and educational climates in communities across the state. Food banks, medical and mental health clinics, and senior centers are some of the types of nonprofit organizations that are able to build new or renovate existing facilities. The Building Communities Fund has allowed 80 different nonprofit organizations across the state to improve social service delivery and expand services. Additionally, the program has leveraged over \$200 million in non-state funds towards these projects. The facility improvements resulting from the Building Communities Fund strengthen Washington communities.

The Building Communities Advisory Board reviewed and ranked a list of 32 eligible projects totaling \$36,409,000, which was submitted to the Governor for consideration in the 2017-2019 Capital Budget. The list is a 75 percent increase over the previous application cycle (2015-2017), which totaled \$20,859,000.

### Recommendations

The Advisory Board did not encounter any programmatic issues with the 2017-19 selection process. The following Building Communities Fund staff recommendations could improve efficiency, and significantly expand the reach of the program by providing facility improvements to shelters for the homeless.

- Changing the school district eligibility requirement from 50 percent of elementary students receiving free or reduced-price meals to all K-12 students would result in easier data collection for that criterion. Currently, the Office of Superintendent of Public Instruction publishes data that combines K-12 students. Because of this, staff must retrieve the raw data and separate out the elementary schools district-by-district.
- Allowing nonprofit organizations to make improvements on residential service facilities would facilitate more temporary housing for the homeless. The program currently requires organizations that provide overnight services to homeless individuals to separate and exclude the housing portions of their project budgets, because of the term in the legislation requiring facilities to be “non-residential.” Changing the Building Communities Fund authorizing legislation to allow facility improvements where homeless individuals reside overnight would result in the creation of numerous new or expanded facilities to house the homeless. This is also in line with Governor Inslee’s [Comprehensive Approach to Combating Homelessness](#), which encourages building and preserving affordable housing stock.

# Introduction

## Background

The Building Communities Fund (BCF) was established by an amendment to RCW 43.63A.125<sup>1</sup> and replaced the Community Services Facilities Program established by the 2008 Legislature. The statute directed Commerce to establish and administer the program.

The BCF is a funding mechanism for qualified community and social service capital projects in distressed areas of the state, and supports nonprofit agencies to acquire, develop, or rehabilitate these facilities. These facilities must be used for the delivery of nonresidential community services, such as social service centers and multipurpose community centers, including those serving a distinct or ethnic population.

A distressed community<sup>2</sup> must include one of the following characteristics:

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

Currently, a significant amount of data collection is required to determine the school district eligibility requirement by Commerce staff. Changing the requirement from 50 percent of elementary students receiving free or reduced-price meals to all K-12 students would result in easier data collection for that criterion.

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

1. Establish a competitive process to solicit and evaluate applications from nonprofit organizations.
2. Evaluate applications in consultation with a citizen advisory board using objective criteria.
3. Submit biennially to the Governor in the department's Capital Budget request a ranked list of the qualified eligible projects.
4. Submit biennially a summary report that describes the solicitation and evaluation.
5. Develop and manage contracts, monitor project expenditures, and grantee performance.
6. Develop accountability and reporting standards for grant recipients. At a minimum, the department shall use the process, including issues encountered and recommendations for

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<sup>1</sup> <http://apps.leg.wa.gov/rcw/default.aspx?cite=43.63A.125>

<sup>2</sup> RCW 43.63A.764, <http://app.leg.wa.gov/rcw/default.aspx?cite=43.63A.764>

process improvements criteria listed in RCW 43.63A.125(2)(b)<sup>3</sup> to evaluate the progress of each grant recipient.

7. Submit a biennial report to the appropriate fiscal committees of the Legislature beginning January 1, 2011, including:
  - a. A list of projects under contract with the department under the BCF program; a description of the project, total cost, the amount of state funding awarded and expended to date; project status; number of low-income people served; and the extent to which the project has met the criteria in RCW43.63A.125(2)(b)
  - b. Recommendations, if any, for policy and programmatic changes to the BCF program to better achieve program objectives.

The BCF will pay up to 25 percent of the capital cost of qualified projects. The legislation allows the BCF to make an additional award of up to 10 percent of the original grant amount for projects that face “exceptional circumstances,” as defined in the statute. In addition, if the Legislature appropriates operating funds for BCF, up to \$3 million of those funds can be used for technical assistance grants to interested parties. The BCF is financed through the sale of state bonds.

The 2009 Legislature made some changes to the authorizing legislation. Those changes included:

- Authorizing the BCF Advisory Board to rank applications
- Clarifying the definition for “community service objective,” whereby an applicant can qualify for funding consideration by demonstrating that a proposed project will offer three or more distinct activities that meet a single community service objective, i.e., a food bank providing (1) food for the needy, (2) food program outreach, and (3) nutritional education
- Requiring Commerce to submit a biennial report, previously an annual report.

## **Role of the Building Communities Fund Advisory Board**

The BCF statute directs Commerce to develop and administer a competitive grant process. A key component is to review applications in consultation with a citizen advisory board. The BCF Advisory Board, which was recruited and appointed by Commerce, consists of volunteers with expertise administering or advocating on behalf of community nonprofit organizations throughout the state.

The board also includes grant officers from major local foundations, thus giving applicants exposure to other sources of funding. The board helps develop program policy, review applications, and recommends projects for review by the Governor and Legislature.

The 2017-2019 Advisory Board convened in September 2016 to review and rank applications. The board used the 10 evaluation benchmarks set forth in the statute to evaluate the applications. At

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<sup>3</sup> <http://app.leg.wa.gov/Rcw/default.aspx?cite=43.63A.125>

the conclusion of the work session, a ranked list of 32 qualified eligible projects totaling \$36,409,000 was approved for submittal to the Governor for consideration in the 2017-2019 Capital Budget. The list is a 75 percent increase over the previous application cycle (2015-2017), which totaled \$20,859,000. Anecdotally, this could be attributed to the improved economy following the recession and a pent up demand for facility improvements that social service agencies delayed because of difficulties sustaining capital campaigns.

The Legislature will make the final determination as to which projects, if any, will be included in the capital budget.

## Application Solicitation Process

The BCF solicitation process consists of four main elements: email announcements, email listserv, web links, 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 their regular newsletters to members. Participating organizations included:

- Community Action Agencies.
- YMCAs and YWCAs.
- Boys and Girls Clubs.
- Association of Washington Cities.
- Washington State Association of Counties.
- Nonprofit organizations listed with the Secretary of State.
- Members of the Washington State Legislature.
- 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.
- Existing Commerce mailing list of community nonprofit organizations.
- All organizations or individuals that contacted Commerce about the BCF program, or were referred by the Office of the Governor, the Office of Financial Management, or the Legislature.

Additionally, staff developed and maintained an email listserv to keep interested parties informed about BCF information and events, such as application workshops. The BCF page<sup>4</sup> on the Commerce website also included information about BCF, including application guidelines and forms. For outreach, staff conducted three application workshops (Seattle, Spokane, and Vancouver) in July 2016; approximately 150 people attended. The 2017-19 BCF application timetable proceeded as follows:

- Applications available – May 27, 2016
- Seattle Workshop – July 7, 2016
- Spokane Workshop – July 12, 2016
- Vancouver Workshop – July 21, 2016
- Applications due to Commerce – August 4, 2016

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<sup>4</sup> <http://www.commerce.wa.gov/building-infrastructure/capital-facilities/building-communities-fund/>



## Grantee Eligibility Criteria

In the 2017-2019 cycle, BCF staff reviewed 44 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 lease agreement.
- Submit an executed joint operating agreement if applications are a partnership.

After completing a preliminary review to determine eligibility, program staff forwarded 42 applications to the BCF Advisory Board for review. The board convened in September 2016 to review project applications. Project applicants also participated by making brief project presentations (in person or by teleconference) and responding to questions posed by the board and program staff.

For the second consecutive application cycle, the Building Communities Fund continued to utilize an online application system, reducing paperwork and improving efficiency. The online application process was widely praised by applicants and the board as an improvement over processes that required multiple paper applications.

At the conclusion of the work session, the board ranked the applications according to the 10 evaluation criteria set forth in the statute, and agreed to recommend projects for inclusion in the 2017-2019 Capital Budget. Commerce then submitted 32 projects to the Office of Financial Management for review.

## Project Eligibility Criteria

In order to be forwarded to the Governor for funding consideration, projects must meet one of the following:

- Consist of acquisition, construction, or rehabilitation of a nonresidential facility used to deliver community services (social service and multipurpose community centers), including those serving a distinct or ethnic population.
- Be located in a distressed community or serve a substantial number of low-income or disadvantaged persons.
- Be located in an area designated as a low-income community under 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 percent of local elementary students receive free and reduced-price meals.
- Evaluation benchmarks.

The board used the 10 evaluation benchmarks set forth in the statute as a template for evaluating applications. In order to be forwarded to the Governor for funding consideration, applicants had to demonstrate to the board's satisfaction that their project met all 10 criteria in RCW 43.63A.125:

1. Will increase the range, efficiency, or quality of the services provided to citizens.
2. Will be located in a distressed community or will serve a substantial number of low-income or disadvantaged persons.
3. Will offer a diverse set of activities that meet multiple community service objectives including, but 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. Reflect a long-term vision shared by residents, businesses, leaders, and partners for the development of the community.
5. Require state funding to accomplish a discrete, usable phase of the project.
6. Is ready to proceed and will make timely use of the funds.
7. Is sponsored by one or more entities that have the organizational and financial capacity to fulfill the terms of the grant agreement and to maintain the project into the future.
8. Fill an unmet need for community services.
9. Will achieve its stated objectives.
10. 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.

## Issues Encountered and Recommendations

The online application system has been a great benefit to both applicants and board members, and will continue to be used in future Building Communities Fund competitive grant cycles.

The requirement that applicants be registered as a 501(c)(3) nonprofit was revised to only require registration with the Office of the Secretary of State as a nonprofit corporation.

### Recommendations

The Advisory Board did not encounter any programmatic issues with the 2017-19 selection process. The following Building Communities Fund staff recommendations could improve efficiency, and significantly expand the reach of the program by providing facility improvements to shelters for the homeless.

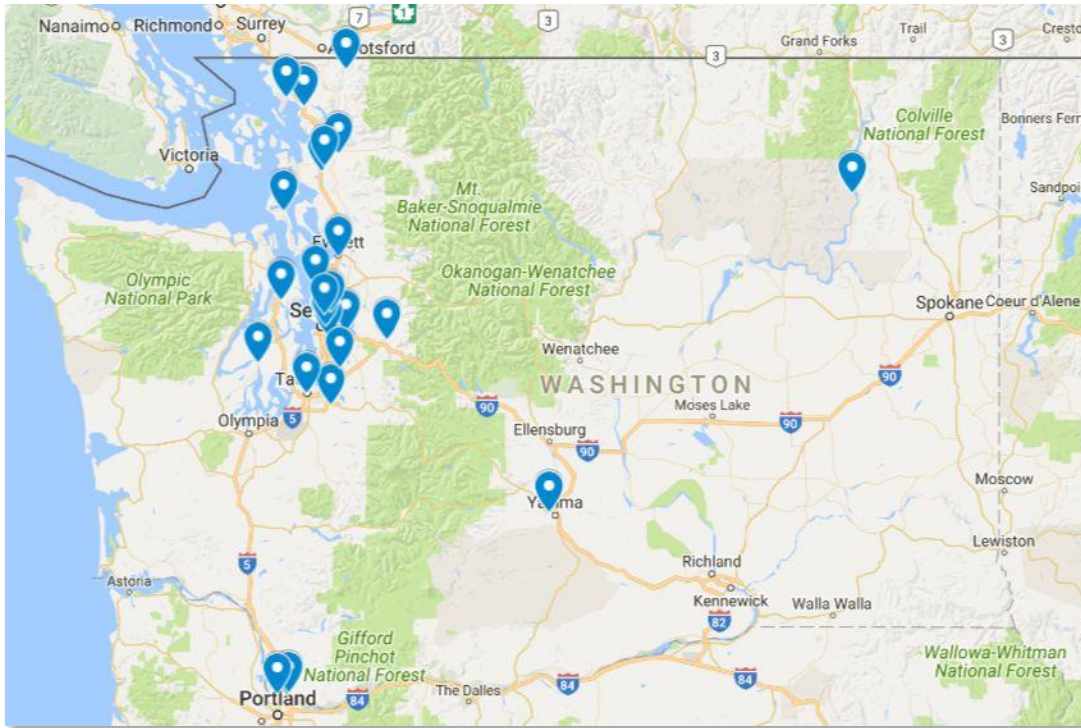
- Changing the school district eligibility requirement from 50 percent of elementary students receiving free or reduced-price meals to all K-12 students would result in easier data collection for that criterion. Currently, the Office of Superintendent of Public Instruction publishes data that combines K-12 students. Because of this, staff must retrieve the raw data and separate out the elementary schools district-by-district.
- Allowing nonprofit organizations to make improvements on residential service facilities would facilitate more temporary housing for the homeless. The program currently requires organizations that provide overnight services to homeless individuals to separate and exclude the housing portions of their project budgets, because of the term in the legislation requiring facilities to be “non-residential.” Changing the Building Communities Fund authorizing legislation to allow facility improvements where homeless individuals reside overnight would result in the creation of numerous new or expanded facilities to house the homeless. This is also in line with Governor Inslee’s [Comprehensive Approach to Combating Homelessness](#), which encourages building and preserving affordable housing stock.

## Building Communities Fund 2017-2019 Qualified Eligible Projects

Rank	Applicant/Project Title	Amount
1	Boys & Girls Clubs of Snohomish County Inchelium Boys & Girls Club Expansion	\$27,000
2	Cocoon House Colby Avenue Youth Center	\$635,000
3	Mercy Housing Northwest Historic Building 9 Center Building	\$1,000,000
4	Skagit Valley Family YMCA New Skagit Valley Family YMCA	\$3,500,000
5	Edmonds Senior Center Edmonds Waterfront Center	\$2,250,000
6	Opportunity Council East Whatcom Regional Resource Center Phase 2	\$500,000
7	Filipino Community of Seattle Filipino Community Innovation Learning Center	\$600,000
8	Amara Amara Building Renovation/Addition	\$1,550,000
9	YMCA of Yakima Yakima YMCA/Aquatic Center	\$3,500,000
10	Northwest Indian College Health and Wellness Center	\$1,750,000
11	Lydia Place Bell Tower Service Center	\$96,000
12	Tacoma Community House Tacoma Community House	\$2,500,000
13	Peace Community Center Peace Community Center Renovation and Expansion	\$330,000
14	North Kitsap Fishline Food Bank Transforming Lives in North Kitsap	\$530,000
15	Martha & Mary Health Services Martha & Mary Health and Rehab Campus Renovation	\$1,000,000
16	Ryan's House For Youth Ryan's House Campus	\$200,000
17	Share Share Day Center	\$180,000
18	Country Doctor Community Clinic Campaign for Country Doctor	\$1,575,000
19	CDM Caregiving Services Aging with Dignity	\$395,000

20	Friends of Youth Friends of Youth Snoqualmie Office	\$300,000
21	Helping Hands Food Bank Helping Hands Food Bank Building	\$350,000
22	Catholic Community Services of King County New Hope House	\$190,000
23	Bridgeview Housing Bridgeview Education & Employment Resource Center	\$700,000
24	Aging in PACE Washington Aging in PACE	\$3,000,000
25	YMCA of Greater Seattle Kent YMCA Building Communities Grant	\$3,000,000
26	Brigid Collins House Brigid Collins Family Support Center - Skagit County	\$42,000
27	Step By Step Family Support Center Step By Step Family Support Center	\$1,400,000
28	YMCA of Greater Seattle University YMCA Building	\$1,500,000
29	Boys & Girls Clubs of South Puget Sound North Mason Teen Center	\$250,000
30	Congregations for the Homeless Congregations for the Homeless Day Center	\$750,000
31	First Place Scholars First Place Scholars Facility Renovation Project	\$37,000
32	HopeWorks Social Enterprises HopeWorks Station II	\$2,772,000
<b>Total:</b>		<b>\$36,409,000</b>

## Building Communities Fund Proposed 2017-2019 Locations



## 2015-2017 Building Communities Fund Projects

For the 2015-2017 Biennium, the following list of projects totaling \$20,859,000 was approved by the Governor and the Legislature. Each project met the 10 criteria as stipulated in RCW 43.63A.125(2)(b).

Rank	Applicant/Project Title	Amount
1	Seattle Tilth Rainier Beach Urban Farm and Wetlands	\$307,000
2	Alternatives to Hunger dba Bellingham Food Bank Whatcom County Emergency Food Hub	\$575,000
3	Hopelink Hopelink Redmond Integrated Services Center	\$2,400,000
4	Community Action of Skagit County Riverside Drive Building Purchase	\$138,000
5	Centerforce Centerforce	\$98,000
6	Eritrean Association Eritrean Association Community Kitchen	\$58,000
7	Tonasket Emergency Food Bank Tonasket Food Bank Building Acquisition	\$22,000
8	Pierce Co. AIDS Foundation Building for the Future	\$300,000
9	Entiat Valley Community Services Food Bank Entiat Valley Community Services Resource Center	\$100,000
10	Market Foundation Pike Market Neighborhood Center	\$500,000
11	Opportunity Council Opportunity Council Renovation Project	\$170,000
12	FareStart FareStart Facility Expansion to the Pacific Tower	\$438,000
13	Blue Mountain Action Council Walla Walla Community Teen Center	\$475,000
14	El Centro de la Raza El Centro de la Raza Community Access	\$600,000
15	Women and Children's Free Restaurant & Kitchen Good Ground Capital Campaign	\$300,000
16	Domestic Violence and Sexual Assault Services of Whatcom Co. Renewed Hope Capital Campaign	\$66,000
17	International Community Health Services ICHS Shoreline Medical & Dental Clinic	\$3,500,000

<b>18</b>	Casa Latina Casa Latina: A Home for Opportunity Phase III	\$150,000
<b>19</b>	Centerstone Centerstone Building Renovation	\$1,500,000
<b>20</b>	Puget Sound Regional Services PSRS Office Building Conversion	\$212,000
<b>21</b>	LASA Prairie Oaks	\$200,000
<b>22</b>	Seattle Indian Health Board Leschi Center Renovation	\$1,000,000
<b>23</b>	YMCA of Snohomish County Everett Family YMCA	\$2,000,000
<b>24</b>	Navos Behavioral Healthcare Center for Children, Youth and Families	\$2,000,000
<b>25</b>	Valley Cities Counseling & Consultation Phoenix Rising	\$250,000
<b>26</b>	YMCA of Pierce and Kitsap Counties Gordon Family YMCA	\$2,000,000
<b>27</b>	Community Home Health and Hospice Community Grief Support & Recovery Center	\$1,000,000
<b>28</b>	Auburn Youth Resources Auburn Youth Resources Campus Expansion Phase 1	\$500,000
<b>Total:</b>		<b>\$20,859,000</b>