

2025-2027

Building Communities Fund (BCF) Grant Guidelines

COMMUNITY CAPITAL FACILITIES

Capital grants for nonresidential community and social service projects.

Awards 25% state funds of eligible capital project costs.

The BCF Grant application will be available beginning June 20, 2024 via the ZoomGrants link [HERE](#), and will close August 22, 2024 at 5 p.m.

If you can't attend a BCF workshop in person there will be an online workshop on **June 26, 2024 at 1 p.m.** You can register for that [HERE](#).

There is a BCF workshop for tribes in Washington on **June 27, 2024 at 11 a.m.** Tribes can register [HERE](#).

**Please RSVP for a
BCF workshop**

Seattle - [RSVP](#)

July 9, 2024 - 10 a.m.
Radisson - SeaTac
San Juan Ballroom
18118 International Blvd
Seattle, WA 98188

Spokane - [RSVP](#)

July 10, 2024 - 10 a.m.
Spokane Falls Community College
Sub Lounge - Bldg. 17 Room 102
3410 West Whistalks Way
Spokane, WA 99224

Yakima - [RSVP](#)

July 16, 2024 - 10 a.m.
Yakima Convention Center
Sen. Alex Deccio - Ballroom H
10 N. 8th Street
Yakima, WA 98901

Note that these guidelines are a helpful resource, but do not guarantee compliance with all federal and state requirements. Grantees are responsible for compliance with all the rules and regulations as required by the Building Communities Fund as enacted into law.

The Department of Commerce expressly disclaims any warranty related to the compliance with federal and state requirements and will accept no responsibility for any consequences arising from the use or reliance on these program guidelines.

* Commerce reserves the right to update these guidelines.

Online application instructions

All applications for the 2025-2027 round will be submitted electronically through ZoomGrants. Hardcopies will not be accepted. Applications must be submitted to Commerce no later than 5 p.m. on August 22, 2024. Please click [HERE](#) to reach the ZoomGrants website. If you have a ZoomGrants account, log in and follow the instructions. If you are a new user, complete the required information to create a profile for a new ZoomGrants account. **Please do not use “The” as the first word in the agency or project name.** Once the agency profile has been created, select the BCF Grant, click the “**Apply**” button and start your proposal. Answers are automatically saved.

The application is divided into six sections and organized by tabs.

TAB 1: Summary

This section includes basic information concerning your organization and proposal, including contact information and other pertinent data. This section must be completed in its entirety.

TAB 2: Eligibility test

All applicants must first answer and submit the Eligibility Test questions. This section will then need to be approved by Commerce. If approved, you will then be allowed to continue to the next tab.

TAB 3: Application questions

Please answer thoroughly and to the best of your ability. Provide cross streets if there is no project address, the parcel number(s) of the project site, and if land will be re-parceled.

TAB 4: Budget

When listing your project budget, please include only capital costs that this grant can reimburse (see Section 3.11). Do not include any ineligible costs (see Section 3.12) such as operating expenses.

TAB 5: Tables

In this tab you will input your organization’s financials for FY 2020-2024 (est.) along with your project timeline.

TAB 6: Documents

The Documents tab of the application is where you will upload the documents required or requested for the application. Please save forms or documents on your computer, complete and then upload to ZoomGrants using the “Upload” button provided. All documents required for your project must be completed and submitted with the application.

Failure to provide the requested documentation or providing inaccurate information may result in the proposal receiving less points or being disqualified.

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2025-2027 Building Communities Fund policy highlights

Community service objective

A single-focused 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, e.g., a food bank providing (1) food for the needy (2) food program outreach and (3) nutritional education.

Review process

The Building Communities Fund (BCF) Advisory Board will evaluate and rank applications.

Acquisition projects

All acquisition projects must provide a current (one year) appraisal or County Assessment of the site to be purchased.

Collateral requirements

Net grants of over \$250,000 performed by nonprofits and public benefit corporations must provide a deed of trust or leasehold deed of trust, title insurance, promissory note, or a covenant as appropriate securitization for the grant.

Reimbursement/billing procedures

All capital project reimbursements shall be evidenced by documentation showing the cost has already been incurred by the grantee. The Grantee shall provide copies of the cancelled check or electronic funds transfer (as applicable) confirming payment of each expenditure for the amount of each invoice claimed.

LEED requirements

All projects other than acquisition are required to apply for LEED Silver certification. However, renovation projects that involve a new addition to an existing building may require LEED certification as well. New construction projects under 5,000 square feet are exempt from this requirement.

DAHP compliance under governor's executive order 21-02

All projects receiving state capital funds **must** be reviewed by the Department of Archaeology and Historic Preservation (DAHP) and area Tribes.

Your project's scope of work cannot be significantly changed

If you apply for and receive a construction grant you cannot change this to an acquisition grant. This is one of a number of reasons why you may consider waiting until the next grant funding cycle (2027-2029 biennium) if your project is currently at an early stage of development.

Six steps to getting a grant

Step 1

Decide whether you are eligible – and get ready to apply

This is a highly competitive grant program, so before submitting your grant application we strongly encourage you do your homework. Take a look at our timeline for awarding funds to make sure that it fits with your cash-flow needs.

Step 2

Decide whether to seek LEED certification or an exemption

All projects are required to either attain the LEED Silver status or apply for an exemption as part of your application.

Step 3

Complete your application online

The BCF Grant Application is available online. To apply, please follow the ZoomGrants link [HERE](#).

Step 4

Application Review

Applicants whose projects make it past a preliminary staff review will be reviewed by the BCF Advisory Board. Grants that are recommended by the Board will be forwarded to the Governor and State Legislature for final funding approval.

Step 5

Negotiate a contract

If the advisory board recommends your project for funding and it is included in the 2025-2027 Capital Budget and signed into law, Community Capital Facilities (CCF) will engage your organization in the pre-contracting process which culminates in the execution of a contract with your organization. This contract must be executed before Commerce can begin disbursing any grant funds. See Section 3.5 for contracting requirements— some of which you should start thinking about now.

Step 6

Submit reimbursement materials

Funds will likely become available by fall of 2025. First you must apply for and receive a Statewide Vender Number (SWV) which tells Commerce where to send your reimbursements. There are no advance payments. Invoices for eligible costs as well as proof of payment must be submitted in order to get reimbursed.

The Department of Commerce stands as an ally in the support of, and encouragement of, the continuing statewide effort to promote Diversity, Equity and Inclusion measures to include the support of BIPOC and By-and-For organizations in the pursuit of competitive grants.

This publication is available in an alternative format upon request.

Accommodations may be arranged with a minimum of 10 working days' notice by calling **360-725-3075** or emailing:

caprograms@commerce.wa.gov

Part 1: Program background and eligibility requirements

Background

The 2008 Legislature enacted the Building Communities Fund (BCF) to provide a means of identifying qualified community and social service capital projects, and providing capital support to nonprofit agencies, Tribes and their partners to develop or improve these facilities.

These investments play a key role in improving the economic, social, and educational climate in distressed communities.

1.1 Program purpose

This program awards state grants to Tribes and nonprofit community-based organizations to defray eligible capital costs to acquire, construct, or rehabilitate nonresidential community service centers. Approved projects will be reimbursed for 25% of their eligible capital costs. Under exceptional circumstances the department may reduce the amount of nonstate match required (see Section 1.8).

1.2 Applicant eligibility

All applicants must meet the following eligibility standards at the time the application is submitted:

- Be a Tribe or registered in the state of Washington as a nonprofit organization;
- Have a legally constituted board of directors;
- Agree to enter the LEED certification process or receive an exemption from Commerce;
- Agree to pay state prevailing wages as of the date the budget becomes effective;
- Have control of the project site via ownership or executed long-term lease (15 years) at the time of application - operating agreements will not be accepted as site control. All lease agreements must be recorded with the county of record.
- Have made progress in an active capital fundraising campaign dedicated to the project; and
- Not be complete. Projects that are complete or do not need state funds to be complete are ineligible.

1.3 Eligible projects

A proposed project must:

- Be a nonresidential facility;
- Consist of acquisition, construction, or rehabilitation of a facility used to deliver services (social service and multipurpose community centers) including those serving BIPOC and rural communities; and
- Be located in a “distressed community” or serve a substantial number of low-income or disadvantaged persons.

Organizations cannot apply for multiple Capital Programs competitive grants for the same project scope of work.

A distressed community is defined as:

- A [county](#) that has an unemployment rate that is 20 percent above the state average for the immediate previous three years; OR
- An area within a county designated as “eligible” under the U.S. Department of the Treasury’s Community Development Financial Institutions Fund’s [New Markets Tax Credit](#) program; OR
- A [school district](#) in which at least 50 percent of k-12 students receive free and reduced-price meals.
- **To qualify as serving “a substantial number of low-income or disadvantaged persons”** applicants must demonstrate that at least 40 percent of service recipients are at or below 200 percent 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](#).

To qualify, applicants must also demonstrate that the project meets ALL 10 of the following benchmarks:

- I. Will increase the range, efficiency, or quality of the services provided;
- II. Will be located in a distressed community or serve a substantial number of low-income or disadvantaged persons;
- III. Will offer a diverse set of on-site activities that meet multiple community service objectives;
- IV. Reflects a long-term vision for the development of the community, shared by residents, businesses, leaders, and partners;
- V. Requires state funding to accomplish a discrete, usable phase of the project. **By statute, if your organization has raised 100% of the project budget at the time of application, it is not eligible for a BCF grant;**
- VI. Is ready to proceed and will make timely use of the funds;
- VII. 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;
- VIII. Fills an unmet need for community services;
- IX. Will achieve its stated objectives; AND
- X. 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.

Community Capital Facilities

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1.4 Partnerships

Applicants must be a Tribe or nonprofit registered in the state of Washington. Other nonprofits, local jurisdictions, or Tribes may partner with the applicant, but the applicant must be the primary beneficiary and exercise control over the facility's premises and operations.

All partnerships must provide a copy of an operating agreement that:

- Lasts a minimum of 15 years;
- Is executed at the time of application;
- Establishes the applicant as possessing full authority to manage the facility and its services; and,
- Contains a contingency plan to address the possibility of dissolution or other change of ownership.

In all partnerships the nonprofit applicant must have control of the project site and the programming within. The project must also benefit the community at large rather than just the participating public agency's clients or students. These partnerships must also demonstrate financial need.

1.5 LLCs and nonprofits

The applicant's facility may be owned by a limited liability corporation (LLC) for operational or tax credit purposes so long as the nonprofit is the managing member and has a controlling interest in the LLC through the duration of the grant commitment period.

The applicant must be able to provide evidence of the LLC ownership, controlling interest, signing authority and the managing members at the time of application. A corporate resolution may be required prior to execution of the grant if the award is made to applicant.

The LLC must also be licensed through the Secretary of State of Washington and the Washington State Department of Revenue.

1.6 Mixed-use facilities

A facility that is part of a larger, mixed-use project (such as retail or condominium space) may be eligible for funding. However, this grant can only fund the capital costs of the eligible project space.

1.7 Multiple applications

Organizations with multiple facilities can apply for up to three BCF grants each cycle. Note, however, that each application **must be separate and distinct including separate addresses, separate budgets and separate sources of funds.**

1.8 Exceptional circumstances

The state's contribution may exceed the reimbursement percentage defined in Section 1.1 These include projects affected by natural disasters, emergencies beyond an applicant's control, such as a fire or an unanticipated loss of a lease where services are currently provided, a delay that could result in a threat to public health and/or safety, and instances where a local community could quantifiably demonstrate that they had exhausted all possible fundraising efforts.

1.9 High-performance buildings law

The 2005 Washington State Legislature passed a law that requires many of our competitive grant recipients to comply with what has been termed "high-performance" or "green" building standards ([RCW 39.35D](#)).

The legislation’s goal is for major capital facilities projects receiving state dollars to be built to the LEED silver standard where “practicable.” LEED (which stands for Leadership in Energy and

Environmental Design) is a certification program run by the U.S. Green Building Council.

These building principles offer the most savings when incorporated early in the design process. That’s why we strongly encourage you to talk with your architect as soon as possible.

The first issue you may wish to explore is whether your project is required to meet the LEED silver standard. The law offers two types of exemptions.

Exemption 1: Facility types

The following types of facilities are exempt:

- Acquisition only, does not include construction or renovation;
- New construction less than 5,000 gross square feet of occupied or conditioned space as defined by the State Energy Code;
- Renovation projects whose costs are less than 50 percent of the facility’s assessed value and are less than 5,000 gross square feet of occupied or conditioned space; or
- Facilities such as hospitals; research facilities primarily used for laboratory experimentation, research, or training in research methods; or similar building types.

Exemption 2: “Not practicable”

Renovation projects that involve a new addition to an existing building may not be required for LEED Certification. We are not permitted to offer this exemption because of cost or timing-related issues.

Pre-application exemption requests

You don’t need to wait until you turn in a grant application to find out if your project will be exempted. Our website has a LEED Declaration [form](#) that you and/or your architect fill out. You can find that form in the “Documents” tab of the BCF online application.

Part 2: The review process

2.1 Application submissions

Applications must be received by August 22, 2024 at 5 p.m. Note that applications received by mail or fax will not be accepted.

2.2 Preliminary review

After the submittal deadline, staff will review applications for eligibility and completeness. Those that are incomplete or do not meet eligibility standards will not be forwarded to the BCF Advisory Board for review.

2.3 Applicant notification

After the preliminary review, each applicant will receive notification from Community Capital Facilities as to whether their project has been forwarded to the BCF Advisory Board.

Commerce reserves the right to reject applications that are unclear or provide incomplete information.

Those whose projects are not forwarded to the BCF Advisory Board will be informed of the reasons in writing, and are encouraged to discuss with our staff how to prepare a more competitive grant for a future funding cycle.

2.4 Advisory Board role

The BCF Advisory Board helps develop program policy, reviews applications, and recommends projects for funding. The Board consists of volunteers with demonstrated expertise in funding, administering, or advocating for social service organizations.

2.5 Board work session

The Advisory Board will convene in September, 2024 to review applications. The Board will review project applications and develop a ranked list of qualified eligible projects.

2.6 Board testimony

Time allowing, applicants may be given time a brief opportunity to offer testimony about their proposals and answer questions from Board members.

2.7 Appropriations process

The Board will forward its recommendations, in the form of a prioritized list of projects to the Director of Commerce in the fall of 2024. If approved by the Director, the list will be included in the agency's 2025-2027 Capital Budget request, which is submitted to the Governor's budget office. If approved by the Governor, the list will be included in their 2025-2027 Capital Budget request.

The 2025 Legislature will make the final determination as to which projects, if any, receive BCF grants, the level at which they are funded, and the total amount of funds to be provided for the 2025-2027 biennium. The Governor must sign the Capital Budget before an appropriation is legally binding.

2.8 Appeals

The Board's decisions are final and cannot be appealed. However, staff would be happy to provide feedback on how to develop a more competitive application for a future funding cycle.

2.9 Misrepresentation

Any organization that presents false or misleading information in their application will be disqualified.

3.1 Funding restrictions

Funds awarded under this program originate from the sale of state capital bonds, and include no federal funds.

2025-2027

BCF Grant dates

BCF grant application workshops - See front page

Applications due

August 22, 2024 at 5 p.m.

Notification of preliminary review results

August, 2024

BCF Advisory Board work session

September, 2024

Recommendations forwarded to Governor and Legislature

October, 2024

Governor releases proposed capital budget

December, 2024 (Estimated)

2025-2027 Capital Budget signed into law

May, 2025 (Estimated)

Community Capital Facilities may begin disbursing funds

September, 2025 (Estimated)

Expiration of funds without legislative action

June 30, 2027

We strive to administer funds expediently and with a minimum of red tape. We do so within the policies and procedures established by the Legislature, the state Office of Financial Management, the Treasurer and the Office of the Attorney General.

BCF awards are funded through an appropriation in the state Capital Budget. **A grant can only be spent by the designated organization for costs that fit the scope of work listed in the grant application.** The application becomes a controlling document that guides how a grant can be spent.

3.2 Cost reimbursement

Capital Budget funds are available on a reimbursement basis only. Reimbursable costs are those that a grantee has already incurred. To ensure a 25% state match invoices will be paid at that rate. Once reimbursed, these invoices cannot be used for any other state capital grant.

We may reimburse grant recipients for costs incurred prior to the date a contract is executed, and as far back as July 1, 2022. The project start date must be accurately stated in the application in order for us to do so.

3.3 Matching funds

BCF grants may be used to pay 25% of eligible project costs, documented by invoices.

BCF cannot match other state grants. This is why those funds cannot be included in your grant application's funding sources and must be deducted from the amount you are applying for.

Non-state matching funds may consist of cash on hand, documented pledge commitments, the value of land acquired for the project, and in-kind contributions of land and capital equipment, when properly documented. In-kind labor cannot be a part of the eligible project.

Grantees may also include the proceeds of a letter of credit or other binding loan commitments as part of their non-state matching funds. The value of land used as non-state match must be supported by a current appraisal (within six months of the application due date) performed by a certified professional appraiser or a county assessment.

3.4 Availability of funds

Funds are expected to be available in September of 2025, but that can vary depending upon factors such as when the state budget is approved. Also, a contract cannot be written until the grantee has met all funding conditions.

Contracts generally take four to five weeks to execute once the grantee provides us with all needed information. Contracts are developed on a first-come, first-served basis.

This is a reimbursement style grant, and you can start drawing down funds only after all other money needed to complete the project has been raised. Once you have met this requirement, you can receive reimbursement for any eligible costs incurred and paid as far back as July 1, 2022.

3.5 Contracting requirements

The following requirements must be met before Commerce can begin drafting a contract:

- Grantees must demonstrate in writing the financial capability to complete the project. This means that the entire amount of non-state matching funds must be committed to the project.
- Grantees must complete all pre-contracting conditions, including, but not limited to, tribal notification, archaeological review, LEED certification, and declaration of intent to pay prevailing wages.
- Grantees must provide Commerce with a deed of trust or leasehold deed of trust, as well as a promissory note as security for the grant and it must be recorded in the county of record before reimbursement of project costs. Contracts under \$250,000 are exempt from this requirement.

3.6 Documenting expenses

We reimburse grantees only after receiving copies of the original billing documents (invoices) and copies of cancelled checks or electronic funds transfer, as applicable. In all cases, costs must be documented and auditable.

3.7 Prevailing-wage law

Construction projects that receive any of our grants are required to pay state prevailing wages as of the date the Capital Budget becomes effective.

The Department of Labor and Industries is the state agency that implements prevailing wage law. For more information, contact Labor and Industries at pw1@lni.wa.gov.

3.8 Reappropriations

Some grant recipients may not be able to expend all of their funds by the end of the 2025-2027 biennium (June 30, 2027). Any unexpended funds will lapse on that date unless reappropriated.

Although not legally obligated to do so, the Legislature generally reappropriates unspent funds for competitive capital projects such as those funded through BCF, but traditionally for only one additional biennium. Commerce will automatically request this reappropriation.

3.9 Change of ownership

Most of the capital projects constructed with state funds require that the facility or project be held by the grantee for a period of time appropriate to the amount of the state grant (a minimum of 10 years from the final payment date) and that the facility or project be used for the same purpose expressed in the application.

3.10 Loan pay downs/payoffs

BCF cannot repay any loans, in whole or in part. This is not an eligible capital cost. Eligible invoices will be reimbursed, and the funds can then be used as the grantee sees fit. **BCF grants cannot be used to directly refinance debt or to pay down a mortgage, regardless of when it was incurred.**

State (as opposed to federal) prevailing wages are required of all construction projects as of the date the budget becomes effective. If the project has both federal and state funds the project must pay whichever is higher.

3.11 Eligible costs

Capital Budget funds may generally be used to pay for the following construction-related expenses, incurred as far back as July 1, 2022:

- design, architectural, and engineering work;
- building permits/fees;
- archaeological/historical review;
- construction labor and materials;
- demolition/site preparation;
- construction management (from external sources only)*
- capitalized equipment; **
- information technology infrastructure (cables and wiring);
- real property, purchased specifically as part of a construction or renovation project, as well as its associated costs.*** It can also fund a "turn-key" acquisition that does not require renovation. BCF cannot fund any property acquisition that does not have one of these expenses as part of its eligible project budget.

3.12 Ineligible costs

Our grants are intended to fund bricks and mortar. The following costs are not eligible for reimbursement and cannot be used to match state funds:

- any internal operating costs;
- in-kind labor;
- project or construction management from internal sources;
- fundraising activities;
- feasibility studies;
- computers or office equipment;
- rolling stock (such as vehicles);
- lease payments for rental of equipment or facilities;
- mortgages and property leases (including long-term);
- the moving of equipment, furniture, etc., between facilities; and
- painting and other regular maintenance costs.

* **Construction management and observation** is on-site management and/or supervision of the work site and workers thereon. This is an eligible project cost. Construction management does not include work performed by grant writers, project managers or employees of the grantee.

** **Furnishings and equipment** are considered eligible project costs as long as the average useful life of the item purchased is 13 years or more. These would be listed under the Capitalized Equipment line item.

*** **Costs directly associated with property acquisition** include appraisal fees, title opinions, surveying fees, real estate fees, title transfer taxes, easements of record, and legal expenses.

How should in-kind donations be handled?

You may apply in-kind donations toward your match requirement. Eligible donations include materials or equipment as long as their value can be properly assessed and documented. In-kind labor cannot be part of your application.

BCF funds also cannot be used to reimburse grantees for the value of discounted purchase and sale agreements. Only real estate costs incurred **and paid** by the grantee are eligible for reimbursement.

Projects should also avoid being too dependent on in-kind donations, particularly if they are heavily leveraged with loans.

How do I determine how much I can apply for?

BCF can award your project up 25% of your eligible project budget. This includes everything that it takes to construct or renovate your project, minus any ineligible costs, such as operating costs, feasibility studies, etc. There is a detailed description of eligible and ineligible costs in Sections 3.11 and 3.12.

It is important to note that if your organization does receive a grant the award amount cannot be changed if your budget increases. This is why it is important to be far enough along in your project to be able to accurately determine what that budget is.

Capital Programs staff is here to help you!

If you have any questions about any part of BCF please contact us and we will help however we can.

For program questions about the BCF grant please contact caprograms@commerce.wa.gov or call 360-725-3075.

For technical assistance with the ZoomGrants application please contact: questions@ZoomGrants.com or call 866-323-5404 x2.

Thank you for your interest and for considering the Building Communities Fund!