Equity in funding: Final review of Commerce capital programs

Washington State Department of Commerce

Report to the Legislature per 2021-23 State Operating Budget, Chapter 334, Laws of 2021 (ESSB 5092 Sec. 129 (89))

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Letter from Commerce Director Lisa Brown and Office of Equity Director Karen Johnson

Dear Governor Inslee and Washington State Legislators,

The Department of Commerce and The Office of Equity have a shared vision to work together for strong, vibrant economies and communities where everyone has full access to the opportunities, power, and resources they need to flourish and achieve their potential.

To accomplish this vision, we must look across our systems and invest in improvements that matter most to those furthest from opportunity. Lack of equitable access to billions of investment dollars has contributed to significant harm in many communities throughout the state. We also know that these are the same communities that experience barriers to education, home ownership, living wage jobs, community infrastructure and generational wealth. Anything less than a comprehensive approach that centers pro-equity and anti-racism principles will have us fall short of our vision. This report provides our shared road map that works to correct those harms by giving voice to underserved populations, working in partnership to determine strategies of improvement, and memorializing our commitment to taking action.

We are grateful to the state commissions and other partners that hosted listening sessions with their communities. Their partnership allowed us to engage in candid conversations with nearly 300 people at 17 listening sessions throughout the state. These community members provided us with insight into their experiences that we must be responsive to.

We heard stories of the inability to learn about available funding in time to make a viable application, of learning too late that a large portion of project costs needed to be raised before receiving a state commitment of funding, and of not being able to get technical assistance or additional information. Increasing investments in building local capacity was an important call to action. Despite some notable investments in historically disadvantaged areas, Commerce's policies and processes have often rewarded larger, more experienced and previously successful funding applicants. This results in lower-resourced communities falling farther behind and lacking opportunities to build capacity to meet their needs. That must change.

These perspectives help us prioritize our efforts, and just as importantly, we'll continue to work with our community partners to ensure we see real, measurable change in these systems and in the experiences of people seeking and receiving funding and services from us.

The recommendations in this report call for an integrated approach to correcting inequitable funding policies, processes, match and contracting requirements. This requires bold action and purposeful investments that lift barriers of access to economic, and often life changing, opportunities. The Department of Commerce and the Office of Equity are determined to together tackle these long-held issues that harm our underserved communities, and thus harm us all.

Sincerely,

Dr. Lisa Brown
Director
Department of Commerce

Dr. Karen Johnson
Director
Office of Equity

Executive summary

The Department of Commerce is a $7 billion agency that helps strengthen communities through statewide community and economic development funding programs, including affordable housing, community facilities, public infrastructure, clean energy investments, and more. In that role, it has a significant responsibility to advance equity and address historical and systemic oppression in Washington. As this equity analysis of capital programs reveals, Commerce has made important progress in more equitably investing the funding it manages, but has not yet fulfilled its responsibility to equitably distribute capital funds to communities across Washington.

Many communities continue to be underserved by Commerce's capital programs, especially those that experience the impacts of systemic oppression, including racism, poverty, marginalization, disability and environmental contamination. This equity review provides greater detail on the complex set of barriers that systemically oppressed communities experience in pursuing and receiving capital funding, while underscoring that these bureaucratic and systemic barriers extend into the non-capital programs. This equity review also details specific goals and recommendations to mitigate these barriers, rooted in the following equity theory of change for the agency:

○ **Commerce must advance equity and anti-racism through internal culture change, the intentional allocation of resources to equity-centered processes, and targeted distribution of funds to communities that have been systemically oppressed .This must be carried out with humility, transparency and a commitment to partnering with those most impacted.**

Commerce agrees with these proposed actions and is deeply committed to expanding access to its programs through advancing equity and anti-racism outcomes. Commerce understands that solutions must be developed with the communities and organizations that have been experiencing these barriers for decades.

While Commerce is fully committed to continuing our work with the Office of Equity in making the systemic changes called for in this report, we will need authorization, statutory changes, substantial investments, and partnership from the legislature to meaningfully remove barriers to our funding programs so that community investments are more equitable in the future.

Some recommendations require legislatively enacted statutory changes related to match amounts, project requirements, grant award limits, eligibility, program policies and funding priorities. Many recommendations will require additional investments in supporting project readiness and community capacity, a key tenet of equitable access to funding. Effective systems are needed to track and quantify equitability of the agency's funding programs, processes and investments.

Commerce leadership sincerely hope that the Legislature will authorize needed changes and make investments that will allow the agency to begin to fully carry out the recommendations, beginning with the priority actions of:

Prior to this review, Commerce has been initiating equity-centered strategies to better support communities that have been underserved by its programs. Some of these actions include the appointment of a Director of Equity and Belonging, an executive position dedicated to provide guidance to programs to serve communities more equitably and strengthen our agency workforce. New programs have been developed using Government Alliance on Race and Equity (GARE) tools in program design and implementation centering community voice. Programs like Building Communities Fund requested the legislature reduce the local match requirement for

applicants, and several programs have committee or advisory boards with representation that is inclusive of lived experience or low-income. Program-specific technical assistance and capacity building support has been provided to potential funding applicants for the Housing Trust Fund, and a Small Business Resiliency Network has been established involving community trusted messenger organizations providing small business assistance in culturally and linguistically relevant ways for the communities they serve and reflect.

Goals and recommendations to advance equity in capital programs

The table below details the five goals and related recommendations for advancing equity in Commerce's capital programs that emerged from this equity analysis. These are explored in more detail in the Goals section of this report.

Goals	Recommendations
Goal A: Commerce removes barriers for applicants and prioritizes the needs of systemically oppressed communities in accessing funding applications and opportunities.	#1: Streamline and simplify Commerce funding applications and processes so that applicants and interested parties have a consistent and straightforward experience. #2: Examine opportunities to mitigate barriers and allow for greater flexibility and agency coordination for communities seeking funding for multi-use facilities. #3: Identify mechanisms to prioritize funding for BIPOC-led and By and For[1] organizations. #4: Provide broader technical assistance, training, tools and practices to simplify and de-mystify grant application processes, particularly for organizations that represent and serve systemically oppressed communities. #5: Reduce or remove financial barriers that disproportionately privilege repeatedly funded, well-resourced, majority-serving organizations. #6: Improve program alignment to meet the needs of tribal governments.
Goal B: Commerce proactively invests in the capacity of organizations representing and serving systemically oppressed communities to equitably compete for capital funding.	#1: Proactively invest in the organizational capacity of BIPOC-led and By and For organizations interested in community capital projects. #2: Analyze the distribution of direct appropriations of Commerce capital funds. #3: Identify mechanisms to increase equitable competition for rural communities that are often isolated from establishing required partnerships. #4: Examine and re-evaluate application scoring criteria for capital funding to foster equity. #5: Explore opportunities to support and strengthen relationships with historically underserved By and For organizations in building capacity for sustainable operation and project management.

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[1] A "By and For" organization has a primary mission and history of supporting and providing services to BIPOC and unserved communities. They are culturally based, and individuals from the population served direct and substantially control the organization. Their purpose is developing and enhancing culturally and community-specific services for individuals hurt or harmed in BIPOC and unserved (marginalized) communities.

Goals	Recommendations
Goal C: Commerce provides timely, proactive and accessible outreach and communication about capital funding opportunities, with a special emphasis on effectively reaching underserved communities.	#1: Continue to develop agency-wide capacity for more equitable and effective relationship building with systemically oppressed communities. #2: Develop an agency-wide communication and outreach system to effectively inform diverse communities across the state of funding opportunities. #3: Build internal capacity and accountability mechanisms to ensure robust equitable communication practices across the agency.
Goal D: Commerce staff accurately and reliably evaluate the extent to which agency investments further equity and anti-racism goals.	#1: Improve agency-wide data collection, analysis and information sharing to inform award decisions and evaluate investment impacts. #2: In coordination with HEAL Act and PEAR Plan implementation, lead in agency-wide efforts to standardize key definitions and evaluation metrics that identify prioritized populations across program investments. #3: Embed meaningful equity-related impact measurements into application processes.
Goal E: Commerce provides significant transparency and shared decision-making opportunities with systemically oppressed communities in funding processes.	#1: Identify opportunities for increased transparency of capital funding processes and award decisions. #2: Proactively engage with systemically oppressed communities for community-informed design and delivery of capital programs that advance equitable outcomes.

While the goals and recommendations specifically address the context of capital programs, most of the equity barriers and solutions identified are applicable across all of Commerce's funding programs. Commerce staff and leadership recognize that this equity review is part of an ongoing, overall effort at Commerce to systemically center equity across programs, in addition to identifying and implementing processes and policies that advance equitable outcomes.

Implementing the recommendations, taking the actionable steps, and following the suggested methods and strategies will take time. To ensure buy-in and appropriate actions, Commerce intends to develop an implementation plan with all levels of employees. State investment is needed to implement this plan.

Initial integrated program solutions to address equity barriers

In addition to identifying changes to policy, operational norms and practices, this equity review also identified where new investments and efforts to support the capital needs of systemically oppressed communities are essential from the Legislature to take the recommendations in this report to scale. Informed directly from community engagement feedback, agency leadership prioritized the following recommended efforts for Legislative consideration:

- Expanded program-specific technical assistance for applicants and potential applicants to Commerce capital funding.

- Expanded pre-development funding, including both capital and operating funding, to mitigate challenges By and For and extremely rural entities experience in competing for capital funding. This funding would not be contingent upon a future capital funding application to Commerce.
- Increased capacity building efforts for By and For organizations and extremely rural communities, including communities that do not currently have organizational capacity to receive and implement capital funding. This may include the development of a framework that allows communities to self-assess their readiness for the implementation of a community-led project.
- Structured tribal-specific funding programs to meet the unique needs of sovereign tribal governments.
- Expanded Community Engagement team to strengthen the agency's engagement with By and For organizations and extremely rural communities.
- In addition, Commerce staff are at various stages in their journey of understanding and applying diversity, equity and inclusion (DEI) in their work. Commerce has implemented performance review self-reflection and goal setting, using Enterprise DEI Competencies for all employees. Staff will need continued training to assess individual and programmatic practices and grow in their DEI paths. We see implementation as an overlapping phased approach with the ability to get started and move the needle right away.

The diagram below depicts how these efforts are intersectional, and also staged for realistic implementation.

Implementation plan development, staff training, equity-centered program review

Community engagement, equitable information and language access initiative

Community capacity development, project readiness grant, program-focused technical assistance staffing

Tribal nation funding, data collection system, evaluation
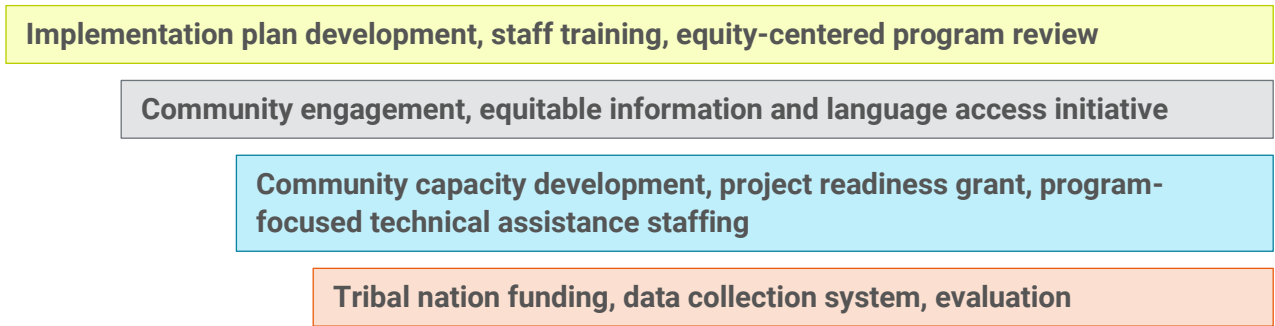
A focus on capacity building for systemically oppressed communities

Systemically oppressed communities in Washington are underrepresented in organizations that receive capital funds from Commerce. By and For organizations provide a transformative approach to capital development by ensuring that communities have power and agency to define and lead their own capital projects.

Many organizations that serve and are reflective of systemically oppressed populations are able to successfully compete for Commerce funding when they receive technical assistance, capacity building resources and/or predevelopment expertise and resources. Commerce intends to invest $5 million in funds provided by the 2021 capital budget (Section 1093, Chapter 332, Laws of 2021 (SHB 1080) to pilot initial recommendations identified in this review, with continued engagement and partnership with community members.

This to-be-designed program is intended to prioritize By and For and extremely rural communities, with a focus on providing more flexible and holistic funding that enhances the competitiveness of their future applications for Commerce capital funding. Agency leadership intends to draw from the lessons of this initial program, while continuing to gather feedback and counsel from community members regarding the design of future funding systems.

Understanding the distribution and impact of capital funding

To effectively advance the equitable distribution of capital funds, Commerce must first understand how the agency's capital funds are distributed across the state. Unfortunately, Commerce currently lacks the ability to meaningfully collect, track and analyze agency-wide, high-quality data that accurately demonstrates who is served by capital programs. The agency's sheer size and complexity was also a challenge in completing this review. Given the breadth and scale of programs in Commerce and the limited time and capacity to complete a comprehensive review, this report focuses on three specific programs that represent overall agency capital funding programs:

- The **Housing Trust Fund (HTF),** within the Multifamily Housing Unit
- The **Building Communities Fund (BCF)**, within Community Capital Facilities (CCF)
- The **Electrification of Transportation Systems Program (ETS)**, within the Clean Energy Fund (CEF)

Commerce does not collect demographic data on applicants in a systematic or consistent way that allows for an analysis of the racial, ethnic, or other identifying characteristics of funding recipients. Further, Commerce is unable to consistently assess the demographic characteristics of end recipients.

To address these limitations in available demographic data, this analysis relied on the Washington Environmental Health Disparities Map to assess demographic risk factors for communities in relation to race, ethnicity, religion, income, geography, disability and educational attainment. A detailed analysis of the demographic characteristics of regions in relation to Commerce's capital funding is included in the data analysis of systemic barriers section of this report.

While this analysis is limited and complex, the data revealed that Commerce's investments are not equitably and comprehensively distributed to historically underserved and systemically oppressed communities and those that experience resource and relationship isolation. Instead, this analysis suggests that funding distribution lands with communities and organizations that have a combination of demonstrated need, robust organizational capacity, prior Commerce funding, existing relationships with key decision makers, and access to a network of regional partners.

Identifying barriers to equitable practices and outcomes

Throughout most of the Department of Commerce's history, including earlier iterations of the agency, equitable distribution was not a stated or operationalized goal of program teams or agency leadership. Instead, Commerce's work was centered on promoting economic growth and stewarding public funding in a way that mitigated risk.

This historic and continued focus on risk-averse stewardship of public funds is often perceived as conflicting with more recent agency goals to distribute funds equitably. Communities are best supported to reach their goals by accessing power, relationships and resources. Deemed unfamiliar, less qualified or less experienced by a specific set of standards, historically oppressed entities are continually disadvantaged in competitive funding opportunities. Instead, funding continues to flow to historically funded (and often white-led) entities whose projects are perceived as safer investments.

Through this capital equity review process, community members provided candid and sometimes painful stories of their experiences attempting to access Commerce capital funds. In all, Commerce heard from 264 participants representing 164 organizations during engagement sessions. These conversations focused on first identifying equity barriers, then discussing the opportunities, challenges, and potential unintended

consequences of potential recommendations. These barriers are highlighted below, with full details of this analysis is in the Systemic barriers to equitable capital investments section of this report.

Broadly, these barriers relate to the following topics:
- Barriers to information
- Inaccessible communication
- Poorly communicated and inadequate application timelines and requirements
- Representation and cultural competency of Commerce staff
- Complex compliance-based culture that restricts creative equity solutions
- A federated agency and lack of coordination across programs
- Incomplete and inaccurate data collection and analysis
- Limited proactive engagement
- Complex, costly and labor-intensive application processes
- Inadequate program-specific technical assistance to support applicants
- Limitations on prioritization "on the basis of race"
- Difficulty for BIPOC-led and By and For entities to build capacity and effectively compete for funding
- Impact of directly appropriated funds versus competitive funds
- Complex financial policies and requirements
- Inflexibility of funding for capacity building and operating costs
- Site control requirements
- Competitiveness of rural and partnership-isolated organizations and entities
- Inequitable program-specific access to consultants who are "inside players"
- Advantages and repeat funding for experienced entities
- Tribal invisibility in Commerce program design
- Lack of consistency in defining prioritized populations across Commerce
- Application scoring criteria and transparency
- Challenges in community participation in program design and delivery

While Commerce was directed to complete this equity review with a focus on capital programs, community members consistently reported that they also experienced similar equity challenges and barriers in Commerce's operating programs. These participants emphasized that an equity review solely focused on capital programs was insufficient; Commerce must address these equity challenges across both operating and capital programs.

Strengthening existing practices that advance equity

While this equity analysis is aimed at identifying inequitable processes and policies within Commerce, it also highlights promising and coinciding equity practices underway throughout the agency. These include:

- Strengthening internal cultural competency and accountability
- Advancing belonging and inclusion for Commerce employees
- Strengthening tribal partnerships
- Re-designing and expanding the Community Engagement team
- Streamlining and growth of the Communications team, including use of more diverse media platforms
- Further developing and implementing Commerce's Inclusive Language Guide
- Expanding digital access across Washington

These efforts illustrate the hard work and intent of Commerce leadership and employees to identify and tackle systemic oppression within the agency. Intent is not enough; equitable impacts must be the agency's measure

of accountability. Employees continue to work toward this goal despite significant challenges with staffing and workload in the COVID-19 pandemic.

Coordination with other equity efforts across state government

To effectively advance equity within Commerce's capital programs, the agency must design its efforts in consultation with key equity initiatives while learning from new approaches that may serve as models. Some key efforts include:

- Healthy Environment for All (HEAL) Act
- Office of Equity's Pro-Equity Anti-Racism (PEAR) Strategic Action Plans
- Department of Children, Youth and Families (DCYF) early childhood equity grants
- Coinciding equity review by the Recreation and Conservation Office (RCO)

Conclusion

The Department of Commerce recognizes and embraces its responsibility to dismantle racist and discriminatory barriers and ensure equitable outcomes in its programming and policies. This equity review is an important step in a much larger, holistic effort to drive accountability, transparency, anti-racism, and proactive equity practices and policies across Commerce.

To address the cumulative impacts of systemic disadvantage for these communities, Commerce must continue in its effort to radically and proactively shift its internal structure, policies, application processes, data systems, and internal culture. These efforts must be integrated beyond capital programs, addressing the broader capacity needs of organizations and communities that endure ongoing historic and systemic barriers to state investment.

These changes will also require systemic investments at Commerce to strengthen relationships with communities, ensure greater collaboration and transparency across the agency, improve data collection, strengthen cultural competency, and ultimately ensure that Commerce is accountable for the equitable distribution of capital funds to communities across Washington.

Introduction

The Department of Commerce's mission is to strengthen communities in Washington. The agency aims to help address communities' most critical and ongoing needs: reducing homelessness, increasing living wage jobs, improving housing affordability, funding reliable infrastructure and building a clean energy future. Commerce provides critical support and services, distributing approximately $2.4 billion to more than 1,300 organizations in the 2019-21 biennium alone.

While Commerce's capital investments are intended to serve the most pressing needs of communities around the state, funding processes too often privilege previously funded, well-resourced and dominant-culture organizations. Often these investment decisions are systematically incentivized and defended with the rationale that these recipient organizations will deliver lower financial risk and more careful stewardship of public funds. Commerce employees acknowledge that even programs designed with the intention to further equity can be unintentionally discriminatory.

To further strengthen communities and hold the agency accountable to the equity impacts of its work, this Capital Equity Review assessed how Commerce can more directly learn about, acknowledge, and mitigate the systemic barriers that continue to disadvantage and discriminate against historically underserved communities in Washington.

Commerce comprises an incredibly talented and hardworking team, including leadership and employees who are working passionately to develop more equitable practices in its programs. This equity review is a crucial step in supporting the agency's work to deconstruct systemically racist and discriminatory practices that have impacted the distribution of Commerce capital investments since the origin of the agency. This equity review is in tandem with an array of other equity initiatives – statewide, agency-wide and program specific – to drive Commerce to design and deliver capital investments in more equitable, anti-racist and culturally competent ways.

Legislative mandate

The Legislature directed the Department of Commerce, via the 2021-23 state operating budget, Chapter 334, Laws of 2021 (ESSB 5092, Sec. 129 (89))[2] to "conduct a comprehensive equity review of state capital grant programs administered by the department" for three purposes:

- Reduce barriers to historically underserved populations' participation in the capital grant programs
- Redress inequities in existing capital grant policies and programs
- Improve the equitable delivery of resources and benefits in these programs

Further, the Legislature clarified that "In completing the comprehensive equity review required under this section, the department shall":

- Identify necessary changes to policy and operational norms and practices
- Identify new investments and programs that prioritize populations and communities historically underserved by capital grant policies
- Include consideration of historic and systemic barriers that may arise due to race, ethnicity, religion, income, geography, disability and educational attainment

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[2] Full text is available in Appendix F.

The Legislature directed Commerce to collaborate with the following entities:

- The Washington State Commission on African American Affairs
- The Washington State Commission on Asian Pacific American Affairs
- The Washington State Commission on Hispanic Affairs
- The Governor's Office of Indian Affairs
- The Governor's Committee on Disability Issues and Employment
- The Office of Equity
- The Office of Minority and Women's Business Enterprises
- The Environmental Justice Council

Commerce was also directed to collaborate with other appropriate and interested parties to support an effective capital grants equity review community engagement process, culminating in this final report to the Legislature.

Acknowledgment of a continued legacy of systemic oppression

The Department of Commerce recognizes and embraces its responsibility to dismantle racist and discriminatory barriers to fulfill its public service mandate to ensure that all people have full access to opportunities to flourish and live healthy, successful lives.[3] In its efforts to become an anti-racist state agency, Commerce must recognize its participation in discriminatory and oppressive practices and its responsibility and ability to combat these practices.

The National Equity Project defines systemic oppression as oppression that "exists at the level of institutions (harmful policies and practices) and across structures (education, health, transportation, economy, etc.) that are interconnected and reinforcing over time."[4] These systems are not just economic; they also have significant social, political and cultural impacts. The cumulative and interconnected impacts of these oppressions are directly related to the historical design of present-day public and private services, including those provided by the Department of Commerce.

> **"Systemic oppression is systematic and has historical antecedents; it is the intentional disadvantaging of groups of people based on their identity while advantaging members of the dominant group (gender, race, class, sexual orientation, language, etc.) …"**
>
> — *National Equity Project*

The roots of systemic and structural oppression on the basis of race, ethnicity, religion, income, geography, disability and educational attainment, in addition to other factors, are inherent to the inception of the state of Washington and the country.

In 1889, 75 white land-owning men were elected to travel to Olympia as delegates to write the state's constitution – with no regard for the humanity, brilliance or representation of other communities. At least eight of Washington's 39 counties are named for enslavers or advocates of banning Black individuals from living in the Pacific Northwest altogether.

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[3] State of Washington Executive Order 22-02
[4] National Equity Project, Lens of systemic oppression

This historic and continued system of racialized and gendered hierarchy affected every facet of Washington state history – genocide, colonization, exploited labor, discriminatory housing practices, segregated schools, a racialized justice system, barriers to health care, inequitable public infrastructure, and much more.

While the state has worked hard to identify and dismantle overtly oppressive policies and practices, these systemic forces are so pervasive and so embedded in state government that they are often normalized and viewed as inevitable by the public. Some examples of policies and practices that perpetuate systemic oppression include those that:[5]

- Primarily rely on a scarcity mindset and competition to distribute limited resources
- Devalue relationship building and rely on transactional relationships
- Overemphasize institutional credentials while undervaluing other forms of social and cultural expertise
- Segregate services or programs in ways that are not reflective of community-driven or grassroots-led processes
- Prefer entities with prior experience
- Prefer entities with more access to resources and social capital
- Require use of dominant culture financial systems and mechanisms
- Build upon historical structures, mechanisms, or definitions that are rooted in structural racism
- Presume "one right way" of accomplishing a particular task
- Require dominant-culture forms of communication (such as written applications) while discrediting other types of communication (such as video narratives)
- Restrict accessibility to populations that do not speak, read or write in the dominant language
- Restrict accessibility to programs by structuring systems and communicating about those systems in bureaucratic and overly complicated methods
- Require historically disadvantaged communities to compete with historically privileged communities without accommodations to mitigate systemic disparities
- Obfuscate the role of power and influence of different actors in a process
- Reduce transparency in decision making
- Prioritize the product of a system while undervaluing the process by which it is completed

"During the 20th century, federal, state, and local governments systematically implemented racially discriminatory housing policies that contributed to segregated neighborhoods and inhibited equal opportunity and the chance to build wealth for Black, Latino, Asian American and Pacific Islander, and Native American families, and other underserved communities. Ongoing legacies of residential segregation and discrimination remain ever-present in our society. These include a racial gap in homeownership; a persistent undervaluation of properties owned by families of color; a disproportionate burden of pollution and exposure to the impacts of climate change in communities of color; and systemic barriers to safe, accessible, and affordable housing for people of color, immigrants, individuals with disabilities, and lesbian, gay, bisexual, transgender, gender non-conforming, and queer (LGBTQ+) individuals."

— President Joe Biden, 2021

Memorandum on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies

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[5] Although this content has evolved and been informed by many different leaders on equity and race, one early and primary source in this discourse is Tema Okun's "White Supremacy Culture" (1999).

To address these systems of oppression, we must first name those people who are most impacted and work intentionally to redress inequities for these populations, including but not limited to:

- Black, Indigenous and people of color (BIPOC) communities
- Tribal nations
- Immigrant and refugee communities
- Ethnic and religious minority groups
- Individuals with disabilities
- Low-income workers, including domestic workers and caregivers
- Migrant farmworker communities
- Single parents
- Rural communities and economically disenfranchised communities
- Individuals without formal educational attainment

The Department of Commerce recognizes that these systems of oppression continue today and that the agency perpetuates these systems through both overt and unintentional acts. Commerce employees commit to the difficult work of identifying how these oppressive practices and impacts show up in the agency, and to work collaboratively to advance equity (through both culture and policy) with urgency and determination.

Overview of the Department of Commerce

As the lead state agency charged with enhancing and promoting sustainable community and economic vitality in Washington, the Department of Commerce administers more than 100 programs and works with several state boards and commissions.[6] Commerce is the one agency in state government that touches many aspects of community and economic development: planning, infrastructure, energy, public facilities, housing, public safety and crime victims, international trade, business services, and more.

Additionally, Commerce plays a key role in advancing the governor's five key goal areas, as articulated by Results Washington,[7] including:

- World-class education
- A prosperous economy
- Sustainable energy and a clean environment
- Healthy, safe communities
- Efficient, effective and accountable government

Within Commerce's combined $7 billion 2021-23 operating and capital budget, $3.4 billion is dedicated to capital projects. In addition, Commerce's employment numbers are projected to rise, from 393 full-time equivalents (FTEs) in the 2019-21 biennium to 624 FTEs in the 2021-23 biennium. More detailed information on the historic scope and scale of Commerce programming can be found in the 2020 Agency Resource Book.[8]

History and evolution of Commerce

The Department of Commerce and Economic Development was established in 1957. Additional functions were added through the 1960s, 70s and 80s, including offices dedicated to economic opportunity, planning and community affairs, and community development. In 1994, after another cross-agency merge, it was renamed Department of Community, Trade and Economic Development (CTED). The name lasted until 2009, when it was renamed the Department of Commerce.[9]

Then, as now, CTED was a medium-sized cabinet-level agency charged with carrying out the state's executive and legislative priorities. Its mission was to "invest in Washington's communities, businesses and families to build a healthy and prosperous future."[10] Its original divisions closely reflect Commerce's external divisions today: Community Services, Economic Development, Energy, Housing, International Trade and Local Government.

CTED was dedicated to investing in Washington communities to "help communities become healthy, sustainable and vital."[11] As a pass-through organization, nearly 93% of CTED's funding in the 2005-07 biennium went directly into communities served.

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[6] Department of Commerce, https://www.commerce.wa.gov/about-us/
[7] Results Washington, https://results.wa.gov/measuring-progress and https://results.wa.gov/sites/default/files/AgencyUpdate.pdf
[8] Due to agency staffing limitations, the 2021 and 2022 Agency Resource Books were suspended. The 2023 Resource Book is in production.
[9] From internal historical documents, including Agency Resource Books and Discover Commerce all-employee meetings.
[10] 2005-07 Agency Overview (internal document)
[11] Ibid.

Before and during the Great Recession, which ran from roughly 2007-09, CTED's footprint grew to more than 160 programs, administered using federal, private, state and local resources. Then-Gov. Christine Gregoire envisioned CTED as the go-to agency for job creation support during the recession. From 2005 to 2009, CTED's overall spending nearly doubled, to almost $2 billion.[12]

In July 2009, the agency's name changed to the Department of Commerce. The name change was intended to clearly signal that the agency's mission was growing and improving jobs in Washington. The 2009 Legislature and Gov. Gregoire directed the agency to "streamline and reorganize the new Department of Commerce to be a more efficient and effective driver of economic development statewide."[13] Some programs were removed from Commerce's portfolio and added to the other agencies with closer mission alignment, and Commerce saw its overall focus narrowed to economic recovery and job growth.[14] Although Commerce's portfolio evolved in this time to focus on jobs and the economy, it remained divided into roughly the same five divisions.

The agency was reorganized several times in the following years. Its budgets and staffing levels fluctuated. In 2018 Commerce had four external divisions: Community Services and Housing; Energy; Local Government; and the Office of Economic Development and Competitiveness.[15] This kept the focus on economic development and jobs, while retaining other elements of strengthening communities, such as housing and clean energy.

Commerce's funding sources are historically diverse, with heavy investment from both the state and federal governments.[16]

Impact of COVID-19

The COVID-19 pandemic dramatically affected Commerce's mission and portfolio. Much of the agency's work shifted to focus on the emerging and ongoing crisis, with an emphasis on distributing support as quickly as possible. Specific to capital funding, this included emergency rental assistance, housing, foreclosure support, nonprofit support, small business support, and much more.

"The pandemic rocked everything within the agency; you can feel that it has changed. We got a big influx of resources coupled with incredible urgency. We couldn't talk in the hallway. We were all struggling personally. We are all still trying to learn and adapt to how the pandemic has impacted us."

— *Commerce team member*

Funding increased from the federal and state governments to address the pandemic, driving demand from local jurisdictions for technical assistance to understand funding requirements and quickly make investment plans. This sudden shift in demand required more staff capacity for Commerce at a time when families were navigating remote school and significant child and family care shortages. The shift to remote work, along with social and economic impacts of the pandemic, contributed to challenging hiring conditions, corresponding staffing shortages and experiences of burnout among team members.

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[12] 2006 Commerce budget review
[13] 2010 Agency Resource Book
[14] Ibid.
[15] 2018 Agency Resource Book
[16] 2020 Agency Resource Book

Despite these challenges, Commerce significantly expanded hiring, developed new programs, expanded internal capacity and rapidly addressed emerging needs across the state related to the COVID-19 pandemic. Commerce employees also initiated important equity reforms during this time, as described later in this report.

Looking forward

The agency's profile has grown recently, as the Legislature entrusted Commerce with $2.7 billion in the 2021-22 operating and capital budgets. More than half of these funds ($1.4 billion) are dedicated to capital projects.[17] More changes are coming to the agency's structure in the future. In 2022, Commerce Director Lisa Brown announced that Community Services and Housing would divide into separate divisions. That reorganization is underway and should be finalized within the biennium. After it is complete, Commerce will have five external divisions: Community Services, Energy, Housing, Local Government, and the Office of Economic Development and Competitiveness. In addition, Commerce will have three internal divisions to oversee the agency's internal practices, and the Director's Office, which oversees agency priorities and political activities. These changes occurred after the research process for this report began.

Commerce workforce

At the end of fiscal year 2022, Commerce had 476 employees and administered more than 150 programs across the state. The size and scope of the department has grown significantly in recent years, with a 65% increase in full time employees since 2017. Among Commerce employees:

- 76.3% identify as white
- 7.1% identify as Asian or Pacific Islander
- 6.5% identify as Latino, Latina or Hispanic
- 6.1% identify as Black
- 2.4% identify as American Indian or Alaskan Native (AI/AN)
- 7.6% identify as a person with a disability

In all, 22.1% of employees identify as BIPOC, representing a gradual increase in the diversification of Commerce employees over recent years (in 2017, 19.5% of Commerce employees identified as BIPOC). Despite this progress, the Commerce workforce does not accurately reflect the demographic makeup of the state. According to U.S. Census Bureau estimates, 66% of Washingtonians identify as non-Hispanic white, 10.8% identify as Asian American or Pacific Islander, 13.7% identify as Hispanic or Latino, 4.5% identify as Black or African American and 2% identify as American Indian or Alaska Native.[18] White people continue to be significantly overrepresented at Commerce.

> "It's all hands on deck. We are constantly writing job descriptions and interviewing. But applicant pools are smaller and candidates are getting multiple offers. We have to act quickly. We know we have a lot more we need to do to embed racial equity in our hiring practices."
>
> — *Human Resource employee*

Employees of color are unevenly distributed by age within the agency: No employees of color are represented among those who are less than 30 years old or older than 65.[19]

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[17] House 2021-23 Biennium Capital Budget Proposals, http://leap.leg.wa.gov/leap/budget/detail/2021/hc2123Bien.asp
[18] Census quick facts, https://www.census.gov/quickfacts/WA
[19] Washington Workforce Metrics Dashboard, https://ofm.wa.gov/state-human-resources/workforce-data-planning/washington-workforce-metrics-dashboard

With 2022 budget appropriations, Commerce, along with other state agencies, expects a significant need for additional staffing in an already-challenging labor market. In addition, human resources employees are focusing on supporting existing employees to address attrition and ensure employees feel valued and appreciated. With the agency's quick growth, employees are reporting high levels of stress and burnout.

Recent policy changes within state government have allowed Commerce to hire more fully remote workers, which enhances its ability to recruit and hire employees from underrepresented geographic regions.

Efforts to recruit, attract and retain employees of color and underrepresented identities are ongoing and include:

- Employee-led efforts to strengthen belonging, including a Black Caucus, LGBTQ Caucus, Disability Caucus and Veterans Resource Group
- Two human resources employees dedicated to cultivating diverse candidates for Commerce positions
- Support for initial discussions about standardizing employee screenings to evaluate and enhance cultural competency within the Commerce workforce
- Emerging efforts for coordination between human resources and the Director of Equity and Belonging to redesign hiring practices that will attract and place more diverse candidate pools
- Program-specific initiatives, such as practices led by the Housing Trust Fund to hire for 15 open full-time positions

Commerce data systems

As Commerce has rapidly grown and evolved, the data system needs of agency employees and the public has also significantly changed. In the 1990s and 2000s, Commerce's primary vehicle for data reports were spreadsheets focused on tracking payments and financials. Only a handful of employees managed the financial and accounting systems, with limited infrastructure, which focused on internal controls to prevent fraud and accurately track payments.

The agency adopted more sophisticated technology and moved spreadsheets online. In 2009, the initial accounting system expanded to include contract management functions, with a continued focus on financials. Commerce still should implement a comprehensive data system that tracks individual relationships or identity characteristics. Reporting functions remain primarily compliance-driven, with an emphasis on quantitative over qualitative metrics. While the original contract management system (CMS) has expanded to include program-level progress reports, these are only captured at the program level. There is no way to aggregate data across programs.

The rapid expansion of programming during the COVID-19 pandemic, coupled with civil rights uprising and expanded Black Lives Matter movement in the wake of George Floyd's murder, has accelerated and broadened data-related inquiries concerning Commerce's investments. Employees from Information Services acknowledge that the agency's outdated data systems are a significant barrier to evaluating who is served by Commerce investments and the impact of those investments.

"People rightfully want to see the impact of how this money was used. They want to understand the outcomes. All the metrics people used to ask for were quantitative, not qualitative. It's harder to tell the qualitative story, and our tools aren't designed to capture these stories."

— *Information Services employee*

Information services employees also identified significant culture and inter-governmental challenges to the development and adoption of an improved data system. Staff are working to clarify agency-level

strategic data goals across all programs while awaiting agency planning guidance to implement the HEAL Act. Historically, Commerce has had a strong program-level culture that inhibits agency-wide integration of programs. For example, without a robust central data tool, independent programs collect and define demographic and outcome data on their own, resulting in varying metrics and practices across the agency.

Awards processes

Each program or unit within Commerce has its own funding notification process, timeline, review process, rubrics, scoring, award communication, and other steps. The federated nature of award processes mirrors the siloed nature of many programs in Commerce, reflecting its origins as a small collection of programs that typically developed via independent statute or budgetary decision, often with particular stakeholders in mind. As the number of these unique programs has grown within the agency, the number of complex and inconsistent program components has made it increasingly difficult to provide overarching infrastructure support. Commerce leadership and staff also respect and value the unique components of these programs, requiring a careful balance of standardization versus program-level design flexibility.

Contract management employees recently led efforts to identify high-level standardization of award processes, beginning with the development of suggested competitive process template documents in 2019. Employees developed 10 suggested template documents but have not required their use, balancing a desire for uniformity with the need for programs to have autonomy to work nimbly. This variety in award processes across programs makes it more difficult for Commerce to provide transparency and accountability to the public. It also leads to confusion for award seekers hoping to prepare applications with limited advance knowledge of the different contracting processes in each department.

As a result, potential applicants to Commerce programs must navigate different notification of funding forms, application terms, timelines, information collection processes, application review processes, scoring rubrics and award notification methods. Employees interviewed for this report frequently said some version of "We move at the speed of funding," indicating a sense that every unit must work as fast as possible to get investments out the door. This sense of urgency (and the corresponding short application windows) can be detrimental to smaller and BIPOC-led organizations, which may not have the capital or capacity to submit applications in short time periods.

Concurring agency-wide equity initiatives

The Capital Grants Equity Review coincides with several equity initiatives already in motion within and across the agency, providing an important opportunity for shared learning and collaboration to drive equity outcomes. This is not only an external effort. As the agency works toward a more just and equitable future, it is undertaking other internal initiatives in tandem with the external work. Some examples of those efforts follow.

Strengthening internal cultural competency and accountability

In January 2022, the agency hired its first Director of Equity and Belonging, intentionally shifting the makeup of the leadership team to ensure a high level of oversight, accountability and innovation in driving equitable practices both internally and externally across the agency's programming. The Human Resources unit, in partnership with the Director of Equity and Belonging, is launching an effort to strengthen cultural competency across the agency, beginning with leadership and management roles and cascading into all levels of the organization.

The agency is also working to embed cultural competency learning and accountability. This effort is led by the Director of Equity and Belonging in partnership with the Governor's Office of Equity and begins with the

Executive Leadership Team. It will cascade throughout the rest of the agency over the coming year. While this agency-level undertaking is in its formative stages, many programs have already taken steps to embed equity in their work. There is a high degree of momentum and commitment from agency leadership to drive cultural change across the entire agency.

Advancing belonging and inclusion for Commerce employees

To strengthen Commerce's internal equity and belonging efforts, employees launched internal Black and Disability caucuses to create safe spaces to discuss employee experiences and initiate equity and inclusion efforts. Commerce leadership and program employees regularly attend regional and national equity-focused trainings and events, including the Government Alliance on Race and Equity (GARE) conference in spring 2022. Expanding from an initial equity book club in the summer of 2020, and in concert with the implementation of the Healthy Environment for All (HEAL) Act, the Commerce Equity Reading Group discusses select equity publications and tools, and consider potential implications in Commerce programming.

Strengthening tribal partnerships

The Department of Commerce recognizes that tribal communities have been stewards of the geographic area including Washington state since time immemorial. To develop, strengthen and maintain positive government-to-government relationships with tribal partners, the agency continues to invest in tribal-specific engagement efforts. These include a full-time Tribal Liaison, tribal-specific events, a Tribal Resource Group to support employees working with tribes, and curated resources and opportunities for tribal partners.

Community Engagement team

The Community Engagement Team's six members live in the regions they serve and have expertise regarding leaders and influential organizations in their communities. The team has grown from three to six engagement specialists since 2020. As part of the larger Community Engagement and Outreach team that develops and implements equity-focused policies and initiatives, engagement specialists focus on proactively connecting historically underserved communities to a variety of programs within Commerce.

This proactive engagement originates from an understanding of historically excluded communities across all regions of the state. Engagement specialists work to deepen their knowledge of these systemic impacts and initiate authentic, long-term relationships with key leaders and organizations, working to remove barriers to access, address program questions, and support new entities in seeking Commerce funding.

As key liaisons, community engagement employees also support program staff in raising awareness about opportunities that are region-specific or intended for specific populations.

Figure 1: Commerce Community Engagement Team

Communications team

The Department of Commerce's Communications team has grown significantly since 2020. Three new positions were added in 2021, and one position was divided into two different positions, for a total gain of four FTEs since 2020. There are now seven full-time employees in the unit, where there were previously three. There is a dotted line connection to the Policy team. The Communications team is in the Director's Office and supports the entire agency.

Among other responsibilities, the Communications team manages the agency's GovDelivery external email platform, its Medium storytelling page and all social media accounts. GovDelivery, press releases and social media announcements are used for funding opportunity notifications. With the expanded team, there is an increased focus on external storytelling and community engagement on social media and other communication platforms. There will be an enhanced focus on social media outreach, including for funding opportunities, as well as intentional storytelling on equity across Washington.

The team is currently streamlining its own processes to ensure that important opportunities for the people of Washington aren't missed. The team includes the director, media relations manager, digital content manager, visual communications manager, website manager, publications manager, and digital content producer and writer.

Advancing inclusive language

Commerce's Inclusive Language Guide was developed to ensure that all communication across the agency be respectful of people and their experiences, inclusive of all identities, and plain and universal so

communications can be easily translated and understood by the broadest audiences possible. It was released to the agency in late 2021 and its use is being codified into agency practices and norms. This guide is the beginning of a larger effort to make Commerce's content understandable by, and emphatic to, all communities in the state. Its use will also help ensure that all programs are using consistent language and terminology when working with communities.

Expanding digital access in Washington

Commerce, through the recently established Washington State Broadband Office, is working to ensure that all Washington residents have access to affordable, reliable, redundant and scalable/futureproof broadband technologies. As the COVID-19 pandemic led to rapid expansion of internet-based communication, reliable internet increasingly dictated residents' access to education, employment, health consultation and social connection. This cultural and technological shift illuminated the equity impacts of the digital divide in new and stark ways.

In 2019, an estimated 8.6% of all households (252,489 households) in Washington did not have an internet connection.[20] People without reliable or fast home broadband can face significant challenges in looking for, applying and performing jobs. An increasing number of job applications require job seekers to submit documents via an online portal, and many employers are abandoning office space and electing to become remote workplaces. A recent study by the Pew Charitable Trusts found that, even when controlling for socioeconomic factors, "students with no home internet access, slow home internet access, or cell-only access had approximately half a letter grade lower overall GPA than students with fast home internet access."[21] Barriers to digital access thus have direct financial, social, educational and health consequences for communities that already experience other forms of isolation.[22]

In response to this need, the Washington State Office of Equity and the Washington State Broadband Office convened a Digital Equity Form, which includes representation by tribal governments, underserved and unserved communities (including historically disadvantaged communities), state legislators, and state agencies. The Digital Equity Forum is holding community listening sessions for individuals across the state to identify needed resources or support to strengthen digital access in their communities. By January 2023, the Digital Equity Forum plans to develop recommendations for the Legislature.[23]

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[20] AWB Institute, Households without internet, https://www.awbinstitute.org/indicator/households-with-internet/
[21] Pew Trust, What COVID-19 Underscores About How Broadband Connectivity Affects Educational Attainment, https://www.pewtrusts.org/en/research-and-analysis/articles/2020/12/08/what-covid-19-underscores-about-how-broadband-connectivity-affects-educational-attainment
[22] Pew Research Center, Lack of broadband can be a key obstacle, especially for job seekers, https://www.pewresearch.org/fact-tank/2015/12/28/lack-of-broadband-can-be-a-key-obstacle-especially-for-job-seekers/
[23] Department of Commerce Digital Equity Forum, https://www.commerce.wa.gov/building-infrastructure/washington-statewide-broadband-act/digital-equity-forum/

Equity initiatives across state government

This capital grants equity review overlapped with a number of equity initiatives beyond Commerce that might have direct or indirect impacts on Commerce programming and opportunities for shared learning. While there are many examples, some key equity efforts are considered here.

Healthy Environment for All (HEAL) Act

The Healthy Environment for All (HEAL) Act, which passed in 2021, represents a historic step toward eliminating environmental and health disparities among communities of color and low-income households. As the first law in Washington to create a coordinated state agency approach to environmental justice, it is positioned to drive significant equity improvements. The law explicitly directs activities for seven state agencies: the departments of Commerce, Health, Agriculture, Ecology, Natural Resources and Transportation, as well as the Puget Sound Partnership. Other agencies can opt in. The HEAL Act builds on and implements some key recommendations from the Environmental Justice Task Force.

Although the HEAL Act is a state-wide effort, its implementation begins at Commerce and includes cultural change. Commerce has a draft HEAL outreach plan and the agency is preparing to begin its implementation once the document is approved.

Office of Equity

The Washington State Office of Equity was established to "promote equitable access to opportunities and resources that reduce disparities and improve outcomes statewide across state government."[24] Following the appointment of Dr. Karen Johnson, the Office of Equity developed Washington's five-year equity strategy. As the Office of Equity continues to grow its staff and codify cross-agency practices and accountability metrics, Commerce anticipates a high level of engagement and coordination towards shared equity goals.

Pro-Equity Anti-Racism (PEAR) Strategic Action Plans

As a result of the expansive community engagement efforts led by the Office of Equity, Gov. Inslee signed Executive Order 22-04 on March 21, 2022.

This executive order directs state agencies to develop, implement and embed a Pro-Equity Anti-Racism (PEAR) Plan, using a five-step process that "blends numerical data and descriptive, community narrative data to inform agency planning, decision-making, and implementation of actions that achieve equitable access to opportunities and resources that reduce disparities and improve equitable outcomes statewide."

The Department of Commerce, along with all state agencies, must prepare and submit a PEAR Annual Performance Report to the Office of Equity by Sept. 1, 2023.

Outlined in the executive order are statewide determinants of equity that Commerce will focus on. Eliminating disparities within determinants of equity will help produce better outcomes for people and a Washington where all can thrive:

- ◯ Economic justice
- ◯ State and local practices

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[24] RCW 43.06D.020

- Jobs and job training
- Justice systems and laws
- Health and human services
- Food systems
- Access to parks, recreation and natural resources
- Healthy built and natural environments
- Community and public safety
- Transportation and mobility
- Community and economic development
- Housing and home ownership
- Early childhood development
- Education
- Digital access and literacy

Department of Children, Youth, and Families early childhood equity grants

One notable recent equity shift in public programs is the co-construction of program application processes along with underserved communities. One potential model is the recently launched Early Childhood Equity Grant by the Department of Children, Youth and Families (DCYF), which included both internal DCYF staff and impacted community members in the co-design of an application process. This grant program is intended to provide "direct funding to the early care and education community and parent support programs, with a priority placed on BIPOC providers and providers serving BIPOC children."[25] The grant requires that funds "advance and inspire practices that promote inclusive and culturally responsive learning, environments, and enhanced language access." The grant program launched in the summer 2022 with initial application review in fall 2022.[26]

Comprehensive equity review by the Recreation and Conservation Office

In tandem with this equity review of Commerce capital grants, the Legislature also directed the Recreation and Conservation Office (RCO) to conduct a comprehensive equity review of state recreation and conservation grant programs administered by the agency. While the RCO's program scope (35 grant categories) is considerably smaller than the Department of Commerce, its programs have benefitted from collaboration about feedback from engagement sessions, identification of equity barriers and corresponding recommendations, and analysis of statewide investment mapping (particularly related to data from the University of Washington-led Environmental Health Disparities Map Project). Commerce and RCO employees intend to continue this collaboration and information sharing beyond these equity reviews to strengthen equity practices.

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[25] DCYF Early Childhood Equity Grants
[26] Ibid.

Approach: Decision to focus on three key programs

In interpreting the Legislature's directive for a Capital Grants Equity Review, the agency considered how best to implement a meaningful review given the scale and structure of the agency's programming.

The Capital Equity Review directive incorporated elements of the RCO's undertaking. As a significantly larger and more complex agency, Commerce's goal was to conduct a process with meaningful stakeholder engagement that would inform practices in the agency's more than 100 programs.

This review focuses on three major programs in three different agency divisions. With a narrow focus on programs that can serve as representatives of the overall agency, Commerce staff were better able to productively review programs and interpret lessons. Commerce plans to apply this learning all of its programs to improve equity across the agency.

The three programs are:

- The **Housing Trust Fund (HTF)**, within the Multifamily Housing Unit
- The **Building Communities Fund (BCF)**, within Community Capital Facilities (CCF)
- The **Electrification of Transportation Systems Program (ETS)**, within the Clean Energy Fund (CEF)

A variety of factors drove the decision to focus on these three programs, including:

- Broad applicability of changes in these programs to other programs administered by Commerce
- Identifying the most significant opportunities to improve effects and outcomes for the most vulnerable and historically oppressed communities
- Driving meaningful change toward a deeper analysis of program processes and impacts
- Reflecting the diversity of Commerce programming in terms of size, scope, tenure, award mechanism, existing statutory flexibility and opportunity for innovation
- Potential to explore future collaboration and integration with the implementation of the HEAL Act, which will drive equity coordination across state agencies

While in-depth analysis of every Commerce program may not be possible in the short term, Commerce intends to extend the lessons learned and recommendations from this report to guide the agency in assessing, learning, and re-designing its equity efforts. Ultimately, more equitably designed Commerce programs will lead to a more equitable future for Washingtonians.

Overview of highlighted programs

The Housing Trust Fund, Building Communities Fund and Electrification of Transportation Systems Program are capital infrastructure programs with competitive application processes that use specified criteria and collaborative scoring (except for some directly appropriated funds for the HTF).

While the aims of these three programs differ, the equity review found a high degree of alignment in the identified barriers to equity at all stages of each program's design and implementation.

A high-level summary of each program's purpose, primary service, funding source, start date and funds distributed to date follows:

Program	Purpose	Primary service	Funding source	Start year	Funds distributed
Housing Trust Fund (HTF)	To strengthen communities through affordable housing	Provides capital financing in the form of loans or grants to affordable housing projects	Biennial appropriations by the Legislature in the capital budget	1986	$1.5 billion
Building Communities Fund (BCF)	To strengthen communities through community and social service capital projects	Grants 25% matching fund reimbursement to nonprofit organizations for acquiring, constructing or rehabilitating facilities used for the delivery of social or health services	Financed through the sale of state bonds	2008	$128 million
Electrification of Transportation Systems (ETS)	To strengthen communities through expanded electric vehicle charging infrastructure	Provides grants to local governments, tribal governments and retail electric utilities for electric vehicle charging infrastructure	Non-statutory grant through the Clean Energy Fund (CEF)	2020	$9.8 million

Additional information about each program, including eligibility requirements, follows in this report and in related appendices.

Equity review and engagement methodology

As a large, complex and federated agency, Commerce undertook this equity review understanding the need for both agency-wide and program-specific activities. Led by the Director of Community Engagement and Outreach, this process also sought to acknowledge the ongoing equity work occurring within each of the three programs examined.

Representatives from the three identified programs participated in this equity review. In addition, the Community Engagement and Outreach unit contracted with an independent consultant to support facilitation of the review in coordination with a representative committee of Commerce employees and leadership. This process included:

- Use of the Government Alliance on Racial Equity (GARE) Toolkit to support the design and implementation of the review
- Developing grounding equity principles to help guide and prioritize the review
- Review and integration of existing program-level equity initiatives and related staff observations and feedback
- Comprehensive quantitative data analysis from available program data and key contacts

Broad qualitative data collection and analysis from 264 participants representing 164 organizations While not systemically applied by all programs, elements of the Government Alliance on Racial Equity (GARE) Toolkit informed key questions and inquiries in Commerce's engagement with communities and internal employees. The GARE Toolkit is a shared framework for inquiry to streamline these efforts. It is a nationally recognized

tool designed to develop strategies and actions that reduce racial and other inequities and improve outcomes for all communities.

The GARE Toolkit includes six key steps:

- ⭘ **Proposal**: What is the policy, program, practice or budget decision under consideration? What are the desired results and outcomes?
- ⭘ **Data**: What are the data? What do the data tell us?
- ⭘ **Community engagement**: How have communities been engaged? Are there opportunities to expand engagement?
- ⭘ **Analysis and strategies**: Who benefits? Who is burdened? What strategies might advance racial equity? How will the agency mitigate unintended consequences?
- ⭘ **Implementation**: How will these strategies and recommendations be implemented?
- ⭘ **Accountability and communication**: How will we ensure accountability and communicate and evaluate results?

Grounding equity principles

Through this equity review process, employees, with the support of an independent consultant, built on the GARE Toolkit to identify and implement the following equity principles to guide this work:

- **Proactive engagement and relationship building with those most affected:** Beyond the identified commissions and workgroups in the proviso, this comprehensive review includes direct feedback from impacted communities, developed through intentional and proactive relationship building.
- **Participatory design:** To the degree possible, given time and capacity constraints, this review engaged community members and agency employees to build solutions collaboratively with ongoing feedback.
- **Humility and transparency over defensiveness:** As an agency with significant staffing and capacity constraints, this review may cause defensiveness or overwhelm for employees who feel they are doing their best with limited capacity. The commitment to lead with humility and transparency is rooted in a shared belief that collectively we can make significant progress on equity, and we must begin by acknowledging that we have not yet done enough.
- **Process over product**: While this equity review will result in a final report to the Legislature, Commerce's focus is the long-term process of building equity practices, capacity and inquiry within the agency. This work is ongoing and requires sufficient community engagement, participation and co-creation to advance equity meaningfully.

Data analysis

Data analysis relied upon coordination with employees in each of the three programs (HTF, BCF and ETS) and the Department of Commerce's Information Services team. Dedicated Information Services' time was allocated to organize and analyze relevant data from the three programs to provide greater transparency about recipients of Commerce capital funding. These data included content from applications (both awarded and not awarded) and grantee progress reports.

Employees also used the following resources (among others cited) in their data analysis for this report:

- Washington Environmental Health Disparities Map
- 2020 Annual Census Data on Washington state
- Pew Research Center's Religious Landscape Study

- Washington Nonprofit's Report: [The Nonprofit Experience with Government Contracting: Challenges & Recommendations](#)
- [State of Washington Disparity Study 2019](#)

Employees used comprehensive interactive mapping technology through a contract with ArcGIS, which is intended as a precursor for a long-term data dashboard that can provide accountability and transparency for Commerce's equity goals.

Community engagement

Commerce proactively designed and implemented a qualitative engagement process to seek out, learn about, and verify the experiences of community representatives to inform the foundation of this equity review. This process was an informative and relationship-driven engagement that illuminated the complexity of barriers that entities experience when navigating Commerce programs.

This process included conversations with advocates, community leaders, nonprofit organizations, Commerce employees and public entities with a broad range of interactions, including one-on-one discussions, small groups, large feedback sessions and anonymous polling/surveys. Stakeholders were asked to consider the most significant barriers to participation and to develop ideas to overcome those barriers, particularly in the context of increasing participation among more racially, ethnically and geographically diverse communities in Washington.

> **"I really appreciated that Commerce provided a tribal-only space for this conversation. As a native person I'm constantly having to explain to people how our sovereignty is different."**
>
> — *Engagement session attendee*

Commerce employees and key community liaisons sent invitations to community engagement session by email and phone outreach to the following groups:

- Past applicants to Commerce capital programs whose applications were not funded (that is, unsuccessful applicants)
- Currently and formerly funded applicants of Commerce capital programs
- Tribal government representatives in coordination with the Tribal Liaison
- Program-specific advising groups and stakeholders
- Cross-program community contacts, including grantees of other Commerce programs beyond HTF, BCF and ETS
- Key state commissions and offices representing the interests of historically and continually oppressed communities in Washington, including those directly listed in the [proviso](#).
- BIPOC leaders across the state, including members of the Communities of Concern Commission
- New contacts representing under-represented communities in Washington (identified proactively through engagement team research)

In this engagement, Commerce employees recognized the inherent power dynamics as a funder requesting feedback from communities seeking financial support. Commerce employees attempted to mitigate these dynamics by:

- Leading with an acknowledgment of ongoing equity barriers and shortcomings within the agency
- Naming the relevant power dynamic and stating the agency's intention to engage with humility and openness to critical feedback
- Explicitly naming Commerce's historical and continued complicity in inequitable distribution of public funding

- Having key commission leaders and liaisons (Commission on African American Affairs, Commission on Hispanic Affairs, Commission on Asian Pacific American Affairs and the Washington State Women's Commissions) convene and host community members on behalf of Commerce instead of asking community members to come to the agency
- Strengthening key relationships with community members acting as key connectors, expanding a sense of safety for participants to share their experiences more authentically
- Designing some sessions to be community- or identity-specific spaces to ensure that BIPOC voices and experiences were centered
- Providing opportunities for anonymous feedback, including broad surveys and live polling during Zoom engagement sessions

Commerce employees did not identify all of the participants engaged in these discussions, out of respect for the preferences of some of its partners to not record or collect attendees' information. In all, Commerce heard from 264 participants representing 164 organizations during engagement sessions. Conversation topics included the initial identification of equity barriers and solutions and discussing the opportunities, challenges, and potential unintended consequences of potential recommendations. More information on participating organizations is available in Appendix A.

While all commission representatives indicated an interest in engaging in the implementation efforts related to this equity review, some indicated that they did not have the capacity to participate in all aspects of the initial community engagement efforts. Commerce leadership will continue to proactively engage with key commissions and entities as the agency clarifies and refines its equity efforts.

The community engagement sessions and conversations provided vital qualitative data that are the foundation of the key barriers and recommendations in this review. Commerce ensured that the sessions were relationship-based and multi-step, returning to conversations to test and verify feedback to ensure that communities' input was accurately reflected in this review and in the corresponding recommendations.

Internal agency engagement and capacity efforts

In addition to expansive community engagement efforts to drive Commerce's understanding of barriers to equity in its capital programs, Commerce staff facilitated internal agency sessions to share feedback and specific recommendations identified in external outreach. These internal conversations attempted to center feedback from BIPOC communities, drive awareness of implicit bias, and recognize potentially discriminatory practices.

While employees were invited to provide feedback on administrative and programmatic challenges to advancing initial equity recommendations, community feedback was prioritized over feedback from internal partners.

Housing Trust Fund

The Housing Trust Fund (HTF) is the largest of three capital financing programs within the agency's Housing Finance Unit. Created in 1986 (RCW 43.185 and 43.185.A), the Legislature declared it was in the public interest to establish a continuously renewable resource to assist low- and very low income residents in meeting their basic housing needs (in the form of loans whenever feasible).

HTF's mission is to strengthen communities through affordable housing. HTF provides capital financing in the form of loans and grants to affordable housing projects through annual competitive application cycles. The Legislature provides funding via biennial appropriations in the capital budget. To date, the HTF has invested over $1.5 billion to develop or preserve more than 55,000 units of affordable housing in Washington.

Of the three organizations highlighted in this equity review, the HTF is the largest and most complex.

The HTF's leading strategic priority is equity: "Consciously confronting bias in the housing system, public policy, and interpersonal relationships. Actively promoting efforts to counteract and address historic patterns of racism and their continued impact today. The team will focus efforts on reducing intergenerational poverty and empowering communities."[27]

The HTF also specifically identifies relationships as a priority: "Makes intentional efforts to improve relationships with partners in public and private sectors, including within the agency. Seeks to create new methods of inclusion and communication. Recognize the alignment we have with partners and work to grow implementation capacity of the state as a whole."[28] A full list of the program's priorities is included in the Housing Trust Fund Vision and Strategic Priorities document.

Eligibility and criteria

A significant number of complex statutory criteria[29] affects the distribution of the HTF's investments and the eligibility of applicants. These include but are not limited to:

- Highest prioritization for applications utilizing privately owned housing stock; secondary prioritization for projects utilizing publicly owned housing stock (RCW 43.185.070)
- Preference for applications based on some or all of the criteria listed in RCW 43.185.070

For the purposes of this equity review, some of the most impactful statutory requirements concern:
- The leveraging of other funds
- Recipient contributions to total project costs
- Prioritization for projects that demonstrate probability of serving residents for at least 25 years
- Allocation of at least 30% of funds in rural areas[30]

In addition, in each capital funding budget, the Legislature sets parameters for the HTF. In the past 10 years, allocations for capital investments have grown to produce housing, but minimal resources were reserved for the purpose of providing technical assistance and paying administrative costs for eligible community or neighborhood-based organizations.

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[27] Housing Trust Fund Vision and Strategic Priorities
[28] Ibid
[29] More information is in The Housing Trust Fund Handbook
[30] While there is no official definition for "rural" in the Department of Commerce, many people use this.

Prioritized populations

The Legislature acknowledges that housing assistance programs have often failed to help those in greatest need. It directly names a variety of prioritized populations in statue, including "minorities, rural households, migrant farmworkers, mentally ill populations, recovering alcoholics, frail elderly persons, families with members who have disabilities, and single parents."[31]

Application review process

HTF program employees review applications for funding using the criteria, priorities and preferences outlined in statute. In the "spirit of responsible stewardship of public funds," the HTF also considers the following factors in its review of applications:

- Cost reasonableness
- Financial feasibility
- Readiness
- Applicant's experience and capacity to develop and manage the project
- Ability to provide appropriate services, if applicable

To encourage a diversity of projects and minimize barriers to entry for rural and other entities, the HTF compares projects of similar type, activity, size and geographic location to determine cost reasonableness to each other as follows:

- Project type: Rental, shelter or home ownership
- Activity: New construction or rehabilitation
- Size: Small (1-25 units), medium (26-100 units), or large (more than 100 units)
- Location: King/Pierce/Snohomish counties, other metro areas, non-metro (rural)

Additional context

Across the United States, there are more than 800 Housing Trust Funds at the city, county and state levels generating more than $2.5 billion a year to support critical housing needs. HTFs are typically distributed through a competitive process and are combined with multiple sources of funding, such as Community Development Block Grants, Low Income Housing Tax Credits (LIHTC), or the HOME Investment Partnerships Program (the largest federal block grant provided to state and local governments). Most affordable housing financing deals involve a mortgage, tax credits and at least two other sources of funding. It is not uncommon for developers to rely on at least 10 different housing financing sources to fill the gap between building costs and HTF funding.

Reliance on many different funding sources creates an overwhelmingly complex process, further complicated by a lack of standardization in funding timelines, application processes and restrictions. This complexity is especially impactful in a competitive housing market where developers need to move quickly to acquire land or property; instead, applicants report that they are often waiting for years to secure funding from multiple sources on different timelines. While Washington works to coordinate HTF processes with public and federal funders, the state retains little control over the development process, including zoning and land use boards and private market actors.

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[31] RCW 43.185.010, Housing Assistance Program

Program-level equity review

Prior to this agency-wide equity review led by Community Engagement and Outreach team, the HTF began a program-specific review in spring 2021. Its review focused specifically on this question: "To what extent are affordable housing projects funded by the Housing Trust Fund meeting the housing needs of all races and ethnicities?" This was prompted by program staff independently of agency-wide efforts.

This external review was led by the Washington Low Income Housing Alliance and was staffed by a team of graduate students from the University of Washington's Evans School of Public Policy and Governance. It included a brief literature review and initial research concerning affordable housing policies and initiatives in Washington. More information HTF efforts is available in Appendix B.

The report explored four questions:

- Do the screening criteria used by agencies funded by the HTF impact all races and ethnicities equitably?
- What are other HTF programs across the country doing to ensure that individuals from all ethnic and racial backgrounds benefit from affordable housing?
- Does the Web-Based Annual Reporting System (WBARS) track key data on race and ethnicity to enable the Department of Commerce to determine whether projects funded by the HTF meet the housing needs of all races and ethnicities?
- What is the profile of the organizations awarded HTF funds in the last 12 years?

Some of the report's key findings included:

- Barriers to racial equity exist in common screening criteria used by HTF grantees, including the use of criminal history and financial requirements to determine eligibility for housing.
- Statewide, Black households are overrepresented in HTF homes compared to similar income levels in the general population. More than 88% of all Black households living in HTF homes are in King or Pierce counties.
- Native Hawaiian and Black households have larger household sizes upon move-in and tend to occupy units with more bedrooms than white households, yet three-bedroom, four-bedroom and five-bedroom units are the least abundant.
- Significant gaps in data collection and tracking exist with regard to indicators of racial equity.
- Nationwide, other jurisdictions with HTF funds have created promising tools to track and address racial equity in their HTF policies.
- Black, American Indian and Alaska Native (AIAN), and Native Hawaiians or Other Pacific Islanders (NHOPI) are more impacted by homelessness than white individuals in Washington.[32]

Based on these findings, the report recommended the following actions by the Housing Trust Fund:

- Conduct a policy analysis of screening criteria and best practices
- Conduct Racial Equity Impact Analyses
- Identify deficiencies and create a demographic data tracking system
- Revise and reframe the language of the HTF guidelines and applications

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[32] 2018 Washington State Health Assessment, Department of Health

HTF staff received the final report in June 2022 and are planning programmatic improvements including:

- Continued expansion and refinement of early demographic data collection efforts from end users of capital projects. HTF has collected aggregated race and ethnicity data by project since the early 2000s and recently expanded this data collection to include household level data. Starting in 2022, HTF can report on the racial and ethnic demographics of occupants of HTF-funded housing by geography.
- Ongoing participation in equity-focused engagements across Commerce and dedicating resources to outreach, engagement and data analysis efforts to advance equity.
- A policy analysis of tenant screening criteria and best practices for owners of affordable housing and property managers. The HTF seeks to ensure that managers use affirmative and inclusive practices and are not using biased screening tools such as credit and criminal records.
- Future revisions and reframing of the language of HTF guidelines and applications, with an explicit emphasis on addressing racial bias.

In August 2021, HTF hosted a BIPOC-focused feedback session to learn more about the barriers BIPOC-led organizations experience in navigating HTF funding processes. HTF also conducted a comprehensive assessment of barriers to homeownership to inform future program priorities. The HTF actively monitors HTF-funded properties for compliance with Fair Housing standards. Recently, the HTF team launched an equity workgroup charged with identifying relevant resources and practices to strengthen employee cultural competency and continued learning.

Building Communities Fund

The Department of Commerce has administered the [Building Communities Fund (BCF)](#) since 2008, granting 25% matching funds to nonprofit organizations and tribes for acquiring, constructing or rehabilitating facilities used for the delivery of social or health services. Qualified community and social service capital projects must be located in distressed areas[33] of the state and deliver nonresidential community services, such as social service centers and multipurpose community centers, including those serving a distinct or ethnic population.

The BCF program is financed solely through the sale of state bonds and has awarded more than $128 million since its inception, along with leveraging more than $660 million in non-state funds to complete 165 projects throughout the state.

Eligibility and criteria

BCF projects must: [34]

- Be a non-residential facility
- Consist of acquisition, construction, or rehabilitation of a facility used to deliver community services (social service and multipurpose community centers), including those serving a distinct or ethnic population
- Be in a distressed community or serve a substantial number of low-income or disadvantaged persons

BCF applicants must meet the following eligibility standards when the application is submitted:

- Be registered in 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
- Have made substantial progress in an active capital fundraising campaign dedicated to the project[35]

In addition, qualified applicants must demonstrate a series of benchmarks. Most notably for this equity review, this includes:

- The project must be ready to proceed and demonstrate timely use of funds.
- 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.
- The project is a community priority as shown through tangible commitments of existing or future assets made by community residents, leaders, businesses and government partners.[36]

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[33] A distressed community is defined as: A county that has an unemployment rate that is 20% above the state average for the immediate previous three years; An area within a county designated as "eligible" under the U.S. Department of the Treasury's Community Development Financial Institution Fund's New Market Tax Credit program; or a school district in which at least 50% of local elementary students receive free and reduced-price meals.

[34] To qualify as serving a "substantial number of low-income or disadvantaged persons" applicants must demonstrate that at least 40% of service recipients are at or below 200% of the U.S. Department 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.

[35] Projects that are complete or do not need state fund to be complete are ineligible.

[36] [BCF Grant Guidelines 2021-2023](#)

Prioritized populations

BCF projects must be located in a distressed community or serve a substantial number of low income or disadvantaged people. To qualify as serving "a substantial number of low-income or disadvantaged persons," applicants must demonstrate that at least 40% of service recipients are at or below 200% of the U.S. Department 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.[37]

Application review process

The BCF application review process is multi-step and includes:

- Strictly observed application deadlines, to the minute, and precise and inflexible requirements for application completeness.
- Employees review applications for eligibility and completeness, and only forward eligible, fully complete applications to the BCF advisory board.
- Application review by the BCF advisory board, made up of volunteers with demonstrated expertise in funding, administering, or advocating for social service organizations (including grant officers from major foundations), which develops a ranked list of qualified eligible projects.
- Selected applicants are invited to provide voluntary testimony to the Advisory Board concerning the content of their applications.
- Upon selection, the advisory board forwards its recommendations, as a prioritized list of projects, to the Director of the Department of Commerce. If approved, the projects receive direct appropriations via the agency's biennium budget request, which is submitted to the governor's budget office.

Additional context

BCF guidelines include many other components, including:

- Consistent with other Commerce programming, funds are available on a reimbursement-only basis and cannot be advanced under any circumstances
- BCF grants may be used to pay up to 25% of a project's costs but cannot be used to match any other state grants (other state funds can therefore not be included in BCF grant application project budgets)
- Mixed-used projects (such as retail or apartments combined with community spaces) could be eligible for funding; however, the BCF grant portion can only fund the capital costs of the eligible community project space
- The state's contribution may exceed 25% under "exceptional circumstances," such as natural disasters, threats to public health or safety, or situations where a local community can quantifiably demonstrate they exhausted all possible fundraising efforts

Program-level equity review

The Building Communities Fund was the subject of a proposed bill that sought to drive more equitable outcomes in capital infrastructure by changing the state match required for BCF projects (HB 1154, 2021). While the BCF team was very interested in examining the potential for greater equity, employees were concerned about the lack of community input into this proposed change.

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[37] Ibid

This concern about broader community input sparked an important conversation and request from BCF employees to initiate a more comprehensive equity review process, leading to dedicated funding for these efforts and hiring of a key management analyst employee to focus on equity and engagement to facilitate this BCF-specific process. The internally initiated BCF review informed this greater agency-wide equity capital review.

In 2021, Commerce staff facilitated a series of listening sessions with 12 nonprofits and the BCF Community Action Board as part of the BCF program's continuous improvement efforts. The listening sessions identified many needs, including new methods to reach communities and groups unaware of BCF grant funding opportunities, with particular attention to tribal governments and people of color. In 2022, the Building Community Fund Outreach Tool project was launched in response to the 2021 listening sessions.

Before the project started, BCF had existing relationships with approximately 138 organizations and tribal governments. During the project, BCF and Research Services staff worked with 172 individuals (163 organizations) and three tribal governments through a combination of a survey and five virtual workshops. Between March and April of 2022, the ad hoc group of staff and stakeholders:

- Identified and mapped more than 38,000 organizations across the state of Washington
- Identified and mapped more than 1,200 potential BIPOC and By and For community-based organizations in the ESRI GIS BCF Outreach Tool
- Collaborated with 112 individuals (109 organizations) in two-way communication throughout five workshops to develop the BCF Tool and identify barriers, needs, and solutions to outreach and engagement
- Defined principles for community outreach and engagement and accountability metrics to be used by stakeholders throughout the project
- Created a dynamic data privacy impact and mitigation tool to address data privacy concerns and risks identified by stakeholders
- Co-created a new data framework with stakeholders that prioritizes consensual self-identification and intersectional identify
- Conducted a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis of version 1 of the BCF tool
- Provided next steps to proceed in outreach and provide technical assistance to organizations that need it
- Applied multiple equity frameworks, tools, and business approaches to normalize and operationalize equitable community outreach

As a next step, BCF will incorporate the data framework into an updated survey (Survey 2.0) and conduct outreach and engagement with the 1,200 potential BIPOC and By and For organizations identified.

Immediate data improvements will include the addition of a New Market Tax Credit Layer in BCF's Geographic Information System (GIS) tool to help determine eligibility for applicants and adding funding amounts by ZIP code to the BCF outreach tool. BCF employees will also create a specific strategy in coordination with the Director of Community Capital Facilities to conduct technical assistance trainings in areas of high need and low application numbers. For more information on BCF's equity work, see the BCF section in the appendix.

Electrification of Transportation Systems

The [Electrification of Transportation Systems (ETS) program](#), within the Clean Energy Fund (CEF), promotes the continued transformation of the electric transportation market in Washington. It aims to provide funding for broader integration and electric load management from Electric Vehicle Supply Equipment (EVSE) and accelerate adoption of electric vehicles (EVs) and vessels to accomplish the Clean Energy Fund's climate goals. The ETS was created in 2020 in part to advance Washington's [State Energy Strategy](#).

Transportation is the state's [top source of greenhouse gas emissions](#) and a major source of air pollution. By creating more electric vehicle charging infrastructure, and thus encouraging the faster adaptation of EVs, the state can reduce its emissions and create a cleaner, healthier environment. This approach is in tandem with reducing the overall number of vehicle miles traveled in Washington. Reducing greenhouse gas emissions is a crucial equity issue, as the impacts of air pollution and broader climate change are disproportionately borne by BIPOC and historically underserved communities.[38]

ETS funds projects to construct and install EV charging stations across the state. In its first round of funding, ETS investments were used to charge passenger vehicles, fleet vehicles and public transit, including buses and a planned Puget Sound ferry. Funding supported electrification goals and addressing barriers to infrastructure deployment in a variety of jurisdictions, including rural and urban areas. As a new program, ETS requirements could evolve to align with Washington state's energy strategy and be complementary to other state transportation emissions reduction programs.

Washington's Clean Energy Fund (CEF) funds ETS. The CEF invests in projects that provide a public benefit through deployment of clean energy technologies that save energy and reduce energy costs, reduce harmful air emissions, or otherwise increase energy independence for the state. Since 2013, the Legislature has provided $231 million in the Clean Energy Fund for innovative projects in grid modernization and energy storage, wind, solar and other renewable energy, and electrification of transportation, including vehicles, vessels, and aircraft.

Eligibility and criteria

Eligible ETS applicants include:

- Federally recognized tribal governments
- Small utilities (the definition of "small utility" is adopted from [RCW 19.29A.010](#))
- Washington state agencies
- Local governments

All modes of transportation qualify. Commerce prioritizes innovative solutions to known barriers to deploying and using charging infrastructure. Commerce is specifically seeking projects that aim to:

- Integrate and manage load using behavioral, software, hardware, or other demand-side management technologies for on-road end-uses and non-maritime off-road end-uses
- Provide enduring benefits to vulnerable communities disproportionately burdened by air pollution, climate change impacts, or lack of transportation systems

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[38] [2021 State Energy Strategy Executive Summary](#)

Examples of eligible technologies to manage and/or integrate load include, but are not limited to:

- Battery EV supply equipment
- On-site generation or storage, where the technology directly supplies electricity to the EVSE
- Electric grid distribution system infrastructure upgrades, where the upgrade is needed because of installed EVSE
- Other demand response, time-of-use rates, or behavioral programming strategies and related assets/infrastructure

Projects must serve at least one of the following:

- Public transportation
- Local government fleet vehicles
- Workplace charging
- Multi-unit dwelling resident charging
- Public charging
- Port infrastructure, marine or aircraft

Prioritized populations

Communities of color, people with lower incomes and Indigenous communities are most impacted by climate and environmental change, including extraction, pollution, flooding and drought.[39] These environmental impacts exacerbate existing health and economic disparities for historically underserved communities.[40]

The 2021 State Energy Strategy notes that "climate change will inflict its greatest harm on highly impacted communities, tribes, rural areas and low-income households." As part of its program goals, ETS prioritizes projects that offer direct or indirect benefits to highly impacted and vulnerable communities. By seeking projects that enhance tribal fleet electrification, ETS also aims to increase access to EVSE specifically for tribal community members.

Application review process

In its initial application review process, ETS convened an advisory committee to review and score applications using a complex rubric. Equity criteria for scoring included:

- Median household income: Applicants whose projects are in municipalities that have a lower median household income received more points
- Environmental Health Disparities Map: Applicants whose projects are in areas that score higher on the Washington Tracking Network (WTN) Environmental Health Disparities V 1.1 received more points
- Rural status projects: Projects where a higher proportion of sites in a "non-Entitlement" area (as opposed to "Entitlement" counties/cities) were allocated more points
- Transportation costs: Project sites with higher transportation costs according to the Washington Tracking Network data were allocated more points
- Equity narrative: Each applicant was required to provide an equity narrative, which was evaluated across four primary areas:
  - Direct benefits to highly impacted and vulnerable communities

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[39] Front and Centered webpage, www.frontandcentered.org
[40] 2021 State Energy Strategy Executive Summary

- Indirect benefits to highly impacted and vulnerable communities
- Meaningful efforts to engage highly impacted and vulnerable communities
- Reflection of highly impacted and vulnerable community desire and need

In its first round of funding, the team received 37 applications, totaling a request of more than $25 million. Of this applicant pool, ETS awarded $9.8 million in grants to 14 applicants.

Additional context

Because the ETS program is not established in statute, there is a great deal of flexibility in how the team designed the equity component of the application process. Staff who developed the ETS program were explicit in their desire to use ETS as a model for potential equity-centered improvements that could be adopted by other programs across CEF and broader Commerce programming. For example, the team:

- Created an advisory committee to inform program design. It included one representative from the Energy Project, who represented the interests of low-income and historically underserved communities. Other advisory committee members included representatives from Washington agencies, utilities, and research institutions.
- Initiated broad engagement with environmental justice groups that reflected the voices of historically underserved communities, including Front and Centered, Puget Sound Sage, Transportation Choices, and OneAmerica.
- Community feedback sessions (more than 100 public comments documented) integrated into the program design (including a suggestion to use the WTN Environmental Health Disparities Map as a tool for review).
- Designed a more tiered approach to matching, with two sets of criteria for different communities based on their geographical score on the Washington Environmental Health Disparities Map. Projects with a higher disparity rank, indicating a higher proportion of people experiencing disparities, qualified for a reduced match requirement (in other words, they needed less funding from other sources).

The ETS team intended for tribal governments to be main recipients of the grant, but no tribal governments applied. Commerce employees heard feedback attributing this to capacity challenges due to COVID-19 and a lack of trust in state and federal government, the complexity of the application process, and the low prioritization of adding electric vehicle charging stations in the midst of so many other acute challenges.

Despite not meeting their goal of supporting tribal governments in the first round of funding, the ETS made 14 awards to a variety of grantees across the state. Since this initial round of funding, the Clean Energy Fund has applied lessons learned about equity implementation to other projects within the fund.

Program-level equity review

The Clean Energy Fund team, which manages the ETS, sought to make equity the driving force in the implementation of the ETS program. After carefully launching an engagement plan with in-person meetings around the state, the team was forced to pivot to online engagement during the COVID-19 pandemic.

Following ETS's first grant round, the team contracted with a graduate intern from the University of Washington's Evans School of Public Policy and Governance to conduct an equity review of the program using the GARE Racial Equity framework. This equity review and the resulting program discussions resulted in a number of recommendations that the ETS is exploring or seeking to implement, including:

- Expanding internal capacity for community building and engagement, including continued integration of community input into program design

- Broader representation of highly impacted community members on the CEF environmental justice advisory committee
- Strengthened relationships with tribal members through expanded in-person engagement and coordination with the tribal partnership group
- Simplifying the application process (including providing a checklist of application requirements and a FAQ document)
- Identifying methods to better assess if applicants' projects reflect the desires of their communities
- Offering additional flexibility for funding projects at feasibility analysis and design/engineering stages
- Adjusting equity locational scoring based on program goals
- Including scoring prioritization based on specific impact metrics (such as projected energy burden reduction)
- Including reduced match based on applicant type (such as reduced match opportunities for tribal governments)

The ETS equity assessment was also informed by the previous report from the Energy and Climate Policy Advisory Committee (ECPAC). This report was required by the Clean Energy Transformation Act (CETA). Although this did not include community engagement aspects or take By and For organizations into consideration, it did arrive at many similar conclusions in equity and environmental justice regarding access to programs vital to the state's clean energy future.

Case studies

Community organizations seek and acquire Commerce capital funding and support through a variety of paths. There is no "normal" experience for Commerce capital awardees. The case studies outlined below demonstrate the variety of experiences of By and For organizations, rural organizations, and other groups in Washington that identified a capital need in their community and sought Commerce assistance, among other partners, to help address that need. These stories are intended to help contextualize the many barriers and challenges these groups face in pursuing, receiving, or utilizing capital funding.

King County

The Seattle Chinatown International District Preservation and Development Authority (SCIDpda) is a community development organization in King County working to preserve, promote, and develop the Seattle Chinatown International District (CID) as a vibrant community and unique ethnic neighborhood. Created in 1975, SCIDpda has worked to preserve and revitalize the neighborhood by providing affordable housing and commercial property management, real estate development, and community economic development and engagement.

As a BIPOC-led and By and For organization that is also a neighborhood-based community developer, SCIDpda can directly engage and mobilize community members to develop collaborative solutions that reflect residents' needs, priorities and vision for the future of their community. SCIDpda currently owns and/or manages affordable housing for more than 700 low-income residents, including projects that honor the past and prolong the useful life of culturally valuable buildings in the Chinatown International District. Compared to most By and For entities across Washington, SCIDpda is well resourced and has strong relational networks that support its ability to successfully complete capital projects. SCIDpda is one of a limited number of By and For entities that has received significant capital investment from Commerce.

Like all neighborhoods of Seattle, the CID is experiencing significant development growth. The CID is under tremendous growth pressure with rapidly developing high-rise zoned neighborhood to the north (Downtown) and east (Central District). It is experiencing rapid displacement that disproportionately affects Asian American elders in the community. According to the Seattle 2035 Growth and Equity report, the CID ranks among the highest in displacement risk among Seattle neighborhoods.[41] Since 2019, over 4,500 units have been constructed or begun the permitting process in the CID; of these, only 749 of the units constructed since 2019 are deemed "affordable."[42]

Another major concern, according to SCIDpda's Real Estate Project Manager, Joshua Sellers Park, is meeting the unique needs of multi-generational CID families seeking affordable housing.

Park said, "The population that we are serving – and this is true for other BIPOC led housing groups as well – are serving multi-generational households. But in the market, the incentives are all wrong. It's all about how many units they can build. We are committed to listening and responding to the needs of our community, and

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[41] Seattle Office of Planning & Community Development. Seattle 2035 "Growth and Equity" report. https://www.seattle.gov/Documents/Departments/OPCD/OngoingInitiatives/SeattlesComprehensivePlan/FinalGrowthandEquityAnalysis.pdf
[42] The Urbanist, March 22, 2022. "International District Development Wave Comes with Growing Pains and Opportunities." https://www.theurbanist.org/2022/03/22/cid-growing-pains-and-opportunities/

we won't compromise on putting their needs first. Our community needs three and four-bedroom units. We've held firm, despite getting so many nos."

The city of Seattle, along with other groups, have validated this concern. Between 2012 and 2017, only 1.3% of housing units constructed were three bedrooms.[43] A 2014 report on family-sized housing by the Seattle Planning Commission found that just 1% of market-rate, three-bedroom apartments in Seattle were affordable to low-income families.

In 2018, with a goal of addressing the community's need for affordable multi-generational housing, SCIDpda began planning for development on the "North Lot" site south of the CID. While the site was desirable for low-income families due to its proximity to employment centers, medical care, and other community resources, the project was in a highly polluted location. According to an EPA study, the project site is located in a neighborhood with environmental pollution worse than 90% of the state, hazardous waste proximity worse than 98% of the state, diesel particulate matter worse than 98% of the state, and traffic and volume worse than 97% of the state.[44]

In considering the site, SCIDpda was aware of the data regarding environmental racism. In the U.S., people of color are disproportionately exposed to many pollutants, including fine particulate matter, an air pollutant that can cause lung and heart problems. Julian Marshall, a professor of civil and environmental engineering at the University of Washington, said that because of a legacy of discriminatory housing policy, racial-ethnic pollution exposure disparities continue to persist even with a decrease in the overall population's pollution exposure.[45]

To offset these environmental impacts, SCIDpda decided to undertake Exemplary Building Standards, also known as Ultra-Efficient Affordable Housing, to improve quality of life for residents and significantly reduce energy and water consumption.

SCIDpda applied for funding with the Housing Trust Fund in 2018, and was denied based solely on a written application. Park notes that this wasn't a surprise given the nature of the process itself:

"Absent any relationships, we realized we just had no chance at this project. It was a one-way exchange. We didn't get a chance to really explain some of our choices. What you can express in a call is so much more substantive than a written application. The metrics for success in affordable housing do not address the holistic needs of communities. It's just 'more units, more units' for less money. And public housing funders are just duplicating the private market. We knew we hadn't been in the marketplace as long as other developers, so we wouldn't be taken seriously."

Following their rejection for the project, Commerce employees met briefly with SCIDpda's leadership, but SCIDpda staff noted that feedback on the project was minimal, with a sense that perhaps Commerce staff did not have a strong understanding of the proposal.

The following year, with the help of a community advocate, SCIDpda staff were able to connect with a Commerce representative by phone.

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[43] Curbed Seattle. "Seattle has a family-size housing problem." Sept. 13, 2017. https://seattle.curbed.com/2017/9/13/16303898/three-bedroom-apartments-family-size
[44] Interview with Joshua Sellers Park
[45] U.S. Environmental Protection Agency. "Study Finds Exposure to Air Pollution Higher for People of Color Regardless of Region or Income." Sept. 20, 2021. https://www.epa.gov/sciencematters/study-finds-exposure-air-pollution-higher-people-color-regardless-region-or-income

"Our relationship with this Commerce staff member changed everything," Park says. "She got what we were doing. She understood the value. And all of a sudden, she became our advocate. It was a total 180." Following this meeting, SCIDpda re-applied for the next round of Housing Trust Funding and was selected. Ultimately, the project received a mix of both appropriated and competitively awarded funding

Park said this experience underscored the inequities in access to relationships for those seeking funding from Commerce, especially for BIPOC-led organizations seeking support from a largely white-staffed state agency. These inequities in access to relationships and resources for Seattle's CID residents originate from their unique history in Washington.

Seattle's first Chinese settlers came to the northwestern United States in the 1860s and 1870s, providing a critical labor force for rapidly growing industries such as logging, fishing, and railroad construction. With the passage of the Chinese Exclusion Act of 1882, Chinese immigration was restricted, and Chinese American residents faced exclusionary laws that stripped them of rights enjoyed by other Americans. In response to the ongoing labor needs, Japanese immigration soon surpassed Chinese communities and an area known as "Japantown" (Nihonmachi) was formed to the north and east of Chinatown. Throughout the 20th century, demand for labor and American-involved conflicts abroad continued to fuel immigration from Asia, with Filipino workers (that settled in an area nicknamed "Manilatown") first arriving in the 1930s and Vietnamese immigrants arriving shortly after the fall of Saigon in 1975 (settling in an area established as "Little Saigon").

Like all Asian American communities in the United States, residents of the CID were systematically excluded and oppressed because of their racial and ethnic identity. Japanese communities were forcibly removed to concentrated internment camps during WWII, with many residents of Japantown forced to abandon their homes and businesses. In the 1950s and 60s, Interstate 5 was constructed through Seattle, physically dividing the Asian communities within the CID and leading to the closure and demolition of many buildings that had housed this community.

SCIDpda staff said that their identity as a By and For organization gives them a unique ability to advocate and design infrastructure to center the history, experience and vibrant culture of their community. Commerce, like most other capital funders, emphasizes the need for partnership-based work and guarantors. Some advocates say this unintentionally weakens the decision-making power of By and For organizations.

"We feel like we have to fight tooth and nail to hold to our values," Park said.

Ferry County

The Healthy Ferry County Coalition, which works to improve the "health and socio-economic determinants of health for all Ferry County citizens," identified the shortage of child care options in the county as a major challenge for the region.[46] According to the Department of Children, Youth, and Families (DCYF), only 32% of Ferry County's child care needs are currently being met.[47]

The coalition was recently awarded a Child Care Planning Grant from Commerce, which is intended to support the organization in laying out a roadmap of the requirements for providing child care in the county, including licensing, program options, facilities, grounds, equipment and staffing ratios.[48]

In early 2022, Ferry County and the City of Republic purchased a piece of property that included an 11,000 square foot building that was started in 1991 and never completed. For more than 30 years, the building has remained unusable, with no electrical, plumbing, water, or sewer. According to Derek Gianukakis, a Ferry County Commissioner, the City of Republic has tried repeatedly to get funds to complete the building, which was originally envisioned as a community center with a child care facility. Residents dream of completing the building and making a space for community resources, including a child care center and potentially a food bank and community meeting space.

While the child care planning grant is an exciting next step, Gianukakis expressed concern about how the work will move forward: "We've done the studies. But to actually complete the building, we have to meet Commerce's requirements for an extensive number of partnerships. And the fact is, we don't have an ecosystem of partners the way that more urban communities do."

Gianukakis said that community members often don't understand what programs or funding are available from Commerce and how the programs differ. Despite established relationships with the Child Care Planning Grant staff, community members were not aware of capital funding opportunities from the Building Communities Fund or the Housing Trust Fund, and expressed confusion about where they should go if they were planning to build a mixed-use facility (such as a community center with child care and subsided housing units).

Ferry County is a beautiful, rural and geographically diverse region. The Colville National Forest covers much of the northern county. The Colville Confederated Tribe is a sovereign nation located within the county. Ferry County has historically relied on resource extraction, particularly mining and logging, as its major industries.[49] It is also home to the Grand Coulee Dam on the Columbia River. As natural resource extraction industries have declined, tourism – particularly camping, hunting and outdoor sports — is a growing economic base, along with county government and the region's hospital system.[50]

As a rural county with very little social service infrastructure, residents report feeling isolated from state resources and agencies. Ferry County has about 7,273 people, according to U.S. Census Bureau estimates.[51] Republic is the county seat and approximately 992 residents. Housing advocates note that communities like Republic often compete for funding reserved for "rural" communities, but the definition of rural can be so broad

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[46] Healthy Ferry County Coalition, https://www.healthyferrycountycoalition.org/
[47] Washington State Department of Children, Youth & Families, "Child Care Need and Supply Data." https://www.dcyf.wa.gov/practice/oiaa/reports/early-learning-dashboards/child-care-need-supply-data
[48] Ibid
[49] A history of Ferry County. https://ferrycountyhs.org/a-history-of-ferry-county/
[50] Washington State Association of Counties, Ferry County Spotlight. https://www.wsac.org/county-spotlights/county-spotlight-ferry/
[51] U.S. Census Bureau Quick Fact, Ferry County. https://www.census.gov/quickfacts/ferrycountywashington

that communities with more resources to establish partnerships or consultants to support a project are favored by Commerce because they are deemed more likely to succeed.

In the 2020 census, nearly 76% of the county's residents identified as white, and more than 16% identified as American Indian or Alaskan Native. Only 16.3% of the county's population is 18 years old or under, with 30% of residents 65 years or older. Of those under the age of 65, 23% report that they live with at least one disability. Approximately 33% of residents do not have broadband internet access, and more than 18% of the population is in poverty.[52] Like many communities, the opioid crisis has affected Ferry County. From 2018-20, Ferry County experienced an 88.3% increase in deaths from opioid overdose, compared to 2002-04.[53]

"Our community is really hurting," Gianukakis said. "We want to be a vibrant and welcoming home for new families. We want to create good jobs in the tourism industry. But we don't have the basic infrastructure we need."

As residents work to identify funding to establish this much-needed infrastructure, a looming challenge, noted by many residents, is how to sustain a capital project for the long term.

"We are grateful for funding opportunities that could help us launch," said one resident, "but even if we were to win a competitive process, which seems doubtful given the lack of partner agencies available, how do we make sure that we have the tools, capacity, and resources we need to maintain the property for 30 or 40 years?"

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[52] Ibid.
[53] University of Washington Addictions, Drug, & Alcohol Institute. "Opioid trends across Washington state." https://adai.washington.edu/WAdata/deaths.htm#showdiv1

Data analysis of systemic equity barriers

In response to the directive to include consideration of historic and systemic barriers that may arise due to race, ethnicity, religion, income, geography, disability and educational attainment, Commerce staff identified and evaluated the most effective quantitative measures of these indicators in relation to its capital funding.

Overall data limitations

This analysis seeks to provide a comprehensive equity review of Commerce's capital programs, which ultimately requires access to high-quality data sourced from a comprehensive, accurate and uniformly used agency-wide data system. Unfortunately, the quality of this data analysis is limited by internal capacity and data infrastructure barriers, detailed in the following section. While this report's focus on three distinct programs is intended to mitigate the complexities of assessing a highly federated agency, the differences in the quality and data inputs and collection process across HTF, BCF and ETS are significant and present concerning limitations in Commerce's ability to accurately reflect its impact.

Commerce is currently engaged in a separate process to develop a report on how to rebuild its contracting and information technology systems to begin collecting information that helps document when applicants — typically though not always organizations themselves — are primarily led by and serving people of color or other underserved communities.

Demographic data limitations

Commerce does not collect demographic data on applicants in a systematic or consistent way that would allow for an analysis of the racial, ethnic, linguistic, or other identifying characteristics of funding recipients. Further, Commerce is unable to assess the demographic characteristics of the end recipients of investments. The Housing Trust Fund requires award recipients to provide annual progress reports using the Web Based Annual Reporting System (WBARS), which is the only mechanism to collect demographic information. However, this data is not easily accessible or usable for a relevant analysis of HTF's program outcomes. BCF and ETS also request limited demographic information to inform application reviews, but again, this data is not uniform or useful for a cross-agency analysis of populations served.

Addressing missing demographic data with the Washington Tracking Network Health Disparities Map rankings

Given the limitations in accessible demographic data on Commerce investment recipients, this analysis seeks to answer the question: **What are the relevant demographic characteristics of communities in the geographic locations where Commerce invests?**

To answer this question, agency staff determined that the Washington Environmental Health Disparities Map, an interactive mapping tool that compares communities across Washington for environmental health disparities at the census tract level, was the best data available for this analysis. The Washington Health Disparities Map is hosted by the Washington State Department of Health through its Washington Tracking Network, a public platform that includes data on more than 300 measures of environmental and public health. This tool was also beneficial for cross-governmental equity analysis.

The Washington Health Disparities Map uses data from 19 indicators divided into four themes:
- Environmental exposures (PM2.5-diesel emissions; ozone concentration; PM2.5 concentration; proximity to heavy traffic roadways; toxic release from facilities (RSEI model))

- Environmental effects (lead risk from housing; proximity to hazardous waste treatment, storage, and disposal facilities (TSDFs); proximity to National Priorities List sites (superfund sites); proximity to Risk Management Plan (RMP) facilities; wastewater discharge)
- Sensitive populations (death from cardiovascular disease; low birth weight)
- Socioeconomic factors (limited English; no high school diploma; poverty; race-people of color; transportation expense; unaffordable housing; unemployed)

The relevant demographic characteristics for this report's analysis are concentrated within the last theme: socioeconomic factors. More information about how each of these indicators are used in this analysis is detailed in the written analysis that follows the relevant maps and data for this report.

Environmental Health Disparities Map rankings can be interpreted as a way to measure relative risk factors in communities. These are not absolute values, but rather a relative measure of the specific indicators examined. These are ranked on a 10-point scale, shown below. Census tracts with lower rankings have proportionally fewer individuals impacted by the risk factor examined. Conversely, census tracts with higher proportions of impacted people are assigned a higher rank, indicating a more severe impact.

For example, for the indicator "race-people of color," census tracts with a score of 8-10 have the highest relative proportions of people of color in the state, while census tracts 1-3 have the smallest proportion of people of color in the state. Data show that communities of color are more likely to experience environmental health risk factors due to historical and ongoing systemic racism. For more background information and explanation on these measurements, see the Washington Environmental Health Disparities Map Project Report.

Since Commerce's investment data is only available at a funding level, we aggregated the census tracts in each county for an overall county rating for the following indicators.

Geographical equity

This analysis began with geographic heat maps of program investments (by total amount awarded) for the programs together and individually. This initial analysis answered the question: **Where are capital program investments concentrated across the state of Washington?**

Geography analysis limitations

While geography seems to be the easiest indicator to address in this data analysis, staff were challenged by the fact that program-level data sometimes only included the address and ZIP code of the entity receiving funds from Commerce, as opposed to the address where residents were directly impacted. This is because the sole data tracking system is a contract- and funds-tracking database, designed to serve as a central resource for supporting contract reimbursement processes and funds committed. The agency's history as a recognized,

trustworthy steward of public funds has led to prioritization of data systems that track the contracts and payments. This is especially true in situations where a grantee might represent a statewide organization supporting a development in a community with limited nonprofit or tribal partners.

Because of the evolving site development process that capital projects experience in a competitive real estate market, program applicants are often unable to give exact addresses of intended capital sites. The Information Services team conducted follow-up research to identify the most correct geographic data points possible.

Further, Commerce's data management systems and reporting mechanisms have limitations in tracking the distribution of funds to sub-contractors. The limitations of these data systems, coupled with employee turnover, also potentially limit the data input quality. The timeframe allotted for this equity review required that Commerce staff accept these data quality limitations and create the best possible analysis with the data available.

Assessment of combined investments

As shown in the table below, the majority of Commerce capital investments in these three programs are concentrated in the most populous counties of the state, with scattered areas of investment in other regions. Although this data is illustrative of Commerce spending across these three specific programs, it does not provide insight on spending per capita (which is included later in this analysis). As shown, many communities in the state have not received recent Commerce capital programming investments. Four counties – Adams, Columbia, Garfield and Skamania – have not received any capital investments from Commerce during this period. Detailed investment data (inclusive of HTF non-competitive awards) by county and legislative district follows.

Across these three programs, Commerce made investments in 35 of Washington's 39 counties. These investments varied significantly by county, from $62,500 in Lincoln County to $251 million in King County. This diversity of investment level was not surprising, as investments are often driven by population density and the need to serve as many people as possible with a given project. Additional analysis of cumulative investments across these three programs by legislative district is available in Appendix C.

Table 1: Cumulative capital investments by county, 2015-19 (HTF, BCF and ETS)

County	Cumulative investment	County	Cumulative investment
Asotin County	$1,771,750	Lincoln County	$62,500
Benton County	$2,888,136	Mason County	$6,949,550
Chelan County	$15,336,210	Okanogan County	$25,270,848
Clallam County	$8,353,252	Pacific County	$3,869,915
Clark County	$34,368,308	Pend Oreille County	$62,500
Cowlitz County	$2,374,952	Pierce County	$39,576,240
Douglas County	$589,334	San Juan County	$4,413,300
Ferry County	$435,000	Skagit County	$20,361,174
Franklin County	$2,062,500	Snohomish County	$29,034,047
Grant County	$14,930,950	Spokane County	$31,825,647
Grays Harbor County	$9,324,473	Stevens County	$6,151,421
Island County	$5,666,067	Thurston County	$14,961,910
Jefferson County	$11,826,018	Wahkiakum County	$109,411
King County	$251,472,864	Walla Walla County	$6,935,662
Kitsap County	$13,474,128	Whatcom County	$25,233,098
Kittitas County	$1,500,000	Whitman County	$862,500
Klickitat County	$10,300,000	Yakima County	$39,644,923
Lewis County	$10,396,111		

Represents available data from 2015-2021 for HTF (inclusive of direct appropriations) and 2019-2021 for BCF and ETS

Figure 2: HTF heat map of capital program investments (by dollar invested) from 2015-21
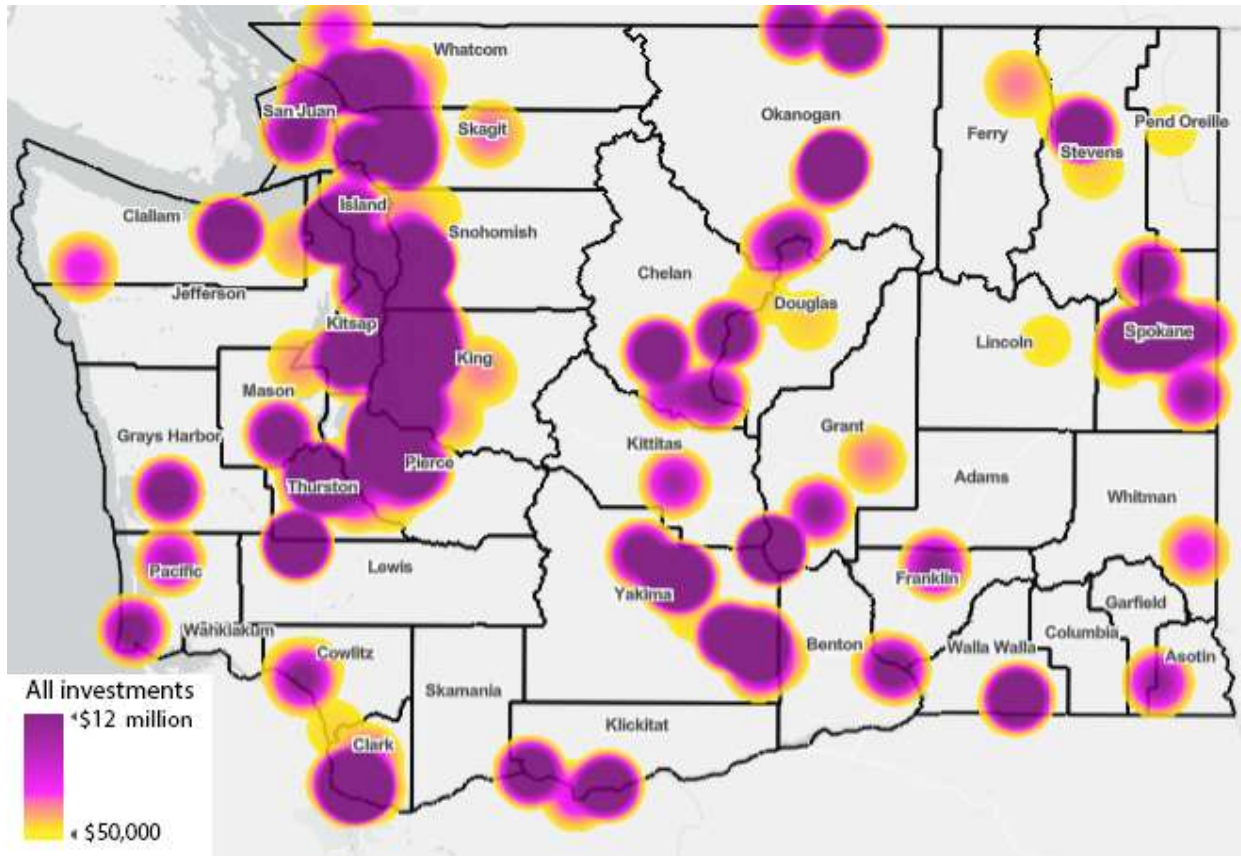
Inclusive of non-competitive investments with the Housing Trust Fund

This heat map of HTF investments shows a high concentration of investments in urban areas, with fewer rural communities represented. Yellow areas on the map represent communities that received smaller to medium combined HTF investments (starting at $50,000), while purple and dark purple indicate areas of more concentrated funding (up to $12 million).

Table 2 shows the cumulative capital investments by county for HTF from 2015-21. Within the HTF, Commerce made investments in 34 of Washington's 39 counties. Five counties – Adams, Columbia, Garfield, Skamania and Wahkiakum – did not receive any capital investments during this period. Again, these investments varied significantly by county, from $62,500 in Lincoln County to $251 million in King County.

This map and the data table below (providing county investment levels) and in Appendix C (providing investment levels by legislative district), reflect total cumulative spending, not investments per capita. It is important to note that this data is inclusive of non-competitive (directly appropriated) awards from the HTF.

Table 2: HTF capital investments by county 2015-19

County	HTF investment	County	HTF investment
Asotin County	$1,771,750	Lewis County	$9,784,987
Benton County	$2,888,136	Lincoln County	$62,500
Chelan County	$12,691,234	Mason County	$3,499,550
Clallam County	$7,533,612	Okanogan County	$25,270,848
Clark County	$32,161,558	Pacific County	$3,869,915
Cowlitz County	$2,299,770	Pend Oreille County	$62,500
Douglas County	$589,334	Pierce County	$33,732,163
Ferry County	$435,000	San Juan County	$4,413,300
Franklin County	$2,062,500	Skagit County	$15,515,000
Grant County	$14,930,950	Snohomish County	$23,235,880
Grays Harbor County	$3,314,473	Spokane County	$27,870,647
Island County	$5,666,067	Stevens County	$5,210,521
Jefferson County	$11,826,018	Thurston County	$14,765,000
King County	$227,483,996	Walla Walla County	$6,213,021
Kitsap County	$10,040,028	Whatcom County	$19,531,406
Kittitas County	$1,500,000	Whitman County	$862,500
Klickitat County	$10,300,000	Yakima County	$35,998,005

Represents available data from 2015-2021 for HTF (inclusive of direct appropriations)

Figure 3: Non-competitive HTF heat map of capital program investments (by dollar invested) from 2015-21
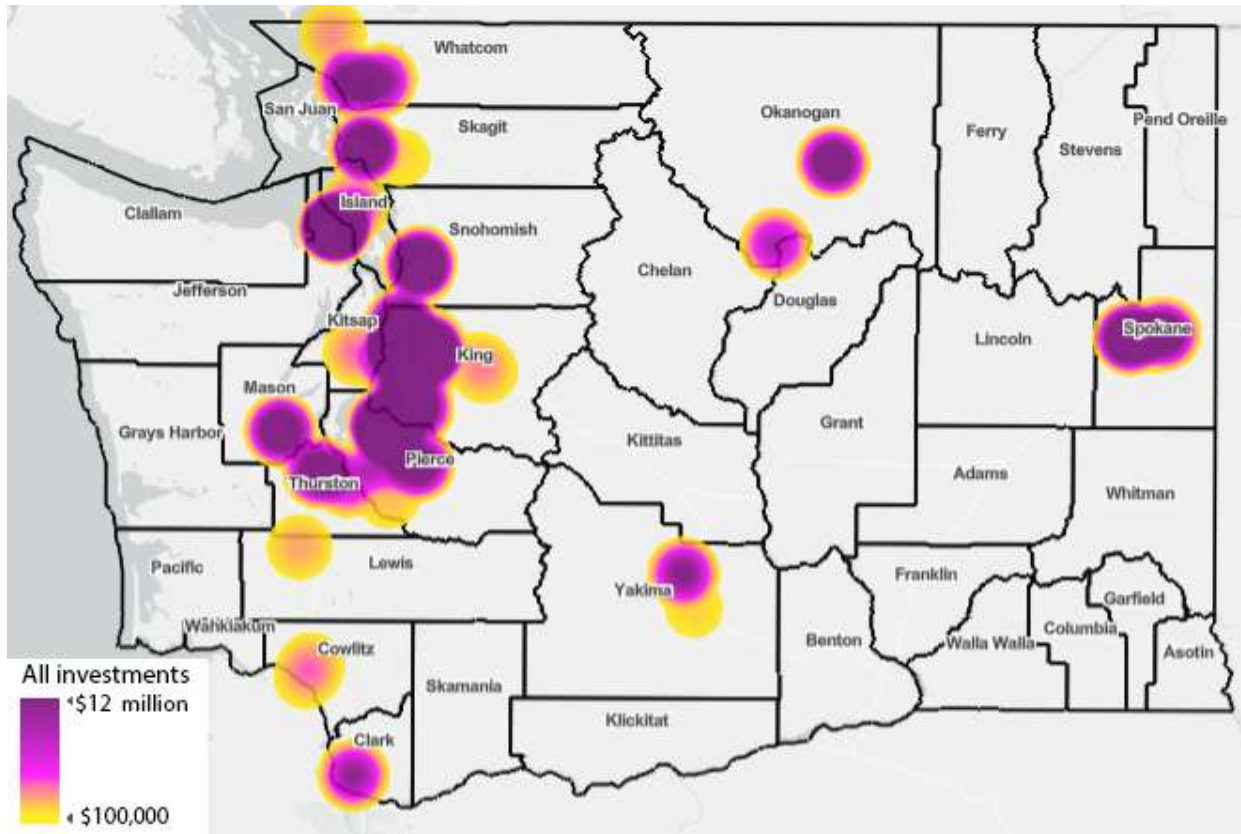
Represents available data from 2015-21 for HTF's non-competitive investments (direct appropriations)

Figure 3 illustrates the geographic distribution of HTF's non-competitive investments, particularly direct appropriations by the Legislature. The HTF data for this analysis included $757.8 million in total investments, with $139.4 million (or 18.3% of total funds) invested in non-competitive processes.

Yellow areas represent communities that received lower HTF non-competitive investments (starting at $100,000), while purple and dark purple indicate areas of more concentrated funding (up to $12 million). Within this available data, 16 counties received appropriated capital funding from HTF, with the highest investments in King, Pierce and Jefferson counties. While both competitive and non-competitive investments in the HTF are concentrated on the I-5 corridor, non-competitive investments are distributed in fewer areas of the state.

Table 3 shows the cumulative capital investments by county for HTF's non-competitive investments from 2015-21. Specific to direct appropriations in the HTF, Commerce made investments in 16 of Washington's 39 counties. These cumulative direct appropriation investments levels varied significantly by county, from $275,000 in Lincoln County to $67 million in King County.

This map and the following data table (providing county investment levels) and in Appendix C (providing investment levels by legislative district) reflect total cumulative spending in non-competitive HTF investments, not investments per capita.

Table 3: Non-competitive HTF capital program investments by county (2015-21)

County	HTF direct appropriation investment
Clark County	$1,750,000
Cowlitz County	$562,813
Island County	$984,550
Jefferson County	$11,826,018
King County	$67,242,500
Kitsap County	$499,550
Lewis County	$275,000
Mason County	$3,499,550
Okanogan County	$4,649,500
Pierce County	$16,852,000
Skagit County	$4,465,000
Snohomish County	$6,412,787
Spokane County	$9,097,625
Thurston County	$4,250,000
Whatcom County	$4,981,558
Yakima County	$2,100,000

Figure 4: BCF heat map of capital program investments (by dollar invested) from 2019-21
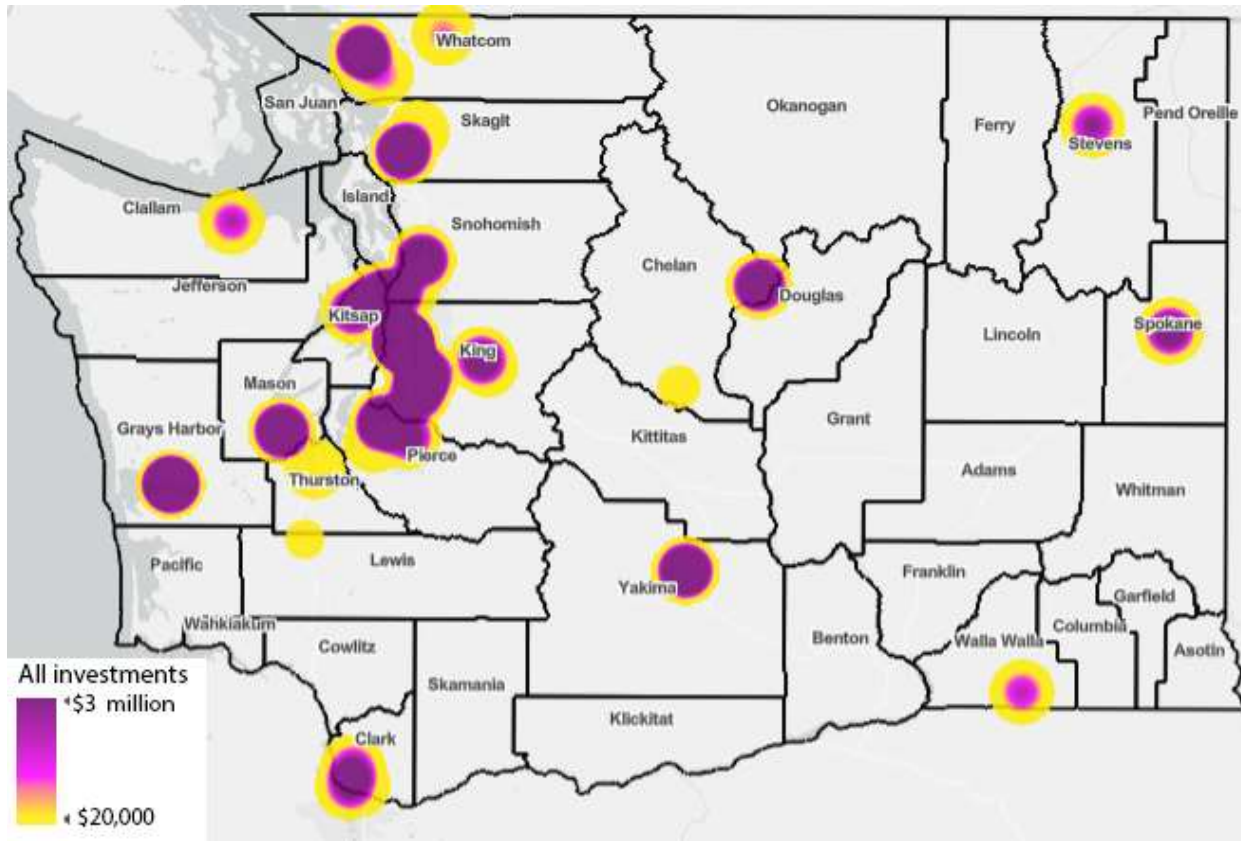
Figure 4 is a heat map of Building Communities Fund investments in Washington from 2019-21. As shown, BCF investments are largely concentrated in the Puget Sound region, with some dispersed investments in other areas of the state. Yellow areas on the map represent communities that received lower combined BCF investments (starting at $20,000), while purple and dark purple indicate areas of more concentrated funding (up to $3 million). Seventeen counties received recent BCF capital investments, with the highest awards in King, Grays Harbor and Pierce counties. As the data show, BCF is a significantly smaller program than HTF, with lower investment numbers overall.

Table 4 provides more detail on BCF's cumulative investments by county 2019-21. Within BCF, Commerce made investments in 17 of Washington's 39 counties. These investments levels varied by county, from $20,370 in Lincoln County to $22 million in King County. Table 4C, located in Appendix C, provides an analysis of these investments by legislative district.

Table 4: BCF capital program investments by county (2019-21)

County	BCF Investment Total
Chelan County	$2,476,190
Clallam County	$751,750
Clark County	$2,206,750
Grays Harbor County	$6,010,000
King County	$22,081,783
Kitsap County	$3,434,100
Lewis County	$20,370
Mason County	$3,450,000
Pierce County	$5,049,600
Skagit County	$3,830,240
Snohomish County	$4,933,805
Spokane County	$1,455,000
Stevens County	$940,900
Thurston County	$196,910
Walla Walla County	$722,640
Whatcom County	$4,152,354
Yakima County	$3,450,000

Figure 5: ETS heat map of capital program investments (by dollar invested) (2021)
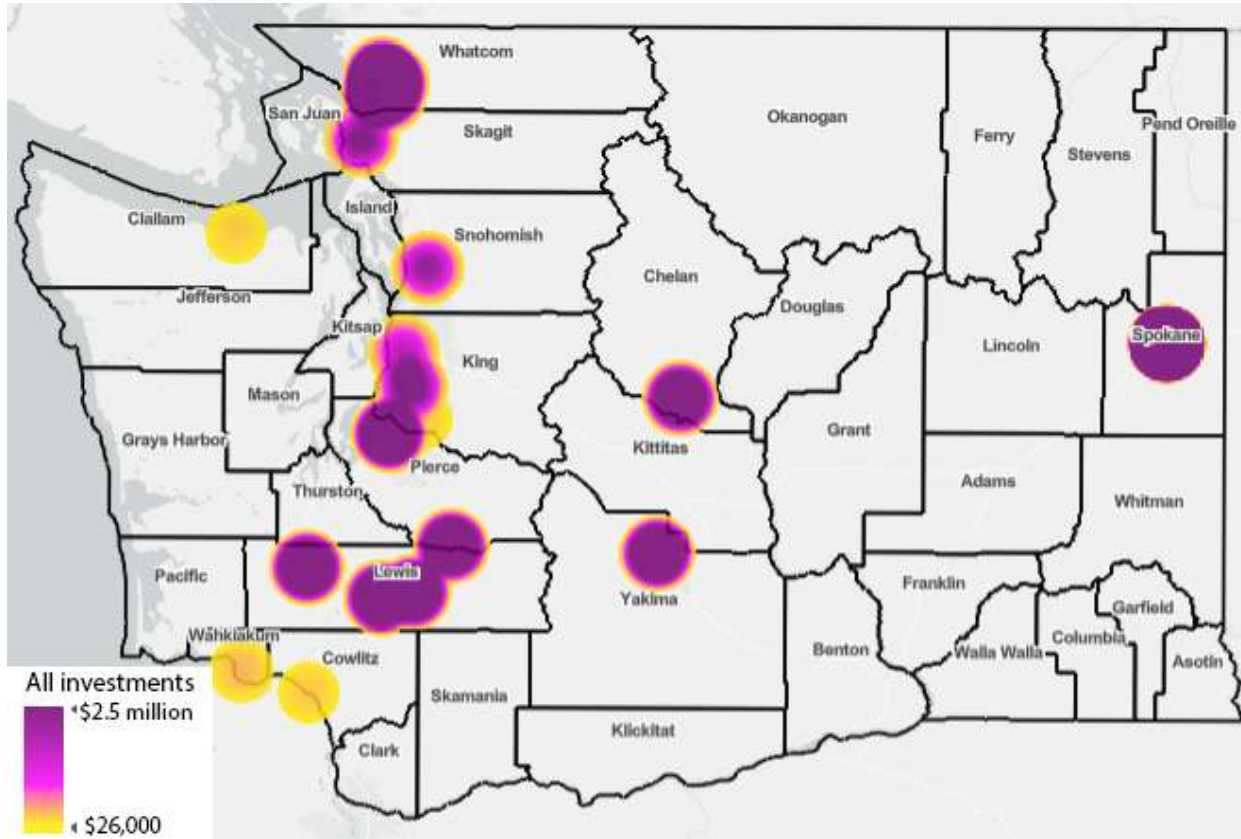
As a new program, the Electrification of Transportation Systems (ETS) Program only completed one funding cycle at the time of this analysis. The investments in this initial round of grants reflect a high level of geographic diversity, which was a stated goal of the program. Yellow areas on the map represent communities that received smaller to medium ETS investments (starting at $26,000), while purple and dark purple indicate areas of more concentrated funding (up to $2.5 million). Twelve counties have received ETS investments, with the highest awards in Spokane, King and Whatcom counties.

Table 5 lists the per county investment levels for ETS' first round of funding. Through ETS, Commerce made investments in 12 of Washington's 39 counties. These investments levels varied by county, from $67,890 in Clallam County to $2.5 million in Spokane County. Table 5C, located in Appendix C provides an analysis of these investments by legislative district.

Table 5: ETS investments by county (2021)

County	ETS investment total
Chelan County	$168,787
Clallam County	$67,890
Cowlitz County	$75,182
King County	$1,907,085
Lewis County	$590,754
Pierce County	$794,477
Skagit County	$1,015,934
Snohomish County	$864,362
Spokane County	$2,500,000
Wahkiakum County	$109,411
Whatcom County	$1,549,338
Yakima County	$196,918

Per-capita geographic investments

This analysis also examined investments on a per-capita basis to identify funding deserts and areas that may receive funds disproportionate to their population size or degree of need. Disproportionate funding by population is important to understand, as this might not in itself be inequitable; Commerce understands that communities with limited social service agencies and other nonprofit infrastructure might require additional investments to address the lack of broader community supports. An equitable distribution of funds would require that communities with higher need receive a higher per-capita investment from the agency.

Within this data set, as shown in table 6, four counties have no capital investments: Adams, Columbia, Garfield and Skamania. The counties with the highest per capita capital investments are Okanogan, Spokane and Klickitat. Table 6 provides more on the combined per capita investments across the three programs by county over this period. The per capita investment level by county ranged from $5 in Pend Oreille County to $591 in Okanogan County. The median per capita investment level by county within this dataset was $79.

Table 6: Combined per capita capital program investments across HTF, BCF and ETS (by dollar invested) from 2015-2021

County	Per capita investment	County	Per capita investment
Asotin County	$79	Lincoln County	$6
Benton County	$14	Mason County	$107
Chelan County	$196	Okanogan County	$591
Clallam County	$110	Pacific County	$179
Clark County	$70	Pend Oreille County	$5
Cowlitz County	$22	Pierce County	$45
Douglas County	$14	San Juan County	$257
Ferry County	$56	Skagit County	$158
Franklin County	$22	Snohomish County	$35
Grant County	$151	Spokane County	$62
Grays Harbor County	$126	Stevens County	$135
Island County	$67	Thurston County	$52
Jefferson County	$371	Wahkiakum County	$26
King County	$113	Walla Walla County	$112
Kitsap County	$50	Whatcom County	$112
Kittitas County	$32	Whitman County	$17

County	Per capita investment	County	Per capita investment
Klickitat County	$459	Yakima County	$155
Lewis County	$131		

Represents available data from 2015-2021 for HTF (inclusive of direct appropriations) and 2019-21 for BCF and ETS

Assessing how per capita investments correlate to experiences of oppression

In consideration of historic and systemic experiences of oppression, this analysis assumes that equitable distribution of funding would result in a higher concentration of per capita investments in communities with higher experiences of oppression. Specific to this analysis, communities with higher proportions of people of color, religious minorities, low-income populations, individuals with disabilities, and people with low educational attainment should be prioritized in the distribution of Commerce's investments in the state.

The tables in the following section seek to show how per capita funding in counties relates to specific disparity rankings, as measured by the Washington Environmental Health Disparities Map. Although the Environmental Health Disparities Map is valuable in identifying and assessing demographic differences, it identifies demographic characteristics by Census tracts. Commerce does not have Census-tract level data on programmatic spending, and Census-tract level investment data is not available. For this review, we used information from the Environmental Health Disparities Map to assess rankings to each county based on tract-level information, and compared Commerce's investments per county to those county-level demographic indicators.

Racial and ethnic equity

This equity review sought to understand the systemic impacts of race on access to Commerce capital funding, beginning with an analysis of how capital investments in predominantly Black, Indigenous and people of color (BIPOC)-populated areas compared to investments in predominantly white areas of the state.

Effectively designing programs to address racial inequities requires access to race-specific data, which is currently limited in Commerce programming. While some programs, such as the Building Communities Fund, have launched independent efforts to begin to collect racial data on applicant organizations and communities served, there are not yet any systematic or coordinated indicators for racial data collection across Commerce.

Programs have begun to collect data on applicant organizations via grant applications, but the mechanisms and structure vary widely. This lack of data results in a limited capacity to assess how responsive programs are to the impacts of systemic racism. At the same time, program employees and community representatives caution Commerce to be thoughtful about the unintended burdens that could be placed on applicants if the agency requires more race and ethnic data from award seekers.

About this indicator

This indicator "is a sum of all race/ethnicity categories except White/Non-Hispanic. It includes Black, American Indian/Alaskan Native, Asian, Native Hawaiian-Other Pacific Islander and two or more races." The data for this indicator is derived from the 2015 population estimates dataset at the Washington State Office of Financial Management (OFM). The OFM uses models of birth, death and migration in to make forecasts based on numbers obtained from the U.S. Census Bureau.[54]

Based on the Washington Health Disparities Map, Commerce staff assigned rankings on a one to 10 scale to each county based on its overall proportion of people of color. Those counties ranked between one and three

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[54] Washington Environmental Health Disparities Map Project Report

have extremely low proportions of people of color, while those ranked seven and above have significantly higher proportions of people of color.

While this indicator is a valuable metric, Commerce staff recognize that not all communities of color have the same experiences of oppression. Another limitation of this analysis is the inability to disaggregate investment locations by particular racial or ethnic identities.

Assessment of combined investment

The assessment of the combined capital program investments per capita related to people of color populations is examined in Table 7. It illustrates the per capita investments in capital funding across all three programs (HTF, BCF and ETS) at the county level. The per capita investment level by county ranged from $5 in Pend Oreille County to $591 in Okanogan County. The counties with the highest proportion of people of color, according to this analysis, are Benton, Yakima, Franklin and Ferry counties. Notably, the seven counties with the highest per-capita investments from these programs all had a people of color ranking of four or below.

In other words, per capita cumulative investments across HTF, BCF and ETS were highest in counties whose populations were predominantly white. Benton County, which had the highest proportion of people of color in the state, received $14 per capita, one of the lowest investment levels represented. Of the four counties that did not receive funding during this period, three (Columbia, Skamania and Garfield) had people of color rankings of one or two. **This data reflects that Commerce programs are investing in some counties with higher proportions of people of color, but these counties are not systematically prioritized in funding decisions.**

Table 7: Combined capital program investments per capita in relation to people of color average disparity ranking by county

County	Investment total per capita	Average people of color rank (1=low proportion; 10=high proportion POC)	County	Investment total per capita	Average people of color rank (1=low proportion; 10=high proportion POC)
Adams County	$0	5	Lewis County	$131	2
Asotin County	$79	1	Lincoln County	$6	1
Benton County	$14	9	Mason County	$107	2
Chelan County	$196	4	Okanogan County	$591	4
Clallam County	$110	5	Pacific County	$179	4
Clark County	$70	2	Pend Oreille County	$5	2
Columbia County	$0	2	Pierce County	$45	3
Cowlitz County	$22	1	San Juan County	$257	1

County	Investment total per capita	Average people of color rank (1=low proportion; 10=high proportion POC)	County	Investment total per capita	Average people of color rank (1=low proportion; 10=high proportion POC)
Douglas County	$14	6	Skagit County	$158	2
Ferry County	$56	7	Skamania County	$0	1
Franklin County	$22	8	Snohomish County	$35	2
Garfield County	$0	1	Spokane County	$62	1
Grant County	$151	6	Stevens County	$135	1
Grays Harbor County	$126	4	Thurston County	$52	3
Island County	$67	3	Wahkiakum County	$26	1
Jefferson County	$371	3	Walla Walla County	$112	5
King County	$113	3	Whatcom County	$112	3
Kitsap County	$50	4	Whitman County	$17	1
Kittitas County	$32	1	Yakima County	$155	8
Klickitat County	$459	3			

Educational attainment

This review sought to understand the systemic impacts of limited formal educational attainment on access to Commerce capital funding. Specifically, this analysis examines how capital investments in communities with a high proportion of residents with low educational attainment compared to investments in communities with higher proportions of highly education residents.

About this indicator

Commerce has no systematic or agency-wide data collection processes that include data related to recipient's levels of educational attainment. To address this missing data, this analysis relied on the Washington Environmental Health Disparities Map's rankings, which used the indicator of "no high school diploma." Specifically, this is defined as the "percent of population over age 25 with less than a high school education collected from the U.S. Census Bureau's American Community Survey (ACS) 5-year estimates for 2012-2016." The ACS 5-year estimate is recommended by the US Census Bureau as the most reliable estimate measure of census variables for small populations.[55]

While a lack of a high school diploma is a well-recognized risk factor for experiences of poverty and marginalization, Commerce also recognizes that this metric relies on a dominant culture preference for formal education, which might unintentionally devalue other mechanisms of knowledge transfer, particularly for Indigenous and agricultural communities.

Commerce staff assigned each county a ranking based on its relative proportional rank of "No High School Diploma." Because the Washington Environmental Health Disparity Map focuses on experiences of risk, populations that have a higher proportion of people with no high school diploma are ranked higher. Counterintuitively, that means that counties with higher educational attainment actually have a lower rank (one), while counties with lower overall educational attainment (and thus more risk) are ranked higher (10). Those counties ranked between one and three have populations where a majority of people have a high school diploma, while those ranked seven and above have high proportions of people with no high school diploma.

Assessment of combined investment

Table 8 illustrates the per capita investments in capital funding across all three programs (HTF, BCF and ETS).

The counties with the highest proportion of people with no high school diploma, according to this analysis, are Douglas, Franklin and Yakima counties. The 10 highest per-capita investment counties were ranked at six or above for no high school diploma, with the exception of San Juan County, which had a ranking of two and was the third highest per capita in funding. Of the four counties that received no funding, two counties (Adams and Columbia) had very high ranking of populations with no high school degree (eight and seven, respectively).

This data reflects that, while Commerce programs are investing in counties with higher proportions of people with no high school diploma, counties whose populations are significantly impacted by low levels of educational attainment are not systematically prioritized in the distribution of Commerce funding.

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[55] Washington Environmental Health Disparities Map Project Report

Table 8: Combined capital program investments per capita in relation to average educational attainment ranking by county

County	Investment total per capita	Average proportion of population with no high school diploma rank (1=low proportion; 10=high proportion of people without a high school diploma)	County	Investment total per capita	Average proportion of population with no high school diploma rank (1=low proportion; 10=high proportion of people without a high school diploma)
Adams County	$0	8	Lewis County	$131	8
Asotin County	$79	6	Lincoln County	$6	6
Benton County	$14	7	Mason County	$107	7
Chelan County	$196	8	Okanogan County	$591	8
Clallam County	$110	5	Pacific County	$179	7
Clark County	$70	5	Pend Oreille County	$5	7
Columbia County	$0	7	Pierce County	$45	6
Cowlitz County	$22	6	San Juan County	$257	2
Douglas County	$14	9	Skagit County	$158	6
Ferry County	$56	8	Skamania County	$0	4
Franklin County	$22	9	Snohomish County	$35	7
Garfield County	$0	4	Spokane County	$62	4
Grant County	$151	8	Stevens County	$135	7
Grays Harbor Co.	$126	7	Thurston County	$52	5
Island County	$67	2	Wahkiakum County	$26	6
Jefferson County	$371	7	Walla Walla County	$112	8
King County	$113	4	Whatcom County	$112	7
Kitsap County	$50	4	Whitman County	$17	5
Kittitas County	$32	6	Yakima County	$155	9
Klickitat County	$459	8			

Disability

This review sought to understand the systemic impacts of disability on access to Commerce capital funding. Specifically, this analysis examines how capital investments in communities with a high proportion of residents with disabilities compared to investments in communities with lower proportions of disabilities.

Commerce has no systematic or agency-wide data collection processes with data related to recipient disability. While some housing regulations require adherence to the Americans with Disabilities Act (ADA) guidelines or provide a quota for a number of accessible units, Commerce cannot systematically track the degree to which developers are adhering to these guidelines and quotas, or the proportion of the Commerce-funded capital projects that are utilized by people with disabilities. To address this missing data, this analysis again relied on the Washington Environmental Health Disparities Map's rankings.

About this indicator

The Washington Environmental Health Disparities Map includes data on disability derived from the Census Bureau's American Community Survey (ACS), with the percentage of population self-disclosing a disability based on census tract. The ACS collects data on six different aspects to measure disability.[56] These rankings developed by the Environmental Health Disparities map are a relative measure, meant to interpret relative risk factors for communities.

Commerce staff assigned rankings to each county based on its proportion of the population with disabilities. Because the Washington Environmental Health Disparity Map is focused on experiences of risk, populations that have a higher proportion of people with disabilities are ranked higher on a one to 10 scale. Counties ranked between one and three have populations where a relative minority of people indicated a disability or disabilities, while those ranked seven and above have high proportions of people with a documented disability.

Assessment of combined investment

Table 9 illustrates the per capita investments in capital funding across all three programs (HTF, BCF and ETS) at the county level and each county's relative proportional rank of disability.

According to this analysis, the counties with the highest proportion of people with disabilities are Columbia, Douglas, Ferry and Mason counties (all have a disability disparity ranking of 10, the highest risk level). These four counties have different experiences of recent Commerce capital investment: Columbia has had no recent investments ($0 per capita), Douglas has had relatively low investments ($14 per capita), Ferry has moderate levels ($56 per capita), and Mason County is in a higher funding tier ($107 per capita).

The 10 highest per-capita investment counties all were ranked at six or above for disability, with the exception of San Juan County, which had a ranking of three and was the third highest per capita in funding ($257 per capita). All of the counties with a ranking of 10 for disability were either unfunded or in the bottom tier of per capita funding. **This data reflects that while Commerce programs are investing in some counties with higher proportions of people with disabilities, those counties with the highest populations of people with disabilities are underfunded and not prioritized in recent funding distribution.**

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[56] This includes hearing, vision, cognitive, ambulatory, self-care and independent living. More information is available from Census.gov.

Table 9: Combined capital program investments per capita in relation to average disability ranking by county

County	Investment total per capita	Average proportion of population with disability rank (1=low populations with disabilities; 10=high populations with disabilities)	County	Investment total per capita	Average proportion of population with disability rank (1=low populations with disabilities; 10=high populations with disabilities)
Adams County	$0	7	Lewis County	$131	9
Asotin County	$79	6	Lincoln County	$6	9
Benton County	$14	4	Mason County	$107	10
Chelan County	$196	8	Okanogan County	$591	7
Clallam County	$110	6	Pacific County	$179	8
Clark County	$70	4	Pend Oreille County	$5	9
Columbia County	$0	10	Pierce County	$45	6
Cowlitz County	$22	9	San Juan County	$257	3
Douglas County	$14	10	Skagit County	$158	8
Ferry County	$56	10	Skamania County	$0	2
Franklin County	$22	6	Snohomish County	$35	7
Garfield County	$0	9	Spokane County	$62	7
Grant County	$151	6	Stevens County	$135	9
Grays Harbor County	$126	8	Thurston County	$52	6
Island County	$67	5	Wahkiakum County	$26	10
Jefferson County	$371	9	Walla Walla County	$112	7
King County	$113	4	Whatcom County	$112	8
Kitsap County	$50	6	Whitman County	$17	9
Kittitas County	$32	6	Yakima County	$155	6
Klickitat County	$459	9			

Poverty

This review sought to understand the systemic impacts of experiences of poverty on access to Commerce capital funding. Specifically, this analysis examines how capital investments in communities with a high proportion of residents in poverty compared to investments in communities with smaller proportions of residents in poverty. Poverty is strongly associated with experiences of chronic stress, chronic disease, shorter life expectancy, and many other risk factors.

About this indicator

Commerce has no systematic or agency-wide data collection processes with data related to recipient's experiences of poverty. While programs have systematic mechanisms to rank and evaluate applications based on whether a capital investment will serve people experiencing poverty, this data is largely provided by applicants and is not easily comparable. The Housing Trust Fund collects some relevant data related to the poverty status of individuals served via its annual progress report mechanism, but this data is not easily extractable for purposes of a cross-program or cross-agency analysis. There are many challenges to acquiring and validating this type of data, particularly as it could place an excessive data collection burden on recipients that could shift organizational energy away from service priorities (and instead to compliance-driven priorities).

To address the limitations of Commerce's available data related to poverty characteristics of program recipients, this analysis relied on the Washington Environmental Health Disparities Map's rankings. This indicator uses data on the percentage of the population living below 185% of the federal poverty level from the U.S. Census Bureau's American Community Survey for 2012-2016. For context, 185% of the poverty level for a family of four (March 2022–March 2023) is calculated at $51,338. Median household income for householders 25 to 44 years in the state of Washington (based on 2020 ACS data) is $85,782.[57]

Because the Washington Environmental Health Disparity Map is focused on experiences of risk, populations that have a higher proportion of people in poverty are ranked higher on the one to 10 scale. Those counties ranked between one and three have populations where a relative minority of people are in poverty, while those ranked seven and above have high proportions of people in poverty.

Assessment of combined investment

Table 10 illustrates the per capita investments in capital funding across all three programs at the county level and each county's relative proportional rank of poverty.

The counties with the highest proportion of people in poverty, according to this analysis, are Ferry, Adams and Klickitat counties (all have a poverty ranking of nine or 10). These three counties with the highest rates of poverty have varying levels of capital investment from Commerce: Ferry is in the lowest tier of funding ($56 per capita), Adams County has no funding, and Klickitat County is in the highest tier of funding ($459 per capita).

The 10 highest per-capita investment counties all were ranked at six or above for poverty, with the exception of San Juan County, which had a ranking of three and was the fourth highest per-capita in funding ($257 per capita). Of the counties with a poverty rank of eight or higher, approximately a third received the highest tier of per capita funding, a third were in the second highest tier of per capita funding, and a third received either no funding or very low levels of per capita funding (for example, Pend Oreille County received $5 per capita).

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[57] [Washington Environmental Health Disparities Map Project Report](#)

Notably, while nearly all communities in Washington have residents experiencing poverty, concentrated areas of poverty by census tract are most prevalent among rural counties in the state, according to the Environmental Health Disparities Map. **This data reflects that Commerce programs are investing at very different levels across counties with a high proportion of people in poverty, with some higher investments going to counties with relatively lower populations of people in poverty.**

Table 10: Combined capital program investments per capita in relation to average poverty ranking by county

County	Investment per capita	Average population in poverty rank (1=Low poverty; 10=High poverty)	County	Investment per capita	Average population in poverty rank (1=Low poverty; 10=High poverty)
Adams County	$0	9	Lewis County	$131	7
Asotin County	$79	4	Lincoln County	$6	7
Benton County	$14	4	Mason County	$107	6
Chelan County	$196	6	Okanogan County	$591	8
Clallam County	$110	5	Pacific County	$179	7
Clark County	$70	4	Pend Oreille County	$5	8
Columbia County	$0	8	Pierce County	$45	5
Cowlitz County	$22	5	San Juan County	$257	3
Douglas County	$14	8	Skagit County	$158	7
Ferry County	$56	10	Skamania County	$0	4
Franklin County	$22	8	Snohomish County	$35	5
Garfield County	$0	6	Spokane County	$62	6
Grant County	$151	8	Stevens County	$135	8
Grays Harbor County	$126	7	Thurston County	$52	5
Island County	$67	3	Wahkiakum County	$26	6
Jefferson County	$371	8	Walla Walla County	$112	7
King County	$113	3	Whatcom County	$112	8
Kitsap County	$50	3	Whitman County	$17	7
Kittitas County	$32	5	Yakima County	$155	8

County	Investment per capita	Average population in poverty rank (1=Low poverty; 10=High poverty)	County	Investment per capita	Average population in poverty rank (1=Low poverty; 10=High poverty)
Klickitat County	$459	9			

Religion

The inclusion of religion as a focus in this comprehensive analysis provided significant data challenges. The U.S. Census Bureau has not included questions about religion since the 1950s. Similar to immigration status, this question is not included as researchers have deemed that it may negatively affect respondents' sense of safety in accurately responding to or participating in the census. In addition, the Census Bureau, in 1970, stated that it felt a question regarding religion would "infringe upon the traditional separation of church and state."[58] The most relevant census data collected is county-by-county economic data on places of worship and other establishments operated by religious organizations.

Given these limitations, this analysis chose to examine religion data using the Pew Research Center's Religious Landscape Study. The 2014 study is based on telephone interviews with more than 35,000 Americans from all 50 states. This study followed a similar study in 2007; both studies have margins of error of less than one percentage point for the full sample, which highlights even "relatively small changes in religious groups' share of the U.S. population."[59]

This data on religious identity is not tracked using geographic differences, which limits this analysis. As Table 11 shows, the Pew Research Center's data estimates that in 2014, 61% of the population identified as Christian, 6% identified as a Non-Christian Faith, and 33% identified as Unaffiliated or "Don't Know."

Capital infrastructure funding provided by Commerce is intended to help strengthen communities across Washington. Given this, it is important to consider the historic and systemic barriers specific to racial groups' access to income, which may differ significantly from their experiences of racial discrimination.

Limitations of this indicator

As stated previously, it is extremely difficult to access reliable data regarding religious identity in the United States. The inclusion of religion in this proviso-initiated equity review demonstrates a desire by the Legislature to better understand the impacts of systemic religious oppression on communities' access to capital funding.

Efforts to pursue this information should be carefully considered and examined for the potential of unintended consequences, particularly in data collection and participation by communities experiencing oppression that may feel targeted or at risk if asked for this information.

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[58] Pew Research Center, "A Brief History of Religion and the U.S. Census," Jan. 26, 2010. https://www.pewresearch.org/religion/2010/01/26/a-brief-history-of-religion-and-the-u-s-census/
[59] Pew Research Center, "About the Religious Landscape Study." https://www.pewresearch.org/religion/about-the-religious-landscape-study/

Table 11: Religious composition of adults in Washington

Affiliation	Religion	Percent of population (Washington)
Christian faiths		61%
	Evangelical Protestant	25%
	Mainline Protestant	13%
	Historically Black Protestant	13%
	Catholic	17%
	Mormon (Latter Day Saints)	3%
	Orthodox Christian	<1%
	Jehovah's Witness	2%
	Other Christian	1%
Non-Christian faiths		6%
	Jewish	1%
	Muslim	<1%
	Buddhist	1%
	Hindu	1%
	Other World Religions	<1%
	Other Faith Traditions*	3%
Unaffiliated (none)		32%
	Atheist	5%
	Agnostic	5%
	Nothing in Particular	22%
Don't know		1%

Note: "Other Faith Traditions" includes Unitarian, New Age and Native American traditions.

Summary of quantitative data analysis

While this analysis has data limitation challenges, the available data clearly demonstrate that Commerce's investments are not equitably and comprehensively distributed to systemically oppressed communities.

Instead, these investments appear to be inconsistently distributed and primarily benefit counties that have moderate (but not severe) disparities. Additional findings include:

- Communities in some of the most geographically and resource-isolated regions of the state have not received recent Commerce capital program investments (Adams, Columbia, Garfield, Skamania counties).
- HTF is the largest and most comprehensive of Commerce's capital programs. Of the $757.8 million in total investments analyzed in this review, $139.4 million (or 18.3% of total funds) was distributed through non-competitive processes (direct appropriations). While both competitive and non-competitive investments in the HTF are concentrated on the I-5 corridor, non-competitive investments are distributed in fewer areas of the state.
- BCF investments are largely concentrated in the Puget Sound region, with some dispersed investments in other areas of the state. Recent investments were dispersed in 17 counties in Washington.
- ETS is the smallest of the three programs analyzed, with 12 counties receiving investments.
- Per-capita cumulative investments across HTF, BCF and ETS were highest in counties whose populations were predominantly white.
- While Commerce programs are investing in counties with higher proportions of people with no high school diploma, counties whose populations are significantly impacted by low levels of educational attainment are not systematically prioritized in the distribution of Commerce funding.
- While Commerce programs are investing in some counties with higher proportions of people with disabilities, those counties with the highest populations of people with disabilities are underfunded and not prioritized in recent funding distribution.
- Of the counties with a poverty rank of eight or higher, approximately a third received the highest tier of per capita funding, a third were in the second highest tier of per capita funding, and a third received either no funding or very low levels of per capita funding.
- Commerce is not able to address equity distribution about religion, as this question is intentionally excluded from census questionnaires and other government data collection mechanisms.
- The counties receiving the highest per-capita funding across HTF, BCF and ETS all had average disparity scores between five and seven with the exception of San Juan County, which had an average disparity ranking of two.

Systemic barriers to equitable capital investments

Through this capital equity review process, community members provided candid stories of their experiences attempting to access Commerce capital funds. Through community discussions, polls, email and ongoing partnership meetings, participants identified a daunting web of barriers that drive inequities in Commerce capital investments. These barriers are discussed in detail here, along with many of the stories and related discussion collected in this process. Broadly, these barriers relate to the following topics:

- Barriers to information
- Inaccessible communication
- Poorly communicated and inadequate application timelines and requirements
- Representation and cultural capacity of Commerce staff
- Complex compliance-based culture that restricts creative equity solutions
- A federated agency and lack of coordination across programs
- Incomplete and inaccurate data collection and analysis
- Limited proactive engagement
- Complex, costly and labor-intensive application processes
- Need for more program-specific technical assistance available to support applicants
- Limitations on prioritization "on the basis of race"
- Difficulty for BIPOC-led and By and For entities to build capacity and effectively compete for funding
- Impact of directly appropriated funds versus competitive funds
- Complex financial barriers
- Inflexibility of funding for capacity building and operating costs
- Site control requirements
- Inequitable program-specific access to consultants that are "inside players"
- Advantages and repeat funding for experienced and larger entities
- Tribal invisibility in Commerce program design
- Lack of consistency in defining prioritized populations across Commerce
- Application scoring criteria and transparency
- Challenges in community participation in program design and delivery

Barriers to information

Community participants described not being able to find basic information about Commerce programming, including funding announcements, eligibility criteria, application timelines and clear application instructions.

> "We tried for years to figure out how to get access to Commerce funding. But it wasn't until I was able to build a relationship with a Commerce staff member that I was able to access the information I needed to be able to navigate Commerce. You can't break in unless you have that relationship." – HTF applicant

Participants expressed frustration about many factors, including:

- Not knowing how to navigate the Commerce website to find program information, as well as a sense of insecurity or inappropriateness about directly asking Commerce staff about funding availability
- Lack of a global calendar for Commerce programs to identify key dates
- Lack of a robust frequently asked questions (FAQ) or guidance and examples for each program
- Lack of information about how to be added to distribution lists for funding announcements
- Lack of information about how to contact staff for application-related questions

Inaccessible communication

Participants also emphasized that Commerce communication had access barriers, including complex bureaucratic language and a lack of consistent translation or interpretation services for non-English speaking populations.

> "It's not just about translation and interpretation in other languages. We know even our English materials can be out of reach because of internal bureaucratic language. Some of our translation services are only providing word-for-word translations, which we know is unacceptable. We have a lot of work to do." – Commerce Communications employee

While Commerce programs are encouraged to provide translation and interpretation services and the Communications team released a guide to translation and interpretation services in late 2021, there are no established, effective accountability metrics to drive implementation. For example, there is not clear guidance on which languages materials should be translated into. Further, employees report that it is extremely difficult to access translation and interpretation services through contracting agencies, which require written requests for services up to four weeks in advance. These onerous wait times and complicated request processes lead many program teams to simply abandon attempts at providing translation and/or interpretation for non-English speaking communities.

> "Information continues to be almost entirely inaccessible to non-English speaking populations. Efforts to improve translation and interpretation are thwarted by excessively long lead times to request an interpreter or translation of a document. And these services are incredibly expensive." – Commerce program manager

Poorly communicated and inadequate application timelines and requirements

Participants shared a great deal of frustration about inconsistent and poorly communicated application timelines. While individual programs might have their own application timelines and communication standards, there is not a standardized agency-wide approach to the timing and sequence of request for proposal (RFP) or notification of funding opportunity (NOFA) announcements.

> "(The application window) was absolutely unreasonable. We want more transparency into the internal processes. We need more notice. It feels like it is designed to keep the applicant pool small." – Commerce applicant

The Communications team releases RFPs and NOFAs on the agency-wide email platform and is increasing its use of social media for this purpose. However, the Communications team does not maintain a division- or agency-wide calendar of due dates and must rely on information from subject matter experts before making announcements. Although the Communications team has implemented an agency-wide request form, the entire agency has not yet adopted its use. This has created an unduly complex process depending on who is submitting materials.

Contract staff also note that Commerce teams are often under significant pressure to disperse funding as quickly as possible, which can contribute to short application windows. With no internal requirements or metrics for how funding processes are constructed, team members ultimately feel accountable to distribute funding as quickly as possible.

"At the end of the day, we are basically only held accountable to whether we get the money out. And there's so much work and not enough staff capacity, so this is what we spend our energy on. When it comes to provisos and pass-through funds, this pressure often comes from the Legislature. We need to better inform folks of the reasons for the process so that we can release some of that pressure." — Commerce employee

Representation and capacity of Commerce staff

Participants explicitly identified the need for program staff to better represent the communities to which they provide investments. As mentioned earlier in this report, among Commerce employees:

- 76.3% identify as white
- 7.1% identify as Asian or Pacific Islander
- 6.5% identify as Latino, Latina or Hispanic
- 6.1% identify as Black
- 2.4% identify as American Indian or Alaskan Native (AI/AN)
- 7.6% identify as a person with a disability

According to U.S. Census Bureau estimates, 66% of Washingtonians identify as non-Hispanic white, 10.8% identify as Asian American or Pacific Islander, 13.7% identify as Hispanic or Latino, 4.5% identify as Black or African American, and 2% identify as American Indian or Alaska Native.[60] White people are significantly overrepresented among Commerce employees. While the agency has made concerted efforts to hire more diverse employees, agency staff are still under-representative of BIPOC populations.

> "I don't see my community represented in the Commerce staff that I interact with. How can you effectively reach communities if your staff don't reflect those communities?" – Equity engagement session attendee

Until recent shifts in remote work, the majority of Commerce staff were required to report to work in offices in Olympia, a majority-white city that is geographically removed from many predominantly BIPOC communities in the state. The other Commerce office locations are downtown Seattle and downtown Spokane. The agency opened a Commerce satellite office ("Hub") in Kennewick (Benton County) in October, and is pursuing plans to add additional remote offices, with the hope of making the agency more accessible to historically underserved communities and populations.

Many participants also challenged the agency to increase its staffing levels, along with its representation of Washington's residents, to better respond to community needs. Employees also shared this desire, with unanimous reports that teams were scrambling to hire in a very competitive market.

> "We have gotten so much funding this past year and have worked hard to get the dollars out. But our teams have also been dealing with the impacts of the pandemic. We have so much work to do to get our teams stabilized so that they have the capacity to support the agency as it has grown so quickly." — Human Resources team member

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[60] U.S. Census Bureau Quick Facts, Washington https://www.census.gov/quickfacts/WA

Cultural competency of Commerce staff

Community members consistently provided feedback about Commerce's need to strengthen employee cultural competency in working with communities of color and tribal governments. Cultural competence or cultural responsiveness refers to "a set of congruent behaviors, attitudes, and policies that enable a system, agency, or group of professionals to work effectively in multicultural environments."[61]

> "Commerce staff lack the internal cultural competency to support a diverse set of applicants and grantees." – Equity engagement session attendee

Cross et al. (1989)[62] identify five essential elements that contribute to an agency's ability to become more culturally competent:

- Valuing diversity
- Having the capacity for cultural self-assessment
- Being conscious of the dynamics inherent when cultures interact
- Having institutionalized culture knowledge
- Having developed adaptations to service delivery reflecting and understanding of cultural diversity

Research repeatedly shows that more culturally competent public systems improve program outcomes and can contribute to the elimination of racial and ethnic disparities.[63] BIPOC community members and those from systemically oppressed communities might be affected by experiences of implicit bias and discrimination based on race, immigration status, socio-economic status, accent, English proficiency, and more. As an agency, Commerce cannot effectively provide impactful services or outcomes to communities that do not experience a sense of trust with the agency.[64]

Commerce capacity limitations

Employees noted that internal capacity limitations create unintentional disincentives for more effective outreach to underserved communities. In addition to staffing needs, team members discussed the limitations of administrative budget requirements. Specifically, the Office of Financial Management (OFM) requires that capital projects spend no more than 3% of their budget on program administration. Capital project administration costs are for activities directly related to the completion of a capital project or implementation of a program that is funded in the capital budget.[65]

Employees noted that this 3% administrative cap is a significant barrier to expanding the internal capacity needed to develop and implement more equitable processes, such as expanded outreach, funding and application workshops and trainings, more detailed written materials about preparation for successful projects and successful funding applications, program-specific technical assistance, and relationship building. While OFM indicates that exceptions to the 3% admin cap "may be granted on a very limited basis with documentation justifying the need,"[66] no individuals interviewed for this report are aware of an expansion of this admin cap.

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[61] Cross et al., "Toward a Culturally Competent System of Care" 1989
[62] Ibid.
[63] Cultural and Linguistic Competence in Family Supports, Policy Brief, National Center for Cultural Competence
[64] Ibid
[65] Office of Financial Management, Combined Capital Budget Instructions, Part 2, 2023-25 Biennium (June 2022)
[66] Ibid

"My team really did a great job with outreach on a recent grant announcement. We received 946 applications and quickly realized that our team didn't have the capacity we needed to equitably communicate with applicants. We prioritized translation and interpretation services to communities, but this cost our program over $20,000 and access to services were significantly delayed. These added costs ultimately impacted our staffing capacity. We didn't have the staff time we needed to equitably assess and score so many applications in the way that we wanted to. We are committed to expanding outreach to communities, but if we don't have the staff or budget to manage all of these applications, we're not delivering on our equity goals." – Commerce program manager

The more effective Commerce is in engaging with underserved communities, the more staff time and budget will be needed for community engagement, outreach and communication, translation/interpretation, technical assistance, application review, scoring, application debriefs, and ongoing relationship building. In short, more equitable capital investments will require more employee capacity and more funding.

Complex compliance-based culture that restricts creative equity solutions

As a state agency charged with responsibly allocating public investments, the Department of Commerce must align and implement an overwhelming number of legislative mandates that govern both program design and internal culture. Program employees and community participants spoke at length about a desire for greater flexibility and adaptability in using funds to drive more equitable impacts across the state.

"Building capacity for transformative culture change around equity is going to require a lot from everyone at Commerce. We're trying to scale a huge mountain together, and we need to be able to do this work in a way that also acknowledges that staff are overworked and often feel that RCWs and other legal requirements are stacked against their ability to implement more equitable practices." – Commerce leadership team member

Although agency staff acknowledge that accountability is an integral part of their work in government funding, it can be limiting in creating solutions that work for diverse communities. It also means that previous bad actors affect future policies in ways that can turn away viable solutions.

"As a public employee, I've realized that I've been taught to always center an approach that focuses on stewardship and accountability. It's part of the culture of public agencies, but it will not always serve us well going forward. The history of federal programs is spending a lot of money to make sure a few people don't cheat the system. And in the meantime, all of these communities are struggling and we're denying them the resources they need." – Commerce program manager

In internal equity meetings for this review, an Electrification of Transportation Systems program employee described the unique ability to design and implement equity-centered programming, due to the new nature of the funding and the fact that the program was not burdened by statutory guidelines.

"Some programs have layers of statute or program recommendations, including many that are intended to drive equity, that unintentionally make it more difficult for programs to equitably disperse funds. One of the surprising components of the success of ETS (in regard to equitable investments) is that the team had the needed flexibility to design the program in a creative way, relying on data from the Washington Health Disparities Map." – Commerce program manager

A federated agency and lack of coordination across programs

Both external and internal engagement sessions included feedback that the Department of Commerce is a highly federated agency, which can be very confusing to navigate.

> "Our community was in the dreaming and planning stages for a building that we hoped could support multiple needs, including community meeting space, child care, and affordable housing. We knew there were resources at Commerce, but it was so difficult to figure out who to talk to or even what program we should be applying to. It feels like the programs aren't even connected to each other." – Equity engagement session attendee

Internally, employees also discussed the significant challenges in testing and adopting equity practices with limited coordination across the programs at lower levels. While there is a high degree of leadership coordination across the agency, management-level employees described challenges in facilitating shared decision-making or implementation across the programs, specifically around equity practices.

> "How can we design our programs to reflect the entry point for a community? They begin with, 'We want to build something' and we meet them at that entry point." – Commerce program staff

One example is related to data collection and analysis: While many programs are working to incorporate equitable entry points for By and For organizations, [67] there is not yet a shared agency definition of this term. The Building Communities Fund initiated a series of data workshops with communities to attempt to pilot data collection practices that would inform Commerce of the attributes of organizations that apply and receive funding. But this effort is largely de-centralized, making it difficult to coordinate with other programs and state agencies, particularly with the upcoming implementation of the HEAL Act and agency PEAR plans.

> "As Commerce has grown, we've really developed separate agencies within an agency. We don't have real opportunities to drive change across the agency. Managers aren't making decisions in coordination with one another in the ways that we should be." – Commerce employee

Incomplete and inaccurate data collection and analysis

The lack of a robust, usable and accurate data management system was one of the most consistent areas identified as a major barrier to equity for Commerce capital investments. While Commerce has a shared contract management system, representatives from every program, in addition to external applicants and award recipients, described a significant number of data barriers, including:

- Difficulty understanding how an applicant might interface with multiple programs within the agency
- Inconsistent data entry practices across programs — each program keeps its own data
- Lack of systematic data on the demographic attributes or characteristics of unfunded applicants
- Lack of consistent regulation and practices about purging old data (for example, past unfunded applications have been purged by multiple programs)
- Limited system capacity to update information as an application moves from submission to implementation, including final addresses of building locations

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[67] The Community Engagement and Outreach team uses this definition: A "By and For" organization has a primary mission and history of supporting and providing services to BIPOC and unserved communities. They are culturally based, and individuals from the population served direct and substantially control the organization. Their purpose is developing and enhancing culturally and community specific services for individuals hurt or harmed in BIPOC and unserved (marginalized) communities.

- Inability to track identity attributes (such as race, ethnicity and geography) of grantees and end recipients
- Inability to accurately report who Commerce serves with capital dollars
- Sense of confusion about how data metrics will be defined and used, and how agencies will be evaluated in defining and implementing key data metrics for the HEAL Act and agency PEAR plans

Community members emphasized the need for Commerce to know whom it serves, but cautioned the approach in how data would be collected, noting that asking applicants to collect and provide robust demographic information is costly and could create unintentional barriers for smaller, under-resourced, and BIPOC-led organizations.

> "I think everyone at Commerce is eager to get clarity and support around the data work. We know it's crucial. I think we are all looking to the HEAL Act for both resources and practices to replicate on our teams." – Commerce program employee

Employees and other government stakeholders also emphasized the importance of tracking unsuccessful applicants within Commerce's data systems to identify who applies and does not receive funding over a multi-year period.

> "Our biggest data challenge is a common vision. We need guidance on the data we need to collect across all of our programs. We are no longer a small and scrappy agency. We can't exist as a collection of programs anymore. We need to strengthen the data infrastructure that supports all of the programs." — Commerce Information Services staff

Many programs within Commerce are attempting to address these issues at the program level while waiting for direction and clarity from broader state entities. Some programs are taking action without waiting for other guidance.

Housing Trust Fund (HTF) staff also described a need to invest in more robust data tools specific to grantee reporting. After receiving an award, recipients of HTF grants report their progress annually using the Web-Based Annual Reporting System (WBARS). This reporting system is the only mechanism to collect demographic information on capital fund recipients in the HTF, but the data is not easily accessible for relevant analysis of program outcomes.

Participants in this equity process also discussed data challenges in terms of assessing the long-term impacts of Commerce investments. While Commerce programs require follow-up reporting on program outcomes, some participants felt that this did not go far enough.

> "Commerce needs to be thinking more about the end outcomes of their work. You need to look at things like eviction rates by race. Who gets to use the building? Is it truly accessible for people with disabilities? Are larger families being served?" – Equity engagement session attendee

Limited proactive engagement

Participants in both community and internal agency listening sessions expressed a need for more employees solely focused on proactive engagement with historically underserved communities.

> "So many needy communities in our state do not even know that these funding opportunities exist. I see that Commerce is trying, but it's also important to think about how you engage. It's not enough to just send emails with funding announcements." – Equity engagement session attendee

Many staff noted that they were personally committed to providing more proactive engagement to communities, but that these activities were repeatedly deprioritized because of internal agency incentives that focus on funding distribution and compliance.

> "Although many program staff have experience with community engagement as part of their project portfolio, it is not their sole focus. This means engagement can easily fall behind other required tasks like contract management and logistics." – Commerce leadership team member

Participants in this equity review provided several suggestions about expanded outreach, including the use of text-based technology and culturally specific communication. In addition to agency-wide outreach and engagement staff, program teams stated that they needed dedicated staff to build relationships with key partners for program-specific expansion.

> "We need a more relationship-forward system that doesn't put all of the onus on communities to be constantly initiating." – Commerce leadership team member

Complex, costly and labor-intensive application processes

Many participants said that Commerce capital application processes were exceedingly complex and costly to complete, all while having no real early feedback on whether their organization would be competitive for funding. Unsuccessful applicant organizations described this experience as a "waste of time for everyone" and gave many suggestions, specifically more frequent touchpoints in the process where an applicant could understand what they needed to do earlier to build a successful proposal.

Participants encouraged Commerce to examine:

- Using "pre-application" screening surveys to help organizations understand their eligibility
- Creating multi-step application processes that allow for earlier review
- Expanding opportunities for technical assistance to get clarity on applications
- Eliminating "all or nothing" approach to applications, where applicants who were missing elements of their application were automatically disqualified
- Implementing a relationship-based approach, where Commerce partners with organizations in the development of applications
- Addressing the capacity limitations of smaller organizations as a mechanism to drive more equitable investments

One applicant described how this experience affected the applying organization and the entire community invested in the project.

> "Small nonprofits really need someone to hold our hands and guide us through what the state is expecting of us. And the state really needs us to help understand what our communities are going through. It's such a huge time investment, and then at the end we still don't get the grants. It's not just hard on us as leaders and organizations; it's hard on our entire community. The application process for small organizations feels like walking through the dark. And then you get to the end and you realize there's so much you didn't know. You spent all this money and all this time, and it just feels like a waste." – Communities of Concern Commission member

Inadequate program-specific technical assistance available to support applicants

Participants also identified the need for broader and more readily available technical assistance. Beyond the complexity of the application process, this barrier focuses on the need for guidance and relationship building during the development and submission of the application.

> "The stakes are so high and sometimes we just need basic communication that we can't access. Like once we needed clarity on a term in the application, and we only had seven days to get it completed. We didn't have a clear way to just ask and get an answer and we knew our application would be thrown out if we didn't address the question." – Commerce applicant

> "We need you to reach out and let me know who I should be connecting to. Are you giving me tangible things I need? I need technical assistance to connect the dots. Not just a list of resources. I need someone to help me navigate." — Engagement session attendee

In internal discussions, Commerce staff also identified a need for expanded technical assistance capacity that includes both agency-wide and program-specific support that is responsive to the needs of communities.

Participants were interested in whether technical assistance support could be provided. Community partners expressed a desire to use a trusted messenger model, which would give them more autonomy with whom they chose to work with in developing a capital proposal. Participants also asked Commerce staff to create a roster of consultants who can provide a presentation of their services, with a preference for BIPOC-led organizations. Participants noted that providing a roster of consultants (without necessarily recommending them) would at least provide some transparency into the consulting relationships available in the state.

> "There are areas of the state that desperately need housing or capital infrastructure, but they don't have nonprofits that provide these services. Organizations from these isolated areas really need more support to work through an application process and be ready to have a competitive application." – Equity engagement session attendee

This suggestion might require more analysis, as other engagement session attendees noted the possible unintentional consequences in the behavior and pricing of consultants who are incentivized to be included on this proposed list. Even with improved transparency and identification of technical assistance consultants, organizations representing historically underserved communities would be financially challenged in affording and accessing those services.

Alternatively, an expanded technical assistance model that relied on Commerce staff also presents challenges. If staff members providing technical assistance are also engaged in application review processes, this would present a conflict of interest and weaken trust in the agency's credibility.

The Building Communities Fund has invested resources into collecting feedback about technical assistance needs to adapt their services. The BCF recently piloted the use of "speed dating"-type technical assistance forums, where it advises applicants on the process. BCF also developed a program toolkit and workshops. The team has received feedback from partners, particularly tribal governments, about the need for face-to-face time centering relationships. As COVID-19 health precautions continue to evolve, the team plans to work with the Commerce Tribal Liaison to prioritize in-person future engagement. The BCF enabling statute ([RCW 43.63A.125](#)) allows Commerce to award technical assistance grants; however, the Legislature must specifically appropriate this funding in the capital budget.

ETS also planned strategic in-person engagement before the pandemic, and hopes to implement opportunities in the future. ETS employees said that even simple communication tools can improve applicant experiences, such as the use of a continually updated FAQ document on the main website and an open virtual Pre-Proposal Bidders Conference to learn more about the application process.

HTF is launching its first pilot program to offer technical assistance to rural communities in 2022. As a result of $2 million in funding from the Legislature 2021, it will implement a similar effort focused on BIPOC-led organizations serving BIPOC populations in the future.

Limitations on prioritization 'on the basis of race'

Race is a significant determination in the likelihood of an individual's experiences of discrimination, oppression and lack of access to resources. The importance of race as a criterion in identifying historically underserved communities is embedded in many Commerce program directives. For example, Washington state's environmental justice laws encourage the prioritization of "vulnerable populations," which are defined as including "racial or ethnic minorities."[68]

Several federal and state requirements affect the use of race in the determination of eligibility or prioritization for public dollars. The intent of the Fair Housing Act, along with many other related requirements, was eliminating housing discrimination on the basis of race. While this law has had a tremendous impact, some of the law's language specific to race is now perceived as a barrier to addressing racial inequalities, as it could be interpreted as a prohibition in using race-focused considerations in the allocation of public resources.

Federal agencies have used other tools to address the need for race-specific interventions, including the Equal Credit Opportunity Act, which includes a provision for special purpose credit programs (SPCPs) that would allow targeted lending programs on the basis of a protected class such as race or national origin without violating other federal antidiscrimination statutes (including the Fair Housing Act). Recently, Fannie Mae published its Equitable Housing Finance Plan, which includes an explicit focus on supports for Black homeowners and renters. The authors write, "The rationale for this choice is straightforward. To meaningfully address inequities in the housing system caused by past housing practices, we are focusing on Black homeowners and renters, a population where those inequities are particularly profound."[69]

Policies such as the Fair Housing Act are often described as "equal opportunity" public programs, despite under-enforced elements of the law —such as the affirmatively furthering fair housing mandate — that were intended to proactively address the needs of racially disadvantaged communities.

Engagement session attendees and Commerce employees expressed a need for more race-specific prioritization in application scoring, both in terms of the communities served and the identities of developers. Employees expressed concern and hesitation about how to address race-specific disparities, given the scarce mention of explicitly naming race in program priorities by some policy makers.

> "We can't keep speaking in code about who needs these funds. Actively dismantling systems of racial discrimination requires that public agencies have the flexibility to deliver targeted services to the most marginalized populations, including race-specific communities." — Commerce employee

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[68] RCW 70A.02.010
[69] Fannie Mae's Equitable Housing Finance Plan, 2022

Engagement session attendees noted that the integration of race-specific priorities would likely require intervention at the state and federal level before significant changes could occur at the agency level.

Need for BIPOC-led and By and For entities to build capacity and effectively compete for funding

Many participants spoke about the dynamics of mostly white-led organizations developing capital infrastructure intended to primarily serve BIPOC communities. Both community participants and participating employees agreed that there is a need to cultivate and strengthen more BIPOC-led and By and For developers, though there were differences in opinion about how this could be accomplished.

> "There's been more of an effort to identify and bring resources to BIPOC communities. But the funding is largely going to white-led organizations that don't take adequate steps to really build relationships, leaving these organizations in a place where they feel used and without the autonomy they need to really strengthen their communities." – Equity engagement session attendee

BIPOC leaders also referenced a recent effort to support the development of a cadre of Black-led developers as a potential model to explore. BIPOC leaders indicated that efforts to strengthen the capacity of BIPOC-led and By and For organizations should carefully examine the power dynamics and financial incentives underlying how this work is approached.

> "We've hired a coach – someone our community knows and trusts – to help us build capacity but in a way that also centers the community. We are fighting for our own validity around this work. If we don't have the track record that the larger, white-led organizations have, we have to work three times as hard." – BIPOC applicant

One participant suggested that historically successful (that is, previously funded) developers could be incentivized to mentor emerging BIPOC-led and By and For organizations in the necessary capacity building and technical assistance to develop competitive capital proposals. Discussion centered on the needed financial flexibility for these previously funded developers to do this work – specifically raising the cap on available funding so established developers could develop their own projects while mentoring incoming organizations.

Another participants challenged this mentorship model and suggested it would further colonizing practices by positioning previously funded developers to oversee and manage emerging organizations in ways that centered dominant culture practices and paternalism. Participants also noted that this type of mentorship model would "essentially be paying well-funded organizations to grow the capacity of their future competitors" – a situation where the incentives were unaligned to benefit emerging BIPOC organizations.

> "There's a conflict, as a BIPOC-led organization, to be in a situation where I'm essentially working 'under' a white led organization. I have had experiences like that and you can feel the sense of disdain. I would feel some type of way having to come under a larger organization that was mentoring me with those dynamics." – New BIPOC housing developer

As an alternative to the proposed mentorship model, participants suggested that Commerce could support the capacity building of emerging BIPOC-led and By and For organizations by dedicating flexible funding to these organizations, allowing them to hire experienced, reputable third-party consultants who are knowledgeable about Commerce pre-development processes.

Impact of directly appropriated funds versus competitive funds

Community discussions also touched on the sensitive topic of direct appropriations. Some participants expressed frustration that directly appropriated funds, or earmarks, distorted the competitive nature of capital program processes and favored organizations whose leaders had access to power.

> "Direct appropriations by the Legislature circumvent the efforts that the Department of Commerce prioritizes in an equitable competitive application review, thus leaving fewer funds on the table for new applicants to access." – Equity engagement session attendee

In contrast, some participants described direct appropriation of funds as an avenue to mitigate the inequitable barriers of the competitive capital processes.

> "Earmarks have also been one of the only ways that smaller inexperienced organizations have been able to get their foot in the door. If they tried to do it through an open round they would never be successful." – Equity engagement session attendee

Community participants and staff acknowledged that direct appropriations, set asides and annual programmatic changes drastically affect the distribution of affordable housing funds and competitively driven funding processes.

Complex financial policies and requirements

Community members identified myriad financial barriers, policies, and operating requirements that prevent smaller, historically underserved, rural, By and For, and BIPOC-led organizations from accessing needed funding, including:

- Funding match requirements
- Cash in hand versus funding commitments
- Reimbursement-only models
- "Last in" funding models
- Credit mechanisms that are prohibited by Islamic law

Match requirements

"Match requirements and related financial barriers hit BIPOC-led organizations the hardest. Because of the impacts of racialized wealth distribution, white-led organizations are invariably able to tap into individual donor networks of mostly white investors. The state has to recognize that all of our financial systems are racialized and be willing to work harder to remedy this." – Equity engagement session attendee

In the 2021 legislative session, a bill was introduced specifically modifying match requirements for certain projects applying for funding under the BCF program ([HB 1154](#)). While the bill did not pass, it did introduce a concept worth considering as a method to expand assistance for projects up to certain cost thresholds. HB 1154 proposed a tiered approach, awarding 100% of funding for projects up to a specific cost threshold, then funding 75% and 50%, and ultimately returning to the original 25% for projects with total projects costs at higher thresholds. Stakeholders agreed that the thresholds identified in HB 1154 were too low to be impactful for most organizations, but that the tiered approach could be effective if thresholds were increased to more closely reflect average project costs for the program.

While the Housing Trust Fund does not technically have a match requirement in statute, the program does have application review priority specific to leveraging existing capital. Participants discussed a sense that financial match was the de facto decision point for HTF applications. The conversation about the role of matching funds led to tension in some community conversations, with different opinions about whether Commerce should fund more projects at a smaller amount or cover more of the costs for a smaller number of projects. Some participants expressed interest in a tiered model or approach that allowed for different match approaches depending on the type of applicant.

ETS has successfully used a tiered match approach, providing reduced matches to applicants whose projects are located in communities that score above a certain rank threshold on the WTN Environmental Health Disparities Map. This tiered process incentivizes development in historically underserved communities and

> **"I sit on the regional school board. We've learned that in order to get housing off the ground you have to scrape together funding sources from so many different places. Inherently throughout this whole process, you realize that all these funding resources are super extractive. You're dependent on investors that are all trying to mitigate their risk by chopping up their funds. I really challenge Commerce to rethink your assumptions about how this impacts the autonomy and power of smaller community-led organization. By spreading the money in so many different ways, we are forced to give up a lot of power, control, and autonomy, which spreads us thin and makes us essentially subservient to a set of investors. Instead Commerce could fund us in a way that truly allows a sense of community ownership, where we can then focus on attending to the needs of our community. Consider going all in on one or two projects. Build up the capacity of organizations to do this work in a way that is truly transformative."**
>
> *– Equity engagement session attendee*

lowers barriers for applicants who represent impacted and vulnerable communities (as defined by ETS' criteria). ETS is also exploring match reductions for specific communities, such as tribal governments.

> "The way capital projects are in the housing world, it's normal to see five or six large funders. At the end of the day, we leverage each other. We hear a lot of asks for the state to cover more of the project; but if Commerce's investment is increased, this means we would ultimately fund fewer projects. How do we find that sweet spot?" – Commerce employee

Many smaller organizations in the Building Communities Fund indicated that the 25% match for state funds is insufficient to move a project forward, particularly for applicants hoping to construct larger projects. Participants said that a larger match percentage would provide new, smaller, By and For, and BIPOC-led organizations a greater chance of success in getting their projects funded.

Current BCF guidelines allow for limited "exceptional circumstances" where the state's contribution may exceed the standard reimbursement percentage. These circumstances 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."[70] Staff suggested that this definition of exceptional circumstances was overly narrow and restricted the program's ability to respond to the extreme inequities that some communities face in accessing funding from other partners.

Cash in hand versus funding commitments
BCF also requires that applicants have other sources of funding — the other 75% of the project — secured prior to the BCF match. This is challenging because other sources of funding often have similar requirements to have funding secured before releasing their allocation.

> "If we have a guaranteed source of funding but don't have the funds yet, Commerce doesn't consider that to be money in hand. It's a 'Catch-22.' We have to go out and ask for funds and everyone is asking, 'Why don't you have a contract from Commerce guaranteeing that you're going to get this funding?' There has to be an understanding that if an applicant is bringing willing partners to the table, those partnership agreements (memorandums of understanding – MOUs) should be just as relevant as the dollars." – Communities of Concern member

Reimbursement-only models
Reimbursement-only models were viewed as a significant barrier for applicants. Reimbursement models require that award winners raise funds up front and then submit for reimbursement from Commerce. Participants expressed a strong desire to re-structure these programs provide direct funds, which would increase the pace of construction.

> "Having money upfront and with consistency is a more sustainable way to fund a project without disrupting the budget flow of an organization. Reimbursement-only models once again favor white-led organizations that have much more access to capital." – Commerce applicant

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[70] [2023-2025 BCF Guidelines](#)

'Last in' funding models

Participants also noted that Commerce, along with many other funders, desires to be the "last funder" on a project. This policy favors experienced developers, who can more easily access the initial capital needed to attract and secure the remaining funded needed for the project. One suggestion to mitigate the equity impacts of this approach is a "funding pledge" that could be offered prior to any funds being secured, but paid out only after the organization secured its other funders.

> "Commerce cannot claim that you want to lead on equity and still insist on being the final contributor to a project. If Commerce truly believes in funding BIPOC-led and By and For organizations — if you're serious about shifting power — then you need to be willing to go all in, and fund projects earlier in the process." – Equity engagement session attendee

Credit mechanisms prohibited by Islamic law

An additional financial barrier for some Muslim applicants to Commerce programming is the prohibition of collection and payment of interest by lenders and investors under Islamic law, or sharia. Many Commerce programs are inaccessible to Muslim community organizations because they financially favor lenders.[71] Commerce leadership is aware of these challenges and is working to identify and strengthen funding opportunities that comply with Islamic law.

Inflexibility of funding for capacity building and operating costs

Commerce capital funding is restricted to specific construction-related and pre-development costs, which participants identified as an equity barrier for smaller BIPOC-led and By and For organizations. BIPOC-led organizations are disproportionately more likely to be small and under-resourced. These organizations, along with rural organizations, need flexibility in use of funding develop a successful project. Participants in the repeatedly noted the need for expensive pre-development support, most often provided through third-party consultants, for feasibility studies, site analysis, community engagement and assessments, architectural design, permitting, fundraising, grant writing, site procurement, and many other aspects of project management that lead to a successful application. Many entities also said that funding restrictions from multiple investors left them without adequate funding for initial operating costs, including initial hiring and administrative costs.

> "When you consider the impact of state financial requirements in conjunction with federal financial requirements and the requirements of private lenders, it's just a series of cascading roadblocks for small organizations. It's such a complex web to navigate, and so many of the funds are restricted. I've worked with small organizations that have worked so hard to get funding, and then reach the threshold for a required annual audit only to find that the grants they raised can't be used to pay for an audit." – Capacity building provider and consultant

The BCF previously awarded bonus scoring points to projects that prepared a feasibility study, thus favoring organizations with the technical expertise, capacity and funds to complete such studies. In recognition of the inequity of this scoring, this is being phased out of future application scoring.

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[71] Islamic Finance, Corporate Finance Institute

> "The impact we are working for in our communities is not just in the construction of buildings. We need more long-term support: operations, property management and supportive services" – Equity engagement session attendee

Commerce capital funding requirements define specific allowable pre-development activities in the Capital Budget Instructions, Part 2, produced by the Office of Financial Management.

Site control requirements

Commerce capital programs often use site control requirements, requiring that applicants have control of the project site through ownership or long-term lease agreement before accessing funds. In this time of rapidly increasing real estate values, prior ownership of a site is a significant barrier for entities that do not already have access to a large amount of capital. Participants explained how this further disadvantages BIPOC-led and By and For organizations seeking to access funding for the first time.

> "Site control is so complex, especially for smaller nonprofit organizations. The level of competition with private developers really requires that I have the upfront money. We don't have the luxury of a nine month waiting period to secure a site." – Commerce applicant

Rural and partnership-isolated organizations and entities are at a disadvantage

Rural communities and areas of the state without a network of social service nonprofit partners are significantly disadvantaged by the criteria prioritized in most Commerce capital funding applications, specifically leveraged funding and partnership models.

> "Maximizing the number of people impacted may unintentionally result in the most ostracized and marginalized communities falling further behind. There are areas of our state that have just never gotten funding. And prioritizing partnership with community agencies discriminates against rural areas where these community agencies do not exist." — Rural service provider

HTF's governing statute includes a 30% set aside for funding rural projects. The HTF defines "rural" if an organization is located in counties meeting the following criteria:

Counties with a population of less than 90,000, except for those cities within these counties with a population of greater than 25,000. For example, Franklin County, except the city of Pasco.	Counties with a population greater than 90,000 but less than 390,000 when more than an aggregated 25% of that county's population resides in one substantially contiguous metropolitan area. In this case, the county, except such a metropolitan area, would be considered rural. For example, Yakima County except the city of Yakima.	Counties with a population greater than 390,000 but where the project is located in a sufficiently remote location to be reasonably considered as not associated with an urban center. Applicants thought to be in "rural" areas under this definition should contact HTF staff for an official determination prior to submitting and application for funding.

The [BCF funding guidelines](#) and [ETS program description](#) both explicitly state that the programs have a strong commitment to serving rural communities. Despite these commitments, both community participants and Commerce staff indicated that they often do not know what qualifies as "rural."

ETS defines rural as "projects not located in a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town," as defined by the USDA [Rural Energy Pilot Program](#).[72] ETS recently worked to lower grant match for rural and highly impacted communities, and the CEF rural energy workgroup is planning to launch a rural innovation grant program.

BCF's grant guidelines explicitly encourage small and rural projects to apply, but the program does not provide a definition of "rural." Instead, the guidelines require that projects be located in a "distressed" community or serve a substantial number of low-income or disadvantaged persons. The program provides a multi-layered definition of a "distressed community" and provides a [Distressed Areas Table](#) from the Washington State Employment Security Department indicating eligibility by county.

Inequitable program-specific access to consultants who are inside players

Several participants noted the dependence on third-party development consultants as a significant equity barrier for emerging small, BIPOC-led and By and For entities applying for capital funds. These consultants were described as "season ticket holders" who could usher organizations into a competitive position that would otherwise be out of reach.

> "There are sophisticated consulting organizations that carry a lot of social capital and have access to the right people and resources. If you're able to pay them, they help you know what to do before you even apply. They know how to make an organization competitive. And ultimately, they know how to put pressure on Commerce and on the Legislature to move things. But so many small organizations don't have funds to access or don't know how to access these organizations." – Engagement session attendee

Participants acknowledged that it was likely impossible to restrict the power and influence of these consultants, as they provide historic knowledge and capacity that is valuable in the sector. Instead, participants indicated a desire for Commerce to incentivize these consultants to work with BIPOC and smaller organizations, potentially by providing capacity building support directly to the consultants to strengthen the competitiveness of new applicants.

Advantages and repeat funding for experienced entities

Commerce staff and many participants discussed how experienced entities (which are disproportionately white-led) are advantaged in Commerce capital applications, simply by nature of their experience and access to capital and information.

> "The same large organizations are getting funded over and over. But smaller BIPOC and By and For organizations don't have the capacity to construct stronger applications and there's no incentive for experienced developers to help us." – New BIPOC applicant

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[72] [Electrification of Transportation Program FAQs](#)

This advantage for previously funded entities is often justified by Commerce staff (and the experienced developers themselves) as a necessary mechanism to reduce risk for the state and provide a high degree of stewardship of public funds.

> "We know that the community is frustrated that Commerce advantages the big organizations. These organizations win more often because they are able to successfully complete the pre-construction work, but also because we are looking to ensure that these organizations can successfully operate the capital projects after construction. Affordable housing investments have specific challenges, and the Housing Trust Fund requires our grantees to keep the housing available for over 40 years. The collective worry is that they are going to fail, and our communities will not have this resource. We want to make sure applicants are fully prepared and equipped to do this work for the long run. We want our grantees to be set up for success." – Commerce employee

Some community participants challenged the notion that funding experienced developers was an act of risk mitigation. They asked Commerce to provide more transparency about the rates of default with existing awardees.

The Energy Division is contemplating how to prioritize first time/underserved applicants in future iterations of the CEF by including this as a prioritized group.

Tribal invisibility in Commerce program design

This equity review included engagement sessions specifically for tribal government representatives, who provided candid feedback about working with Commerce capital programs. Tribal government partners echoed many of the themes heard in other conversations. They also described a sense that programs were not designed in a way that recognized or prioritized the needs of tribal governments.

> "Commerce materials and guidelines are written with the assumption that applicants are nonprofits that must comply with federal housing laws. But that is not true for tribal governments. We find that we often have to educate Commerce staff on our sovereignty, which is frankly exhausting." – Tribal government leader

This includes the integration of program guidelines related to interaction with federal law, suggesting that all applicants are subject to federal law, and program language or choices that did not reflect how tribal government and their partners approach decision-making.

> "Commerce programs often divide services and projects in ways that do not align with the values of tribal governments. We do not see a separation in housing for working individuals or our elders. We want a more relationship-based approach that also supports our capacity to do meaningful engagement before beginning a capital project." – Tribal government employee

Within these tribal-specific sessions, participants also expressed frustration about varying level of engagement from Commerce with different tribal governments, stating that some benefitted from close ties and financial support from Commerce while others had little to no connection and significant need.

Lack of consistency in defining prioritized populations across Commerce

A variety of statutes govern Commerce programs, including statutes that define "prioritized populations" for funding. The language, metrics and specificity for these definitions are largely unaligned, both across Commerce and other state agencies.

Participants and Commerce employees noted that some of these definitions used outdated language or data sources. In addition, participants noted that these definitions were sometimes excessively complex, restricting Commerce's ability to implement them based on the spirit of the statute as opposed to the exact wording.

> "Complex statutory definitions make it difficult for programs to align or measure impact for specific communities. Each program seems to be operating with different definitions of priority groups, making it difficult to coordinate our efforts. While we need some flexibility, we also need to be more plain-spoken about who we are talking about." – Commerce program manager

Application scoring criteria and transparency

Participants identified a need for a comprehensive review of program scoring rubrics. In addition, community members emphasized the need for meaningful scoring criteria related to equity goals.

Each program providing capital funding in Commerce appears to differ in the makeup of its scoring rubric and process, and in its approach to sharing scoring results. The three programs included in this analysis all use a comparative scoring process based on a set of criteria or rubric, which are identified in the application materials. While all program materials are public record, none of the programs proactively share application scoring results publicly.

> "We started a numerical scoring process four or five years ago. It's not perfect, but we were seeking to drive some accountability and standardization in our decision making, especially in a competitive environment. We score applicant against a rubric, but also score proposals against one another, within three categories: rural areas, King County, and other urban areas (these are in statue). We purposefully compare applications with similar market dynamics and landscapes, so our investments cover a more diverse geographic range." – Housing Trust Fund employee

Community members noted that equity-focused goals are often a secondary consideration in application scoring criteria, either because of statutory requirements or because of program choices.

> "Applicant scoring processes do not adequately prioritize an applicant's cultural competency or ability to reach impacted communities in the application process. This is often secondary to other financial goals." – Communities of Concern Commission member

HTF staff described application scoring as a lengthy and careful process, with dedicated follow up with every applicant focused on supporting organizations to be successful in the future, if they choose to re-apply.

BCF is considering changing the scoring criteria to add points for projects in which at least 40% of service recipients are at or below 200% of the federal Small Business Administration's Individual Determinations of Social or Economic Disadvantage.

ETS, at the suggestion of an engagement session participant, applied the WTN Washington Health Disparity Map as a tool in its application scoring, providing a more robust analysis of the experiences of people in specific locations. The program also used industry volunteers in its application review process, with the understanding that equity requirements might exceed past technical expertise required for application review.

Challenges in community participation in program design and delivery

One equity practice growing across state government, including Commerce, is the use of advisory boards or committees to share power and build collaboration between government and community leaders. This practice is largely celebrated as an important mechanism for strengthening accountability and responsiveness in government funding.

> "What if our priorities were set by specific communities instead of by state legislators and program managers?" – Equity engagement session attendee

However, participants in this equity review also identified significant barriers around the representation of individuals serving on boards or committees.

> "Some of our programs have advisory boards where nearly all of the participants are grantees of that program. They are given the power to help direct the program to serve their own needs, and they are financially benefiting. What would it look like if these advisory boards included the end users of these programs instead of the developers? Why aren't we also hearing from those that haven't been successful in accessing Commerce funding?" – Equity engagement session attendee

As part of these conversations, participants often referenced Chapter 245, Laws of 2022 (SSB 5793), which allows compensation for the service of advisory board members with lived experience.

The Housing Trust Fund actively confers with its Policy Advisory Team and the Affordable Housing Advisory Board (AHAB), neither of which include representation from end users of capital infrastructure projects. The Building Communities Fund is currently expanding and diversifying the BCF Citizens' Advisory Board to include a broader geographic representation of residents across the state. The Clean Energy Fund (which manages the ETS program) is pursuing the development of a community advisory committee to integrate community perspectives into its program design.

Summary of qualitative and quantitative data analysis

The review of qualitative feedback from communities was transformative in understanding how a network of complex barriers leads to an inequitable distribution of Commerce's capital funding. The quantitative data analysis illustrated that Commerce's capital investments are inconsistently and inequitably distributed, and primarily benefit communities that have relatively moderate experiences of disparities regarding racism, poverty, educational attainment, and disability. Further, the data show that communities in some of the most geographically and resource-isolated regions of the state have not received recent Commerce capital program investments (such as Adams, Columbia, Garfield and Skamania counties).

Qualitative feedback gathered through this process demonstrates that those communities most severely impacted by systemic oppression are unable to access Commerce capital funding opportunities, largely due to:

- A need for initial organizational capacity that continually disadvantages their ability to compete for capital funds with well-resourced organizations.
- A need for stronger social capital and key relationships, including with key consultants well versed in Commerce processes, Commerce program staff, and key legislators who can direct non-competitive funds through direct appropriations. Notably, many representatives from BIPOC communities indicated that funding through direct appropriations was the most equitable route for By and For organizations that would otherwise be unable to compete within Commerce's existing guidelines.
- A need for program-specific technical assistance to guide organizations through complex application processes.
- Limited available partnerships in communities, particularly for extremely rural communities.

In summary, both the quantitative and qualitative data demonstrate that Commerce's investments are not equitably and comprehensively distributed to systemically oppressed communities. Instead, this analysis suggests that funding distribution is prioritized for communities and organizations that have a combination of some demonstrated need, existing organizational capacity, relationships with key decision makers, and access to a network of regional partners. The most affected and vulnerable communities, which experience resource and relationship isolation, continue to be excluded from capital funding opportunities. This continued marginalization results in exacerbated experiences of inequality across the state.

Goals and recommendations to address compounding barriers to equity

As we engaged with hundreds of community representatives, they identified significant barriers to accessing Commerce programs, funding and assistance, and they described these barriers as complex and intertwined. In continued discussions, community members offered a multitude of actions needed to mitigate and/or eliminate these barriers. They also considered and advised on potential ideas proposed by agency staff, often providing guidance on how some of the ideas would need to be carried out to be effective.

While Commerce was directed to conduct this equity review of capital funding programs, community members consistently reported that they experienced similar equity challenges and barriers in Commerce's operating funding programs. These participants emphasized that an equity review solely focused on capital programs was insufficient; Commerce must address these equity challenges across both operating and capital programs.

Commerce agrees with these proposed actions and is deeply committed to expanding access to its programs through advancing equity and anti-racism outcomes. Commerce understands that solutions must be developed with the communities and organizations that have been experiencing these barriers for decades.

Even though the agency has launched several successful equity initiatives and pilots, outlined earlier in this report, it needs significant additional authorization, support, community funding and agency resources to effectively open access to those communities that have not been served.

Some recommendations require legislatively enacted statutory changes related to match amounts, project requirements, grant award limits, eligibility, program policies and funding priorities. Many recommendations will require additional investments in supporting project readiness and community capacity, a key tenet of equitable access to funding. Effective systems are needed to track and quantify equitability of the agency's funding programs, processes and investments.

Additionally, to inform underserved community leaders and organizations of funding opportunities, Commerce will need to substantially expand outreach through relevant and diverse communication channels that are accessed throughout systemically marginalized communities. This will include translation of information, application forms, web content and materials, as well as interpretation services at meetings, webinars, and trainings.

Commerce leadership sincerely hope that the Legislature will authorize needed changes and make investments that will allow the agency to begin to fully carry out the recommendations, beginning with the priority actions of:

- Investing in community capacity
- Providing additional technical assistance to potential funding applicants
- Establishing additional funding programs for tribal entities, predevelopment and strategic needs
- Developing communication and outreach tools, processes, protocols and diverse methods for reaching underserved areas and populations
- Amending match requirements and other funding requirements that serve as barriers to access
- Expanding community engagement capacity to better connect communities with funding programs and assistance

These recommendations are presented within five interconnected equity goals, which provide an important framework for the recommendations described below. The goals are written to describe a desired future state where Commerce processes are centered on equity and resources are intentionally invested in systemically oppressed communities with humility, transparency, and a commitment to partnering with those most affected. These goals also necessitate internal culture change.

Community representatives who participated in the engagements emphasized the need for the agency to both act with urgency and ensure that any recommendations from this equity review are fully vetted by community members and those most impacted by systems of oppression. In response to this guidance, these recommendations are offered only as introductory ideas to explore further with community and tribal partners.

Specifically, these goals include:

- **Goal A:** Commerce removes barriers for applicants and prioritizes the needs of systemically oppressed communities in accessing funding applications and opportunities.

- **Goal B:** Commerce proactively invests in the capacity of organizations representing and serving systemically oppressed communities to equitably compete for capital funding.

- **Goal C**: Commerce provides timely, proactive and accessible outreach and communication about capital funding opportunities, with a special emphasis on effectively reaching underserved communities.

- **Goal D**: Commerce staff accurately and reliably evaluate the extent to which agency investments further equity and anti-racism goals.

- **Goal E**: Commerce provides significant transparency and shared decision-making opportunities with systemically oppressed communities in funding processes.

Within each of these goals, community members and Commerce staff further identified specific recommendations and proposed action steps and potential strategies.

Goal A: Commerce removes barriers for applicants and prioritizes the needs of systemically oppressed communities in accessing funding applications and opportunities.

Recommendation #1: Streamline and simplify Commerce funding applications and processes so that applicants and interested parties have a consistent and straightforward experience.

Proposed action steps
- Conduct an audit of duplicative or contradicting statutory or program requirements within Commerce program applications to identify opportunities to simplify and clarify funding applications.
- Review existing applications and statutory language to identify unintended barriers or unclear language.

Proposed strategies
- Establish a cross-program internal equity team to conduct an application audit across the agency.
- Eliminate the automatic rejection of applications that are deemed incomplete in any way and increase staffing capacity to support expanded applicant assistance.
- Develop program-specific pre-application screening surveys that help organizations identify if they will be eligible for funding.
- Pilot a multi-step application process that allows organizations to receive early-stage feedback on the viability of their proposed application before investing time and resources in completing a full application.
- Develop and pilot a "common funders' application" that automatically shares applicant information across relevant state agencies and programs. This pilot could be broadened to support partnerships with non-state funding partners, such as nonprofit organizations.

Recommendation #2: Examine opportunities to mitigate barriers and allow for greater flexibility and agency coordination for communities seeking funding for multi-use facilities.

Proposed action steps
- Identify statutory barriers within different Commerce programs that complicate multi-use facility funding proposals.
- Convene successful developers of multi-use facilities to identify and respond to the specific Commerce application challenges for communities wishing to build multi-use facilities.

Recommendation #3: Identify mechanisms to prioritize funding for BIPOC-led and By and For organizations.

Proposed action steps
- Develop a shared agency definition of By and For organization.
- Review existing application scoring rubrics across Commerce capital programs to identify existing prioritization mechanisms.
- Facilitate intra-agency communication to drive shared practices regarding equity components in application scoring and review.

Proposed strategies
- Consider mandating a qualitative or quantitative equity component for all application scoring.

- Explore adding extra "points" in application scoring for By and For organizations.
- Explore opportunities to restrict applicants based on cultural competency and identity. One example is on the [Office of Crime Victims Advocacy grants webpage](#), which states that "eligibility is restricted to applicants that can demonstrate they are culturally based, directed and substantially controlled by individuals from the specific BIPOC/underserved population served."

Recommendation #4: Provide broader technical assistance, training, tools and practices to simplify and de-mystify grant application processes, particularly for organizations that represent and serve systemically oppressed communities.

"The Health Care Authority (HCA) offers weekly huddles with their applicants. It's only a half an hour every week, but access like that at Commerce would be amazing. It would allow BIPOC leaders like myself an additional opportunity to build relationships and identify questions that aren't clear in the application process." – Equity engagement session attendee

Proposed action steps
- Expand technical assistance support by establishing mechanisms where applicants have greater access to Commerce funding program employees to consult about application processes, program requirements and other details.
- Develop, disseminate and regularly update a comprehensive resource document that describes a variety of public, philanthropic and private resources to assist organizations with capital development, capacity building, planning, fundraising, operations and more.
- Develop Commerce program-specific resource lists to identify consultants and other resources to assist new applicants in understanding elements of the various program applications and processes.
- Create and publish easily accessible frequently asked questions (FAQ) documents for Commerce programs that include real questions asked by community members.
- Develop "all in one" tutorials and guides for funding programs, including multimedia content, that cover the life cycle of a grant from an applicant's perspective.

Recommendation #5: Reduce or remove financial barriers that disproportionately privilege repeatedly funded, well-resourced, majority serving organizations.

"We can't deny that all of this work is happening in the context of a deeply racist financial system. We know there are limitations in our power to disrupt these systems, but what things are in state control? What can we do to mitigate the racist impacts of our financial systems?" – Communities of Concern Commission member

Proposed action steps
- Examine match requirements to identify changes that would drive more equitable access to funding.
- Examine and mitigate the inequitable impacts of reimbursement-only investments.
- Propose simplifying program and statutory requirements to reduce complexity for potential applicants and provide grantees with more flexibility in using funds.

Proposed strategies
- Explore more proactive funding approaches to support historically underserved communities.
- Examine opportunities to create a tiered reduction process for match requirements for select applicants (such as tribal governments, By and For organizations or rural organizations) based on a set of criteria to be determined.
- Evaluate opportunities to allow program employees more flexibility to adapt financial requirements to different applicant thresholds, such as a tiered approach.

- Consider proposing statute changes to reduce the amount of funds required to be raised before the release of state funds. For the Building Communities Fund, participants indicated that a reduction to 50% of funds secured (from the current 75%) would help mitigate the challenge of raising so much up front. Consider expanding the definition of "exceptional circumstances"[73] for match requirements and/or increasing the current cap for these circumstances to greater than 10% of the total amount appropriated (BCF).
- Explore altering reimbursement requirements while continuing to prioritize stewardship of public funds.
- Explore altering site control requirements for prioritized applicant groups to reduce barriers to entry.
- Explore opportunities for Commerce to be the "first contributor" to a capital project budget, with funds committed from the start and released upon subsequent fundraising from other partners.

Recommendation #6: Improve program alignment to meet the needs of tribal governments.

"Tribal governments are not the same as nonprofit partners. It often feels like we are an afterthought with Commerce programs, which are all designed for 501(c)3s and the federal regulations that govern them." – Tribal government leader

Proposed action steps
- Identify and remove existing barriers in Commerce program processes that create unnecessary and unintentional barriers for federally recognized tribal governments.

Proposed strategies
- Examine funding program applications to identify any default language assuming applicants' need to comply with federal laws and statutes, particularly regarding the Fair Housing Act.
- Consider requesting an agency-wide dedicated fund specifically for tribal governments for capital projects and related organizational capacity building.

Goal B: Commerce proactively invests in the capacity of organizations representing and serving systemically oppressed communities to equitably compete for capital funding.

Recommendation #1: Proactively invest in the organizational capacity of BIPOC-led and By and For organizations interested in community capital projects.

"We can't get around the fact that applications are going to be competitive. There's only so much money to go around. So how do we help new, BIPOC and By and For groups be competitive?" – Commerce leadership member

Proposed action steps
- Request funding for Commerce to invest in capacity building for prioritized organizations, including community engagement, pre-application planning, board development, staffing, grant writing, internal training, planning, project management, pre-development, legal fees and more.
- Incentivize and support the creation of By and For developer cadres to serve historically and systemically underserved communities. One example of this is a recent effort to strengthen a cadre of Black developers in King County (supported by Black Lives Matter Seattle King County).

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[73] 2023-2025 Building Communities Fund Grant Guidelines

Proposed strategies

⊙ Propose an agency-wide flexible strategic fund through the operating budget with oversight from a board of advisors to support rural, BIPOC-led, and By and For organizations exploring community need for capital infrastructure.

⊙ Examine the possibility of establishing a cohort or mentorship program that matches previously unsuccessful BIPOC-led or By and For applicants with capacity-building consultants with expertise in developing Commerce-funded capital projects. Consider Seattle's Equitable Development Initiative as potential model or learning opportunity in this effort.

⊙ Assess the viability of allowing highly prioritized applicants or funding recipients to use capital-specific funds for broader implementation of project goals, including operational costs and staffing.

Recommendation #2: Analyze the distribution of direct appropriations of Commerce capital funds.

Proposed action steps

⊙ Evaluate impacts of direct appropriations in meeting the goals of equitable investment of Commerce funding. Consider recommending guidelines that would support equitable outcomes in the use of direct appropriations.

Proposed strategies

⊙ Consider tracking and sharing the equity impacts of directly appropriated funds to the Legislature on an annual basis.

Recommendation #3: Identify mechanisms to increase equitable competition for rural communities that are often isolated from establishing required partnerships.

Proposed action steps

⊙ Examine the impacts of existing geographic classifications (such as urban and rural) across capital programs to help analyze the equity impacts of different funding groupings.

Proposed strategies

⊙ Identify and prioritize adaptable investments for resource-isolated communities where there are no available partners with whom to coordinate a capital grant request.

⊙ Identify, examine and analyze opportunities to equitably invest in funding deserts for capital programs.

⊙ Consider piloting geographic-specific funding opportunities for capital funding deserts.

⊙ In conjunction with agency- and state-wide data efforts, clarify standard definitions for "rural" communities across Commerce.

Recommendation #4: Examine and re-evaluate application scoring criteria for capital funding to foster equity.

Proposed action steps

⊙ Consider how to carefully balance criteria that reward applicants with prior capital development and/or project management experience with opportunities to increase access for less resourced organizations.

⊙ Consider opportunities to remove or simplify policies that unintentionally prevent programs from implementing creative or emerging equity practices.

⊙ Prioritize housing and infrastructure developers that hire underrepresented employees to develop and manage capital project sites.

Proposed strategies
- In the first rounds of application review, prioritize capital projects serving historically and systemically underserved communities.
- Request that applicants share demographic information about their employees, leadership and boards.
- Reduce prioritization points for previously funded capital projects.

Recommendation #5: Explore opportunities to support and strengthen relationships with historically underserved By and For organizations in building capacity for sustainable operation and project management.

Proposed action steps
- Explore funding models in other states or sectors that better integrate capital and operational capacity building efforts to support long-term sustainability of investments.

Proposed strategies
- Identify existing and potential new opportunities in capital funding structures to allow flexibility in using funds for operating costs, if needed.
- Develop stronger relationship-building networks with relevant consultants to support connections with prospective applicants in building their proposals.

Goal C: Commerce provides timely, proactive, and accessible outreach and communication about capital funding opportunities, with a special emphasis on effectively reaching underserved communities.

Recommendation #1: Continue to develop agency-wide capacity for more equitable and effective relationship building with systemically oppressed communities.

"It takes time to build trust and relationships with community members, and to truly engage in program design. This time can be viewed as an 'inefficiency' when in fact it is absolutely critical to the success of the work." – Commerce program staff

Proposed action steps
- Strengthen ongoing efforts to prioritize diversity in hiring for new Commerce employees.
- Continue to invest in resources and accountability mechanisms to enhance the cultural competency of Commerce employees.
- Continue to invest in developing an internal equity change team that drives cross-agency collaboration.
- Create more opportunities for employees of color and with marginalized identities to have dedicated spaces and events to create a culture of belonging.
- Continue to expand proactive recruitment of remote workers to strengthen the diversity of candidate pools.

Proposed strategies
- Examine hiring practices to identify opportunities for more effective cultivation of candidates of color.
- Explore expanding contractual hiring for equity-specific efforts (such as bilingual engagement specialists or equity implementation facilitators) to relieve challenges with full time employee (FTE) hiring.
- Continue development and implementation of cultural competency components in employee recruitment, screening, position development and performance assessments.

- Implement trainings, practices and metrics of accountability specific to anti-racism and cultural competency, in coordination with the Office of Equity.

Recommendation #2: Develop an agency-wide communication and outreach system to effectively inform diverse communities across the state of funding opportunities.

Proposed action steps
- Coordinate and systematize outreach and communications, including grant application announcements, across Commerce programs.
- Create an annual, regularly updated calendar of key program dates and application timelines shared on the Commerce website and through extensive additional outlets well in advance of deadlines.

"I believe Commerce needs to take responsibility for constantly communicating and coordinating with communities, develop a system whereby these communities receive ample notification about funding opportunities and assistance in envisioning and connecting to those programs." – Commerce leadership team member

Proposed strategies
- Strengthen internal collaboration and role clarity between members of the engagement and outreach team, communications and select programs.
- Examine lead time with funding announcements and consider creating agency-wide standards to ensure ample time for application development.
- Develop an agency-wide plan to host in-person and virtual information events in key underserved regions in the state, where Commerce employees travel directly to communities to provide information about program opportunities in one location.

Recommendation #3: Build internal capacity and accountability mechanisms to ensure robust equitable communication practices across the agency.

Proposed action steps
- Standardize and implement a diverse set of tools and practices to reach historically underserved communities more effectively.
- Embed formal and informal incentive structures within Commerce to encourage equitable communication practices.

Proposed strategies
- Update and expand protocols for translation and interpretation services to identify opportunities to improve equity in program communications.
- Use culturally and idiomatically relevant outreach channels and messaging (such as community-specific social media forums or attendance at community gatherings) to ensure that both formal and informal community leaders are aware of funding programs and related technical assistance. See examples from the City of Seattle Inclusive Outreach and Public Engagement Guide.
- Build on promising engagement practices piloted in other states and within other Washington agencies, including the use of research-based outreach to new entities and the use of text-based communication.
- Recognize teams and individuals that consistently use equitable communication practices.
- Require programs to offer language interpretation at community or applicant-focused engagement.
- Continue to implement and expand the use of the agency's Inclusive Language Guide.

- Consider the use of equity-specific performance evaluations (perhaps tied to PEAR Plan implementation) to drive program funding. Consider the guidance provided by the Government Alliance for Racial Equity's [Racial Equity-Centered Results-Based Accountability](#) framework.

Goal D: Commerce staff accurately and reliably evaluate the extent to which agency investments further equity and anti-racism goals.

Recommendation #1: Improve agency-wide data collection, analysis, and information sharing to inform award decisions and evaluate investment impacts.

"Too often, government likes to 'bucket' folks of color as though all of our communities' needs are the same. We deserve recognition of the complexity in how our communities identify, and we need Commerce to work with us to creatively partner in ways that reflect these differences." – Equity engagement session attendee

Proposed action steps
- Coordinate with existing data efforts (including implementation of the HEAL Act) to launch a coordinated data management and analysis tool for funding programs across the agency.

Proposed strategies
- In concert with the agency's Pro-Equity Anti-Racism (PEAR) Plan, develop a framework for measuring, tracking and guiding the equitable distribution and impact of state capital investments.
- In coordination with the Office of Equity, clarify key data attributes for organizations and individuals for collection and analysis (such as "BIPOC-led organizations" and "By and for organizations").
- Identify key mechanisms for collecting demographic and geographic data from organizations that directly and indirectly receive grant funds, enabling Commerce to more accurately track the distribution of funds to By and For organizations.
- Assess the feasibility of opportunities to streamline and systematize demographic data collection across state agencies by integrating it into existing state processes, such as nonprofit registration and filing.

Recommendation #2: In coordination with HEAL Act and PEAR Plan implementation, lead agency-wide efforts to standardize key definitions and evaluation metrics that identify prioritized populations across program investments.

Proposed action steps
- Conduct an analysis of varying definitions and related metrics of prioritized populations in statute across Commerce programs.
- Align definitions across the agency and, working with the Office of Equity, propose alignment across state government to support improved equity analysis and community impact.

Proposed strategies
- Propose legislation that harmonizes and broadens definitions of prioritized populations, when possible, to provide program teams the needed flexibility in advancing equity goals.

Recommendation #3: Embed meaningful equity-related impact measurements into application processes.

"I can see that Commerce is trying to include more equity measurements in this latest round of applications. But you aren't asking the right questions. The white-led organizations know how to use the right language to look like they are doing equity work, but do they really know the communities they claim to be serving? Do they really have trust and are they really reflecting the communities' interests? That is what matters." –
Equity engagement session attendee

Proposed action steps
- Identify substantive qualitative and quantitative mechanisms to measure the cultural competency and equity impacts of applicant organizations across Commerce programming

Proposed strategies
- Partner with historically underserved community entities to identify and construct these measurements, ensuring that organizations are not burdened with unnecessary data collection.
- Consider the use of equity assessment tools that center the voices and experiences of residents and end users of capital projects.

Goal E: Commerce provides significant transparency and shared decision-making opportunities with systemically oppressed communities in funding processes.

Recommendation #1: Identify opportunities for increased transparency of capital funding processes and award decisions.

Proposed action steps
- Conduct an internal analysis on transparency practices for program awards and application scoring.
- Require programs to publicly share application scoring rubrics before funding announcements.

Proposed strategies
- Require programs to publish key data on applications received for each funding cycle.
- Require programs to publicly share high-level scoring results of funding application cycles.

Recommendation #2: Proactively engage with systemically oppressed communities for community-informed design and delivery of capital programs that advance equitable outcomes.

Proposed action steps
- Explore opportunities to co-design application processes for prioritized populations (see DCYF Fair Start for Kids "Early Childhood Equity Grants" as a potential model).
- Analyze the makeup of advisory boards across Commerce capital programs to identify opportunities for more equitable representation.
- Consider using a broader community-based advisory group to assist in scoring capital funding applications.

Proposed strategies
- Design an equity implementation and accountability plan collaboratively with representatives of impacted communities to engage in decision making.

Next steps

Systemically oppressed communities in Washington are underrepresented in organizations that receive capital funds from Commerce. By and For organizations provide a powerful and transformative alternative to outside-led or dominant-culture paternalistic approaches to capital development by ensuring that communities have more power and agency to define and lead their own capital projects.

The cumulative effects of decades of systemic oppression have left many communities with limited resources and capacity to compete for Commerce's capital funding applications. To learn how to better address this uneven playing field, Commerce intends to use the $5 million in funds provided by the 2021 capital budget (Chapter 332, Laws of 2021 (Section 1093)) to pilot initial recommendations from this equity review, which were developed through direct engagement with community members.

Supported by the leadership of Commerce's Director of Equity and Belonging, this yet-to-be-designed program is intended to prioritize By and For and extremely rural communities, with a focus on providing more flexible and holistic funding that enhances the competitiveness of future applications for Commerce capital funding. Leadership intends to draw from the learnings of this initial program, while continuing to gather feedback and counsel from community members, in the design of future funding systems.

Summary of recommended programs

In addition to identifying changes to policy, operational norms and practices, this equity review identified new investments and programs to support systemically oppressed communities. Informed directly from community engagement feedback, staff identified the following immediate recommended programs:

- Expanded program-specific technical assistance for applicants and potential applicants to Commerce capital funding.
- Expanded pre-development funding, including capital and operating funding, to strengthen the ability of By and For and extremely rural entities to compete for capital funding from a variety of sources. This funding would not be contingent upon a future capital funding application to Commerce.
- Increased capacity building efforts for By and For and extremely rural communities, including communities that do not currently have adequate organizational capacity to receive and implement capital funding. This may include the development of a framework that allows communities to self-assess where they are on a continuum of readiness for the implementation of a community-led project.
- Structured tribal-specific funding programs to meet the unique needs of sovereign tribal governments.
- Continued expansion of the Community Engagement team to strengthen the agency's proactive and relationship-based engagement with By and For and extremely rural communities.
- Expanded agency capacity for communication and equitable language access that includes translation and interpretation services for communities most impacted by systemic oppression.

Throughout the engagement process for this equity review, community members repeatedly stressed that capital-specific equity reforms are interdependent and must be completed in tandem with broader equity efforts. Participants also emphasized that Commerce must lead this work through holistic and relationship-based approaches that honors the assets and expertise of communities.

Conclusion

The Department of Commerce recognizes and embraces its responsibility to dismantle racist and discriminatory barriers and ensure equitable outcomes in its programming and policies. In its efforts to become an anti-racist state agency, Commerce recognizes its historic and ongoing participation in oppressive practices and its responsibility and ability to combat these practices.

Commerce's investments are not equitably and comprehensively distributed. Instead, this analysis suggests that funding distribution is prioritized for communities and organizations that have a combination of some demonstrated need, robust organizational capacity, existing relationships with key decision makers, and access to a network of regional partners. The most affected and vulnerable communities, which experience resource and relationship isolation, should be prioritized and supported to build capacity.

In addition, systemically oppressed communities in Washington are underrepresented among the leadership of organizations that receive capital funds from Commerce. Funding By and For organizations to develop capital projects for their communities can provide a powerful and transformative alternative to funding approaches that perpetuate dominant-culture approaches to meeting community needs.

A proactive shift is needed internally in policies, application processes data systems and internal culture to address the cumulative impacts of systemic disadvantage. These efforts must be integrated beyond capital programs, addressing the broader capacity needs of organizations and communities that have endured ongoing historic and systemic barriers to state investment. Instead of assessing the competitiveness of organizations that have already applied for funds, Commerce must identify and mitigate the barriers that prevent organizations from successfully applying for and receiving funding.

These changes will require systemic investments at Commerce, which are already underway, and also by the legislature, to strengthen relationships with communities, ensure greater collaboration and transparency across the agency, improve data collection, and strengthen cultural competency. These efforts will ultimately ensure that the agency is accountable for the equitable distribution of capital funds to communities across Washington.

Appendix A: Community participants

264 people participated in listening sessions or other Commerce-invited community discussions. They represented 164 organizations performing services across the state. At least four additional individual community advocates were not associated with organizations on this list. They are not listed here.

Commerce invited 1,230 individuals to participate in the general sessions. Additional invitations were made by state Commissions and other organizations that hosted sessions.

Organizations represented with attendance	County or service area
Affordable Housing Consortium	Pierce
African Chamber of the Pacific North West	King
African Community Housing Development Organization	King
Ally Community Development	King
Arc of Washington State	Statewide
Asia Pacific Cultural Center	Pierce
Asian Pacific Islander Coalition	Yakima, Statewide
Asian Pacific Islander Coalition	South Puget Sound, Statewide
Atlantic Street Center	King
Bellingham Housing Authority	Whatcom
Benton-Franklin Council of Governments	Benton, Franklin
Benton-Franklin Workforce Development Council	Benton, Franklin
Bethel Christian Church	King
Better Health Together	Spokane
Cambodian American Community Council of Washington	King
Caring with Compassion Community	Pierce
Carl Maxey Center	Spokane
Catholic Charities of Central Washington	Yakima
Catholic Community Services of Western Washington	Skagit
Center for Inclusive Entrepreneurship	Skagit, King, Clallam, Jefferson
Centro Cultural Mexicano	King
Cham Refugee Community Seattle	King
Chelan Valley Housing	Chelan
Chelan-Douglas Community Action Council	Chelan, Douglas
City of Bellingham	Whatcom
City of Burien	South Seattle
City of Spokane	Spokane
City of Tacoma	Pierce
Coastal Community Action Program	Grays Harbor
Colectiva Legal del Pueblo	King
Communities of Color Coalition	Snohomish
Communities of Concern Commission	King, Skagit, Whatcom
Community Frameworks	Kitsap
Community House	Cowlitz
Community Passageways	King
Community Transit	Snohomish
Compass Housing Alliance	King
Cora Davidson Consulting	Thurston
DARE2BE Project	King
Department of Community & Human Services -King County	King

Organizations represented with attendance	County or service area
Duwamish Valley Affordable Housing Coalition	King
Eastside For All	King
Educational Service District 123	Franklin
Empowering Youth and Families Outreach	King
Equity in Education Coalition	King
Family Promise of Skagit Valley	Skagit
Federal Home Loan Bank	Des Moines
Field Hall Event	Clallam
Filipino American Community of Bainbridge Island & Vicinity	King
FMS Global Strategies	Thurston
Forward Platform	Statewide
Fred Hutchinson Cancer Research Center	Yakima
Friends of the Children	Vancouver
FRYE Art Museum	King
Global to Local	King
Grays Harbor County Housing	Grays Harbor
Greater Columbia Accountable Community of Health	Benton, Franklin
GS consulting	King
GSBA	King
Habitat for Humanity	King, Kittitas
Habitat for Humanity of Washington State	Spokane
Habitat for Humanity South Puget Sound	Thurston
Health Justice Recovery Alliance	Statewide
Hispanic Metropolitan Chamber	Clark
Homeless Poverty Management	Whatcom
Homeownership Center Northwest	Pierce
HomeSight	King
HopeSource	King, Pierce
Horizon Housing Alliance	Spokane, Pierce, King
Housing Hope	Snohomish
Housing Lopez	San Juan
Inami Communications	King
Indian American Community Services	King
Inland Northwest Business Alliance	Spokane
Institute for Washington's Future	King
International Community Health Services	King
International Rescue Committee	King
Jamestown S'Klallam Tribe	Clallam
Japan-America Society of the State of Washington	Statewide
Justice and Soul Foundation	Seattle
Khmer Community of Seattle and King County	King
King County Housing Alliance	King
King County	King
King Urban Book Expo	King and Pierce
Kitsap Community Foundation	Kitsap
Korean Women's Association	King
Kulshan Community Land Trust	Whatcom
La Casa Hogar	Yakima
Lake Stevens Food Bank	Snohomish

Organizations represented with attendance	County or service area
Latino Civic Alliance	King, Statewide
Latino Community Fund	King
LatinX Unidos del South Sound	Pierce
Lavender Rights Project (LRP)	King, Pierce
Lehmbecker Law	King
Lopez Island Resource Center	San Juan
Lotus Development Partners	Statewide
Low Income Housing Institute	King
Lower Elwha Klallam Tribe	Clallam
Madres de Casino Road	Snohomish
M.i.A. Mujeres in Action	Spokane
Mi Centro! (formerly Centro Latino)	Pierce
Mother Africa	King
Multicultural Service Center of South Sound	Thurston
Multi-service Center	King
Native American Youth and Family Center (NAYA)	Clark
North Sound Accountable Community of Health	Whatcom
Northwest Indian College	Whatcom
Office of Rural & Farmworker Housing	Yakima, Kittitas
Olympic Community Action Programs	Jefferson, Clallam
OPAL Community Land Trust	San Juan
Open Doors for Multicultural Families	King
Our Sisters' House	Pierce
Pacific Hospital Preservation and Development Authority	King
Pacific Islander Community Association of Washington (PICA-WA)	King
Park View Services	King
Peninsula Senior Activity Center	Pacific
Filipino Chamber and Affordable Housing	King
Plymouth Housing	King
Providence Health	Statewide
Rods House	Yakima
Sea Mar	Statewide
Seattle Indian Health Board	King
Seattle Urban Book Expo	King, Pierce
Seattle Washington Korean Association	Pierce, Statewide
Serenity House Clallam	Clallam
Skagit County Department for Housing & Homelessness	Skagit
Skagit County Public Health	Skagit
Snohomish County Department of Housing & Community Development	Snohomish
Spokane Independent Metro Business Alliance	Spokane
Tacoma Housing Authority	Pierce
Tacoma/Pierce County Habitat for Humanity	Pierce
Tibetan Association of Washington	King
Tilth Alliance	King
The Moore Wright Group	Thurston
Tri-County Partners Habitat for Humanity	Benton, Franklin, Walla Walla
Trust for Public Land	Pierce
Unity Care Northwest	Whatcom
University of Washington	King

Organizations represented with attendance	County or service area
Urban Impact Seattle	King
Urban League of Metropolitan Seattle	King
Valley Cities	King
Wahkiakum County	Wahkiakum
Wakulima USA	King, Pierce
Walla Walla Housing Authority	Walla Walla
Washington Indian Civil Rights Commission	King, Statewide
Washington Department of Labor & Industries	Snohomish, Statewide
Washington Department of Social & Health Services	Statewide
Washington Low Income Housing Alliance	King, Statewide
Washington Multicultural Services Link	King
Washington Nonprofits	Statewide
Washington Small Business Development Center - South Seattle	King
Washington State Commission on African American Affairs	Statewide
Washington State Commission on Asian Pacific American Affairs	Statewide
Washington State Commission on Hispanic Affairs	Statewide
Washington State Independent Living Council	Thurston
Washington State Labor Council	Thurston, King, Yakima, Statewide
Washington State Women's Commission	Statewide
Western Washington Village Spirit Center/ Washington Housing Equity Alliance	King
Whatcom County	Whatcom
White Center Community Development Association	King
Whitworth College	Spokane
Wing Luke Museum	King
Women of Wisdom Tri-Cities (WOW Tri-Cities)	Benton, Franklin
YWCA Pierce County	Pierce

Attendance at Commerce-invited community discussions
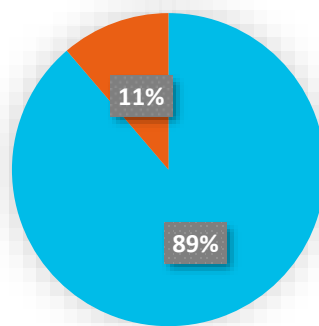
- ■ Individuals invited by Commerce (n = 1230)

- ■ Number of individual attendees (Housing Policy Advisory Team & General sessions only, n = 156)

Appendix B: Program steps in progress

The three programs examined in this review initiated internal programmatic changes before and during this process. Each program's respective efforts in identifying gaps in access and funding was uniformly informed by stakeholder input and feedback, which has started to inform the adjustment of procedures, communication, and practices within the programs. Much of this work preceded the initiation of the capital equity review, and it is ongoing. The following content highlights the initial equity efforts and preliminary actions taken by each program.

The authors of this report want to ensure that equity efforts within the agency, and within these programs, are inclusive of initial accomplishments and those underway. These efforts will help inform overall agency implementation. As demonstrated in the report and within the examples here, the differences between programs is significant and will affect the efforts agency-wide.

Housing Trust Fund

The Housing Trust Fund (HTF) is a longstanding program with identified gaps in data collection and policies that address racial and other disparities in access to and development of very-low-income and affordable housing.

The Low Income Housing Alliance, a non-profit housing advocacy organization, commissioned graduate students from the University of Washington's Evans School of Public Policy and Governance to conduct a preliminary racial equity analysis on the disparate outcomes of access to affordable housing developed using the HTF. This analysis looked at a sample of organizations that received HTF dollars, the systems used by housing providers in vetting applicants, and the information gathered by compliance reporting systems. Methodology included a combination of quantitative and qualitative analysis. The summary of the analysis and key findings are in the [HTF section](#) of this report.

The report identified no inherent bias in funding decisions to the organizations examined. As noted by the authors of the Evans School report, the scope of the report was not comprehensive enough to analyze the organizational profiles of applicants to determine disparities in funding decisions to BIPOC and community based organizations. Noting that deficiencies exist, the report recommends further research and analysis of screening criteria and best practices, a racial equity impact analysis, identification of deficiencies and the creation of a demographic data tracking system, and a revision and reframing of the language to HTF guidelines and applications.

Since the Evans School report was released to internal stakeholders in 2021, the HTF program experienced a 30% vacancy rate and a 50% staff turnover rate, affecting the speed and magnitude of adaptations of recommendations and additional equity related policy changes. As the team navigates those changes, the continued progress to integrate equity-based best practices into the administration of the program is largely attributed to the team's overall eagerness to implement equitable policies, as well as Commerce's internal equity team, whose personal backgrounds and professional experience is credited to moving the program's equity progress forward.

Equity-driven actions
- Hosted listening session centering voices of BIPOC leaders in August 2021.
- Adopted a strategic framework for multi-family housing with equity as a guiding principle.
- In March 2022, the program adopted equity as a leading priority: To consciously confront bias in the housing system, public policy, and interpersonal relationships; prioritize promoting efforts to counteract

and address historic patterns of racism and their continued impact; and focus on efforts to reduce intergenerational poverty and empower communities.
- Established an internal equity team to research trainings exploring ways to continuously improve and potentially influence HTF policy.
- Increased the number of technical assistance workshops during HTF application funding cycles.

Ongoing efforts
- Actively working to increase the diversity of HTF staff.
- Emphasis on defining terms including "equity focus," "rural," and "by and for organizations."
- Creating a mechanism to identify applying organizations as "pro-equitable" or "by and for organizations."
- Seeking consulting support to identify and address additional policy inequities within the HTF program.
- Consider stronger outreach efforts to marginalized and underserved communities to increase the diversity of applicant's project sizes and ensure equitable distribution of award dollars.

Doing things differently
- Implemented policy for property management companies to gather more demographic data on tenants to improve data gaps in Web-Based Annual Reporting System (WBARS).
- Elevated cultural competency as a scored criteria in HTF grant applications.
- Ensured the Policy Advisory Team (PAT) included public funders, housing providers, developers and advocates. Adding people with relevant experience is a near-term goal.
- Contracted with three rural housing expert consultants in 2022 to provide technical assistance to rural communities interested in building capacity to apply for HTF.
- Provided an opportunity for applicants to fix applications with minor discrepancies, instead of deeming such applications incomplete.

Building Communities Fund

The Building Communities Fund (BCF) program awards state grants to nonprofit community-based organizations to defray up to 25% or more[74] of eligible capital costs to acquire, construct or rehabilitate nonresidential community and social service centers. Recent additional technical assistance funding helped re-center the program and implement an equity lens on its work. The BCF obtained staffing to host listening sessions and complete a comprehensive equity analysis, which produced the BCF Outreach Tool and BCF Outreach and Engagement Report, included in this appendix. The work is an iterative process, evolving as equity tools and best practices are employed. Some limitations exist due to statutory requirements as issued in BCF's guidance pertaining to fund reimbursements and priorities.

Equity-driven actions
- Conducted listening and breakout sessions with BCF board members, previous applicants and Tribes. The first session was to listen and gather information. During the second session, BCF employees shared a resource page informed by the needs identified in the first listening session and solicited feedback about the page. Twenty-one self-identified BIPOC-led organizations participated in two surveys and workshops.
- Received $250,000 in program technical assistance funds in 2019-21 budget and into 2021-23, which in part financed the development of an equity toolkit.
- Commerce hired a management analyst that supported the program review, produced the report and will support the further development of technical assistance within BCF application processes.
- Developed the BCF Outreach Tool and BCF Outreach and Engagement report.

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[74] The Legislature made the match a sliding scale based on total project amount. More information is on the BCF website.

- The BCF Outreach Tool is a continuous improvement project intended to provide structure to address outreach and engagement operational barriers. Information enables the user to access a catalogue of data making outreach more efficient.
- Examples of what the tool can provide:

  - Ability to access funding award amounts by ZIP code
  - Strategy to conduct technical assistance trainings in areas of high need and low application numbers in coordination with the Director of Capital Facilities
  - Ability to add existing community and cultural centers and foodbanks

- BCF held listening sessions and conducted a survey focused on community outreach needs and developing a tool to maintain updated nonprofit organization records.

  - 154 individuals (146 organizations) responded to the survey and 112 individuals (109 organizations) attended five workshops facilitated from March 8-April 27, 2022, and participated in conversations with BCF and other Commerce staff between Dec. 1, 2021-May 6, 2022.
  - Most workshop attendees also responded to the accompanying survey, so researchers had a better understanding of who contributed to the workshop. Identified barriers to equitable access were compiled in the report, and the current round of program funding attempts to address some of these barriers. It is too early to note impactful effects of employing the toolkit.

Lessons learned
- BCF program resources and funding opportunities are unknown to many eligible applicants, especially in underserved and tribal communities.
- Community outreach and engagement is needed to reach these communities; however, current staff capacity is limited for relationship building.
- Many organizations and tribal governments learn about grants too late. BCF grants are open for three months, but without proactive engagement and outreach, organizations will not know about the opportunity in time.
- Applicants do not understand the application process, including Commerce and industry lingo used in the documents and instructions.
- A common frustration expressed in workshops was the redundant collection of information, such as the organization's contacts, addresses, services and communities served.
- Technical assistance is critically important to eligible applicants. However, the term means different things to applicants than to program staff. For applicants, it meant more assistance with preparing for and applying for the program. For staff, "technical assistance" was considered clarification or explanation of application requirements.
- Internal staff capacity limits the amount of technical assistance available.
- The program is inaccessible for people with limited English proficiency and who require assistance to navigate the application process.
- The financial match is considered a barrier, especially for marginalized and underserved organizations.
- The state's expense reimbursement process continues to be a pain point for organizations, especially BIPOC-led organizations with limited or no financial reserves.
- The Zoom Grants portal prohibited additional data collection relating to status of BIPOC and demographic information.
- BCF does not pay for access to knowledge and understanding from BIPOC and other unserved and underserved groups in feedback processes. There are no funds or legal process to pay workshop stakeholders stipends for their time and many organizations do not have the funds to pay staff for their time to provide feedback.

Doing things differently
- Program staff have been creating an equity resource toolkit based on feedback in listening sessions; It provides one-pagers with step-by-step instructions to complete application using plain language (including informing organizations that translations may be requested).

Commerce requested legislation to lower the match requirement to 25%. In the most recent funding round, the Legislature instead adjusted the match requirement to a tiered approach. Thus, the 2023-2025 funding round request for applications use the following tiered approach:

Eligible project costs will be reimbursed based on the scale of the project budget:

- Up to $100,000: 100%
- $100,000 to $250,000: 75%
- $250,000 to $500,000: 50%
- Over $500,000: 25%

Under exceptional circumstances, the state share of project costs may exceed these amounts. There is no minimum or maximum grant award amount. Program employees have had several ideas to improve this process, and flagged some potential concerns.

Considerations for future funding
- Maintain two lists for funding, with one focused on marginalized or underserved communities. By using two lists and selecting projects from each, it would dedicate a portion of funding exclusively to marginalized or underserved communities.
- Intentionally build relationships and engage with tribal and other marginalized communities through Commerce's engagement team and Tribal liaison.
- Reconcile project funding with legislative timelines, which is when funds become available. Under current practice, projects may begin after applications are submitted and before Commerce funding is available, a three-year grace period helps ensure funding needs are met, so long as the project is not completed prior to funding availability.
- Cultivate partnerships with outside entities, bridge organizations, nonprofits, economic development councils and other partners to help with technical assistance.
- Continue to build the online BCF Outreach Tool. Expand data for organizations and nonprofits that are by and for and/or BIPOC-led, serving marginalized and historically underserved communities.

Concerns
- Since most projects will be more than $100,000, match reductions will not be very beneficial under the tiered system.
- Bridge funding is often needed to float payments until reimbursements are received. This can be a hardship for vulnerable, marginalized communities. Employees are working diligently to process invoices within the 30 days of receipt to avoid this issue.

Electrification Transportation Systems (ETS) program

From inception, the Electrification Transportation Systems (ETS) program recognized the need to incorporate equity practices and tools in the design and administration of funding. Program employees took the lead to implement practices that advanced equitable access to their resources. They also conducted an internal program review in 2021 and early 2022 using the Government Alliance on Race and Equity (GARE) Toolkit after administering the first round of ETS funding. One of the program's priorities, as identified in the GARE assessment, is that a primary purpose of projects must include the purchase and installation of electric vehicle

supply equipment that benefits highly impacted communities and vulnerable populations, and reflects their needs.

Planning for the Healthy Environment for All (HEAL) Act prompted the ETS team to initiate the GARE assessment. In the first funding round, which occurred before the GARE assessment, 14 applicants received $9,864,156 in funding. The narrowing of the program's priorities, resulting from this assessment, will help the program better fulfill its mission in subsequent funding rounds.

Although there has been turnover in program employees, it is vital to recognize the importance of individual experience in ETS planning. Past and present employees with personal and professional experience in environmental justice and equity have been internal champions in moving the program forward.

Equity-driven actions
- Established an equity advisory committee to develop the request for application. Members include expert individuals from: electric vehicle adoption (University of California at Davis), local government efficiency programs (WSU Energy Extension), retail electric utilities (Utility and Transportation Commission, Washington Public Utility Districts Association), local government (Association of Washington Cities, Washington Association of Counties), environment (Washington Department of Ecology), public transportation (Washington State Transit Association, Washington Department of Transportation), maritime and ports (Commerce Maritime Sector Lead), and underserved communities (Washington Department of Commerce).
- Hosted listening sessions, including receiving 100 public comments or written submissions.
- Created a draft outreach plan to directly engage with highly impacted communities and vulnerable populations (HC&VP) to help prioritize projects developed by or benefiting them.
- Offered a reduced match based on median household income (under $57,234) and/or Environmental Health Disparities (EHD) Map ranking of eight or higher).
  - 70% of total first-round applicants (26 of 37) requested a reduced match; only eight were awarded funding.
- Added favorable scoring attributed to "rural status projects" based on location of project sites in non-entitlement counties or cities
  - Eleven applicants were designated as having rural status.
- Included an equity narrative requirement in the request for applications. Applicants described direct/indirect benefits, project need and engagement efforts with highly impacted communities and vulnerable population to ensure equity impact.
- Provided for a portion of the charging stations to be free to end users. Four of the 14 funded projects supported charging stations that did not charge a fee for use in impacted communities.
- Submitted agency request legislation to modify the proviso to allow tribal nations to be eligible in the first round.

Lessons learned
- Existence of data gaps, such as: lack of information on end users and direct impact to vulnerable populations; lack of information on race/ethnicity for electric vehicle ownership and household income.
- Equity narrative requirement may be an unintended burden/barrier for lower-resourced applicants (such as tribal governments), although it may help identify projects that serve historically disadvantaged communities.
- Match remains a factor (even with significant reduced match). Any additional costs can be prohibitive for communities that simply lack the resources to invest in large-scale, and even sometimes small-scale,

projects that advance important if non-essential projects. Similarly, electric vehicle affordability remains a challenge.

- Direct outreach needed with vulnerable populations. For example, limits on direct outreach capability resulting from the pandemic and time, employee and budget constraints is a contributing factor for lack of tribal applications.

Considerations for future funding

- Streamline application process and consider templates and guides to help with application process.
- Host at least three virtual listening sessions tailored to specific audiences, including tribal nations, local government and small utilities. Additionally conduct presentations hosted by trusted messengers such as Affiliated Tribes of Northwest Indians (ATNI).
- Consider options to provide technical assistance and find ways to connect applications with and/or hire grant writers or technical experts.
- Extend the application timeframe for more time between grant announcement and application deadlines.
- Consider a non-compete option, if funding allows; smaller rural areas expressed concern for inability to compete.
- Use the Commerce Community Engagement team to help increase awareness of Clean Energy Fund (CEF) funding and building partnerships.
- Consider better defining terms, including "marginalized," "unserved" and "underserved communities."
- Review the Energy Office's success in the Grid Modernization Program. This could inform a two-phase application process to enable highly impacted communities and vulnerable populations to better plan and prepare to receive construction funding (first phase for capacity development and pre-design [$1 million], second phase for construction [$2 million]).
- Consider reducing or removing match requirements.
- Find ways to build infrastructure capacity of communities for long-term planning success.
- Use equity-driven scoring metrics (for example, not reward applicants that can match funding with an extra scoring benefit, such as wealthier communities; adding metrics defining "need" in conjunction with providing a greater "electrification" priority for the state for these populations).
- Consider a scoring benefit for first-time applicants.

Appendix C: Investment analysis by legislative district

Table 1C: Cumulative capital investments by legislative district (HTF, BCF and ETS) 2015-2019

Legislative District	Investment Total	Legislative District	Investment Total
State Legislative District 01	$4,612,659	State Legislative District 26	$1,120,000
State Legislative District 02	$7,944,081	State Legislative District 27	$20,885,159
State Legislative District 03	$18,200,647	State Legislative District 28	$50,000
State Legislative District 04	$2,575,000	State Legislative District 29	$10,099,000
State Legislative District 05	$2,484,903	State Legislative District 30	$17,316,970
State Legislative District 06	$6,187,500	State Legislative District 31	$100,000
State Legislative District 07	$31,365,733	State Legislative District 32	$9,442,855
State Legislative District 08	$2,888,136	State Legislative District 33	$8,679,322
State Legislative District 09	$6,696,750	State Legislative District 34	$11,266,403
State Legislative District 10	$6,043,524	State Legislative District 35	$12,337,507
State Legislative District 11	$6,845,607	State Legislative District 36	$19,344,555
State Legislative District 12	$19,342,080	State Legislative District 37	$64,225,900
State Legislative District 13	$16,493,450	State Legislative District 38	$21,413,735
State Legislative District 14	$22,571,918	State Legislative District 39	$1,289,500
State Legislative District 15	$27,373,005	State Legislative District 40	$35,452,151
State Legislative District 16	$6,935,662	State Legislative District 41	$11,145,000
State Legislative District 17	$2,430,000	State Legislative District 42	$13,365,921
State Legislative District 18	$797,000	State Legislative District 43	$71,700,502
State Legislative District 19	$15,578,751	State Legislative District 44	$0
State Legislative District 20	$10,496,111	State Legislative District 45	$2,850,000
State Legislative District 21	$2,200,000	State Legislative District 46	$14,421,880
State Legislative District 22	$12,911,910	State Legislative District 47	$3,577,763
State Legislative District 23	$6,966,171	State Legislative District 48	$8,501,400
State Legislative District 24	$20,179,270	State Legislative District 49	$31,141,308
State Legislative District 25	$2,548,000		

Represents available data from 2015-2021 for HTF (inclusive of direct appropriations) and 2019-2021 for BCF and ETS

Table 2C: HTF capital investments by legislative district (2015-2019) (inclusive of non-competitive investments)

Legislative District	HTF Investment	Legislative District	HTF Investment
State Legislative District 01	$4,612,659	State Legislative District 26	$1,120,000
State Legislative District 02	$7,747,163	State Legislative District 27	$16,790,000
State Legislative District 03	$14,245,647	State Legislative District 28	$50,000
State Legislative District 04	$2,575,000	State Legislative District 29	$9,905,000
State Legislative District 05	$848,500	State Legislative District 30	$17,316,970
State Legislative District 06	$6,187,500	State Legislative District 31	$100,000
State Legislative District 07	$30,424,833	State Legislative District 32	$9,275,000
State Legislative District 08	$2,888,136	State Legislative District 33	$4,500,000
State Legislative District 09	$6,696,750	State Legislative District 34	$11,266,403
State Legislative District 10	$6,043,524	State Legislative District 35	$8,887,507
State Legislative District 11	$3,866,607	State Legislative District 36	$18,259,555
State Legislative District 12	$16,697,103	State Legislative District 37	$50,388,520
State Legislative District 13	$16,493,450	State Legislative District 38	$17,983,423
State Legislative District 14	$18,925,000	State Legislative District 39	$950,000
State Legislative District 15	$27,373,005	State Legislative District 40	$30,294,595
State Legislative District 16	$6,213,021	State Legislative District 41	$11,145,000
State Legislative District 17	$1,460,000	State Legislative District 42	$8,315,111
State Legislative District 18	$797,000	State Legislative District 43	$71,506,502
State Legislative District 19	$9,384,158	State Legislative District 44	$0
State Legislative District 20	$9,884,987	State Legislative District 45	$2,850,000
State Legislative District 21	$0	State Legislative District 46	$14,421,880
State Legislative District 22	$12,715,000	State Legislative District 47	$3,500,000
State Legislative District 23	$3,532,071	State Legislative District 48	$8,501,400
State Legislative District 24	$19,359,630	State Legislative District 49	$29,904,558
State Legislative District 25	$1,190,000		

Represents available data from 2015-2021 for HTF (inclusive of direct appropriations)

Table 3C: Non-competitive HTF capital program investments by legislative district (2015-2021)

Legislative District	HTF Direct Appropriation Investment	Legislative District	HTF Direct Appropriation Investment
State Legislative District 01	$0	State Legislative District 26	$0
State Legislative District 02	$4,457,000	State Legislative District 27	$12,190,000
State Legislative District 03	$3,597,625	State Legislative District 28	$0
State Legislative District 04	$0	State Legislative District 29	$1,455,000
State Legislative District 05	$448,500	State Legislative District 30	$8,010,000
State Legislative District 06	$5,500,000	State Legislative District 31	$0
State Legislative District 07	$3,249,500	State Legislative District 32	$0
State Legislative District 08	$0	State Legislative District 33	$0
State Legislative District 09	$0	State Legislative District 34	$2,000,000
State Legislative District 10	$984,550	State Legislative District 35	$3,499,550
State Legislative District 11	$1,497,000	State Legislative District 36	$0
State Legislative District 12	$1,400,000	State Legislative District 37	$20,017,000
State Legislative District 13	$0	State Legislative District 38	$6,412,787
State Legislative District 14	$2,000,000	State Legislative District 39	$0
State Legislative District 15	$100,000	State Legislative District 40	$6,171,000
State Legislative District 16	$0	State Legislative District 41	$6,600,000
State Legislative District 17	$0	State Legislative District 42	$3,275,558
State Legislative District 18	$0	State Legislative District 43	$18,350,000
State Legislative District 19	$562,813	State Legislative District 44	$0
State Legislative District 20	$275,000	State Legislative District 45	$0
State Legislative District 21	$0	State Legislative District 46	$3,880,000
State Legislative District 22	$3,000,000	State Legislative District 47	$3,000,000
State Legislative District 23	$499,550	State Legislative District 48	$3,440,000
State Legislative District 24	$11,826,018	State Legislative District 49	$1,750,000
State Legislative District 25	$0		

Represents available data from 2015-21 for HTF's non-competitive investments (direct appropriations)

Table 4C: BCF capital program investments by legislative district (2019-2021)

Legislative District	BCF Investment	Legislative District	BCF Investment
State Legislative District 01	$0	State Legislative District 26	$0
State Legislative District 02	$0	State Legislative District 27	$3,497,600
State Legislative District 03	$1,455,000	State Legislative District 28	$0
State Legislative District 04	$0	State Legislative District 29	$194,000
State Legislative District 05	$1,636,403	State Legislative District 30	$0
State Legislative District 06	$0	State Legislative District 31	$0
State Legislative District 07	$940,900	State Legislative District 32	$167,855
State Legislative District 08	$0	State Legislative District 33	$2,950,000
State Legislative District 09	$0	State Legislative District 34	$0
State Legislative District 10	$0	State Legislative District 35	$3,450,000
State Legislative District 11	$2,979,000	State Legislative District 36	$485,000
State Legislative District 12	$2,476,190	State Legislative District 37	$13,837,380
State Legislative District 13	$0	State Legislative District 38	$2,565,950
State Legislative District 14	$3,450,000	State Legislative District 39	$339,500
State Legislative District 15	$0	State Legislative District 40	$3,583,860
State Legislative District 16	$722,640	State Legislative District 41	$0
State Legislative District 17	$970,000	State Legislative District 42	$4,059,234
State Legislative District 18	$0	State Legislative District 43	$194,000
State Legislative District 19	$6,010,000	State Legislative District 44	$0
State Legislative District 20	$20,370	State Legislative District 45	$0
State Legislative District 21	$2,200,000	State Legislative District 46	$0
State Legislative District 22	$196,910	State Legislative District 47	$0
State Legislative District 23	$3,434,100	State Legislative District 48	$0
State Legislative District 24	$751,750	State Legislative District 49	$1,236,750
State Legislative District 25	$1,358,000		

Represents available data from 2019-2021 for BCF's investments.

Table 5C: ETS investments by legislative district (2021)

Legislative District	ETS Investment	Legislative District	ETS Investment
State Legislative District 01	$0	State Legislative District 26	$0
State Legislative District 02	$196,918	State Legislative District 27	$597,559
State Legislative District 03	$2,500,000	State Legislative District 28	$0
State Legislative District 04	$0	State Legislative District 29	$0
State Legislative District 05	$0	State Legislative District 30	$0
State Legislative District 06	$0	State Legislative District 31	$0
State Legislative District 07	$0	State Legislative District 32	$0
State Legislative District 08	$0	State Legislative District 33	$1,229,322
State Legislative District 09	$0	State Legislative District 34	$0
State Legislative District 10	$0	State Legislative District 35	$0
State Legislative District 11	$0	State Legislative District 36	$600,000
State Legislative District 12	$168,787	State Legislative District 37	$0
State Legislative District 13	$0	State Legislative District 38	$864,362
State Legislative District 14	$196,918	State Legislative District 39	$0
State Legislative District 15	$0	State Legislative District 40	$1,573,696
State Legislative District 16	$0	State Legislative District 41	$0
State Legislative District 17	$0	State Legislative District 42	$991,576
State Legislative District 18	$0	State Legislative District 43	$0
State Legislative District 19	$184,593	State Legislative District 44	$0
State Legislative District 20	$590,754	State Legislative District 45	$0
State Legislative District 21	$0	State Legislative District 46	$0
State Legislative District 22	$0	State Legislative District 47	$77,763
State Legislative District 23	$0	State Legislative District 48	$0
State Legislative District 24	$67,890	State Legislative District 49	$0
State Legislative District 25	$0		

Represents available data from 2021 for ETS's investments.

Appendix D: Literature review

Commerce's Community Engagement team identified several articles and examples from other states and organizations that align with the recommendations in this report. Those examples are briefly summarized and grouped by topic.

Topic: Technical assistance

California Small Business Technical Assistance Expansion Program (SB TAEP)

Technical assistance can come in the form of funding specifically provided to organizations with the capacity and expertise to assist with technical assistance statewide. The SB TAEP is the California Office of the Small Business Advocate's grant solution. It provides bridge access to funding opportunities gap (racial, geographical, disadvantaged) by providing targeted technical assistance to underserved, marginalized businesses. It has served more than 440,000 small businesses with free consulting and no- to low-cost training in over 30 languages, and approximately $17 million in grant funding has been allocated to over 80 technical assistance centers for expansion of their business consulting and training services. It primarily assists historically underserved business groups, including women-, minority-, and veteran-owned businesses and businesses in impoverished, rural, and disaster-impacted communities. More information about SB TAEP is available online.

The Kresge Foundation: 'Four steps foundations can take to ensure federal funds land equitably in BIPOC communities'

The Kresge Foundation works directly with BIPOC communities to further equity considerations. It recognizes that technical assistance is key to equitable funding access, noting the importance to underwrite technical assistance as one of four measurable steps to determine if funds are to be deployed equitably. Since municipalities must have access to technical assistance that meets them where they are, the Kresge Foundation points them in the right direction and helps them prepare successful applications. The Kresge Foundation's article is available online.

Topic: Application streamlining

Resilia: National initiative to help strengthen BIPOC-led or serving nonprofits

The online platform Resilia introduced a new technology to streamline the funding application process. This tool will automatically capture, anonymize and aggregate nonprofit capacity needs every time a nonprofit utilizes Resilia's online platform or seeks help with Resilia's nonprofit coaches on their capacity and advocacy needs. It is part template and part data gathering tool, and fills in applications with previously-used criteria. It is based on trust-based philanthropy principles, the data collection methodologies would eliminate the traditional approach of nonprofits filling up surveys and reports as a way to communicate their needs. More information about Resilia's new tool is online.

Topic: Measurement tools for energy equity

Energy Equity Project

The Energy Equity Project is a new effort to create an equity measurement framework to measure four dimensions of equity and more than 60 equity indicators within the energy sector.

It will launch in beta form in 2022 to assist environmental and climate justice advocates, practitioners, regulatory agencies and utilities to drive more equitable investments and outcomes in energy efficiency, distributed generation and storage (such as solar and batteries), demand response, electrification, and electric vehicle infrastructure.

The tool was developed because the metrics often used to determine beneficial impact for energy investments is disproportionately based on factors excluding many BIPOC and disadvantaged groups. It will replace those metrics with a standardized framework for equity measurement, reporting and tracking that drives clean energy investment and impact for BIPOC and frontline communities. The goal is an energy system that fairly disseminates both the benefits and costs of energy services and is representative and impartial.

The University of Michigan School for Environment and Sustainability (SEAS) Urban Energy Justice Lab and the Energy and Joyce foundations developed the Energy Equity Project, which dovetails with the Biden administration's Justice40 Initiative, which pledges to deliver 40% of climate investment benefits, including weatherization, retrofits, and renewable energy, to disadvantaged communities. More information on the Energy Equity Project is available online.

The American Council for an Energy-Efficient Economy (ACEEE)

The American Council for an Energy-Efficient Economy (ACEEE) is developing transformative policies and clean energy services to reduce energy waste and combat climate change, while recognizing that many groups have historically been underserved by energy efficiency and clean energy programs. This includes BIPOC communities, low-income individuals, youth, older adults, recently arrived immigrants, those with limited English proficiency and people with disabilities. ACEEE research has found disproportionate energy burdens for certain groups, including low-income households, households of color, renters and older adults.

Clean energy services can reduce energy costs, create jobs, and promote the health, safety and well-being of residents. Policymakers, utilities, and other decision makers can address these energy burden disparities through clean energy policies and programs. The ACEEE approach addresses the four dimensions of energy equity — procedural, distributional, structural and transgenerational — to improve decision-making, change how benefits and burdens are distributed, and address barriers. Equitable energy policies often improve energy access and affordability, procedural justice, economic participation and community ownership, and health and environmental impacts. The Initiative for Energy Justice, which is part of ACEEE, offers educational resources, including tools to examine and measure energy justice locally. More information on the Initiative for Energy Justice and ACEEE is online.

Literature Topic: Rural Equity

University of Michigan: 'Understanding Communities of Deep Disadvantage'

Communities in rural areas, experiencing disproportionately high poverty rates, require particular attention to ensure issues of equity are addressed lest they further perpetuate a system in which they continue to be excluded and marginalized from the funding services and programs intended to assist them. The University of

Michigan, Robert Wood Johnson Foundation and Princeton University project "Understanding Communities of Deep Disadvantage: An Introduction" provides a summary basis into barriers to equity – particularly in rural areas. This can inform program development on the importance to addressing equity for underserved or unserved rural areas. More information is available at the project website.

USDA Economic Research Service

The findings of the USDA Economic Research Service shows a correlation between rural poverty and BIPOC communities. In the "Rural Poverty and Well-Being" portion of the demographics of poverty, the findings note that "areas with a high incidence of poverty often reflect the low income of their racial/ethnic minorities." This work highlights the importance of developing impactful scoring metrics to better support and benefit BIPOC and underserved rural areas for program funding. More information is available on the USDA ERS - Rural Poverty & Well-Being website.

Appendix E: Supporting documents

Letter from the community[75]

May 16, 2022

Cheryl Smith, Community Engagement and Outreach Director, Dept. of Commerce
Lisa Brown, Director, Dept. of Commerce
Dr. Karen Johnson, Director, Office of Equity
Marissa Joy VanHoozer, Director of Equity and Belonging, Dept. of Commerce
Jasmine Vasavada, Legislative and Policy Director, Dept. of Commerce
Diane Klontz, Assistant Director, Community Services and Housing Division, Dept. of Commerce
Nate Lichti, Housing Trust Fund Managing Director, Dept. of Commerce
Makeba Greene, Consultant

Dear Cheryl Smith and Department of Commerce Leadership,

In response to your ongoing efforts to improve equity outcomes in the Housing Trust Fund, the undersigned organizations below offer the following recommendations. These represent many of the experiences of small BIPOC-led community-based organizations, grassroots organizations, residents of affordable housing and those who have been denied housing, and we request that they be included in the Capital Programs Equity Review to be submitted to the State Legislature.

The Department of Commerce must recognize and take accountability for its role historically as an institution of exclusion for many communities, including those represented in signature here. Housing Trust Fund awards totaling more than $1.3 billion dollars have been invested in the same large, repeatedly funded organizations, but rarely in community-based organizations who are the most accountable to the marginalized communities they represent and serve. There can be no excuse to not fund our communities directly, which have been disinvested in through institutions like Commerce for far too long. BIPOC organizations can be, and are, excellent stewards of funds, and Commerce must see its relationship with community as one of two-way accountability, not as a gatekeeper of funds as it historically has been.

Commerce must also acknowledge that many landlords funded through the Housing Trust Fund still institute racist practices that exclude our communities from their buildings, including denials for criminal history, stringent financial requirements, disproportionate evictions of BIPOC tenants, development of only 1 or 2-bedroom units, and more. Commerce must play an active role in ensuring that public dollars further equity and housing justice for residents.

In order to make the Housing Trust Fund more equitable, we urge you to:

1. **Institutionalize an agency-wide commitment to racial equity.** There is currently no language on the Department of Commerce or Housing Trust Fund webpage that indicates a commitment to racial equity.
   - From the top down, institutionalize values and practices that actively undo centuries of harm to Black and Brown communities, and take immediate and long-term steps to healing and remedying that harm through relationships and policies.
   - Adopt a robust racial equity analysis process for any policy decisions. Equity is nearly impossible to define and track when no intentional, outcomes-based, equity-driven decision-making tool is employed, particularly in a large institution.

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[75] Advocates from 23 different community service organizations submitted this letter regarding the capital equity review and the Housing Trust Fund program. Commerce Director Lisa Brown responded

2. **Address exclusion of Black, Indigenous and People of Color-led community organizations from the funding process.**
   - Invest in pre-development funds for smaller community based organizations. These may include flexible funds that can cover the cost of land acquisition, pre-design, environmental review, and more.
   - Provide organizational capacity building funds and technical assistance to promote equity in the application process. Funds should at least cover increased staff capacity for the complex and lengthy HTF application process. We recommend you consult King County's updated RFP process for inspiration.
   - Remove previous housing development experience requirements, cash flow requirements, and other unnecessary barriers to access.
   - Explore more equitable models to the current patronizing "sponsorship" model.

3. **Proactively build relationships of accountability with BIPOC communities**
   - Rather than designing barriers for under-resourced communities to overcome in order to access public funds, Commerce should design processes that intentionally invest in and bolster those communities.
   - Be transparent about the application process, decision-makers, and every stage of scoring. Commerce should respond to all applicants and, if an applicant is denied, be transparent about the reason for denial and offer support to strengthen future applications.
   - Be transparent about data on award amounts, awarded applicants, locations, and other key information. Information should be online and easy to access to promote accountability.
   - Be the "first-in" funder, not last in. This starts with pre-development and capacity building funds. Commerce should also consider that local match requirements preference communities with more resources already.

4. **Ensure funding rewards equitable housing practices. Commerce should not be hands-off if an applicant furthers racial inequity in its treatment of residents.**
   - Appropriately prioritize and value cultural competence and community engagement in the scoring process by attaching points to those criteria.
   - Organizations that have inequitable outcomes regarding evictions, rent burden, rent increases, screening criteria, etc. should be placed under special review to correct policies causing the inequities.
   - Explore and promote best practices among eviction prevention, including restorative justice-based eviction practices.
   - Prioritize projects that remove barriers to accessing housing, including denial based on criminal record.

5. **Commerce must represent our diverse communities equitably.**
   - Take swift action to reconstruct the makeup of the Policy Advisory Team. The current body advising the Housing Finance Unit on policy does not include residents of affordable housing, individuals with experience of homelessness, sufficient numbers of people of color or people from other marginalized groups. Any directly impacted

members of the PAT should be compensated for their expertise and time, as authorized by SB 5793.

- Adopt equitable hiring and workplace culture practices that incorporate an understanding of symptoms of White Supremacy Culture as well the antidotes to it. Dr. Tema Okun's website on White Supremacy Culture may be one place to start.

Signed,

Evelyn Thomas Allen, FAME-Equity Alliance of Washington
Josephine Tamayo-Murray, Communities of Concern Commission
Drayton Jackson & D M Sullivan, Foundation for Poverty and Homeless Management
Guillermo Rivera, Eastside For All
Aaron Johnson, Bipoc appostrophe
Maya Manus, Urban League of Metropolitan Seattle
Maya Manus, Tacoma Urban League
Brook Fadley, Resident Action Project
Tara Villalba, Bellingham Tenants Union
Pa Ousman Joof, Washington West African Center
Kelli Robinson, Our Sisters' House
Derrick Belgarde, Chief Seattle Club
Derek Lum, Interlm CDA
Nickhath Sheriff, Muslim Community Resource Center
Nickhath Sheriff, Essentials First
Violet Lavatai, Tenants Union of Washington
Kate Rubin, Be:Seattle
Kayla Jackson, Puget Sound Sage
Rachael Myers, Washington Low Income Housing Alliance
Liz Trautman, The Mockingbird Society
Lisa Byers, OPAL Community Land Trust
Mercedes White Calf, NAYA-SW WA, Native American Youth and Family Center
Emijah Smith, King County Equity Now

Director Lisa Brown's response to community letter

STATE OF WASHINGTON
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September 22, 2022

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Mercedes White Calf, NAYA-SW WA, Native American Youth and Family Center
Emijah Smith, King County Equity Now

Dear Housing Advocates and Community Members:

Thank you for your letter and valuable engagement during the Capital Programs Equity Review process. Your feedback has already influenced immediate actions, and more steps are planned to improve housing justice in Washington.

First, our Capital Programs Equity Review report, which many of you participated in, will be published soon, and I want to provide you with specific updates to the recommendations you made in writing. Secondly, our partnerships are important to me, and the continued engagement of organizations like yours to help advance our goal of equitable housing in Washington is a keystone to this ongoing work. A recent meeting included voices of community members that

benefit from our shared services, and it reminds us how every change and decision we make in policy and practice either helps those people and families we heard from, or continues to force them to bear the burden of processes we are working to fix.

As a result of our capital equity review, I'm requesting broad changes across our entire organization. I'm also pleased to report that there were actions that we've taken within the Housing Trust Fund (HTF) to immediately address concerns you raised. Like all substantial equity work, there are short- and long-term dimensions to the required work to see real, measurable change in these systems.

As an agency, we're centering equity goals in our work, directly influenced by the listening sessions conducted earlier this year. I hope you see your and your community's voices reflected here, recognizing that many of our goals relate to the recommendations you provided. Those five goals include:

1) Removing barriers for applicants and prioritizing the needs of systemically oppressed communities in accessing funding applications and opportunities
2) Proactively strengthening the capacity of organizations representing and serving systemically oppressed communities to compete equitably for capital funding
3) Provide timely, proactive, and accessible communication about funding opportunities, with a special emphasis on working with systemically oppressed communities
4) Accurate and reliable evaluation of the extent to which agency investments further equity and anti-racism goals
5) Provide significant transparency and shared decision-making opportunities with systemically oppressed communities in funding processes

Our teams are working through the planning stages to implement these goals. Planning will include partnership with communities, recommendations for each goal, proposed action steps, and identifying and tracking our measures of success. I believe this will help us achieve our shared vision of Commerce playing an active role in ensuring that public dollars further equity and housing justice for the people of Washington state.

Specifically within the HTF and responsive to your recommendations, we've made a few notable changes before publishing the final Capital Programs Equity Review report. HTF took action to:

- Update its application in June 2022 to focus on an organization's performance in promoting equity in its funding application
- Scheduled a Policy Advisory Team (PAT) work session for December 2022 to revise the PAT membership guidelines to ensure we include more representation and voices from persons with lived experiences and people from historically marginalized communities
- Developed a strategic framework identifying racial equity as a core value of our programmatic work, which is now published online, linked on HTF's homepage; and
- Championed investments in this year's decision package process to increase funding for 'by and for' organizations, offer homeownership opportunities to first-time BIPOC homebuyers, increase technical assistance for 'by and for' and emerging or new

nonprofits, and added additional resources for Asset Management to promote fair housing and inclusionary practices in properties within the portfolio

As we continue to build on the activities of this team and take on long-term initiatives, it's my hope that we can demonstrate our commitment to becoming a pro-equity and anti-racist organization. I will not let it simply be words on a paper – it must be how we will measure the success of our work and leadership, across the agency.

We look forward to tackling some of these long-held issues that harm our communities. We know instilling equitable practices inside and outside of our organization is the only path forward, and that path includes engagement with people most impacted by systems of oppression and organizations that advocate for them to meet our goals.

Thank you for your valuable feedback within our Capital Programs Equity Review process, and for your continued partnership as we move into agency wide implementation.

Sincerely,

Lisa J. Brown

Lisa Brown
Director

cc.

Dr. Karen Johnson, Director, Office of Equity
John Stovall, Washington Low Income Housing Alliance
Michele Thomas, Washington Low Income Housing Alliance
Cheryl Smith, Community Engagement and Outreach Director, Department of Commerce
Marissa Joy VanHoozer, Director of Equity and Belonging, Department of Commerce
Jasmine Vasavada, Legislative and Policy Director, Department of Commerce
Diane Klontz, Deputy Director of Divisions and Program Alignment, Department of Commerce
Corina Grigoras, Assistant Director, Housing Division, Department of Commerce
Nate Lichti, Housing Trust Fund Managing Director, Department of Commerce
Makeba Greene, Consultant

Appendix F: Authorizing legislation

The 2021-23 state operating budget, Chapter 334, Laws of 2021 (ESSB 5092, Sec. 129 (89), pg. 57) directs the Department of Commerce to report on equity in capital programs. It states:

(89)(a) $400,000 of the general fund—state appropriation for fiscal year 2022 is provided solely to conduct a comprehensive equity review of state capital grant programs administered by the department. The department may, in consultation with interested parties identified in subsection (d) of this section, contract with a consultant to assist with the community engagement and review necessary to complete this review process.

(b) The purposes of this comprehensive equity review are: To reduce barriers to historically underserved populations' participation in the capital grant programs; to redress inequities in existing capital grant policies and programs; and to improve the equitable delivery of resources and benefits in these programs.

(c) In completing the comprehensive equity review required under this section, the department shall: (i) Identify changes to policy and operational norms and practices in furtherance of the equity review purposes identified in (b) of this subsection; (ii) identify new investments and programs that prioritize populations and communities that have been historically underserved by capital grant policies and programs; and (iii) include consideration of historic and systemic barriers that may arise due to any of the following factors: (A) Race; (B) ethnicity; (C) religion; (D) income; (E) geography; (F) disability; and (G) educational attainment.

(d) The department must collaborate with the Washington state commission on African American affairs; the Washington state commission on Asian Pacific American affairs; the Washington state commission on Hispanic affairs; the governor's office of Indian affairs; the governor's committee on disability issues and employment; the office of equity; the office of minority and women's business enterprises; the environmental justice council if established by passage of Engrossed Second Substitute Senate Bill No. 5141; and other interested parties as appropriate to develop and conduct a community engagement process to inform the review.

(e) The department shall complete the comprehensive equity review under this section and submit a final report, containing all of the elements and considerations specified in this section, to the legislature by June 30, 2022.