CERTIFICATION OF ENROLLMENT

HOUSE BILL 2338

Chapter 94, Laws of 2026

69th Legislature
2026 Regular Session

COMMUNITY SCALED WEATHERIZATION PROJECTS—GRANTS

EFFECTIVE DATE: June 11, 2026

Passed by the House February 12, 2026
Yeas 93 Nays 1

LAURIE JINKINS

Speaker of the House of Representatives

Passed by the Senate March 6, 2026
Yeas 48 Nays 0

DENNY HECK

President of the Senate

Approved March 18, 2026 10:15 AM

BOB FERGUSON

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2338** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 19, 2026

Secretary of State
State of Washington

HOUSE BILL 2338

Passed Legislature - 2026 Regular Session

State of Washington 69th Legislature 2026 Regular Session

By Representatives Callan, Abbarno, Reed, and Doglio

Prefiled 01/08/26. Read first time 01/12/26. Referred to Committee on Capital Budget.

AN ACT Relating to authorizing community scaled weatherization projects; amending RCW 70A.35.020 and 70A.35.040; and adding new sections to chapter 70A.35 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 70A.35.020 and 2020 c 20 s 1392 are each amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Community scaled project" means a weatherization project that includes multiple dwelling units that are located in the same neighborhood or area where overlapping factors such as environmental, social, or economic conditions may adversely impact residents, as determined by the department.

(2) "Department" means the department of commerce.

((~~(2)~~)) (3) "Direct outreach" means:

(a) The use of door-to-door contact, community events, and other methods of direct interaction with customers to inform them of energy efficiency and weatherization opportunities; and

(b) The performance of energy audits.

((~~(3)~~)) (4) "Energy audit" means an analysis of a dwelling unit to determine the need for cost-effective energy conservation measures as determined by the department.

((~~(4)~~)) (5) "Healthy housing improvements" means increasing the health and safety of a home by integrating energy efficiency activities and indoor environmental quality measures, consistent with the weatherization plus health initiative of the federal department of energy and the healthy housing principles adopted by the federal department of housing and urban development.

((~~(5)~~)) (6) "Household" means an individual or group of individuals living in a dwelling unit as defined by the department.

((~~(6)~~)) (7) "Low income" means household income as defined by the department, provided that the definition may not exceed ((~~eighty~~)) 80 percent of median household income, adjusted for household size, for the county in which the dwelling unit to be weatherized is located.

((~~(7)~~)) (8) "Nonutility sponsor" means any sponsor other than a public service company, municipality, public utility district, mutual or cooperative, furnishing gas or electricity used to heat low-income residences.

((~~(8)~~)) (9) "Residence" means a dwelling unit as defined by the department.

((~~(9)~~)) (10) "Sponsor" means any entity that submits a proposal under RCW 70A.35.040, including but not limited to any local community action agency, tribal nation, community service agency, or any other participating agency or any public service company, municipality, public utility district, mutual or cooperative, or any combination of such entities that jointly submits a proposal.

((~~(10)~~)) (11) "Sponsor match" means the share of the cost of weatherization to be paid by the sponsor.

((~~(11)~~)) (12) "Sustainable residential weatherization" or "weatherization" means activities that use funds administered by the department for one or more of the following: (a) Energy and resource conservation; (b) energy efficiency improvements; (c) repairs, indoor air quality improvements, and health and safety improvements; ((~~and~~)) (d) client education; and (e) community scaled projects. Funds administered by the department for activities authorized under this subsection may only be used for the preservation of a dwelling unit occupied by a low-income household, except for dwelling units that are part of a community scaled project, and must, to the extent feasible, be used to support and advance sustainable technologies.

((~~(12)~~)) (13) "Weatherizing agency" means any approved department grantee, tribal nation, or any public service company, municipality, public utility district, mutual or cooperative, or other entity that bears the responsibility for ensuring the performance of weatherization of residences under this chapter and has been approved by the department.

NEW SECTION. **Sec. 2.** A new section is added to chapter 70A.35 RCW to read as follows:

(1) A sponsor may submit a proposal to the department for the use of grant and matching funds for a community scaled project. The proposal may include full or partial weatherization, energy efficiency measures, or structural rehabilitation and repairs for multiple dwelling units within the same community.

(2) A sponsor must identify priority communities to be served by the community scaled project using indicators determined by the department and defined in rule. Indicators may include data reflecting environmental health disparities, housing vulnerability, and pollution exposure, among others.

(3) The department must consider publicly available socioeconomic data to prioritize community scaled project proposals that serve areas with low-income households.

(4) The department must approve or deny a proposal within 90 days of the closing of the application period in which the proposal was received.

Sec. 3. RCW 70A.35.040 and 2015 c 50 s 3 are each amended to read as follows:

(1) ((~~The~~)) Subject to the availability of amounts appropriated for this specific purpose, the department shall solicit proposals for low-income weatherization programs from potential sponsors. A proposal ((~~shall~~)) must state the amount of the sponsor match, the amount requested, the name of the weatherizing agency, and any other information required by the department.

(2)(a) A sponsor may use its own moneys, including corporate or ratepayer moneys, or moneys provided by landlords, charitable groups, government programs, the Bonneville power administration, or other sources to pay the sponsor match.

(b) Moneys provided by a sponsor pursuant to requirements in this section ((~~shall~~)) must be in addition to, and ((~~shall~~)) must not

supplant any funding for, low-income weatherization that would otherwise have been provided by the sponsor or any other entity enumerated in (a) of this subsection.

(c) No proposal may require any contribution as a condition of weatherization from any household whose residence is weatherized under the proposal.

(d) ((~~Proposals shall~~)) A proposal must provide that full levels of all cost-effective, structurally feasible, sustainable residential weatherization materials, measures, and practices, as determined by the department, ((~~shall~~)) will be installed when a low-income residence is weatherized, unless the proposal is for a community scaled project.

(3) ((~~Sponsors~~)) A sponsor may propose to utilize grant awards and matching funds to make healthy housing improvements to homes undergoing weatherization.

(4)(a) The department may in its discretion accept, accept in part, or reject proposals submitted.

(b) The department shall prioritize allocating funds from the low-income weatherization and structural rehabilitation assistance account to projects that maximize energy efficiency, extend the usable life of an affordable home, and improve the health and safety of its residents by: (i) Installing energy efficiency measures; and (ii) providing structural rehabilitation and repairs, so that funding from federal energy efficiency programs such as the weatherization assistance program, the weatherization plus health initiative, the energy efficiency and conservation block grant program, residential energy efficiency components of the state energy program, and the retrofit ramp-up program is distributed expeditiously.

(c) When allocating funds from the low-income weatherization and structural rehabilitation assistance account, the department shall, to the extent feasible, consider local and state benefits including pledged sponsor match, available energy efficiency, repair, and rehabilitation funds from other sources, the preservation of affordable housing, and balance of participation in proportion to population among low-income households for: (i) Geographic regions in the state; (ii) types of fuel used for heating, except that the department shall encourage the use of energy efficient sustainable technologies; (iii) owner-occupied and rental residences; and (iv) single-family and multifamily dwellings.

(d) The department shall then allocate funds appropriated from the low-income weatherization and structural rehabilitation assistance account for energy efficiency and repair activities among proposals accepted or accepted in part.

(e) The department shall develop policies to ensure prudent, cost-effective investments are made in homes and buildings requiring energy efficiency, repair, and rehabilitation improvements that will maximize energy savings, extend the life of a home, and improve the health and safety of its residents.

(f) The department shall give priority to the structural rehabilitation and weatherization of dwelling units occupied by low-income households with incomes at or below ((~~one hundred twenty-five~~)) 125 percent of the federally established poverty level, unless those dwelling units are part of a community scaled project.

(g) The department may allocate funds to a nonutility sponsor without requiring a sponsor match if the department determines that such an allocation is necessary to provide the greatest benefits to low-income residents of the state.

(h) The department shall require weatherizing agencies to employ individuals trained from workforce training and apprentice programs established under chapter 536, Laws of 2009 if these workers are available, pay prevailing wages under chapter 39.12 RCW, hire from the community in which the program is located, and create employment opportunities for veterans, members of the national guard, and low-income and disadvantaged populations.

(5)(a) A sponsor may elect to: (i) Pay a sponsor match as a lump sum at the time of structural rehabilitation or weatherization; or (ii) make yearly payments to the low-income weatherization and structural rehabilitation assistance account over a period not to exceed ((~~ten~~)) 10 years. If a sponsor elects to make yearly payments, the value of the payments shall not be less than the value of the lump sum payment that would have been made under (a)(i) of this subsection.

(b) The department may permit a sponsor to meet its match requirement in whole or in part through providing labor, materials, or other in-kind expenditures.

(6) Service providers receiving funding under this section must report to the department at least quarterly, or in alignment with federal reporting, whichever is the greater frequency, the project costs, and the number of dwelling units repaired, rehabilitated, and

weatherized, the number of jobs created or maintained, and the number of individuals trained through workforce training and apprentice programs. The director of the department shall review the accuracy of these reports.

((~~(7) The department shall adopt rules to carry out this section.~~))

NEW SECTION. **Sec. 4.** A new section is added to chapter 70A.35 RCW to read as follows:

The department shall adopt rules to carry out this chapter. Rule making conducted under this chapter may be treated as a capital expenditure by the department.

Passed by the House February 12, 2026.
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