STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year	Business Unit Number	Department
2025-2026	4700	Community Services & Development

Hyperion Budget Request Name	Relevant Program or Subprogram
4700-018-BCP-2025-MR	4181030 – Low Income Weatherization Program

Budget Request Title
Low-Income Weatherization Program Multifamily Housing Component - Reappropriation

Budget Request Summary
The Department of Community Services and Development requests reappropriation of the unexpended balance from the General Fund appropriation allocated in 2022-23 to administer and support the Low-Income Weatherization Program Multifamily Housing Component, promoting greenhouse gas emission reductions in disadvantaged communities. These resources would be available for either expenditure or liquidation until the end of 2025-26.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☒ Budget Bill Language ☒ N/A	N/A

Does this BCP contain information technology (IT) components? ☒ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	Department CIO	Date
	N/A	N/A

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. N/A **Approval Date:** N/A

Project Approval Document: N/A **Total Project Cost:** N/A

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Charles Belk	5/14/2025	Chris Vail	5/14/2025
Department Director	**Date**	**Agency Secretary**	**Date**
Jason Wimbley	5/14/2025	Debra Cooper	5/14/2025

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Christopher Odneal	5/14/2025

A. Problem Statement

The 2022 Budget Act appropriated $25 million General Fund one-time to support the Low-Income Weatherization Program Multifamily Housing Component (LIWP Multifamily). Additionally, the 2021 Budget Act and the 2023 Budget Act appropriated additional funds to support LIWP Multifamily in the amounts of $15 million and $25 million, respectively. CSD used these appropriations to procure a service contract with a single program administrator tasked with providing outreach, enrollment, technical design assistance, and funding to facilitate the installation of energy efficiency retrofits and renewable energy systems in multifamily affordable housing serving low-income individuals and households. The total contract award for the program administrator is $60.9 million - with the performance of direct service activities occurring over the period of February 1, 2023 – June 30, 2026.

As of December 2024, the LIWP Multifamily program administrator has provided services to 10 low-income affordable housing properties serving 674 families. Additionally, the LIWP Multifamily administrator established a significant pipeline of 62 projects providing housing to 5,500 low-income households in various work stages where an outlay for the equipment and products to be used for scheduled retrofits has occurred.

While the LIWP Multifamily program administrator has accomplished notable achievements under the current contract, labor shortages, subcontractor and equipment shortages, utility interconnection delays, and building permit delays have negatively impacted project completion schedules. Consequently, these challenges will prevent the completion of the 62 identified projects and expenditure of 2022-23 funds dedicated to these projects within the current liquidation period, ending June 30, 2025. Since LIWP Multifamily projects are not reimbursed until their completion, expended uses of the 2022-23 funds associated with these projects will not be accounted for until pipeline projects are completed and inspected. To fulfill financial and service commitments to the affordable housing properties seeking LIWP Multifamily services and accounted for in the project pipeline, CSD seeks to secure reappropriation authority for 2022-23 funds committed to projects unable to be completed by June 30, 2025, the current end of the liquidation period. CSD estimates the unspent balance come June 30, 2025, to be approximately $4 million.

With the approval to reappropriate the 2022-23 appropriation, through the end of 2025-26, LIWP Multifamily will fulfill financial and service obligations to existing program enrollees and continue outreach and identification of new projects to meet expenditure and Greenhouse Gas (GHG) reduction targets.

Resource History

(Dollars in thousands)

Program Budget	2019-20 (PY – 4)	2020-21 (PY – 3)	2021-22 (PY – 2)	2022-23 (PY-1)	2023-24 (PY)
Authorized Expenditures*	$10,000	$0	$15,000	$25,000	$25,000
Actual Expenditures*	$9,998	$0	$1,755	$8,622	$0

**Amount reflects Local Assistance & State Operations funding through March 2025.*

B. Justification

LIWP Multifamily serves multifamily affordable housing properties occupied by low-income households throughout California. The program conducts energy audits and modeling to identify feasible energy efficiency and solar PV upgrades for installation at qualifying multi-family buildings, with technical assistance and incentive payments available to property owners for agreed-upon scopes of work. Due to the complex nature of these projects,

combined with complicated ownership and financial structures of deed-restricted affordable housing, construction periods for these projects average 12 to 18 months to complete. In recent years, supply chain disruptions, contractor and equipment shortages, and delays with securing appropriate local building permits and solar PV interconnection with utility companies has significantly extended the construction period of most projects. Consequently, a significant number of identified and in-process LIWP Multifamily projects will not be completed within the liquidation period of the 2022-23 General Fund appropriation.

Due to these challenges, approval of the LIWP Multifamily 2022 Budget Act General Fund reappropriation would enable the fulfillment of program financial commitments to property-owners participating in LIWP Multifamily and reliant on promised program incentives to finance scheduled retrofits. If denied, all unexpended LIWP Multifamily funding from 2022-23 will revert to the General Fund on July 1, 2025, and Californians in low-income disadvantaged communities will not benefit from program energy savings and other co-benefits for their households and communities. Additionally, CSD could face liability for failure to pay financial incentives and uphold financial obligations to property-owner participants.

For the reasons expressed above, CSD requests adding budget bill language (see Attachments A and B).

C. Departmentwide and Statewide Considerations

CSD has contractually obligated all LIWP Multifamily appropriations for 2021-22, 2022-23, and 2023-24, and secured the services of an administrator to provide for the statewide administration and installation of LIWP-funded energy efficiency retrofits and renewable energy systems in eligible multifamily affordable housing.

LIWP Multifamily has approximately $15.6 million in unexpended funds committed to upcoming projects that will serve affordable multifamily units housing thousands of low-income households. Many of these projects have signed contracts, and contractors in the process of purchasing equipment and materials to complete scheduled retrofits. LIWP Multifamily projects are predominately within disadvantaged communities and LIWP investments support the preservation of affordable housing assets in these communities.

If this request is not approved, the state will be unable to follow through on these investments, which are intended to improve the energy efficiency of multifamily housing serving low-income families. Not approving this request could also risk CSD not meeting assigned investment and GHG reduction targets set in Chapter 488, Statutes of 2006 (AB 32) and Chapter 337, Statutes of 2022 (AB 1279) for disadvantaged communities. Additionally, it could increase the potential for legal action by participating property owners against CSD for failure to deliver financial incentive payments to their projects.

D. Outcomes and Accountability

With the approval to reappropriate, CSD will fully expend the 2022-23 General Fund appropriation to complete existing LIWP Multifamily projects benefiting low-income households in disadvantaged communities.

CSD will continue to manage and monitor the expenditure of General Fund dollars in keeping with the program goals of reducing energy usage and GHG emissions.

E. Implementation Plan

N/A

F. Supplemental Information

See Attachments A and B.

Attachment A – Budget Bill Language

4700-491—Reappropriation, Department of Community Services and Development.

Notwithstanding any other provision of law, the balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance, expenditure, or liquidation until June 30, 2026.

0001—General Fund

(1) Item 4700-001-0001, Budget Act of 2022 (Chapter 43, Stats. 2022).

Attachment B – Budget Bill Language

4700-492—Reappropriation, Department of Community Services and Development. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citation is extended to June 30, 2026.

0001—General Fund

(1) Item 4700-101-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022)