STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/25)

Fiscal Year	Business Unit Number	Department
2026-2027	4700	Community Services & Development

Hyperion Budget Request Name	Relevant Program or Subprogram
4700-004-BCP-2026-GB	4181030 – Low Income Weatherization Program

Budget Request Title
Low-Income Weatherization Program - Reappropriation

Budget Request Summary
The Department of Community Services and Development requests reappropriation of unexpended Greenhouse Gas Reduction Fund resources allocated in fiscal years 2021-22, 2022-23, and 2023-24 to administer and support both the Farmworker Housing (FWH) and Multifamily Housing (MFH) components of the Low-Income Weatherization Program (LIWP). These funds are set to expire on June 30, 2026. This request would extend the FWH liquidation period through the end of 2026-27 and would extend the MFH availability to the end of 2027-28.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed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. N/A

Prepared By	Date	Reviewed By	Date
Jay Kubo	1/9/2026	Chris Vail	1/9/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Daphne Hunt for Jason Wimbley	1/9/2026	Kim Johnson	1/9/2026

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	1/10/2026

A. Problem Statement

Low Income Weatherization Program:

The 2021, 2022, and 2023 Budget Acts appropriated a combined $105 million in Greenhouse Gas Reduction Fund (GGRF) and General Fund resources to support the Farmworker Housing (FWH) and Multifamily Housing (MFH) Components of the Low-Income Weatherization Program (LIWP). With these funds, LIWP has provided energy efficient installations and solar installations to over 4,000 families and established a significant pipeline of in-progress projects. Based on current monthly expenditure rates, the LIWP MFH and FWH Components will fully expend both the 2021 and 2022 Budget Act General Fund appropriations by the current liquidation period ending June 30, 2026.

Program administrators have achieved significant successes under the current contract but have encountered multiple obstacles hindering full expenditure of remaining GGRF dollars within the current liquidation periods, further explained below. Remaining GGRF appropriations would be used to lead the delivery of energy efficient and solar renewable energy services to over 7,000 households.

With the approval to reappropriate the FWH Component through the end of 2026-27 and the MFH Component through the end of 2027-28, component implementers would be able to fulfill financial and service obligations and meet critical greenhouse gas reduction targets.

Farmworker Housing Component:

The 2021 Budget Act appropriated $25 million General Fund to support the LIWP FWH Component. The following year, the 2022 Budget Act appropriated $15 million in GGRF to increase funding for the LIWP FWH Component. CSD used both appropriations to procure a service contract with a single regional program administrator. The program administrator is tasked with providing outreach, securing enrollment, and installing energy efficiency measures and solar photovoltaic (PV) systems for eligible low-income farmworker housing across 18 counties with the highest farmworker populations.

As of August 2025, the LIWP FWH program administrator provided services to 956 households. Additionally, the LIWP FWH program administrator established a significant pipeline of 1,580 projects, of which 1,195 household enrollees will receive a service assessment of their home. The remaining 385 households are in various work stages where an outlay for equipment and products to be used for scheduled retrofits has occurred. Based on monthly expenditure rates, the program will expend the full 2021 Budget Act General Fund appropriation by the current liquidation period, ending June 30, 2026.

However, there are challenges expending the 2022 Budget Act funds within the current liquidation period. While the LIWP FWH program administrator has accomplished notable achievements under the current contract, labor shortages, high turnover of skilled installation workers and subcontractors, utility interconnection, building permit delays, and equipment shortages have negatively impacted service operations. These operational challenges will prevent the full expenditure of the 2022-23 GGRF appropriation, and completion of the 1,580 identified projects within the current liquidation period, ending June 30, 2026. Since LIWP FWH projects are not reimbursed until after completion, expenditures from the 2022-23 appropriation cannot be accounted for until projects are complete and inspected.

To fulfill service commitments to the 1,580 farmworker households seeking LIWP FWH services, CSD requests reappropriation authority for the 2022-23 GGRF committed to projects. CSD estimates the unspent balance, as of May 31, 2026, will be approximately $8.7 million.

Multifamily Housing Component:

The 2022 Budget Act appropriated $25 million General Fund to support the LIWP MFH Component. The 2021 Budget Act and the 2023 Budget Act appropriated GGRF to support LIWP MFH 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.

As of August 2025, the LIWP MFH program administrator provided services to 55 low-income affordable housing properties, serving 3,105 families. Additionally, the LIWP MFH administrator has established a significant pipeline of 68 projects providing housing to 6,300 low-income households in various work stages where an outlay for the equipment and products to be used for scheduled retrofits has occurred. Based on monthly expenditure rates, the program will fully expend the 2022 Budget Act General Fund appropriation by the current liquidation period ending June 30, 2026.

However, there are challenges expending the 2021 and 2023 Budget Act GGRF appropriations within the current liquidation periods. While the LIWP MFH 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 68 identified projects and full expenditure of 2021-22 and 2023-24 GGRF appropriations within the current liquidation period ending June 30, 2026. Since LIWP MFH projects are reimbursed after completion, full expenditure of the 2021-22 and 2023-24 funds will not be accounted for until pipeline projects are complete and inspected. To fulfill financial and service commitments to the affordable housing properties, CSD requests reappropriation of the 2021-22 and 2023-24 GGRF for committed projects unable to be completed by June 30, 2026, the current end of the liquidation period. CSD estimates the unspent balance of GGRF, as of June 30, 2026, will be approximately $28 million

With the approval to reappropriate the 2021-22 and 2023-24 appropriations, through the end of 2027-28, the LIWP MFH Component will fulfill financial and service obligations to existing program enrollees and continue outreach and identification of new projects to meet expenditure and greenhouse gas reduction targets.

Resource History – Including General Fund and GGRF

(Dollars in thousands)

Program Budget	**2020-21 (PY – 4)**	**2021-22 (PY – 3)**	**2022-23 (PY – 2)**	**2023-24 (PY-1)**	**2024-25 (PY)**
Authorized Expenditures	$0	$40,000	$40,000	$25,000	$0
Actual Expenditures	$0	$23,041	$22,812	$0	$0

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

B. Justification

Low Income Weatherization Program (LIWP):

LIWP provides energy efficiency and solar renewable upgrades to low-income residents and households in disadvantaged communities that reduce greenhouse gas emissions and lower household energy costs. Due to the comprehensive nature of these residential construction projects, the LIWP FWH and MFH Components have been significantly affected by labor and equipment shortages, supply chain disruptions, permitting delays, and other challenges related to changing federal policies. Additional information is detailed below.

Farmworker Housing (FWH) Component:

LIWP FWH provides no-cost rooftop solar photovoltaic (PV) systems and energy efficiency upgrades to low-income farmworker households to reduce greenhouse gas emissions and lower energy costs for participants. Due to the comprehensive nature of home retrofits for LIWP FWH projects, construction periods average three to six 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 have significantly extended the construction period of most projects. Consequently, a significant number of active LIWP FWH projects will not be completed within the liquidation period of the 2022-23 GGRF appropriation.

Due to these challenges, reappropriation would support the fulfillment of service commitments to program participants. Without reappropriation, unexpended 2022-23 LIWP funding will revert to the GGRF on July 1, 2026.

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

Multifamily Housing (MFH) Component:

LIWP MFH 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 have significantly extended the construction period of most projects. Consequently, a significant number of identified and in-process LIWP MFH projects will not be completed within the liquidation periods for the 2021-22 and 2023-24 GGRF appropriations.

Due to these challenges, reappropriation of LIWP MFH 2021 and 2023 Budget Act GGRF appropriations would fulfill program financial commitments to property-owners. Without reappropriation, unexpended LIWP MFH funding from 2021-22 and 2023-24 will revert to the GGRF on July 1, 2026. 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 C and D).

C. Departmentwide and Statewide Considerations

Farmworker Housing Component:

CSD has contractually obligated all LIWP FWH appropriations for 2021-22, 2022-23, and has secured a regional administrator to provide administration and installation services of LIWP-funded energy efficient retrofits and renewable energy systems in eligible low-income farmworker housing.

LIWP FWH has expended $2.13 million of the $14.25 million 2022-23 GGRF local assistance appropriation. The unexpended balance of approximately $12.1 million has been committed to household enrollees in various project stages.

Multifamily Housing Component:

CSD has contractually obligated all LIWP MFH 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 MFH has approximately $35.9 million in unexpended GGRF for committed, enrolled, and new projects that will serve affordable multifamily units. Many of these projects have signed contracts and contractors have either purchased or are in the process of purchasing equipment and materials. LIWP MFH projects are predominately within disadvantaged communities and LIWP investments support the preservation of affordable housing assets in these communities.

Farmworker and Multifamily Housing Components:

Without reappropriation of GGRF, the state will be unable to follow through on these investments to improve the energy efficiency of multifamily housing and farmworker homes and reduce the long-term financial burden of high energy costs that disproportionately impact low-income households. Furthermore, CSD would be unable to meet assigned investment and GHG reduction targets set in Chapter 488, Statutes of 2006 (AB 32), as well as Chapter 337, Statutes of 2022 (AB 1279) for disadvantaged communities.

D. Outcomes and Accountability

Reappropriation of GGRF will assist CSD in fully expending the 2021-22, 2022-23, and 2023-24 GGRF appropriations to complete existing LIWP FWH and MFH projects benefiting low-income households in disadvantaged communities.

CSD will continue to manage and monitor the expenditure of GGRF dollars in keeping with the program goals of reducing energy usage and greenhouse gas emissions.

E. Implementation Plan

N/A

F. Supplemental Information

See Attachment A, B, C and D.

Attachment A – Budget Bill Language

4700-490—Reappropriation, Department of Community Services and Development.

The balances of the appropriations provided in the following citation are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance, expenditure and liquidation until June 30, 2027.

3228—Greenhouse Gas Reduction Fund

(1) Subdivision (c)(2)(A) of Control Section 19.58, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) transferred for administrative costs per subdivision (a)(5) of Control Section 19.58, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).

Attachment B – Budget Bill Language

4700-491—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, 2027.

3228—Greenhouse Gas Reduction Fund

(1) Subdivision (c)(2)(A) of Control Section 19.58, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022).

Attachment C – Budget Bill Language

4700-492—Reappropriation, Department of Community Services and Development.

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 and liquidation until June 30, 2028.

3228—Greenhouse Gas Reduction Fund

(1) Item 4700-001-3228, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021).

(2) Item 4700-001-3228, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).

Attachment D – Budget Bill Language

4700-493—Reappropriation, Department of Community Services and Development.

Notwithstanding any other law, the period to liquidate encumbrances of the following citations is extended to June 30, 2028.

3228—Greenhouse Gas Reduction Fund

(1) Item 4700-101-3228, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021).

(2) Item 4700-101-3228, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).