Washington State Department of Commerce

WASHINGTON STATE HOUSING FINANCE COMMISSION

ESDS v5

Preview of changes from v4

HOUSING WASHINGTON 2026 | 10/20/2026

Invest. Build. Serve.

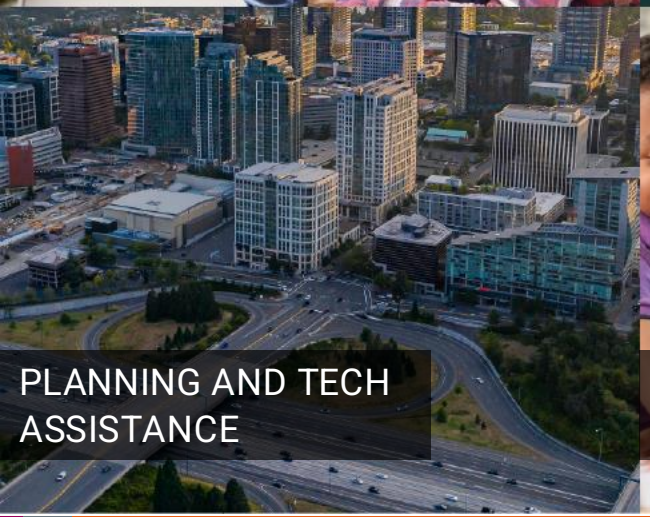
We foster resilient communities



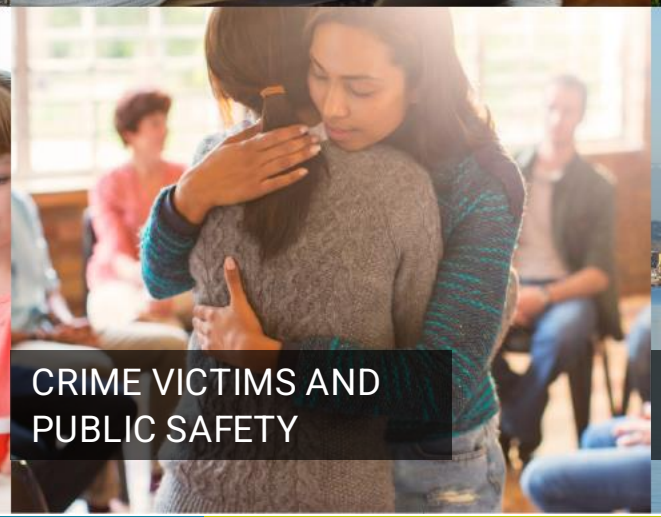














Agenda

- Background
- Significant *Overall* Changes
- Section-by-Section Walkthrough
- Next Steps
- Q&A

What this Presentation *is*

- Overview & Preview
- Review Overall Concepts/”Lodestars”

What this Presentation *is not*

- ESDS 101
  - assuming some level of familiarity
- Criterion-by-Criterion Walkthrough
  - Too many criteria
  - Rabbit holes a-plenty

Why an update?

- Two main reasons:
  1. New Enterprise Green Communities – EGC 2026
  2. New Washington State Energy Code – WSEC 2024

- *But also*:
  - Resolve issues
    - Correct
    - Clarify
    - Simplify

Nature of Changes

- Adopt/Adopt with Edits/Reject New Criteria in EGC 2026
- Retain/Drop existing v4.x Criteria
- Reintroduce Content from Previous ESDS Versions
- Remove Redundancy
- Implementation
- Recognition of ESDS’s status as a Requirement, not an Option

Keep This In Mind…

What did we miss?

- Problematic, still not fixed
- “easy” adds

Point values

- High due to difficulty/cost
- High due to program goals
- Low due to ease/inexpensive

Workability/Feasibility

- Access to resources/components

Changes

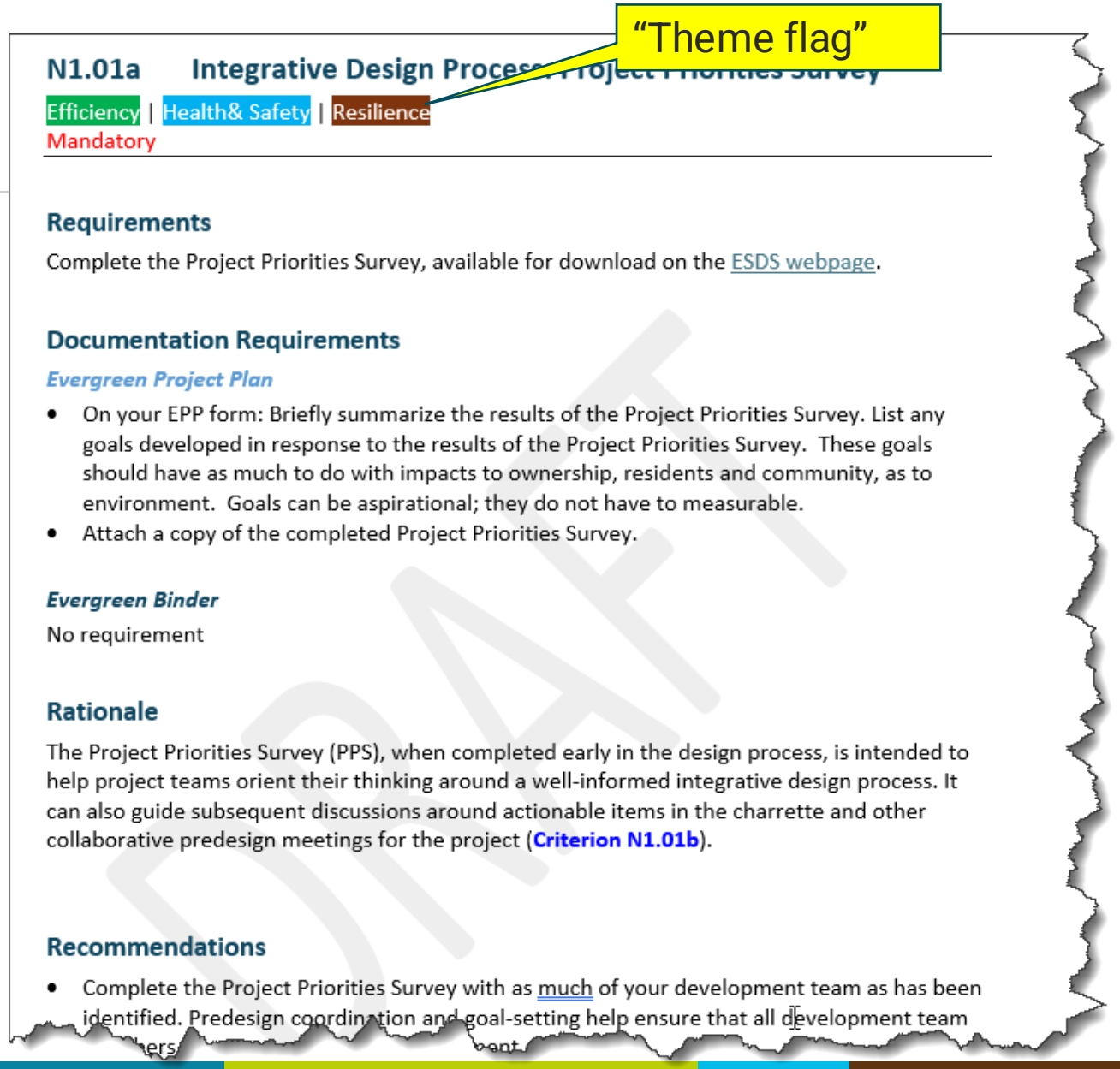
Important Concepts

- Seek Balance
  - Clear, but flexible
  - Challenging, but achievable
- Avoid Scope Creep
  - dictating behavior
  - “create/draft a plan” requirements
  - exterior dependency (e.g. “achieve ENERGY STAR certification”)
- Optimum over Maximum
  - Diminishing returns
  - Meaningful *and* Manageable

Criteria Layout

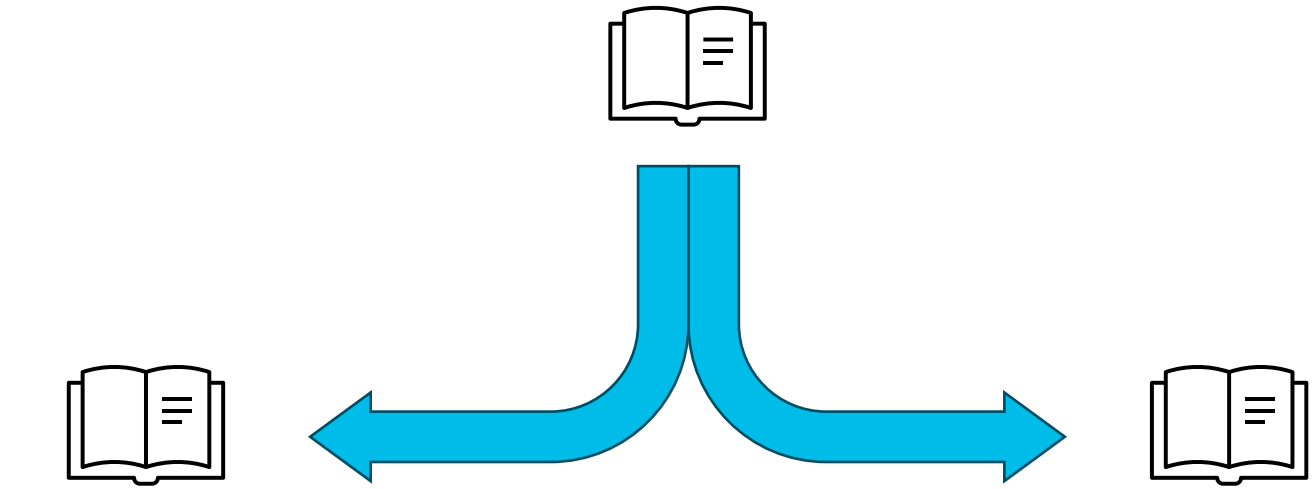
- "Theme flag"
- Criterion Type
- Requirements
- Documentation Requirements
- Rationale
- Recommendations

- Resources for most Criteria included now in an Appendix



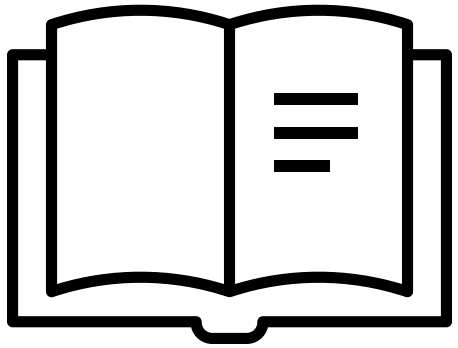
“Editions” Split

Now Separate **New Construction** and **Rehab** Editions



How is ESDS v5-R different?

- Most site-based Criteria removed
  - Section 2 much reduced
- Now fully point-based
  - Resolve the “mandatory, except when not” issue
- Some “Required,” but contribute to point total



HOWEVER:

- Baseline Elements are not Program Requirements

WASHINGTON STATE HOUSING FINANCE COMMISSION

WSHFC's ESDS Process

- **With ESDSv5, the Commission will not change how applicants self-certify ESDS at time of application or Placed in Service.**
- *At Application,* for projects applying for LIHTC that do NOT contain HTF we will continue to require:
  - Evergreen Owner Certification
  - Project Priority Survey
  - ESDS Checklist
- *At Placed in Service*, for projects applying for LIHTC that do NOT contain HTF we will continue to require:
  - Final Owner & Architect Certification
  - ESDS Final Report

Section-by-Section Walkthrough

General Notes

- EGC 2026 Criteria “Adopted”
  - As-is
  - With Edits
  - Split into “A” and “B”

- ESDS v4 Criteria “Retained”
  - Most include edits

Section 1:
Integrated Design

Section 1 – Integrated Design

	Mandatory	Optional	Both
EGC 2026 Criteria Adopted	1.1-1.4	1.5	-
ESDSv4 Criteria Retained	-	1.01d-1.05	-

	Mandatory	Optional	Both
EGC 2026 Criteria Rejected	-	1.6,1.7	-
ESDS v4 Criteria Dropped	-	-	-

ESDS v5 Criteria	#Mandatory	#Optional
New Construction	4	6
Rehab	-	10*

*1 *Required*

Significant Changes

- Project Priorities Survey (PPS) rewritten
- Sustainable Development Outline (SDO) dropped
- Criteria 1.03 – 1.05 now “a la carte”, not “all or nothing”

IDPs and EPPs (Criterion 1.01a)

ESDSv4.x

The Integrated Development Plan is part of the EPP, and is intended to guide the implementation of the EPP

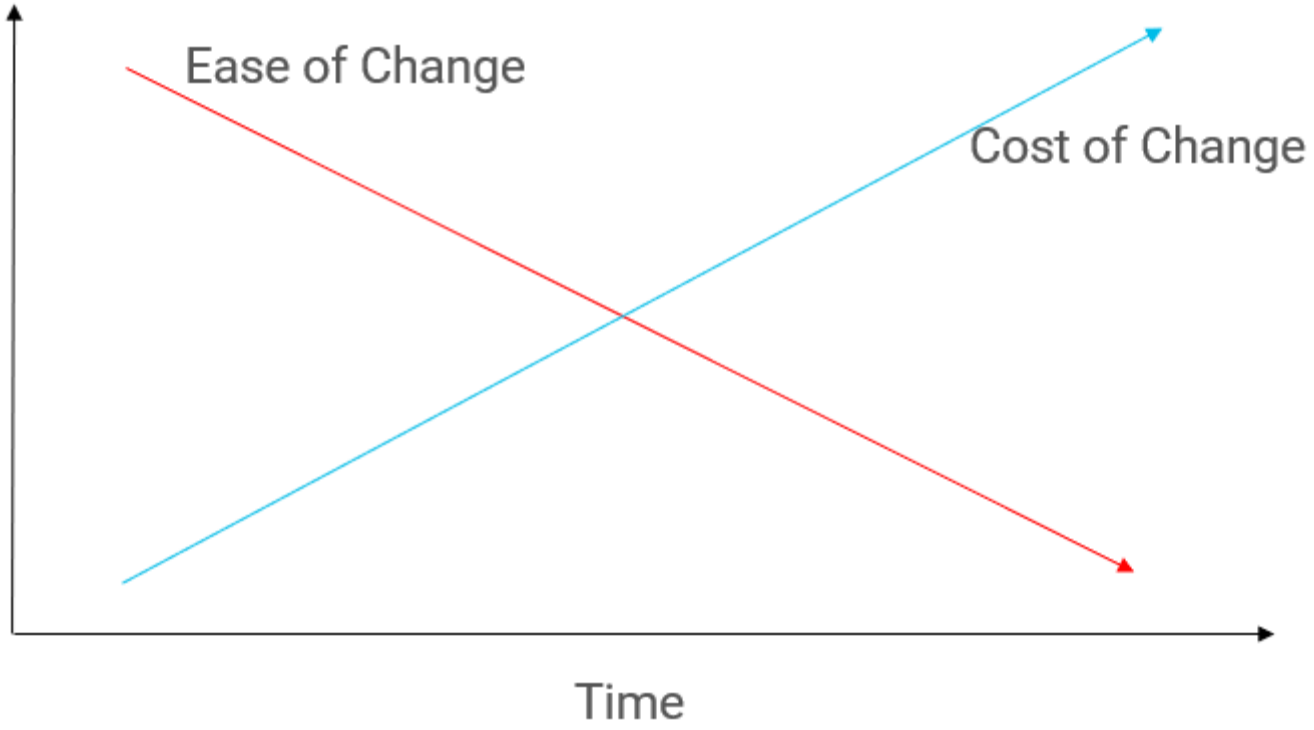
ESDSv5

The EPP ***is*** the Integrated Development Plan

EPP - v4.1	EPP - v5.0
• EPP Form – in Excel • Integrated Development Plan • Required Documentation	• Evergreen *Scorecard* (previously Checklist)- Excel • EPP Form – now in Word • Required Documentation

Another pitch for integrated design

- "Late" decisions are far more expensive than "early" decisions



Section 2:
Location & Neighborhood Fabric

Section 2

	Mandatory	Optional	Both
EGC 2026 Criteria Adopted	2.3	2.4,2.5,2.7, 2.10	2.6
ESDSv4 Criteria Retained	-	2.03b,2.08, 2.09	-
ESDSv5 Novel	-	N2.04c	
	Mandatory	**Optional**	**Both**
EGC 2026 Criteria Rejected	2.1,2.2,2.8	-	2.9
ESDS v4 Criteria Dropped	2.01,2.02a, 2.12a	2.02b,2.11 b,2.12b	-

ESDS v5 Criteria	#Mandatory	#Optional
New Construction	3	11
Rehab	-	4

Significant Changes

- Move away from “influence site choice”, toward “recognize what has been accomplished”
- Points added for TOD
- Broadband proved problematic, so dropped

TOD and Station Areas

- Bus (RCW 36.70A.030(7)):
  a) Fully within an urban growth area; and
  b) Fully or partially within one-quarter mile walking distance of a stop on a fixed route bus system that is designated as a **bus rapid transit** stop….

- Rail (RCW 36.70A.030(36)):
- "….within an urban growth area that are:
  a) Fully or partially within one-half mile walking distance of an entrance to a train station with a stop on a light rail system, a commuter rail stop in a city with a population greater than 15,000, or a stop on a rail trolley operated west of the crest of the Cascade mountains; or
  b) Fully or partially within one-quarter mile walking distance of an entrance to a train station with a commuter rail stop in a city with a population no greater than 15,000.

Section 3: Site Design

Section 3

	Mandatory	Optional	Both
EGC 2026 Criteria Adopted	3.2,3.3,3.7	3.6,3.10, 3.11	3.4, 3.5,3.8
ESDSv4 Criteria Retained	3.01	3.02c	-
	Mandatory	**Optional**	**Both**
EGC 2026 Criteria Rejected	3.1	3.9	-
ESDS v4 Criteria Dropped	3.04	3.02b	-

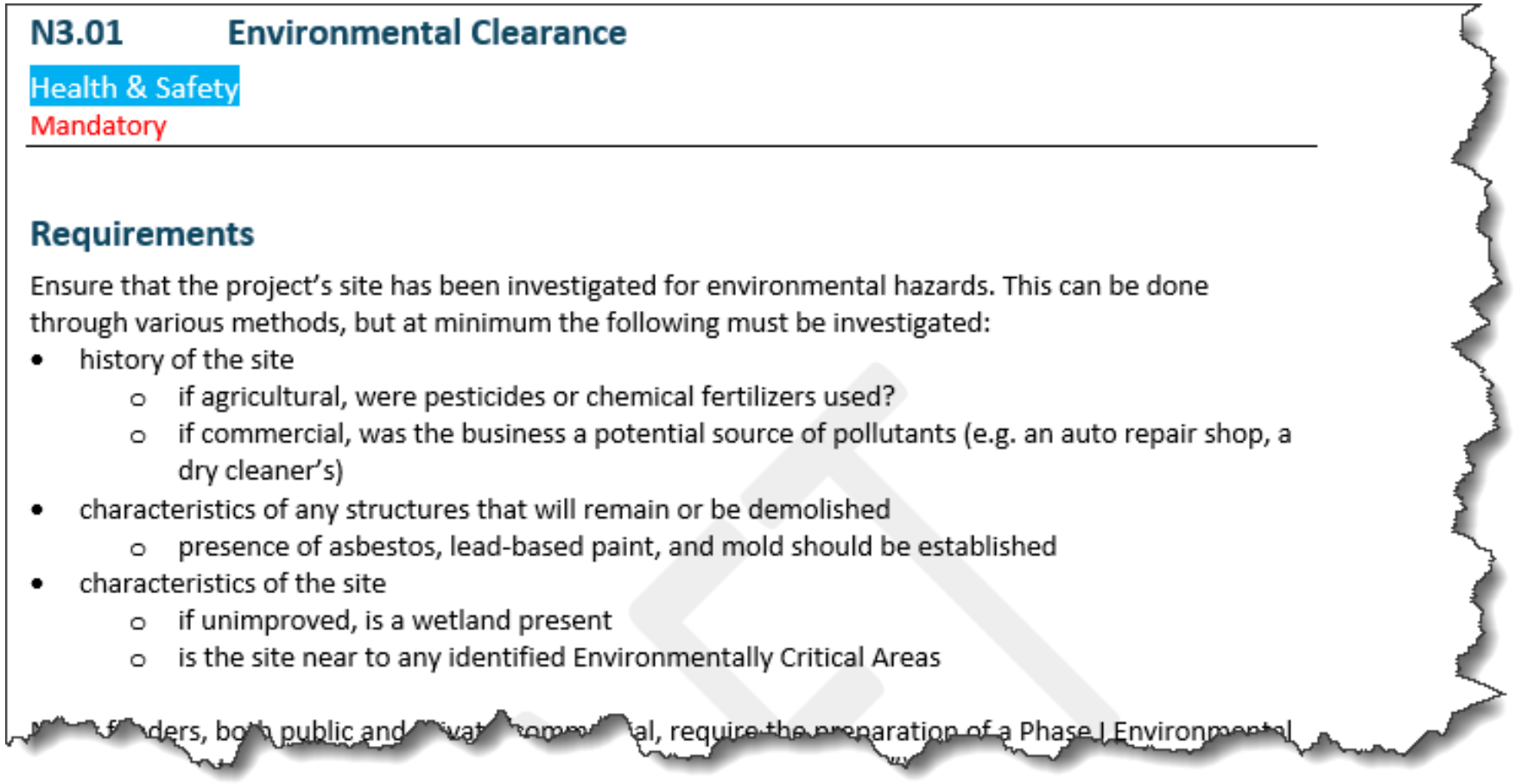
ESDS v5 Criteria	#Mandatory	#Optional
New Construction	5	8
Rehab	-	9*

Significant Changes

- ESA Phase 1 requirement restructured, more flexible
- Move beyond landscaping
  - Lighting
  - Traffic safety
- Return of surface stormwater management (last seen in ESDS v3.x)
- Resiliency planning
- Several adopted EGC 2026 Criteria split into “a” and “b” (Mandatory and Optional)

*1 *Required*

Environmental Hazards



N3.01 Environmental Clearance

Health & Safety

Mandatory

Requirements

Ensure that the project's site has been investigated for environmental hazards. This can be done through various methods, but at minimum the following must be investigated:

- history of the site
  - if agricultural, were pesticides or chemical fertilizers used?
  - if commercial, was the business a potential source of pollutants (e.g. an auto repair shop, a dry cleaner's)
- characteristics of any structures that will remain or be demolished
  - presence of asbestos, lead-based paint, and mold should be established
- characteristics of the site
  - if unimproved, is a wetland present
  - is the site near to any identified Environmentally Critical Areas

ders, both public and al, require the preparation of a Phase I Environmental

Section 4: Water

Section 4

	Mandatory	Optional	Both
EGC 2026 Criteria Adopted	-	4.3-4.7	-
ESDSv4 Criteria Retained	4.01a	4.01b, 4.03b	-

	Mandatory	Optional	Both
EGC 2026 Criteria Rejected	4.1	4.2	-
ESDS v4 Criteria Dropped	-	4.02b, 4.04a/b, 4.05-4.07	-

ESDS v5 Criteria	#Mandatory	#Optional
New Construction	1	7
Rehab	-	7*

Significant Changes

- Addition of Water Quality Testing
- Efficient Plumbing – more options

*1 *Required*

Section 5: Energy

Luke Howard - Commerce Energy Division

Purpose

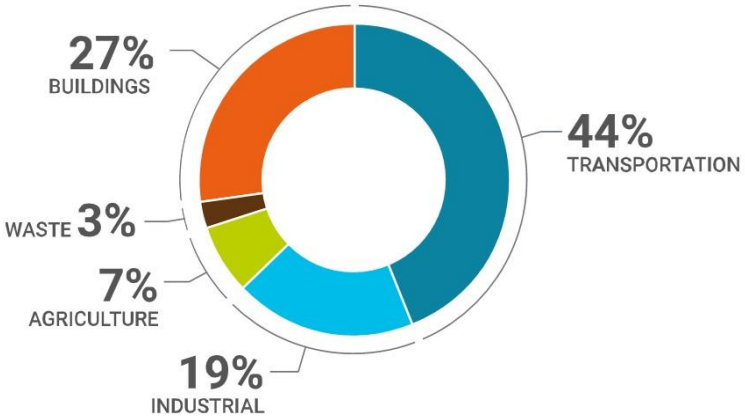
ESDS

- Safeguard health and safety
- Increase durability
- Promote sustainable living
- Preserve the environment
- Increase energy and water efficiency

WSEC and Clean Building Performance Standard (CBPS)

- Help our state avoid costly investment in new generating capacity
- Lower energy bills
- Reduce air pollution and greenhouse gas emissions
- Achieve most cost-effective energy use reduction

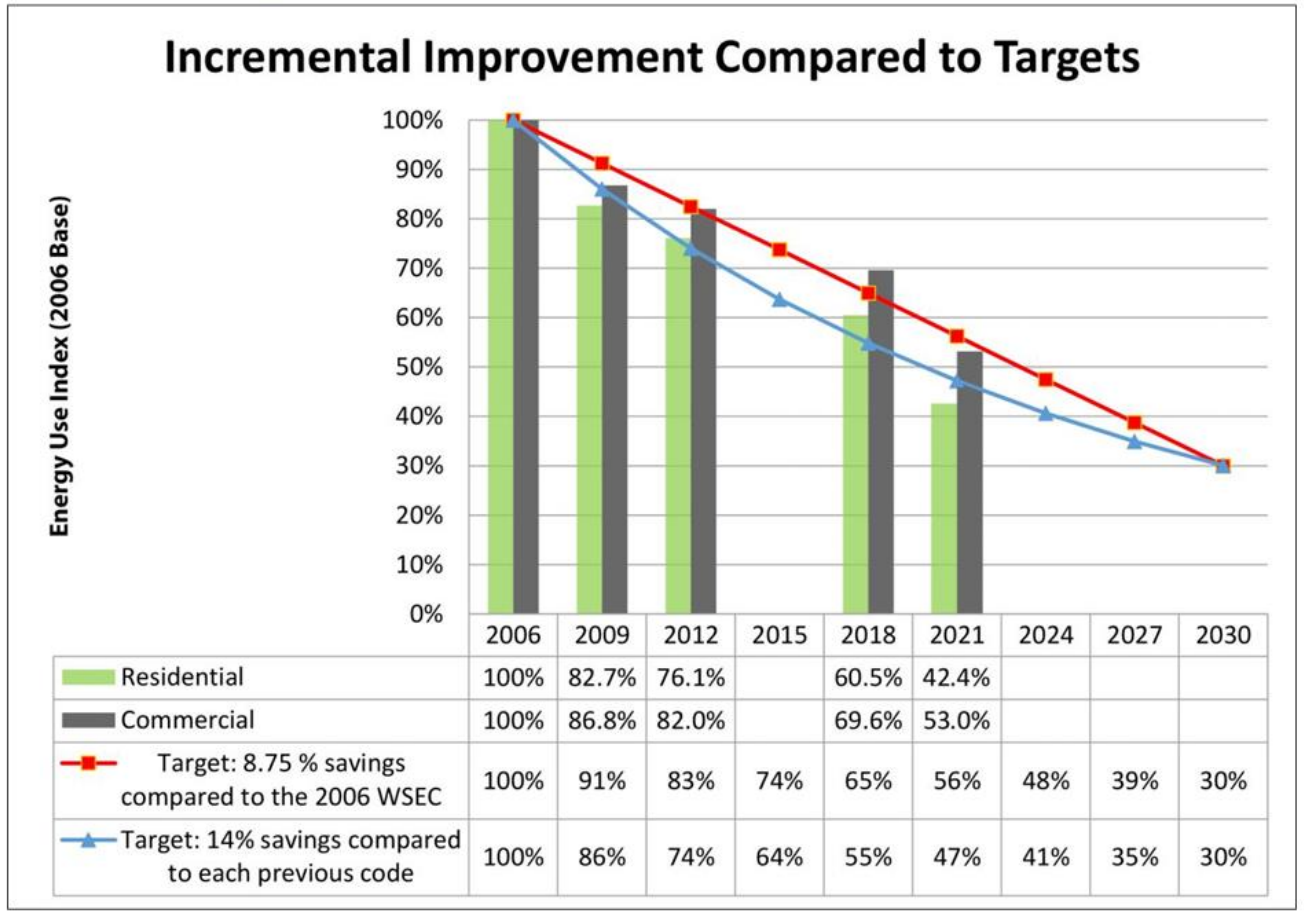
Buildings are the second largest source of greenhouse gas emissions in Washington (2015)



Washington State Energy Code (WSEC) Development Process

- Updated on a 3 Year Cycle
  - WSEC-C (Commercial Code)
    - Commercial and Multifamily >3-stories
    - Multifamily <3-stories *with internal corridors*
  - WSEC-R (Residential Code)
    - Single family and duplex (R-3)
    - Multifamily less than 3-stories *with exterior dwelling unit entrance*
  - Designed to achieve 70% efficiency gains by 2031 based on the 2006 WSEC

Table ES-5. Energy Use Index of the 2021 WSEC-R compared to previous editions of WSEC



	2006	2009	2012	2015	2018	2021	2024	2027	2030
Residential	100%	82.7%	76.1%		60.5%	42.4%			
Commercial	100%	86.8%	82.0%		69.6%	53.0%			
Target: 8.75 % savings compared to the 2006 WSEC	100%	91%	83%	74%	65%	56%	48%	39%	30%
Target: 14% savings compared to each previous code	100%	86%	74%	64%	55%	47%	41%	35%	30%

2024 WSEC Adoption Timeline

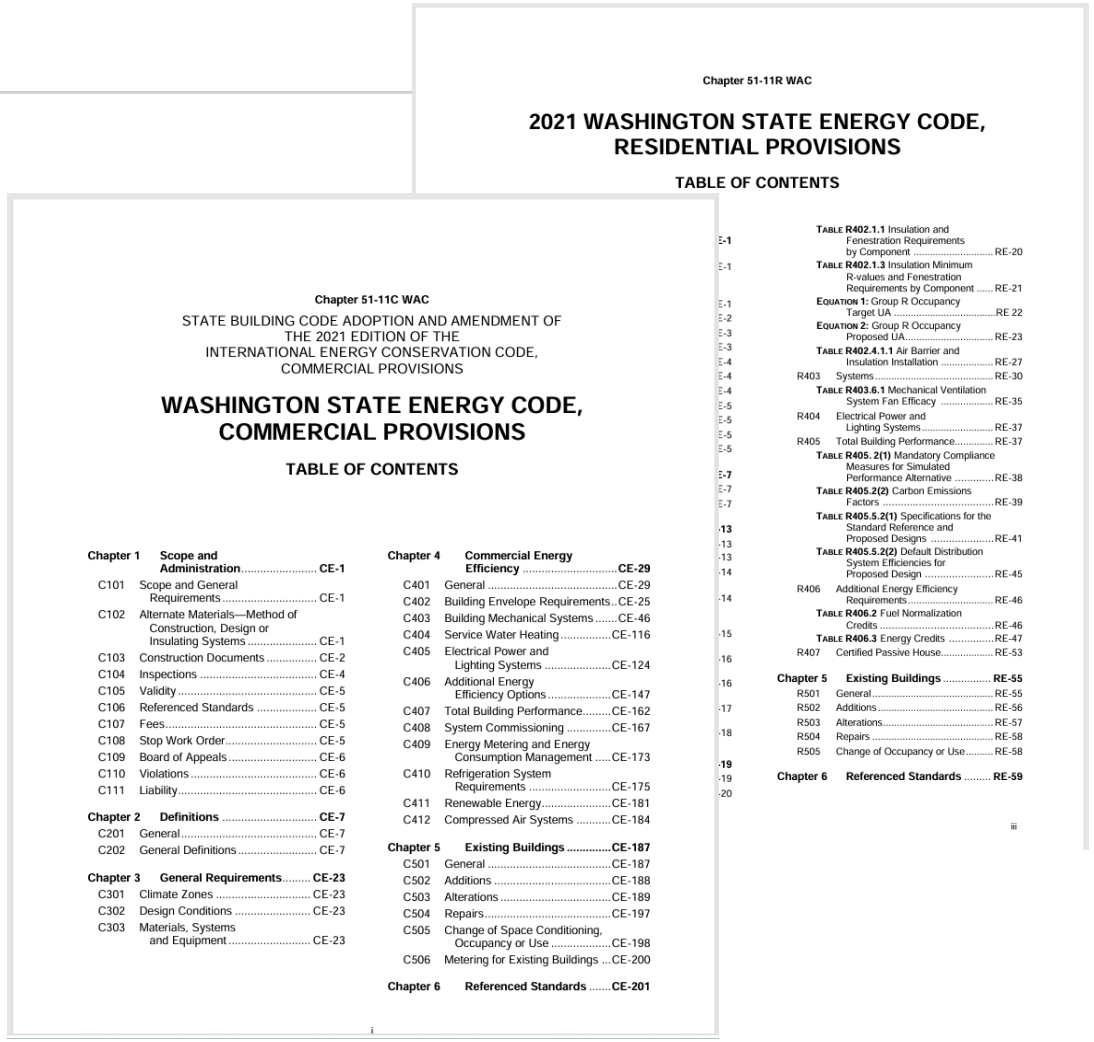
- Managed by the State Building Code Council (SBCC)
- Public comment period closed August 7, 2026
  - Rules not yet codified and modifications may occur
- Adoption scheduled for November 20, 2026
- Proposed effective date March, 2027

SBCC 2024 WSEC Code Adoption Cycle Website



WSEC Breakdown

- Section 1 – Scope and Administration
- Section 2 – General Definitions
- Section 3 – General Requirements
- Section 4 – Energy Efficiency
- Section 5 – Existing Buildings



Chapter 51-11R WAC

2021 WASHINGTON STATE ENERGY CODE, RESIDENTIAL PROVISIONS

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R403 Systems RE-30
TABLE R403.6.1 Mechanical Ventilation System Fan Efficacy RE-35
R404 Electrical Power and Lighting Systems RE-37
R405 Total Building Performance RE-37
TABLE R405. 2(1) Mandatory Compliance Measures for Simulated Performance Alternative RE-38
TABLE R405.2(2) Carbon Emissions Factors RE-39
TABLE R405.5.2(1) Specifications for the Standard Reference and Proposed Designs RE-41
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Chapter 51-11C WAC

STATE BUILDING CODE ADOPTION AND AMENDMENT OF THE 2021 EDITION OF THE INTERNATIONAL ENERGY CONSERVATION CODE, COMMERCIAL PROVISIONS

WASHINGTON STATE ENERGY CODE, COMMERCIAL PROVISIONS

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C506 Metering for Existing Buildings CE-200

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KEY
Mandatory
Optional

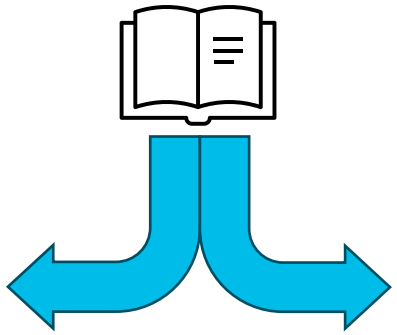
Section 5 – Updates

5.01a	Building Performance – Commissioning		Dropped
5.01b	Building Performance – Weatherizing		No Substantive Changes
5.02a	Additional Efficiency (New Construction)		No Changes
5.02b	Additional Efficiency (Rehab)		Absorbed into R5.01
5.03	ENERGY STAR Appliances		No Changes
5.04	Central Laundry		No Changes
5.05	Electricity Metering		No Changes
5.06	Renewable Energy		No Changes
5.07a	Photovoltaic Ready (New Construction)		No Changes
5.07b	Photovoltaic Ready (Rehab)		No Changes
5.08a	Domestic Water Heating		Changes
5.08b	Domestic Water Heating – Higher Efficiency		Changes
5.09	Space Heating & Cooling Equipment Replacement		Changes

KEY
Mandatory
Optional

Section 5

New Construction Edition	
5.02a→N5.01	Efficiency Beyond Code
5.03→N5.02	ENERGY STAR Appliances
5.04→N5.03	Central Laundry
5.07a→N5.04	Photovoltaic Ready
5.08a→N5.05a	Domestic Water Heating
N5.05b (new)	Domestic Water Heating – Electric Only



Rehab Edition	
5.01b→R5.01	Building Performance – Weatherization
5.03→R5.02	ENERGY STAR Appliances
5.04→R5.03	Central Laundry
5.05→R5.04	Electricity Metering
5.06→R5.05	Renewable Energy
5.07b→R5.06	Photovoltaic Ready
5.08b→R5.07	Domestic Water Heating – Higher Efficiency
5.09→R5.08	Space Heating & Cooling Equipment Replacement

WSEC Section 406 - ADDITIONAL ENERGY EFFICIENCY REQUIREMENTS

- Structure
  - Designed to provide more options and flexibility in meeting building efficiency targets in statute
  - Provides more control in developing the most cost-effective pathway to code compliance

- Requirements
  - Different credit requirements for WSEC C than WSEC R
    - Based on building occupancy type for WSEC C
    - Based on building size for WSEC R

N5.01 - Efficiency Beyond Code (WSEC-R)

Residential

Prescriptive Energy Credits (Table R406.3(1)) beyond what is required to pass Code	**Performance** Energy use reduction in excess of performance requirements in Section R405	**ESDS** **Points**
0.5	-3%	3
1	-6%	5
1.5	-9%	10
2	-12%	15
2.5	-15%	20
3	-18%	25

Section 406 – 2024 Revisions WSEC R

2021 WSEC R

((1 .

~~Small *Dwelling Unit*: 5.0 credits~~

~~*Dwelling units* less than 1500 square feet in conditioned floor area with less than 300 square feet of fenestration area. *Additions* to existing building that are greater than 500 square feet of heated floor area but less than 1500 square feet.~~

~~2. Medium *Dwelling Unit*: 8.0 credits~~

~~All *dwelling units* that are not included in #1, #3, or #4.~~

~~3. Large *Dwelling Unit*: 9.0 credits~~

~~*Dwelling units* exceeding 5000 square feet of conditioned floor area.~~

~~4. *Dwelling units* serving Group R-2 occupancies. See Section R401.1 and *residential building* in Section R202 for Group R-2 scope. 6.5 credits~~

~~5. *Additions* 150 square feet to 500 square feet: 2.0 credits))~~

2024 WSEC R - Proposed

OPTION C:
TABLE R406.3(1)
ADDITIONAL ENERGY EFFICIENCY REQUIREMENTS

Conditioned Floor Area (ft^2)	Credits	
	Climate Zone 4C	Climate Zone 5B
Smaller than 1,500	4.5	4.5
1,500 - 1,749		
1,750 - 1,999		

OPTION B:
TABLE R406.3(1)
ADDITIONAL ENERGY EFFICIENCY REQUIREMENTS

Conditioned Floor Area (ft^2)	Credits
Smaller than 1,500	4.5
1,500 - 1,749	5.5
1,750 - 1,999	6.5
2,000 - 2,499	7.5
2,500 - 2,999	8
3,000 - 3,249	8.5
3,250 - 3,449	9
3,500 or larger	9.5

OPTION A:
TABLE R406.3(1)
ITIONAL ENERGY EFFICIENCY REQUIREMENTS

Conditioned Floor Area (ft^2)	Credits
Smaller than 1,500	4.5
1,500 - 1,749	5.5
1,750 - 1,999	6.5
2,000 - 2,249	7.5
2,250 - 2,499	8.5
2,500 - 3,249	9
3,250 or larger	9.5

N5.01 – Efficiency Beyond Code (WSEC-C)

Commercial

Prescriptive Energy Credits (Table C406.1) beyond what is required to meet Code	**Performance** Reduction in site energy beyond code requirements, as compared to target values in TABLE C407.3(3)	ESDS Points
30	-3%	5
60	-6%	10
90	-9%	15
120	-12%	20
150	-15%	25

Section 406 – 2024 Revisions WSEC C

Required Credits for Projects	Section Reference	Occupancy Group (Climate Zone 4C/5B)								
		R-1 R-4 I-1	I-2	R-2	B	A-2	M	E	S-1 S-2	All Other
New building energy efficiency credits	C406.2	121/133	120/120	252/282	76/89	154/159	175/231	119/151	301/318	215/226
Building addition energy efficiency credits	C406.2	60/66	60/60	126/141						
Building alteration space heating energy efficiency credits	C406.2	TBD	TBD	TBD						
Building alteration service water heating energy efficiency credits	C406.2	TBD	TBD	TBD						
New building load management credits	C406.3	12/12	12/12	15/15						

2024 WSEC C - Proposed

Table C406.1

Additional Energy ((~~Measure~~)) Credit Requ

((~~Required Credits for Projects~~	~~Section~~	~~Occupan~~		
		~~Group R-1~~	~~Group R-2~~	~~Group B~~
~~New building energy efficiency credit requirement~~	~~C406.2~~	~~54~~	~~41~~	~~42~~
~~Building additions energy efficiency credit requirement~~	~~C406.2~~	~~27~~	~~20~~	~~21~~
~~New building load management credit requirement~~	~~C406.3~~	~~12~~	~~15~~	~~27~~

2021 WSEC C

R5.07 Domestic Water Heating – Higher Efficiency

- Expanded options for both **Residential** and **Commercial**
- More commonly available technology
- Aligns with existing requirements of Seattle BEPS and Seattle energy code

R5.07 Domestic Water Heating – Higher Efficiency

Efficiency

X-Y points for Residential; XX-YY points for Commercial

Requirements

Projects covered by the Residential provisions of WSEC 2024:

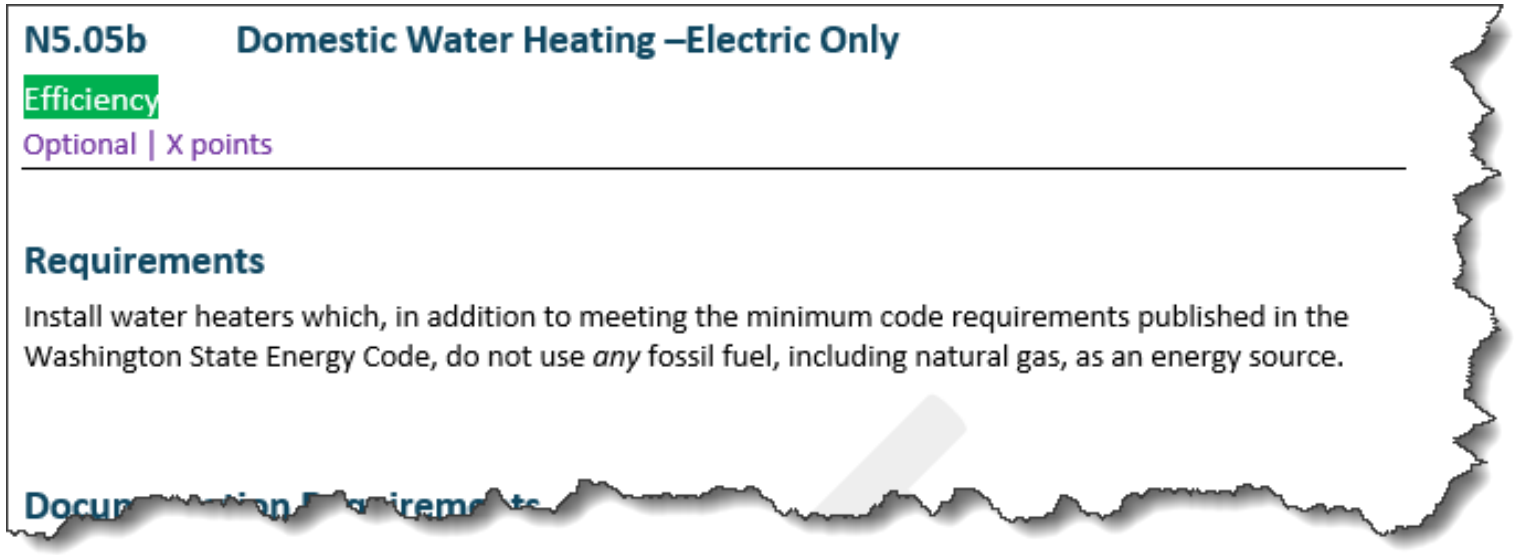
Select a heat pump compliant with Option 5.6 (X points) or Option 5.7 (Y points) on Table R406.3(2).

For projects covered by the Commercial provisions of WSEC 2024:

Select a heat pump compliant with Section C406.2.6.3. ESDS Points claimable are based on which option (ID W12 – W15) is selected.

N5.05b Domestic Water Heating – Electric Only

- Points available for all electric domestic water heating
- Even if selected for N5.01
- Aligns with existing requirements of Seattle BEPS and Seattle energy code



N5.05b Domestic Water Heating –Electric Only

Efficiency

Optional | X points

Requirements

Install water heaters which, in addition to meeting the minimum code requirements published in the Washington State Energy Code, do not use *any* fossil fuel, including natural gas, as an energy source.

Docu

R5.08 Space Heating & Cooling Equipment Replacement

- Performance testing per PTCS protocol removed
  - Program no longer exists
- Replaced with participation in utility company sponsored duct sealing program

R5.08 Space Heating & Cooling Equipment Replacement

X to Y points

Requirements

Install Space Heating and Cooling Equipment Replacement to the following standards.

Electric Resistance Heating:
Add a ductless heat pump sized to meet at least 60% of the total load. [**X points**]

Ducted Systems[1]**:**
Electric Resistance Heating in a Forced Air Furnace: Upgrade electric resistance forced air furnace to heat pump. [**X points**]

Other Central Heating Equipment:
Replace existing equipment with ENERGY STAR-certified central heating equipment, including boilers, furnace or heat pumps. Very High Efficiency natural gas furnaces may be installed, but only in areas where infrastructure (including grid capacity) is limited [**X points**]

~~Performance Testing: Using a qualified contractor, test and verify the system meets the Performance Tested Comfort Systems (PTCS) requirements. [**X points**]~~
Projects completing a utility company duct sealing program [**X points**]

Ductless Heat Pump Performance Testing
The air distribution system design and installation shall be such that air flow across the indoor coil is as specified in the heat pump manufacturer's literature, or is between 350 and 425 cubic feet per minute (CFM) per 12000 BTU/hr output at ARI rating conditions. These points may be claimed for heat pumps installed to supplement Electric Resistance Heating as noted above. [**X points**]

DRAFT

Section 6: Materials

Section 6

	Mandatory	Optional	Both
EGC 2026 Criteria Adopted	-	-	6.2,6.4, **3.8**
ESDSv4 Criteria Retained	-	-	-

	Mandatory	Optional	Both
EGC 2026 Criteria Rejected	-	6.1,6.5	-
ESDS v4 Criteria Dropped	6.01a	6.01b/c, 6.02a/b, 6.03, 6.04a/b, 6.05	-

ESDS v5 Criteria	#Mandatory	#Optional
New Construction	3	3
Rehab	-	3*

Significant Changes

- Available points for materials selection doubled
- Partially due to consolidation with Embodied Carbon Reduction
- Construction waste reduction now Mandatory
- Heat Island Effect management now **Mandatory**
- "Socially Sustainable Products" (6.05) proved unworkable, dropped

*1 *Required*

Section 7:
Healthy Living Environment

Section 7

	Mandatory	Optional	Both
EGC 2026 Criteria Adopted	7.1-3, 7.5, 7.6, 7.9a/b, 7.10	-	-
ESDSv4 Criteria Retained	7.03, 7.05a, 7.09	7.05b, 7.09	-

Significant Changes

- Now mandatory:
  - Radon testing/mitigation
  - MERV 13 Outside air filtration
- Outside Air Filtration (7.08c, now N7.07b) requirement reduced from MERV 17 to MERV 16

Section 7

	Mandatory	Optional	Both
EGC 2026 Criteria Rejected	7.11, 7.12a, 7.13, 7.14	7.7, 7.12b, 7.15, 7.16, 7.17, 7.18	7.8
ESDS v4 Criteria Dropped	7.04, 7.07a, 7.08a, 7.10-12	7.06, 7.07b, 7.08b, 7.13	-

Significant Changes

- Now mandatory:
  - Radon testing/mitigation
  - MERV 13 Outside air filtration
- Outside Air Filtration (7.08c, now N7.07b) requirement reduced from MERV 17 to MERV 16

ESDS v5 Criteria	#Mandatory	#Optional
New Construction	10	2
Rehab	-	10*

**4 Required*

Section 8:
Operations, Maintenance + Resident Engagement

Section 8

	Mandatory	Optional	Both
EGC 2026 Criteria Adopted	8.1, 8.3-5	-	-
ESDSv4 Criteria Retained	-	8.01b, 8.05	-

	Mandatory	Optional	Both
EGC 2026 Criteria Rejected	8.2	-	-
ESDS v4 Criteria Dropped	8.01a, 8.03	8.04, 8.06	-

ESDS v5 Criteria	#Mandatory	#Optional
New Construction	3	3
Rehab	-	6

Significant Changes

- ***Content*** Mostly unchanged
- EGC 8.5 flipped from Mandatory to Optional
- “Certification Plaque” dropped

Overall

	Mandatory	Optional	Both
EGC 2026 Criteria Adopted	19	13	7
ESDSv4 Criteria Retained	9	20	0

	Mandatory	Optional	Both
EGC 2026 Criteria Rejected	12	19	4
ESDS v4 Criteria Dropped	14	23	0

ESDS v5 Criteria	#Mandatory	#Optional
New Construction	42	32
Rehab	-	57*

8 Required

WASHINGTON STATE HOUSING FINANCE COMMISSION

WSHFC's Process (revisited)

- For LIHTC projects that contain Housing Trust Fund $, use whichever version of ESDS your HTF$ is asking you to use.
- For LIHTC projects that ***do not*** contain Housing Trust Fund $, the Commission will announce in advance when we anticipate implementing ESDSv5. We don't anticipate implementing ESDSv5 immediately upon publication.
- As we reflect on the Commission's financing tools used for Preservation and New Construction in 2026 and look to update our collective program policies for next year, **we are evaluating if and how we may incorporate certain ESDSv5 criteria into our programs**, either as threshold requirements or as point options.
- Questions? Email AskUsMHCF@wshfc.org

Next Steps

Next Steps

Timeline

- Public Comment Period
  - November 2026 – Feb 2027
- Publication
  - March 2027
- Implementation (“Go Live”)
  - Required for Apps to 2027 Trad HTF Round
  - TBD for LIHTC projects w/o Commerce funds

- Public Comment prompts:
  - What did we miss?
  - Point values/weighting
  - Workability/Feasibility
  - Aesthetics/Usability

Washington State Department of Commerce

Q&A

Invest. Build. Serve.

Further Questions or Comments?

ESDS Itself, ESDS and Commerce's Housing Capital programs

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Energy

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ESDS and LIHTCs

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Thank you!

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