



Department of Commerce
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The Bond Cap Allocation Activity Summary and Policy Report 2010

Including Recovery Act Impacts and 2009 Project Detail

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Report to the Legislature
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EXECUTIVE SUMMARY

Overview

The federal Tax Reform Act of 1986, a part of the Internal Revenue Service Code (the Code), set a limit – the bond *cap* – on the total value of tax-exempt private activity bonds that may be issued annually by each state. The amount of the annual tax-exempt private activity bond cap issuing authority is equal to the population of the state multiplied by a dollar amount set each year by the Internal Revenue Service. For 2010, that amount is \$599.8 million for the state of Washington.

For the first 22 years of the Bond Cap Allocation Program's existence, tax-exempt private activity bonds have been the only type of bond capped in federal law. However, since the beginning of the current recession, Congress has amended the Code several times, adding authority to the annual cap for the housing category in the Housing and Economic Recovery Act of 2008, and creating several new bond types, some of which are capped, in the American Recovery and Reinvestment Act of 2009.

The Department of Commerce (Commerce) is charged with administering Washington's bond cap authority (RCW 39.86), and is required to provide the Legislature with a report summarizing program activity and focusing on bond cap policy issues biennially in even numbered years. This report constitutes the summary report for 2009 and the 2010 policy report. An overview of program history and data in the report provides a context for the discussion of policy issues.

Highlights

This report highlights recent federal changes and discusses the policy impacts, including the need for Commerce to adopt rules and the potential need for legislative action, under consideration at this writing in the form of ESHB 2753.

Issues discussed in the report that impact Bond Cap Allocation Program policy include:

- The Housing and Economic Recovery Act of 2008
- The American Recovery and Reinvestment Act of 2009
- Build America Bonds
- Recovery Zone Bonds
 - Recovery Zone Economic Development Bonds
 - Recovery Zone Facility Bonds
- Qualified Energy Conservation Bonds
- Continued demand for housing cap
- Commerce's rule adoption (WAC 365-135)
- Potential amendments to the bond cap statute (RCW 39.86)

Several of the new bond types, in particular Build America Bonds and Recovery Zone Economic Development Bonds have been very well received in the bond market. As a result, Congress is considering not only extending several of the new bond types, but also enacting additional new bond types. In the state legislation currently under consideration (ESHB 2753) is making the bond cap statute language more inclusive so that Commerce is able to implement new bond types as Congress enacts them. This will allow Commerce to act quickly and efficiently to make the new bond tools available to our communities for economic development and recovery.

Bond Cap and the Affordable Housing Crisis

In the 2008 Bond Cap Biennial Report, we reported on the impacts the housing crisis in general and the affordable housing industry in particular have had on the state's economy and bond cap policy. Those impacts remain at the forefront not only of this report but also of the need to amend the bond cap statute, and are some of the most critical impacts of the economic recession. At the time of the 2008 report, Washington state had just begun to feel the impacts of the housing crisis that the rest of the country had been feeling for more than a year. Since then, the state's foreclosure rate has continued to climb, and housing values have continued to decline.

The housing category has historically used the majority of bond cap authority in many years using twice the 32 percent initial allocation for the category, and in the past two years, nearly three times the initial allocation. Creating the flexibility to provide cap authority to the housing category earlier in the year by reallocating unused cap from other categories is another of the changes proposed in the legislation under consideration.

Conclusion

To most effectively illustrate the policy issues, we have provided a history of the bond cap program, an analysis of historical bond cap data, a list of several years of bond cap projects, and project details for the 2009 allocations. Always an agent for economic development in the state, in these uncertain economic times, the bond cap allocation has become particularly important for Washington's economic vitality.

INTRODUCTION

Background

In the mid-1980s, federal observers became concerned about revenue short-falls that were due in part to increasingly large numbers of tax-exempt municipal bond issuances over the previous decade. Congress responded to the concerns by passing the Deficit Reduction Act of 1984, then two years later the Tax Reform Act of 1986. These set a limit – the “cap” or “ceiling” – on the total value of tax-exempt private activity bonds that states may issue annually, and established bond use categories eligible to issue bonds under the cap.

In response, Washington’s Governor, then the Legislature, created procedures for allocating the state cap among the categories and establishing priorities among applicants. Program administration was assigned to the Department of Community Development, which later merged with the Department of Trade and Economic Development to become the Department of Community, Trade and Economic Development. Then in 2009, CTED became the Department of Commerce (RCW 39.86).

Since 1987, the Bond Cap Allocation Program has authorized approximately \$8.1 billion in tax-exempt private activity bond issuances, contributing to the development of thousands of housing units and new jobs in Washington’s communities; industry, infrastructure, and clean energy production across the state; and low-cost student loans to educate thousands of Washington’s citizens.

How much cap authority is available?

The total amount of tax-exempt private activity bond authority each state is allowed is calculated using a per capita formula. In 1984, the federal Deficit Reduction Act set the volume cap at \$150 per capita. This was reduced to \$50 per capita by the Tax Reform Act of 1986. In 2001, the Internal Revenue Service began periodic increases in the per capita volume cap rate to adjust for inflation. As of January 1, 2009, the cap was raised to \$90 per capita. Each December, when the U.S. Census Bureau releases its official population figures, the total cap for the following year is calculated. For calendar year 2010, a total of \$599.8 million in bond cap authority is available in Washington state. Cap authority is divided among the eligible categories by percentages described in Washington statute (RCW 39.86.120).

What constitutes a tax-exempt private activity bond?

A bond is a means for an investor to lend money for projects with public benefits. Because the bond investor is not required to pay federal taxes on interest earned on tax-exempt bonds, these bonds can qualify for lower interest rates than conventional financing, thus saving the borrower money. For projects with benefits that are considered essentially public – roads and most infrastructure, for example – tax exempt bonds may

be issued without cap authority. Bonds for projects with a high level of private benefit or participation are not tax-exempt, unless they meet specific IRS criteria and are issued under the authority of the Bond Cap Allocation. A bond is considered a private activity bond if:

- Greater than 10 percent of its proceeds are used for any private business purpose.
- Greater than 10 percent of its proceeds are secured by property used for private purposes.
- Greater than 5 percent of its proceeds are used for loans to individuals or non-governmental entities.

What kinds of projects are eligible?

The Tax Reform Act of 1986 established five categories of projects eligible to issue bonds under cap authority.

- Exempt Facilities – Certain types of capital transportation, waste management, energy, and environmental facilities as defined in the IRS Code.
- Housing – In Washington, this includes both affordable multifamily rental housing and single family homeownership projects.
- Small Issue – Industrial development projects with less than \$20 million in capital expenditures over six years.
- Student Loans – Higher education loans for qualifying students.
- Public Utility District – Efficiency and environmental enhancements for certain hydroelectric facilities.

The public utility district volume cap was further limited to a lifetime maximum of \$750 million. In 2007, Washington's PUDs used the last of their \$750 million cap, so as of the 2008 calendar year, the public utility district category no longer exists.

How does a project apply for cap authority?

Bonds may only be issued by authorized governmental entities, so a private developer typically works with a bond issuer to develop the project, then the bond issuer applies to Commerce for authorization to issue the bond. In the case of multifamily housing projects, certain exempt facilities, and student loans, the issuer might also be the project developer. Bonds must be issued within the calendar year, typically by December 15th. Any cap authority that is unused at the end of the year may be carried forward into the next three years. Commerce is responsible for taking applications, evaluating projects, authorizing bond issuances under the cap, and ensuring the state does not exceed its cap authority.

How does Commerce decide which projects get cap allocations?

Washington's Legislature has established in statute a formula for initial allocations, or set-asides, of cap authority for each category. From 2002-2005, the cap category set-asides were:

- Housing 30%
- Small Issue 24%
- Exempt Facility 19%
- Student Loans 14%
- Public Utility District 10%
- Remainder 3%

The remainder category was established as a means to provide some program flexibility outside of the category structure early in the allocation year.

The Legislature also provided in statute an “alternative allocation” for the time when the PUD category would have used the last of its \$750 million limit and become ineligible for cap allocations. In 2006 and 2007, the PUD category had an amount left in its \$750 million ceiling – approximately \$8.1 million – that was less than the 10 percent of total annual cap available under the state formula, so Commerce first subtracted the remaining PUD \$8.1 million, then used the alternative allocation percentages to calculate the other categories:

- Housing 32%
- Small Issue 25%
- Exempt Facility 20%
- Student Loans 15%
- Remainder 8%

After the PUD category was eliminated in 2008, the other categories received their full initial set-aside percentages under the alternative allocation.

During the year there are timelines that apply to some of the set-asides. For example, no exempt facilities projects may receive more than 30 percent of the total exempt facilities set-aside prior to September 1st each year. Prior to June 1st, portions of the small issue set-aside are reserved for Eastern distressed counties, Eastern non-distressed counties, and Western distressed counties. After September 1st, unused cap from any category may be reallocated to any other category with 50 percent of the unused cap prioritized for housing.

Each category has a set of basic eligibility criteria in statute and agency rule that guide allocation decisions. These criteria help Commerce prioritize among projects by estimating the public benefit of each project.

Small issue projects are evaluated based on the number of retained and new jobs created per dollar of cap authority, and by the need in a particular community for industrial development. Exempt facilities projects are evaluated based on the number of jobs created and the degree to which the project reduces environmental pollution, produces lower cost energy, or diverts solid waste from disposal and remanufactures it into value-added products.

Housing projects are evaluated based on the number of housing units created or rehabilitated per dollar of cap authority, and the degree to which the project meets the community's highest affordable housing needs.

For much of the program's history, Commerce was able to allocate to eligible projects in each category on a first come, first served basis. Rarely did projects experience allocation delays, even in the context of the set-aside structure and various reservations and timelines for allocations. That situation changed during 2007.

How have the recent economic fluctuations impacted Washington's bond cap?

In 2007, market factors combined to increase demand for cap authority, particularly for housing cap. Commerce received more applications for housing allocations than there was cap available. The Housing Finance Commission absorbed the worst of the impact of the cap shortfall by curtailing both their Single Family Homeownership and Multifamily Rental Housing programs. Most other issuers eventually received the cap they needed that year, although many experienced delays waiting for the September 1st release of the category set-asides, and 2007 ended with a record-setting low amount of cap available to be carried forward into future years.

At the beginning of 2008, Commerce again received more housing applications than there was available in the housing and remainder set-asides combined. For the first time, the program had to establish a competitive process with which to prioritize housing applications and allocate cap. Demand for housing cap remained high, and in July 2008, Congress provided \$11 billion nationwide in additional cap authority for housing in the Housing and Economic Recovery Act of 2008, of which Washington's share totaled \$202 million (see page 16). However, before the year was out, the national housing crisis began to make itself felt in our state, and many housing developers were unable to issue their bonds before the annual deadline.

Hope for recovery was high at the beginning of 2009, but the year dragged on with a very slow market for municipal bonds of any kind. In particular, affordable housing projects were unable to move forward with bond issuances due to a lack of investors for Low Income Housing Tax Credits, which most affordable housing project financing is dependent on. The hoped for recovery didn't materialize, and the year ended with a record low percentage of the bond cap issued as bonds, and a record high – over \$400 million in unused cap carried forward at the end of the year.

Congress enacts first new bond caps since 1987.

Early in 2009, Congress passed the American Recovery and Reinvestment Act, known variously as the ARRA, Recovery Act, or Stimulus Act. The ARRA authorized several new bond types, some of which are subject to volume caps. Of the new bond caps, three are being administered by Commerce:

- Recovery Zone Economic Development Bonds
- Recovery Zone Facility Bonds
- Qualified Energy Conservation Bonds

Two additional ARRA bond caps – specific to K-12 schools – are being administered by the Office of the Superintendent of Public Instruction – Qualified School Construction Bonds and Qualified Zone Academy Bonds. For more information on Commerce’s ARRA bond activities, see the Policy Issues section (beginning on page 15).

Important Bond Cap Dates

January 1st to June 1st — A minimum percentage of the Cap available for small issue projects is set aside until June 1st each year for issuers in specific geographic areas and economic conditions:

- East/Distressed – 15% or greater
- West/Distressed – 15% or greater
- East/Non-distressed – 10% or greater

January 1st to September 1st — No more than 30% of the exempt facilities allocation may go to any one project until after September 1st of each year.

February 1st — Any bond cap request submitted between October 1st and January 16th of an allocation year must be processed by February 1st. After that the Bond Cap Allocation Program has 15 days after an application is complete in which to approve or deny allocation requests.

February 1st — The Bond Cap Annual Summary of activity must be submitted to the Legislature by February 1st of even numbered years.

June 30th — The Bond Cap Biennial Report and Policy Analysis must be submitted to the Legislature by June 30th of even numbered years.

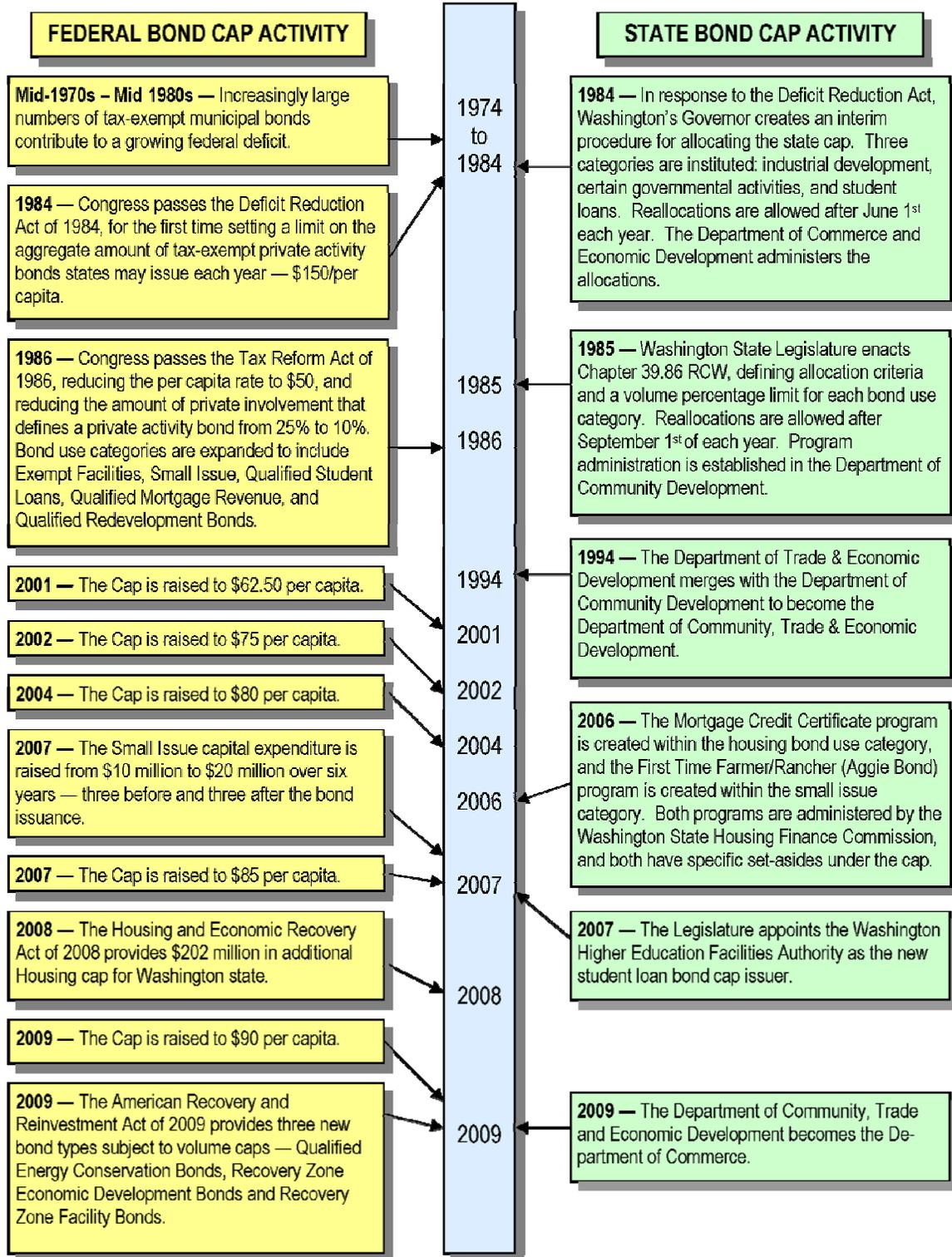
September 1st — All bonds must be issued for any exempt facility, small issue, or public utility district allocation approved before April 1st.

September 1st — Set-asides in each category become open for reallocation. Any unused cap becomes available to be used for any category of project.

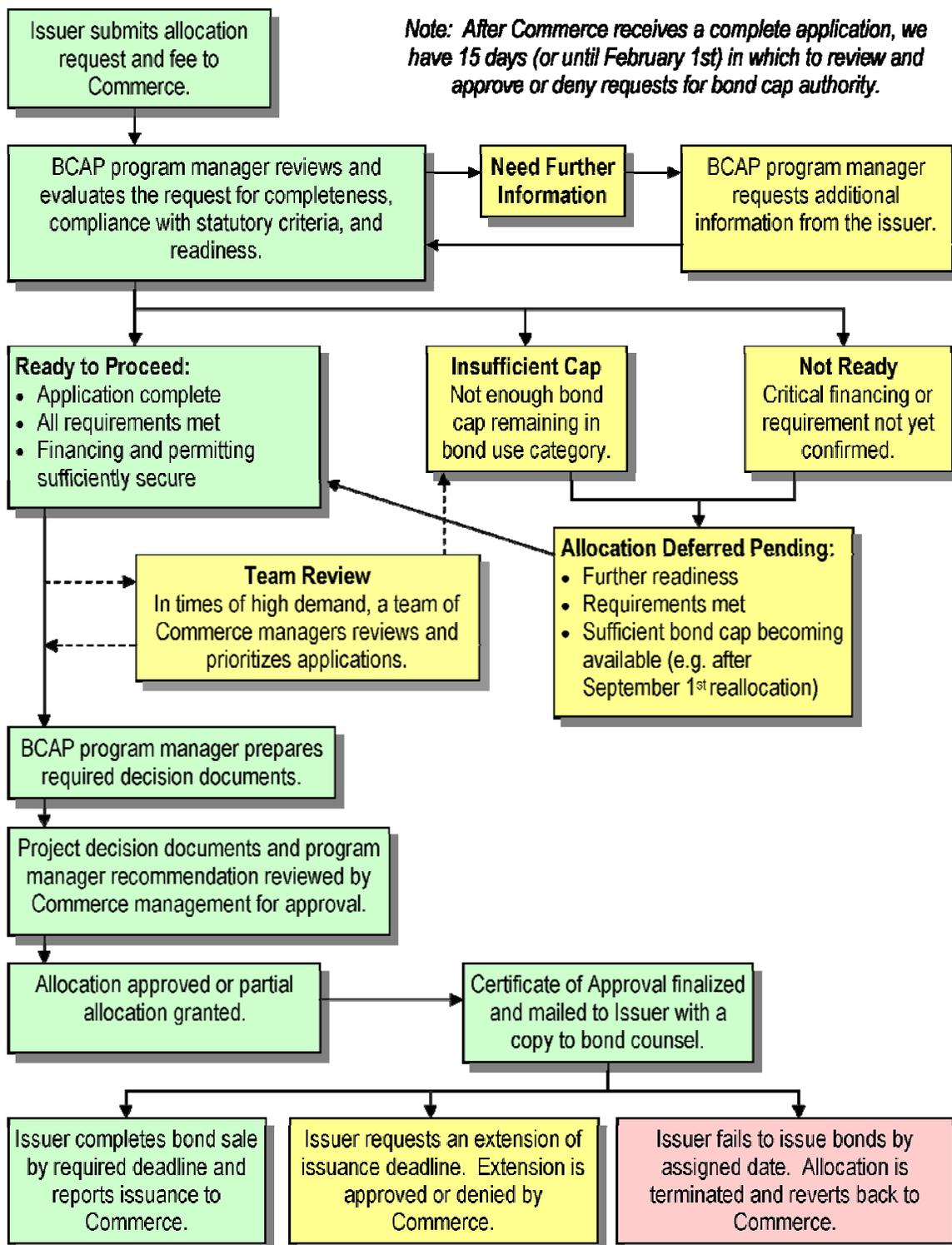
December 15th — All bonds authorized to use current year cap must be issued unless an extension has previously been authorized.

December 31st — All unused cap for the current allocation year must be authorized as carryforward by December 31st.

BOND CAP HISTORY TIMELINE



ALLOCATION PROCESS FLOW CHART



BOND CAP CATEGORIES

Exempt Facilities – 20% Initial Allocation

Exempt facilities are capital projects that do not qualify for tax-exempt status unless issued under the bond cap because of a high level of private involvement or benefit.

Exempt facilities include:

- Solid and hazardous waste disposal
- Wastewater/sewage treatment
- Water facilities
- Mass commuting facilities
- Local district heating and cooling
- Local furnishing of electricity or gas

Over the past several years, tax-exempt private activity bonds have been used to finance innovative recycling, alternative energy, and waste management projects in the exempt facilities category.

Among examples of recent innovative exempt facilities projects are two dairy manure digesters — in Lynden and in Yakima. Dairy manure digesters take dairy wastes out of the waste stream, clean up local air and water, and compost the wastes at high temperatures to produce electricity to run the dairy and sell back to the grid, and they produce value-added garden products from the decontaminated waste.

In addition to removing tons of waste and pollution, creating value-added consumer products, and providing power, sewer, and water facilities, exempt facilities projects created or retained 977 jobs for Washington residents during 2008 and 2009.

Housing – 32% Initial Allocation

In Washington state, the housing category includes mortgage revenue bonds, mortgage credit certificates, and exempt facility bonds for qualified residential rental projects. Under the Internal Revenue Code, 95 percent of mortgage revenue bond allocations must be used to finance residences for first-time homebuyers.

Under state law, 32 percent of the total cap is set-aside for Housing — 80 percent to the Housing Finance Commission (25.6 percent of the total cap) and 20 percent to local housing authorities (6.4 percent of the total cap).

The Housing Finance Commission's allocation is divided between their Single Family Homeownership program and their Multifamily Rental Housing program. Local housing authority cap is all used for multifamily rental projects.

In 2008 and 2009, bonds issued under the bond cap allocation helped create or

rehabilitate over 1,705 units of low income, senior, and special needs housing statewide.

Small Issue – 25% Initial Allocation

A small issue project, as described in the Internal Revenue Code, is an industrial development/manufacturing project with a maximum of \$20 million in capital expenditures over a six-year period – three years prior and three years after the issuance of the tax-exempt private activity bond. An allocation request for a single project in this category may not exceed \$10 million.

In addition to the traditional small issue manufacturing projects, in 2006, Washington state adopted legislation to create the Beginning Farmer/Rancher or “Aggie Bond” Program, administered by the Housing Finance Commission. After creating the program and seeking out lenders to work with, the first program bonds to support new farming operations began to be issued in early 2008. Among all the bond cap programs, the Beginning Farmer/Rancher program has remained strongest during the economic downturn.

During 2008 and 2009, bonds issued in the small issue category helped create or retain 448 jobs in Washington communities.

Student Loan – 15% Initial Allocation

The student loan category is reserved for bonds issued to finance loans for students who are either enrolled in higher education within the state of Washington or are legal residents of Washington state.

After Student Loan Finance Association (SLFA) assets were sold in late 2004 to a for-profit corporation, Washington state was without a qualified student loan bond issuer for three years. During the 2007 legislative session, the Washington Higher Education Facilities Authority (WHEFA) was appointed to be the new authorized student loan bond issuer in the state. The Authority spent the balance of 2007 working to set up the program and identify vendors for the loan services it will offer. However, beginning in 2008, changes in federal financial aid procedures have made it difficult or unnecessary for the state to issue student loan bonds. Consequently, no bonds have been issued in this category since 2004.

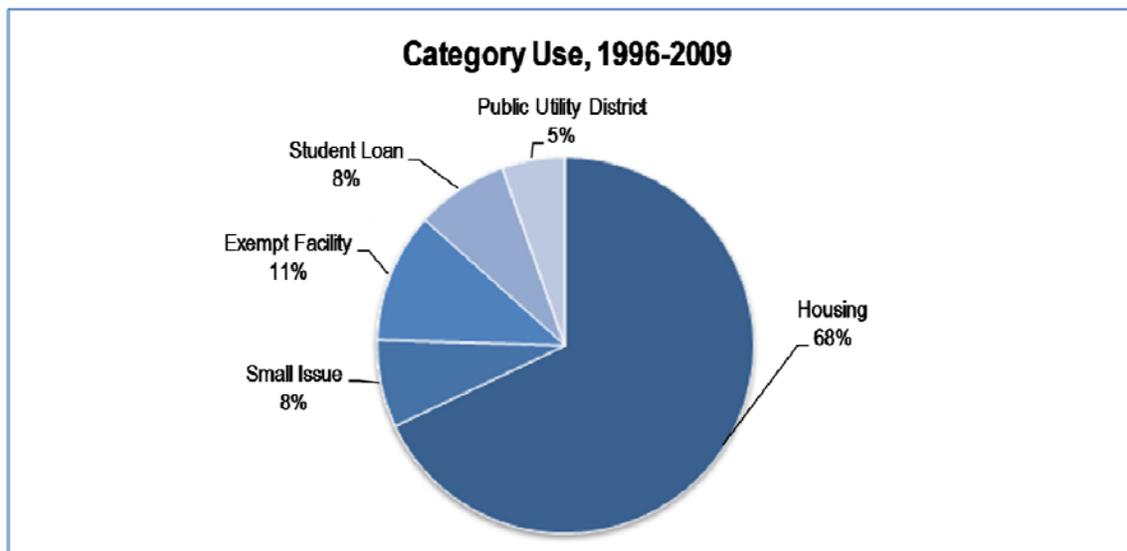
Depending on developments at the federal level, WHEFA expects to be able to offer both federally insured student loans and alternative loans, increasing educational opportunities for students in a wider variety of educational settings and with more diverse economic needs. The current \$90 million in annual student loan bond cap capacity is enough to provide access to higher education for between 10,000 and 20,000 Washington students annually.

Remainder – 8% Initial Allocation

Remainder is a miscellaneous category that may be allocated to projects eligible under any of the other bond use categories throughout the year if the original allocation in the project's category has been depleted, or if the set-aside structure or timelines limit the availability of cap for a specific project.

Washington state law provides that if an issuer in a category has received a large carryforward allocation from the previous year, the initial allocation in that category for the next year may be reduced by the carryforward amount, and that amount may be reallocated into the remainder category in order to be made available to other categories earlier in the year.

Most often the remainder cap is used for housing category projects, particularly for local housing authority allocations over the initial set-aside. Occasionally, remainder cap has been used for an exempt facility application that is larger than the 30 percent of the initial allocation that is available early in the year for any one project.



CARRYFORWARD PROCEDURES AND TRENDS

“Carryforward” is term used for allocations of bond cap authority that went unused during the calendar year, but are made available to be “carried forward” to be used in subsequent years. Under the Internal Revenue Code, the state must allocate any carryforward amounts to specific issuers before December 31st, or the bond cap authority is no longer available to be used. Carryforward allocations must be used within three calendar years.

Under federal law, carryforward may be allocated in the housing, student loan, and exempt facility categories. Carryforward must be allocated to a specific project or program, and once allocated, is not transferrable to another project or program.

Allocating carryforward to a specific project carries the risk that the cap will be lost if that project hits a snag and is unable to issue a bond within the time limit. Washington state has chosen to allocate nearly all carryforward on a program rather than a project basis in order to avoid this loss of cap.

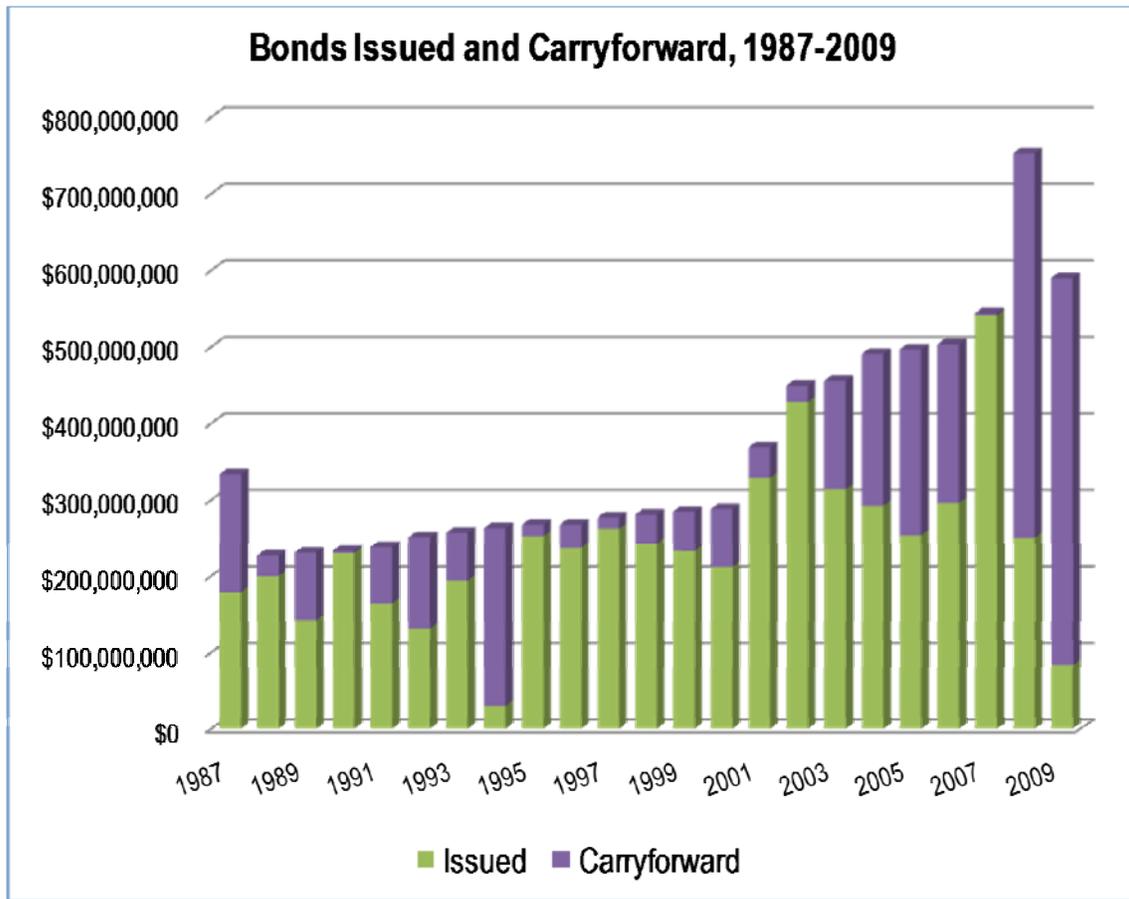
Most carryforward amounts in the state have been allocated to the Housing Finance Commission, because the Commission is able to use carryforward on a program rather than a project basis; and, as a sub-allocating agency of Commerce, may also reallocate housing cap to other issuers, such as local housing authorities.

When the state has had a student loan issuer, that issuer has also been able to use some carryforward amounts. Carryforward was allocated in the exempt facilities category only twice — in 1992 and 1994 — because Washington does not have an exempt facilities issuer able to take a carryforward allocation for a program rather than a specific project.

The bond cap manager keeps in close touch with issuers with outstanding allocations to ensure either that bonds are issued by the December 15th deadline or that allocations are reverted to the department to be allocated as carryforward. Final carryforward amounts are calculated after all Notification of Issuance forms have been received.

Under state law, if an issuer has received a carryforward allocation, their initial allocation for the following year may be reduced by the amount of the carryforward received, and those amounts moved into the remainder category. This allows additional flexibility in making allocations outside of the set-aside structure early in the year.

Several times in the history of the program, the Housing Finance Commission’s initial allocation has been reduced by carryforward amounts, facilitating local housing authorities and others to get the cap they need without having to wait for the September 1st reallocation.



Note: The 2008 total bond cap amount includes \$202,541,072 in extra housing cap authorized by the Housing and Economic Recovery Act of 2008 (HERA).

POLICY ISSUES

New Bond Caps Enacted by Congress

Since the adoption of the Tax Reform Act of 1987, few changes have been made to the Act, with the exception of periodic cost-of-living adjustments of the per capita multiplier. However, due to the economic downturn of the past two years, Congress has made several additions and changes to the Act in order to create new bond types, some of which are subject to state volume caps.

In 2008, Congress adopted the Housing and Economic Recovery Act, which provided additional tax-exempt private activity bond authority specifically for housing purposes. During that year, several small stimulus acts created additional bond types, but the largest number of new bond types were created by the American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act).

Most of the new bond types are time-limited. Because they are intended as economic stimulus during the current recession, most new bond types are set to expire at the end of 2010. At this writing, however, Congress is considering extending some of the bond types that have been particularly well-received in the bond market.

New bond types that were introduced or received increased allocations in Part B of the Recovery Act include:

- Build America Bonds (BABs)
- Recovery Zone Economic Development Bonds (RZEDBs)
- Recovery Zone Facility Bonds (RZFBs)
- Qualified Energy Conservation Bonds (QECBs)
- Clean Renewable Energy Conservation Bonds (CREBs)
- Qualified Zone Academy Bonds (QZABs)
- Qualified School Construction Bonds (QSCBs)

Of these bond types, Commerce is allocating the authority for the two Recovery Zone bonds and Qualified Energy Conservation Bonds. In addition, Commerce allocated the housing bond cap authorized by the Housing and Economic Recovery Act of 2008. The adoption of the additional bond authority and the new bond types has created policy implications for Commerce's Bond Cap Allocation Program, and required a rule adoption.

Build America Bonds are not subject to a volume cap, and therefore do not require an allocation of authority. Clean Renewable Energy Conservation Bonds are allocated directly at the federal level. The two K-12 school-specific bond types are allocated in Washington state by the Office of the Superintendent of Public Instruction. Among the

bond types not being allocated by Commerce, only the Build America Bonds require discussion in the scope of this report.

Housing and Economic Recovery Act of 2008

Adopted into law in July 2008, the Housing and Economic Recovery Act of 2008 (HERA) provided a total of \$11 billion nationwide for housing purposes – both multifamily affordable rental housing and single family homeownership projects. Following on the heels of 2007’s record-setting high demand for housing bond cap, plus the increased demand for homeowner assistance and affordable housing caused by the bursting of the housing bubble, HERA not only provided additional housing cap, but it also authorized state housing finance agencies nationwide to use the cap for refinancing of at-risk mortgages, which was previously disallowed.

Like the annual tax-exempt private activity bond cap, the additional HERA cap was divided among the states and territories based on population. However, instead of a per capita multiplier, the HERA cap was allocated by a ratio of the state or territory population to the U.S. population as a whole. Washington’s share of the HERA cap was just over \$202 million.

In order for Commerce to be authorized to administer the HERA cap, the department requested an Executive Order from Governor Gregoire. On October 31, 2008, the Governor signed Executive Order 08-04, giving the department the authority to administer the HERA cap.

As of the publication date of this report, \$148.9 million in bonds covered by HERA cap allocations have been issued, all by the Housing Finance Commission – \$100 million for the Commission’s Single Family/Homeownership Program, and \$48.9 million for rental housing by the Multifamily Program. The \$53.7 million remaining HERA cap must be issued as bonds prior to December 31, 2010, according to federal law, unless Congress extends the deadline. See the Housing Finance Commission bond cap issuances data for more information on specific projects (page 34).

American Recovery and Reinvestment Act of 2009

In February 2009, faced with the nation’s worst recession since the Great Depression, Congress enacted the American Recovery and Reinvestment Act of 2009, often referred to as ARRA, the Recovery Act, or the Stimulus Act. The purpose of the act was to provide an ambitious array of federal spending programs and tax relief intended to stimulate the flagging economy. The new bond authorities are among the provisions in Part B of the ARRA, the tax relief portion of the bill.

For a second time in less than a year, Commerce had to request an Executive Order from the Governor in order to establish the department’s authority to administer new bond caps – for two types of Recovery Zone bonds and Qualified Energy Conservation Bonds. On

September 8, 2009, Governor Gregoire signed Executive Order 09-06, authorizing the department to administer the caps and to adopt rules by which to do so.

Unlike the housing cap authorized by the HERA, the ARRA bond types were not all tax-exempt private activity bonds, and Washington's current tax-exempt private activity bond statutes were inadequate to address all the necessary administration steps required by each bond type's unique federal regulations. Not only did the department need to adopt rules by which to administer the caps, but it seemed possible that legislation at the state level might also be needed.

Commerce drafted emergency rules in the form of amendments and additions to the current bond cap rules, then started the formal rule adoption process. A draft of the proposed rules was submitted in late November 2009, and the emergency rules were adopted on December 16, 2009. A public hearing on the rule adoption was held on January 6, 2010, and as of this writing, the department is in the process of finalizing the rule adoption.

Build America Bonds

Build America Bonds are a new bond type created by the ARRA. They are taxable, tax credit bonds for projects that would ordinarily be eligible for tax exempt status – that is, they are for government projects. Issuers may use a Build America Bond (BAB) instead of a tax-exempt bond, and may elect either to sell the tax credits to an investor or to receive the value of the tax credits directly in the form of an interest rate subsidy from the U.S. Treasury.

The direct interest rate subsidy – currently at 35 percent for most BABs – can frequently result in lower net interest costs for the issuer than would a tax-exempt bond issuance. BABs with the 35 percent interest rate subsidy are not capped under federal law, there are no minimum or maximum bond sizes, and no special allocation of authority is necessary.

BABs may be used for “qualified economic development purposes,” which are governmental purposes that would ordinarily be eligible for tax exempt status, are in a designated Recovery Zone, and include:

- Capital expenditures paid or incurred with respect to property located in a Recovery Zone.
- Expenditures for public infrastructure and construction of public facilities.
- Expenditures for job training and educational programs.

There are three possible ways an area may become designated as a Recovery Zone:

1. It is an area that has already been designated at the federal level by the U.S. Department of Housing and Urban Development as a Renewal Community or Empowerment Zone.

2. It is an area that has been negatively impacted by military base closures (specifically, base closures that are on an [official list](#) maintained by the U.S. Department of Defense).
3. It is an area that has been determined by the bond issuer to be an area of high unemployment, high foreclosures, or general economic distress.

Issuers have broad authority to make the Recovery Zone designation; neither the federal nor state government has prescribed precisely what level of economic distress qualifies an area as a Recovery Zone. The designation must be made prior to the issuance of a Recovery Zone bond.

Under ARRA regulations, BABs must be issued no later than January 1, 2011. As of this writing, Congress is considering a proposal to make BABs permanently available, although with a lower interest rate subsidy (28 percent instead of 35 percent). A BAB issuer must apply directly to the U.S. Treasury on a semi-annual basis in order to receive the interest rate subsidy. The issuer needs to ensure they have the capacity and procedures built in to keep track of interest paid on the bonds and submit the applications on time every six months for the life of the bond, which may present challenges for smaller jurisdictions with low staffing levels.

Recovery Zone Bonds

The American Recovery and Reinvestment Act (ARRA) authorized two new bond types for areas designated as Recovery Zones – Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds. Both Recovery Zone bond types are subject to volume caps – \$10 billion nationwide for the Economic Development Bonds and \$15 billion for the Facility Bonds. The nationwide totals were divided among the states based on the level of employment declines in each state compared with nationwide declines between December 2007 and December 2008.

Each state's total allocation was to be sub-allocated among counties and large cities (defined as a city with a population greater than 100,000), again based on a ratio of employment declines in the local jurisdiction to the declines in the state as a whole. The ARRA formula for distributing the Recovery Zone allocations turned out to be more complex than intended, and after several months of trying just to do the state calculations, the U.S. Treasury determined it was overly burdensome for the states to have to do the local government calculations, so the Treasury did them for every county and large city as well as for the states. One significant reason for the complexity of the sub-allocation calculations was the fact that urban area employment data are compiled at both the state and federal levels not by city and county boundaries, but by Metropolitan Statistical Areas (MSA). An urban MSA may include portions of several cities and counties, and separating the data by jurisdictional boundaries isn't readily possible. Although the Recovery Act was passed in February, because of the complexity of the calculations, it was June before the IRS officially released the allocations.

One consequence of the allocation calculation method negatively affected Washington state as a whole. Because Washington's economy held strong longer than most other states after the recession began, the state's major employment declines occurred after the December 2008 cut-off for the Recovery Zone calculations. Therefore, the state received only the minimum allocations of \$90 million in Recovery Zone Economic Development Bonds and \$135 million in Recovery Zone Facility Bonds, despite our relatively large population and the fact that by mid-2009, Washington's employment declines had caught up with the national average.

The calculation methodology also didn't take into account areas of chronically high unemployment, nor did it take into account major employment declines that occurred prior to December 2007. This meant that many of Washington's counties with the highest unemployment rates did not receive allocations of Recovery Zone bond authority.

Because the calculations prescribed in the Recovery Act required using the numbers of individuals becoming unemployed during the period in question, rather than the rate of decline, more populous counties in the state, such as King County, received large allocations of Recovery Zone bond authority, even though the rate of employment decline in King County was significantly lower during the calculation period than that of less populous counties. As a consequence, Recovery Zone bond authority didn't necessarily end up allocated to the local jurisdictions that most accurately fit the criteria to be designated as Recovery Zones.

To make the allocations even more challenging for jurisdictions to realize the benefits of is the fact that many of the allocations are very small – so small as to be virtually useless for bond issuances. This is true for both types of Recovery Zone bonds, although it is not quite as much of a problem for jurisdictions wanting to use Economic Development Bond authority, because Recovery Zone Economic Development Bond authority can be combined with a regular Build America Bond issuance to form a larger issuance able to attract an investor and benefit from economies of scale for the up-front bond issuance costs.

Recovery Zone bonds of either type may be issued by a local jurisdiction (Originally Awarded Locality) with a formula allocation (Original Allocation) or the Originally Awarded Locality may designate a conduit issuer to issue on its behalf. In addition, an Originally Awarded Locality may sub-allocate to another issuer's project, provided the project is fully within the jurisdiction of the Originally Awarded Locality. For example, a county may designate its port district, Economic Development Corporation, or a state issuer such as the Washington Economic Development Finance Authority or the Housing Finance Commission to issue a bond for a county project. Or, the county may sub-allocate to a city within the county to issue for the city's own project.

Originally Awarded Localities unable to use or sub-allocate the issuing authority may waive their Recovery Zone bond allocation, in which case Commerce may reallocate the authority to another issuer in the state. Under the federal law, an allocation may also be

deemed to have been waived then subsequently reallocated by the state. In its rule adoption, Commerce has established procedures for waiving Recovery Zone bond allocations, for deeming an allocation to have been waived, and for reallocating authority that has been waived or deemed waived.

Recovery Zone Economic Development Bonds

Recovery Zone Economic Development Bonds (RZEDBs) are a subset of BABs that have a 45 percent instead of a 35 percent tax credit or interest rate subsidy. RZEDBs may be used for the same types of projects that all BABs may be used for – government projects that would ordinarily qualify for a tax-exempt bond issuance. RZEDBs are the only type of BABs subject to a bond cap. The RZEDB bond cap was set in the Recovery Act at a total of \$10 billion nationwide, to be divided among the states based on a calculation of employment declines between December 2007 and December 2008. Washington’s share of the total is \$90 million.

The list of local jurisdictions (“Originally Awarded Localities”) that received RZEDB authority by formula and the amounts (“Original Allocations”) are as follows:

As published by the U.S. Department of the Treasury

Recovery Zone Economic Development Bond Allocations

Originally Awarded Locality	Original Allocation
Cities with > 100,000 in population	
Bellevue	\$2,491,000
Seattle	\$13,278,000
Spokane	\$104,000
Tacoma	\$3,320,000
Vancouver	\$1,639,000
Counties¹	
Asotin	\$9,000
Clallam	\$806,000
Clark	\$2,627,000
Cowlitz	\$3,668,000
King	\$23,169,000
Kitsap	\$7,527,000
Lewis	\$494,000
Pacific	\$580,000
Pierce	\$9,741,000
Skagit	\$5,276,000
Skamania	\$100,000
Snohomish	\$13,210,000
Spokane	\$136,000
Whatcom	\$1,825,000
Total	\$90,000,000

¹ County allocations are in addition to any large city allocations within the county.

Recovery Zone Facility Bonds

The only thing Recovery Zone Facility Bonds (RZFBs) have in common with Recovery Zone Economic Development Bonds (RZEDBs) is that they must be used for projects in areas that have been designated as Recovery Zones. While RZEDBs are taxable bonds (with an interest rate subsidy) for government projects that would ordinarily be tax-exempt, RZFBs are tax-exempt bonds for business projects that would ordinarily be taxable. RZFBs are not Build America Bonds.

Washington’s total allocation of RZFB authority is \$135 million, which has been divided among counties and large cities using the Recovery Zone employment decline formula. RZFBs may be used for qualified business purposes for projects within designated Recovery Zones.

Qualified business purposes that may be financed with RZFB proceeds are defined as depreciable business purchases. Such purchases may include upgrades to business property, purchase of business equipment, or any other business expense that may be depreciated on the business’s federal income tax return. There are several specific business purposes or types that are excluded from using RZFB financing. RZFBs may not be used for the purchase of land, for residential rental property, nor for several business types that include golf courses, hot tub facilities, suntan facilities, racetracks, gambling facilities, massage parlors, or facilities whose primary business is the sale of alcohol for consumption off the premises.

The list of local jurisdictions (“Originally Awarded Localities”) that received RZFB authority by formula and the amounts (“Original Allocations”) are as follows:

As published by the U.S. Department of the Treasury

Recovery Zone Facility Bond Allocations	
<i>Originally Awarded Locality</i>	<i>Original Allocation</i>
<i>Cities with > 100,000 in population</i>	
Bellevue	\$3,736,000
Seattle	\$19,918,000
Spokane	\$156,000
Tacoma	\$4,979,000
Vancouver	\$2,459,000
<i>Counties¹</i>	
Asotin	\$14,000
Clallam	\$1,209,000
Clark	\$3,940,000
Cowlitz	\$5,502,000
King	\$34,754,000
Kitsap	\$11,290,000
Lewis	\$740,000
Pacific	\$870,000
Pierce	\$14,612,000
Skagit	\$7,914,000
Skamania	\$149,000
Snohomish	\$19,816,000

Recovery Zone Facility Bond Allocations	
Spokane	\$204,000
Whatcom	\$2,738,000
Total	\$135,000,000

¹ County allocations are in addition to large city allocations within the county.

Qualified Energy Conservation Bonds

Qualified Energy Conservation Bonds (QECBs) were first authorized in the Energy Improvement and Extension Act in October 2008. At that time, Congress allowed a maximum of \$800 million in QECB volume cap nationwide. In the February 2009 American Recovery and Reinvestment Act, Congress increased the nationwide QECB volume cap to \$3.2 billion. The nation's total QECB authority is divided among the states based on population.

The total allocation for the state of Washington is \$67,944,000 in QECB issuing authority. Federal provisions instruct the states to distribute separate allocations to each large city or county (greater than 100,000 in population) and the tribes by a formula based on a ratio of the jurisdiction's population to the state population as a whole. After allocating to large cities, counties, and tribes, this calculation method left a remainder of \$9.8 million to be allocated directly by the state.

For each jurisdiction's individual allocation and the state's allocation as a whole, at least 70 percent of QECB authority must be used for government projects. No more than 30 percent may be used for private activities. Private activity QECB proceeds may only be used for capital expenditures for qualified business purposes. QECBs are traditional tax credit bonds (i.e. the tax credits must be sold to an investor; they may not be used as a direct subsidy, unlike the Build America Bond tax credits).

Eligible QECB Project Types

As authorized in the Energy Improvement and Extension Act of 2008, qualified QECB projects include:

- A. Capital expenditures incurred for purposes of:
 - i. Reducing energy consumption in publicly-owned buildings by at least 20 percent
 - ii. Implementing green community programs
 - iii. Rural development involving the production of electricity from renewable energy resources.
 - iv. Any qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and without regard to any placed in service date).
- B. Expenditures with respect to research facilities, and research grants, to support research in:

- i. Development of cellulosic ethanol or other non-fossil fuels.
 - ii. Technologies for the capture and sequestration of carbon dioxide produced through the use of fossil fuels.
 - iii. Increasing the efficiency of existing technologies for producing non-fossil fuels.
 - iv. Automobile battery technologies and other technologies to reduce fossil fuel consumption in transportation.
 - v. Technologies to reduce energy use in buildings.
- C. Mass commuting facilities and related facilities that reduce the consumption of energy, including expenditures to reduce pollution from vehicles used for mass commuting.
- D. Demonstration projects designed to promote the commercialization of:
- i. Green building technology.
 - ii. Conversion of agricultural waste for use in the production of fuel or otherwise.
 - iii. Advanced battery manufacturing technologies.
 - iv. Technologies to reduce peak use of electricity.
 - v. Technologies for the capture and sequestration of carbon dioxide emitted from combusting fossil fuels in order to produce electricity.
- E. Public education campaigns to promote energy efficiency.

Original QECCB Allocations

Table is organized by county population, from largest to smallest.

Qualified Energy Conservation Bond Allocations				
<i>Originally Awarded Locality</i>	<i>Population¹</i>	<i>Original Allocation</i>	<i>At least 70% for government projects</i>	<i>No more than 30% for private activities</i>
King County	1,875,519			
• City of Seattle	594,210	\$6,164,529	\$4,315,170	\$1,849,359
• City of Bellevue	121,347	\$1,258,893	\$881,225	\$377,668
• Balance of County	1,159,962	\$12,033,825	\$8,423,678	\$3,610,148
Pierce County	785,639			
• Tacoma	196,520	\$2,038,763	\$1,427,134	\$611,629
• Balance of County	589,119	\$6,111,713	\$4,278,199	\$1,833,514
Snohomish County	683,655	\$7,092,461	\$4,964,722	\$2,127,738
Spokane County	462,677			
• City of Spokane	200,975	\$2,084,980	\$1,459,486	\$625,494
• Balance of County	261,702	\$2,714,982	\$1,900,488	\$814,495
Clark County	424,733			
• City of Vancouver	161,436	\$1,674,790	\$1,172,353	\$502,437
• Balance of County	263,297	\$2,731,529	\$1,912,070	\$819,459

Qualified Energy Conservation Bond Allocations				
<i>Originally Awarded Locality</i>	<i>Population¹</i>	<i>Original Allocation</i>	<i>At least 70% for government projects</i>	<i>No more than 30% for private activities</i>
Thurston County	245,181	\$2,543,588	\$1,780,512	\$763,076
Kitsap County	239,769	\$2,487,442	\$1,741,209	\$746,233
Yakima County	234,564	\$2,433,444	\$1,703,411	\$730,033
Whatcom County	196,529	\$2,038,856	\$1,427,199	\$611,657
Benton County	163,058	\$1,691,617	\$1,184,132	\$507,485
Skagit County	118,000	\$1,224,171	\$856,919	\$367,251
Cowlitz County	101,254	\$1,050,442	\$735,309	\$315,133
Tribes ²	68,446	\$710,081	\$497,057	\$213,024
Balance of State	950,164	\$9,857,893	\$6,900,525	\$2,957,368
Totals	6,549,244	\$67,944,000	\$47,560,800	\$20,383,200

¹ City and County population figures are from the official U.S. Census Bureau 2008 estimates.

² Tribal population is calculated from U.S. Census Bureau 2000 census figures plus a 1.5% growth rate per year since then (overall 13.5% growth between 2000 and 2008), and counts self-identified members of all Washington-based tribes, whether federally recognized or not, regardless of place of residence.

As is the case for Recovery Zone bonds, an Originally Awarded Locality may designate a conduit issuer for its own project or may sub-allocate to another issuer's project within the jurisdiction of the Originally Awarded Locality. Similarly to Recovery Zone bonds, an Originally Awarded Locality may also reallocate the Original Allocation to the state for distribution to other issuers.

The small size of many of the QECB allocations and the nature of the QECBs as traditional tax credit bonds present challenges for their successful use as project financing. Tax credit investors are in short supply in the current recession due to the fact that few investments are producing excess income that investors need to protect from income tax liability by purchasing tax credits. In addition, the typical tax credit investor would be looking to invest in larger bond issuances than are possible with the QECB allocations. Furthermore, the small size of the allocations means relatively larger, and sometimes prohibitive, up-front issuance costs for legal counsel, underwriter fees, insurance, and other incidental fees.

For most government projects, a BAB issuance is likely to have lower costs and fewer limitations than a QECB issuance. The primary demand for QECBs has been for the private activity portion of the allocation, but at 30 percent of the total available to any one jurisdiction and the state as a whole, the small amounts available for private activity projects are even less useful. One strategy Commerce would like to explore is to combine a significant portion of the state's direct QECB authority with any amounts reallocated to the state by Originally Awarded Localities into one larger issuance by a state-level issuer that local jurisdictions could participate in or borrow from. This, or a similar strategy, would overcome the problems inherent in the smaller allocations by

being more attractive to an investor as well as by creating economies of scale, while still making QECCB financing available to several small, local jurisdictions.

As this report is going to press, Commerce is working on establishing the most effective structure for making awards of QECCB authority, and has extended the date for most Originally Awarded Localities to provide Commerce with project information to April 1, 2010. The initial solicitation for applications for the state's portion of the allocation on February 1, 2010, resulted in only one application. Unlike Recovery Zone bonds, QECCBs do not have a date in federal law by which they must be issued; therefore the department has more opportunity to be innovative with the allocation and reallocation process in order to establish QECCBs as a useful resource for energy projects in the state. As the economy moves further into recovery, demand for tax credits may increase, making QECCB issuances more feasible. In addition, Congress is currently considering a measure that would allow all tax credit bond issuers to participate in a Build America Bond-style direct interest rate subsidy (referred to as the "BABification" of tax credit bonds), which also would tend to make QECCBs a more useful financing tool.

Continued Need for Housing Cap

Two years ago, the 2008 Bond Cap Biennial Policy Report¹ covered at length the policy issues around the continued need for housing cap as well as the benefits to the state of affordable housing development. Those issues will be summarized here, but for a more complete discussion, see the previous report.

- **Demand for affordable housing continues to be high.** While housing price declines in Washington state have somewhat increased overall housing affordability in the state, first-time homebuyers are still priced out of the market in most areas, and foreclosure rates are continuing to increase.² The need for affordable housing options remains high.
- **Multiple funding streams are necessary for housing projects.** Because affordable housing is by definition not market rate, conventional financing isn't possible. Making the financing package work for an affordable housing project typically requires multiple funding streams; for example, a combination of several sources that may include housing authority equity, contractor concessions, local public funds, a Housing Trust Fund loan, a USDA Rural Development loan, Low-Income Housing Tax-Credits, and a private activity bond (bond cap) allocation. In particular, in order for an affordable housing project to qualify for 4 percent Low-Income Housing Tax Credits (LIHTCs), an allocation of bond cap authority is required. For many projects, perhaps for most projects, the availability of LIHTCs and bond cap will make or break the entire financing package.

¹ Available at www.commerce.wa.gov/bondcap by navigating to the "Bond Cap Reports" link on the left hand navigation bar, or directly by clicking [here](#).

² For a detailed discussion and data on the state's housing trends, see Washington State University's Washington Center for Real Estate Research website at <http://www.wcrer.wsu.edu/WSHM/WSHM.html>.

- Housing projects have a unique need for bond cap among all the categories.** Because of the connection between LIHTCs and bond cap, affordable housing projects are uniquely dependent on bond cap allocations in a way that other types of bond cap projects are not. More conventional financing could potentially increase costs for Exempt Facilities or Small Issue projects, and in rare cases such projects might not go forward, or might be significantly delayed by a lack of available bond cap, but most will not be completely stopped from going forward in the same way housing projects are without the combination of LIHTCs and bond cap.

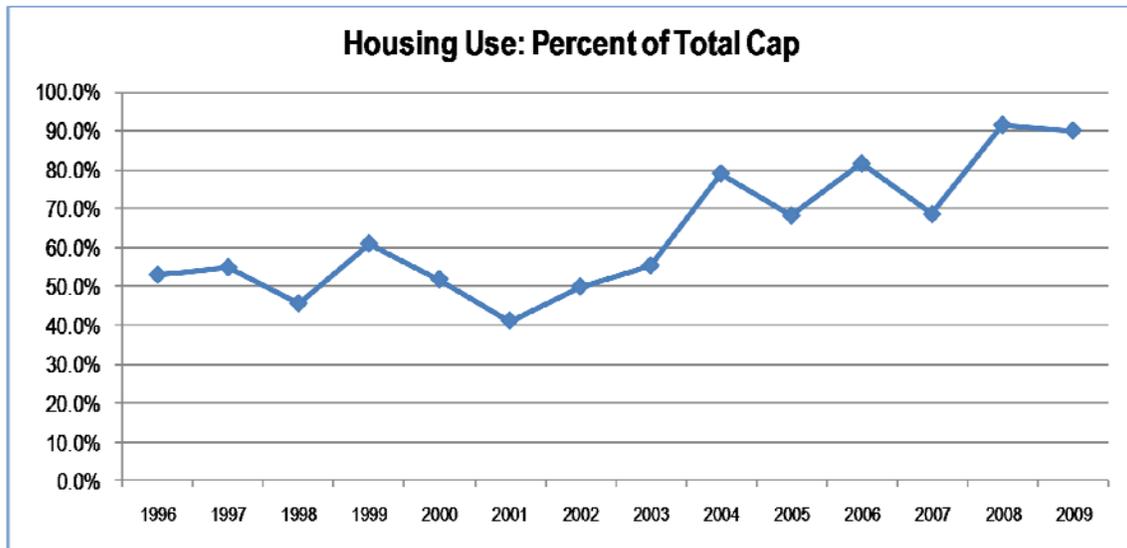


Chart Data Notes: In 2007, the demand for housing cap exceeded the supply; several allocation requests did not receive an award of cap. In 2008, Congress supplied an additional \$202 million in housing cap.

- Bond cap and foreclosure prevention.** Along with allocating the extra housing cap in the HERA, Congress authorized state housing finance authorities, such as the Washington State Housing Finance Commission, to use private activity bond proceeds to assist homeowners with at-risk mortgages. Although Washington’s foreclosure rate is still below the national average, it is continuing to rise. If, as the state’s unemployment rate did, it catches up with the national average, the need for foreclosure prevention assistance, and therefore housing cap, will rise even higher along with increased demand for affordable rental housing and first-time homebuyer assistance.
- Economic development benefits of homebuilding and remodeling.** The National Association of Homebuilders (NAHB) documents the effects of the housing industry as an economic development engine.
 - NAHB data show the following impacts from home building and remodeling:
 - 3.05 jobs and \$89,216 in taxes are generated from building an average new single family home.

- 1.16 jobs and \$33,494 in taxes are generated from building an average new multifamily rental unit.
- 1.11 jobs and \$30,217 in taxes are generated from every \$100,000 spent on residential remodeling.³
- The estimated *one-year* impacts of building 100 rental apartments in a typical metro area include (i.e. in the year the units are constructed):
 - \$7.9 million in local income.
 - \$827,000 in taxes and other revenue for local governments.
 - 122 local jobs.⁴
- The *annual recurring* impacts of building 100 multifamily units in a typical tax credit project include:
 - \$2.2 million in local income.
 - \$372,000 in taxes and other revenue for local governments.
 - 38 local jobs.⁵

Bond Cap Rule Adoption

To provide guidance and priorities for administering any new bond caps enacted by Congress, and specifically the ARRA bond caps in accordance with the Governor's Executive Order 09-06, in November 2009 Commerce began a rule-adoption process. After submitting the required documentation for a permanent rule adoption, Commerce also adopted emergency rules in order not to delay implementation of the ARRA bond caps.

The major changes to the bond cap rules (WAC 365-135) included:

- Making the introductory language in the statute more inclusive so it may include the new ARRA bond types.
- Adding a few new definitions of terms that are specific to the ARRA bond caps.
- Adding sections for each of the ARRA bond caps administered by Commerce – Recovery Zone Economic Development Bonds Recovery Zone Facility Bonds, and Qualified Energy Conservation Bonds.
- Specifying allocation and reallocation procedures for all three new bond types.

³ National Association of Home Builders, Helen Fei Liu and Paul Emrath, “*The Direct Impact of Home Building and Remodeling on the U.S. Economy*”, 2008, http://www.nahb.org/fileUpload_details.aspx?contentTypeID=3&contentID=103543&subContentID=171242&channelID=311

⁴ National Association of Home Builders, Housing Policy Department, “The Local Impact of Home Building in a Typical Metro Area”, June 2009, http://www.nahb.org/fileUpload_details.aspx?contentTypeID=3&contentID=35601&subContentID=219188

⁵ National Association of Home Builders, Housing Policy Department, “*The Local Economic Impact of a Typical Tax Credit Housing Project*”, September 2007, http://www.nahb.org/fileUpload_details.aspx?contentTypeID=3&contentID=35601&subContentID=119693

- Specifying criteria for an Original Allocation (an allocation by formula in federal law) of ARRA bond authority to be affirmatively waived or reallocated to the state by an Originally Awarded Locality, or for Commerce to deem an allocation to have been waived in the absence of bond issuance activities on the part of an Originally Awarded Locality.
- Deleting obsolete references to programs no longer in existence.

Commerce held the required public hearing for the rule adoption on January 6, 2010, and at the time of publishing this report is finalizing the new rules.

Updating the Bond Cap Statute

The bond cap statute (RCW 39.86) has needed to be updated for several years because it contained references to programs no longer in existence and to time-specific provisions whose expiration dates were in the past. In addition, some adjustments to reallocation dates and issuance deadlines seemed needed in order to accommodate historical cap usage patterns and to encourage issuers to apply for cap only when a project has a high degree of readiness to issue. With the passage of the ARRA and creation of new ARRA bond types subject to caps, the time had come for amending the bond cap statute.

Commerce, in collaboration with the Housing Finance Commission, drafted the necessary statutory changes, and House Bill 2753 was introduced in the 2010 Legislature. The House added a first section that created a workforce housing program at the Commission, then passed the bill on to the Senate. At this writing, HB 2753 is in the Senate Ways and Means Committee.

The proposed amendments to the bond cap statute accomplish several important goals, including:

- **Providing the Department of Commerce with the authority to administer new volume caps as Congress enacts them.** This is accomplished by making the statutory language more inclusive in areas that pertain to all of the bond volume caps, and more specific in areas that only apply to a specific bond type. This will allow Commerce to allocate any new bond caps more quickly and efficiently, eliminating the need for separate Executive Orders from the Governor. It facilitates private investment in projects with public benefits such as job creation, economic development, and the construction or rehabilitation of affordable housing.
- **Changing the reallocation date and bond issuance deadlines.** Several milestones during the annual allocation year are moved forward including:
 - The reallocation date – that is, the date any unused initial allocations become available for use in any bond use category – is moved from September 1st to July 1st.

- The issuance deadlines for all bond types except housing bonds are moved from September 1 to July 1 for allocations made prior to April 1 of each calendar year, and from December 15 to October 15th for allocations made after April 1.

This change will allow more flexibility earlier in the year to make allocations in the areas that need it most. Because the demand for volume cap historically exists in the housing category, these date changes will allow affordable housing projects to move forward that under the current statute have had to delay construction until late in the year. The reallocation date change will keep project costs under control by making bond financing available during the most active construction season of the year, and will facilitate construction job creation.

- **Specifically reallocating student loan category bond cap directly to the housing category if no student loan bond demand exists by April 1st in a given year.** Because of the school year cycle, student loan bonds need to be issued early in the calendar year. The reallocation capacity created by this new provision retains the capacity for student loan bond issuances during years in which the demand exists, without unnecessarily tying up the student loan cap for several additional months.
- **Making reallocations available to the housing category earlier in the year without reducing the amount of cap available to other categories.** The other bond cap categories, including Small Issue (industrial development), Exempt Facilities, and Student Loans maintain their current initial allocation percentages. The capacity for using the bond cap for diverse economic development project types is maintained while providing additional flexibility to use the cap according to historical patterns. See page 46 for data on historical usage among the categories.
- **Deleting obsolete language and references to programs that no longer exist.** These sections include several time-specific provisions whose dates are in the past; references to the Community Economic Development Board's (CERB) umbrella bond program, which hasn't existed for many years; and references to the Public Utility District (PUD) category, which expired in 2007 when the state's PUDs issued the last of their federally authorized \$750 million maximum.

2009 BOND CAP ACTIVITY SUMMARY

Similar to many aspects of our national economy, bond cap issuance activity went from a record high in 2007 across all categories of projects (except student loans) to a record low just two years later in 2009. A side-by-side comparison highlights the differences:

	2007		2009	
	Number of Issuances	Total Value	Number of Issuances	Total Value
Exempt Facilities	4	\$103,200,000	2	\$54,685,000
Housing – HFC ²	22	\$334,363,256	13	\$113,971,033
Housing – LHA	12	\$139,167,106	5	\$25,130,000
Public Utility District	1	\$8,146,147	0	\$0
Small Issue	10	\$59,719,365	8 ¹	\$3,472,203
Student Loans	0	\$0	0	\$0
Totals	49	\$644,595,874	28	\$197,258,236

¹ Small Issue 2009 data include seven Beginning Farmer/Rancher Program issuances totaling \$1,543,603

² HFC data include issuances that used prior years' carryforward authority, but were issued during the 2007 or 2009 calendar years.

Just considering the raw numbers, the number of issuances in 2009 was down 43 percent from 2007, and the total value dropped 69 percent. In addition, the number of 2009 issuances is deceptively inflated by seven very small issuances from the Housing Finance Commission's Beginning Farmer/Rancher Program in the Small Issue category. When the Farmer/Rancher issuances are taken as one, the difference is even greater –the number of bond cap bonds dropped by 57 percent between 2007 and 2009.

The decline in activity was lead by an 82 percent decline in the total value of local housing authority issuances. Most local housing authority projects are dependent on four percent Low Income Housing Tax Credit (LIHTC) financing. In an economy in which few investors' portfolios are performing well enough to need protection from federal income taxes, buyers for the LIHTCs are rare.

In 2008, the amount and percentage of the annual bond cap allocated as carryforward set an all-time record. Approximately 56 percent of the annual 2008 cap, or \$307 million went unused during the year and was carried forward for use in future years. When combined with the unused cap from the HERA carryforward of \$195 million, a record total (at the time) of \$502 million was carried forward at the end of 2008.

By comparison, the total amount of unused cap carried forward from the 2009 annual allocation – at \$506 million – even exceeded 2008's annual *plus HERA* carryforward. Including left over carryforward from all previous years, Washington state will start 2010 with an amount of carryforward on the books totaling \$832 million. Most carryforward

allocations expire in three years, the HERA carryforward will expire at the end of 2010, and recovery of the tax-exempt private activity bond market still appears to be a long way off. For the first time in program history, the state is in a position in which it may end up having to abandon a large amount of bond cap authority.

The chart below illustrates the final bond cap numbers for the 2009 annual allocation prior to the allocation of carryforward:

THE 2009 BOND CAP ALLOCATION ¹								
<i>Total Bond Cap: 6,549,224 (population) x \$90 (per capita) = \$589,430,160</i>								
Category	Initial Allocation	Amount Reallocated to Remainder	Amount Received from Remainder	Revised Total Allocation	Amount Authorized	Amount Issued	Amount Reverted	Available for Allocation or Carryforward
Exempt Facility	\$117,866,032	\$82,841,224	\$19,640,192	\$54,685,000	\$113,000,000	\$54,685,000	\$58,315,000	\$0
Housing WSHFC ²	\$150,894,121	\$150,894,121	\$0	\$0	\$0	\$0	\$0	\$0
Housing LHA	\$37,723,530	\$141,890,000	\$129,296,470	\$25,130,000	\$167,020,000	\$25,130,000	\$141,890,000	\$0
Small Issue	\$147,357,540	\$143,885,337	\$0	\$3,472,203	\$15,749,210	\$3,472,203	\$12,277,007	\$0
Student Loans	\$88,414,524	\$88,414,524	\$0	\$0	\$0	\$0	\$0	\$0
Remainder	\$47,154,413	\$607,925,206	\$148,936,662	\$506,142,957	\$0	\$0	\$0	\$506,142,957
Totals	\$589,430,160	\$607,925,206	\$148,936,662	\$589,430,160	\$295,769,210	\$83,287,203	\$212,482,007	\$506,142,957

¹ Table represents total amounts allocated and issued prior to the allocation of \$506,142,957 in carryforward to the Washington State Housing Finance Commission (WSHFC) on December 31, 2009.

² All 2009 bond cap issuances by the WSHFC used previous year's carryforward rather than 2009 current year cap. See page 34 for WSHFC bond cap issuance details.

Definitions:

Initial Allocation: Amount of cap set aside for the category based on the percentages in statute.

Reallocated to Remainder: Portion of the set-aside made available for reallocation to other categories.

Received from Remainder: Amount reallocated to the category from Remainder.

Revised Total Allocation: Initial Allocation minus Reallocated to Remainder plus Received from Remainder.

Amount Authorized: Amount allocated to specific issuers in a category at any time during the year.

Amount Issued: Amount actually issued as bonds during the calendar year.

Amount Reverted: Allocations or portions of allocations returned unused to Commerce for reallocation.

Available for Allocation: Revised Total Allocation minus Amount Authorized plus Amount Reverted.

WSHFC: Washington State Housing Finance Commission

LHA: Local Housing Authorities

Chart Data Notes: This chart represents the condition of the state's total allocation at the end of the year, immediately prior to allocating the carryforward. Some amounts have been "Reallocated to Remainder" more than once during the year when allocations were made, but were reverted unused back to Remainder, then reallocated to another issuer and reverted again. This is why the "Reallocated to Remainder" amount is higher than the total cap available, and it reflects the volatility of the 2009 tax-exempt private activity bond market.

WASHINGTON STATE HOUSING FINANCE COMMISSION 2009 BOND CAP ACTIVITY

Single Family Program

The Housing Finance Commission's Single Family Program activities that use bond cap authority include first-time homebuyer assistance (Mortgage Revenue Bonds) and the Mortgage Credit Certificate program.

With a significant federal tax credit for first-time homebuyers authorized by the ARRA combined with moderating home prices, demand for first-time homebuyer assistance remained high in 2009 relative to other bond cap programs.

The Mortgage Credit Certificate (MCC) program is available to any homebuyers that meet certain income requirements for new purchases of homes within a specified price range and in some cases in specified areas of the state. MCCs are different from the type of assistance available to first-time homebuyers; they are a tax credit that the homebuyer can use to reduce the amount of federal income tax owed. After getting off to a somewhat slow start following the program's launch, demand for the Commission's MCC program has steadily increased over the past few years.

The combined demand for first-time homebuyer and MCC assistance made the Commission's Single Family Program the single largest issuer of bond cap bonds during the 2009 calendar year. The Single Family Program issued 68 percent of all bond cap bonds issued in 2009.

2009 Single Family Program Issuances

<i>Transaction Date</i>	<i>Description</i>	<i>2008 Carryforward</i>	<i>HERA Carryforward</i>	<i>Total Allocation or Issuance</i>
12/31/2008	Balance Forward from 2008	\$153,649,620	\$100,000,000	\$253,649,620
2/12/2009	Mortgage Credit Certificates		\$20,000,000	\$20,000,000
10/28/2009	2009 Series 2N		\$24,998,560	\$24,998,560
11/24/2009	Mortgage Credit Certificates	\$8,000,000	\$32,000,000	\$40,000,000
12/21/2009	Series 2009-B1		\$20,000,000	\$20,000,000
12/21/2009	Series 2009-B2	\$26,998,560	\$3,001,440	\$30,000,000
Total Issued		\$34,998,560	\$100,000,000	\$134,998,560
Balance Forward to 2010		\$118,651,060	\$0	\$118,651,060

Multifamily Program

The Housing Finance Commission's Multifamily Program provides financing for both non-profit and for-profit developers of multifamily rental housing. Commerce allocates to the Housing Finance Commission on a program rather than a project basis, and the Commission is considered a sub-allocating agency of Commerce for bond cap purposes. This means that, in addition to making allocations to projects that apply directly to the Commission for financing assistance, the Commission may also allocate bond cap to other issuers, such as to local housing authorities, for their projects.

The Commission is the only issuer in the state that works with for-profit developers of affordable housing units. The Commission also makes allocations of four and nine percent Low Income Housing Tax Credits (LIHTCs), essential for nearly all affordable housing projects.

During 2009, the Multifamily Program experienced the same kinds of declines that all affordable multifamily rental housing developers experienced, due to a scarcity of investors for the LIHTCs.

2009 Multifamily Program Issuances

<i>Transaction</i>	<i>Units</i>	<i>Date</i>	<i>2006 Carry- forward</i>	<i>2007 Carry- forward</i>	<i>2008 Carry- forward</i>	<i>HERA Carry- forward</i>	<i>Total Allocation or Issuance</i>
Balance Forward from 2008			\$5,190,516	\$3,164,023	\$153,649,620	\$95,041,072	\$257,045,231
Pioneer Human Services	363	6/30/2009	\$1,685,000				\$1,685,000
Lake City Senior Housing	206	8/28/2009	\$3,250,000				\$3,250,000
Bitter Lake Cambridge	*	12/15/2009	\$255,516	\$2,274,484			\$2,530,000
Bitter Lake New Haven	*	12/15/2009		\$889,539		\$3,480,461	\$4,370,000
Walton Place Two Apartments	40	12/21/2009				\$7,030,000	\$7,030,000
Lake City Way	152	12/23/2009				\$15,600,000	\$15,600,000
New Tacoma Apartments	75	12/28/2009				\$11,400,000	\$11,400,000
Pioneer Human Services	*	12/30/2009				\$3,855,000	\$3,855,000
Totals	836		\$5,190,516	\$3,164,023	\$0	\$41,365,461	\$49,720,000
Balance Forward To 2010			\$0	\$0	\$153,649,620	\$53,675,611	\$207,325,231

**Bond cap authority was used in a refunding issue to convert existing units from taxable or 501c3 financing to tax-exempt private activity bond financing.*

PUBLIC BENEFITS OF 2009 BOND CAP ACTIVITIES

Tax-exempt private activity bond issuances must, by definition, be used for projects with measurable public benefits. Washington State law and agency rules provide Commerce with guidance for evaluating the public benefit of projects applying for cap, and for prioritizing projects in the event that demand for cap exceeds the cap available.

Affordable Housing Units Created or Rehabilitated

In the case of Housing projects, the primary public benefit criteria in statute are:

- The amount of housing to be made available.
- The population within the jurisdiction.
- Coordination with other applicable federal and state housing programs.
- The likelihood of implementing the financing during that calendar year.
- Consistency with the plan of the Housing Finance Commission

Particularly important is the fact that a bond cap issuance is needed to leverage federal four percent Low Income Housing Tax Credits. To qualify for these tax credits, 50 percent of the project's financing must come from the tax-exempt bond cap issuance. During 2009, a total of 1,162 units of affordable multifamily rental housing were created or rehabilitated with tax-exempt private activity bonds (bond cap) as part of the financing package.

Affordable Housing Units Created or Rehabilitated During 2009

Category	Housing Units	Cap Used	Bond Cap/Unit
Local Housing Authorities	326	\$25,130,000	\$77,086
Housing Finance Commission	836	\$49,720,000	\$59,474
Totals	1,162	\$74,850,000	\$64,425

Job Creation and Retention

Small Issue public benefit criteria include the number and type of new and retained jobs, the level of unemployment in the project community, creation of skilled or semi-skilled jobs, the economic status of the community in which the project is being created, and the ratio of the dollars allocated per job. Until June 1st every year, portions of Small Issue cap are set aside for Eastern distressed, Western distressed, and Eastern non-distressed areas of the state.

In addition to economic development criteria similar to those for Small Issue, Exempt Facilities projects are evaluated on the degree to which the project reduces environmental pollution, diverts solid waste from disposal and manufactures it into value-added

products, produces lower cost energy, and environmentally benefits the community.

Both Small Issue and Exempt Facilities bond cap applicants are required to work with the Employment Security Department to ensure that new jobs are advertised and offered to low income Washington residents whenever possible.

During 2009, as the national economic crisis deepened, the number of jobs created and retained by bond cap projects became increasingly important to government decision-makers.

Jobs Created and Retained During 2009

<i>Category</i>	<i>Cap Used</i>	<i>New Jobs Created</i>	<i>Bond Cap/ New Job</i>	<i>Jobs Retained</i>	<i>Total Jobs</i>	<i>Bond Cap/ New & Retained Job</i>
Exempt Facility	\$54,685,000	627	\$87,217	539	1,166	\$46,870
Small Issue	\$3,472,203	53	\$65,513	53	106	\$32,757
Totals	\$58,157,203	680	\$85,525	592	1,272	\$45,721

Estimated Job Creation Impacts of Affordable Multifamily Rental Housing

Affordable housing development serves several functions in economic recovery. Not only does it provide the public benefits of keeping citizens housed and preventing additional foreclosures, but it also provides job creation benefits in the construction, property management, and social services industries.

The U.S. Bureau of Economic Analysis and the National Association of Home Builders (NAHB) have studied the job impacts of home building and published data on the estimated job benefits of housing construction.⁶ Based on those estimates, affordable housing construction and rehabilitation financed in part with bond cap allocations generated an estimated 1,189 jobs in Washington communities during 2009, and an estimated \$45.9 million in tax revenues at the national, state, and local levels.

Job Creation Data Note: It's important to note that the Housing job estimates are based on national rather than local averages, as well as estimated construction costs. On the other hand, jobs created and retained by Exempt Facility and Small Issue bond cap projects represent actual jobs created or retained in specific Washington businesses, as indicated on the projects' applications for bond cap authority.

⁶ Job creation estimates are based on national averages and are calculated using figures provided by the National Association of Home Builders (NAHB), www.nahb.org. Research report by Helen Fei Liu and Paul Emrath, "The Direct Impact of Home Building and Remodeling on the U.S. Economy" October 7, 2008, <http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=103543&channelID=311>.

**Estimated Job Creation Impacts of Construction
and Rehabilitation of Affordable Multifamily Housing¹**

<i>HFC/LHA</i>	<i>New or Rehab</i>	<i>Units</i>	<i>Bond Cap Used</i>	<i>Estimated Total Project Costs⁴</i>	<i>Estimated Jobs</i>	<i>Bond Cap/Job</i>
Housing Finance Commission	New	533	\$30,250,000		618 ²	\$48,948
Local Housing Authorities	New	326	\$25,130,000		378 ²	\$66,481
<i>Housing Finance Commission</i>	<i>Rehab</i>	<i>403</i>	<i>\$8,715,000</i>	<i>\$17,430,000</i>	<i>193³</i>	<i>\$45,155</i>
Totals		1,262	\$64,095,000		1,189	\$53,907

¹ Job creation estimates are based on national averages and are calculated using figures provided by the National Association of Home Builders (NAHB), www.nahb.org. Research report by Helen Fei Liu and Paul Emrath, "The Direct Impact of Home Building and Remodeling on the U.S. Economy" October 7, 2008, <http://www.nahb.org/generic.aspx?sectionID=734&genericContentID=103543&channelID=311>.

² NAHB estimates that 1.16 jobs are created from building an average new multifamily rental unit.

³ NAHB estimates that 1.11 jobs are created from every \$100,000 spent on residential remodeling.

⁴ Total project costs are estimates. Most tax credit projects use bond cap for 50 percent of total costs. At least 50 percent of total costs must come from a bond cap allocation in order for the project to qualify for 4% Low Income Housing Tax Credits. Actual costs will be available three years after the allocation of tax credits, when the developers file their final cost certifications with the Housing Finance Commission's Tax Credit Division.

2009 BOND CAP PROJECT DETAIL

Exempt Facility

<i>Date Applied</i>	12/23/2008	<i>Project County</i>	King	<i>Legislative District</i>	11	
<i>Issuer Name</i>	WEDFA		<i>Principal User</i> Clean Scapes, Inc.			
<i>Project Description</i>	Purchase of waste collection vehicles, containers, and waste handling equipment for solid waste facilities in Seattle & Shoreline.					
<i>Jobs Created</i>	30	<i>Housing Units</i>	0	<i>Issuance Date</i>	2/19/2009	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$32,000,000	<i>Amount Authorized</i>	\$32,000,000	Closing costs less than expected		
<i>Amount Reverted</i>	\$3,315,000	<i>Issuance Amount</i>	\$28,685,000			
<i>Date Applied</i>	12/31/2008	<i>Project County</i>	Pend Oreille	<i>Legislative District</i>	7	
<i>Issuer Name</i>	Pend Oreille County PUD		<i>Principal User</i> The Ponderay Newsprint Co.			
<i>Project Description</i>	Upgrade one of the Box Canyon Hydroelectric facility's turbines and install environmental and fish enhancements					
<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>		<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$40,000,000	<i>Amount Authorized</i>	\$40,000,000	Change in financing structure; didn't need cap		
<i>Amount Reverted</i>	\$40,000,000	<i>Issuance Amount</i>	\$0			
<i>Date Applied</i>	6/29/2009	<i>Project County</i>	Whatcom	<i>Legislative District</i>	42	
<i>Issuer Name</i>	IDC Port of Bellingham		<i>Principal User</i> BP West Coast Products			
<i>Project Description</i>	Upgrade solid waste & sewage facilities; reduce toxic wastes; enable facility to produce low-sulfur fuels.					
<i>Jobs Created</i>	597	<i>Housing Units</i>	0	<i>Issuance Date</i>	12/3/2009	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$26,000,000	<i>Amount Authorized</i>	\$26,000,000			
<i>Amount Reverted</i>	\$0	<i>Issuance Amount</i>	\$26,000,000			
<i>Date Applied</i>	8/24/2009	<i>Project County</i>	Pend Oreille	<i>Legislative District</i>	7	
<i>Issuer Name</i>	Pend Oreille County PUD		<i>Principal User</i> The Ponderay Newsprint INC			
<i>Project Description</i>	Increase of allocation amount for upgrade of the Box Canyon Hydroelectric facility's turbines and environmental enhancements.					
<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>		<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$15,000,000	<i>Amount Authorized</i>	\$15,000,000	Change in financing structure; didn't need cap		
<i>Amount Reverted</i>	\$15,000,000	<i>Issuance Amount</i>	\$0			

2009 BOND CAP PROJECT DETAIL

Exempt Facility

<i>Category Totals</i>	<i>Total Jobs Created</i> 627	<i>Total Housing Units Created/Rehabilitated</i>	0
<i>Total Requested</i>	\$113,000,000	<i>Total Authorized</i>	\$113,000,000
<i>Total Reverted</i>	\$58,315,000	<i>Total Issued</i>	\$54,685,000

Housing-HFC

Date Applied 12/30/2009 *Project County* Statewide *Legislative District*

Issuer Name WA State Housing Finance Com *Principal User* Carryforward - Multifamily

Project Description Carryforward of 2009 unused cap for multifamily projects statewide.

<i>Jobs Created</i> 0	<i>Housing Units</i> 0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$106,142,957	<i>Amount Authorized</i>	\$106,142,957
<i>Amount Reverted</i>	\$0	<i>Issuance Amount</i>	\$0

Date Applied 12/30/2009 *Project County* Statewide *Legislative District*

Issuer Name WA State Housing Finance Com *Principal User* Carryforward - Single Family

Project Description Carryforward of 2009 unused cap for homeownership assistance statewide.

<i>Jobs Created</i> 0	<i>Housing Units</i> 0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$400,000,000	<i>Amount Authorized</i>	\$400,000,000
<i>Amount Reverted</i>	\$0	<i>Issuance Amount</i>	\$0

<i>Category Totals</i>	<i>Total Jobs Created</i> 0	<i>Total Housing Units Created/Rehabilitated</i>	0
<i>Total Requested</i>	\$506,142,957	<i>Total Authorized</i>	\$506,142,957
<i>Total Reverted</i>	\$0	<i>Total Issued</i>	\$0

Housing-LHA

Date Applied 10/13/2008 *Project County* Snohomish *Legislative District* 38

Issuer Name Everett Housing Authority *Principal User* Broadway, Rucker, Oakes Apts

Project Description Total of 190 units of senior housing in four properties in Everett: Broadway Plaza East and West, and Rucker and Oakes Apartments.

<i>Jobs Created</i> 0	<i>Housing Units</i> 0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$14,500,000	<i>Amount Authorized</i>	\$14,500,000 Move application into 2010
<i>Amount Reverted</i>	\$14,500,000	<i>Issuance Amount</i>	\$0

2009 BOND CAP PROJECT DETAIL

Housing-LHA

Date Applied 10/20/2008 *Project County* Walla Walla *Legislative District* 16
Issuer Name Walla Walla Housing Authority *Principal User* Workforce Housing (Galbraith II)
Project Description Add 25 units of workforce housing in Walla Walla to original Galbraith project.

<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>		<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$3,000,000	<i>Amount Authorized</i>	\$3,000,000			Changed financing structure; didn't need cap
<i>Amount Reverted</i>	\$3,000,000	<i>Issuance Amount</i>	\$0			

Date Applied 11/4/2008 *Project County* Pierce *Legislative District* 27
Issuer Name Tacoma Housing Authority *Principal User* Hillsdale Heights
Project Description Construction of 50 units of new multifamily rental housing.

<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>		<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$7,000,000	<i>Amount Authorized</i>	\$7,000,000			Unable to issue due to market conditions
<i>Amount Reverted</i>	\$7,000,000	<i>Issuance Amount</i>	\$0			

Date Applied 12/8/2008 *Project County* Kitsap *Legislative District* 26
Issuer Name Bremerton Housing Authority *Principal User* Bay Vista South HOPE VI
Project Description Part of the Westpark HOPE VI redevelopment of an old public housing site; 177 mixed-income family rental units.

<i>Jobs Created</i>	0	<i>Housing Units</i>	177	<i>Issuance Date</i>		<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$21,000,000	<i>Amount Authorized</i>	\$21,000,000			Received allocation of 9% tax credits; don't need cap
<i>Amount Reverted</i>	\$21,000,000	<i>Issuance Amount</i>	\$0			

Date Applied 12/9/2008 *Project County* Clark *Legislative District* 17
Issuer Name Vancouver Housing Authority *Principal User* Burton Ridge at Four Seasons
Project Description Construction of a planned senior community with a variety of housing types, inc. duplexes, apartments, and assisted living.

<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>		<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$14,200,000	<i>Amount Authorized</i>	\$14,200,000			Move to 2010
<i>Amount Reverted</i>	\$14,200,000	<i>Issuance Amount</i>	\$0			

2009 BOND CAP PROJECT DETAIL

Housing-LHA

<i>Date Applied</i>	12/9/2008	<i>Project County</i>	Clark	<i>Legislative District</i>	17
<i>Issuer Name</i>	Vancouver Housing Authority		<i>Principal User</i>	Camas Ridge	
<i>Project Description</i>	Construction of a mixed income multifamily apartment project for families at or below 60% AMI in Camas, WA.				
<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$5,200,000	<i>Amount Authorized</i>	\$5,200,000		Unable to issue due to market conditions
<i>Amount Reverted</i>	\$5,200,000	<i>Issuance Amount</i>	\$0		
<i>Date Applied</i>	12/15/2008	<i>Project County</i>	King	<i>Legislative District</i>	7
<i>Issuer Name</i>	Seattle Housing Authority		<i>Principal User</i>	SEED - Chubby & Tubby Project	
<i>Project Description</i>	Construction of two new buildings for affordable workforce rental housing in the Rainier Valley area of Seattle.				
<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$11,220,000	<i>Amount Authorized</i>	\$11,220,000		Change in financing structure; didn't need cap
<i>Amount Reverted</i>	\$11,220,000	<i>Issuance Amount</i>	\$0		
<i>Date Applied</i>	12/15/2008	<i>Project County</i>	King	<i>Legislative District</i>	37
<i>Issuer Name</i>	Seattle Housing Authority		<i>Principal User</i>	Tamarack Place LP	
<i>Project Description</i>	83 units of low-income rental housing in a mixed-use building, part of the Rainier Vista HOPE VI redevelopment.				
<i>Jobs Created</i>	0	<i>Housing Units</i>	83	<i>Issuance Date</i>	9/17/2009
<i>Amount Requested</i>	\$12,000,000	<i>Amount Authorized</i>	\$12,000,000		Closing costs lower than expected
<i>Amount Reverted</i>	\$1,120,000	<i>Issuance Amount</i>	\$10,880,000		
<i>Date Applied</i>	12/31/2008	<i>Project County</i>	Snohomish	<i>Legislative District</i>	39
<i>Issuer Name</i>	Snohomish Co Housing Authority		<i>Principal User</i>	2009 Pooled Tax Credit Project	
<i>Project Description</i>	171 units of affordable housing in five buildings in Snohomish County for low-income residents, seniors, and individuals with disabilities.				
<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$15,000,000	<i>Amount Authorized</i>	\$15,000,000		Move to 2010
<i>Amount Reverted</i>	\$15,000,000	<i>Issuance Amount</i>	\$0		

2009 BOND CAP PROJECT DETAIL

Housing-LHA

Date Applied 1/5/2009 *Project County* King *Legislative District* 41
Issuer Name King County Housing Authority *Principal User* YWCA - Issaquah Highlands I
Project Description Mixed-income multifamily housing for families, seniors, individuals with disabilities, and women and families moving out of homelessness.
Jobs Created 0 *Housing Units* 41 *Issuance Date* 12/29/200 *Reason for Reversion*
Amount Requested \$7,000,000 *Amount Authorized* \$7,000,000
Amount Reverted \$0 *Issuance Amount* \$7,000,000

Date Applied 1/5/2009 *Project County* King *Legislative District* 41
Issuer Name King County Housing Authority *Principal User* YWCA - Issaquah Highlands II
Project Description Mixed-income multifamily housing for families, seniors, individuals with disabilities, and women and families moving out of homelessness.
Jobs Created 0 *Housing Units* *Issuance Date* *Reason for Reversion*
Amount Requested \$12,500,000 *Amount Authorized* \$12,500,000 Unable to issue due to
Amount Reverted \$12,500,000 *Issuance Amount* \$0 market conditions

Date Applied 1/12/2009 *Project County* Island *Legislative District* 10
Issuer Name Housing Authority of Island Count *Principal User* Bayview Green LLC
Project Description New construction of 26 units of affordable housing, including 5 units for homeless families, 5 for 30% AMI, and 15 for 50% AMI (plus 1 manager unit).
Jobs Created 0 *Housing Units* 0 *Issuance Date* *Reason for Reversion*
Amount Requested \$3,500,000 *Amount Authorized* \$3,500,000 Move to 2010
Amount Reverted \$3,500,000 *Issuance Amount* \$0

Date Applied 1/29/2009 *Project County* Clark *Legislative District* 17
Issuer Name Vancouver Housing Authority *Principal User* Burton Ridge Increase
Project Description Increase allocation due to increase in scope and project costs.
Jobs Created 0 *Housing Units* 0 *Issuance Date* *Reason for Reversion*
Amount Requested \$6,400,000 *Amount Authorized* \$6,400,000 Move to 2010
Amount Reverted \$6,400,000 *Issuance Amount* \$0

2009 BOND CAP PROJECT DETAIL

Housing-LHA

Date Applied 3/31/2009 *Project County* King *Legislative District* 34
Issuer Name King County Housing Authority *Principal User* Park Lakes, Phase I, Family
Project Description New construction of 25 units of housing for very low income families; Phase I of new HOPE VI redevelopment.

<i>Jobs Created</i>	0	<i>Housing Units</i>	25	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$5,500,000	<i>Amount Authorized</i>	\$5,500,000		
<i>Amount Reverted</i>	\$0	<i>Issuance Amount</i>	\$5,500,000		

Date Applied 3/31/2009 *Project County* King *Legislative District* 34
Issuer Name King County Housing Authority *Principal User* Park Lakes, Phase II, Senior
Project Description New construction of 65 units of housing for very low income seniors and individuals with disabilities; Phase II of new HOPE VI redevelopment.

<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$11,250,000	<i>Amount Authorized</i>	\$11,250,000		Unable to issue due to market conditions
<i>Amount Reverted</i>	\$11,250,000	<i>Issuance Amount</i>	\$0		

Date Applied 8/19/2009 *Project County* King *Legislative District* 37
Issuer Name Seattle Housing Authority *Principal User* Phase II North Rental Housing
Project Description Construction of 118 new units of affordable rental housing at the Rainier Vista HOPE VI project.

<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$16,000,000	<i>Amount Authorized</i>	\$16,000,000		Move to 2010
<i>Amount Reverted</i>	\$16,000,000	<i>Issuance Amount</i>	\$0		

Date Applied 10/29/2009 *Project County* King *Legislative District* 41
Issuer Name King County Housing Authority *Principal User* YWCA - Issaquah Highlands I INC
Project Description Mixed-income multifamily housing for families, seniors, individuals with disabilities, and women and families moving out of homelessness.

<i>Jobs Created</i>	0	<i>Housing Units</i>	0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$1,750,000	<i>Amount Authorized</i>	\$1,750,000	12/29/200	
<i>Amount Reverted</i>	\$0	<i>Issuance Amount</i>	\$1,750,000		

2009 BOND CAP PROJECT DETAIL

Housing-LHA

<i>Category Totals</i>	<i>Total Jobs Created</i> 0	<i>Total Housing Units Created/Rehabilitated</i>	326
<i>Total Requested</i>	\$167,020,000	<i>Total Authorized</i>	\$167,020,000
<i>Total Reverted</i>	\$141,890,000	<i>Total Issued</i>	\$25,130,000

Small Issue

Date Applied 10/24/2008 *Project County* Pierce *Legislative District* 2
Issuer Name EDC of Pierce County *Principal User* South Hill Industrial Properties LLC
Project Description New construction for expansion of Art Morrison Enterprises, which manufactures chassis for classic cars and armored vehicles.

<i>Jobs Created</i> 0	<i>Housing Units</i> 0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$4,000,000	<i>Amount Authorized</i>	\$4,000,000
<i>Amount Reverted</i>	\$4,000,000	<i>Issuance Amount</i>	\$0

Unable to issue due to market conditions

Date Applied 12/15/2008 *Project County* Snohomish *Legislative District* 38
Issuer Name WEDFA *Principal User* Royell Manufacturing, Inc.
Project Description Purchase and rehab of existing leased facility and purchase of equipment for metal fabrication facility.

<i>Jobs Created</i> 0	<i>Housing Units</i> 0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$7,000,000	<i>Amount Authorized</i>	\$7,000,000
<i>Amount Reverted</i>	\$7,000,000	<i>Issuance Amount</i>	\$0

Unable to issue due to market conditions

Date Applied 12/31/2008 *Project County* Statewide *Legislative District*
Issuer Name Housing Finance Commission *Principal User* Beginning Farmer/Rancher Program
Project Description Supports loans to first time farmers and ranchers to start new farming operations statewide.

<i>Jobs Created</i> 0	<i>Housing Units</i> 0	<i>Issuance Date</i> 9/22/2009	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$2,000,000	<i>Amount Authorized</i>	\$2,000,000
<i>Amount Reverted</i>	\$456,397	<i>Issuance Amount</i>	\$1,543,603

Additional projects expected to close in 2010

2009 BOND CAP PROJECT DETAIL

Small Issue

<i>Date Applied</i> 1/14/2009	<i>Project County</i> King	<i>Legislative District</i> 31	
<i>Issuer Name</i> WEDFA	<i>Principal User</i> Hill Stamping/Airborne LLC		
<i>Project Description</i> Purchase 40,000 sf industrial facility in Enumclaw; purchase equipment to manufacture sheet metal and machine aerospace parts for Boeing.			
<i>Jobs Created</i> 53	<i>Housing Units</i> 0	<i>Issuance Date</i> 1/29/2008	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$1,928,600	<i>Amount Authorized</i>	\$1,928,600
<i>Amount Reverted</i>	\$0	<i>Issuance Amount</i>	\$1,928,600

<i>Date Applied</i> 8/18/2009	<i>Project County</i> Statewide	<i>Legislative District</i>	
<i>Issuer Name</i> Housing Finance Commission	<i>Principal User</i> Beginning Farmer/Rancher Program		
<i>Project Description</i> Supports loans to first time farmers and ranchers to start new farming operations statewide.			
<i>Jobs Created</i> 0	<i>Housing Units</i> 0	<i>Issuance Date</i>	<i>Reason for Reversion</i>
<i>Amount Requested</i>	\$820,610	<i>Amount Authorized</i>	\$820,610 Additional projects expected to close in 2010
<i>Amount Reverted</i>	\$820,610	<i>Issuance Amount</i>	\$0

<i>Category Totals</i>	<i>Total Jobs Created</i> 53	<i>Total Housing Units Created/Rehabilitated</i>	0
<i>Total Requested</i>	\$15,749,210	<i>Total Authorized</i>	\$15,749,210
<i>Total Reverted</i>	\$12,277,007	<i>Total Issued</i>	\$3,472,203

<i>Grand Totals</i>	<i>Total Jobs Created</i> 680	<i>Total Housing Units Created/Rehabilitated</i>	326
<i>Total Requested</i>	\$801,912,167	<i>Total Authorized</i>	\$801,912,167
<i>Total Reverted</i>	\$212,482,007	<i>Total Issued</i>	\$83,287,203

2010 INITIAL ALLOCATIONS

The bond cap rate for states remains at \$90 per capita for 2010. According to official U.S. Census Bureau population estimates, Washington’s population increased by 1.8 percent to 6,664,195 between 2009 and 2010, increasing the total cap available to the state to \$599,777,550. The category percentages used to divide the 2010 cap remain as they have been since the expiration of the public utility district category in 2008, a distribution that state law refers to as the “alternative allocation.”

2010 BOND CAP INITIAL ALLOCATIONS

Total Bond Cap: 6,664,195 (population) x \$90 (per capita) = \$599,777,550

Category	Percentage Allocation (per RCW 39.86.120)	Initial Allocation
Exempt Facility	20.0%	\$119,955,510.00
Housing – Housing Finance Commission ²	25.6%	\$153,543,052.80
Housing – Local Housing Authorities ²	6.4%	\$38,385,763.20
Small Issue	25.0%	\$149,944,387.50
Student Loans	15.0%	\$89,866,632.50
Remainder ¹	8.0%	\$47,982,204.00
For 2010	100%	\$599,777,550.00

¹ State law (RCW 39.86.120) allows Commerce to reduce the initial allocation of a category up to the amount of carryforward that category received from the previous year. When a category's initial allocation is reduced because of a carryforward allocation, the initial allocation is moved into the Remainder category. Although the Housing Finance Commission received a large amount of carryforward from 2009, due to the overall low amount of activity in the bond market at the beginning of 2010, Commerce had not yet moved any of the Commission's initial allocation at the time of publication. If demand for Remainder cap increases beyond the supply, Commerce will meet the need by moving some or all of the Commission's initial allocation into the Remainder category.

² The Bond Cap statute (RCW 39.86.120) sets the initial allocation for the Housing category at 32% of the total cap. The Housing initial allocation is further divided between the Housing Finance Commission at 80% (25.6% of the total cap), and Local Housing Authorities at 20% (6.4% of the total cap) under the Commission's statute (RCW 43.180.200).

BOND CAP DATA AND TRENDS 1987-2009

Since Congress established the tax-exempt private activity bond ceiling in the mid-1980s, the population of Washington state has increased by 46 percent. With the population increase and the adjustment of the per capita rate for inflation, the total cap available has increased more than 142 percent. Use of the cap among the categories has varied widely over the years.

Because it was the first full year after both the federal regulations and the Washington state bond cap codes were adopted, 1987 was very different from subsequent years. The per capita multiplier was \$75 rather than \$50, in accordance with the federal Tax Reform Act, and the housing category was initially allocated only five percent of the cap under state law. Beginning in 1988, the per capita rate was established at \$50, where it remained until 2000, and the division of the cap among the categories became closer to the current configuration.

The housing category has consistently been the most-used category. Only in 1990, when just \$24 million in housing bonds were issued, has the housing category trailed behind other the categories. The percent of total cap used for Housing has tended to increase over the years. Housing has averaged:

- 61.5 percent of the total cap since 1987
- 68.0 percent over the past 14 years
- 71.2 percent over the past ten years
- 81.2 percent over the past five years
- More than 90 percent in 2008 and 2009

Annual Bond Cap Calculation			
Year	Washington State Population	Per Capita Multiplier	State Private Activity Bond Cap
1987 ¹	4,444,333	\$75.00	\$333,325,000
1988	4,538,000	\$50.00	\$226,900,000
1989	4,619,000	\$50.00	\$230,950,000
1990	4,660,700	\$50.00	\$233,035,000
1991	4,761,000	\$50.00	\$238,050,000
1992	5,018,000	\$50.00	\$250,900,000
1993	5,136,000	\$50.00	\$256,800,000
1994	5,255,000	\$50.00	\$262,750,000
1995	5,343,000	\$50.00	\$267,150,000
1996 ²	5,343,000	\$50.00	\$267,150,000
1997	5,532,939	\$50.00	\$276,646,950
1998	5,610,362	\$50.00	\$280,518,100
1999	5,689,263	\$50.00	\$284,463,150
2000	5,756,361	\$50.00	\$287,818,050
2001	5,894,121	\$62.50	\$368,382,563
2002	5,987,973	\$75.00	\$449,097,975
2003	6,068,996	\$75.00	\$455,174,700
2004	6,138,183	\$75.00	\$460,363,692
2005	6,213,682	\$75.00	\$466,026,165
2006	6,294,460	\$80.00	\$503,020,720
2007	6,395,798	\$85.00	\$543,642,830
2008	6,468,424	\$85.00	\$549,816,040
2009	6,549,224	\$90.00	\$589,430,160
Total			\$8,081,411,095

¹ In 1987, the cap was calculated using \$75 instead of \$50, as directed by the Federal Tax Reform Act of 1986.

² Due to the shutdown of the federal government in December of 1995, the Census Bureau was on furlough and new population figures were unavailable to calculate the 1996 cap. According to the Internal Revenue Code, the population figure from the previous year had to be used.

While the exempt facilities and public utility district categories have each had a few years in which they used no cap, overall their average use of the cap has been the closest to their initial set-aside allocations. Up through its expiration in 2007, the PUD category averaged 8.1 percent of the total cap issued since 1987, close to its 10 percent initial allocation. Exempt facilities has averaged 16.0 percent, also close to the current 20 percent initial allocation.

The student loan category has not always had an authorized issuer, and between 1988 and 1997 then again between 2004 and 2009, had no issuances at all. It has nevertheless averaged 6.4 percent of the total cap, slightly less than half of its initial allocation. During the 2007 legislative session, the Washington Higher Education Facilities Authority was appointed as the new student loan bond issuer, but federal student loan changes have thus far prevented an issuance of student loan bonds.

Only in 1990 and 1996 did the small issue category exceeded its initial allocation. Overall, small issue has used only 8.9 percent of the total cap, about one third of its current initial allocation percentage.

Over the past 22 years, Washington state has almost always succeeded in using its entire cap allocation, whether issued during the year or as carryforward within three years of allocation. Only very small amounts of cap have ever been lost, and no cap has been lost since the state began allocating all carryforward on a program basis, primarily to the Housing Finance Commission.

Bond Cap Category Activity 1987-2009

Year	Housing ² (HFC + LHA ¹)	Small Issue	Exempt Facility ²	Student Loans ²	PUD	Annual Total Allocated
1987	\$195,755,000	\$34,100,000	\$0	\$50,000,000	\$53,470,000	\$333,325,000
1988	\$172,000,000	\$31,900,000	\$0	\$0	\$23,000,000	\$226,900,000
1989	\$150,200,000	\$68,800,000	\$0	\$0	\$12,000,000	\$231,000,000
1990	\$24,465,000	\$60,350,000	\$79,875,000	\$0	\$68,345,000	\$233,035,000
1991	\$120,045,000	\$15,660,000	\$77,910,000	\$0	\$24,435,000	\$238,050,000
1992	\$47,725,000	\$14,350,000	\$138,455,000	\$0	\$50,370,000	\$250,900,000
1993	\$62,965,000	\$1,800,000	\$149,355,000	\$0	\$42,680,000	\$256,800,000
1994	\$217,325,000	\$15,125,000	\$30,300,000	\$0	\$0	\$262,750,000
1995	\$40,061,000	\$44,680,000	\$182,409,000	\$0	\$0	\$267,150,000
1996	\$140,483,000	\$76,852,000	\$21,600,000	\$0	\$26,715,000	\$265,650,000
1997	\$151,602,000	\$58,385,000	\$19,000,000	\$0	\$47,660,000	\$276,647,000
1998	\$127,682,000	\$64,786,000	\$0	\$60,000,000	\$28,050,000	\$280,518,000
1999	\$173,368,000	\$28,100,000	\$50,850,000	\$0	\$32,145,000	\$284,463,000
2000	\$149,034,000	\$39,425,000	\$49,359,000	\$50,000,000	\$0	\$287,818,000
2001	\$151,252,563	\$22,195,000	\$60,915,000	\$68,400,000	\$65,620,000	\$368,382,563

2002	\$201,347,975	\$17,520,000	\$77,475,000	\$107,850,000	\$0	\$404,192,975
2003	\$251,609,700	\$16,820,000	\$46,365,000	\$123,700,000	\$16,680,000	\$455,174,700
2004	\$387,739,400	\$3,191,141	\$30,935,000	\$68,650,000	\$0	\$490,515,541
2005	\$338,374,187	\$14,400,000	\$44,850,000	\$0	\$98,678,853	\$496,303,040
2006	\$410,445,720	\$28,290,000	\$64,285,000	\$0	\$0	\$503,020,720
2007	\$372,581,129	\$59,719,365	\$103,200,000	\$0	\$8,142,336	\$543,642,830
2008	\$688,948,312 ³	\$18,408,800	\$45,000,000	\$0	\$0	\$752,357,112
2009	\$531,272,957	\$3,472,203	\$54,685,000	\$0	\$0	\$589,430,160
Totals	\$5,106,281,943	\$738,329,509	\$1,326,823,000	\$528,600,000	\$597,991,189	\$8,298,025,641
Percent	61.5%	8.9%	16.0%	6.4%	7.2%	100.0%

¹ HFC=Housing Finance Commission; LHA=Local Housing Authorities

² Exempt Facilities, Housing (Housing Finance Commission), and Student Loan amounts may represent bonds issued plus carryforward allocated.

³ Housing totals from 2008 include an additional \$202,541,072 in cap authorized by the Housing and Economic Recovery Act of 2008 (HERA).

Bond Cap Projects 2000-2008

Exempt Facilities

2000

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
City of Cashmere	Tree Top Inc	\$4,500,000	\$4,230,000	5/22/2000
EDC of Port of Benton	ATG Inc	\$7,100,000	\$0	
IDC of Port of Centralia	Centralia Steam Plant	\$36,648,000	\$0	
IDC of Port of Grays Harbor	Boise Cascade Corp	\$17,269,083	\$0	
King Co Economic Enterprise Corp	Cedar Grove Composting Inc	\$2,500,000	\$0	
State of Washington	Stadium & Exhibition Center	\$4,694,427	\$4,694,427	8/11/2000
WEDFA	Earth Tech Inc	\$7,000,000	\$5,900,000	12/7/2000
WEDFA	Waste Connections Inc	\$6,720,000	\$0	
WEDFA	Waste Management Inc	\$34,535,000	\$34,535,000	10/5/2000
Totals		\$120,966,510	\$49,359,427	

2001

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
EDC of Port of Benton	ATG Inc	\$7,100,000	\$0	
IDC of Port of Bellingham	Atlantic Richfield Company	\$23,000,000	\$23,000,000	12/19/2001
IDC of Port of Grays Harbor	Boise Cascade Corporation	\$17,730,917	\$0	
WEDFA	Art Menonides	\$2,240,000	\$2,240,000	10/10/2001
WEDFA	Earth Tech Inc	\$3,000,000	\$3,000,000	5/1/2001
WEDFA	Smith Brothers Farms Inc	\$4,000,000	\$3,300,000	9/25/2001
WEDFA	Waste Management Inc	\$22,000,000	\$22,000,000	2/28/2001
WEDFA	WestFarm Foods	\$10,000,000	\$7,375,000	8/16/2001
Totals		\$89,070,917	\$60,915,000	

2002

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
IDC of City of Everett	Kimberly-Clark Corporation	\$16,000,000	\$15,300,000	6/5/2002
IDC of Port of Bellingham	BP West Coast Products LLC	\$22,000,000	\$22,000,000	3/26/2002
Port of Sunnyside	Port of Sunnyside	\$175,000	\$175,000	9/12/2002
WEDFA	Waste Management Inc	\$20,000,000	\$20,000,000	7/24/2002
WEDFA	Waste Management Inc	\$20,000,000	\$20,000,000	10/4/2002
Totals		\$78,175,000	\$77,475,000	

Exempt Facilities

2003

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
IDC of Port of Bellingham	BP West Coast Products LLC	\$24,000,000	\$24,000,000	3/19/2003
Port of Sunnyside	Port of Sunnyside	\$4,520,000	\$4,470,000	9/17/2003
WEDFA	Trendwest/MountainStar Resort	\$17,895,260	\$17,895,000	10/1/2003
Totals		\$46,415,260	\$46,365,000	

2004

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
WEDFA	Cedar Grove Composting Inc	\$27,610,000	\$23,610,000	7/15/2004
Whatcom County PUD No. 1	Whatcom County PUD No 1	\$3,000,000	\$2,910,000	2/10/2004
Yakima County Public Corporation	Oord Dairy	\$4,415,000	\$4,415,000	9/9/2004
Totals		\$35,025,000	\$30,935,000	

2005

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
IDC of Port of Bellingham	FPE Renewables LLC	\$850,000	\$850,000	12/13/2005
WEDFA	Harold LeMay Enterprises Inc	\$17,000,000	\$17,000,000	4/6/2005
WEDFA	Waste Management Inc	\$27,000,000	\$27,000,000	11/17/2005
Totals		\$44,850,000	\$44,850,000	

2006

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
IDC of Port of Bellingham	BP West Coast Products LLC	\$40,000,000	\$40,000,000	12/7/2006
IDC of the Port of Bellingham	BP West Coast Increase	\$10,000,000	\$10,000,000	12/7/2006
WEDFA	Waste Control Increase	\$5,755,000	\$5,755,000	12/14/2006
WEDFA	Waste Control Recycling	\$6,030,000	\$6,030,000	12/14/2006
Yakima County Public Corporation	George DeRuyter & Son Dairy	\$2,700,000	\$2,500,000	8/17/2006
Totals		\$64,485,000	\$64,285,000	

2007

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
IDC Port of Bellingham	BP West Coast Products	\$32,129,801	\$32,129,801	11/7/2007
IDC Port of Bellingham	BP West Coast Products Increase	\$28,870,199	\$28,870,199	11/7/2007
Pend Oreille PUD #1	Box Canyon Production System	\$10,000,000	\$10,000,000	12/3/2007
WEDFA	Mesa Dairy LLC	\$4,200,000	\$4,200,000	9/12/2007
WEDFA	Specialty Chemical Products	\$28,000,000	\$28,000,000	12/6/2007

Exempt Facilities

<i>Totals</i>		\$103,200,000	\$103,200,000
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2008

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Pend Oreille County PUD	The Ponderay Newsprint Company	\$10,000,000	\$10,000,000	12/18/2008
Port of Sunnyside	Industrial Wastewater Treatment S	\$5,000,000	\$5,000,000	8/6/2008
WEDFA	Waste Management	\$30,000,000	\$30,000,000	6/12/2008
<i>Totals</i>		\$45,000,000	\$45,000,000	
<i>Grand Total 2000-2008</i>		\$627,187,687	\$522,384,427	

Bond Cap Projects 2000-2008

Housing - Housing Finance Commission

2000

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Housing Finance Commission	Carryforward - Multifamily	\$42,000,000	\$42,000,000	12/31/2003
Housing Finance Commission	Carryforward - Single Family	\$33,731,888	\$33,731,888	12/31/2003
Housing Finance Commission	Multifamily Program	\$14,761,814	\$14,761,814	11/1/2000
Housing Finance Commission	Single Family Program	\$14,250,921	\$14,250,921	11/17/2000
Totals		\$104,744,623	\$104,744,623	

2001

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Housing Finance Commission	Carryforward - Multifamily	\$20,855,000	\$20,855,000	6/30/2004
Housing Finance Commission	Carryforward - Single Family	\$19,243,287	\$19,243,287	12/1/2002
Housing Finance Commission	Single & Multifamily Programs	\$83,637,276	\$60,857,276	12/28/2001
Totals		\$123,735,563	\$100,955,563	

2002

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Housing Finance Commission	Carryforward - Multifamily	\$21,614,461	\$21,614,461	12/22/2004
Housing Finance Commission	Mallard Lake Park Apts	\$0	\$0	
Housing Finance Commission	Multifamily Program	\$62,000,000	\$62,000,000	12/15/2002
Housing Finance Commission	Seattle Safeway	\$0	\$0	
Housing Finance Commission	Single Family Program	\$25,783,514	\$25,783,514	5/30/2002
Totals		\$109,397,975	\$109,397,975	

2003

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Housing Finance Commission	Carryforward - Multifamily	\$81,647,059	\$81,647,059	4/29/2005
Housing Finance Commission	Multifamily Program	\$33,050,000	\$24,635,174	
Housing Finance Commission	Multifamily Program	\$53,006,503	\$53,006,503	
Housing Finance Commission	Single Family Program	\$34,620,964	\$34,620,964	
Totals		\$202,324,526	\$193,909,700	

2004

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Housing Finance Commission	Carryforward - Multifamily	\$180,000,000	\$180,000,000	9/1/2006

Housing - Housing Finance Commission

Housing Finance Commission	Carryforward - Single Family	\$18,549,975	\$18,549,975	2/24/2006
Housing Finance Commission	Multifamily Program	\$18,352,941	\$18,352,941	5/26/2004
Housing Finance Commission	Multifamily Program	\$32,160,000	\$32,160,000	9/30/2004
Housing Finance Commission	Multifamily Program	\$28,350,000	\$28,350,000	12/1/2004
Housing Finance Commission	Multifamily program	\$53,600,000	\$53,600,000	12/17/2004
Housing Finance Commission	Single Family Program	\$37,723,744	\$37,723,744	3/19/2004
Totals		\$368,736,660	\$368,736,659	

2005

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Housing Finance Commission	Carryforward - Multifamily	\$147,784,087	\$147,784,087	9/1/2006
Housing Finance Commission	Carryforward - Single Family	\$95,000,000	\$95,000,000	5/25/2006
Housing Finance Commission	Multifamily Program	\$28,800,000	\$28,800,000	8/12/2005
Totals		\$271,584,087	\$271,584,087	

2006

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Housing Finance Commission	Multifamily Carryforward	\$107,644,169	\$107,664,169	12/5/2007
Housing Finance Commission	Multifamily Program	\$17,300,000	\$17,300,000	11/30/2006
Housing Finance Commission	Multifamily Program	\$30,200,000	\$30,200,000	12/7/2006
Housing Finance Commission	Single Family Carryforward	\$100,000,000	\$100,000,000	6/20/2007
Housing Finance Commission	Single Family Program	\$55,000,000	\$55,000,000	8/23/2006
Housing Finance Commission	Single Family Program	\$55,000,000	\$55,000,000	10/12/2006
Totals		\$365,144,169	\$365,164,169	

2007

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Housing Finance Commission	Carryforward - Multifamily Program	\$3,164,023	\$3,164,023	12/31/2009
Housing Finance Commission	Multifamily Program	\$34,745,000	\$34,745,000	10/4/2007
Housing Finance Commission	Multifamily Program	\$23,000,000	\$23,000,000	10/4/2007
Housing Finance Commission	Multifamily Program	\$11,000,000	\$11,000,000	10/4/2007
Housing Finance Commission	Multifamily Program	\$1,000,000	\$1,000,000	10/4/2007
Housing Finance Commission	Multifamily Program	\$4,255,000	\$4,255,000	10/4/2007
Housing Finance Commission	Multifamily Program	\$41,250,000	\$41,250,000	11/9/2007
Housing Finance Commission	Single Family Program	\$10,000,000	\$10,000,000	4/17/2007
Housing Finance Commission	Single Family Program	\$25,000,000	\$25,000,000	4/17/2007

Housing - Housing Finance Commission

Housing Finance Commission	Single Family Program	\$3,664,567	\$3,664,567	10/4/2007
Housing Finance Commission	Single Family Program	\$76,335,433	\$76,335,433	10/25/2007
Totals		\$233,414,023	\$233,414,023	

2008

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Housing Finance Commission	Multifamily	\$0	\$0	
Housing Finance Commission	Multifamily	\$10,323,510	\$0	
Housing Finance Commission	Multifamily Carryforward	\$156,149,644	\$0	
Housing Finance Commission	Multifamily Program	\$82,340,450	\$52,485,000	12/15/2008
Housing Finance Commission	Single Family	\$0	\$0	
Housing Finance Commission	Single Family Carryforward	\$156,149,644	\$34,998,560	12/31/2009
Housing Finance Commission	Single Family Program	\$58,412,456	\$58,117,952	12/23/2015
Totals		\$463,375,704	\$145,601,512	
Grand Total 2000-2008		\$2,242,457,329	\$1,893,508,310	

Bond Cap Projects 2000-2008

Housing - Local Housing Authority

2000

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Capital Hill Housing Improvement	Oleta Apts LP	\$1,500,000	\$1,500,000	12/14/2000
Capitol Hill Housing Improvement	El Nor House Apartments	\$2,250,000	\$0	
Capitol Hill Housing Improvement	Harrison Family Housing LP	\$259,000	\$259,000	12/15/2000
Grays Harbor Housing Authority	Monte Cove Apts	\$1,800,000	\$0	
King County Housing Authority	Overlake Park & Ride	\$28,000,000	\$21,525,000	7/27/2000
Kitsap Consolidated Housing Auth	Heritage Apartments	\$2,220,000	\$2,220,000	12/1/2000
Kitsap Consolidated Housing Auth	Viewmont Apartments	\$2,785,000	\$2,785,000	12/1/2000
Pierce County Housing Authority	Hidden Hills Apts	\$8,600,000	\$0	
Seattle Chinatown Intl Dist PDA	Village Square II	\$6,000,000	\$6,000,000	12/8/2000
Seattle Housing Authority	Delridge Mutual Housing LP	\$2,000,000	\$0	
Seattle Housing Authority	Stewart Court	\$6,000,000	\$6,000,000	12/21/2000
Seattle Housing Authority	Third & Pine Building	\$4,000,000	\$0	
Tacoma Housing Authority	South Hill Associates LP	\$0	\$0	
Vancouver Housing Authority	Hazel Dell Assisted Living	\$4,000,000	\$4,000,000	12/22/2000
Totals		\$69,414,000	\$44,289,000	

2001

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Bellingham Housing Authority	Varsity Village	\$4,370,000	\$0	
Capitol Hill Housing Improvement	Helen V Apts LLC	\$2,410,000	\$2,410,000	12/19/2001
King County Housing Authority	Eastwood Square Apts	\$4,000,000	\$4,000,000	10/18/2001
King County Housing Authority	Overlake Park & Ride	\$6,475,000	\$6,475,000	6/29/2001
King County Housing Authority	Southwood Square Apts	\$5,200,000	\$5,200,000	10/4/2001
King County Housing Authority	The Cone Apts	\$0	\$0	
King County Housing Authority	Washington Court Apts	\$6,937,000	\$6,900,000	12/27/2001
Pierce County Housing Authority	Hidden Hills Apts Assoc LLC	\$8,600,000	\$0	
Seattle Housing Authority	Delridge Mutual Housing LP	\$2,000,000	\$1,571,000	7/31/2001
Seattle Housing Authority	NewHolly Phase III	\$0	\$0	
Seattle Housing Authority	Plymouth Housing Group	\$4,750,000	\$0	
Seattle Housing Authority	Third & Pine Building	\$5,000,000	\$5,000,000	12/24/2001
Seattle Housing Authority	YWCA Opportunity Place	\$8,500,000	\$0	

Housing - Local Housing Authority

Tacoma Housing Authority	Sunset Apartments	\$13,250,000	\$13,250,000	5/17/2001
Vancouver Housing Authority	Hazel Dell Assisted Living	\$475,000	\$475,000	7/17/2001
Vancouver Housing Authority	Lewis and Clark Plaza	\$4,600,000	\$0	
Vancouver Housing Authority	Uptown Village	\$5,016,000	\$5,016,000	12/14/2001
Totals		\$81,583,000	\$50,297,000	

2002

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Anacortes Housing Authority	Bayview Apartments	\$1,450,000	\$1,450,000	9/26/2002
King County Housing Authority	Angle Lake Senior Housing	\$5,500,000	\$5,000,000	12/30/2002
Pierce County Housing Authority	Hidden Hills Apts	\$8,600,000	\$8,100,000	1/30/2002
Pierce County Housing Authority	Sumner Commons Housing LP	\$2,000,000	\$1,750,000	12/20/2002
Seattle Chinatown Intl Dist PDA	Village Square 2	\$1,700,000	\$1,700,000	12/12/2002
Seattle Housing Authority	NewHolly Phase III	\$22,500,000	\$22,500,000	12/4/2002
Seattle Housing Authority	Rainier Vista	\$22,500,000	\$22,500,000	12/19/2002
Seattle Housing Authority	YWCA Opportunity Place	\$9,700,000	\$9,700,000	12/19/2002
Tacoma Housing Authority	Golden Hemlock Apts	\$0	\$0	
Tacoma Housing Authority	Hillside Terrace Apts	\$2,500,000	\$2,250,000	12/19/2002
Vancouver Housing Authority	Esther Short Apts	\$12,000,000	\$12,000,000	12/13/2002
Vancouver Housing Authority	Teal Point Apts	\$5,000,000	\$5,000,000	9/30/2002
Totals		\$93,450,000	\$91,950,000	

2003

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Kitsap Consolidated Housing Auth	Hostmark Apartments	\$4,300,000	\$4,300,000	6/30/2003
Seattle Housing Authority	Alder Court	\$0	\$0	
Seattle Housing Authority	Arts & Lofts Apts LP	\$9,500,000	\$0	
Seattle Housing Authority	Croft Place Townhomes	\$0	\$0	
Seattle Housing Authority	Genesee Housing	\$0	\$0	
Seattle Housing Authority	High Point	\$32,000,000	\$32,000,000	12/18/2003
Seattle Housing Authority	Ritz Apartments	\$0	\$0	
Tacoma Housing Authority	Conifer Apartments Projects LP	\$10,400,000	\$10,400,000	12/23/2003
Vancouver Housing Authority	Four Seasons Apartments	\$0	\$0	
Vancouver Housing Authority	Plum Meadows	\$11,000,000	\$11,000,000	8/29/2003
Totals		\$67,200,000	\$57,700,000	

Housing - Local Housing Authority

2004

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Bellingham Housing Authority	Meadow Wood Townhouses	\$5,030,000	\$0	
King County Housing Authority	MSC-Radcliffe Place LLC	\$8,616,000	\$8,616,000	12/22/2004
King County Housing Authority	MSC-Radcliffe Place LLC Increase	\$1,481,800	\$1,481,800	12/22/2004
Seattle Housing Authority	DNDA-Cooper School	\$0	\$0	
Seattle Housing Authority	DNDA-Croft Place Townhomes	\$2,860,000	\$2,805,000	7/30/2004
Seattle Housing Authority	HRG-Genesee Housing	\$4,200,000	\$4,200,000	12/21/2004
Seattle Housing Authority	HRG-Genesee Housing Increase	\$800,000	\$400,000	12/21/2004
Seattle Housing Authority	HRG-Stone Way Apts	\$0	\$0	
Seattle Housing Authority	SHA-Ritz Apartments	\$1,500,000	\$1,500,000	8/12/2004
Totals		\$24,487,800	\$19,002,800	

2005

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Capitol Hill Housing Improvement	CHIPP-Silvian Apartments LLC	\$2,000,000	\$2,000,000	12/14/2005
King County Housing Authority	DASH-Bellevue Portfolio	\$7,600,000	\$7,320,000	8/1/2005
King County Housing Authority	Eernisse Apartments	\$3,800,000	\$3,550,000	12/20/2005
Renton Housing Authority	DASH-Renton Fifth & Williams	\$7,600,000	\$0	
Seattle Housing Authority	DNDA-Cooper School	\$3,600,000	\$3,600,000	6/21/2005
Seattle Housing Authority	High Rise Increase	\$5,000,000	\$5,000,000	12/22/2005
Seattle Housing Authority	High Rise Increase	\$8,000,000	\$5,800,000	12/22/2005
Seattle Housing Authority	High Rise Renovation Phase I	\$12,000,000	\$12,000,000	12/22/2005
Seattle Housing Authority	HRG-Stone Way Apts	\$8,600,000	\$8,600,000	7/28/2005
Seattle Housing Authority	HRG-Stone Way Apts Increase	\$300,000	\$300,000	7/28/2005
Snohomish Co Housing Authority	HASCO-Whispering Pines LP	\$1,690,000	\$1,593,279	12/21/2005
Snohomish Co Housing Authority	Housing Hope/Avondale Village	\$1,450,000	\$1,450,000	11/4/2005
Tacoma Housing Authority	Conifer Portfolio	\$12,200,000	\$12,175,000	3/18/2005
Tacoma Housing Authority	Parkland Family Vista LLC	\$3,400,000	\$3,400,000	12/14/2005
Vancouver Housing Authority	Mill Creek Projects	\$6,900,000	\$0	
Totals		\$84,140,000	\$66,788,279	

2006

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
King County Housing Authority	Nia Apartments HOPE VI	\$3,000,000	\$3,000,000	12/12/2006

Housing - Local Housing Authority

Renton Housing Authority	DASH/Fifth & Williams Project	\$7,600,000	\$0	
Seattle Housing Authority	HomeWorks LP	\$25,000,000	\$25,000,000	12/21/2006
Seattle Housing Authority	HomeWorks LP 2nd Increase	\$52,000	\$51,551	12/21/2006
Seattle Housing Authority	HomeWorks LP Increase	\$3,000,000	\$3,000,000	12/21/2006
Seattle Housing Authority	Urban League Increase	\$750,000	\$750,000	12/11/2006
Seattle Housing Authority	Urban League/Colman School	\$5,000,000	\$5,000,000	12/11/2006
Vancouver Housing Authority	Mill Creek Projects	\$6,900,000	\$6,900,000	6/23/2006
Vancouver Housing Authority	Mill Creek Projects Increase	\$1,600,000	\$1,600,000	6/23/2006
<i>Totals</i>		\$52,902,000	\$45,301,551	

2007

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Bellingham Housing Authority	Meadow Wood Associates II LLC	\$2,500,000	\$2,400,000	11/9/2007
Capital Hill Housing	Woodland Park Increase	\$200,000	\$200,000	8/31/2007
Capital Hill Housing	Woodland Park Increase 2	\$250,000	\$238,000	8/31/2007
Capitol Hill Housing	Woodland Park Avenue LLC	\$2,500,000	\$2,500,000	8/31/2007
King Co Housing Authority	Capital Fund Partnership	\$35,000,000	\$35,000,000	9/6/2007
King Co Housing Authority	Capital Fund Partnership Inc #2	\$100,000	\$100,000	9/6/2007
King Co Housing Authority	Capital Fund Partnership Increase	\$5,000,000	\$5,000,000	9/6/2007
King Co Housing Authority	Salmon Creek HOPE VI	\$3,500,000	\$3,500,000	12/6/2007
King Co Housing Authority	Salmon Creek HOPE VI Inc	\$500,000	\$500,000	12/6/2007
King Co Housing Authority	Salmon Creek HOPE VI Inc #2	\$250,000	\$250,000	12/6/2007
King Co Housing Authority	St. Andrew's Housing Group	\$4,000,000	\$4,000,000	11/1/2007
King Co Housing Authority	St. Andrew's Housing Group	\$300,000	\$300,000	11/1/2007
King Co Housing Authority	St. Andrew's Housing Group	\$200,000	\$200,000	11/1/2007
Kitsap Co Cons Hsg Authority	Poplars Apartments LP	\$3,400,000	\$0	
Kitsap County CHA	Kitsap Apartments 2006 LP	\$16,100,000	\$11,845,000	6/29/2007
Renton Housing Authority	DASH - Fifth & Williams	\$9,000,000	\$9,000,000	3/19/2007
Seattle Housing Authority	High Point South HOPE VI	\$36,000,000	\$36,000,000	3/6/2007
Seattle Housing Authority	Housing Resources Group	\$1,200,000	\$1,200,000	11/7/2007
Seattle Housing Authority	Seattle High Rise LP	\$20,000,000	\$19,950,000	12/19/2007
Snohomish Co Hsg Authority	HASCO-Cedar Street LP	\$515,000	\$484,106	5/1/2007
Snohomish Co Hsg Authority	Olympic & Sound View Apts	\$5,800,000	\$5,800,000	10/31/2007
Snohomish Co Hsg Authority	Olympic & Sound View Increase	\$700,000	\$700,000	10/31/2007
<i>Totals</i>		\$147,015,000	\$139,167,106	

Housing - Local Housing Authority

2008

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Capitol Hill Housing Improvement Pro	Holiday Apartments	\$3,300,000	\$3,300,000	4/15/2008
King County Housing Authority	Eastbridge HOPE VI	\$8,500,000	\$7,120,000	11/26/2008
King County Housing Authority	Springwood Apartments	\$45,000,000	\$0	
King County Housing Authority	Springwood Apartments	\$45,000,000	\$45,000,000	8/28/2008
Okanogan Co Housing Authority	DeCamp Portfolio	\$3,150,000	\$0	
Seattle Housing Authority	Chubby & Tubby Project	\$11,220,000	\$0	
Seattle Housing Authority	Douglas Apartments LP	\$7,000,000	\$5,700,000	12/19/2008
Tacoma Housing Authority	Hillsdale Heights	\$7,000,000	\$0	
Vancouver Housing Authority	Burton Ridge at Four Seasons	\$14,200,000	\$0	
Vancouver Housing Authority	Camas Ridge	\$5,200,000	\$0	
Walla Walla Housing Authority	Galbraith Gardens LLC	\$3,200,000	\$2,385,000	12/24/2008
Walla Walla Housing Authority	Workforce Housing (Galbraith II)	\$0	\$0	
<i>Totals</i>		\$152,770,000	\$63,505,000	
<i>Grand Total 2000-2008</i>		\$772,961,800	\$578,000,736	

Bond Cap Projects 2000-2008

Public Utility District

2000

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Chelan County PUD No.1	Rocky Reach & Rock Island	\$28,781,805	\$0	
Totals		\$28,781,805	\$0	

2001

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Chelan County PUD No.1	Rocky Reach & Rock Island	\$65,620,061	\$65,620,000	3/15/2001
Totals		\$65,620,061	\$65,620,000	

2002

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Chelan County PUD No. 1	Chelan County PUD	\$44,909,797	\$44,905,000	12/12/2002
Totals		\$44,909,797	\$44,905,000	

2003

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Grant County PUD No. 2	Wanapum Hydroelectric	\$16,680,000	\$16,680,000	2/13/2003
Totals		\$16,680,000	\$16,680,000	

2005

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Douglas County PUD No. 1	Wells Hydroelectric Project	\$43,232,989	\$43,232,989	7/27/2005
Grant County PUD No. 2	Priest Rapids Hydroelectric	\$8,333,774	\$8,330,763	12/13/2005
Grant County PUD No. 2	Wanapum Hydroelectric	\$51,000,000	\$47,115,102	2/1/2005
Totals		\$102,566,763	\$98,678,853	

2007

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Chelan County PUD #1	Rock Island Hydro Project/ PSE	\$8,146,147	\$8,142,336	5/31/2007
Totals		\$8,146,147	\$8,142,336	

Grand Total 2000-2008

\$266,704,573 \$234,026,189

Bond Cap Projects 2000-2008

Small Issue

2000

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Adams County Port District No.1	SVZ USA Washington Inc	\$5,000,000	\$0	
IDC of Port of Chehalis	Cascade Hardwoods Inc	\$8,000,000	\$8,000,000	11/16/2000
IDC of Spokane County	Mackay Manufacturing Inc	\$2,000,000	\$2,000,000	10/4/2000
WEDFA	Canam Steel Corp	\$7,000,000	\$7,000,000	7/17/2000
WEDFA	Clabag Services LLC	\$1,100,000	\$1,000,000	5/5/2000
WEDFA	Garco Building Systems	\$1,400,000	\$1,400,000	8/1/2000
WEDFA	GRK LLC	\$3,000,000	\$0	
WEDFA	Houk Brooklyn LLC	\$2,400,000	\$2,400,000	3/24/2000
WEDFA	Pacific Coast Feather Co	\$2,850,000	\$1,000,000	12/8/2000
WEDFA	Ronald E Leuning	\$4,200,000	\$4,125,000	5/16/2000
Yakima County Public Corporation	Columbia Ready-Mix Inc	\$1,300,000	\$1,300,000	11/22/2000
Yakima County Public Corporation	Michelsen Packaging Co	\$4,200,000	\$4,200,000	11/9/2000
Yakima County Public Corporation	Printing Press Inc	\$4,500,000	\$2,500,000	6/29/2000
Yakima County Public Corporation	Valley Processing Inc	\$4,500,000	\$4,500,000	2/3/2000
<i>Totals</i>		\$51,450,000	\$39,425,000	

2001

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
IDC of Port of Chehalis	JR Braun Northwest Inc	\$3,200,000	\$0	
Pilchuck Development Public Corp	HCI Steel Building Systems Inc	\$2,500,000	\$2,440,000	5/10/2001
Port of Douglas County	Berglin Corporation	\$1,200,000	\$1,200,000	12/20/2001
WEDFA	GRK LLC	\$3,000,000	\$0	
WEDFA	Half Diamond JL LLC	\$1,275,000	\$1,275,000	2/1/2001
WEDFA	Proto Manufacturing Inc	\$1,125,000	\$1,125,000	2/1/2001
WEDFA	RMI Investors LLC	\$5,000,000	\$5,000,000	8/30/2001
WEDFA	Royal Ridge Fruit & Cold Storage	\$4,955,000	\$4,955,000	4/4/2001
WEDFA	Vectra LLC	\$2,400,000	\$0	
WEDFA	WestFarm Foods	\$1,000,000	\$1,000,000	11/5/2001
Yakima County Public Corporation	Seneca Foods Corporation	\$3,200,000	\$3,200,000	5/16/2001
Yakima County Public Corporation	Valley Processing Inc	\$2,000,000	\$2,000,000	7/9/2001
<i>Totals</i>		\$30,855,000	\$22,195,000	

Small Issue

2002

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
EDC of Pierce County	True World Foods International Inc	\$8,100,000	\$6,930,000	6/21/2002
IDC of Port of Chehalis	JR Braun Northwest Inc	\$3,200,000	\$0	
IDC of Spokane County	Ecolite Manufacturing Co	\$2,500,000	\$2,500,000	3/28/2002
Port of Port Angeles	Port of Port Angeles	\$500,000	\$500,000	3/26/2002
WEDFA	Absorption Corporation	\$7,288,500	\$0	
WEDFA	Hillstrom LLC	\$4,000,000	\$3,265,000	12/10/2002
WEDFA	Mountlake LLC	\$2,250,000	\$2,225,000	10/1/2002
WEDFA	Nature's Path Foods USA Inc	\$2,040,364	\$0	
WEDFA	U.S. Pies Realty LLC	\$2,100,000	\$2,100,000	4/25/2002
Totals		\$31,978,864	\$17,520,000	

2003

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
EDC of Pierce County	SeaTac Packaging Mfg Corp	\$6,500,000	\$5,300,000	8/5/2003
IDC of Kitsap County	CARA Land Co LLC	\$2,000,000	\$2,000,000	3/19/2003
IDC of Port of Chehalis	JR Braun Northwest Inc	\$3,200,000	\$3,200,000	3/11/2003
Port of Shelton	Port of Shelton	\$1,100,000	\$1,085,000	10/14/2003
WEDFA	Absorption Corporation	\$2,900,000	\$2,335,000	3/19/2003
WEDFA	Belina Interiors Inc	\$1,800,000	\$1,110,000	10/28/2003
WEDFA	Jacoshop LLC	\$2,000,000	\$1,790,000	11/14/2003
Totals		\$19,500,000	\$16,820,000	

2004

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
WEDFA	Lawrence B. Stone Properties LLC	\$2,631,000	\$2,512,500	8/13/2004
WEDFA	Posey Properties/Lamiglas Inc	\$678,641	\$678,641	11/4/2004
WEDFA	PSPL Inc	\$2,800,000	\$0	
Totals		\$6,109,641	\$3,191,141	

2005

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
IDC of Spokane County	Sonderen Packaging Inc	\$2,000,000	\$2,000,000	12/20/2005
WEDFA	Four Corners Capital LLC	\$7,500,000	\$7,500,000	12/22/2005
WEDFA	PSPL Inc	\$2,000,000	\$2,000,000	5/25/2005

Small Issue

WEDFA	Sumner Bldg LLC/Sound Sleep	\$2,900,000	\$2,900,000	12/20/2005
Totals		\$14,400,000	\$14,400,000	

2006

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
EDC of Pierce County	JNB Enterprises/Print NW	\$3,000,000	\$2,200,000	12/13/2006
EDC of Pierce County	Quality Stamping & Machining	\$2,250,000	\$2,225,000	12/7/2006
EDC of Pierce County	SeaTac Packaging Mfg Corp	\$5,800,000	\$0	
Housing Finance Commission	Beginning Farmer/Rancher	\$2,000,000	\$0	
IDC of Kitsap County	CARA Land Co LLC	\$5,000,000	\$5,000,000	6/8/2006
IDC of Spokane County	MacKay Manufacturing Inc	\$1,300,000	\$1,300,000	4/13/2006
IDC Port of Bellingham	Hempler Foods Group LLC	\$6,125,000	\$6,125,000	7/27/2006
IDC Port of Bellingham	Wood Stone Corporation	\$3,400,000	\$3,400,000	8/17/2006
WEDFA	Absorption Corporation	\$1,600,000	\$1,600,000	9/14/2006
WEDFA	DVF LLC/Wesmar Company	\$2,745,000	\$2,745,000	7/26/2006
WEDFA	Green Garden Food Products	\$4,295,000	\$3,695,000	7/13/2006
Totals		\$37,515,000	\$28,290,000	

2007

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
EDC of Pierce County	P&J Machining Inc (TPLM)	\$0	\$0	
EDC of Pierce County	SeaTac Packaging Mfg. Corp.	\$5,800,000	\$5,590,000	2/1/2007
Housing Finance Commission	Beginning Farmer/Rancher Program	\$2,000,000	\$0	
IDC Port of Grays Harbor	Murphy Company	\$10,000,000	\$10,000,000	10/31/2007
IDC Spokane County	Sonderren Packaging Inc.	\$1,000,000	\$1,000,000	9/12/2007
WEDFA	Coeur d'Alene Fiber Fuels	\$9,000,000	\$8,710,000	9/27/2007
WEDFA	Delta Marine Industries, Inc.	\$10,000,000	\$10,000,000	3/8/2007
WEDFA	Novelty Hill Winery	\$8,210,000	\$8,210,000	5/10/2007
WEDFA	Ocean Gold Seafoods	\$5,250,000	\$4,500,000	11/20/2007
WEDFA	Pacific Crest Properties	\$10,000,000	\$0	
WEDFA	Plitt Kent LLC	\$4,250,000	\$4,250,000	7/19/2007
WEDFA	S.S. Steiner	\$5,050,000	\$5,050,000	9/17/2007
WEDFA	VPI Quality Windows	\$3,296,000	\$2,409,365	12/21/2007
Totals		\$73,856,000	\$59,719,365	

Small Issue

2008

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
EDC of Pierce County	South Hill Industrial Properties LLC	\$4,000,000	\$0	
Housing Finance Commission	Beginning Farmer/Rancher Increase	\$518,800	\$0	
Housing Finance Commission	Beginning Farmer/Rancher Program	\$2,000,000	\$1,168,800	9/3/2008
IDC of Spokane County	Egg Enterprises, LLC	\$1,755,000	\$1,755,000	7/24/2008
IDC of Spokane County	Mackay Manufacturing, Inc.	\$1,800,000	\$1,800,000	6/16/2008
WEDFA	Belina Interiors Inc/BELCO LLC	\$1,540,000	\$1,400,000	8/10/2008
WEDFA	Commencement Bay Corrugated, Inc.	\$4,285,000	\$4,285,000	4/17/2008
WEDFA	Reese Real Estate/Standard Plastic	\$1,000,000	\$1,000,000	10/31/2008
WEDFA	Royell Manufacturing, Inc.	\$7,000,000	\$0	
WEDFA	Wood Realty/Skagit Printing	\$7,000,000	\$7,000,000	3/20/2008
<i>Totals</i>		\$30,898,800	\$18,408,800	
<i>Grand Total 2000-2008</i>		\$296,563,305	\$219,969,306	

Bond Cap Projects 2000-2008

Student Loan

2000

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Student Loan Finance Association	Student Loan Finance Association	\$50,000,000	\$50,000,000	7/26/2000
Totals		\$50,000,000	\$50,000,000	

2001

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Student Loan Finance Association	Student Loan Finance Association	\$68,415,472	\$68,400,000	11/28/2001
Totals		\$68,415,472	\$68,400,000	

2002

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Student Loan Finance Association	Student Loan Finance Association	\$107,873,717	\$107,850,000	11/19/2002
Totals		\$107,873,717	\$107,850,000	

2003

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Student Loan Finance Association	Carryforward - SLFA	\$60,000,000	\$60,000,000	3/23/2004
Student Loan Finance Association	Student Loan Finance Association	\$63,724,458	\$63,700,000	7/24/2003
Totals		\$123,724,458	\$123,700,000	

2004

<i>Issuer Name</i>	<i>Principal User</i>	<i>Authorized</i>	<i>Issued</i>	<i>Issuance Date</i>
Student Loan Finance Association	Student Loan Finance Association	\$68,672,184	\$68,650,000	3/23/2004
Totals		\$68,672,184	\$68,650,000	

Grand Total 2000-2008

\$418,685,830 \$418,600,000

APPENDIX A BOND CAP ACRONYMS AND DEFINITIONS

Acronyms

No government report would be complete without at least a few acronyms to save time and space. We've tried to define these in the text when possible. In case space dictates prevailed, we've missed some, or you are looking for a handy quick reference, here is a list of acronyms common to the Bond Cap program.

ARRA – American Recovery and Reinvestment Act of 2009 (also “Recovery Act”)

BAB – Build America Bond

BCAP – Bond Cap Allocation Program

CERB – Community Economic Revitalization Board

CFR – Code of Federal Regulations

EDC – Economic Development Corporation

HERA – Housing and Economic Recovery Act of 2008

HFC – Housing Finance Commission

IDB – Industrial Development Bond

IDC – Industrial Development Corporation

IRB or IDR – Industrial (Development) Revenue Bond

IRC – Internal Revenue Code

IRS – Internal Revenue Service

LHA – Local Housing Authority

LIHTC – Low Income Housing Tax Credits

LLC – Limited Liability Company

LP – Limited Partnership

OSPI – Office of the Superintendent of Public Instruction

PAB – Private Activity Bond

PUD – Public Utility District

QECB – Qualified Energy Conservation Bond

QSCB – Qualified School Construction Bond (K-12 Schools)

QZAB – Qualified Zone Academy Bond (K-12 Schools)

RCW – Revised Code of Washington

RZ – Recovery Zone

RZEDB – Recovery Zone Economic Development Bond

RZFB – Recovery Zone Facility Bond

WAC – Washington Administrative Code

WEDFA – Washington Economic Development Finance Authority

WSHFC – Washington State Housing Finance Commission (also HFC or the Commission)

Definitions

Allocation – For bond cap purposes, the total dollar amount of bond issuing authority available to the state during a calendar year for any bond types limited or “capped” under federal law; or the amount available in a specific bond use category, awarded to a specific project, or awarded to a specific issuer.

Bond Counsel – An attorney specializing in advising clients on bond issuances, especially on the Internal Revenue Code (IRC) and tax implications of bond issuances. The bond counsel provides a legal opinion on whether a particular project meets the criteria in federal law for a specific type of bond issuance as established in the IRC and the Revised Code of Washington (RCW).

Bond Use Category – There are four categories of activities that may use tax-exempt private activity bond financing, plus a “remainder” category that may be used if the initial allocation in another category is depleted. The four categories are housing, student loans, small issue, and exempt facility. A fifth category, public utility district, was officially retired after 2007.

Cap – The ceiling, or limit, on the total dollar amount of specific bond types that may be issued in the state during a calendar year as defined in federal law.

Carryforward – Any portion of the cap that is not used during the allocation year, but is “carried forward” into subsequent years. Carryforward amounts expire after three years, or as specified for the bond type in federal law. Once expired, carryforward cap is no longer available for use.

Code – The federal Internal Revenue Code, especially the Tax Reform Act of 1986

Exempt Facilities – Certain types of transportation, waste management, energy, and environmental facilities as described in the Internal Revenue Code. Some exempt facilities must be owned by a governmental entity in order to qualify for tax-exempt private activity bonds.

Housing – In Washington state for the purposes of the bond cap allocation, housing includes mortgage revenue bonds for homebuyer assistance, mortgage credit certificates (a type of tax credit), and exempt facilities bonds for multifamily rental housing.

Initial Allocation – The percentage of the state’s total annual tax-exempt private activity bond cap set-aside for each bond use category at the beginning of the calendar year.

Issuer – The state, any agency of the state, any political subdivision, or any other public entity authorized to issue private activity bonds under state law.

Original Allocation – An allocation granted by formula in federal law to a specific city or county for Recovery Zone Economic Development Bonds, Recovery Zone Facility Bonds, or Qualified Energy Conservation Bonds.

Originally Awarded Locality – A unit of local government granted an allocation by a formula in federal law for Recovery Zone Economic Development Bonds, Recovery Zone Facility Bonds, or Qualified Energy Conservation Bonds.

Private Activity – Any activity that has significant private involvement. The Internal Revenue Code describes three tests to determine if a project has significant private involvement for the purpose of a tax-exempt bond issuance. A project only needs to meet one of the three tests to be considered a private activity:

- Greater than 10 percent of bond proceeds are used for any private business purpose.
- Greater than 10 percent of principal and interest payments on the bond are secured by property used for private business.
- Greater than five percent of bond proceeds are used to finance loans to persons other than governmental entities.

Reallocation – When an initial allocation goes unused or an original allocation has been returned to Commerce, and Commerce has distributed it to another issuer.

Small Issue Aggie – Also known as the Beginning Farmer/Rancher Loan Program. Created in 2006, this program provides loans for first-time farmers and ranchers to establish their businesses. Bonds in this category are issued by the Housing Finance Commission, and individual farmers or ranchers apply to the Commission for financing. Aggie bonds are in the small issue category. Federal law limits individual loans under the program to \$470,100 per family.

Small Issue Manufacturing – Industrial development projects that have capital expenditures of \$20 million or less during a six year period – three years prior to and three years after the issuance of the tax-exempt private activity bond. Small Issue allocations are limited to \$10 million per project.

Tax-exempt – Bond investors are not required to pay federal taxes on interest earned on the bonds. Tax-exempt bonds are more attractive to investors, and are therefore easier to sell. Because of this, tax-exempt bonds can qualify for lower interest rates, which means lower costs for the issuer and user.

Underwriter – A financial or investment institution, usually a large bank, that guarantees the purchase of a full issue of bonds.

User – The governmental entity, business, or individual who is the primary beneficiary of the bond proceeds.