



CTED

Community, Trade and
Economic Development

The 2008 Bond Cap Summary Report

A report to the Legislature on tax-exempt private activity bonds in the state of Washington
as required in RCW 39.86.190

February 2009
Report to the Legislature
Larry Williams, Interim Director

The 2008 Bond Cap Summary Report is a publication of the
Bond Cap Allocation Program

RCW 39.86.190

By February 1 of each year, the agency shall summarize for the legislature each previous year's bond allocation requests and issuances. Beginning in June of 1988 and thereafter in June of each even-numbered year, the agency shall also submit a biennial report summarizing usage of the bond allocation proceeds and any policy concerns for future bond allocations.

Department of Community, Trade and Economic Development

906 Columbia Street SW — PO Box 42525
Olympia, WA 98504-2525

Larry Williams, Interim Director
Karen J. Larkin, Assistant Director, Local Government Division
Bill Cole, Managing Director, Community Development Programs

Report authored by:
Liz Green-Taylor, Bond Cap Allocation Program Manager
(360) 725-5021 or elizabetht@cted.wa.gov

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(360) 725-5021 or TTY/TDD (800) 634-4473 or Fax (360) 586-4162.**

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Statutory Authority: The Revised Code of Washington (RCW) Chapter 39.86:

“The federal tax reform act of 1986 imposes an annual ceiling on the aggregate amount of federally tax-exempt private activity bonds, including bonds for housing, student loans, exempt facilities, small issue industrial, redevelopment, and certain public utility projects, that may be issued during any calendar year by or on behalf of states and their political subdivisions . . . The tax reform act of 1986 provides a formula for allocating the annual ceiling among various issuers of private activity bonds within a state, but permits each state to enact a different allocation method that is appropriate to that state's needs. The purpose of this chapter is to provide a flexible and efficient method of allocating the annual state ceiling in a manner that recognizes the need of the state and its political subdivisions to finance activities or projects that satisfy a substantial public purpose.”

EXECUTIVE SUMMARY

The federal Tax Reform Act of 1986 set a limit — the bond “cap” — on the total value of tax-exempt private activity bonds that may be issued annually in each state. The total amount of bond cap authority is equal to the population of the state times a dollar amount set each year by the Internal Revenue Service. The total cap authority available in 2008 was just over \$549 million.

The Department of Community, Trade and Economic Development (CTED) is charged with administering Washington’s bond cap authority, and is required to report to the Legislature each year, summarizing the year’s bond cap activity. This is the annual summary report.

The 2008 bond cap year was characterized, as was the entire U.S. economy, by market volatility. At the beginning of the year, it appeared 2008 would bring a repeat of 2007’s record-setting demand for cap authority. Housing category applications going into 2008 so far exceeded the available cap that CTED had to establish a competitive process to evaluate and prioritize applications for the first time in program history. Several housing authority applications and a large request from the Housing Finance Commission had to wait for the September 1st reallocations to see if there would be enough cap to go around.

The passage of the Housing and Economic Recovery Act of 2008 (HERA) in July promised to provide some relief for projects on-hold for cap allocations by authorizing an additional \$11 billion in total cap authority nationwide (see page 10). However, by September, effects of the national and global economic slowdown were making themselves felt in the bond cap arena.

Interest rates on industrial development bonds abruptly escalated. Tax credit investors backed out of housing projects. By the end of November, eleven projects with cap allocations — seven housing authority projects and four Small Issue projects — determined that they would not be able to issue bonds in 2008 under sufficiently advantageous circumstances. In addition, several projects in the Housing Finance Commission’s pipeline came to the same conclusion.

Instead of ending the year with all the state’s cap issued as bonds, as had been predicted at the beginning of the year, 2008 ended with the highest amount — and the highest percentage — of unused bond cap authority in the program’s history — over \$307 million in 2008 carryforward, representing nearly 56 percent of the 2008 cap available. Combined with the HERA cap, a total of more than \$502 million in cap authority was carried forward into 2009.

Going into 2009, there are tentative signs of improvement — several bond cap issuances are planned for January and early February. However, with volatility still characterizing the financial markets, the outlook for 2009 is too uncertain for economists to make any predictions with confidence. CTED will continue to monitor the situation, and will post updates on the status of the 2009 cap monthly on the agency website, www.cted.wa.gov/bondcap.

To subscribe to the *Bond Cap Monthly Status Report* e-mail, send your name and e-mail address to:

elizabetht@cted.wa.gov

BOND CAP ALLOCATION BACKGROUND

In the mid-1980s, federal observers became concerned about revenue shortfalls 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, setting a limit – the “cap” or “ceiling” – on the total value of tax-exempt private activity bonds that states may issue each year, and establishing bond use categories eligible to issue bonds under the cap.

In response, first 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 today’s CTED (RCW 39.86).

Since 1987, CTED’s Bond Cap Allocation Program has authorized nearly \$7.6 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. For 2007 and 2008, the cap was raised to \$85 per capita. For calendar year 2008, a total of just over \$549.8 million in bond cap authority was available in the state of Washington. For 2009, the rate was again 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 2009, with the increased rate plus population increases, the total cap authority will be \$589.4 million.

What is a tax-exempt private activity bond? A bond is a means for an investor to loan 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

Housing Resources Group’s Casa Pacifica project in Seattle, financed in part with a bond cap bond issued by the Seattle Housing Authority. Photo courtesy SHA.



BOND CAP ALLOCATION BACKGROUND

totally 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.

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 issuing authority to develop the project, then the bond issuer applies to CTED for authorization to issue the bond. In the case of multifamily housing projects, certain



King County Housing Authority's (KCHA) Riverton Apartments project before reconstruction. The building looked dated and was in need of maintenance. Planned upgrades to the building include:

- *Replace fire alarm system and install new fire sprinkler system.*
- *Upgrade emergency stairways with new flooring.*
- *New lighting and finishes for hallways, lobby, elevator, and laundry room.*
- *Reconfigure lobby and offices, and upgrade community room with new ceiling, lighting, and flooring.*
- *Replace doors and hardware at unit entries, common areas, and main entry.*
- *Replace carpet in unit entries with vinyl, and provide units with new water lines and faucets.*
- *Replace siding, windows, roof, and drainage.*

BOND CAP ALLOCATION BACKGROUND

exempt facilities, and student loans, the issuer may 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. CTED is responsible for evaluating projects, authorizing bond issuances under the cap, and ensuring the state does not exceed its cap authority.

How does CTED decide which projects get cap allocations? Washington’s state Legislature has established in statute a formula for initial allocations, or set-asides, of cap authority for each category. The current initial percentage distribution among the categories is:

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

Prior to 2008, the state also used the Public Utility District (PUD) category, encompassing three districts in the state with

large hydroelectric generating facilities — Chelan, Douglas, and Grant county PUDs. However, the state’s PUD category was limited by federal law to a lifetime maximum of \$750 million in tax exempt private activity bond issuances, after which the category was scheduled to sunset. In 2007, the \$750 million limit was reached, and as of 2008, Washington no longer had a PUD category.

The Remainder category was established as a means to provide program flexibility outside of the category structure early in the allocation year. It has primarily been used for overflow housing projects and for exempt facility projects requiring a large allocation early in the year.

During the year there are specific timelines that apply to certain 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 1 each year. Prior to June 1, portions of the Small Issue set-aside are reserved for Eastern distressed counties, Eastern non-distressed counties, and Western

*KCHA's Riverton project — after.
Cleaner, safer, and more energy
efficient.
Photo courtesy KCHA.*



BOND CAP ALLOCATION BACKGROUND

distressed counties. After September 1, unused cap from any category may be reallocated to any other category, with 50 percent of any 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 CTED to prioritize among projects in part 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.

How competitive is the allocation process? Traditionally, CTED has been able to allocate to eligible projects in each category on a first come, first served basis. Rarely have projects experienced allocation delays, even with the set-aside structure and various reservations and timelines for allocations.

That situation changed in 2007. Demand for cap authority substantially increased in all categories, several housing projects had to wait for September 1 to receive allocations, and the Housing Finance Commission had to curtail both its multifamily and single family programs when the supply of cap ran out ahead of the demand.

High levels of demand continued into the beginning of 2008. By January 1, 2008, CTED had received more requests for cap from local housing authorities than was available in the local housing authority initial



Priest Rapids Dam, Grant County.

Although the Public Utility District category that was specific to three hydroelectric facilities in the state — Chelan, Douglas, and Grant county PUDs — sunsetted in 2007, PUDs may still apply for bond cap as Exempt Facilities, providing they meet the “local delivery of electricity” requirement in federal law. Electricity must be delivered to no more than two adjacent counties.

The Pend Oreille County PUD, for example, is upgrading several turbines in a series of projects in 2007-2010 for a dam that delivers hydropower to one industrial client, the Ponderay Newsprint Company.

Photo courtesy Grant County PUD.

BOND CAP ALLOCATION BACKGROUND

allocation plus the Remainder category. In response, the agency created, for the first time in program history, a competitive process for evaluating and prioritizing applications for Housing cap, based on priorities in statute and agency rule and on agreements negotiated among CTED, the Housing Finance Commission, and local housing authorities over the years.

After a fast start to 2008 in the tax-exempt private activity bond arena, impacts from the sub-prime mortgage crisis and the national

and global economic recession began to be felt in the state of Washington, and activity slowed. Bond interest rates rose markedly, tax credit investors were hard to find, and several projects found themselves unable to issue with advantageous terms by the annual deadline in December. Most of those projects returned their 2008 allocations, planning instead to issue in 2009 (for more information, see section on Market Volatility on page 8).



The Beginning Farmer/Rancher Program was authorized by the Washington Legislature in 2006. Under federal law the program is part of the Small Issue category of bond cap. First time farmers are eligible for loans of up to \$469,200 to begin new farming or ranching operations, supported with a Bond Cap issuance. Administered by the Washington State Housing Finance Commission, the program was nearly two years in development — creating relationships with lenders, assessing the market, and advertising the program. Finally, in 2008 the program began to take off, and WSHFC was able to issue bonds totaling \$1,168,800 that supported six families to start farming or ranching businesses, including purchasing land, equipment, and livestock.

Visit www.wshfc.org/FarmRanch/index.htm for more information.

Prior to 2007, the previous several years had been characterized by low levels of bond cap activity in all categories, and high levels of unused cap allocated as carryforward into future years. That situation changed in 2007 as demand for cap allocations increased beyond the cap available, leaving only \$3 million to carryforward into 2008, and then only because a handful of bonds issued for slightly less than their allocations due to decreased issuance costs.

All indications were that 2008 would continue in the same vein. At the beginning of the year, CTED received a record number of applications for housing cap. To deal with the large influx of requests, CTED created a competitive process to evaluate and prioritize housing applications. For the first time, housing applicants had to anticipate their needs for 2008 cap, and had to observe the January 1st application deadline instead of being able to request cap at any time during the year as projects became ready to issue.

The application review team awarded allocations up to the limit of the available local housing authority cap as well as the entire Remainder, but still ran short of cap. Two housing authority projects and a large request from the Housing Finance Commission (HFC) had to be put off until the September 1st reallocation. By August, several more housing projects were lined up for any bond cap that would become available after September 1st.

In the meantime, at the federal level, Congress had passed the Housing and Economic Recovery Act of 2008 (HERA) in late July. Among the HERA provisions was an \$11 billion increase in cap authority nationwide for housing projects, designed to address the effects of the sub-prime mortgage crisis, affordable housing in

general, and to stimulate the economy through increased housing construction.

Washington’s share of the HERA cap amounted to just over \$202.5 million. In addition to the cap increase, the HERA also authorized state housing finance agencies, such as Washington’s Housing Finance Commission to use bond cap for refinancing at-risk mortgages.

Because Washington state law requires available cap to be distributed among all the categories of projects, CTED sought an Executive Order from Governor Gregoire authorizing allocation of the HERA cap exclusively to housing in compliance with the HERA provisions.

By the time the Executive Order was signed, CTED had already reallocated

2008 Annual Bond Cap Distribution* \$549,816,040 Available Before Carryforward		
Category	Total Allocation	Percent of 2008 Cap
Exempt Facilities	\$45,000,000	8.2%
Housing - HFC**	\$110,603,000	20.1%
Housing - LHA	\$68,505,000	12.5%
Small Issue	\$18,408,800	3.3%
Student Loans	\$0	0.0%
Carryforward	\$307,299,240	55.9%
Total Allocation	\$549,816,040	100.0%

** Represents only the 2008 annual cap allocation. Does not include the cap made available by the Housing and Economic Recovery Act of 2008 (see carryforward discussion on page 14).*

*** All 2008 carryforward from the annual allocation went to the Housing Finance Commission (HFC). After carryforward awards, the HFC percentage of the total cap was 76.0%, and the total percentage of regular 2008 cap that went to Housing was 88.5%.*

2008 BOND CAP NEWS *Market Volatility*

unused cap to all the waiting housing authority projects. After the Executive Order was in place, CTED was able to allocate the additional amounts requested by the Housing Finance Commission.

However, by mid to late September, the national economy had taken a major U-turn. Impacts of the housing crisis, failing financial institutions, and devaluing of municipal bonds worked together to drastically slow the bond market. Increased bond interest rates prevented several Exempt Facility and Small Issue projects from being able to issue under advantageous terms.

Housing projects scheduled to issue bonds before the end of the year were particularly negatively impacted by a lack of available tax credit investors as well as the market volatility. Tax credit investors were unavailable due to the failure of several large investment banks, the scarcity of funds to invest, and the declining need for tax protection as the value of their investments, particularly stock market investments, declined.

As a result, eleven 2008 bond cap applicants — seven local housing authority (LHA) projects and four Small Issue projects — returned their 2008 allocations, electing not to issue bonds at all or to move their applications forward to 2009, hoping for improved market conditions. Instead of the expected shortage of cap as in 2007, the year

HERA Cap Distribution \$202,541,072 Available		
Applicant	Allocation	Percent of HERA Cap
HFC in 2008	\$7,500,000	3.7%
HFC Carryforward	\$195,041,072	96.3%
Total Allocation	\$202,541,072	100.0%

ended with the highest percentage of unused cap in the history of the program — more than half of the total 2008 cap available.

By December, some indicators had improved, and five projects were able to issue bonds late in the month, four of which had to request extensions beyond the usual December 15th issuance deadline. In addition, several projects that had requested their applications be moved forward to 2009 were ready and expecting to issue in early January.

Due to the unprecedented volatility in the bond market during late 2008, economists are cautious about making any predictions at all for 2009. However, interest rates for some Small Issue and Exempt Facility projects have come down slightly from their October/November highs. Affordable housing developers are continuing to apply for 2009 bond cap, hoping tax credit investors return to the market. By January 1st, CTED had received 14 applications for 2009 cap — two Exempt Facility, three Small Issue, and nine housing authority projects.

Total 2008 Annual + HERA Cap Including Carryforward \$752,357,112 Available		
Category	Allocation	Percent of Total Cap
Exempt Facilities	\$45,000,000	6.0%
Housing - HFC*	\$620,443,312	82.5%
Housing - LHA*	\$68,505,000	9.1%
Small Issue	\$18,408,800	2.4%
Student Loans	\$0	0.0%
Total Allocation	\$752,357,112	100.0%
* Total Housing Percentage (HFC + LHA): 91.6%		

What is HERA?

HERA is the Housing and Economic Recovery Act of 2008, which was passed by Congress and signed by the President on July 30, 2008.

How does HERA affect Bond Cap?

HERA provides a one-time addition of \$11 billion of bond cap authority nationwide.

How much HERA cap does the state of Washington get?

A total of \$202,541,072.

What can HERA cap be used for?

HERA cap may only be used for Housing projects, including affordable multifamily rental housing, first-time homebuyer assistance, and — under a new provision specific to HERA — for refinancing of at-risk mortgages.

When can HERA cap be used?

HERA cap became available in 2008 and may be carried forward through the end of 2010.

Who may use the HERA cap?

As for annual bond cap Housing allocations, bond issuers must be either the Housing Finance Commission or local housing authorities. Developers may be housing authorities, non-profit housing agencies, or for-profit affordable housing developers. First-time homebuyers or mortgage holders that meet the Housing Finance Commission's Single Family Program criteria may use financing assistance supported by HERA cap.

Does HERA require any changes to Washington's Bond Cap statutes?

No. Because it is a one-time increase in the cap, and because all the HERA cap had to be allocated before the 2009 Legislature would convene, no legislative action was necessary. Governor Gregoire signed Executive Order 08-04 on October 31, 2008, allowing CTED to allocate the HERA cap exclusively to the Housing category, in compliance with HERA requirements.

What is the current status of Washington's HERA cap?

During 2008, only the Housing Finance Commission issued bonds against the HERA cap, totaling \$7.5 million. CTED allocated the \$195,041,072 balance to the Housing Finance Commission as carryforward to be used prior to the end of 2010. The Commission is authorized under state law to use their cap allocations for their own programs or to reallocate their cap to other issuers. If a local housing authority is unable to get a current year cap allocation from CTED, they may apply directly to the Commission for a reallocation of some of the HERA cap.

2008 ALLOCATION DETAILS *Category Distribution*

Between 2000 and 2008, Bond Cap allocations have supported a total of nearly \$475 million in solid waste projects that have collected and processed solid waste statewide. Solid waste projects have included purchasing land, processing equipment, rail cars, and collection vehicles. Several solid waste Bond Cap projects have diverted materials from the waste stream and remanufactured them into value-added products. In 2008, the Washington Economic Development Finance Authority issued a bond on behalf of Waste Management Corporation to expand solid waste facilities in 12 locations statewide, and to purchase equipment, containers, and real estate.



THE 2008 BOND CAP ALLOCATION TOTAL BOND CAP: \$549,816,040

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	\$109,963,208	\$74,963,208	\$10,000,000	\$45,000,000	\$45,000,000	\$45,000,000	\$0	\$0
Housing — HFC	\$140,752,906	\$40,473,416	\$10,323,510	\$110,603,000	\$151,076,416	\$110,603,000	\$40,473,416	\$0
Housing — LHA	\$35,188,227	\$39,165,000	\$72,481,773	\$68,505,000	\$116,170,000	\$68,505,000	\$47,665,000	\$0
Small Issue	\$137,454,010	\$119,045,210	\$0	\$18,408,800	\$30,898,800	\$18,408,800	\$12,490,000	\$0
Student Loans	\$82,472,406	\$82,472,406	\$0	\$0	\$0	\$0	\$0	\$0
Remainder	\$43,985,283	\$356,119,240	\$92,805,283	\$307,299,240				\$307,299,240
Totals	\$549,816,040	\$356,119,240	\$92,805,283	\$549,816,040	\$343,145,216	\$242,516,800	\$100,628,416	\$307,299,240

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 CTED for reallocation.

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

2008 ALLOCATION DETAILS *Public Benefits of 2008 Allocations*

Tax-exempt bond issuances must, by definition, be for projects with measurable public benefits.

Washington State law and agency rules provide CTED 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.

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 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 2008, a total of 1,229 units of affordable multifamily rental housing were created or rehabilitated with tax-exempt private activity bonds (bond cap) as part of the financing package.

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

JOBS CREATED AND RETAINED						
Category	Cap Used	New Jobs Created	Bond Cap/ New Job	Jobs Retained	Total Jobs	Bond Cap/New & Retained Job
Exempt Facility	\$45,000,000	37	\$1,216,216	313	350	\$128,571
Small Issue	\$18,408,800	65	\$283,212	395	460	\$40,019
Totals	\$63,408,800	102	\$621,655	708	810	\$78,282

AFFORDABLE HOUSING UNITS CREATED OR REHABILITATED			
Category	Housing Units	Cap Used	Bond Cap/Unit
Local Housing Authorities	459	\$68,505,000	\$149,248
WSHFC—2008 Cap	730	\$47,485,000	\$65,048
WSHFC—HERA Cap	40	\$7,500,000	\$187,500
Totals	1,229	\$123,490,000	\$100,480

2008 ALLOCATION DETAILS *Public Benefits of 2008 Allocations*

with the Employment Security Department to ensure that new jobs are advertised and offered to low income Washington residents whenever possible.

During 2008, as the national economic crisis deepened, the number of jobs created and retained by bond cap projects became increasingly important to government decision-makers.

Support for new construction and rehabilitation of affordable housing was included in the Housing and Economic Recover Act of 2008, not only for the public benefits of keeping citizens housed and preventing additional foreclosures, but also for the job creation benefits in the construction industry represented by affordable housing projects.

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.¹ Based on those estimates, affordable housing construction and rehabilitation financed in part with bond cap allocations created an estimated 2,334 jobs in Washington communities during 2008, and an estimated \$66.5 million in tax revenues at the national, state, and local levels.

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.

ESTIMATED JOB CREATION IMPACTS OF CONSTRUCTION AND REHABILITATION OF AFFORDABLE MULTIFAMILY HOUSING						
HFC/LHA	New or Rehab	Units	Bond Cap Used	Total Project Costs ⁴	Estimated Jobs	Bond Cap/ Estimated Job
Housing Finance Commission	New	212	\$26,185,000		351 ²	\$74,601
Local Housing Authorities	New	91	\$7,120,000		106 ²	\$67,170
Housing Finance Commission	Rehab	558	\$28,800,000	\$46,780,244	519 ³	\$55,491
Local Housing Authorities	Rehab	368	\$61,385,000	\$122,379,085	1,358 ³	\$45,203
Totals		1,229	\$123,490,000		2,334	\$52,909

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. 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.

MOVING FORWARD INTO 2009 *Carryforward*

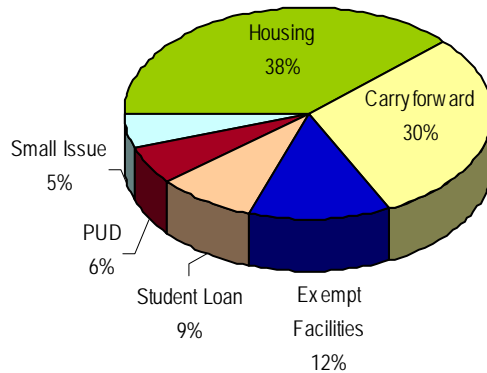
Federal law allows any cap unused at the end of the year to be allocated as carryforward into future years. Carryforward may only be allocated in the Housing, Exempt Facilities, and Student Loan categories, and must be used within three years.

Most carryforward in Washington has been allocated to Housing. Only twice, in 1992 and 1994, has carryforward gone to Exempt Facilities. In 1985-1987 and in 2003, Student Loans also received carryforward. Since 2003, all carryforward has gone to the Housing Finance Commission.

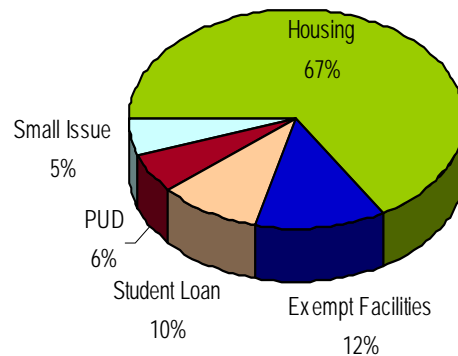
Because the Commission is designated as a sub-allocating agency for bond cap, they are able to either use the carryforward themselves or reallocate it to other issuing authorities. In addition, the Commission uses cap on a program basis, rather than a project basis, eliminating the risk that carryforward could be lost if a particular project does not come together. In years in which all carryforward has been allocated to the Commission, no carryforward has been lost by going unused within the three year deadline.

Although 2008 began with high demand for bond cap and every indication that the year would end as 2007 did — with almost no carryforward — volatility in the bond market resulted in a bond cap use pattern no

Cap distribution before carryforward allocated, 2000-2008



Cap distribution after carryforward allocated, 2000-2008



TOTAL 2008 CARRYFORWARD AMOUNTS

Source	Allocated To	Amount	Must Be Used By
2008 Annual Allocation	HFC's Multifamily Program	\$153,649,620	December 31, 2011
2008 Annual Allocation	HFC's Single Family Program	\$153,649,620	December 31, 2011
HERA Cap Allocation	HFC's Multifamily Program	\$95,041,072	December 31, 2010
HERA Cap Allocation	HFC's Single Family Program	\$100,000,000	December 31, 2010
TOTAL CARRYFORWARD		\$502,340,312	

MOVING FORWARD INTO 2009 *Carryforward*

one predicted. Projects to which CTED made allocations suddenly found themselves unable to issue due to increased bond interest rates, lack of tax credit investors, or hesitation on the part of bond investors.

The result was not only the largest dollar amount of carryforward in the history of the program, but also the highest percentage of cap unused during the calendar year. Regular cap carried forward from 2008 into 2009-2011 amounted to a total of more than \$307 million, or nearly 56 percent of the total 2008 cap.

In addition, with the passage of the HERA (see page 10), Congress provided additional bond cap authority for Housing in order to stimulate the flagging economy.

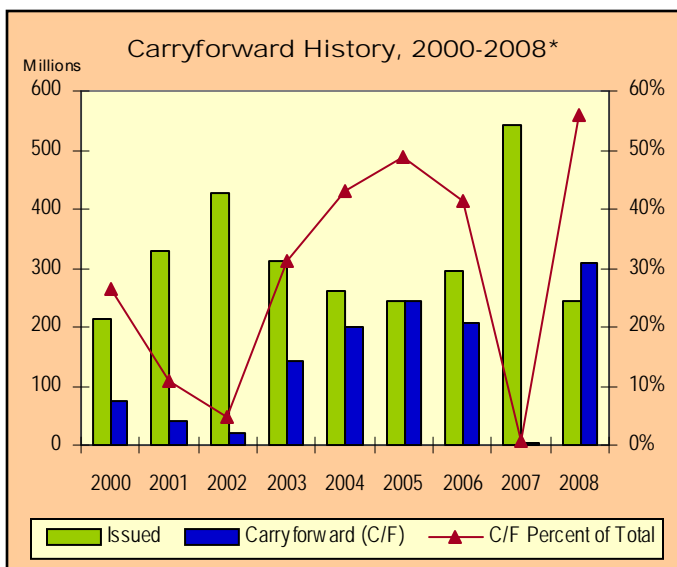
Washington’s share of the HERA cap amounted to more than \$202.5 million, of which only \$7.5 million was used during 2008, leaving a balance of more than \$195 million to carryforward along with the regular 2008 carryforward.

The two carryforward sources together amount to more than \$502.3 million of available cap designated for Housing projects

over the next two to three years — a significant potential stimulus for the state economy, assuming tax credit investors return to the market and market conditions improve enough to allow for favorable terms for bond issuers.

Under federal law, states have up to three years in which to use regular carryforward allocations, so the 2008 carryforward may be used through the end of 2011. However, the HERA cap may only be used through the end of 2010. In order to ensure the most advantageous use of the carryforward for the state, CTED and the Housing Finance Commission have planned to issue bonds against the HERA cap first, then against the 2008 carryforward.

Note: The HERA allocations, projects, and carryforward are not included in the Project Summaries by Category section, but are listed in the Housing Finance Commission projects section (pages 31-32).



TEN YEARS OF CARRYFORWARD		
Year	Carryforward	% of Total Cap
1999	\$51,461,796	18.09%
2000	\$75,731,888	26.31%
2001	\$40,098,287	10.88%
2002	\$21,614,461	4.81%
2003	\$81,647,059	17.94%
2004	\$198,549,975	40.48%
2005	\$242,785,908	48.92%
2006	\$207,664,169	41.28%
2007	\$3,164,023	0.58%
2008*	\$307,299,240	55.89%
Totals	\$1,230,016,815	27.78%

* 2008 totals represent the 2008 annual allocation only, and do not include the HERA cap.

Given the current uncertain and volatile state of the national and global economies, forecasters are hesitant to make any firm predictions of where the market is going to go from here. That being said, there are a few things that can be said with reasonable confidence about the course of the Bond Cap Allocation Program in 2009.

Because of the large amount of 2008 and HERA carryforward, CTED will have a lot of flexibility in making allocations during 2009, particularly at the beginning of the year.

State law allows CTED to reduce a category's initial allocation by an amount equal to the amount of carryforward that category received from the previous year. When a category's initial allocation is reduced due to a carryforward allocation, the initial allocation is moved into the Remainder category, where it may be used for projects in any category.

Because of the large amount of 2008 carryforward allocated to the Housing Finance Commission (HFC), the Commission's entire initial 2009 allocation was returned to CTED and placed into the Remainder category for use.

Most often, the Remainder category is used for Housing projects, particularly local housing authority projects, when demand exceeds the capacity of the local housing authority (LHA) initial allocation. In fact, LHA demand at the beginning of the year nearly always exceeds the supply, requiring at least some of the Remainder to be used early in the year. As of January 1, 2009, nine LHA applications had been received totaling more than \$102 million — enough to use up the LHA initial allocation plus an additional \$65 million from the Remainder. The total amount of these LHA applications exceeds

even the record set at the beginning of 2008.

Without the return of the HFC's initial allocation, the Remainder would have covered only \$47 million of that \$65 million, and several LHA projects would have gone without allocations until at least the September 1st reallocation, along with any LHA applications received after January 1st.

After LHA use, the second most frequent use of the Remainder is for large Exempt Facilities projects. State law prescribes that prior to September 1st of every year, no one Exempt Facility project may receive greater than 30 percent of the Exempt Facility initial allocation.

If a large Exempt Facility application comes in early in the year, the Remainder allows CTED to grant the full request by allocating up to the 30 percent from the initial allocation and the balance from Remainder.

One such project has so far been submitted for 2009 — a large solid waste project — planning to issue early in February. The flexibility created by the trade of the HFC carryforward for its initial allocation also allowed that project to go forward, creating 30 new jobs and retaining 100 jobs for Washington residents. More than ever, the Remainder category has proven to be an essential tool for using bond cap effectively.

Thus far, bond cap issuers seem to be planning for business as usual in 2009. Whether business will in fact turn out to be as usual will depend entirely on what happens in the overall economy and the bond market in particular. If interest rates for industrial development bonds continue to fluctuate, or if Low Income Housing Tax Credit investors continue to avoid making investments, 2009 will be challenging indeed for bond cap customers.

MOVING FORWARD INTO 2009 *Initial Allocations*

For 2009, the IRS increased the volume cap multiplier to \$90 per capita. The U.S. Census Bureau released the official population figures on December 22, 2008, estimating the Washington State population at 6,549,224. Therefore, the total bond volume cap authority available to Washington State for 2009 is:

$$\mathbf{\$90 \times 6,549,224 = \$589,430,160}$$

2009 BOND CAP INITIAL ALLOCATIONS				
Category	Percentage Allocation (per RCW 39.86.120)	Initial Allocation	Amount Reallocated To Remainder*	Revised Initial Allocation
		(A)	(B)	(A – B)
Exempt Facility	20.0%	\$117,886,032.00	\$0.00	\$117,886,032.00
Housing-HFC**	25.6%	\$150,894,120.96	*(\$150,894,120.96)	\$0.00
Housing-LHA**	6.4%	\$37,723,530.24	\$0.00	\$37,723,530.24
Small Issue	25.0%	\$147,357,540.00	\$0.00	\$147,357,540.00
Student Loans	15.0%	\$88,414,524.00	\$0.00	\$88,414,524.00
Remainder	8.0%	\$47,154,412.80	\$150,894,120.96	\$198,048,533.76
TOTALS	100%	\$589,430,160.00	\$150,894,120.96	\$589,430,160.00

* State law (RCW 39.86.120) allows CTED 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. In 2009, because the Housing Finance Commission received more than \$307 million in 2008 carryforward, that category's entire initial allocation was moved into the Remainder category.

** 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 into 80% — 25.6% of the total cap — to the Housing Finance Commission (HFC), and 20% — 6.4% of the total cap — to Local Housing Authorities (LHA) under the Commission's statute (RCW 43.180.200).

2008 PROJECT SUMMARIES BY CATEGORY

Exempt Facility

Date Applied 4/21/2008 *Project County* Statewide *Legislative District*
Issuer Name WEDFA *Principal User* Waste Management
Amount Requested \$30,000,000.00 *Amount Authorized* \$30,000,000.00 *Amount Reverted*
Issuance Amount \$30,000,000.00 *Issuance Date* 6/12/2008 \$0.00
Jobs Created 25 *Housing Units* *Reason for Reversion*
Jobs Retained 303 *New/Rehab*
Total Jobs 328 *Bond Cap/Unit*
Bond Cap/Job \$91,463
Project Description Expand solid waste management facilities in 12 locations statewide; purchase equipment, containers, real estate.

Date Applied 7/10/2008 *Project County* Yakima *Legislative District* 15
Issuer Name Port of Sunnyside *Principal User* Industrial Wastewater Treatment System
Amount Requested \$5,000,000.00 *Amount Authorized* \$5,000,000.00 *Amount Reverted*
Issuance Amount \$5,000,000.00 *Issuance Date* 8/6/2008 \$0.00
Jobs Created 0 *Housing Units* *Reason for Reversion*
Jobs Retained 10 *New/Rehab*
Total Jobs 10 *Bond Cap/Unit*
Bond Cap/Job \$500,000
Project Description Upgrade wastewater treatment system for 17 industrial tenants by constructing a dewatering system for the existing sequencing batch reactor.

Date Applied 11/12/2008 *Project County* Pend Oreille *Legislative District* 7
Issuer Name Pend Oreille County PUD *Principal User* The Ponderay Newsprint Company
Amount Requested \$10,000,000.00 *Amount Authorized* \$10,000,000.00 *Amount Reverted*
Issuance Amount \$10,000,000.00 *Issuance Date* 12/18/2008 \$0.00
Jobs Created 12 *Housing Units* *Reason for Reversion*
Jobs Retained 0 *New/Rehab*
Total Jobs 12 *Bond Cap/Unit*
Bond Cap/Job \$833,333
Project Description Second of four turbine upgrades and fish and other environmental enhancements at the Box Canyon Hydroelectric facility.

2008 PROJECT SUMMARIES BY CATEGORY

Exempt Facility

Category Totals

<i>Total Requested</i>	\$45,000,000.00	<i>Total Authorized</i>	\$45,000,000.00
<i>Total Issued</i>	\$45,000,000.00	<i>Total Reverted</i>	\$0.00
<i>Total Jobs Created</i>	37	<i>Total Housing Units</i>	
<i>Total Jobs Retained</i>	313	<i>Bond Cap/Unit</i>	
<i>Total Jobs</i>	350		
<i>Bond Cap/Job</i>	\$128,571		

Housing - Housing Finance Commission

<i>Date Applied</i>	12/28/2007	<i>Project County</i>	Statewide	<i>Legislative District</i>	
<i>Issuer Name</i>	Housing Finance Commission	<i>Principal User</i>	Multifamily		
<i>Amount Requested</i>	\$150,724,518.24	<i>Amount Authorized</i>	\$0.00	<i>Amount Reverted</i>	
<i>Issuance Amount</i>	\$0.00	<i>Issuance Date</i>		\$0.00	
<i>Jobs Created</i>		<i>Housing Units</i>		<i>Reason for Reversion</i>	
<i>Jobs Retained</i>		<i>New/Rehab</i>		Rescinded - not able to	
<i>Total Jobs</i>		<i>Bond Cap/Unit</i>		issue this year.	
<i>Bond Cap/Job</i>					
<i>Project Description</i>	Create or rehab affordable multifamily rental housing projects statewide (original request of \$161,048,027.00).				

<i>Date Applied</i>	12/28/2007	<i>Project County</i>	Statewide	<i>Legislative District</i>	
<i>Issuer Name</i>	Housing Finance Commission	<i>Principal User</i>	Multifamily		
<i>Amount Requested</i>	\$10,323,509.76	<i>Amount Authorized</i>	\$10,323,509.76	<i>Amount Reverted</i>	
<i>Issuance Amount</i>	\$0.00	<i>Issuance Date</i>		\$10,323,509.76	
<i>Jobs Created</i>		<i>Housing Units</i>		<i>Reason for Reversion</i>	
<i>Jobs Retained</i>		<i>New/Rehab</i>		Not able to issue due to	
<i>Total Jobs</i>		<i>Bond Cap/Unit</i>		market conditions.	
<i>Bond Cap/Job</i>					
<i>Project Description</i>	Create or rehab affordable multifamily rental housing projects statewide. (\$5 million reallocated to King County Housing Authority 4/3/08)				

2008 PROJECT SUMMARIES BY CATEGORY

Housing - Housing Finance Commission

Date Applied 12/28/2007 *Project County* Statewide *Legislative District*

Issuer Name Housing Finance Commission *Principal User* Multifamily Program

Amount Requested \$82,340,450.15 *Amount Authorized* \$82,340,450.15 *Amount Reverted*

Issuance Amount \$52,485,000.00 *Issuance Date* 12/15/2008 \$29,855,450.15

Jobs Created *Housing Units* 730 *Reason for Reversion*

Jobs Retained *New/Rehab* Both New & Rehab Unable to issue due to market conditions.

Total Jobs *Bond Cap/Unit* \$71,897

Bond Cap/Job

Project Description Create or rehab affordable multifamily rental housing projects statewide.

Date Applied 12/28/2007 *Project County* Statewide *Legislative District*

Issuer Name Housing Finance Commission *Principal User* Single Family

Amount Requested \$71,195,000.00 *Amount Authorized* \$0.00 *Amount Reverted*

Issuance Amount \$0.00 *Issuance Date* \$0.00

Jobs Created *Housing Units* *Reason for Reversion*

Jobs Retained *New/Rehab* Rescinded - not able to issue this year.

Total Jobs *Bond Cap/Unit*

Bond Cap/Job

Project Description Finance homeownership opportunities statewide.

Date Applied 12/28/2007 *Project County* Statewide *Legislative District*

Issuer Name Housing Finance Commission *Principal User* Single Family Program

Amount Requested \$58,412,456.09 *Amount Authorized* \$58,412,456.09 *Amount Reverted*

Issuance Amount \$58,118,000.00 *Issuance Date* 12/23/2015 \$294,456.09

Jobs Created *Housing Units* *Reason for Reversion*

Jobs Retained *New/Rehab* Issued for less than allocation.

Total Jobs *Bond Cap/Unit*

Bond Cap/Job

Project Description Finance homeownership opportunities statewide.

2008 PROJECT SUMMARIES BY CATEGORY

Housing - Housing Finance Commission

Date Applied 12/30/2008 *Project County* Statewide *Legislative District*

Issuer Name Housing Finance Commission *Principal User* Multifamily Carryforward

Amount Requested \$153,649,620.00 *Amount Authorized* \$153,649,620.00 *Amount Reverted*

Issuance Amount \$0.00 *Issuance Date* \$0.00

Jobs Created *Housing Units* *Reason for Reversion*

Jobs Retained *New/Rehab*

Total Jobs *Bond Cap/Unit*

Bond Cap/Job

Project Description Carryforward to 2009-2011. Affordable multifamily rental housing statewide.

Date Applied 12/30/2008 *Project County* Statewide *Legislative District*

Issuer Name Housing Finance Commission *Principal User* Single Family Carryforward

Amount Requested \$153,649,620.00 *Amount Authorized* \$153,649,620.00 *Amount Reverted*

Issuance Amount \$0.00 *Issuance Date* \$0.00

Jobs Created *Housing Units* *Reason for Reversion*

Jobs Retained *New/Rehab*

Total Jobs *Bond Cap/Unit*

Bond Cap/Job

Project Description Carryforward to 2009-2011. Homebuyer assistance statewide.

Category Totals

Total Requested \$680,295,174.24 *Total Authorized* \$458,375,656.00

Total Issued \$110,603,000.00 *Total Reverted* \$40,473,416.00

Total Jobs Created *Total Housing Units* 730

Total Jobs Retained *Bond Cap/Unit* \$151,511

Total Jobs

Bond Cap/Job

Housing - Local Housing Authority

2008 PROJECT SUMMARIES BY CATEGORY

Housing - Local Housing Authority

Date Applied 10/1/2007 *Project County* King *Legislative District* 47
Issuer Name King County Housing Authority *Principal User* Springwood Apartments
Amount Requested \$45,000,000.00 *Amount Authorized* \$50,000,000.00 *Amount Reverted*
Issuance Amount \$50,000,000.00 *Issuance Date* 8/28/2008 \$0.00
Jobs Created *Housing Units* 260 *Reason for Reversion*
Jobs Retained *New/Rehab* Rehabilitation
Total Jobs *Bond Cap/Unit* \$192,308
Bond Cap/Job
Project Description Acquisition and rehabilitation of 260 units of affordable rental housing. [\$5 million reallocation from the Commission on 4/3/08]

Date Applied 10/1/2007 *Project County* Kitsap *Legislative District* 23
Issuer Name Kitsap Co Cons Hsg Authority *Principal User* Poplars Apartments LP
Amount Requested \$3,400,000.00 *Amount Authorized* \$3,400,000.00 *Amount Reverted*
Issuance Amount \$0.00 *Issuance Date* \$3,400,000.00
Jobs Created *Housing Units* *Reason for Reversion*
Jobs Retained *New/Rehab* Rehabilitation Unable to issue due to market conditions.
Total Jobs *Bond Cap/Unit*
Bond Cap/Job
Project Description Acquisition and rehabilitation of 32 units of senior housing; 50% of units will serve residents with less than 30% of median income.

Date Applied 10/2/2007 *Project County* Okanogan *Legislative District*
Issuer Name Okanogan Co Housing Authority *Principal User* DeCamp Portfolio
Amount Requested \$3,150,000.00 *Amount Authorized* \$3,150,000.00 *Amount Reverted*
Issuance Amount \$0.00 *Issuance Date* \$3,150,000.00
Jobs Created *Housing Units* *Reason for Reversion*
Jobs Retained *New/Rehab* Rehabilitation Application moved to 2009 due to market conditions.
Total Jobs *Bond Cap/Unit*
Bond Cap/Job
Project Description Preservation of 90 units of rural affordable housing units in five properties in Omak, Quincy, Goldendale, Twisp, and Winthrop.

2008 PROJECT SUMMARIES BY CATEGORY

Housing - Local Housing Authority

Date Applied 7/23/2008 *Project County* Walla Walla *Legislative District* 16
Issuer Name Walla Walla Housing Authority *Principal User* Workforce Housing (Galbraith II)
Amount Requested \$3,000,000.00 *Amount Authorized* \$0.00 *Amount Reverted*
Issuance Amount \$0.00 *Issuance Date*
Jobs Created *Housing Units* *Reason for Reversion*
Jobs Retained *New/Rehab* New Construction Application moved to
Total Jobs *Bond Cap/Unit* 2009 due to market
Bond Cap/Job conditions.
Project Description Construct 25 units of workforce housing on scattered sites in Walla Walla.

Date Applied 8/15/2008 *Project County* Clark *Legislative District* 17
Issuer Name Vancouver Housing Authority *Principal User* Burton Ridge at Four Seasons
Amount Requested \$14,200,000.00 *Amount Authorized* \$14,200,000.00 *Amount Reverted*
Issuance Amount \$0.00 *Issuance Date* \$14,200,000.00
Jobs Created *Housing Units* *Reason for Reversion*
Jobs Retained *New/Rehab* New Construction Move application to
Total Jobs *Bond Cap/Unit* 2009 due to market
Bond Cap/Job conditions.
Project Description Construction of a 172 units in a planned senior community with a variety of housing types, inc. duplexes, apartments, and assisted living.

Date Applied 8/15/2008 *Project County* Clark *Legislative District* 17
Issuer Name Vancouver Housing Authority *Principal User* Camas Ridge
Amount Requested \$5,200,000.00 *Amount Authorized* \$5,200,000.00 *Amount Reverted*
Issuance Amount \$0.00 *Issuance Date* \$5,200,000.00
Jobs Created *Housing Units* *Reason for Reversion*
Jobs Retained *New/Rehab* New Construction Move application to
Total Jobs *Bond Cap/Unit* 2009 due to market
Bond Cap/Job conditions.
Project Description Construction of 51 units in a mixed income multifamily apartment project for families at or below 60% median income in Camas, WA.

2008 PROJECT SUMMARIES BY CATEGORY

Small Issue

Date Applied 4/11/2008 *Project County* Spokane *Legislative District* 7
Issuer Name IDC of Spokane County *Principal User* Egg Enterprises, LLC
Amount Requested \$1,755,000.00 *Amount Authorized* \$1,755,000.00 *Amount Reverted*
Issuance Amount \$1,755,000.00 *Issuance Date* 7/24/2008 \$0.00
Jobs Created 2 *Housing Units* *Reason for Reversion*
Jobs Retained 27 *New/Rehab*
Total Jobs 29 *Bond Cap/Unit*
Bond Cap/Job \$60,517
Project Description Construct and equip new steel manufacturing building in Deer Park to be leased by Northwest Steel Fab, Inc.

Date Applied 4/11/2008 *Project County* Spokane *Legislative District* 4
Issuer Name IDC of Spokane County *Principal User* MacKay Manufacturing, Inc.
Amount Requested \$1,800,000.00 *Amount Authorized* \$1,800,000.00 *Amount Reverted*
Issuance Amount \$1,800,000.00 *Issuance Date* 6/16/2008 \$0.00
Jobs Created 0 *Housing Units* *Reason for Reversion*
Jobs Retained 97 *New/Rehab*
Total Jobs 97 *Bond Cap/Unit*
Bond Cap/Job \$18,557
Project Description Acquire and install additional capital equipment at medical and electronic equipment manufacturer in Spokane.

Date Applied 4/11/2008 *Project County* Pierce *Legislative District* 2
Issuer Name WEDFA *Principal User* Commencement Bay Corrugated, Inc.
Amount Requested \$4,285,000.00 *Amount Authorized* \$4,285,000.00 *Amount Reverted*
Issuance Amount \$4,285,000.00 *Issuance Date* 4/17/2008 \$0.00
Jobs Created 2 *Housing Units* *Reason for Reversion*
Jobs Retained 121 *New/Rehab*
Total Jobs 123 *Bond Cap/Unit*
Bond Cap/Job \$34,837
Project Description Finance expansion, construction, and equipment purchase for cardboard manufacturing operation in Orting.

2008 PROJECT SUMMARIES BY CATEGORY

Small Issue

Date Applied 8/6/2008 *Project County* Pierce *Legislative District* 2
Issuer Name EDC of Pierce County *Principal User* South Hill Industrial Properties LLC
Amount Requested \$4,000,000.00 *Amount Authorized* \$4,000,000.00 *Amount Reverted*
Issuance Amount \$0.00 *Issuance Date* \$4,000,000.00
Jobs Created *Housing Units* *Reason for Reversion*
Jobs Retained *New/Rehab* Moved to 2009 due to
Total Jobs *Bond Cap/Unit* market conditions
Bond Cap/Job
Project Description New construction for expansion of Art Morrison Enterprises, which manufactures chassis for classic cars and armored vehicles.

Date Applied 8/13/2008 *Project County* Statewide *Legislative District*
Issuer Name Housing Finance Commission *Principal User* Beginning Farmer/Rancher Increase
Amount Requested \$518,800.00 *Amount Authorized* \$518,800.00 *Amount Reverted*
Issuance Amount \$0.00 *Issuance Date* \$518,800.00
Jobs Created *Housing Units* *Reason for Reversion*
Jobs Retained *New/Rehab* Pending projects
Total Jobs *Bond Cap/Unit* moved into 2009 due to
Bond Cap/Job market conditions.
Project Description Financing for loans to first time farmers and ranchers. Increased allocation and extension of issuance deadline.

Date Applied 8/15/2008 *Project County* Pierce *Legislative District* 6
Issuer Name WEDFA *Principal User* Belina Interiors Inc/BELCO LLC
Amount Requested \$1,540,000.00 *Amount Authorized* \$1,540,000.00 *Amount Reverted*
Issuance Amount \$1,400,000.00 *Issuance Date* 8/10/2008 \$140,000.00
Jobs Created 37 *Housing Units* *Reason for Reversion*
Jobs Retained 0 *New/Rehab* Issuance costs less
Total Jobs 37 *Bond Cap/Unit* than expected.
Bond Cap/Job \$37,838
Project Description Acquire, rehab, and equip facilities for manufacturer of yacht interiors in Tacoma.

2008 PROJECT SUMMARIES BY CATEGORY

Small Issue

<i>Date Applied</i> 8/15/2008	<i>Project County</i> Snohomish	<i>Legislative District</i> 38	
<i>Issuer Name</i> WEDFA	<i>Principal User</i> Royell Manufacturing, Inc.		
<i>Amount Requested</i> \$7,000,000.00	<i>Amount Authorized</i> \$7,000,000.00	<i>Amount Reverted</i>	
<i>Issuance Amount</i> \$0.00	<i>Issuance Date</i>	\$7,000,000.00	
<i>Jobs Created</i>	<i>Housing Units</i>	<i>Reason for Reversion</i>	
<i>Jobs Retained</i>	<i>New/Rehab</i>	Move into 2009 due to market conditions	
<i>Total Jobs</i>	<i>Bond Cap/Unit</i>		
<i>Bond Cap/Job</i>			
<i>Project Description</i> Purchase and rehab of existing leased facility and purchase of equipment for metal fabrication facility.			

<i>Date Applied</i> 9/10/2008	<i>Project County</i> Lewis	<i>Legislative District</i> 20	
<i>Issuer Name</i> WEDFA	<i>Principal User</i> Reese Real Estate/Standard Plastic		
<i>Amount Requested</i> \$1,000,000.00	<i>Amount Authorized</i> \$1,000,000.00	<i>Amount Reverted</i>	
<i>Issuance Amount</i> \$1,000,000.00	<i>Issuance Date</i> 10/31/2008	\$0.00	
<i>Jobs Created</i> 3	<i>Housing Units</i>	<i>Reason for Reversion</i>	
<i>Jobs Retained</i> 10	<i>New/Rehab</i>		
<i>Total Jobs</i> 13	<i>Bond Cap/Unit</i>		
<i>Bond Cap/Job</i> \$76,923			
<i>Project Description</i> Acquisition, expansion, and equipment purchase for 27,250 square foot plastics extrusion facility in Centralia.			

Category Totals

<i>Total Requested</i> \$30,898,800.00	<i>Total Authorized</i> \$30,898,800.00		
<i>Total Issued</i> \$18,408,800.00	<i>Total Reverted</i> \$12,490,000.00		
<i>Total Jobs Created</i> 65	<i>Total Housing Units</i>		
<i>Total Jobs Retained</i> 395	<i>Bond Cap/Unit</i>		
<i>Total Jobs</i> 460			
<i>Bond Cap/Job</i> \$40,019			

2008 PROJECT SUMMARIES BY CATEGORY

Grand Totals

<i>Total Requested</i>	\$870,363,974.24	<i>Total Authorized</i>	\$650,444,456.00
<i>Total Issued</i>	\$242,516,800.00	<i>Total Reverted</i>	\$100,628,416.00
<i>Total Jobs</i>	810	<i>Total Housing Units</i>	1,189

2008 HFC BOND CAP PROJECTS *Single Family Program*

HOUSING FINANCE COMMISSION SINGLE FAMILY PROGRAM						
Issuance Date	Description	2005 Carryforward	2006 Carryforward	2008 Current Year Cap	HERA Cap	Total Allocation or Issuance
Available for 2008		\$20,000,000	\$48	\$58,412,456	\$55,000,000	\$78,412,504
7/22/2008	2008 Series 1A and VR 1A			\$17,118,000		\$17,118,000
9/25/2008	2008 Series 2N			\$28,000,000		\$28,000,000
9/25/2008	Series 2008 VR- 2N			\$13,000,000		\$13,000,000
12/15/2008	Mortgage Credit Certificates	\$20,000,000				\$20,000,000
12/15/2008	Revert to CTED			(\$294,456)	(\$55,000,000)	(\$294,456)
Total Issued		\$20,000,000	\$0	\$58,118,000	\$0	\$78,118,000
Remaining Available for 2009		\$0	\$48	\$0	\$0	\$48

2008 HFC BOND CAP PROJECTS *Multifamily Program*

HOUSING FINANCE COMMISSION MULTIFAMILY PROGRAM							
Project Name	Units	Issuance Date	2006 Carry-forward	2007 Carry-forward	2008 Bond Cap	HERA Cap*	Total Allocation or Issuance
Available for 2008			\$18,800,516	\$3,164,023	\$92,663,960	\$18,200,000	\$275,460,516
Greentree Apartment Homes	208	01/30/2008			\$82,340,450		\$82,340,450
KCHA — Springwood (reallocated)		03/31/2008			\$5,000,000		\$5,000,000
Talon Hills Seniors	60	05/30/2008			\$3,495,000		\$3,495,000
Parkview Apartments	63	07/25/2008			\$3,060,000		\$3,060,000
APD WA Rural Development Portfolio	287	07/31/2008			\$9,940,000		\$9,940,000
Lilac Terrace Apartments	50	10/09/2008			\$5,200,000		\$5,200,000
Senior Terrace Apartments	62	11/14/2008			\$9,990,000		\$9,990,000
Artspace Everett Lofts	40	12/23/2008				\$7,500,000	\$7,500,000
Revert to CTED		12/29/2008			(\$40,178,960)	(\$10,700,000)	(\$50,878,960)
Total Issued	770		\$0	\$0	\$52,485,000	\$7,500,000	\$59,985,000
Remaining Available for 2009			\$18,800,516	\$3,164,023	\$0	\$0	\$21,964,539
*HERA = Housing and Economic Recovery Act of 2008 (see page 10)							