

Bond Cap Allocation Program

2024 biennial policy report and activity summary, per
RCW [39.86.190](#)

Acknowledgments

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Executive summary

Overview

Since its inception in 1987, the Bond Cap Allocation Program (BCAP, or program) has approved more than \$18.68 billion in tax-exempt private activity bond issuing authority for a variety of economic and industrial development, housing, hydroelectric power, exempt capital facility projects and student loans in Washington state. The Washington State Department of Commerce (Commerce) administers the program.

The program authorizes the issuance of bonds under the federal bond cap but does not directly fund or finance projects. Funds used for projects receiving permission to issue tax-exempt private activity bonds come from private investors who purchase the bonds, not from governmental entities.

Every two years, the program must prepare a biennial report to the Legislature summarizing usage of the bond allocation proceeds and any policy concerns for future bond allocations. [Revised Code of Washington \(RCW\) 39.86](#) requires the biennial report and also guides the annual allocations of the private activity bond cap, made on a calendar year basis. This is the report for the 2022-2023 biennium.

2022-2023 allocations

BCAP authorized \$1.64 billion for 55 projects located throughout the state. The biennium began with \$151.92 million in available carryforward (the allocation of bond cap not used within the current year to a qualified issuer) and ended with \$295.34 million available to carryforward in 2024. These issuances of private activity bond volume cap are alternatively known as "bond cap", "volume cap" or "cap." In this report, it is referred to as bond cap.

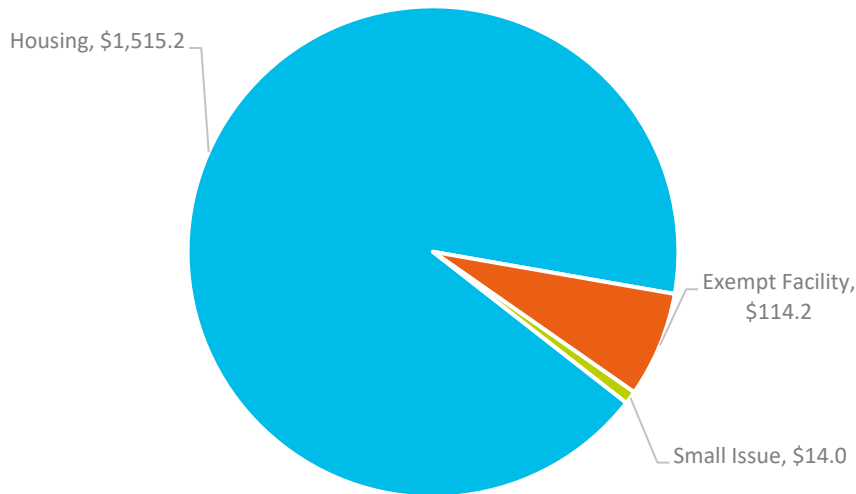
Between 2022 and 2023, housing projects used approximately \$1.51 billion in bond cap. This total included:

- \$1.34 billion to create 7,039 units of affordable multifamily rental housing across 43 projects.
- \$175 million for low-income, first-time homebuyer assistance that helped 1,037 first-time homebuyers.

The housing construction resulted in an estimated 7,185 short-term construction jobs and permanent positions. Nine non-housing projects used \$128.27 million in bond cap, with one exempt facility project comprising just over 89% of that amount. Small Issue and Exempt Facility projects resulted in an additional 70 new permanent positions, the retention of 51 existing positions, and the creation of undetermined number of temporary/construction jobs as reported by applicants.

During 2022 and 2023, the program allocated all carryforward to the Washington State Housing Finance Commission (WSHFC) for affordable housing.

Figure 1: Category distributions for 2022-2023 (in millions)



2024-2025 allocations

A total of \$976.61 million in new bond cap is available for 2024. An additional \$295.34 million in multi-family bond cap was carried forward at the beginning of the year. The bond cap for 2025 will not be determined until December 2024.

Demand for bond cap currently exceeds the total of the new and carryforward amounts. However, based upon similar circumstances in recent years, it is likely that a portion of allocated bond cap will not be issued prior to the end of the year and will be designated as carryforward. Recent carryforward designations have almost exclusively been made to the WSHFC.

Strong ongoing demand for bond cap is due in large part to bond issuances by the WSHFC and housing authorities for housing projects, although multiple [exempt facility](#) applications have resulted in significant supplemental demand in recent years. Small issue applications have been limited primarily to beginning farmer/rancher projects.

While interest rates and construction costs have affected the timing and amount of project closings during the last biennium, there has been no significant impact to the total number of housing and exempt facility projects receiving allocations over the past two years.

Policy discussion

Significant affordable housing, economic development and infrastructure needs continue to challenge the state. A multitude of disruptive factors have made these demands more challenging over the past two years. To meet the demand and respond to increased needs, Commerce will continue to:

- Work with the governor's office and our congressional delegation to advocate for an increase to the bond cap's per-capita multiplier (currently \$125 per Washington resident) used to establish the annual bond cap and increase the amount of 9% Low Income Housing Tax credits (LIHTCs) allocated to each state.
- In addition, Commerce will continue to work with bond cap stakeholders to:

- Regularly convene a discussion group to strengthen partnerships, track bond cap trends, evaluate increases in construction costs on projects, monitor economic conditions, discuss proposed federal legislation, and investigate potential innovations or other measures such as bond cap recycling, new exempt facility categories and innovative uses.
- Expedite use of annual bond cap (and preserve any unused bond cap through carryforward) to maximize resources available to address affordable housing, economic development, and infrastructure needs.

Program overview

Private activity bonds are not usually eligible for tax-exempt status if the proceeds benefit businesses or individuals. However, when issued under the authority of the bond cap allocation, many projects financed by private activity bonds can access lower-cost, tax-exempt bond financing if the projects have substantial public benefits.

This report contains a significant number of acronyms and terms that may be unfamiliar to the reader. For reference, [Appendix A](#) provides a compilation of acronyms and definitions.

What is the bond cap?

The “bond cap” is a federal limitation on the total volume of these tax-exempt private activity bonds issued annually every calendar year in each state.

The Internal Revenue Code allows states to determine how to distribute bond cap authority among five categories of projects:

- 1) exempt facility,
- 2) housing,
- 3) public utility districts (for specific hydroelectric projects),
- 4) small issue manufacturing, and
- 5) student loans.

Washington state RCW sets percentages for each category, criteria for allocation within the categories, and timelines for bond cap that is set aside in some categories to encourage development in eastern and distressed areas of the state.

The Bond Cap Allocation Program has authorized approximately \$18.68 billion in tax-exempt private activity bond issuances since its inception. These bonds have contributed to:

- The development of thousands of affordable housing units and new jobs in Washington’s communities
- Industry, infrastructure, and clean energy production across the state
- Low-cost student loans to educate thousands of Washington’s residents

How much cap authority is available?

The total amount of tax-exempt private activity bond authority for each state is calculated using a per capita formula. During the 2022-23 biennium, the multiplier, established by the Internal Revenue Service, increased from \$110 in 2022 to \$120 in 2023. For calendar year 2024, the multiplier increased to \$125 per Washingtonian. Based on annual population estimates provided by the U.S. Census Bureau, a total of \$976.61 million in bond cap authority was available in Washington in 2024. This reflects an increase of 14.73% from the 2022 initial allocation. Bond cap authority is divided among the eligible categories by percentages described in state law ([RCW 39.86.120](#)).

What is a tax-exempt private activity bond?

A bond is a means for an investor to lend money to a corporate or governmental entity for a defined period at a specified interest rate. 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 – for example, roads and most infrastructure – the project proponent can issue tax-exempt bonds without bond 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 it meets one of two tests:

- 1. It meets both of the private business use tests:
 - Greater than 10% of bond proceeds are used for any private business purpose, AND
 - Greater than 10% of bond proceeds are either secured by property used for private business purposes or are to be repaid from private business sources.
- 2. OR, it meets the private loan financing test:
 - Greater than 5% (or \$5 million, whichever is less) of bond proceeds are used for loans to persons other than governmental entities.¹



Alberta J. Canada Building in Tacoma's Hilltop Neighborhood, a housing project completed by the Tacoma Housing Authority. Photo courtesy of the Washington State Housing Finance Commission and the Tacoma Housing Authority.

What kinds of projects are eligible?

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

¹ Federal Taxation of Municipal Bonds Deskbook; Third Edition; November 2017; LexisNexis, Newark, New Jersey; page 12; Referring to 26, U.S.C Section 141, Paragraph 2.01(a) and (b)

- **Exempt facility:** Certain types of capital transportation, waste management, energy and environmental facilities as defined in the Internal Revenue Code. Multifamily low-income rental housing projects are included in the exempt facility category under federal law. However, Washington state law separates multifamily rental housing from the rest of the exempt facility category and places it under housing.
- **Housing:** In Washington, this includes both affordable multifamily rental housing and single-family homeownership projects.
- **Small issue:** Industrial development projects needing less than \$20 million in capital expenditures over six years. Bonds are limited to \$10 million in par value.
- **Student loans:** Higher education loans for qualifying students.
- **Public Utility District (PUD):** Efficiency and environmental enhancements for certain hydroelectric facilities. Each state's PUD bond cap was further limited in federal law, with Washington's limited to a lifetime maximum of \$750 million. In 2007, Washington's PUDs used the last of the \$750 million bond cap, so the PUD category no longer exists in the state.

How does Commerce decide which projects get cap allocations?

The Washington State Legislature established in statute, [RCW 39.86.120](#), a formula for initial allocations – set-asides for each category of bond cap. Since 2017, the initial set-aside allocations have been:

- Exempt facility: 20%
- Housing: 42%, divided between:
 - WSHFC: 80% (that is, 33.6% of total bond cap)
 - Local housing authorities: 20% (that is, 8.4% of total bond cap)
- Small issues: 25%
- Student loans: 5%
- Remainder: 8%

Commerce is responsible for taking applications, evaluating projects, authorizing bond issuances under the bond cap and ensuring the state does not exceed its bond cap authority.

State laws or rules (Washington Administrative Code, or WAC) establish timelines for some of the category set-asides, which includes a limitation on that a single exempt facility project may not exceed more than 30% of the initial set-aside prior to May 1 of each year.

After July 1, 50% of unused bond cap from any category can be reallocated to any other category; 50% of all unused bond cap is [prioritized for housing](#). The authority in the remainder category can be used for any eligible category of project at any time, thus creating flexibility in the program early in the year.

Each category has a set of basic eligibility criteria in the Internal Revenue Code, state statute and WAC that guide allocation decisions. These criteria help Commerce prioritize projects for allocations by assessing the public benefit of each project.

Generally, projects that apply for an allocation of bond cap that meet all requirements will receive a full or partial allocation if there is remainder, initial set-asides (subject to restrictions) or released amounts. As a result, the program often makes allocations based upon the order in which it receives valid applications.

Who applies for bond cap authority?

Private activity bonds help finance projects that have a significant non-governmental component but that provide a qualified public benefit. These private entities can include for-profit businesses or nonprofits, including housing authorities. Nonprofit providers of affordable housing use a significant amount of bond cap each year to expand housing opportunities throughout the state.

Companies can use up to \$10 million in private activity bonds to support qualified industrial development projects that do not exceed \$20 million in total project cost. This allocation can be used to create or expand manufacturing business to support economic development.

In addition, businesses such as waste management companies or private water purveyors can utilize private activity bonds to provide utility services including water lines, expanded waste collection or the creation of value-added products to reduce waste streams. An allocation of bond cap can be used if a public entity such as a port or municipality (a city, county or special district) is expanding infrastructure to specific businesses rather than the public at large.

How does a project apply for bond cap authority?

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

During most years, carryforward amounts have been allocated to WSHFC because it is able to use carryforward on a program basis. As a sub-allocating agency of Commerce, it can reallocate housing bond cap to other issuers, such as local housing authorities. However, under federal law, those reallocations must be within the same bond cap category for which WSHFC received the carryforward. For example, carryforward allocated to WSHFC for affordable multifamily rental housing can only be reallocated to other issuers of multifamily rental housing bonds.

The program has rarely allocated carryforward in the exempt facility category, except in unique circumstances, because of the risks associated with allocating to specific projects. For 2022 and 2023, as for most years, Commerce allocated all carryforward to WSHFC.

Reducing initial allocations by carryforward amounts

When an issuer has received a carryforward allocation, the program may reduce the issuer's initial allocation for the following year by the amount of the carryforward received. The resulting bond cap amount is moved into the remainder category.² This allows additional flexibility in making allocations outside the set-aside structure early in the year.

Several times in the history of the program, the program reduced WSHFC's initial allocation by carryforward amounts. That enabled local housing authorities and exempt facility projects to get the bond cap they needed without having to wait for the category set-asides to be released July 1.

In a recent adjustment to program administration, BCAP determined that reductions to the initial set-asides due to carryforward would only occur when multiple projects in separate categories had submitted complete

² [RCW 39.86.120\(2\)](#).

applications prior to the start of the calendar year. The program made this determination to ensure predictability and consistency in application of this provision. This approach was utilized for the 2022 initial allocations to account for carryforward designation to the WSHFC at the end of 2021.

Bond cap policy issues

Two years ago, the state was experiencing the beginning of its economic recovery from many of the primary impacts of the COVID-19 public health emergency. In addition, the full impacts of the federal Tax Cuts and Jobs Act of 2017 on the bond market were more fully emerging, after delays due to disruptions in the economy.

While demand for private activity tax-exempt bonds remained high at the start of 2022, there were significant questions about the impact of factors influencing bond cap demand, such as bond pricing, interest rates, employment, labor supply, construction costs, supply chain issues, homelessness, inflation, rental rates, home prices and gasoline prices. Continued high demand for bond cap allocations seemed likely at that time, but not certain.

During 2022 and 2023, bond cap utilization did remain high. However, the factors identified above impacted the viability and timing of some projects. For example, there was a notable drop in utilization of exempt facility category issuances. In addition, a number of affordable housing projects experienced funding gaps and delays. As a result, issuances for affordable housing dropped by 7.34% while the overall number of affordable units built or preserved declined by 26.14% during the 2022-23 biennium compared to the previous period. This larger drop in the number of affordable units compared to issuances is due to the increase in project development costs.

The backlog of affordable housing projects awaiting allocations of bond cap, however, kept overall demand for issuances high. So high in fact, that the ability to meet demand for low-income single-family homebuyer assistance became strained. All of these changes signaled notable disruptions from issuance patterns seen in recent prior biennia.

As we start the next biennium, these disruptions are continuing, and perhaps intensifying. The beginning of 2024 has seen a significant alteration in mortgage rates and the pricing of bonds, exacerbating the effects of higher labor costs, inflated costs of construction materials, and significant interest rate volatility.

Soaring insurance costs and the reduced ability to convert housing developments from construction loans to permanent loans have newly inserted themselves as additional concerns. Developers have delayed multi-family affordable housing projects that were ready for bond sales in order to address the impacts on the overall cost.

These factors seem to also be affecting exempt facility category proposals, although the nature of these projects means those factors don't result in changes in timing as much as affecting overall project viability. It is unclear if these challenges will persist or be more pronounced in the near future. New federal legislation could help reduce the disruptions to bond cap utilization, but the fate of such legislation remains an unresolved question.

The next biennium starts with as much, or more, uncertainty as two years ago. As before, the program is focused on how to best respond to these policy concerns.

Overview

The Omicron Wave of the COVID-19 pandemic was reaching its highest level of weekly cases in January, 2022 at the start of this biennium report period.³ Even so, many statewide pandemic responses such as business closures and eviction moratoriums had already ended by that time. However, the Governor's State of Emergency Proclamation extended until the end of October of that year.⁴ As the direct impacts of the pandemic mostly resolved by the end of 2022, the ripple effects of the pandemic continued to reverberate in the economy and in bond cap utilization.^{5,6,7}

An extended and large surge in inflation has been one of the most pronounced effects. After reaching a low of 0.1% in May 2020, the 12-month rolling average rate of inflation in consumer prices surged to a high of 9.1% in June 2022 (rising 2.1% over the first part of 2022). The inflation rate then lowered to an overall rate of 3% in June 2023. Since then it has stayed between 3.1% and 3.7% over the last part of 2023, finishing at 3.1% in December of that year.⁸

A variety of factors appear to have converged to create this surge in inflation, along with price increases. Most of these have been tied to fallout from the public health emergency, while some are largely independent of that relationship. These dynamics include:

- a 5% shift of overall GDP from services to goods;
- disruptions to supply chains;
- geopolitical instability and warfare;
- increase in energy costs;
- increase in mortgage rates and rents;
- increase in working from home (demand for office furniture; office supplies; computers; extra living space); and
- tight labor market conditions (especially in construction trades).^{9,10,11,12}

Economists associate rapid inflation with rising interest rates, elevated material costs and higher labor costs. In combination, these factors can cause a spike in construction costs. For example, the average construction

³ Johns Hopkins University, "Washington – COVID-19 Overview," (March 2023), [Washington - COVID-19 Overview - Johns Hopkins \(jhu.edu\)](#)

⁴ Ballotpedia, "Documenting Washington's path to recovery from the coronavirus (COVID-19) pandemic, 2020-2021," (2021), [Documenting Washington's path to recovery from the coronavirus \(COVID-19\) pandemic, 2020-2021 - Ballotpedia](#)

⁵ Municipal Research and Services Center, "Emergency Powers in Washington State, Post COVID-19," (April 2023), [MRSC - Emergency Powers in Washington State, Post COVID-19](#)

⁶ Frontiers in Environmental Science, "The Impact of COVID-19 Pandemic on Government Bond Yields," (June 2022), [Frontiers | The Impact of COVID-19 Pandemic on Government Bond Yields \(frontiersin.org\)](#)

⁷ Journal of Banking & Finance, "COVID-19, lockdowns, and the municipal bond market," (February 2023), [Reprint of: COVID-19, lockdowns, and the municipal bond market - ScienceDirect](#)

⁸ U.S. Bureau of Labor Statistics, "12-month percentage change, Consumer Price Index, selected categories," (March 2024), [12-month percentage change, Consumer Price Index, selected categories \(bls.gov\)](#)

⁹ U.S. Bureau of Labor Statistics, "What caused the high inflation during the COVID-19 period? : Monthly Labor Review: U.S. Bureau of Labor Statistics (bls.gov)"

¹⁰ Credit Karma, "What causes inflation: Understanding the factors behind rising prices in 2023," (March 2024), [What Causes Inflation in 2023 | Intuit Credit Karma](#)

¹¹ Roosevelt Institute, "Inflation in 2023: Causes, Progress, and Solutions," (March 2023), [Inflation in 2023: Causes, Progress, and Solutions \(house.gov\)](#)

¹² CBRE Group Inc., "United States Construction Market Trends," (February 2024), [United States Construction Market Trends | CBRE](#)

costs for single family home rose by 30% to 40% between 2019 and 2022.^{13,14} The annual price growth rate of new industrial construction went from 1.6% in 2020 to 28.2% in 2022.¹⁵ Starting near historic lows at the start of 2022, the inflation rate jumped sharply until peaking in mid- to late-2022. After dropping in 2023, the inflation rate again rebounded in early 2024.^{16,17,18}

Over 2023, as inflation eased, increases in construction costs slowed dramatically.¹⁹ In the Seattle market, non-residential construction cost increased 2.7% for the year.²⁰ Seattle's residential construction costs were a bit more volatile, rising 8.33% for multi-family and 11.71% for single-family development.²¹ The outlook for construction prices in 2024 and beyond is uncertain as shipping costs and wages continue to rise while material and energy costs fall.²²

While construction costs have been highly correlated with inflation, mortgage rates and bond pricing are less tied to changes in prices. Like interest rates, tax-exempt bond pricing and fixed mortgage rates started near historic lows and then jumped in 2022. However, while the inflation rate saw significant decrease in 2023, mortgage rates and bond pricing have fluctuated near the peaks observed in the previous year.^{23 24} As a result, projects have continued to face financing headwinds. It is unclear if and when these elevated financing costs will subside.

Disruptions to construction costs, interest rates, bond pricing and other factors have taken a toll and resulted in a drop in bond cap issuances. From cumulative issuances of \$1.77 billion during 2020-2021 use of bond cap decreased to \$1.64 billion during 2022-2023. The total number of multi-family affordable housing projects receiving allocations dropped from 54 to 43 between the biennium while total number of units built or rehabilitated sank from 9,530 to 7,039. Exempt facility usage dropped from \$209.7 million to \$114.22 million over this period. The small issue category continues to experience relatively low utilization compared to its initial set-aside with two small manufacturing plants receiving \$12.16 million and six beginning farmer/rancher issuance utilizing \$1.88 million in bond cap during this most recent biennium.

With recent utilization showing softening in the historically most utilized categories of Housing and Exempt Facilities, will this trend continue or be exacerbated in the next two years? The ability to designate unused bond cap to carryforward for up to three years will help us preserve capacity that may go unused.

¹³ Statista, "Average construction costs for single-family homes in the United States from 1998 to 2022," (2024), [Single-family home construction costs in the U.S. 2022 | Statista](#)

¹⁴ U.S. Census Bureau, "Construction Price Indexes," (April 2024), [CPI - Current Series \(census.gov\)](#)

¹⁵ Statista, "Annual producer price growth rate of new non-residential building construction in the United States from 2009 to 2022, by type," (April 2023), [Commercial building construction price U.S. 2022 | Statista](#)

^{16,20,21} Federal Reserve Bank of St. Louis, "Median Consumer Price Index," (April 2024), [Median Consumer Price Index \(MEDCPIM158SFRBCLE\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

¹⁹ U.S. Bureau of Labor Statistics, "12-month percentage change, Consumer Price Index, selected categories," (March 2024), [12-month percentage change, Consumer Price Index, selected categories \(bls.gov\)](#)

²⁰ Mortenson, "Non-Residential Construction Outlook Improving as Costs Remain Flat and Industry Unemployment Falls," (2024), [Construction Cost Index for Seattle | Mortenson](#)

²¹ Rider Levett Bucknall, "Construction Cost Report," (2024), [Construction Cost Report Archives - Rider Levett Bucknall \(rlb.com\)](#)

²² Mortenson, "Non-Residential Construction Outlook Improving as Costs Remain Flat and Industry Unemployment Falls," (2024), [Construction Cost Index for Seattle | Mortenson](#)

²³ WM Financial Strategies, "Rates Over Time – Interest Rate Trends," (April 2024), [Rates Over Time - Trends in Municipal Bond Rates. \(munibondadvisor.com\)](#)

²⁴ Federal Reserve Bank of St. Louis, "30-Year Fixed Rate Mortgage Average in the United States," (April 2024), [30-Year Fixed Rate Mortgage Average in the United States \(MORTGAGE30US\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

The past two biennial reports have concluded with a commitment by Commerce to expedite the use of annual bond cap (and preserve any unused cap through carryforward) and maximize resources available to address affordable housing, economic development and infrastructure needs throughout the state. This approach remains essential as the state continues to be challenged with unmet needs in these important policy areas. The Infrastructure Investment and Jobs Act of 2021 authorized two new potential uses of bond cap (private broadband projects and qualified carbon capture facilities) which thus far have not been utilized. Perhaps applicants for these new uses will materialize. In addition, greater usage of bond cap for the WSHFC's Home Key program could help address strong unmet need in this area.

Commerce will continue to work with stakeholders to craft and implement strategies that will maximize the public benefits of the Private Activity Bond Cap Allocation Program. And agency leadership will continue to work with our congressional delegation to increase the per-capita multiplier used to establish the annual bond cap.

Housing category discussion

Historically, the largest share of Washington's bond cap authority has gone to affordable housing. Over the past decade, the amount of the state's total bond cap used for affordable housing has approached, or exceeded, 90%. In 2023, more than 99% of all issuances were in the Housing category, the largest percentage since 2012. While this is due in part to the considerable unmet need for affordable housing, and to the unique way in which affordable housing projects are dependent on bond cap allocations, it also reflects complications which appear to be limiting utilization in other categories.

Housing affordability

Housing affordability is a fundamental challenge for a large portion of state residents, including most of the state's low-income households.

In 2022, the National Low Income Housing Coalition (NLIHC) provided that 75% of extremely low-income households (defined by NLIHC as those at 30% of area median income or poverty level, whichever is higher) in Washington were considered "severely cost-burdened." This group, which comprises 22% of renter households within the state, paid more than half their income for rent. Over half of renter households (57%) in this category were seniors, disabled or currently attending school. Another 35% were in the labor force but had limited earnings.²⁵ An additional 10% of extremely low-income households paid between 30 and 50% of their income for housing and were considered "cost burdened." Eight-five percent of all extremely low-income household renters were distressed in 2022.

Residents earning 50% or less than area median income also face significant housing challenges, with 39% paying more than half their income for housing.²⁶ The state's most recent Consolidated Plan estimates that close to one quarter (24.45%) of all households earn 50% or less than AMI.²⁷

²⁵ National Low Income Housing Coalition, "Washington," (2024), [Washington | National Low Income Housing Coalition \(nlihc.org\)](https://www.nlihc.org/)

²⁶ Housing and Urban Development (HUD), "Consolidated Planning/CHAS Data," (2024), Comprehensive Housing and Affordability Strategy. <https://www.huduser.gov/portal/datasets/cp.html>

²⁷ Washington State Department of Commerce, "Washington State Consolidated Plan 2020-2024," (May 2020), [Final Version Washington State Consolidated Plan 2020 to 2024.pdf | Powered by Box](#)

While a limited number of renter households earning 50% to 100% of area median income were “severely cost burdened”, a large number of these renters still struggled with housing costs with 56% of those earning 50-80% of AMI, and 23% of those earning 80-100% of AMI, indicating they were cost burdened.²⁸

According to an update to the Affordable Housing Advisory Board, low-income households in the state are much more likely to rent than own. Households earning \$50,000 a year or less made up over half (52.9%) of all households renting housing in the state. This was more than double the rate of households owning their housing unit with income at \$50,000 or below, which stood at 24.4%.²⁹ With only 16% of all households in the state able to afford a conventional mortgage for a median priced home, rental units bear the disproportionate burden of answering the housing needs of most households in the state, including those earning less than median income.³⁰

During 2021 and 2022, rents increased at a substantial rate, placing further strain on housing affordability. By early 2023, rents increased by approximately 21% over a two-year period.^{31,32,33} Recent data suggests that rents then stabilized, or even declined in some locations, during 2023.^{34,35,36,37} In 2024, it appears that increases in rent may be returning, although perhaps not at the same rapid rate seen a couple of years ago.^{38,39} These trends indicate that there will continue to be a strong need for the development of affordable units throughout the state.

Housing Development

In 2023, Commerce highlighted that approximately 55,340 housing units must be built each year for the next 20 years to keep up with anticipated population growth and the demand for housing.⁴⁰ Of these new homes and apartments, roughly half (47.28%) need to be affordable to households earning 50% of AMI or less ([Figure 2](#)).

²⁸ National Low Income Housing Coalition, “Washington,” (2024), [Washington | National Low Income Housing Coalition \(nlihc.org\)](#)

²⁹ Washington State Department of Commerce, “2018 Affordable Housing Update,” (January 2019), [2018 Affordable Housing Update \(wa.gov\)](#)

³⁰ Building Industry Association of Washington, “Housing Affordability in Washington,” (March 2024), [Washington State’s Housing Affordability Index - Building Industry Association of Washington \(biaw.com\)](#)

³¹ Rent. “Renting Trends,” (April 2024), [April 2024 Rent Report - Rent. Research](#)

³² Axios Seattle, “Seattle rent skyrockets from early pandemic,” (May 2023), [Seattle rent spiked in the last two years - Axios Seattle](#)

³³ QuoteWizard, “How Much Does Renters Insurance Cost?,” (September 2023), [Average Cost of Renters Insurance - QuoteWizard](#)

³⁴ KIRO 7 News, “Seattle rent decreases 10%-16% following ‘skyrocketing’ increases last year,” (November 2023), [Report: Seattle rent decreases 10%-16% following ‘skyrocketing’ increases last year – KIRO 7 News Seattle](#)

³⁵ Washington State Standard, “Rents in Washington show signs of stabilizing,” (November 2023), [Rents in Washington show signs of stabilizing - Washington State Standard](#)

³⁶ KUOW, “Believe it or not, rents are down in Washington state,” (August 2023), [KUOW - Believe it or not, rents are down in Washington state](#)

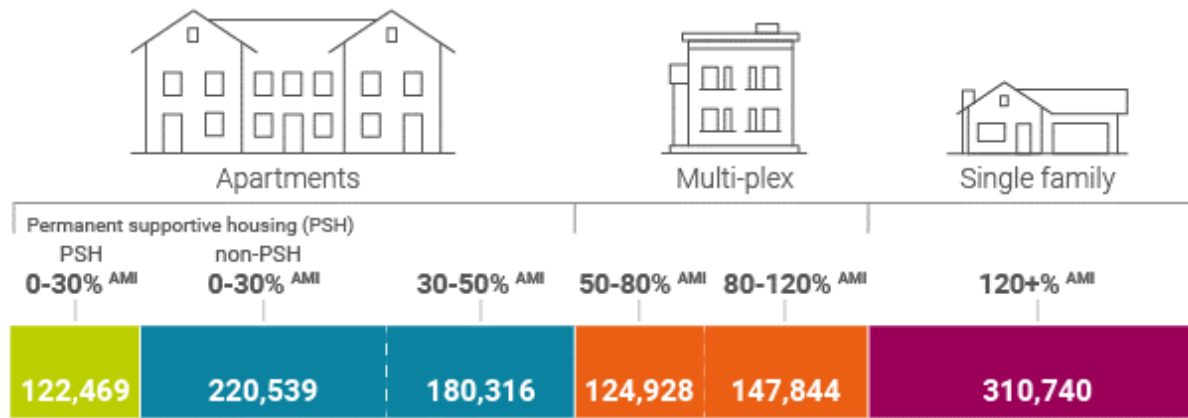
³⁷ Rent. “Renting Trends,” (April 2024), [April 2024 Rent Report - Rent. Research](#)

³⁸ Apartment List, “Seattle, WA Rental Market Trends,” (May 2024), [Average Rent in Seattle, WA & Rent Price Trends \(apartmentlist.com\)](#)

³⁹ The Seattle Times, “Most Seattle-area renters report big rent hikes in the past 12 months,” (April 2024), [Most Seattle-area renters report big rent hikes in the past 12 months | The Seattle Times](#)

⁴⁰ Washington State Department of Commerce, “Washington state will need more than 1 million homes in next 20 years,” (March 2023), [Washington state will need more than 1 million homes in next 20 years - Washington State Department of Commerce](#)

Figure 2: Washington needs more than one million new homes in the next 20 years



1.1 Million new homes will be needed in the next 20 years

In addition, there will also need to be:

91,357 Emergency housing beds (temporary housing)

The current gap in available affordable housing increases the need for additional affordable housing in the future.⁴¹ That gap is exacerbated by affordable housing projects that are reaching the end of their rent restrictions and are at risk of converting to market rate units. Nationally, about 100,000 affordable units reach this limit annually.⁴² Statewide, at least 900 units are estimated to be at risk annually over the next six years.⁴³

In addition, housing production, in general, has been a challenge over the years, especially in the greater Seattle metropolitan area. A recent report determined that Washington residents need an additional 252,000 housing units immediately to meet current housing demand.⁴⁴ This shortage in the existing supply of units is one factor exacerbating housing affordability.

Part of the existing shortage can be attributed to a drop in housing production during the Great Recession. Between 2001 and 2008, developers constructed an average of 44,000 housing units annually.⁴⁵ In 2011 and 2012, the state averaged just over 18,000 new units per year.⁴⁶ The state did not recover to production levels exceeding 40,000 units per year until 2018.⁴⁷ A variety of factors likely resulted in this drop in production

⁴¹ Washington Low Income Housing Alliance, "The shortage of affordable housing has worsened for renters with extremely low incomes, especially in Washington," (March 2023), [The shortage of affordable housing has worsened for renters with extremely low incomes, especially in Washington | Washington Low Income Housing Alliance \(wliha.org\)](https://www.wliha.org/)

⁴² Affordable Housing Finance, "Affordability Set to Expire on 500,000 Units," (September 2017), [Affordability Set to Expire on 500,000 Units | Housing Finance Magazine](https://www.housingfinance.org/)

⁴³ The Urbanist, "Pending Low-Income Tax Credit Expiration Could Cost 2,000 Affordable Homes," (April 2023), [Pending Low-Income Tax Credit Expiration Could Cost 2,000 Affordable Homes - The Urbanist](https://theurbanist.com/)

^{44,44} Building Industry Association of Washington, "Housing Affordability in Washington," (March 2024), [Washington State's Housing Affordability Index - Building Industry Association of Washington \(biaw.com\)](https://biaw.com/)

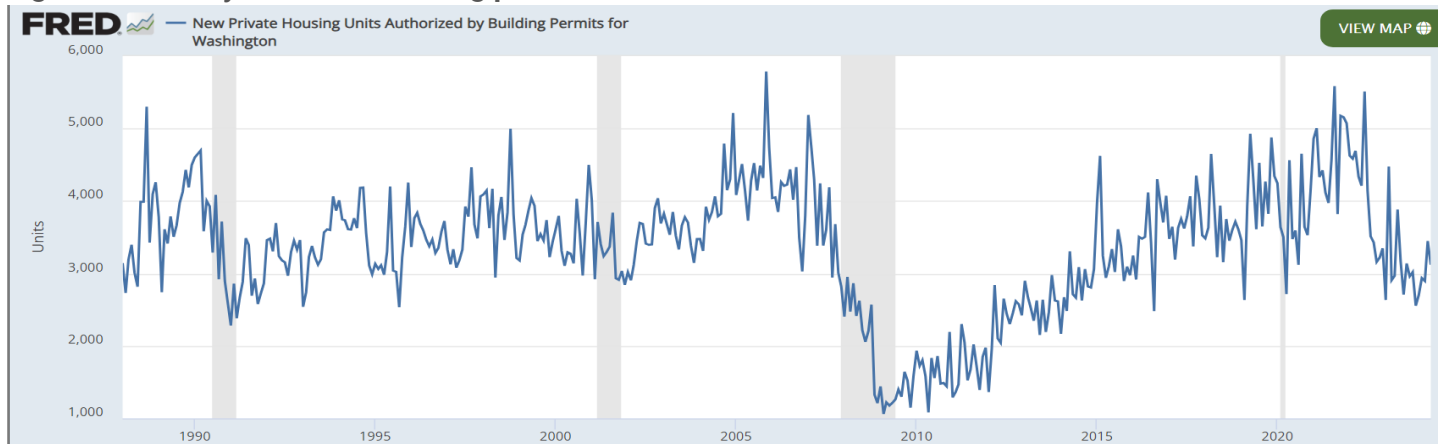
⁴⁵ Washington State Office of Financial Management, "April 1 Postcensal estimates of housing," (March, 2024), <https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/historical-estimates-april-1-population-and-housing-state-counties-and-cities>

⁴⁶ Washington State Office of Financial Management, "April 1 Postcensal estimates of housing," (March, 2024), <https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/historical-estimates-april-1-population-and-housing-state-counties-and-cities>

⁴⁷ Washington State Office of Financial Management, "April 1 Postcensal estimates of housing," (March, 2024), <https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/historical-estimates-april-1-population-and-housing-state-counties-and-cities>

including tightening lending standards, shortages in skilled/construction labor and drops in median household income.⁴⁸ While production dropped again in 2022, a year disrupted by the pandemic, to development of only 31,000 units, it rebounded to just over 46,000 units a year between 2021 and 2023.⁴⁹

Figure 3: Monthly statewide building permits⁵⁰



The Building Industry Association of Washington (BIAW) has developed a methodology to forecast annual housing construction completions based on permit activity reported by the U.S. Census Bureau.^{51,52} Using this methodology, data indicate new production in 2023 declining to 34,760 units.⁵³ This reflects a 25% drop in production. Based on permit reports for the first two months of 2024, a further reduction by about 22% may occur between 2024 and 2025 compared to the first two months of 2022 and 2023.⁵⁴

While a drop in single family permits appear to account for most of the decrease in 2023 activity, it appears that multi-family permit activity also decreased in early 2024.

This slowing is attributed to several factors, including the shortages in concrete and lumber/timber products, increases in cost of labor, shortages of labor (especially in highly skilled trades), increases in mortgage rates,

⁴⁸ Up For Growth, "Housing Underproduction in Washington State", (July, 2020), [Housing-Underproduction-in-Washington-State.pdf](https://upforgrowth.org/Housing-Underproduction-in-Washington-State.pdf) (upforgrowth.org)

⁴⁹ Washington State Office of Financial Management, "April 1 Postcensal estimates of housing," (March, 2024), <https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/historical-estimates-april-1-population-and-housing-state-counties-and-cities>

⁵⁰ U.S. Census Bureau, New Private Housing Units Authorized by Building Permits for Washington [WABPPRIVSA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/WABPPRIVSA>, May 28, 2024.

⁵¹ Building Industry Association of Washington, "Washington's Housing Supply Shortage," (July, 2023), <https://www.biaw.com/research-center/washingtons-housing-supply-shortage/>

⁵² United States Census Bureau, "Methodology For State and County Total Housing Unit Estimates," (July, 2022), <https://www2.census.gov/programs-surveys/popest/technical-documentation/methodology/2020-2022/2022-hu-meth.pdf>

⁵³ United States Census Bureau, "Building Permits Surveys," (February, 2024), <https://www.census.gov/construction/bps/index.html>

⁵⁴ United States Census Bureau, "Building Permits Surveys," (February, 2024), <https://www.census.gov/construction/bps/index.html>

and delays in supply chains. These factors appear to be substantially increasing the price of construction.^{55,56,57,58}

The state's population continues to grow, rising by approximately 184,000 residents over the last two years.⁵⁹ As a result, there is significant need for continued production of a high number of housing units that are affordable to the state's lowest income households. Affordable housing projects receiving an allocation of bond cap are a significant component of this response. This report finds that bond cap housing projects created 7,039 new affordable units in the most recent biennium. This represents an expansion of 4.54% from the 155,158 subsidized units contained in the Washington Center for Real Estate Research's statewide inventory.⁶⁰

Home ownership

Information compiled by the Washington Center for Real Estate Research (WCRER) indicates home prices surged dramatically between 2020 and 2022. The rate of increase rose faster than the escalation in rents, rising 43.21% in two years to a high of \$647,900 for a median home price.⁶¹ This was similar to the 41.3% rise nationally in home prices over that period.⁶² Prices then declined by 5.39% in 2023 to a median price of \$613,000.⁶³ Recent sales data indicates that prices have begun to rise again in early 2024 to an annual appreciation rate around 10%.^{64,65}

Compounding the effects of listing prices are the costs of financing home purchases. The 30-year fixed mortgage rate reached a 23-year high in October 2023, at 7.79%. By the end of December 2023 the rates had lowered to 6.61%, still more than double the rate of 3.11% at the start of 2023.⁶⁶ Rates in 2024 are anticipated to remain in the 6% range with continued decrease to somewhere between 5.5 and 6% in 2025.^{67,68,69}

Despite the increase in housing prices and mortgage rates, it is interesting to note that the statewide homeownership rate has experienced a slight increase recently. During 2022 and 2023, the average

⁵⁵ National Association of Home Builders, "Supply Chain Issues Continue to Slow Housing", (February 17, 2022), <https://www.nahb.org/blog/2022/02/supply-chain-issues-continue-to-slow-housing/>

⁵⁶ Ads Intelligence Marketing, "Supply Chain Disruptions Hamper Housing Market", (March 22, 2022), <https://adsintelligence.marketing/2022/03/22/supply-chain-disruptions-hamper-housing-market/>

⁵⁷ ForConstructionPros.com, "2022 State of Construction: New Year Brings More Uncertainty with Supply Chain and Labor Concerns", (March 21, 2022), <https://www.forconstructionpros.com/equipment/article/21993023/2022-state-of-construction-new-year-brings-more-uncertainty-with-supply-chain-and-labor-concerns>

⁵⁸ MultiHousing News, "The Labor Shortage's Impact on Multifamily Development", (November 8, 2021), <https://www.multiphasingnews.com/how-the-labor-shortage-impacts-multifamily-development/>

⁵⁹ Washington State Office of Financial Management, "Historical estimates of April 1 population and housing for the state, counties, and cities," (March 2024), [Historical estimates of April 1 population and housing for the state, counties, and cities | Office of Financial Management \(wa.gov\)](https://www.ofm.wa.gov/historical-estimates-of-april-1-population-and-housing-for-the-state-counties-and-cities)

⁶⁰ Washington Center for Real Estate Research, "Subsidized Rental Housing Profile," (2024), [Subsidized Rental Housing Profile | \(uw.edu\)](https://www.wcrer.org/subsidized-rental-housing-profile)

⁶¹ Washington Center for Real Estate Research, "Annual Median Prices by County, 2016-2023," (2024), [Annual Median Price | \(uw.edu\)](https://www.wcrer.org/annual-median-prices-by-county-2016-2023)

⁶² FortuneBuilders, "Washington Real Estate Market Trends & Analysis," (2024), [Washington - FortuneBuilders](https://www.fortunebuilders.com/washington-real-estate-market-trends-analysis)

⁶³ Washington Center for Real Estate Research, "Annual Median Prices by County, 2016-2023," (2024), [Annual Median Price | \(uw.edu\)](https://www.wcrer.org/annual-median-prices-by-county-2016-2023)

⁶⁴ Houzeo, "Washington Real Estate Market: Predictions for 2024," (March 2024), [Washington Real Estate Market: Will Sellers Dominate the Market in 2024? \(houzeo.com\)](https://www.houzeo.com/washington-real-estate-market-predictions-2024)

⁶⁵ Redfin, "Washington Housing Market," (March 2024), [Washington Housing Market: House Prices & Trends | Redfin](https://www.redfin.com/washington-housing-market)

⁶⁶ Houzeo, "Washington Real Estate Market: Predictions for 2024," (March 2024), [Washington Real Estate Market: Will Sellers Dominate the Market in 2024? \(houzeo.com\)](https://www.houzeo.com/washington-real-estate-market-predictions-2024)

⁶⁷ Freddie Mac, "Mortgage Rates," (April 2025), [Mortgage Rates - Freddie Mac](https://www.freddiemac.com/mortgage-rates)

⁶⁸ CNBC, "Cooler monthly inflation report pushes mortgage rates even lower," (November 2023), [Cooler monthly inflation report pushes mortgage rates even lower \(cnbc.com\)](https://www.cnbc.com/2023/11/08/cooling-inflation-report-pushes-mortgage-rates-lower.html)

⁶⁹ Fast Company, "Here's What forecasters predict mortgage rates will be through 2025," (April 2024), [Where forecasters expect mortgage rates through 2025 - Fast Company](https://www.fastcompany.com/91000000/forecasters-predict-mortgage-rates-through-2025)

homeownership rate exceeded 65% (66.45) for the first time since 2009, after falling to a low of 61.6% in 2016.⁷⁰ This increase comes even as the WCRER's statewide Housing Affordability Index (HAI) for median income homebuyers fell from an average of 108.51 in 2020 to 61.44 in 2023. A score of 100 on this index indicates a balance between the households' ability to pay and the cost of ownership or rental, with lower scores reflecting reduced affordability.⁷¹ The WCRER HAI for first time homebuyers also dropped during this period from 76.97 in 2020 to 43.85.

What fueled the increase in homeownership despite the reduction in affordability? One theory is that millennial-aged households switched from being urban renters to suburban homeowners due to the pandemic and ability to work from home.⁷² Another theory is that baby boomers are selling their larger homes and using cash equity to downsize into one or more new smaller homes.⁷³ And they may be using that cash equity to help their millennial-and generation Z-aged children become first-time buyers.⁷⁴

The House Key Program at the Washington State Housing Finance Commission has been a resource for qualified households to become homebuyers. Qualified households are those earning no more than \$70,000-\$100,000 depending upon household size and location. In addition, buyers must be first-time buyers, veterans or buying within targeted areas. This program assisted 1,037 qualified households with home purchases during the 2022-2023 biennium, or 0.59% of the 175,470 homes sold during this two-year period. The percentage of homebuyers qualified to use the House Key Program is not known.^{75,76}

Affordable housing need for bond cap

Affordable housing projects provide housing at rents or prices that are below that offered in the private market, and therefore, do not supply market rate rental revenue with which a housing developer could repay a lender. As a result, they are unable to qualify for conventional financing. To move forward to development, developers must secure a package of subsidies to provide enough capital to finance the development. Bond cap is one of the key subsidies used to make an affordable housing project feasible.

In addition to providing a subsidy that is directly tied to the sale of a private activity bond, the subsidy package is typically tied to a corresponding component of 4% Low Income Housing Tax Credits (LIHTCs). Under federal law, in order to use 4% LIHTCs, a project is required to have an allocation of bond cap comprising at least 50% of the project's total cost. Federal Department of Housing and Urban Development (HUD) grants or loans typically require a project to have a bond cap allocation guaranteed, usually several years in advance of planned ground-breaking to secure these tax credits.

⁷⁰ Federal Reserve Bank of St. Louis, "Homeownership Rate for Washington," (March 2024), [Homeownership Rate for Washington \(WAHOWN\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

⁷¹ Washington Center for Real Estate Research, "Housing Affordability Indexes," (2024), [Housing Affordability Indexes | \(uw.edu\)](#)

⁷² Realtor.com, "Who's Buying All the Houses? New Survey Reveals the Top Competition Right Now," (March 2022), [Who's Buying All the Houses? New Survey Reveals the Top Competition Right Now \(realtor.com\)](#)

⁷³ The Washington Post, "Baby boomers are buying all of the houses," (November 2023), [Baby boomers are edging out younger buyers in hot housing market - The Washington Post](#)

⁷⁴ Quartz, "Millennial and Gen Z 'nepo-homebuyers' are about to flood the housing market," (March 2024), [Millennials and Gen Z use family money to buy houses, Redfin says \(qz.com\)](#)

⁷⁵ Northwest Multiple Listing Service, "Northwest MLS brokers tally 84,037 sales during 2022 valued at almost \$64 billion," (January 2023), [Northwest MLS brokers tally 84,037 sales during 2022 valued at almost \\$64 billion - Northwest Multiple Listing Service \(nwmls.com\)](#)

⁷⁶ Attom, "Washington Real Estate & Property Data," (April 2024), [Washington Real Estate & Property Data | ATTOM \(attomdata.com\)](#)

In addition to affordable housing apartment development, single-family homeownership assistance, whether in the form of mortgage revenue bonds or mortgage credit certificates (a form of tax credit), also requires bond cap allocations under federal law.

Without a bond cap allocation, most affordable housing efforts – whether multifamily rental projects or single-family homeownership programs – cannot go forward.

Affordable housing legislation

Several federal proposals currently under consideration in Congress would expand the availability of bond cap allocations to support affordable housing development. Among the proposals, the methods that hold the most promise for allowing proposed affordable housing projects to move forward are:

- Increasing the amount of 9% Low Income Housing Tax Credits allocated annually to each state;
- Reducing the threshold of funding required through bond cap allocations to 25%-30% of a project's total funding. This change creates an additional 1.4 million new affordable housing units nationwide over the next 10 years.⁷⁷

The first approach was supported by stakeholders based upon results of the 2020 Stakeholder Survey outlined in the previous report. The second option did not gather consensus at that time with opponents indicating that changes should be contingent upon parallel adjustments to small issue category thresholds. In a recent check with BCAP collaborators, these opinions have not shifted.

The Tax Relief for American Families and Workers (TRAFW) Act of 2024 and the Affordable Housing Credit Improvement (AHCII) Act of 2023 contain provisions that would effectively increase the capacity of bond cap to support affordable housing development and preservation.⁷⁸ While the AHCII Act remains in the House Ways and Means Committee, the TRAFW Act was approved by the U.S. House of Representatives in January 2024.⁷⁹ This proposal would increase the amount of 9% Low Income Housing Tax Credits, and would also reduce the allocation of Private Activity Bonds from 50% to 30% of the total project budget in order to qualify for use of the 4% Low Income Housing Tax Credits. These amended terms would remain in place for two years before returning to the current 50% threshold.

At the state and local level, governments have made significant efforts to broaden the construction of different housing types. These efforts to support “missing middle” housing can result in expanded opportunities for homeownership through condominiums, townhouses, cottages and prefabricated units that provide choices beyond conventional large detached single-family homes. The Legislature also recently enacted laws to require cities and counties to permit development of “co-living” projects in which renters lease a contained space (sometimes a single bedroom) which offers use of shared areas such as kitchens and bathrooms. Data in the coming years will help reveal whether these changes result in an expansion of housing opportunities.

Utilizing affordable housing bond cap

As of April 2024, designation of bond cap for affordable multi-family housing projects continues to outstrip the total amount of annual bond cap. There are 42 identified projects queued up to receive an allocation of bond

⁷⁷ Novogradac, “Novogradac Analysis for NCSHA”, (May 15, 2020), <https://www.novoco.com/news/novogradac-analysis-ncsha-reduction-50-percent-bond-test-could-result-14-million-additional-homes>

⁷⁸ Bipartisan Policy Center, “Housing Credit Takeaways from the Proposed Bipartisan Tax Deal,” (January 2024), [Housing Credit Takeaways from the Proposed Bipartisan Tax Deal | Bipartisan Policy Center](#)

⁷⁹ U.S. Library of Congress, “H.R.7024 - Tax Relief for American Families and Workers Act of 2024,” (2024), [Actions - H.R.7024 - 118th Congress \(2023-2024\): Tax Relief for American Families and Workers Act of 2024 | Congress.gov | Library of Congress](#)

cap totaling \$1.42 billion. The program anticipates that these projects will result in almost 6,000 affordable housing units upon completion. This list does not fully cover all proposed affordable housing projects. The WSHFC indicates that only six out of 22 proposals were able to be funded during the most recent round of applications.

This backlog of affordable apartment projects awaiting bond cap has become common in recent years. However, despite this pent up demand, the actual utilization of bond cap for these developments has lagged, using \$1.34 billion out of \$2.08 billion available (including carryforward) over the past two years. The remaining \$0.74 billion (35.58%) of the total available bond cap has been allocated to affordable homeownership assistance, affordable multi-family carryforward, small issue allocations and exempt facility projects during this period.

During 2019-2020, \$1.58 billion went towards affordable apartment development. The 15.19% reduction in bond cap for low-income multi-family development this biennium appears to have several causes, which remain concerns for the coming biennium. In addition, WSHFC reports additional factors that may hinder the ability of these projects to move forward or remain on schedule.

Material costs, land value, wages and energy prices have increased causing development budgets to surge. Because projects may take several years to move from conception to ground breaking, original construction budgets may be deficient when it is time to start building.

This increase in costs is happening in conjunction with a reduction in tax credit pricing for LIHTC (which are typically paired in conjunction with bond cap allocations), meaning that tax credit allocations may not generate as much revenue as anticipated. As of April 2024, LIHTC prices are about 5.7% lower than previously anticipated, according to WSHFC.

Affordable housing providers are experiencing elevated insurance rates. One recent study in New York showed that 22% of the revenue generated from rent paid by households living in affordable housing units is now used to cover the owner's insurance costs.⁸⁰ A 2023 report by the National Leased Housing Association found over half of all premiums increased by at least 10% annually since 2020, with increases accelerating in 2022-2023 to over 15%.⁸¹ The increase is driven at least in part by natural disasters, crime (including cybercrime) and escalating replacement costs.^{82,83}

Financing costs have also been escalating. This pertains not only to long-term financing but also to short-term bridge loans, typically used for the construction phase. This switch from bridge to permanent loans itself has become difficult recently as lenders have become more skittish with apartment loans as banks and affordable housing providers struggle to cope with recent changes.

⁸⁰ New York Housing Conference, "Alarming Risk of Rising Insurance Costs for Affordable Housing," (March 2024), [NYHC: Alarming Risk of Rising Insurance Costs for Affordable Housing - NYHC \(thenyh.org\)](#)

⁸¹ National Multifamily Housing Council, "Increased Insurance Costs for Affordable Housing Providers," (October 2023), [NMHC | 2023 Report: Increased Insurance Costs for Affordable Housing Providers](#)

⁸² Bloomberg, "Rising Insurance Rates Are Crushing Affordable Housing Developers," (September 2023), [Insurance Rate Hikes Threaten to Bust the US Apartment-Building Boom - Bloomberg](#)

⁸³ Marketplace, "Affordable housing hammered by rising insurance rates," (December 2023), [Affordable housing hammered by rising insurance rates - Marketplace](#)

Two large providers of affordable housing in Illinois and California recently lost thousands of units from their portfolios due to shortfalls in revenue.^{84,85} In addition, three banks heavily invested in multi-family properties, and affordable developments the case of Silicon Valley Bank, recently failed.^{86,87,88} An additional 49 small and regional banks appear to be at risk according to a recent analysis.⁸⁹ These factors have increased trepidation among lenders causing them to shy away from permanent loan deals they previously would have made.

Rent arrears, which escalated during the pandemic, appear to be a significant factor in the financial disruption to banks and non-profit providers. The Seattle Times reported in April 2024 that numerous affordable housing providers have seen a three to six-fold rise in the number of tenants with overdue rent owed.⁹⁰ Among all renter households, there is approximately \$10 billion dollars in rent debt nationwide, a doubling from pre-pandemic levels.⁹¹

Development costs, LIHTC pricing, insurance rates, financing costs, financing availability and cumulative rent debt have combined to leave providers and development proposals short of needed funds when they are ready to move forward to construction. Consequences of delay can include missing construction windows, losing construction bids with contractors and putting time-sensitive sources of financing at risk.

These shortfalls are taking their toll on projects. The Ethiopian Village development, which received an initial bond cap allocation of \$15.45 million in 2021, required a supplemental allocation of \$1.38 million in 2023. During 2022 and 2023, seven projects received supplemental allocations totaling \$27.01 million.

⁸⁴ Multifamily Dive, "More Veritas apartments hit the market in San Francisco," (March 2024), [More Veritas apartments hit the market in San Francisco | Multifamily Dive](#)

⁸⁵ Block Club Chicago, "Heartland Housing Loses Control Of 14 Affordable Apartment Properties Due To Financial Woes," (December 2023), [Heartland Housing Loses Control Of 14 Affordable Apartment Properties Due To Financial Woes \(blockclubchicago.org\)](#)

⁸⁶ Multifamily Dive, "4 ways that recent banking failures will impact the multifamily sector," (April 2023), [4 ways that recent banking failures will impact the multifamily sector | Multifamily Dive](#)

⁸⁷ CoStar, "After Bank Meltdowns, Real Estate Lending Gets Even Tighter," (March 2023), [After Bank Meltdowns, Real Estate Lending Gets Even Tighter \(costar.com\)](#)

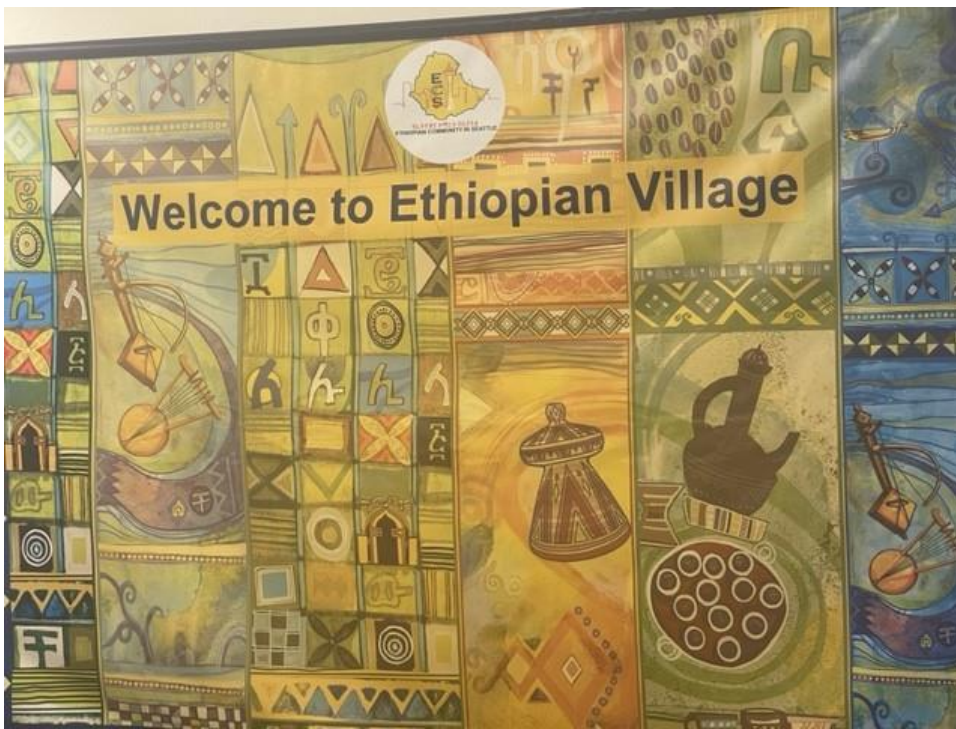
⁸⁸ Affordable Housing Finance, "Silicon Valley Bank's Fall Hits Affordable Housing," (March 2023), [Silicon Valley Bank's Fall Hits Affordable Housing | Housing Finance Magazine](#)

⁸⁹ Wolf Street, "Some of the 49 Small Banks Heavily Exposed to Bad Multifamily CRE Loans May Topple, but their Size Limits Contagion: Fitch," (February 2024), [Some of the 49 Small Banks Heavily Exposed to Bad Multifamily CRE Loans May Topple, but their Size Limits Contagion: Fitch | Wolf Street](#)

⁹⁰ The Seattle Times, "Unpaid rent in low income housing skyrocketed, evictions may be next," (April 2024),

<https://www.seattletimes.com/seattle-news/homeless/unpaid-rent-in-low-income-housing-skyrocketed-evictions-may-be-next/>

⁹¹ National Equity Atlas, "Rent Debt Continues to Burden Renters Across the Nation," (June 2023), [Rent Debt Continues to Burden Renters Across the Nation | National Equity Atlas](#)



The Ethiopian Village Project offers 90 housing units for low-income seniors 55+, wrap-around services, a multicultural early childhood education center, an inviting Ethiopian cafe, and a multi-use community center/social service facility aimed to inspire civic engagement and a true sense of community. Photo by Addie Craig.

To help address scenarios such as this, WSHFC, public housing authorities, non-profit developers and Commerce are working together to find supplemental sources of funding to keep projects moving forward.

In some cases, the program makes additional allocations of bond cap, especially when needed to satisfy the 50% test to allow the use of LIHTCs. The state's Housing Trust Fund, administered by Commerce, received a budget increase of \$127 million (31.75%) during the recent legislative session which can be used to help resolve cost increases.⁹² Recycled bond cap can also help stretch funding with more than \$53 million recaptured and reused in 2022-2023 (although \$21 million in potential recapture was recently lost because the permanent loan financing was not able to close on time).

Evergreen Impact Housing Fund is an emerging initiative to provide projects with "patient" financing to help close gaps in development budgets. This program is a collaboration with five credit unions and Microsoft.^{93,94}

The Workforce Housing Accelerator Revolving Loan Fund Program, established through passage of SHB 1892 (2024), creates a loan fund for affordable housing projects and is administered by WSHFC.⁹⁵ Funding was not provided for the program in the 2024 supplemental budget, however.

It seems likely that the wide variety of dynamics disrupting affordable housing projects using allocations of bond cap will remain factors in the upcoming biennium. There is a distinct possibility that rising costs will reduce the amount of housing units that can be developed or preserved with equivalent allocations of bond

⁹² Puget Sound Regional Council, "State Legislative Update: Housing," (March 2024), [State Legislative Update: Housing | Puget Sound Regional Council \(psrc.org\)](#)

⁹³ Evergreen Impact Housing Fund, "Our Impact," (2024), [Our Impact | Evergreen Impact Housing Fund](#)

⁹⁴ Seattle Foundation, "Evergreen Impact Housing Fund," (2024), [Evergreen Impact Housing Fund - Seattle Foundation](#)

⁹⁵ Washington State Legislature, "Substitute House Bill 1892," (March 2024), [1892-S.SL.pdf \(wa.gov\)](#)

cap. Based upon recent trends, the amount of bond cap used for multi-family development may be delayed despite a backlog of projects awaiting allocations.

End of year balances of unused bond cap have often been designated as carryforward to the WSHFC Multi-Family Program. This approach remains viable unless portions of the carryforward cannot be designated prior to the end of the allowed three-year period. If such a scenario became a significant risk, alternatively directing carryforward designations to the Commission's Single Family program may become a preferred strategy. Allocations to the Single Family category can be used to purchase Mortgage Revenue Bonds, which provide mortgage loans to individual qualified buyers. Mortgage Revenue Bonds can be used over an extended period beyond the three-year carryforward limitation, thus helping preserve bond cap capacity for a longer period than otherwise would occur. The program used this approach during the "Great Recession" and, as a result, no cap was lost even though issuances in other categories were minimal.

While not foreseen at this time, the program would discuss any in shift in strategies with stakeholders prior to implementation.

Small issue and exempt facility category discussion

The small issue and exempt facility categories support qualified infrastructure and economic development projects. These continue to be significant areas of need, especially in certain parts of the state.

Total employment

The overall trend in employment during this most recent biennium has seen gradual but steady growth. Total employment over this period has increased from 3.57 million to 3.86 million Washington residents. The labor force participation rate rose from 63.3% in December 2021 to a peak of 64.5% in mid-2023 before edging back to 64.3% in December 2023.

The state's unemployment rate has bounced up and down in a narrow range falling between 3.8% and 4.4% during 2022 and 2023. This rate stood at 4.4% at the end of 2023⁹⁶. Across the state, the unemployment rate varied significantly by county. In December 2023, King County had the lowest rate at 3.5%, while Ferry County was the highest at 9.3%.⁹⁷

It appears that the unemployment may be increasing as we head into 2024. The March 2024 unemployment rate showed an increase to 4.8%, a notable change from the 4.4% rate three months earlier.⁹⁸ In addition, the labor force participation rate has dropped by 17,655 to 63.9% (a decrease of 0.4%) while employment has decreased by 33,031 (a decrease of 0.86%) during the first three months of 2024. Losses in the information, construction and leisure/hospitality sectors are the primary drivers of this reduction.

The "non-sector" numbers also saw losses. This category includes farm workers, active military members, non-profit employees, unincorporated self-employed, sole proprietors, private household employees and domestic household workers.^{99,100} This category saw an initial surge in annual average employment in 2020 increasing

⁹⁶ U.S Bureau of Labor Statistics, "Washington," (April 2024), [Washington Economy at a Glance \(bls.gov\)](https://www.bls.gov/economic-reports/economic-reports-washington)

⁹⁷ Federal Reserve Bank of St. Louis, "Unemployment Rate in Ferry County, WA," (February 2024), [Unemployment Rate in Ferry County, WA \(WAFERR9URN\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/WAFERR9URN)

⁹⁸ U.S Bureau of Labor Statistics, "Washington," (April 2024), [Washington Economy at a Glance \(bls.gov\)](https://www.bls.gov/economic-reports/economic-reports-washington)

⁹⁹ Investopedia, "Nonfarm Payroll: What It Means, and Why It's Important," (February 2023), [Nonfarm Payroll: What It Means, and Why It's Important \(investopedia.com\)](https://www.investopedia.com/terms/n/nonfarm-payroll/)

¹⁰⁰ Federal Reserve Bank of St. Louis, "All Employees, Total Nonfarm," (March 2024), [All Employees, Total Nonfarm | ALFRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/ALFRED)

by 7.96% to 298,000 workers. During the 2022-2023 biennium, annual average “non-sector” employment dropped statewide by 12.77% to 260,000. This loss has continued into 2024, with employment in this classification at 189,000 in March 2020. This figure is 87,000 jobs below the same period in the previous year, a reduction of 31.46%.¹⁰¹ This statewide dynamic does not appear to be mirrored in federal statistics, which show growth in this category of employment.¹⁰² Because the U.S. Bureau of Labor Statistics does not aggregate this sector, it is not possible to discern what is causing this loss and divergence within the state.

Manufacturing and agricultural employment

Between 2015 and 2020, the number of people working in manufacturing statewide remained stable, fluctuating between 282,000 and 295,000 workers. This sector experienced a large drop in workforce during the initial phase of the pandemic dropping from 292,000 in January 2020 to 259,000 one year later.¹⁰³

During the 2022-2023 biennium, this sector has experienced a slow resurgence. In January of 2022, there were 264,000 manufacturing employees statewide. Two years later that rate had increased to 279,000. In early 2024, this sector continues to grow increasing by 2,100 jobs in the first three months of the year.

Data for employment in agriculture is only available through 2022 and thus only covers the first half of this biennium. This data shows agricultural employment in the state declining at a steady rate between 2% and 4% annually since hitting a high of 99,600 in 2018. Between 2021 and 2022, the state agricultural employment fell 2.17%, equivalent to 1,952 agricultural jobs. This decline appears to be occurring among a variety of crops including apples, other non-citrus fruit, dairy and grapes.¹⁰⁴

Exempt facility and small issue need for bond cap

Exempt Facility and Small Issue category projects benefit from lower tax rates for investors created by using an allocation of bond cap. This subsidy helps projects that might be marginally feasible by using either a taxable bond, conventional bank financing, supplemental private equity, or a combination thereof to clear returns on investment needed for the development to move forward. The ability to utilize bond cap is sometimes the deciding factor in whether a proposed development is financially viable or not.

In some cases, even an allocation of bond cap is not sufficient for a project to “pencil out” for a proponent. During the last biennium, six Exempt Facility allocations did not move forward to bond sale. Small Issue transactions have been limited to small manufacturing facilities or Beginning Farmer Rancher allocations.

Within the past five years, water, sewage and solid waste facilities have applied for bond cap from the Exempt Facility set-aside. The solid waste category is an area where significant innovation is occurring to repurpose many parts of the waste stream into recycled products or biofuels. The program has made allocations, or responded to inquiries, for projects that would repurpose straw, plastic, cardboard, and wood waste. These types of projects provide an array of benefits including decreased demands on landfills, job creation and reductions in environmental impacts.

¹⁰¹ U.S Bureau of Labor Statistics, “Washington,” (April 2024), [Washington Economy at a Glance \(bls.gov\)](https://www.bls.gov/economy-at-a-glance/washington)

¹⁰² Moody’s Analytics, “United States - Total Employment Non-Ag,” (March 2024), [United States Total Employment Non-Ag | Moody's Analytics \(economy.com\)](https://www.moodyanalytics.com/economy/united-states-total-employment-non-ag)

¹⁰³ U.S. Bureau of Labor Statistics, “State and Area Employment, Hours, and Earnings,” (April 2024), [Bureau of Labor Statistics Data \(bls.gov\)](https://www.bls.gov/data)

¹⁰⁴ Washington State Employment Security Department, “Agricultural employment and wages,” (September 2023), [ESDWAGOV - Agricultural employment and wages](https://www.esd.wa.gov/agricultural-employment-and-wages)

Exempt facility and small issue legislation

The Modernizing American Manufacturing Bond Act is currently in the House Ways and Means Committee awaiting Congressional action.¹⁰⁵ This proposal would expand the eligibility of small issue projects to include the creation or production of intangible property. It would also increase the maximum small issue industrial development bond size from \$10 million to \$30 million. This legislation does not appear to be moving forward at this time.

Utilizing exempt facility and small issue bond cap

The small issue category experienced an increase in usage during the 2022-2023 biennium. From a single Beginning Farmer Rancher (BFR) issuance in the previous biennium, the last two years have seen six BFR issuances as well as two industrial development bonds to support the development of manufacturing facilities. The establishment of a new BFR issuer in 2021 has facilitated the increase in BFR loans, which had stagnated during the last biennium. The two manufacturing projects, by Mutual Materials, demonstrate that there remains a niche for industrial development bonds for select projects.

Despite this increase, the overall utilization of the small issue bond cap is a small fraction of the initial set-aside for this category. During the 2022-2023 biennium, 0.79% of overall bond cap, and 3.15% of the initial small issue set-aside, was allocated to the projects noted above. This low utilization rate parallels patterns seen at the national level.

Nationally, the Community Development Finance Authority's 2019-2020 Annual Volume Cap Report (the most recent available) shows that national issuances in this category have been at or less than 1% of total annual cap since 2014.¹⁰⁶¹⁰⁷ The report notes that limitations on the overall project size, and the expiration of allowed uses (such as intangible assets) have left this category with minimal usage for the last decade.¹⁰⁸

According to a recent interview with the Washington Economic Development Finance Authority (WEDFA), the recent increase in interest rates may actually serve as a potential boost to utilization of Small Issue bonds. The benefits of tax-exempt funding increase compared to the costs of traditional financing, elevated by higher interest rates. Thus, the tradeoffs involved in using bonds (restrictions, reporting requirements, issuance costs etc.) are offset by the savings. This also helps to incentivize use of bond financing which had been diluted by drops in corporate income rates contained in the Tax Cuts and Jobs Act of 2017.

Another potential boost will come through development of new marketing materials currently being prepared by WEDFA. This, combined with WEDFA's enhanced technical assistance, streamlining processes and updating standard documents could help prompt more issuances in this category over the next biennium, especially within target industries such as food processing.

In addition to changes made by WEDFA to small issue bond marketing, they will also be revising outreach to potential partners such as banks and Economic Development Councils to promote use of Exempt Facility bonds. This effort, combined with continued collaboration with the Commerce's Office of Economic

¹⁰⁵ U.S. Library of Congress, "All Information (Except Text) for H.R.3787 - Modernizing Agricultural and Manufacturing Bonds Act," (2024), [All Info - H.R.3787 - 118th Congress \(2023-2024\): Modernizing Agricultural and Manufacturing Bonds Act | Congress.gov | Library of Congress](https://www.congress.gov/bills/118/3787/all-info)

¹⁰⁶ Council of Development Finance Agencies, "CDFA Annual Volume Cap Report," (November 2021), [CDFA - CDFFA 2019-2020 Annual Volume Cap Report: An Analysis of Private Activity Bond & Volume Cap Trends](https://www.cdfa.gov/volume-cap-report)

¹⁰⁷ Council of Development Finance Agencies, "Volume Cap Resource Center," (2024), [CDFA - Volume Cap Resource Center](https://www.cdfa.gov/volume-cap-resource-center)

¹⁰⁸ Council of Development Finance Agencies, "CDFA Annual Volume Cap Report," (November 2021), [CDFA - CDFFA 2019-2020 Annual Volume Cap Report: An Analysis of Private Activity Bond & Volume Cap Trends](https://www.cdfa.gov/volume-cap-report)

Development and Competitiveness, could boost the number of Exempt Facility projects seeking allocations of bond cap.

WEDFA anticipates that the total number of exempt facility issuances may remain subdued during the next biennium. However, improvements in construction costs and availability of machinery as supply chain issues are resolved could help resolve some of the issues that have been encountered by projects which received allocations during 2022-2023 but were unable to utilize them. In addition, WEDFA anticipates that those projects moving forward (often waste stream recycling facilities lately) will skew towards larger facilities due to economies of scale.

Expedited rulemaking in 2022 (allowed when consensus has been reached among stakeholders) was used to amend the Washington Administrative Code provisions, 365-135-070(1)(a), pertaining to the Bond Cap Program. These changes allow an individual exempt facility category project to receive an allocation of any unutilized initial exempt facility set-aside after May 1st each year. This is a change to the previous rule which restricted individual exempt facility category projects to 30% of the initial exempt facility set-aside until after the general release date on July 1st. This change is anticipated to allow more of the initial Exempt Facility set-aside to be designated for large exempt facility projects instead of being released for allocation to projects in other categories.

Program administration issues

The program continues to work to improve stakeholder engagement and make improvements to administrative processes and program guidelines.

Adjustment to application submittal, review and approval/denial

As a result of remote work operations, the program now primarily receives bond cap allocations through electronic submittals. Paper applications are also accepted but are typically not used to establish the applications date unless an electronic version has not been submitted.

Moving to electronic submittals has accelerated the beginning of the review process, and allows for the establishment of a “time stamp” when an application is received. This is important as the program largely operates on a first-come, first-served basis.

Electronic submittal increases the possibility of receiving more than one application on a calendar day. This is especially true on certain days such as the first date allowed for early submissions. To account for this, BCAP made an administrative determination in 2022 to consider applications submitted on the same date as tied. In the event of tied applications, the projects will receive a proportionate share of set-aside or released bond cap relative to the total amount requested per application. For example, a released amount of \$50 million would be split into allocations of \$5 million and \$45 million if applicants submitted competing allocation requests for \$10 million and \$90 million, respectively. During the next biennium, the program will solicit stakeholder involvement to determine if adjustments should be made to this process.

Stakeholder outreach

The Bond Cap Discussion Group has typically met each September, although the meeting in 2022 was cancelled due to staffing issues. BCAP plans to expand the number of stakeholders involved in the group by inviting special districts and statewide organizations like the Association of Washington Cities, Washington State Association of Counties and Municipal Research and Services Center.

The Bond Cap Allocation Program has renewed attendance at annual gatherings of the Association of Washington Cities, Infrastructure Assistance Coordinating Council and Housing Washington. In some cases, this attendance is in conjunction with a session presentation. In other circumstances, the program helps staff information tables to facilitate conversations with conference attendees.

Changes to rules, regulations and procedures

During the 2024-2025 biennium, the Bond Cap Stakeholders Group may begin gathering input on the relevance of WAC provisions that are rarely or never used. An example of this type of rule is [WAC 365-135-060](#), which sets geographic limits on the issuance of small issue industrial revenue bonds. This requirement has never been used and is an example of extraneous criteria that may cause confusion or inhibit a potential applicant from utilizing the program. This work could culminate in proposed revisions to WAC 365-135.

The stakeholder group may also consider the current framework for allocations to housing authorities. Currently the WSHFC makes sub-allocations to the housing authorities using allocations to their Multi-Family Program. WSHFC works in conjunction with the Association of Washington Housing Authorities to direct bond cap to housing authority projects that are ready to move forward. While this arrangement has been working well, BCAP will undertake a study to investigate perspectives of various stakeholders and will report to the Bond Cap Stakeholders Group. This study will consider benefits of the current arrangement such as providing advantages to housing authorities that need advanced assurances of cap allocations and determine if there are any drawbacks. Following this work, if housing authorities and stakeholders express support in the current arrangement, the program will propose formalizing it through a WAC process.

Bond cap categories

Housing: 42% initial allocation

In Washington, the housing category includes mortgage revenue bonds, mortgage credit certificates and exempt facility bonds for qualified residential rental projects.

Under state law, 42% of the total bond cap is set-aside for housing – 80% goes to WSHFC (33.6% of the total bond cap) and 20% to local housing authorities (8.4% of the total bond cap).

WSHFC’s allocation can be used by its Single-Family Homeownership Program or Multifamily Rental Housing Program. WSHFC’s multifamily program issues bonds for both nonprofit and for-profit affordable housing developers. The Single-Family Homeownership Program’s mortgage revenue bonds are used for single-family low-income homebuyer assistance. Under IRS Code, 95% of mortgage revenue bond allocations must be used to finance residences for first-time homebuyers.

Local housing authorities in the state issue bonds for affordable multi-family rental projects – both their own projects and to nonprofit developers of affordable housing.

Since 2007, bond cap allocations in the housing category have helped create or rehabilitate more than 61,714 units of low-income, senior and special needs housing statewide.

Small issue: 25% initial allocation

A small issue project, as described in IRS Code, is an industrial development/manufacturing project with a maximum of \$20 million in capital expenditures over a six-year period – three years before and three years after the issuance of the tax-exempt private activity bond. Allocation requests for a single project in this category cannot exceed \$10 million during the six-year period.

The state adopted legislation in 2006 to create the [Beginning Farmer/Rancher or “Aggie Bond” Program](#), a subset of the small issue category administered by WSHFC. Bonds to support new farming operations were first issued in early 2008. Since then, aggie bonds have helped 40 families establish new agricultural businesses. This program helps permanent residents start farms if they have never owned one (or owned a farm that was less than 30% of the county's median farm size).



Aside from the Beginning Farmer/Rancher Program, activity in the small issue category has been slow since the recession. Nevertheless, since 2007, bonds issued in the small issue category helped create or retain more than 1,526 jobs in Washington communities.

Exempt facility: 20% initial allocation

Exempt facility projects are capital developments qualifying for tax-exempt status only if issued under the bond cap because of a high level of private involvement or benefit. Exempt facility projects 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

Under federal law, the term “exempt facility” also includes low-income rental housing. However, Washington classifies low-income rental housing in the housing category.



The Columbia Pulp project is intended to prevent tons of wheat straw from entering the waste stream or pollution from burning by turning straw into feed, pulp and erosion control. Photo by Allan Johnson.

In the Bond Cap Allocation Program’s history, tax-exempt private activity bonds in the exempt facility category have financed innovative recycling, alternative energy and waste management projects in the exempt facility category.

In addition to removing tons of waste and pollution, creating value-added consumer products, and providing power, sewer, and water facilities, exempt facility projects have created or retained more than 3,811 jobs for Washington residents since 2007.

Student loans: 5% initial allocation

While the state issued bonds in this category prior to 2005, the issuance of these bonds was suspended after the Student Loan Finance Association (SLFA) assets were sold in late 2004 to a for-profit corporation. The Washington Higher Education Facilities Authority (WHEFA) was appointed the new authorized student loan bond issuer in the state. However, beginning in 2008, changes in federal financial aid procedures made it difficult or unnecessary for the state to issue student loan bonds. Depending on student financial aid developments at the federal level, WHEFA is prepared to offer both federally insured student loans and alternative loans.

Remainder and redevelopment: 8% initial allocation

Remainder and redevelopment, hereafter referred to as “remainder,” is a miscellaneous category. The program can allocate remainder to projects eligible under any of the other bond-use categories throughout the year, as long as the initial allocation in the project’s category has been depleted or the availability of bond cap for a specific project is limited by program timelines. At the beginning of each year, the program reserves at least 8% of the state’s total bond cap authority for the remainder category, providing flexibility to make more allocations earlier in the year.

If bond issuers submit applications in separate categories prior to the start of the calendar year, initial set-asides may be reduced by the amount of carryforward designated in the prior year. This amount is then added to the remainder category.

Most often, the remainder bond cap is used for housing category projects, particularly for local housing authority allocations over the initial set-aside. At times, remainder bond cap is used for exempt facility projects that are larger than the 30% of the initial allocation allowable for any one project early in the year.

2022-2023 program activity summaries

Bond cap activity during 2022 and 2023 was characterized by continued high demand for housing bond cap, lower demand exempt facility bond cap and limited demand for small issue. While a significant number of projects received allocations from carryforward, a large number of projects used current-year bond cap. Affordable housing received the majority of bond cap issuances.

2022 bond cap issuances

The program approved private activity bond sales for 30 projects in 2022, using a total of \$860.82 million in bond cap authority. Of that amount, 85.29% went to housing category projects that created or rehabilitated more than 4,130 units of affordable housing and assisted 544 homeowners through the Single-Family Bond program. Small Issue projects used \$12.44 million in bond cap during 2022. An additional \$114.23 million in exempt facility bonds were issued in 2022.

The year began with \$151.92 million in carryforward; \$137.76 million of that amount was used during 2022. A carryforward allocation of \$128.21 million at the end of 2022 brought total carryforward at the end of the year to \$142.36 million, a decrease of 6.29% compared to the amount at the beginning of the biennium.

For details on specific issuances during 2022, please refer to Appendix B.

2023 bond cap issuances

The program approved private activity bonds for 25 projects in 2023, using a total of \$781.31 million in bond cap authority. Of that amount, 99.79% went to housing category projects. A total of \$1,603,515 was allocated for small issue bonds. No exempt facility category projects used allocations in 2023. Issuances in the housing category created or rehabilitated more than 2,909 units of affordable multi-family housing and helped 493 low-to moderate-income families become homeowners.

The year began with \$142.36 million in carryforward; \$51.38 million of that amount was used during 2022. A carryforward allocation of \$204.36 million at the end of 2022 brought total carryforward at the end of the year to \$295.34 million, an increase of 107.46% compared to the amount at the beginning of the biennium.

For details on specific issuances during 2023, please refer to Appendix C.

Biennial summary

The program approved private activity bonds for 55 projects, using a total of \$1,642 million in bond cap authority. There were six issuances totaling \$1.88 million for beginning farmer/rancher projects. Two small issue manufacturing projects used \$12.16 million in bond cap. An additional \$114.23 million was issued for exempt facility projects.

For details on specific issuances during this biennium, please refer to Appendices A and/or B.

2022-2023 bond cap project highlights

Among the multiple projects that received allocations of bond cap over the last two years, several stand out for their innovation, public benefits, community enhancement and strength of partnership.

Spanaway: Copper Way Apartments

The economics of affordable housing development can often be challenging. According to [the Urban Institute](#), “the gap between the amount a building is expected to produce from rents and the amount developers will need to pay lenders and investors can stop affordable housing development before it even begins.”

There can be regional variations to these challenges, and as Joey Launceford, a development associate at the Inland Group explained, these variations are part of the reason why it can be more difficult to get private affordable housing deals done in Pierce County compared to neighboring King County. Comparable interest rates, and land and building costs, but lower area median income thresholds mean that it can be a greater challenge to cover the costs of the debt necessary to finance privately developed affordable housing through rents in Pierce County than in King County, especially given the recent rise in interest rates.

Seen against the background of these complications, the development of the Copper Way Apartments, a new 256-unit affordable housing complex in Spanaway, is all the more significant.

As with many growing parts of the Puget Sound region, housing affordability is an important issue in Pierce County, and the need for affordable housing will be significant in the coming decades. According to the Puget Sound Regional Council’s January 2022 [Regional Housing Needs Assessment](#), Pierce County will need 40,000 units of housing that is affordable to people making between 31% and 80% of area median income between 2020 and 2050.

The Inland Group first went under contract to develop the Copper Way Apartments in late 2021 and was awarded a \$33 million tax-exempt bond allocation for the project in August 2022. In addition to this funding, Inland received a \$4.5 million award from Pierce County, generated by the county’s new Maureen Howard Affordable Housing Act, which places a 0.1% sales tax on housing and other related services. Inland was also awarded an \$8.75 million low-interest loan from the Seattle Foundation’s Evergreen Impact Housing Fund, backed by a group of Washington credit unions.

According to Launceford, the funding that Inland received from Pierce County and the Evergreen Impact Housing Fund was important to helping overcome the financial barriers to constructing an affordable housing development of this size. Additionally, said Launceford, bond allocation financing provided the opportunity to draw in larger private tax credit investors that would otherwise have been difficult to bring in given the size of the loans involved.

With the financing to bring the Copper Way development to fruition secured, Inland first broke ground on the Spanaway site in July 2023, with the goal of turning over the first building in the complex in June 2024, and completing construction by November 2024.

During the design process, Inland partnered with the Metropolitan Development Council (MDC) – a Tacoma community action agency that provides a variety of programs and services for low-income people in Pierce County – to do community outreach and engagement to inform the project’s design. Following the completion of Copper Way, MDC will continue to have a presence in the development, having access to the property’s community spaces to provide some of its resource services for residents.

Ultimately, the development will feature 256 units in eight different buildings, all of which will be reserved for households making no more than 60% of area median income. Inland was intentional about ensuring that Copper Way will be accessible for families, deciding that more than 80% of the 256 total units will have two or more bedrooms.

The completion of the Copper Way Apartments will represent both a step towards addressing the housing affordability need in Pierce County, and an example of the kind of financing it takes to make privately developed affordable housing a reality in the Puget Sound region.



The Copper Way Apartments in Spanaway contains 256 affordable apartments. Photos provided by the Inland Group.

Waterville: Thomsen Brothers

Farming is what the Thomsen brothers grew up doing, and what their family has been doing for decades. So when an opportunity arose for Bryan and Garrett Thomsen to buy their own pieces of land to work, steward and hopefully pass on to future generations, they were both eager to find a way to make it work. In late 2023, they were able to get the financing they needed to make that aspiration a reality, and they were supported in part through bond allocations from the Washington Beginning Farmer/Rancher Program.

Both brothers have fond memories of helping their father farm throughout their childhoods, following in the footsteps of five generations of their family. While they each initially began working different jobs as adults, Bryan and Garrett both knew that they wanted to get back into farming if the opportunity presented itself.

For Garrett, part of the draw of farming was the unique experiences it gave him as a boy. By the time he was a teenager, he could remember driving an 18-wheeler and learning to work on different pieces of farm equipment. Once he had a family of his own, he wanted to be able to share those same experiences and opportunities with his children.

As the brothers grew into adults, they reached the point where they needed to become self-sufficient, and for Bryan this meant leaving his father's farm for college at Washington State University. "I had to pick something," said Bryan. "Somebody told me 'You really like arguing, you'd make a good lawyer.'"

Eventually, however, Bryan began to realize that practicing law might not be the most fulfilling career for him, and he started to feel himself pulled back towards farming. In college, the academic year would start right around harvest time, and Bryan can remember sitting in an English class one semester and being able to see combines harvesting out the window, wishing that he could be sitting in one of those machines instead of in a classroom.

"We bought a second combine because our farm was slowly growing a little bit," said Garrett. "That was the first year that he went to college, so he was pretty jealous about all of that because I got to drive it, and he had to go to WSU and they start in August," he joked.

A few years went by, and both brothers were working different jobs in the agricultural industry, when one of their father's neighbors was diagnosed with pancreatic cancer, and was looking for someone to keep working his land. The Thomsen brothers began to lease the land, and along with their father, kept the farm going through their neighbor's illness. Unfortunately, their neighbor lost his battle with cancer, but when his widow decided that she wanted to sell the land, the Thomsen brothers were motivated to put together an offer and continue to steward the land.

Putting together the financing to make an offer during a period of rising interest rates was a challenge, and according to Bryan, the brothers leaned heavily on the experience of their local Farm Credit branch to help them navigate the process and secure the loans they needed. The two largest components of each brother's financing were loans from Farm Credit and the Farm Services Agency, but their banker suggested they also look at securing a bond allocation from the Washington Beginning Farmer/Rancher Program, which rounded out the balance of their loans.

Amidst a climate of higher interest rates, the beginning farmer/rancher bond allocation provided a very favorable financing option, said Bryan.

After a period of negotiations with the landowner, Bryan closed on more than 1,600 acres of property, and Garrett was later able to close on almost a full section of adjacent land. Now, the brothers farm that land along

with their father, growing primarily dryland winter wheat, following the routines of planting, harvesting and fallowing that they have known since they were boys.

Both brothers agree that being able to continue working with their family every day – stewarding the land for the next generation they hope to pass it on to – is one of the most rewarding parts of being able to get back into farming long-term.

“I really love being able to work with my dad every day and be able to kind of keep up the family business,” Bryan said.

“Together I think we’re a really bulletproof team,” said Garrett about working with his brother. “I’m so blessed to be doing this with my family. I know a lot of people that don’t get to say that, they don’t know their brothers and sisters anymore, they don’t have a mom and dad near them anymore, but I get to work with them. They’re a part of my everyday life and I wouldn’t give that up for anything.”



Approximately 2,400 acres in two farms were established by the Thomsen Brothers in December, 2023 through the Beginning Farmer Rancher Program. Photos provided by Bryan Thomsen.

Lynnwood: Novo on 52nd

For housing authorities, new construction can present some significant challenges and risks. Because managing new construction costs is not something that most housing authorities are regularly doing, they often lack the dedicated staff and past experience to be able to easily navigate the development process on their own.

When the Housing Authority of Snohomish County (HASCO) was faced with the need to replace an existing housing development, it decided to try something different, entering a public-private partnership with a private affordable housing developer, the Inland Group. That partnership worked just how it was designed, and HASCO now has 242 new units of affordable housing at its Novo on 52nd property – a project that was funded in part by a private activity bond allocation of almost \$44 million.

Before the replacement project, the Lynnwood-area property was home to Whispering Pines, an apartment complex originally constructed in the late 1960s that HASCO acquired and rehabbed in 1995. The housing authority ran this development through its initial 15-year affordability period, and got well into its 30-year extended use period before starting conversations with the Washington State Housing Finance Commission about the need to address some age-related issues with the apartments, many of which were related to underground infrastructure. Eventually, it became clear that replacing Whispering Pines with a modernized development might be the best option.

Initially, HASCO set out to do this work on its own, beginning with trying to have the site appropriately rezoned, but quickly the housing authority started running into roadblocks. At this point, taking inspiration from U.S. Department of Housing and Urban Development-funded public-private turnkey developments, HASCO decided to put out a request for proposals for a private developer to replace Whispering Pines, which is how the housing authority found its eventual partner in the Inland Group.

Building trust and collaborating on the specifics of the development agreement between the housing authority and Inland took some time, but by the end of that process, both parties had an agreement they were happy with that laid out a clear timeline and obligations from both HASCO and Inland.

Under the terms of the development agreement, signed in July 2021, Inland would be responsible for the site from the time the old property was completely vacant, to one year after the new development was granted a certificate of occupancy. At this point, HASCO would buy Inland's interest in the partnership, and the housing authority would resume administering the development like any of its other properties. Among the primary goals of the redevelopment work was extending the property's period of affordability and modernizing units, particularly with an eye towards accessibility.

According to HASCO, ensuring that the property was vacant on time was a challenge, especially in the midst of a pandemic, but by February 2022, all the former residents of Whispering Pines had moved out, and construction on the new development had begun. The construction process unfolded more or less exactly according to the timeline laid out in the development agreement, and by the fall of 2023, the redevelopment was complete, and the former home of Whispering Pines now featured 242 new affordable housing units, all reserved for households making less than 60% of area median income. In late February of 2024, Inland's general partnership interest transferred back to HASCO, which became the sole owner of the site once again.

The property features many larger units that can more comfortably house families – over 70% of the units have two or more bedrooms. It also features a host of amenities, including a resident lounge, business center, game room, fitness center, indoor gym, outdoor seasonal pool, play structure and bicycle parking.

Both HASCO and Inland express great satisfaction with how the project unfolded, and the model it can provide for future public-private partnerships to develop affordable housing.

For the housing authority, Inland’s previous development experience and proven housing designs meant the construction process was much more timely and cost-effective than it would have otherwise been. The housing authority was also exposed to less development risk than if it had to hire more staff to keep the project in-house, or relied on consultants. For Inland, the partnership offered a tax-advantaged sale creating a capital gain rather than ordinary income.

While this type of development arrangement is not entirely unique in Washington, it has not been widely utilized, and HASCO and Inland believe it is an advantageous model to emulate under the right circumstances. “I have had a few calls from people interested in what we did and asking lots of questions,” said HASCO’s Executive Director, Duane Leonard.

“I think it’s a great model on a go-forward basis,” said Keith James, a development lead at Inland. “Have each party do what they’re best suited to do, what they’re the very best at accomplishing daily,” he continued. “The developer or general contractor doesn’t have to be the owner to have these deals make sense, and this is a prime example of that.”



Novo on 52nd, in Lynnwood, replaced the Whispering Pines affordable housing complex with 242 new affordable units. Photos provided by the Housing Authority of Snohomish County.

Summary of 2022-2023 public benefits

Tax-exempt private activity bond issuances must be used for projects with measurable public benefits. State laws and rules provide guidance for evaluating the public benefit of projects applying for bond cap and for prioritizing projects in the event demand exceeds the bond cap available.

Affordable housing units created or rehabilitated

One of the primary ways bond cap has historically been used is for the creation or rehabilitation of affordable multi-family housing.

Bond cap authority used for affordable multi-family housing development typically leverages at least as much in other project financing as the amount of bond cap allocated. In particular, a development needs a bond cap issuance to qualify for federal 4% LIHTCs. To qualify for these tax credits, at least 50% of the project's financing must come from the tax-exempt bond cap issuance.

During 2022 and 2023, financing packages using tax-exempt private activity bonds created or rehabilitated 9,530 units of affordable multifamily rental housing.

This amount represents a 26.14% decrease from the 9,530 units developed during the previous two-year period, and a 32.38% cumulative decrease from the 10,409 units developed between 2018 and 2021. This decrease is likely due in large part to the increasing per unit cost of development which has risen to \$190,205 per unit from \$161,211 two years ago and \$125,281 four years ago.

Table 1: Affordable multifamily rental housing units created or rehabilitated, 2022-2023

A. WSHFC/Local Housing Authority (LHA)	B. Housing Units	C. Bond Cap Used	D. Average. Bond Cap/Unit = C ÷ B
WSHFC	5,225	\$871,818,548.51	\$166,855.20
Local Housing Authorities	1,357	\$338,285,582.80	\$249,289.30
Public Development Authorities	457	\$128,751,000	\$281,730.90
Totals	7,039	\$1,338,855,131.61	\$190,205.30

Homeownership assistance benefits

As part of its Single-Family Program, WSHFC uses bond cap allocations to provide down-payment assistance and tax credits for qualifying homebuyers.

WSHFC issued a total of \$175 million in down-payment assistance and tax-credits for qualifying homebuyers in 2022 and 2023. Using the proceeds of these issuances combined with balances from prior issuances in the WSHFC's first-time homebuyer program, the House Key Opportunity Program, the Commission served 493 households in 2022, and 544 in 2023. Single-Family Program bonds issued during these years came from a mixture of new bond cap and 2022 carryforward.

WSHFC traditionally directs some of its bond cap to mortgage credit certificates (MCCs), particularly during recession years. The placement of carryforward into the MCC program during recession years prevented any carryforward from expiring before it could be used. This practice has ended as low-income multi-family projects and House Key assistance have rebounded. This biennium did not see any issuances of MCCs.

Housing related job creation

In addition to other public benefits, affordable multifamily rental housing development creates jobs 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 published data on the estimated job benefits of housing construction due to increased economic activity in a local area, including both new construction and rehabilitation of existing buildings.

NAHB data show that the estimated impacts of building 100 new rental apartments in a typical local area include:

- \$5.59 million in taxes and other revenue for local governments
- 125 jobs¹⁰⁹

Table 2: Estimated Job and Tax Impacts of Construction of New Multifamily Housing, 2022-2023

WSHFC/ LHA/ PDA ¹¹⁰	New Housing Units	Estimated Jobs Created	Estimated Taxes/Revenue
WSHFC	4,176	5,220	\$233,475,984
LHA	798	998	\$44,615,382
PDA	395	494	\$22,084,055
Totals	5,369	6,711	\$300,175,421

In addition to jobs created by the construction of new multifamily housing, rehabilitating existing housing units also creates jobs. According to NAHB, the local community impacts of each \$1 million spent on residential remodeling (rehabilitation) include:

- \$29,797 in taxes and other revenue for local governments
- 0.75 jobs¹¹¹

Because bond proceeds are usually the most expensive portion of the financing for an affordable housing project, it is unusual for the proceeds of the bond cap-authorized bond to finance more than 50% of the total project costs. Therefore, to estimate job impacts, the total project costs are assumed to be twice the amount of the bond cap allocation.

¹⁰⁹ National Association of Home Builders (NAHB); National Impact of Home Building and Remodeling: Updated Estimates; April 1, 2020, page 1

¹¹⁰ WSHFC: Washington State Housing Finance Commission; LHA: Local Housing Authorities; PDA: Public Development Authorities

¹¹¹ NAHB, page 1

Table 3: Estimated jobs impacts by rehabilitation of affordable multifamily housing, 2022-2023

WSHFC/ LHA /PDA	Units rehabilitated	Bond cap used	Estimated total project costs	Estimated jobs created
WSHFC	1,049	\$141,502,730	\$283,005,460	212
LHA	559	\$158,099,547	\$316,199,094	237
PDA	62	\$16,900,000	\$33,800,000	25
Totals	1,670	\$316,502,277	\$633,004,554	474

Job creation impacts of small issue and exempt facility projects

During 2022, one exempt facility project created 55 new permanent jobs and an indeterminate number of temporary construction jobs. Two small issue projects in 2022 created nine new permanent jobs and retained 51 existing jobs. In addition, six first-time farmer/rancher bond issuances in 2022 and 2023 created six additional new agricultural jobs. These numbers represent actual jobs created or retained in specific Washington businesses, as indicated on the projects' applications for bond cap authority. These figures do not account for indirect jobs creation or retention.

For a full list of annual small issue and exempt facility issuances, please refer to [Appendix D](#).

2024 Initial allocations

For 2024, the IRS increased the per-capita multiplier to \$125 from \$120 in 2023. According to official U.S. Census Bureau population estimates, Washington’s population grew to 7,812,880, increasing the total bond cap available to the state to \$976.61 million for 2024.

In 2017, the Legislature reduced the student loan category initial allocation to 5% and increased the housing category initial allocation to 42%. The housing category allocation is further divided – 80% (33.6% of the total bond cap) to WSHFC and 20% (8.4% of the total bond cap) to local housing authorities.¹¹²

Table 4: Bond cap initial allocations for 2024

Category	Initial allocation percentage (per RCW 39.86.120)	Initial allocation amount
Exempt Facility	20%	\$195,322,000
Housing – WSHFC	34%	\$328,140,960
Housing – local housing authorities	8%	\$82,035,240
Small issue	25%	\$244,152,500
Student loans	5%	\$48,830,500
Remainder	8%	\$78,128,800
Total	100%	\$976,610,000

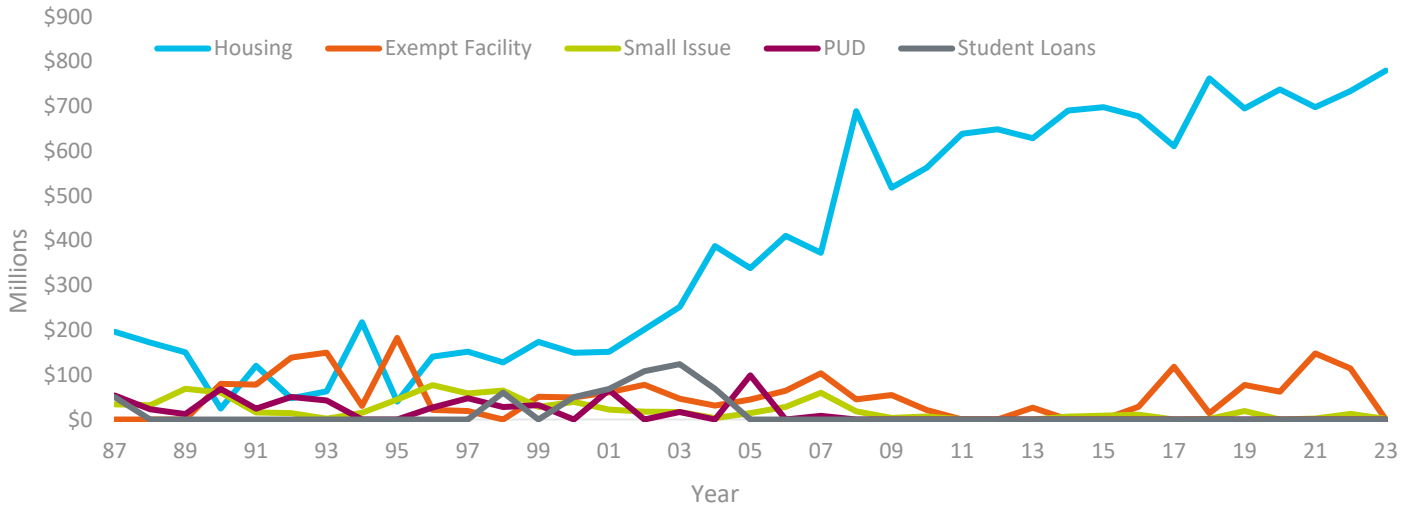
For a full list of annual initial bond cap amounts, please refer to [Appendix E](#).

¹¹² RCW 39.86.120 allows Commerce to reduce the initial allocation of a category by an amount equal 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 WSHFC has received a large amount of carryforward every year for several years, due to the high demand for housing cap and the overall low amount of activity in the other bond cap categories, Commerce has not used this provision since 2006. If demand for remainder cap early in the calendar year were to increase beyond the supply, Commerce could potentially meet the need by moving some or all of WSHFC’s initial allocation into the remainder category.

Bond cap trends

Throughout Bond Cap Allocation Program's history, the housing category has traditionally used the largest share of the state's total bond cap authority. From the program's start in 1987, housing has used an average of 79.12% of the state's total bond cap. Since 2014, that amount has increased to an average of 91.9%. The mixture of housing authority, nonprofit and qualified for-profit housing development results in a consistently high level of demand for allocations of bond cap. During this biennium, housing utilized 92.19% of the total bond cap, a slight increase compared to the previous eight-year average of 91.83%. [Figure 4](#) depicts issuances by category in dollar amounts, which were similar to those of the previous biennium. Callout boxes for 2022-2023 biennial awards are presented to compare recent awards to overall BCAP issuance history.

Figure 4: Category issuances, 1987-2023



Limitations on project size, interest rates and relative competitiveness with commercial loan rates impact the small issue category, which nonetheless has occasionally experienced significant amounts of allocation activity. The biennium saw \$14.04 million in small issue projects with two small issue manufacturing projects in 2022, and six beginning farmer/rancher issuances. These issuances represented only a fraction of a percent of the total bond cap, well below the historical average of 4.36%.

While the Washington Economic Development Finance Authority (WEDFA) received six certificates for exempt facility projects, only one was issued, totaling \$114.23 million. This represents 6.96% of the total available bond cap, below the historical average of 10.45% for this category. This amount is slightly less than the 10-year average of 7.29% for that category, and less than the 8.93% from the most recent five-year period.

For details on the annual issuances by category, please refer to [Appendix F](#).

During the 2022-2023 biennium, the housing category accounted for just over 92% of total issuances, an amount higher than the 79.10% average proportion of bond cap allocated to that category over the program's history ([Figure 5](#)). It also slightly exceeds the average amount allocated over the last 10 years ([Figure 6](#)), and the 89.31% of total issuances of the last five years ([Figure 7](#)).

Lastly, as in recent years, there were no issuances in other categories.

Figure 5: Bond cap category issuances, 1987-2023

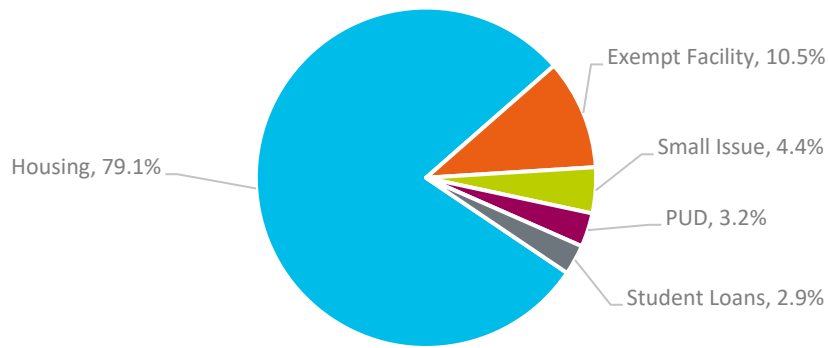


Figure 6: Bond cap category issuances, 2014-2023

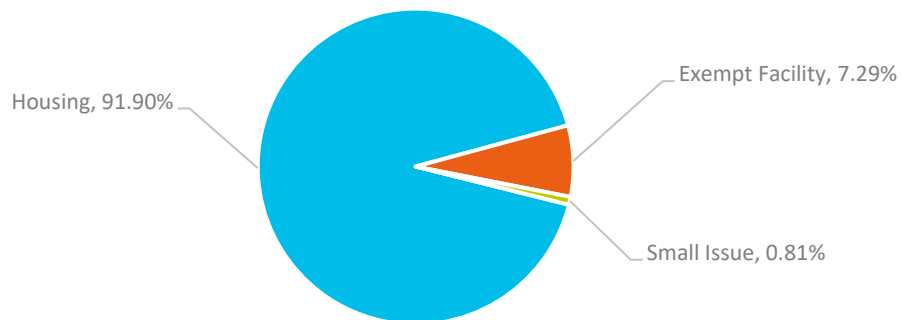
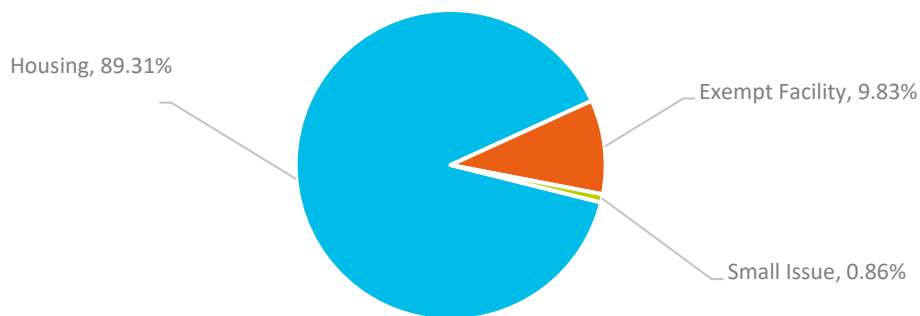


Figure 7: Bond cap category issuances, 2019-2023



Trends in total annual bond cap

Each year, the bond cap is derived using a multiplier supplied by the Internal Revenue Service in November and an annual population estimate provided by the U.S. Census Bureau in December.

Starting in 2001, the IRS began adjusting the multiplier based on cost of living increases. The rate has been adjusted about every two to three years since. Over that time, the multiplier has increased by 92%, from \$62.5 per resident in 2001 to \$120 per resident in 2023 (and \$125 per resident for 2024). This increase exceeds the

70.5% increase in inflation over this period provided by the Bureau of Labor Statistics Consumer Price Index (CPI) inflation calculator. Meanwhile, population has increased by 32.09% (or 1.46% annually) over the same period from 5,894,121 in 2001 to 7,785,786 based upon estimates by the U.S. Census Bureau. This has resulted in a 153.62% increase in bond cap between 2001 and 2023 (or about 6.98% annually).

Between 2021 and 2023, state population growth has slowed to an annual rate of 0.60%. Between 2023 and 2024, the growth rate has slowed further to 0.35%.

Between 2021 and 2023, the total amount of bond cap increased by 10.40% (an annual rate of 5.2%), a bit slower than the average rate experienced over the past two decades. Most of this slowing is due to a lower rate of statewide population increase.

Trends in overall bond cap use

The use of the bond cap among the categories – as well as the percentage of the bond cap used annually – has varied over the years. For example, in the program’s first year, only 5% of the bond cap was allocated to the housing category under state law provisions for initial set-asides, compared with today’s initial allocation of 42%. In 2000, the Legislature adjusted the category divisions closer to the current configuration. Additional updates occurred in 2007, after the completion of the public utility district (PUD) special allocation for hydroelectric facilities, and in 2017, when the Legislature transferred 10% of the total bond cap from the student loan category to the housing category

The state reached an all-time low annual utilization of bond cap in 2013, following the Great Recession. Multiple years of large carryforward resulted in large initial amounts of bond cap available at the start of each year. In 2014, \$2.4 billion in bond cap was available, an all-time high. The next few years saw a surge in issuances due to the use of carryforward for Mortgage Credit Certificates (MCCs) and housing projects by a mix of housing authorities, housing nonprofits and for-profit housing developers.

Total use increased every year between 2014 and 2022. In 2022, annual issuances hit an all-time high of \$860.82 million. However, this amount did not exhaust all available bond cap (inclusive of the initial annual allocation plus available carryforward). As a result \$142.36 million in residual and new carryforward designations at the close of the year.

At the beginning of 2023, the \$142.36 million in carryforward capacity, plus the initial annual allocation of \$934.29 million, resulted in over \$1,076.65 million available for allocations to bond cap projects. Total issuances, however, dropped compared to the previous year by \$79.51 million to \$781.31 million. As a result, residual and newly designated carryforward increased to \$295.34 million heading into the next biennium.

Figure 8: Total capacity, 2014-2023 (in millions)

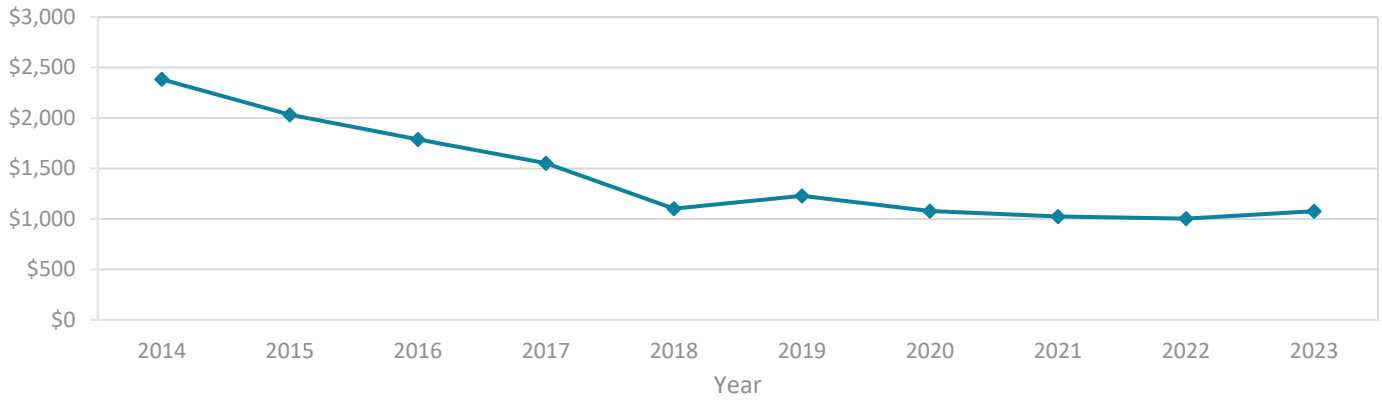


Figure 9: Percent of total capacity used, 2014-2023

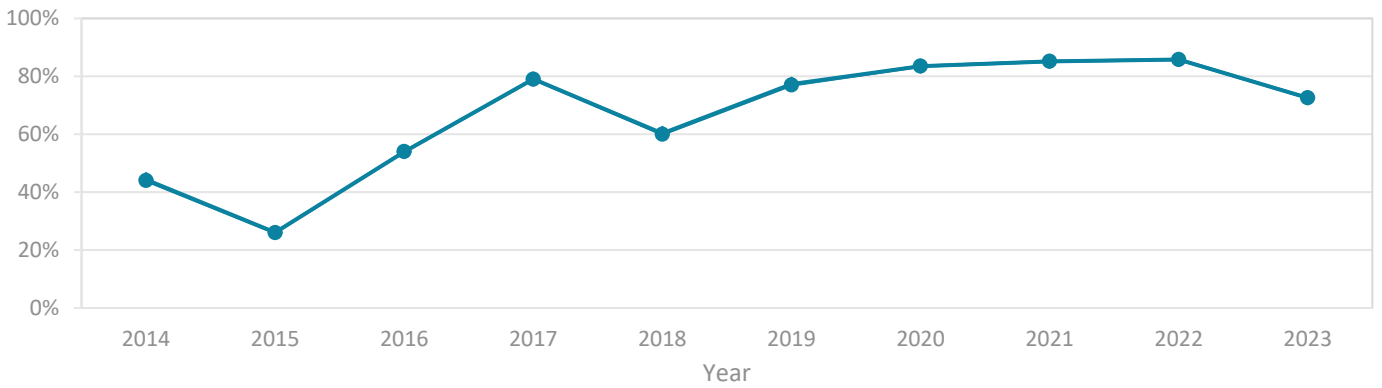
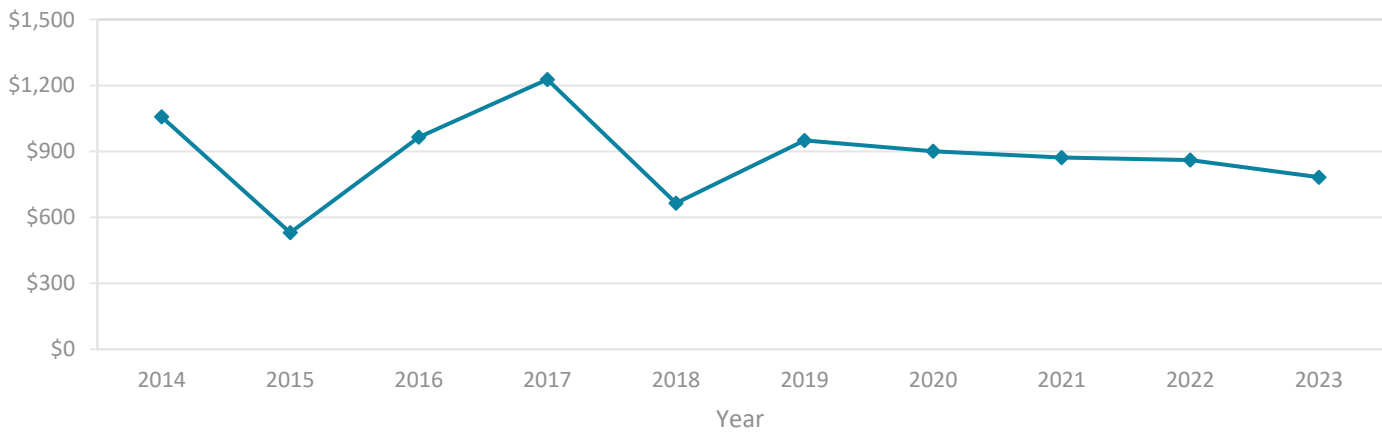


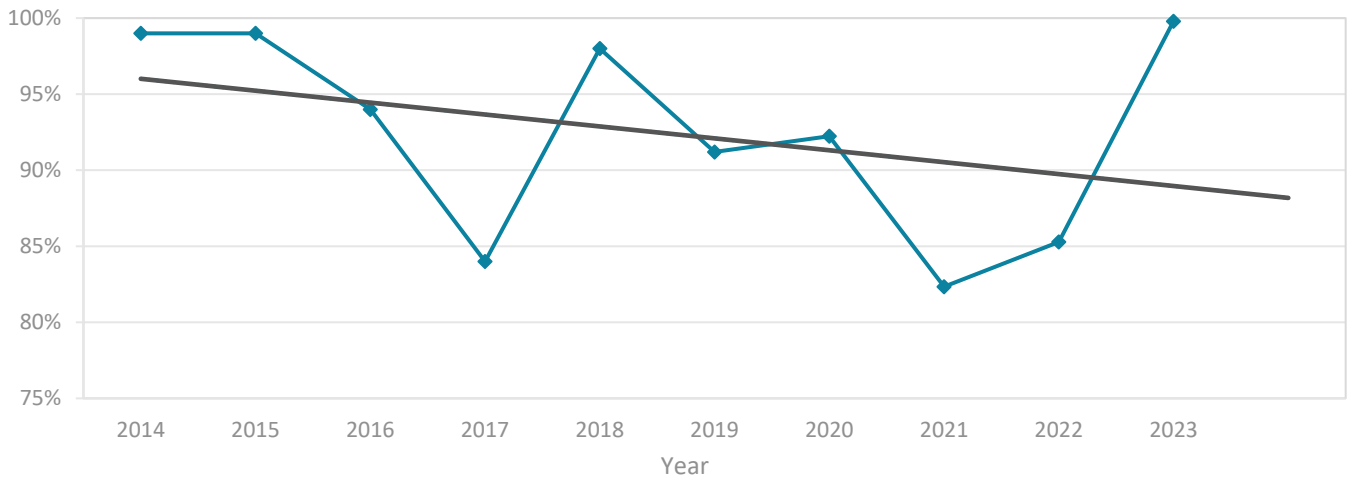
Figure 10: Total bond cap issued, 2014-2023 (in millions)



Trends in category distribution

In 2022, the housing category percentage, 85.3%, was somewhat lower than that seen in recent years due primarily to the recovery in the exempt facility category. In 2023, the percentage for housing rose to 99.8%.

Figure 11: Housing as a percentage of total annual bond cap, 2014-2023



Exempt facility projects have used 10.45% of initial allocations over the program’s history (a little over the 20% initial set-aside for this category). During this biennium, the exempt facility category accounted for 6.96% of bond cap utilization, a significantly lower percentage than the historical average.

Only in 1990 and 1996 did the small issue category exceed its 25% initial allocation. Overall, the small issue category has used only 4.36% of the total bond cap, well short of the initial allocation amount. An increase in the capital expenditures allowance for small issue projects from \$10 million to \$20 million occurred over six years beginning in 2007. That increase made more projects eligible for allocations and caused a surge in small issue bonds in 2007 before the recession again reduced the demand.

Since 2004, federal changes to the student loan category have prevented an issuance of student loan bonds in the state.

Throughout the program’s history, Washington state has almost always used its entire bond cap allocation, whether issued during the year or as carryforward within three years of allocation. Only very small amounts of bond cap have been lost. Once the state began allocating all carryforward on a program basis, primarily to WSHFC, only a minimal amount of bond cap has been lost through expiration.

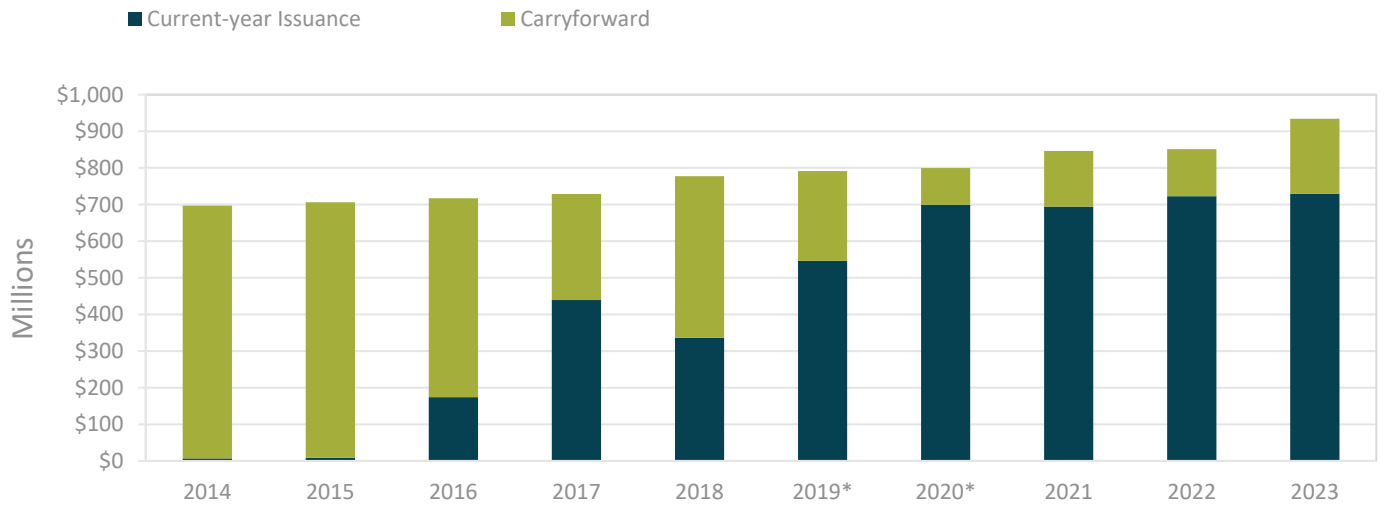
Trends in carryforward amounts

The amount of the annual bond cap used varies depending on market factors, such as interest rates and economic growth, as well as changes in federal policy. In slow economic times, less bond cap is used during the year, and more is carried forward into future years.

Over the past ten years, the amount of initial annual bond cap that has been issued during the same calendar year has been steadily increasing. In 2014, virtually all (99.05%) of initial set-asides were not utilized and were directed to carryforward at the end of the calendar year. In contrast, during 2022 a substantial portion was used within the same calendar year as the initial allocation, with 84.94% used and 15.06% allocated to carryforward. This utilization rate fell somewhat in 2023 to 78.13% of the initial set-asides used during that year. As a result, 21.87% was available in December 2023 for carryforward designation.

Once designated as carryforward, the recipient has three years to use that balance prior to expiration. No bond cap was lost to expiration during this biennium.

Figure 12: Current-year allocations issued during the year and carried forward, 2014-2023



Further information

The [Bond Cap Allocation Program webpage](#) can be accessed at:

<https://www.commerce.wa.gov/about-us/research-services/bond-cap-allocation-program/>

The webpage provides links to the Revised Code of Washington (RCW) and Washington Administrative Code (WAC) sections that guide governance of the program. In addition, links to previous Biennial Reports are available which contain supplemental background information.

The program webpage provides answers to Frequently Asked Questions (FAQs), updates on annual initial allocations amounts, upcoming Bond Cap Discussion Group information, application forms and contact information for the program manager. It also includes historical records on program administration and statistics.

Finally, multiple appendices are included in this report to provide additional detail and figures.

Appendix A: Abbreviations and definitions

Acronyms

Below is a list of acronyms common to the Bond Cap Allocation Program.

AMI - Area Median Income

ARRA – American Recovery and Reinvestment Act of 2009

BCAP – Bond Cap Allocation Program

CDFFA – Council of Development Finance Agencies

CFR – Code of Federal Regulations

CPI - Consumer Price Index

EDC – Economic Development Corporation

FTE – Full-Time Equivalent (2,080 staff hours per year)

HAI – Housing Affordability Index

HERA – Housing and Economic Recovery Act of 2008

IDB – Industrial Development Bond

IDC – Industrial Development Corporation

IRB or IDRB – 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

MCC –Mortgage Credit Certificate

NABL – National Association of Bond Lenders

NAHB - National Association of Home Builders

OFM – Office of Financial Management (state)

PAB – Private Activity Bond

PUD – Public Utility District

QECB – Qualified Energy Conservation Bond

RCW – Revised Code of Washington

SLFA - Student Loan Finance Association

WAC – Washington Administrative Code

WEDFA – Washington Economic Development Finance Authority

WHEFA – Washington Higher Education Facilities Authority

WSHFC – Washington State Housing Finance 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 type limited or “capped” under federal law; or the amount available in a specific bond use category that is awarded to a specific project or 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 could use tax-exempt private activity bond financing, plus a “remainder” category that might 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.

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

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

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

Housing: In Washington, 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 facility 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.

Mortgage Credit Certificate (MCC): A federal tax credit for homebuyers who purchase homes in specific disadvantaged census tracts. These homebuyers can deduct the amount of the MCC from their income taxes.

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.

Par value: The state value of the bond, or the amount the bond issuer agrees to repay the bond purchaser at the time the bond matures.

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

1. It meets both of the private business use tests:

- a. Greater than 10% of its proceeds are used for any private business purpose, AND
- b. Greater than 10 % of its proceeds are either secured by property used for private business purposes or are to be repaid from private business sources.

2. OR, it meets the private loan financing test:

- a. Greater than 5% (or \$5 million, whichever is less) of its proceeds are used for loans to persons other than governmental entities.⁵⁷

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 by the Legislature in 2006, this program provides loans for first-time farmers and ranchers to establish their businesses. Bonds in this category are issued by the Washington State Housing Finance Commission, and individual farmers or ranchers apply to it for financing. Aggie bonds are in the small issue category. Federal law currently limits individual loans under the program to \$552,500 per family as of Jan. 1, 2020.¹¹³

Small issue manufacturing: Industrial development projects that have capital expenditures of \$20.0 million or less during a six-year period – three years before and three years after the issuance of the tax-exempt private activity bond. Small issue allocations are limited to \$10.0 million per project.

Tax-exempt: Bond investors (who purchase the bonds, thus providing project financing) are not required to pay federal taxes on interest earned on the bonds, which can be attractive to investors and might at times make

¹¹³ <https://www.stateagfinance.org/types-of-state-ag-loan-programs>

the bonds easier to sell. Tax-exempt bonds qualify for lower interest rates, which means lower costs for the user of the bond proceeds.

Underwriter: A financial or investment institution, usually a large bank, which 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.

Appendix B: 2022 bond cap issuances - 30 Projects

Date	Issuer	Project	Bond cap amount	Allocation source
Total carryforward available for 2022			\$151,915,691	2021 MF Carryforward (MF CF)
2022 initial bond cap			\$851,256,120	
Total bond cap available for 2022			\$1,003,171,811	
1/25/2022	Commission	MF - HopeSource III Rural Preservation Portfolio	\$18,151,730	2021 MF CF
2/2/2022	Snohomish County HA	MF - Novo on 52nd	\$44,000,000	2021 MF CF
2/17/2022	Commission	MF - Grata at Totem Lake 4%	\$23,999,740	2021 MF CF
3/22/2022	WEDFA	Norpac	\$0 (Allocation of \$17,025,122.60 released 7/22/22)	2022 Bond Cap
4/19/2022	WEDFA	Divert	\$0 (Allocation of \$51,075,367 released 12/6/22)	2022 Bond Cap
5/26/2022	Commission	MF - Watershed Renton	\$31,000,000	2021 MF CF
5/26/2022	Renton Housing Authority	MF - Sunset Gardens	\$24,500,000	2022 Bond Cap
6/28/2022	WEDFA	Burnham SEV	\$0 (Allocation of \$51,075,367.20 released 12/6/22)	2022 Bond Cap
7/22/2022	Seattle Housing Authority	MF - 2022 Hinoki Supplemental Issuance	\$5,000,000	2022 Bond Cap
8/15/2022	Commission	BFR - James B. and Kristin A. Lange	\$278,000	2022 Bond Cap
8/24/2022	Seattle Housing Authority	MF - Jefferson Terrace Rehabilitation	\$42,104,276	2022 Bond Cap

Date	Issuer	Project	Bond cap amount	Allocation source
8/24/2022	WEDFA	Small Issue - Mutual Materials A	\$9,400,000	2022 Bond Cap
8/30/2022	Commission	MF - 2022 Mirabeau Commons - supplemental PAB	\$1,750,000	2021 MF CF
8/30/2022	Commission	MF - Pine Ridge Apartments	\$13,500,000	2022 Bond Cap
9/1/2022	Commission	MF - Grand Street Commons	\$43,700,000	2022 Bond Cap
9/7/2022	WEDFA	Small Issue - Mutual Materials B	\$2,763,000	2022 Bond Cap
9/8/2022	Commission	MF - Mirabeau Townhomes	\$10,000,000	2022 Bond Cap
9/26/2022	Commission	SF - House Key	\$75,000,000	2022 Bond Cap
9/27/2022	Commission	MF - Ovation at Paine Field	\$33,500,000	2022 Bond Cap
10/14/2022	Commission	MF - Samma Senior Apartments	\$15,550,000	2022 Bond Cap
10/21/2022	SCIDPDA	MF - North Lot - Building A	\$54,500,000	2022 Bond Cap
11/15/2022	Tacoma Housing Authority	MF - Housing Hilltop	\$60,000,000	2022 Bond Cap
11/22/2022	Commission	MF - Bryant Manor Redevelopment Phase I	\$32,750,000	2022 Bond Cap
12/8/2022	Commission	MF - Englewood Gardens	\$25,349,000	2022 Bond Cap
12/8/2022	WEDFA	Exempt Facility - Mura Cascade	\$114,225,000	2022 Bond Cap

Date	Issuer	Project	Bond cap amount	Allocation source
12/9/2022	Commission	MF - Redondo Heights TOD Phase II (New Construction)	\$52,500,000	2022 Bond Cap
12/9/2022	Commission	MF - Redondo Heights TOD Phase I (Rehab)	\$22,500,000	2022 Bond Cap
12/13/2022	Commission	MF - 2022 Pointe by Vintage Apartments Supplemental	\$4,450,000	2022 Bond Cap
12/13/2022	Commission	MF - 2022 Quinn by Vintage Supplemental	\$6,125,000	2022 Bond Cap
12/13/2022	Commission	MF - 2022 Station by Vintage Apartments Supplemental	\$5,106,000	2022 Bond Cap
12/14/2022	Commission	MF - Village at 47th	\$53,500,000	2022 Bond Cap
12/15/2022	Commission	MF - Eastern and NP Hotel Rehabilitation	\$16,750,000	2022 Bond Cap
12/19/2022	Commission	MF - Millworks Family Housing	\$18,863,275	2021 MF CF
2021 Carryforward Used			\$137,764,745	2021 MF CF
2022 Bond Cap Used			\$723,050,276	2022 Bond Cap
Total Bond Cap Used			\$860,815,021	2021 MF CF & 2022 Bond Cap
Carryforward				
2021 MF Carryforward Remaining Balance	Commission	Housing – Multi-Family Program	\$14,150,946	2021 MF CF
12/22/2022	Commission	Housing - Multi-Family Program	\$78,205,844	2022 MF CF

Date	Issuer	Project	Bond cap amount	Allocation source
12/22/2022	Commission	Housing – Single-Family Program	\$50,000,000	2022 SF CF
Total Carryforward Available for 2023			\$142,356,789	2021 MF CF, 2022 SF CF and 2022 MF CF

Appendix C: 2023 bond cap issuances - 25 projects

Date	Issuer	Project	Bond cap amount	Allocation source
Total carryforward available for 2023			\$142,356,789	2021 MF CF, 2022 SF CF and 2022 MF CF
2023 initial bond cap			\$934,294,320	
Total bond cap available for 2023			\$1,076,651,109	
1/3/2023	WEDFA	Exempt Facility - Divert	\$0 (Allocation of \$51,075,367 expired 10/15/23)	2023 Bond Cap
1/3/2023	WEDFA	Exempt Facility - Burnham SEV	\$0 (Allocation of \$50,000,000 released 6/20/23)	2023 Bond Cap
1/3/2023	Commission	SF - House Key	\$50,000,000	2023 Bond Cap
2/3/2023	Commission	MF - The Lookout	\$22,000,000	2023 Bond Cap
2/27/2023	Commission	BFR - Wyatt and Lauren Sitton	\$180,000	2023 Bond Cap
3/9/2023	Commission	MF - KWA 15TH & Tacoma	\$21,500,000	2023 Bond Cap
3/30/2023	Commission	MF - El Centro de la Raza at Columbia City	\$29,000,000	2023 Bond Cap
4/12/2023	Commission	BFR - Trevor and Jennifer Johnson	\$274,813	2023 Bond Cap
4/18/2023	WEDFA	Exempt Facility - Mura Cascade	\$0 (Allocation of \$56,057,359.20 released 5/2/23)	2023 Bond Cap
5/18/2023	Commission	SF - House Key	\$25,562,000	2022 Carryforward

Date	Issuer	Project	Bond cap amount	Allocation source
6/2/2023	Commission	MF - Copper Way Apartments	\$41,100,000	2023 Bond Cap
6/9/2023	Commission	MF - Polaris at Totem Lake	\$64,400,000	2023 Bond Cap
7/7/2023	Commission	BFR - Gale and Mary Noyes	\$535,000	2023 Bond Cap
8/31/2023	Commission	MF - 2023 Holly Ridge Supplemental	\$3,200,000	2023 Bond Cap
9/13/2023	King County HA	MF - Kirkland Heights	\$115,995,271	2023 Bond Cap
9/15/2023	Commission	MF - 2023 Ethiopian Village Supplemental	\$1,380,000	2021 Carryforward
9/19/2023	Community Roots Housing	MF - Devonshire Apartments	\$16,900,000	2023 Bond Cap
9/28/2023	Commission	SF - House Key	\$24,438,000	2022 Carryforward
10/25/2023	Seattle Housing Authority	MF - Juniper	\$46,686,036	2023 Bond Cap
11/15/2023	Commission	MF - Mercy Angle Lake	\$35,960,791	2023 Bond Cap
11/30/2023	Commission	MF - Blue Thistle Villa	\$9,150,000	2023 Bond Cap
11/30/2023	Commission	MF - Vintage at Everett	\$45,252,000	2023 Bond Cap
12/1/2023	Commission	BFR - Bryan and Rachel Thomsen	\$456,750	2023 Bond Cap
12/12/2023	Commission	MF - Ardea at Totem Lake	\$35,999,812	2023 Bond Cap

Date	Issuer	Project	Bond cap amount	Allocation source
12/12/2023	Commission	MF - Kendrick Landing	\$51,700,000	2023 Bond Cap
12/13/2023	Commission	MF - MLK Mixed-Use and Early Learning Center	\$32,131,200	2023 Bond Cap
12/21/2023	Commission	BFR - Garrett and Mia Thomsen	\$156,952	2023 Bond Cap
12/21/2023	Commission	MF - Altaire at Jackson Park	\$50,000,000	2023 Bond Cap
12/21/2023	Community Roots Housing	MF - Northgate Affordable Housing	\$57,351,000	2023 Bond Cap
2021 MF Carryforward Used			\$1,380,000	2021 MF CF
2022 MF Carryforward Used			\$0	2022 MF CF
2022 SF Carryforward Used			\$50,000,000	2022 SF CF
2023 Bond Cap Used			\$729,929,624.46	2022 Bond Cap
Total Bond Cap Used			\$781,309,624	2021 MF CF, 2022 SF CF & 2023 Bond Cap
Carryforward				
2021 MF Carryforward Remaining Balance	Commission	Housing – Multi-Family Program	\$12,770,946	2021 MF CF
2022 Carryforward Remaining Balance	Commission	Housing – Multi-Family Program	\$78,205,844	2022 MF CF
12/26/2023	Commission	Housing - Multi-Family Program	\$204,364,695	2022 MF CF

Date	Issuer	Project	Bond cap amount	Allocation source
Total Carryforward Available for 2024			\$295,341,485	2021 MF CF, 2022 MF CF and 2023 MF CF

Appendix D: Small issue and exempt facility issuances, 2007-2023

Year	Farmer/rancher		Small issue manufacturing		Exempt facility	
	Number	Par value	Number	Par value	Number	Par value
2007	0	\$0	10	\$59,856,000	5	\$103,200,000
2008	6	\$1,168,800	5	\$16,240,000	3	\$45,000,000
2009	7	\$1,543,603	1	\$1,928,000	2	\$54,685,000
2010	7	\$1,691,000	1	\$5,200,000	1	\$20,980,000
2011	2	\$459,500	0	\$0	0	\$0
2012	1	\$150,000	0	\$0	0	\$0
2013	0	\$0	0	\$0	1	\$26,500,000
2014	1	\$200,000	1	\$6,400,000	0	\$0
2015	1	\$215,000	1	\$8,200,000	0	\$0
2016	2	\$750,000	1	\$10,000,000	*	*
2017	0	\$0	0	\$0	3*	\$146,716,912*
2018	3	\$1,279,255	0	\$0	**	\$14,000,000**
2019	3	\$852,849	2	\$18,448,457	2**	\$77,185,000**
2020	0	\$0	0	\$0	2	\$ 62,028,000.00
2021	1	\$433,500	0	\$0	3	\$ 74,639,268.75**
2022	1	\$278,000	2	\$12,163,000	1	\$114,225,000
2023	5	\$1,603,515	0	\$0	0	\$0
Totals	40	\$10,625,022	24	\$138,435,457	23	\$739,159,181

*A carryforward allocation of \$28,724,180 was awarded in 2016 to WEDFA for the Columbia Pulp project. The three exempt facilities issuances in 2017 include that carryforward amount along with current-year 2017 cap for Columbia Pulp and two additional projects.

** A single allocation of \$14,000,000 in 2018 and two allocations of \$43,060,000 and \$1,125,000 in 2019 to the Columbia Pulp project are included in the annual summary of par value but are not listed in the project count as that project is enumerated as one project in 2017.

Appendix E: Annual bond cap, 1987-2024

Year	Washington State Population	Per Capita Multiplier	Total State Private Activity Volume/Bond Cap ¹¹⁴
1987	4,444,333	\$75	\$333,325,000
1988	4,538,000	\$50	\$226,900,000
1989	4,619,000	\$50	\$230,950,000
1990	4,660,700	\$50	\$233,035,000
1991	4,761,000	\$50	\$238,050,000
1992	5,018,000	\$50	\$250,900,000
1993	5,136,000	\$50	\$256,800,000
1994	5,255,000	\$50	\$262,750,000
1995	5,343,000	\$50	\$267,150,000
1996	5,343,000	\$50	\$267,150,000
1997	5,532,939	\$50	\$276,646,950
1998	5,610,362	\$50	\$280,518,100
1999	5,689,263	\$50	\$284,463,150
2000	5,756,361	\$50	\$287,818,050
2001	5,894,121	\$62.50	\$368,382,563
2002	5,987,973	\$75	\$449,097,975
2003	6,068,996	\$75	\$455,174,700
2004	6,138,183	\$75	\$460,363,692
2005	6,213,682	\$75	\$466,026,165
2006	6,294,460	\$80	\$503,020,720
2007	6,395,798	\$85	\$543,642,830
2008	6,468,424	\$85	\$549,816,040
2008 HERA ¹¹⁵	–	–	\$202,541,072
2009	6,549,224	\$90	\$589,430,160
2010	6,664,195	\$90	\$599,777,550
2011	6,724,540	\$90	\$638,831,300
2012	6,830,038	\$95	\$648,853,610
2013	6,897,012	\$95	\$655,216,140

¹¹⁴ The total of the state's allocations does not equal the total amount of bond cap used. Abandoned or expired cap is rare in Washington, but small amounts have occasionally been lost, at times due to changes in federal law.

¹¹⁵ In October 2008, an additional \$202.5 million was the state's portion of extra bond cap authority created by the federal Housing and Economic Recovery Act (HERA) to be used for housing purposes.

Year	Washington State Population	Per Capita Multiplier	Total State Private Activity Volume/Bond Cap ¹⁴
2014	6,971,406	\$100	\$697,140,600
2015	7,061,530	\$100	\$706,153,000
2016	7,170,351	\$100	\$717,035,100
2017	7,288,000	\$100	\$728,800,000
2018	7,405,743	\$105	\$777,603,015
2019	7,535,591	\$105	\$791,237,055
2020	7,614,893	\$105	\$799,563,765
2021	7,693,612	\$110	\$846,297,320
2022	7,738,692	\$110	\$851,256,120
2023	7,785,786	\$120	\$934,294,320
2024	7,812,880	\$125	\$976,610,000
Total			\$19,652,621,062

Appendix F: Bond cap category allocations, 1987-2023

Year	Housing	Small Issue	Exempt Facilities	Student Loans	PUD ¹¹⁶	Annual Total
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 ¹¹⁷	\$688,948,312	\$18,408,800	\$45,000,000	\$0	\$0	\$752,357,112

¹¹⁶ The PUD category, which was specific to certain kinds of environmental enhancements of hydroelectric facilities, had a lifetime limitation in federal law. Washington's lifetime limitation was \$750 million. The state's hydroelectric facilities used the last of that lifetime cap in 2007. So, beginning in 2008, that category no longer exists in the state. PUD hydroelectric bonds include \$107.1 million issued in 1986; that issuance is not reflected in the above table because it occurred before the 1987 adoption of the balance of the bond cap category structure.

¹¹⁷ Housing totals from 2008 include an additional \$202,541,072 in cap authorized by the Housing and Economic Recovery Act of 2008 (HERA).

Year	Housing	Small Issue	Exempt Facilities	Student Loans	PUD ¹¹⁶	Annual Total
2009 ¹¹⁸	\$518,021,631	\$3,472,203	\$54,685,000	\$0	\$0	\$576,178,834
2010 ¹¹⁹	\$562,886,550	\$6,891,000	\$20,980,000	\$0	\$0	\$590,757,550
2011	\$638,371,800	\$459,500	\$0	\$0	\$0	\$638,831,300
2012	\$648,703,610	\$150,000	\$0	\$0	\$0	\$648,853,610
2013	\$628,716,140	\$0	\$26,500,000	\$0	\$0	\$655,216,140
2014	\$690,540,600	\$6,600,000	\$0	\$0	\$0	\$697,140,600
2015	\$697,753,000	\$8,415,000	\$0	\$0	\$0	\$706,168,000
2016	\$677,560,920	\$10,750,000	\$28,724,180	\$0	\$0	\$717,035,100
2017	\$610,807,083	\$0	\$117,992,912	\$0	\$0	\$728,799,995
2018	\$762,323,790	\$1,279,225	\$14,000,000	\$0	\$0	\$777,603,015
2019	\$695,014,598 ¹²⁰	\$19,025,128	\$77,185,000	\$0	\$0	\$791,224,726
2020	\$737,489,994	\$0	\$62,073,771	\$0	\$0	\$799,563,765
2021	\$697,809,263	\$2,000,000	\$147,623,788	\$0	\$0	\$847,433,051
2022	\$734,149,021	\$12,441,000	\$114,225,000	\$0	\$0	\$860,815,051
2023	\$779,706,110	\$1,603,515	\$0	\$0	\$0	\$781,309,625
Total	\$14,654,863,096	\$807,943,877	\$1,936,127,651	\$528,600,000	\$597,991,189	\$18,140,351,608

¹¹⁸ The actual total of 2009 bond cap was \$589,430,160. An IRS rule change in December 2010 caused two 2009 local housing authority draw-down bonds to revert a portion of their 2009 cap that was originally recorded as having been issued in 2009. The portion of those bonds that had not yet been drawn down by the end of 2009 is reflected in this table as \$13,251,326 in abandoned 2009 cap. The same amount in 2010 carryforward was allocated to those projects to cover the shortfall in cap authority

¹¹⁹ The actual total of 2010 bond cap was \$599,777,550. An exempt facilities allocation late in 2010 reverted \$9,020,000 after the carryforward amounts were allocated; the reverted amount was abandoned.

¹²⁰ \$12,329 in 2019 Bond Cap expired due to a clerical error