

Increase Utah Low-Income Housing Tax Credit**Goal**

- Expand Utah's state Low-Income Housing Tax Credit (LIHTC).
- Drive increased production of affordable workforce rental housing to support economic growth, and permanent supportive housing to house the chronically homeless.

Target Audience

- Working households earning 80% of area median income and below.
- Chronically homeless households in need of permanent supportive housing.

Geographic Location of Audience

Statewide, particularly where economic growth must be supported with workforce housing.

Current Problems

- Utah has a deficit of 40,981 rental units which are affordable and available for households at or below 50% of area median income.
- The lack of workforce housing threatens Utah's dynamic economic growth.
- Permanent supportive housing needs more resources to address the acute homelessness problem.
- Increased construction costs and rising interest rates cause a decrease in unit production, given the limited financial resources available.
- The current state LIHTC program is too small to attract large investors; an increased supply of credits draws more competition and investment from investors.
- The current program's size is insufficient to fund anything more than modest gap financing.

Solutions

- Increase the annual state LIHTC allocation from the current level of \$0.345 per capita to \$2.92 per capita, which has the potential to increase production by 600-700 units per year.
- Certain smaller LIHTC projects will see an increase in units-per-project, and there will likely be potential for 2-3 additional projects each year that otherwise could not be produced.

Request

- The requested change to \$2.92 per capita would represent an increase from approximately \$1 million per year to \$10 million per year in allocated tax credits.
- Utah's LIHTC is a ten year tax credit. The amount allocated is claimed each year for ten consecutive years. Subject to market demand and at full "maturity," (following a ten year ramp-up) a \$10 million annual state LIHTC could result in a \$100 million reduction in annual tax revenues, starting around the year 2035.

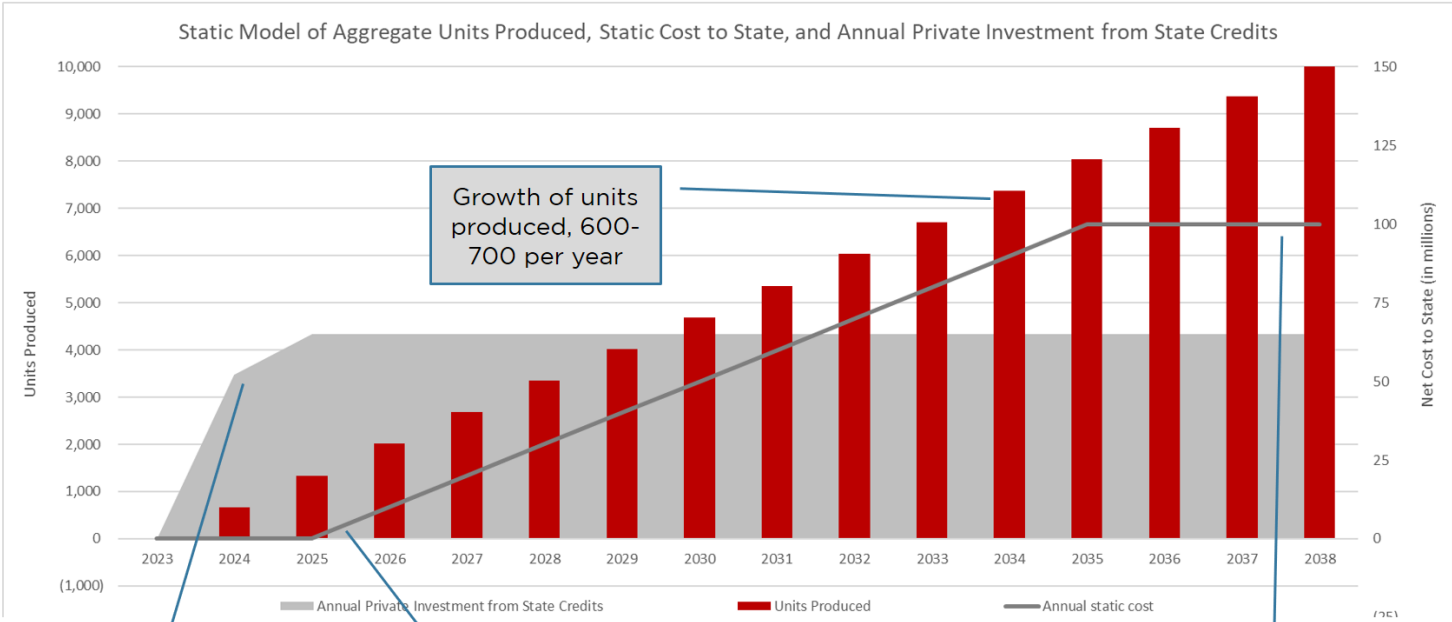
Timeframe of When Funds Will be Used

- Because this is an existing program administered by Utah Housing Corporation, the additional credits could be deployed beginning immediately.
- The requested increase will have an immediate, profound economic development impact on Utah communities years before the credit is claimed (and tax receipts are diminished) by the holder of the credit.

How Results Will be Measured

Results will be measured by the increase in annual unit production (estimated to be 600-700 units per year) above the baseline level of the existing program.

How the Financials Track Over Time



Growth of units produced, 600-700 per year

Private capital comes upfront during construction

(Deferred) growth of foregone revenue from program increase

Subject to market demand and "at maturity," revenue impact plateaus

