

Increase the Utah Low Income Housing Tax Credit

HB 364 Housing Affordability Amendments

Utah's Housing
Finance Agency

What We Do



Helping families attain homeownership

- Funded \$1.09 billion for the purchase of 3,105 mortgages, providing \$61.7 million in down payment assistance*
- Servicing over 28,000 loans to homeowners averaging 83.5% of AMI*

Financing affordable workforce housing

- Allocated over \$400 million in federal Low-Income Housing Tax Credits (LIHTC) and issued \$210 million in tax-exempt private activity bonds to finance approximately 2,339 affordable units*

Financing permanent supportive housing

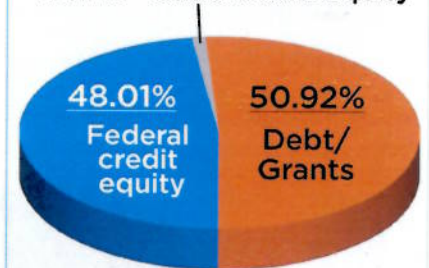
- Allocated \$40.3 million in federal LIHTC to finance 144 units serving persons earning < 35% of AMI, including those with significant disabilities and the chronically homeless

*figures taken from FY2022

The Problem

- Utah has a deficit of 40,981 rental homes that are affordable and available for Utahns 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
- The current state LIHTC program is too small to attract large investors; an increased supply of credits draws more competition and investment
- The current program's size only provides modest gap financing
- Increased construction costs and rising interest rates cause a decrease in unit production, given the limited financial resources available

1.07% - State credit equity



LIHTC Financing Sources

The Solution

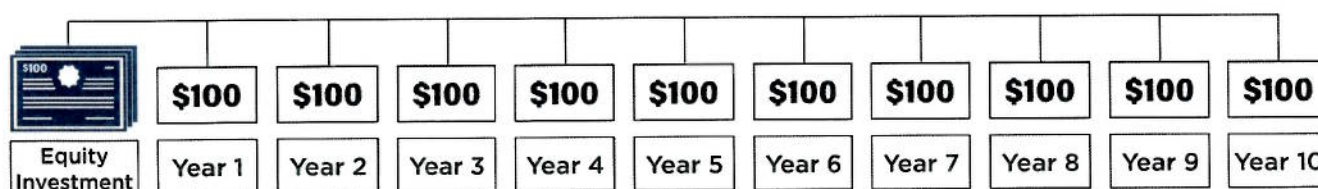
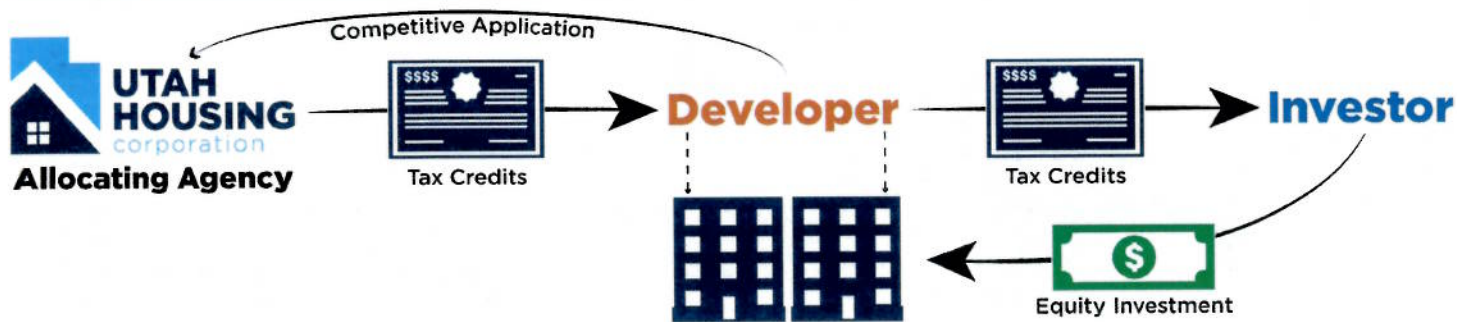
- Increase the annual state LIHTC allocation from the current level of \$0.345 per capita (approximately \$1 million per year) to \$10 million per year, which has the potential to increase production by 600-700 units annually
- Certain smaller LIHTC projects will see an increase in units-per-project, and there will likely be potential for 2-3 additional projects each year that otherwise could not be produced
- State LIHTC leverages and is allocated in tandem with the federal LIHTC - incremental cost of administration with program expansion is nominal

The Low-Income Housing Tax Credit (LIHTC)

The LIHTC program, a dynamic form of public/private partnership, was established by the Tax Reform Act of 1986, signed into law by President Ronald Reagan, and is the most prolific source of funding for new and rehabilitated affordable housing units for residents in American history.

cont. on back

- Attracts private capital investment into the rehabilitation or construction of affordable rental housing for low-income households
- Over 30,000 units financed in urban and rural Utah communities
- Developments financed with LIHTC are subject to 50-year deed restrictions and compliance audits, ensuring strong ROI for taxpayers



- Investment in housing is up-front, while the cost to taxpayers is deferred over ten years
- The private sector participants bear development risk

