

Revenue and Taxation Interim Committee

October 16, 2024



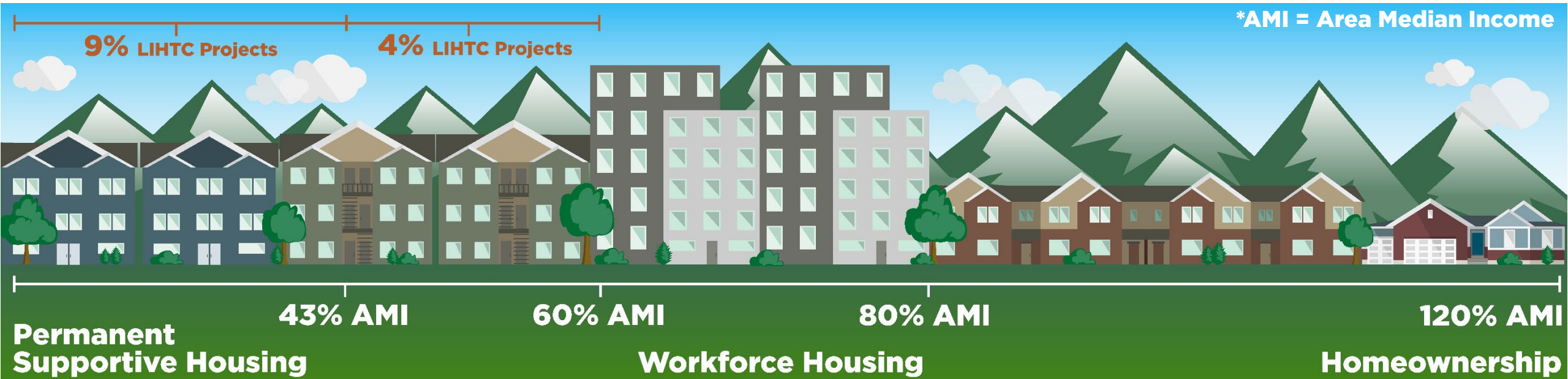
David Damschen, President & CEO

Jonathan Hanks, COO

Andrew Nestlehut, CFO

Claudia O'Grady, VP Multifamily Finance and Housing Development

Who We Serve



- UHC serves low- to moderate-income Utahns and their families throughout the State of Utah.
- UHC is engaged in numerous dynamic public/private partnerships (“P3”), collaborating with private sector banking and lending institutions, developers, investors, nonprofit community partners, real estate agents, and others to achieve our mission through the administration and financing of programs which support affordable housing.

UHC’s Mission:

Serving Utah’s Housing Needs Through Finance and Innovation



Utah Housing Corporation (“UHC”)

- Utah’s Housing Finance Agency, created by the Legislature in 1975 (63H-8, the Utah Housing Corporation Act)
- 100% self-funding
- Like a bank...with a public and social mission, the agency:
 - Raises capital through various means, primarily bonds
 - Acquires & services mortgage loans, providing **down payment assistance**
 - → Loans originated by a network of ~ 60 lending institutions
 - → UHC has helped over **112,000** low- and moderate-income families in Utah to achieve homeownership since 1977



Utah Housing Corporation (“UHC”)

- Administer federal & state Low-Income Housing Tax Credit programs
- Conduit issuer of tax-exempt multifamily private activity bonds
- Financed over **37,000** quality affordable rental housing units
- Capacity-building of local & rural housing authorities throughout the State
- Rural housing development and finance



FY 2024 HOMEOWNERSHIP HIGHLIGHTS



3,384

families assisted in achieving
home ownership



\$19,704 average
amount of down payment
assistance provided



\$1.27 billion

in loans funded



\$4.9 billion

total mortgage loan
portfolio serviced



17,324

Families served by
mortgage loan servicing



HOMEOWNERSHIP PROGRAMS CAPITAL SOURCES

FY2024 approximate totals:

- **\$396 million** Ginnie Mae II Mortgage-Backed Securities
- **\$335 million** Tax-Exempt Mortgage Revenue Bonds
- **\$464 million** Taxable Mortgage Revenue Bonds
- **\$79 million** Freddie Mac Cash Window
- **\$26 million** CRA Participation Pools



UHC's Bond Issuer Credit Ratings

S&P Global:	“AA”
Moody's:	“Aa3”
Fitch:	“AA”

HOMEOWNERSHIP PROGRAMS

FirstHome loan program is designed for families with lower incomes and a credit score of 660 or higher who are first time homebuyers. This program offers our lowest interest rates and more affordable monthly mortgage payments. A FirstHome mortgage is an FHA-insured loan.

FHA/VA mortgage loan program serves individuals and families of low-or-moderate income with a credit score of 620 or higher who are either first-time homebuyers or have previously owned a home.

HFA Advantage loan is a conventional loan product which requires a credit score of 700 or higher, carries a slightly higher interest rate than the FHA/VA Mortgage but a lower monthly mortgage insurance premium than available with an FHA-insured mortgage.

Down Payment Assistance

UHC offers down payment assistance in the form of a 30-year amortizing subordinate mortgage loan which can be combined with any of our first mortgage loan programs to help families that do not have sufficient funds for down payment or closing costs. 74% (down from 96% the previous year) of the families UHC helped to achieve homeownership during the 2024 fiscal year utilized down payment assistance.

UHC's investment in down payment assistance in fiscal year 2024 totaled \$49.6 million.

State-Funded Programs Administered by UHC

- Veterans Grant Program
- Law Enforcement and Correctional Officer Assistance Program
- First-time Homebuyer Assistance Program

Veterans Grant Program

- \$3MM total appropriation, 2018-2024; each grant is \$2,500
- Encourage veterans and active military to purchase home in Utah
- Must be first-time homebuyer in Utah
- No income or purchase price limits
- UDVMA determines service member eligibility and issues certificate
- UHC coordinates with lender and title company to wire funds at closing

LE Officer Assistance Program

- \$5MM appropriation in 2022; add'l \$3MM appropriation in 2024
- 3.5% of first mortgage, up to \$25,000
- Recruit & retain law enforcement & correctional officers
- Must be first-time homebuyer
- Income and purchase price limits per UHC loan programs
- Assistance is forgiven if officer remains employed as officer for 5 years
- First mortgage & program loan serviced by UHC
- UHC verifies officer qualification, funds mortgage(s) & assistance

FTHB Assistance Program

- SB 240 (2023 GS) created the program and appropriated \$50MM to it
- Assistance amount is up to \$20,000; max purchase price is \$450K
- New construction only, FTHB & Utah resident
- Encourage production of more starter homes
- Income and purchase price limits per UHC loan programs
- 0%, no payment; repayable at payoff or refinance
- First mortgage & program loan serviced by UHC
- UHC verifies borrower qualification, funds mortgage(s) & assistance

Oversight of State-Funded Programs



- UHC has established operational policies and procedures and developed forms, protocols, and training for recipients, lenders, Realtors®, and title companies
- UHC validates recipients are qualified for specific program by reviewing submitted documentation from UDVMA, lender, and recipient
- UHC services LE Officer and FTHB program loans and any senior mortgage(s)

Annual audits conducted by:

- UDVMA for Veterans Grant
- HCD for LE Officer Assistance and FTHB Assistance
- External auditors for UHC finance and mortgage servicing practices

Benefits of State-Funded Programs



Veterans Grant (7/18 thru 9/24)

- 1,019 grants (\$2.55MM), avg purchase price - \$410K
- 35% purchased **now** because of program

Officer Assistance Program (7/22 thru 9/24)

- 281 loans (\$3.8MM), avg purchase price - \$405K
- 53% would **not** have purchased home w/out program

FTHB Assistance Program (7/23 thru 9/24)

- 1,541 loans (\$30.7MM) & new homes, avg purchase price - \$385K
- Increased gov't revenue, infrastructure development, add'l corporate investment & consumer spending

MULTIFAMILY HIGHLIGHTS FY24



\$251,302,401

in tax-exempt private activity
bonds issued



\$242,460,831

aggregate value of 4% & 9% federal
tax credits allocated



1,714

affordable rental units financed



HOUSING DEVELOPMENT & FINANCE

Habitat for Humanity

Located in Silver Creek Village near Park City, the newly-constructed 4-plex consists of 4-bedroom units that will house tenants earning less than 47% of the area median income (AMI). UHC allocated federal and state Low-Income Housing Tax Credits (LIHTC) which will generate approximately \$1.1 million in equity financing and provided approximately \$1.4 million in construction loan financing and \$108,000 in subordinate deferred term financing. UHC also acted as a consultant to the developer and provided project management services.



Confluence Cottages at Arroyo Crossing

Confluences Cottages is a 24-unit development featuring one- and two-bedroom cottage homes (643 square feet to 785 square feet) that will rent to households making 80% to 115% of AMI. The land Confluence Cottages will be built on is part of the Arroyo Crossing Planned Unit Development (PUD), owned by the Moab Area Community Land Trust (MACLT). UHC has entered a ground lease with MACLT to finance and build the cottage homes. UHC is providing a \$4,677,954 construction loan toward the project, as well as providing development and project management services.



Development Pipeline

# Units	Current Projects – Lease up/closeout stage	
6	Peekaboo Paradise- CROWN in Kanab	Mountain Country Home Solutions
6	Peekaboo ICU- CROWN in Kanab	Mountain Country Home Solutions
7	Copper Eagle- CROWN in Enoch	Mountain Country Home Solutions
4	Southbend- CROWN in Richfield	R6
4	Goldeneye- CROWN in Park City	Habitat for Humanity/Wasatch Back
10	Mountain Maple- 4 CROWN and 6 For Sale in Park City	Habitat for Humanity/Wasatch Back

# Units	Projects Under Construction	
24	Confluence Cottages- Moab *Under construction	Utah Housing Corporation
6	Meadowlark Acres- CROWN in Roosevelt *Under construction	Roosevelt City Housing
5	West River Bend- CROWN in Fillmore *Under construction	R6
6	Mountain Shadows IV- CROWN in Beaver *Out to bid	Beaver Housing Authority
9	Iron Falcon- CROWN in Enoch *LIHTC application submitted	Mountain Country Home Solutions
70	Pleasant Creek- CROWN in Mt. Pleasant *LIHTC application submitted	R6

# Units	Project Pipeline	
5	Silver Hawk- Future 5-unit SFR in same subdivision as other Enoch projects	Mountain Country Home Solutions
6	Parkview Place- Future 6-unit townhome project in Heber	Mountainlands
8-16	Delta Crossing twins- 16 Twin-home lots in Delta, Utah for 2- future CROWN projects	R6
10	Woods Rose 10-plex- Loan for Habitat for Humanity for sale	Habitat for Humanity/Wasatch Back
6	Hildale CROWN	REPC in process for 6 SFR lots
8	Torrey Two 4-plex lots, total of 8 units	UHC owned
6	Zion View Villas- .60 Acre in Springdale	Mountain Country Home Solutions
TBD	Cedar City Townhomes- 4 to 6 turnkey townhomes possible	
TBD	SLC – For Sale Redevelopment lot - possible 4-6 townhomes 570 S. 1000 West	

LOW-INCOME HOUSING TAX CREDIT

Two types of federal tax credits:

The 4% tax credit is for the acquisition of existing buildings for rehabilitation, and new construction projects financed by tax-exempt bonds.

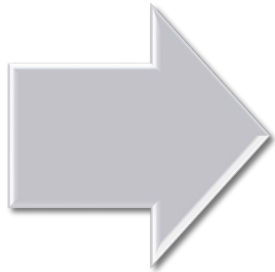
- Developments qualify for an amount of tax credits based on formula.
- UHC may allocate an unlimited amount of 4% tax credits each year.

The 9% tax credit is usually for new construction and substantial rehabilitation without federal subsidies.

- Developments qualify for credits based on depreciable basis. UHC caps the amount of credit to any one project.
- UHC's 9% authority is limited, based on a per capita formula. For 2024, UHC was authorized to award \$9,911,428 in annual tax credits.
- $\$9,911,428 \times 10 \text{ years} = \$99,114,280$ in total tax credit awards.

STATE OF UTAH HOUSING TAX CREDIT

State tax credits may be awarded to a qualifying project that has federal credits, and run in parallel for 10 years. The same federal program requirements apply for all state credit projects.



Each year, UHC may award \$10,000,000 in annual credits to projects that apply and qualify through a competitive process defined by the Qualified Allocation Plan.

STATE OF UTAH HOUSING TAX CREDIT

Year	Credit Type	Project Name	County	LIHTC Units	State TC Awarded
2023	4%	Spark!	Salt Lake	200	\$409,748
2023	4%	The Howick	Salt Lake	150	\$500,000
2023	4%	EngineHouse (fka Homestake)	Summit	99	\$600,000
2023	4%	25th & Quincy (fka Moda Greenwell)	Weber	176	\$300,000
2023	4%	The Nest at Rio Grande	Salt Lake	220	\$48,929
2023	4%	9Ten West	Salt Lake	180	\$685,933
2023	4%	Lotus Citywalk	Weber	99	\$328,430
2023	4%	Lotus Lincoln	Weber	149	\$685,932
2023	4%	Price Apartments	Carbon	168	\$685,932
2023	4%	Silos on 500	Salt Lake	180	\$350,000
2024	4%	Promontory Place	Salt Lake	175	\$700,000
2024	4%	Moda Griffin	Salt Lake	110	\$450,000
2024	4%	Alta Fairpark	Salt Lake	147	\$700,000
2024	4%	2nd South	Salt Lake	104	\$575,000
2024	4%	Alta North	Salt Lake	286	\$700,000
2024	4%	Provo Commons	Utah	129	\$700,000
2023	9%	Lazy Days	Kane	30	\$327,977
2023	9%	Platform 1500 Apartments	Salt Lake	60	\$350,000
2023	9%	Cove Junction I Apartments	Sevier	36	\$312,955
2023	9%	Peekaboo ICU	Kane	6	\$6,998
2023	9%	515 Tower	Salt Lake	96	\$685,933
2023	9%	Birkhill Lofts	Salt Lake	67	\$685,933
2023	9%	Citizens West 4	Salt Lake	50	\$685,300
2023	9%	Sunrise Metro & Atkinson's Stacks	Salt Lake	216	\$1,000,000
2023	9%	44 N PSH	Salt Lake	67	\$350,000
2023	9%	The Point at Red Hills	Washington	110	\$1,000,000
2024	9%	Amasa Apartments	Grand	50	\$700,000
2024	9%	Switchpoint Fairpark	Salt Lake	76	\$1,000,000
2024	9%	Saltair Lofts	Salt Lake	68	\$1,000,000
2024	9%	Dominguez Park III	Salt Lake	60	\$350,000
2024	9%	Sage Meadow Townhomes	Millard	39	\$474,085
2024	9%	Valley West	Sanpete	20	\$150,000
Total Units				3,623	

3,623 total units

GOVERNANCE, OVERSIGHT, OUTCOMES

Nine-member Board of Trustees:

Three ex officio trustees:

- Commissioner of Department of Financial Institutions or designee
(Commissioner Darryle Rude)
- State Treasurer or designee
(Chief Deputy State Treasurer Kirt Slaugh)
- Director of Department of Workforce Services or designee
(Governor's Senior Advisor on Housing Strategy and Innovation
Steve Waldrip)

GOVERNANCE, OVERSIGHT, OUTCOMES

Nine-member Board of Trustees:

Six public trustees, appointed by Governor, confirmed by Senate:

- Two representing the mortgage lending industry
- Two representing home building and real estate industries
- Two representing public at large

GOVERNANCE, OVERSIGHT, OUTCOMES

Board Audit Committee:

- Chaired by DFI Commissioner Darryle Rude
- Vice President of Internal Audit department reports directly to Chair

Board of Trustees meets monthly:

- Approves capital markets activities, programs, expenditures
- Takes reports on agency's operations

GOVERNANCE, OVERSIGHT, OUTCOMES

The agency is subject to:

- Government Records Access and Management Act
- Open and Public Meetings Act
- Utah Public Finance “Transparency” Website
- Annual audit by independent CPA firm (currently “Big 4” firm Deloitte)
- Annual report to Governor and Legislature
- Loan servicing audits: HUD, GNMA, Freddie Mac
- Investments “consistent with” Utah Money Management Act

AGENCY INDEPENDENCE

Rationales for the agency's independence when created in 1975 are as (or more) pronounced in the current environment:

- State of Utah G.O. debt: **\$1.2 billion**

Article XIV, Utah Constitution, on the state's use of debt:

"To meet casual deficits or failures in revenue, and for necessary expenditures for public purposes...[or] to repel invasion, suppress insurrection, or to defend the State in war," or generally:

"Essential public infrastructure" (Highways, buildings)

- UHC bonded debt: **\$2.4 billion** at no liability to the State

Assumption of the corporation's debt (issued to fund the purchase of mortgages) would be a substantive "credit negative" to the State, threatening its AAA bond rating



AGENCY INDEPENDENCE

Rationales for the agency's independence when created in 1975 are as (or more) pronounced in the current environment:

- Fiscally independent, self-funding agency: No appropriations needed
- Highly specialized, high-tenured housing finance expertise
- No synergy or similarity in operations within any state agency
- Earnings and capital invested to advance the agency's mission
- Exhaustive sources of accountability and transparency at present
- Necessary and high degree of market agility at present

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Scan the QR code to learn more:

