

James Wood
Senior Research Fellow

Kara Byrne
Senior Health and Human
Services Analyst

Melanie Beagley
Senior Health Research Analyst

Vallarie William
Graduate Assistant

A Profile of Affordable Housing Programs and Funding in Utah, FY 2022

Nearly 30 programs provided hundreds of millions of dollars in housing assistance to Utah homeowners and renters in FY 2022.

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DRAFT

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A Profile of Affordable Housing Programs and Funding in Utah, FY 2022

Analysis in Brief

Twenty-five programs provided hundreds of millions of dollars in housing assistance to Utah homeowners and renters in FY 2022.¹ Federal programs, primarily through HUD and Low-Income Housing Tax Credits, funded \$482.6 million in housing assistance, \$160.5 million in voucher assistance, \$286.7 million in equity funding, and \$35.4 million in smaller assistance programs. These funding estimates do not include COVID-19 related assistance.

State assistance programs include the Utah Housing Corporation (UHC) mortgage lender programs. UHC's mortgage lender programs facilitated \$785.1 million in mortgage financing for 2,124 Utah homeowners in FY 2022, and \$43.4 million in downpayment assistance to 2,090 homebuyers. Other state programs, including the Olene Walker Housing Loan Fund, Utah Preservation Fund, Pamela Atkinson Homeless Fund, and State Tax Credits provided \$102.9 million in assistance.

Municipalities have limited housing assistance resources. They primarily pass through federal dollars to finance their affordable housing programs. Utah's municipalities directly funded less than \$20 million in housing assistance in 2022.

Key Findings

- **Federally funded housing programs** – Federal programs provided \$482.6 million in affordable housing support for Utah renters, developers, public housing authorities, and state and local governments in FY 2022. Two programs provided 90% of the federal funding: the Low-Income Housing Tax Credit (LIHTC) (\$286.7 million) and HUD and USDA, which provided rental assistance through project-based units and vouchers (\$160.5 million). The remaining \$35.4 million includes Community Development Block Grant (CDBG) housing funds, HUD Trust Fund allocation, funding for Continuum of Care (CofC), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA).
- **State-funded housing programs** – The Utah Housing Corporation (UHC) facilitated the financing of 2,124 mortgages for moderate-income homebuyers in Utah in FY 2022. The loan value of these mortgages was \$785.1

Summary of Affordable Housing Funding in Utah, FY 2022

Funding by Governments and Nonprofits, FY 2022	Amount (millions)	Outcomes
Federal Programs		
Tax Credit Equity Funding	\$286.7	1,977 units
Rental Assistance: vouchers, and project-based housing (HUD and USDA)	\$160.5	22,766 renter households
HUD programs: HOME Investment Partnerships Program (HOME), Trust Fund, CDBG, CofC, ESG, HOPWA*	\$35.4	CDBG Rehab: 366 single family (SF) units, 243 multi-family (MF) units, and 77 households receiving counseling. ESG: 351 renters.
Total Funding/Assisted Units	\$482.6	1977 LIHTC units, 22,766 vouchers, 609 rehabbed units, 351 emergency grants to renters
State Programs		
UHC Homeownership Programs	\$785.1	2,124 loans
UHC Downpayment Assistance	\$43.4	Assistance to 2,090 homebuyers
OWHLF, OHS, State Tax Credits, Utah Housing Preservation Fund	\$102.9	Gap financing for 1,871 units, preservation funding for 644 affordable units
Total	\$930.9	2,124 homeowner loans, downpayment assistance to 2,090 homeowners, and gap financing and preservation of 2,515 affordable units
City and County Programs		
RDAs and trust fund	<\$17	<100 units
Nonprofit Programs		
Survey of 21 major housing-related nonprofits	\$245.2	NA

*Includes only housing related funding.

Source: HUD, Utah Housing Corporation, state organizations, surveys of RDAs, and nonprofit organizations

million. UHC downpayment assistance is up to 6% of the loan value in a 30-year amortized loan, making UHC's mortgage programs attractive for moderate-income households (the average annual household income of borrowers was \$86,426). UHC also provided \$43.4 million in downpayment assistance in 2022, and the state provided

\$102.9 million to the Olene Walker Housing Loan Fund (OWHLF), the Pamela Atkinson Homeless Fund in the Office of Homeless Services (OHS), State Tax Credits, and the Utah Housing Preservation Fund.

Research Note: The lack of comparability between federal and state program funding renders comparisons misleading. While the \$482.6 million in federal funding constitutes a direct, non-leveraged infusion of federal funds for tax credit project equity and very low-income renter assistance, the \$785.1 million in UHC mortgage loans represents funding provided by capital markets to FHA-qualified borrowers. UHC facilitated the borrowing and provided \$43.4 million in downpayment assistance, but capital markets, through tax-exempt and taxable bonds and mortgage-backed securities, financed the \$785.1 million in mortgage loans.

- **County and city funded housing programs** – Counties and cities pass-through federal funds for most of their affordable housing assistance, with one exception: Redevelopment Agencies (RDAs). Cities and counties have used RDAs for more than 40 years to support the construction and rehabilitation of affordable housing. A survey of RDAs show that they set aside approximately \$15 million in Tax Increment Financing for future housing projects but developed less than 100 units in FY 2022. County and city trust funds provided less than \$2 million in affordable housing support.
- **Nonprofit funding support for housing programs** – Financial data on 21 nonprofit organizations with housing-related activities show revenue of \$245.2 million in FY 2022. These nonprofits engage in a range of activities,

from housing development to shelters, to behavioral management, to substance use disorder services. Although case management and social services comprise a share of this revenue, affordable housing development, housing operations, homelessness prevention, and housing services represent the largest share. The annual revenue of \$245.2 million is not an exact number inclusive of all nonprofit funding supporting housing programs but underscores the significant role these nonprofits play in providing housing services to vulnerable populations.

Research Note: Comparability issues complicate nonprofit funding comparisons as well. The \$245.2 million in nonprofit revenue includes revenue generated from the ownership and operation of affordable housing units, charitable contributions, the sale of assets, etc. That said, annual revenue for housing-related nonprofits provides the best available measure of nonprofit support for affordable housing. In some cases, the revenue may include state contributions or funding; however, the amount would likely be modest.

- **Philanthropic support** – Philanthropic support for affordable housing and housing-related programs recently expanded, but confidentiality issues and lack of a centralized data source limit the assessment of support. Confidentiality issues, particularly for faith-based institutions, presented a formidable barrier to developing a reliable estimate of assistance. Consequently, this report excludes philanthropic funding.

Introduction

This report summarizes Utah's major affordable housing programs and funding in FY 2022. The one-year snapshot of federal, state, municipal, and nonprofit programs helps define the scope of current housing assistance programs. It is important to note that the report does not capture all funding programs

and sources due to data limitations, confidentiality issues, and unreported programs and funding. It does provide a broad view of the types of affordable housing programs currently in Utah and an approximation of the magnitude of funding levels.

Funding Sources: Federal, State, Municipal Governments, and Nonprofit Organizations

Tables 1-3 provide an inventory of 25 government housing assistance programs, their funding levels, eligibility requirements, primary activity, beneficiaries, and outcomes for FY 2022. Federal programs, primarily supported through HUD and Low-Income Housing Tax Credits (LIHTC), provided a combined \$482.6 million in housing assistance: \$286.7 million in equity for tax credit units, \$160.5 million in housing rental assistance (vouchers), and another \$35.4 million in smaller assistance programs. This funding provided equity to 1,977 tax credit units and voucher assistance to 22,766 renters.

State programs include the Olene Walker Housing Loan Fund, Utah Housing Preservation Fund, State Tax Credits, and legislative appropriations for the Office of Homeless Services, which combine to a total of \$102.9 million. In addition, Utah Housing Corporation's (UHC) mortgage lending programs, FirstHome, HomeAgain, and Score Loan, facilitated mortgage lending to 2,124 Utah homebuyers. UHC uses tax-exempt and taxable mortgage-backed securities and bonds to finance mortgages. In FY 2022, UHC's mortgage loans totaled \$785.1 million. UHC also financed \$43.4 million in downpayment assistance for 2,090 homebuyers, helping moderate-income homebuyers.

Municipalities primarily pass through federal dollars to finance their affordable housing programs. That said, Redevelopment Agencies (RDAs) are a major housing financing tool for some municipalities. Over the past 40 years, RDA funding supported nearly 15,000 affordable housing units. RDA funding accounted for less than 100 affordable units in FY 2022.

Beyond government assistance programs, nonprofits provide a wide range of housing and social services, including new housing development, unit rehabilitation, homelessness prevention, shelters, preservation, behavioral health treatment, case management, and substance use disorder treatment. In FY 2022, 21 housing-focused nonprofits generated \$245.2 million in revenue. Sources of revenue include contributions, program services, rental property income, investment income, sale of assets, etc. \$245.2 million is not inclusive of all nonprofit funding that supports housing but underscores the significant role nonprofits play in providing housing services to vulnerable populations.

Table 1: Federal Funding Sources for Affordable Housing Programs in Utah, FY 2022

I. Federal Low Income Housing Tax Credit programs						
Program	Funding Source	Funding FY 2022 (million)	Eligibility	Activity	Beneficiaries	Outcome FY 2022
Low-Income Housing Tax Credit (LIHTC) 9% Source: Utah Housing Corporation	Tax Credit Volume cap at \$2.60/capita	\$80.6 equity generated for LIHTC projects	Renters @ ≤50% area median income (AMI).	Affordable Rental Housing Avg 43% AMI rents.	Very Low Income (VLI, 30%-50%) and Extremely Low Income (ELI, <30% AMI) renters	Approved 331 affordable units
Low-Income Housing Tax Credit (LIHTC) 4% Source: Utah Housing Corporation	UHC received 55% of the Private Activity Bond (PAB) volume cap (\$203 million) awarded to the state. See 4% LIHTC discussion.	\$206.1 equity generated for LIHTC projects	Renters @ ≤80% AMI.	Affordable rental housing is typically at 60% AMI rents, which can be achieved by averaging rents below and above 60% AMI rents.	Low to VLI renters	Approved 1,646 affordable units
Total equity funding generated from the sale of tax credits	Sale of tax credits	\$286.7	---	---	---	Equity for 1,977 LIHTC units

Table 1: Federal Funding Sources for Affordable Housing Programs in Utah, FY 2022 (continued)

II. HUD and USDA Rental Assistance: Vouchers and Project-Based Units						
Program	Funding Source	Funding FY 2022 (million)	Eligibility	Activity	Beneficiaries	Outcome FY 2022
Housing Vouchers Source: HUD Denver Office and survey of Public Housing Authorities	HUD	\$103.5	Renters @ ≤50% AMI. 75% of vouchers awarded to applicants at ≤30% AMI. In addition to Housing Choice Vouchers, six other categories of vouchers are included, see Table 6.	Provides rental assistance via a voucher. The renter contributes 30% of income for rent and utilities. The remaining balance is paid by the voucher. The voucher is portable.	Very Low Income (VLI 30%-50%) to Extremely Low Income (ELI<30% AMI) renters	14,526 VLI to ELI renter households
Public Housing Source: Survey of Public Housing Authorities	HUD	\$14.2	Renters @ ≤50% AMI. 75% of vouchers awarded to applicants at ≤30% AMI.	Affordable rental units owned by a public housing authority (PHA). The voucher is assigned to the unit, not the renter.	VLI to ELI renters	1,500 VLI to ELI renter households
Section 8 Project Based Units Source: HUD Denver Office	HUD	\$32.5	Renters @ ≤50% AMI. 75% of vouchers awarded to applicants at ≤30% AMI.	The subsidy is assigned to the unit, not the renter. Assistance is not portable for renters.	VLI to ELI renter households	4,238 VLI to ELI renter households
Supportive Elderly+Disabled (202/811 program) Source: HUD Denver Office	HUD	\$2.7	Renters @ ≤50% AMI. 75% of vouchers awarded to applicants at ≤30% AMI.	Subsidized rental housing for older VLI and ELI renter households with renters with disabilities.	VLI to ELI older adult and renters with disabilities	692 VLI to ELI renters
USDA Rural Rental Assistance Source: USDA local office	USDA	\$7.6	Renters @ ≤50% AMI.	Rent payments to property owners on behalf of very low-income renters.	VLI to ELI renters	1,810 VLI to ELI renters in rural Utah
Total voucher funding and renters receiving assistance	HUD & USDA	\$160.5	---	---	---	Voucher assistance to 22,766 VLI to ELI renter households
III. Other HUD Programs and Funding						
Program	Funding Source	Funding FY 2022 (million)	Eligibility	Activity	Beneficiaries	Outcome FY 2022
Community Dev. Block Grants (CDBG) for Housing Source: HUD Exchange and CDBG expenditure and performance reports	HUD	\$6.2	CDBGs are awarded to entitlement cities, counties, and the state.	Awarded to jurisdictions for acquisition, rehab, homeownership assistance, and counseling.	Communities and residents	Rehab: 366 single family (SF) units, 243 multi-family (MF) units, and 77 households receiving counseling
Continuum of Care (CofC) Source: HUD Exchange	HUD	\$13.8	Programs designed to address the issues of homelessness, rapid rehousing, and funding PHA.	Provides funding to nonprofits and local and state governments to address homelessness.	Homeless households	Outcome data not publicly available
Emergency Shelter Grants (ESG) Source: HUD Exchange	HUD	\$1.8	States must subgrant all funds to local governments or nonprofits. Program was discontinued in 2023.	Assistance to homeless households and those at risk of homelessness.	Homeless households or households at risk of homelessness	351 renter households
Housing Opportunities for Persons with AIDS (HOPWA) Source: HUD Exchange	HUD	\$1.1	Communities, states, and nonprofits with programs to benefit low-income individuals with AIDS/HIV.	Housing Opportunities for Persons with AIDS.	Low-income renter households living with AIDS/HIV	47 households received assistance in Salt Lake, Weber, and Davis counties
HOME Investment Partnerships Program (HOME) Source: HUD Exchange	HUD	\$8.9	Application for nonprofit grants and for-profit developers. Rental assistance and/or development funding.	HUD grants to state and local governments to create affordable housing for low-income households.	Affordable housing developers, nonprofits, and VLI to ELI renter households	Outcome data not publicly available

Table 1: Federal Funding Sources for Affordable Housing Programs in Utah, FY 2022 (continued)

III. Other HUD Programs and Funding (continued)						
Program	Funding Source	Funding FY 2022 (million)	Eligibility	Activity	Beneficiaries	Outcome FY 2022
Housing Trust Fund (HTF) Source: HUD Exchange	HUD	\$3.6	ELI households or households below the poverty line. Rent can't exceed 30% of the federal poverty line. VLI household rent can't exceed 30% of household income @ 50% AMI.	Provides grants to the state to produce and preserve affordable housing for ELI and VLI households. 80% of funding must go for rental housing, 10% for homeownership, and 10% for administrative costs.	VLI and ELI renter households	Outcome data not publicly available
Total funding for other programs	HUD	\$35.4	---	---	---	CDBG Rehab: 366 SF units, 243 MF units, and 77 households receiving counseling. ESG: 351 renters. HOPWA: 47 households.
Grand Total for Federal Funding and Outcomes	HUD & USDA	\$482.6				22,766 vouchers, 1,977 LIHTC units, 609 rehabbed units, and 351 emergency shelter grants to renters. 47 households receiving HOPWA funds.

Table 2: State Funding Sources for Affordable Housing Programs, FY 2022

I. Utah Housing Corporation's Mortgage Assistance Programs						
Programs	Funding Source	Funding 2022 (million)	Eligibility	Activity	Beneficiaries	Outcomes 2022
UHC's FirstHome, HomeAgain, and Score Loan Programs Source: Utah Housing Corporation	Funds raised with the sale of tax-exempt bonds	\$178.5 in tax-exempt bonds	Income and acquisition limits. First time homebuyers with FIFO scores above 660. HomeAgain has similar limits, but previous homeowners.	Facilitates mortgage lending at competitive interest rates plus downpayment assistance up to 6% of the loan amount (downpmt. amortized 30yr. loan).	First-time and previous homebuyers meeting income and acquisition (price) limits	Assisted in financing 490 homebuyers, home loans of \$178.5 million
UHC facilitating financing of Federal Housing Administration (FHA) and Conventional Loans Source: Utah Housing Corporation	Funds raised in taxable markets, mortgage-backed securities, and taxable bonds	\$606.6 non-tax-exempt market. FHA-insured and conventional loans with UHC downpayment assistance.	FHA-qualified borrowers.	Facilitates mortgage lending at competitive interest rates plus downpayment assistance up to 6% of the loan amount (downpmt amortized 30yr. loan).	Moderate-income homebuyers meeting FHA qualifications	Assisted in financing 1,634 homebuyers, \$606.6 million in home loans
UHC Downpayment Assistance Program Source: Utah Housing Corporation	Funded by UHC internal funds	\$43.4 in loans	Must qualify with FirstHome program, income, and acquisition limits.	First-time homebuyers meeting income and acquisition limits. Average borrower income is \$86,426, 90% AMI.	First-time homebuyers	2,090 borrowers received downpayment assistance
Total UHC tax exempt and taxable funding raised for homeowners and downpayment assistance	Funded by mortgage-backed securities, internal funds, sale of tax-exempt bonds	\$828.0	---	---	---	Financing assistance to 2,124 homebuyers. Downpayment assistance to 2,090 borrowers.

Table 2: State Funding Sources for Affordable Housing Programs, FY 2022 (continued)

Other State Programs						
Programs	Funding Source	Funding 2022 (million)	Eligibility	Activity	Beneficiaries	Outcomes 2022
Olene Walker Housing Loan Fund (OWHLF) Source: Utah Division of Housing and Community Development	State	\$38.5	VLI to ELI renters.	Provides gap financing for affordable housing projects, rehabbing units, and maintenance.	Affordable housing developers and VLI to ELI renters	Provided financial assistance to 1,871 units. Allocation of \$19.0 million in gap financing.
Utah Housing Preservation Fund Source: Utah Housing Preservation Fund, 2022 (data provided by Lucas Ridd)	30-70% match with state to private dollars (philanthropy, social impact investors, and Community Reinvestment Act (CRA) Banks). State's share is \$42.5 million.	\$42.5	Low-income renters, units affordable to renters @ 30-80% AMI.	Preserves naturally occurring low-rent units and other at-risk existing affordable housing units (expiring LIHTC).	Low-income renters	Preserved 644 affordable units
State Tax Credits Source: Utah Housing Corporation	UHC	\$1.1	Projects must have federal tax credits.	Provides additional equity funding for an affordable rental project. Tax credits sold at .65 cents/dollar of credit.	Developers of affordable tax credit projects. VLI renter households.	9% LIHTC: 0 units 4% LIHTC: 190 units
State-Funded Appropriation for Homeless Services Source: Utah State Budget FY 2022	General Revenue	Pamela Atkinson Homeless Fund, Sale of Road Home, Homeless Mitigation Fund \$20.8	Homeless service providers.	Funding for homeless shelter mitigation fund, homeless services, and homeless coordinator.	Homeless individuals, cities with shelters	Provides funding to offset community cost of homeless shelters
Total other state programs		\$102.9				OWHLF provided gap financing to 1,871 units, Utah Housing Preservation Fund preserved 644 affordable units
State Grand Total	Funded by mortgage-backed securities, internal funds, sale of tax-exempt bonds, state general revenue	\$930.9				Assisted mortgage loan financing for 2,124 home buyers. Downpayment assistance to 2,090 home buyers. OWHLF provided gap financing for 1,871 units and the Utah Housing Preservation Fund preserved 644 affordable units.

Table 3: Municipal and Nonprofit Funding Sources for Affordable Housing in Utah, FY 2022

Programs	Funding Source	Funding 2022	Eligibility	Activity	Beneficiaries	Outcomes 2022
Redevelopment Agencies (RDAs) Source: Survey of RDAs	Tax Increment Financing (TIF)	<\$15 million generated by TIF for reserve	Affordable housing units @ ≤80% AMI.	New and rehabilitated affordable units.	Low to VLI renters	<100 units
Housing Trust Funds Source: Survey of Large City's Housing Offices	Internal revenue sources	<\$2 million	Affordable housing units @ ≤80% AMI.	Preservation and development of affordable housing.	Low to VLI renters and homeowners	Outcome data not publicly available
City and County Total	TIF, internal revenue sources	<\$17 million				<100 units

Nonprofits Organizations

Programs	Funding Source	Funding 2022	Eligibility	Activity	Beneficiaries	Outcomes 2022
21 Major Nonprofits Total Source: ProPublica and TaxExemptWorld websites	Contributions and organization's revenue stream	\$245.2	VLI and ELI households, victims of domestic violence, and individuals with mental illness or substance use disorders.	Homeless prevention, substance use treatment programs, counseling, development of affordable housing	VLI and ELI renters, homeless, and other vulnerable populations	NA

Characteristics of Major Assistance Programs

Public Housing Authorities and Rental Assistance Vouchers

In FY 2022, HUD and U.S Department of Agriculture (USDA) housing vouchers provided \$160.5 million in rental assistance to very low and extremely low-income households in Utah. HUD vouchers are administered by Utah's 18 local public housing authorities (Table 4).

Demographics of Voucher Holders

Two-thirds of Utah's Housing Choice Voucher holders are White, and one-third are Minority populations. Hispanic voucher holders account for 16.9% or 1,955 households. Older adult renter households (age 62 years or older) represent 22.4% of voucher holders, nearly 2,600 households (Table 5).

Public housing authorities are required to target extremely low-income households; consequently, a large share of voucher holders are persons with disabilities. Sixty-three percent (7,300) of voucher holders have a disability. Voucher-holder households (11,078) have a total of 4,347 children in their households.

Types of Vouchers

Utah's local public housing authorities administered seven types of vouchers totaling 14,526 vouchers under lease in FY 2022 (Table 6). **Housing Choice Section 8** vouchers account for three-quarters of all vouchers issued. The Housing Choice program was established 50 years ago to provide rental subsidies to low-income families, older adults, and persons with disabilities. Section 8 voucher holders can choose any rental unit that meets the rental rate, safety, and health standards of the program. The voucher holder is required to pay 30% of their income for rent and utilities and the gap or difference between their share and the rental rate is covered by the Section 8 program and paid directly to the landlord.

The special purpose **Non-Elderly Disabled (NED)** voucher program was established in 1997. Housing authorities in Utah administered 1,716 NED vouchers in FY 2022, accounting for 12% of all types of vouchers under lease. NED vouchers allow non-elderly persons with disabilities currently residing in nursing homes to transition into rental housing in the local community.

The **Veterans Affairs Supportive Housing (VASH)** program provides HUD Section 8 rental assistance with VA case management and supportive services. The services are designed to help homeless veterans and their families obtain rental housing, health care, and mental health treatment.

The **Family Unification Program (FUP)** provides Housing Choice Vouchers to families whose child or children may be placed in out-of-home care due to lack of adequate housing. The FUP also provides housing vouchers to youth (age 18 to 24) aging out of foster care and youth who are homeless or at risk of homelessness. FUP vouchers issued to youth are limited to 36 months of housing assistance.

Table 4: List of Public Housing Authorities in Utah, 2023

Carbon and Emery Housing Authorities*
Cedar City Housing Authority
Davis County Housing Authority
Grand County Housing Authority
Housing Authority of Beaver County
Housing Authority of Ogden City
Housing Authority of Salt Lake City
Housing Authority of Utah County
Housing Connect (formerly Housing Authority of Salt Lake County)
Logan City Housing Authority
Myton City Housing Authority
Provo City Housing Authority
Roosevelt City Housing Authority
St. George Housing Authority
Tooele County Housing Authority
Weber County Housing Authority
West Valley City Housing Authority

*Carbon and Emery County housing authorities' results were combined.

Source: U.S. Department of Housing and Urban Development (HUD)

Table 5: Survey Summary of Housing Authorities, 2023

Category	Amount/ Percent
Vouchers	
Public Housing Authorities (PHA) surveyed	18*
Response rate	100%
Number of vouchers allocated to PHA	12,459
Number of vouchers under lease	11,569
Voucher Enrollment of Housing Authorities	
Authorities with open enrollment (applicant joins waitlist)	12
Authorities with closed enrollment	6
The average length of waitlist	At least two years
LIHTC, market rate, and other non-public units owned	2,816
Public housing units owned	1,065

Demographics of Voucher Holders

White	67.3%
Minority	32.7%
Hispanic	16.9%
Black	9.0%
Asian	3.5%
Native American	2.1%
Pacific Islander	1.2%
Households with older adults (62 years and older)	22.4%
Households with a person with a disability	63.3%
Number of children in voucher households	4,347
Average household size of voucher holder household	2.06 persons

*Carbon and Emery County housing authorities' results were combined.

Source: Survey of Public Housing Authorities by Kem C. Gardner Policy Institute

Table 6: Number of Vouchers by Type, 2023

Voucher Type	Number Under Lease	Share
Housing Choice Vouchers (Section 8)	11,078	76.3%
Non-Elderly Disabled (NED)/Mainstream	1,716	11.8%
Veterans Affairs Supportive Housing (VASH)	677	4.7%
Family Unification Program (FUP)	411	2.8%
Emergency Housing Vouchers (EHV)	351	2.4%
Rental Assistance Demonstration (RAD)	234	1.6%
Tenant Protection Voucher (TPV)	59	0.4%
Total Vouchers	14,526	100%

Source: Survey of Public Housing Authorities by Kem C. Gardner Policy Institute and HUD Denver Office

Emergency Housing Vouchers (EHV) are rental housing vouchers designed for households who are homeless, at risk of homelessness, fleeing domestic violence, or recently homeless. In FY 2022, Utah's housing authorities administered 351 EHVs.

Two other voucher programs with limited numbers of participants are the **Rental Assistance Demonstration (RAD)** program and the **Tenant Protection Voucher (TPV)** program. RAD is a tool housing authorities can use to preserve public housing by providing stable funding to rehabilitate or repair existing project-based units without depending on additional funding from Congress. The funding sources for the RAD program are Section 8 project-based vouchers and Section 8 project-based rental assistance. The TPV program protects tenants facing higher rents due to their property owner opting out of a HUD rent assisted program. The TPV program allows for rent payments to be above the local voucher payment standard.

Impact of Rising Rents on the Number of Renters with Vouchers

The average rental rate in each of the four Wasatch Front counties has increased by more than 30% since 2018. A survey conducted by the Gardner Institute found higher rents have impacted the number of voucher holders housing authorities are able to serve in Salt Lake, Utah, and Davis counties as well as Tooele, Carbon, and Emery counties.

Rising rents can impact the number of voucher holders in two ways. First, voucher holders are limited to units with rents at or below the local area's Fair Market Rent as determined by HUD.² As rental rates increase, the number of units available at or below the Fair Market Rent declines. In recent years, about 30% of renters awarded a voucher by Housing Connect, the largest public housing authority in Utah, failed to find a rent-qualified unit within the 120-day time limit. Consequently, the voucher holder lost the voucher and had to reapply for assistance. Rising rents decrease the supply of affordable units making it more difficult for voucher holders to find affordable, available units, thus reducing the number of vouchers provided by a housing authority. Housing Connect estimated that higher rents reduced their number of voucher holders by 298 renter households in FY 2022 (Table 7).

Table 7: Impact of Higher Rental Rates on the Number of Vouchers Offered, 2023

Public Housing Authority	Had An Impact	Number of Fewer Vouchers	No Impact
Housing Connect (formerly Housing Authority of Salt Lake County)	■	298	
Housing Authority of Utah County	■	83	
Tooele County Housing Authority	■	23	
Roosevelt City Housing Authority	■	7	
Carbon and Emery Housing Authorities*	■	NA	
Davis County Housing Authority	■	NA	
Housing Authority of Beaver County			■
Cedar City Housing Authority			■
Grand County Housing Authority			■
Logan City Housing Authority			■
Myton City Housing Authority			■
Housing Authority of Ogden City			■
Provo City Housing Authority			■
Housing Authority of Salt Lake City			■
St. George Housing Authority			■
Weber County Housing Authority			■
West Valley City Housing Authority			■

*Carbon and Emery County housing authorities' results were combined.

Source: Survey of Public Housing Authorities by Kem C. Gardner Policy Institute

Rising rents also impact the number of voucher holders since a housing authority's voucher funding is capped by a dollar amount. In most urban markets, rents have increased at a much faster pace than HUD's voucher funding. Hence, rising rents limit available voucher funding, effectively reducing the number of vouchers a housing authority can provide.

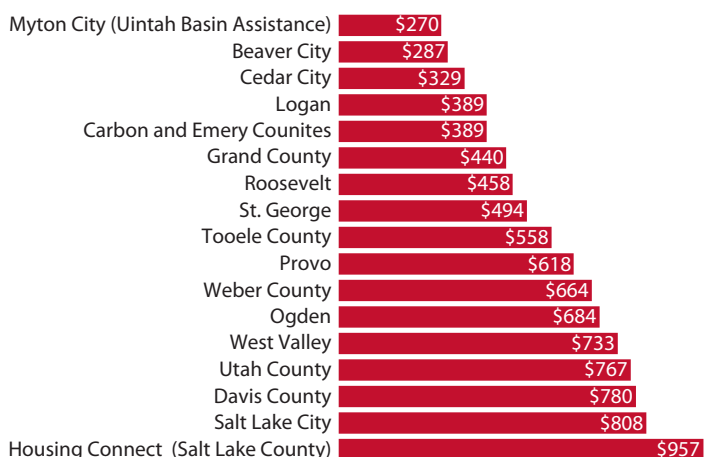
While rapidly rising rental rates often lead to fewer available vouchers, this is not always the case. Despite having some of the highest rents in the state, Salt Lake City's Housing Authority has been able to maintain voucher support due to the large share of affordable rental units in the city. There are 10,000 tax credit units in the city, representing nearly one-third of all tax credit units statewide. Voucher holders in Salt Lake City can generally find an affordable, available unit in a rent-capped tax credit project. Consequently, rising rents have not limited the number of vouchers the Housing Authority of Salt Lake City has provided.

An apartment inventory with a large share of affordable units, which is the case in many rural counties, can also offset the impact of rising rents on voucher availability. Eleven of the 18 housing authorities in the state reported that rising rents have not reduced the number of vouchers they provide.

Subsidy to Voucher Holders

The subsidy provided to voucher holders depends on local rental rates and the income of the renter household. Renters are required to pay 30% of their income for rent and utilities. The voucher pays the difference between the renter's share and the rental rate.

Figure 1: Average Monthly Rental Subsidy per Voucher Holder, 2023



Source: Survey of Public Housing Authorities by Kem C. Gardner Policy Institute

Voucher holders in the Uintah Basin have the lowest monthly subsidy due to the relatively high incomes in Duchesne and Uintah Counties. In contrast, the typical monthly subsidy is \$957 in Salt Lake County, due to the relatively high rents in the county (Figure 1). The weighted average subsidy for all 18 public housing authorities is \$730.

Shortage of Available Affordable Rental Units

As noted above, rising rental rates and low vacancy rates create difficult conditions for approved voucher holder households. An approved household has 120 days to find an affordable rental unit. The rent cannot exceed the Fair Market Rent of the county, and the Fair Market Rent is generally below market rents. Low-rent units are in high demand by all types of renters, including voucher holders and non-voucher holders, creating a shortage.

Five of the 18 local public housing authorities (PHAs) noted 26% to 50% of approved voucher holders cannot find a rental unit within 120 days due to the limited supply of rental units with rents below the Fair Market Rent. Consequently, the voucher is returned to the housing authority, and the household returns to the waitlist, which is typically two years (Table 8).

Three PHAs (Tooele County, Utah County, and Weber County) noted over half of the approved voucher holders cannot find an affordable unit within 120 days. The Gardner Institute's survey of the public housing authorities showed a 10% annual turnover rate in their vouchers.

Table 8: Percent of Voucher Holders Unable to Find an Affordable Rental Unit, 2023

(Approved applicant has 120 days to find a rental unit)*

Public Housing Authority	<10%	10% to 25%	26% to 50%	>50%
Beaver County	■			
Cedar City	■			
Myton City	■			
Roosevelt	■			
St. George	■			
Housing Connect		■		
Ogden		■		
Provo		■		
West Valley		■		
Carbon and Emery Counties			■	
Davis County			■	
Grand County			■	
Logan			■	
Salt Lake City			■	
Tooele County				■
Utah County				■
Weber County				■

*Unsuccessful applicants rejoin the waitlist.

Source: Survey of Public Housing Authorities by Kem C. Gardner Policy Institute

Redevelopment Agencies (RDAs)

In Utah, Redevelopment Agencies (RDAs) have used tax increment financing for over 50 years to spur economic development. Governed by state statute, there are over 90 RDAs representing cities around Utah. RDAs fund projects in specific municipal areas primarily through tax increment financing (TIF).³ Tax increment financing is used to help finance investment in these areas, generally for 20 to 25 years. Local taxing entities (school districts, library districts, etc.) and a board of directors establish project areas.

At the establishment of a project area, the current local property tax revenue from the land and structures within the project area becomes the “base” amount of property tax revenue. As economic development occurs in the project area, property values rise, and property tax revenues increase. The incremental increase in property taxes above the “base” amount provides the funding for redevelopment. Taxing entities continue to receive the amount of property tax they received before the area became an RDA project area and any other share of TIF they may have negotiated until the project concludes. The tax increment funds often finance an RDA bond for infrastructure development—roads, sidewalks, utilities, sewer, etc.—or the funds can pay for land and construction of affordable housing within the RDA.

RDAs typically designate 10-20% of TIF revenue to affordable housing. Affordable housing development can occur anywhere within the municipality, not necessarily in the RDA project area associated with the TIF revenue. Salt Lake City’s RDA provided funding for over 7,000 affordable housing units since the 1980s. The RDAs of Midvale and Murray also actively fund affordable housing but at much lower levels.

Why Tax Increment Financing Is a Best Practice

Provides Funding Targeted for Housing Needs of Moderate and Low-Income Households

In most cases, the RDA’s housing fund receives between 10% and 20% of the tax increment revenue. These funds are for “income-targeted housing” within the city’s boundaries. Income-targeted housing is defined as housing affordable to moderate-income households (households with incomes at 80% or less of the area median income). Since establishing their RDAs, the five most active cities in terms of funding set aside for housing have facilitated the development of 13,801 housing units affordable to households with incomes ≤ 80% AMI.

Provides Funding for Multiple Uses

The RDA, as noted in Title 17C of Utah Code, “shall use the agency’s housing allocation to pay for part or all of the cost of land or construction of income-targeted housing...pay for the rehabilitation of income-targeted housing...replace housing units lost as a result of development” or transfer tax increment funds to the local housing authority or the Olene Walker Housing Loan Fund for the development of moderate- and low-income housing.

Provides a Self-Financing Source of Funds

Tax increment financing does not require approval from federal agencies. The project areas are a self-financing source of funding for affordable housing projects.

Provides a Stable Source of Funding

The creation of a project area requires the approval (through interlocal agreements or a taxing entity committee) of the taxing entities within the boundaries of the community reinvestment project area. The interlocal agreement specifies the share of the tax increment allocated to the tax entities and the project area. Once established, project areas that include residential development represent a stable funding source for new construction, rehabilitation, and preservation of affordable housing within the municipality.

The Bingham Junction RDA, in Midvale City, combines the four features listed above as best practices. Most important is the self-financing source of funds. The RDA revenue produced by the tax increment provides funding for a wide range of projects. For example, Bingham Junction RDA revenue supports Main Street infrastructure improvements (parking structure, removal of overhead power lines, etc.), helped establish a partnership with Zions Bank to create an Arts Center that will partner with nearby schools to provide art lessons, supplies, and field trips, and generates an anticipated \$5.4 million in funding for affordable housing targeted for employees of the Canyon School District.

The unique flexibility municipalities have in the use of an RDA’s tax increment revenue, the stability of the revenue source (property tax), the public/private partnership opportunities, and the earmarked funding for affordable housing combine to render RDAs a best practice for local government.

The State's Role as a Major Policy Lever for Affordable Housing Programs, 1996-2022

While this report focuses on affordable housing programs' funding sources, legislative action represents the major policy lever affecting state housing programs. The legislature passed the first housing-related bill in 1996, HB 295. Over the next two decades, the state created a few task forces to assess affordable housing needs, changed tax assessment and increment financing for affordable housing, and provided technical changes to property tax law and low-income housing tax credit distribution.

In 2016, it became apparent that affordable housing and homelessness could become serious problems in the state. Since then, the legislature has undertaken the following initiatives to combat the affordable housing deficit and funding gap. A brief description of the most significant housing legislation from 1996 to 2022 is provided below.

Chronology of Affordable Housing Legislation

HB 295 Providing Affordable Housing (1996 General Session)

HB 295 directed municipalities to create a plan for housing moderate-income households. Municipalities must also assess their need for affordable housing annually and evaluate zoning practices to better implement affordable housing plans. This bill allocated \$250,000 for the state to help municipalities meet these requirements.

HB 441 Housing and Homeless Reform Initiative Amendments (2017 General Session)

Following the Great Recession, Utah experienced a serious housing shortage that increased the homeless population. To address the growing need for homeless aid, the legislature passed HB 441, "Housing and Homeless Reform Initiative Amendments," in the 2017 general session. This bill provided the Homeless to Housing Reform Restricted Account with \$10.1 million to open three new resource shelters that could house 700 people each. This also meant closing the largest shelter in Salt Lake County, which provided shelter for up to 1,100 people.

HB 430 Affordable Housing Amendment creates Commission on Housing Affordability (2018 General Session)

This bill created a Commission on Housing Affordability. The commission consists of 20 members, including three legislators, directors from various state agencies and municipalities, and 12 members appointed by the governor from the development, home building, and real estate community. The commission has provided recommendations for affordable housing legislation. In the 2022 general session, the legislature modified the commission's membership and repealed the sunset provision.

SB 34 Affordable Housing Modifications (2019 General Session)

In 2019, the legislature passed SB 34, "Affordable Housing Modifications," which changed the state code to require every local community's general plan to include three components: land use, transportation, and moderate-income housing. This provision was originally outlined in HB 295, which passed 23 years before SB 34. The new bill provided additional direction and detail for moderate-income housing development, broadened some requirements for all cities, and required specific communities to provide more robust housing strategies and an annual report on implementing those strategies.

SB 39 and the Utah Housing Preservation Fund - \$10 million to the Olene Walker Housing Loan Fund (2020 General Session)

SB 39, "Affordable Housing Modifications," provided the largest, one-time general fund appropriation to the Olene Walker Housing Loan Fund (OWHLF) since 1985. The OWHLF received \$10.0 million, half of which provided for gap financing on private activity bond-financed multifamily housing, and the other half matched private dollars for the preservation or construction of affordable housing.

The funding was reduced to \$5.0 million in a special session in June 2020 (prompted by the COVID-19 pandemic): \$2.5 million for gap financing and \$2.5 million matched private dollars for preservation. The private funds came from the Utah Housing Preservation Fund, established in 2021 by a \$20 million joint commitment from the Ivory Foundation, Intermountain Healthcare, and Zions Bank. The fund specifically works to maintain and preserve affordable renter units aging out of assistance programs and naturally occurring affordable housing. The Utah Nonprofit Housing Corporation manages the operations of the rental units, and the Utah Housing Preservation Fund manages the financing of the fund. The fund has continued to grow with the support of significant private investment from Utah's business and philanthropic community.

HB 82 Single-family Housing Modifications (2021 General Session)

HB 82 made prohibiting most accessory dwelling units (ADUs) illegal for municipalities and counties. This change in zoning law aimed to increase the number of affordable "mother-in-law" apartments, which are less expensive and easier to build than new houses or apartment buildings. The legislature included provisions to limit the use of ADUs as short-term rentals. The legislation provided an option for a municipality to "prohibit ADUs in 25% of the primarily residentially zoned areas, and in 67% of the residentially zoned areas in college towns."

Table 9: Major Legislation Supporting Utah State Housing Programs

New Construction and Preservation of Affordable Housing	Administrative Support	Homeless Assistance	Housing and Transportation	Municipal Zoning Ordinances
Annual funding of Olene Walker Housing Loan Fund (OWHLF, established 1985, annual state funding established 1995)	HB 295 requires the needs assessment of municipalities (1996)	HB 441 initial funding for new homeless resource centers (2017)	SB 217 establishes requirements for municipalities to create reinvestment zones at TODs with tax increment financing (2021)	HB 82 made it illegal in most cases for cities to prohibit the development of accessory dwelling units (2021)
SB 39 additional one-time funding for OWHLF and creation of the Utah Housing Preservation Fund (2020)	HB 430 creates Commission on Affordable Housing (2018)	HB 347 creates the Office of Homeless Services and the Utah Homelessness Council (2021)		SB 174 streamlines the subdivision process (2023)
SB 238 provides \$55 million in federal funds to develop deeply affordable housing (2022)	SB 34 requires a municipality's general plan to include provisions for moderate-income housing (2019)	SB 238 provides \$55 million in federal funds for deeply affordable housing (2022)		SB 199 limits referendums challenging housing development (2023)
SB 240 provides loans to first-time homebuyers (2023)	HB 347 creates the Office of Homeless Services (2021)	HB 440 provides an increase in funds for municipalities with shelters and allows capacity increases for shelters (2022)		
HB 364 expands the state tax credit program from \$1.2 million annually to \$10.0 million (2023)		HB 499 funds increased homeless shelter services during winter months (2023)		
		HB 359 allows eviction expungement if both parties agree (2022)		

Source: Kem C. Gardner Policy Institute and Utah Housing Coalition

SB 217 Housing and Transit Reinvestment Zone Act (2021 General Session)

This bill enacted the Housing and Transit Reinvestment Zone Act, which established objectives and requirements for a municipality or public transit county to create a housing and transit reinvestment zone. Tax increment financing provided funding for the reinvestment zone. The objective of the legislation was to promote transit-oriented development (TOD) to increase the use of public transit and the availability of affordable housing.

HB 347 Homeless Services Modification (2021 General Session)

This bill centralized and coordinated services for the homeless under the direction of the state homelessness coordinator. The bill also created the Utah Homelessness Council.

SB 238 Homeless Services Modifications (2022 General Session)

SB 238 included the largest allocation for homeless services and affordable housing in Utah's history. This bill allocated \$55.0 million of American Rescue Plan Act Funds to the Department of Workforce Services to fund affordable housing projects in response to the COVID-19 pandemic. These funds will provide an estimated 1,078 affordable units in Utah. American Rescue Plan Act Funds are not included in Table 1 of this report.

HB 440 Homeless Services Amendments (2022 General Session)

HB 440 allows certain municipalities to receive increased funding from the Homeless Shelter Cities Mitigation Restricted Account. The funds mitigate the impact of homeless shelters. The bill also establishes a formula for the disbursement of funds.

Summary of Housing Legislation

Several important housing bills have been passed by the Utah Legislature since 2017. These bills focus on five areas: (1) new construction and preservation of affordable housing, (2) administrative support, (3) homeless assistance, (4) housing and transportation, and (5) municipal zoning ordinances. See Table 9 for details.

Utah Housing Corporation's Home Ownership Programs

The Utah Housing Corporation (UHC), an independent state agency created by the Utah Legislature in 1975, provides mortgage financing for low to moderate-income households. Each year, UHC raises millions of dollars from its operations to fund the "FirstHome" and "HomeAgain" programs through mortgage-backed securities. The "FirstHome" program targets low-income households (<100% AMI) with a 660 or higher FICO score and who are first-time homebuyers. The "HomeAgain" program targets moderate-income families (up to 140% AMI) with a FICO score of 660 or higher and who have previously owned a home. For households who don't meet the minimum FICO score requirement of these two programs, the Score Loan program assists households with a minimum FICO score of 620. Applicants for the Score Loan must meet all the requirements of an FHA-backed mortgage.

Table 10: Summary of Utah Housing Homeownership Loan Programs, CY 2022

Loan Characteristics	2022	1977 - 2023
Amount of Mortgage Loans (millions)	\$785.1	\$15,945.8
Number of Loans	2,124	110,420
Average Price of All Homes	\$377,462	\$147,611
Existing Home Average Price	\$371,251	---
New Home Average Price	\$418,200	---
Condominium Average Price	\$376,043	\$230,700
Type of Home		
Single-Family	72.0%	98.1%
Condominium	28.0%	1.8%

Source: Utah Housing Corporation

Table 11: Summary of Homebuyer Demographics and Income, CY 2022

Demographics of Buyers	2022	Share	1977 - 2023	Share
Average Age	34		31	
Average Annual Household Income	Amount		Amount	
Overall	\$86,426		\$43,024	
Married	\$89,386		\$42,842	
Single Parent	\$84,803		\$44,585	
Not Married	\$81,609		\$42,605	
Households by AMI Income Range	Number of Households	Share	Households by AMI Income Range	Share
<50%	64	3.0%	14,134	12.8%
51%-65%	202	9.4%	24,922	22.6%
66%-80%	511	24.1%	28,930	26.2%
81%-100%	723	34.1%	28,223	25.6%
101%-120%	434	20.4%	11,351	10.3%
>120%	190	9.0%	2,849	2.6%

Source: Utah Housing Corporation

In CY 2022, UHC, through the homeownership program, provided funding assistance for 2,124 loans with a total value of \$785.1 million. The average price of all types of homes was \$377,462 (Table 10). The average income of homebuyers was \$86,426 (Table 11).

A total of 2,124 homebuyers in 26 of Utah's 29 counties purchased homes through UHC's homeownership programs in CY 2022 (636 of these homebuyers bought homes in Salt Lake County, representing 29.9% of all UHC borrowers). Only five counties, Salt Lake, Utah, Weber, Davis, and Tooele, had more than 100 homebuyers (Table 12). Wasatch County had the highest average loan value at \$470,161, and Carbon County had the lowest loan value at \$203,292. The statewide average value was \$369,381 (Table 13).

Table 12: Number of UHC Homeownership Loans by County, CY 2022

County	Loans	Share	County	Loans	Share
Salt Lake	636	29.9%	Sevier	18	0.8%
Utah	422	19.9%	Sanpete	15	0.7%
Weber	293	13.8%	Emery	11	0.5%
Davis	174	8.2%	Millard	11	0.5%
Tooele	122	5.7%	Wasatch	6	0.3%
Uintah	74	3.5%	Kane	4	0.2%
Washington	72	3.4%	San Juan	3	0.1%
Box Elder	65	3.1%	Beaver	3	0.1%
Carbon	46	2.2%	Garfield	2	0.1%
Iron	45	2.1%	Summit	2	0.1%
Cache	39	1.8%	Morgan	1	<0.1%
Duchesne	35	1.6%	Piute	1	<0.1%
Juab	23	1.1%	Wayne	1	<0.1%
Total	2,124	---			

Source: Utah Housing Corporation

Table 13: Counties Ranked by Average Value of Homeownership Loan, CY 2022

County	Avg. Loan Value	County	Avg. Loan Value
Wasatch	\$470,161	Wayne	\$294,566
Summit	\$463,942	San Juan	\$284,828
Utah	\$404,985	Sanpete	\$284,016
Salt Lake	\$399,714	Sevier	\$254,091
Tooele	\$397,214	Beaver	\$251,689
Morgan	\$392,755	Piute	\$245,471
Davis	\$391,927	Kane	\$244,542
Washington	\$352,316	Uintah	\$243,148
Box Elder	\$351,554	Duchesne	\$236,996
Weber	\$348,376	Garfield	\$234,671
Cache	\$342,568	Millard	\$224,451
Juab	\$339,760	Emery	\$214,613
Iron	\$317,349	Carbon	\$203,292
Overall Avg.	\$369,381		

Source: Utah Housing Corporation

Funding for Homeownership Loan Programs

Homeownership loan programs have two primary sources of capital: (1) Private Activity Bond (PAB) tax-exempt bond allocation known as the volume cap issued annually for each state by the U.S. Treasury, and (2) taxable capital markets through mortgage-backed securities (MBS) and taxable bonds. Of the \$784.5 million in mortgage loans, \$154.2 million came from the tax-exempt bond allocation and \$606 million from taxable capital markets.

The U.S. Treasury’s Internal Revenue Service determines a state’s annual PAB tax-exempt bond allocation using a per capita funding formula. In FY 2022, the IRS estimated Utah’s population to be 3,337,975 and the multiplier of \$110 per capita resulted in a total PAB tax-exempt bond allocation of \$367.2 million. Utah statute allocates the \$367.2 million to five PAB accounts. The single-family account receives 42%, and the student loan account receives 33%; however, the student loan account has not been utilized by the Utah Board of Higher Education (its only subscriber) in the last decade, therefore that funding rolls over to the multifamily account (12%). There is also 12% allocated to manufacturing and 1% to exempt facilities.

Using this formula, the single-family allocation from the PAB bond was \$154.2 million in FY 2022. In addition to the \$154.2 million, another \$24.3 million of carried forward funds, mainly from the early payoff of UHC’s prior mortgages, was added for

a total of \$178.5 million in tax-exempt bond allocation. The tax-exempt funding provided capital for 734 homebuyer loans in 2022.

As noted above, MBS and taxable bonds financed another \$606 million in UHC mortgages in FY 2022. All 2,124 homebuyers participating in UHC mortgage loans are eligible for down payment assistance. This feature makes UHC financing attractive for moderate-income households. UHC offers borrowers the option of getting a second mortgage to finance the down payment and closing costs. The second mortgage is a 30-year fixed-rate amortized loan with an interest rate one percent higher than the first mortgage. The amount of down payment assistance borrowers can obtain depends on the first mortgage. Eligible borrowers can receive funds up to 6% of the FirstHome or HomeAgain loans and 4% of a Score Loan.

UHC’s homeownership programs annually fund several hundreds of millions of dollars in mortgage loans to moderate-income households. Without the downpayment assistance, most UHC homebuyers would be unable to gain homeownership. Fifteen hundred or 70% of the 2,124 UHC homebuyers in FY 2022 had incomes below the area median income. UHC’s targeting of moderate-income households and downpayment assistance distinguishes its homeownership programs from the typical mortgage lending business.

Low-Income Housing Tax Credit Programs

The Tax Reform Act of 1986 established the federal Low Income Housing Tax Credit (LIHTC) program. In Utah, the Utah Housing Corporation allocates low-income housing tax credits. From 1987 (when the first tax credits were awarded) through 2022, 591 apartment projects received tax credits. These projects include 37,290 units, 34,002 tax credit units, and 3,288 market-rate units. Seventeen percent, or 5,878 tax credit units, are reserved for older adults (65 years and older).

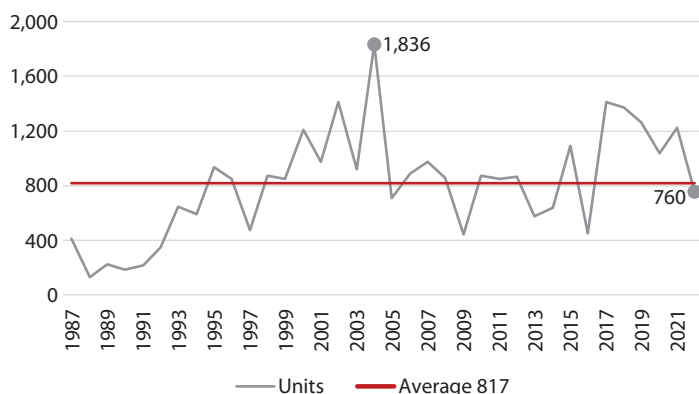
About one out of every 10 rental units in Utah are tax credit units. Twenty-five of Utah’s 29 counties have at least one tax credit project. Salt Lake County had 17,983 tax credit units in 2022, representing over half the tax credit units in the state. Dagget, Piute, Morgan, and Wayne counties are the only counties without tax credit projects (Table 14). Since 1987, the LIHTC program has placed 34,002 tax credit units in service, with an all-time high of 1,836 in 2004. The average number of units placed in service annually is 817 (Figure 2).

Table 14: Low-Income Housing Tax Credit Units by County, 2022

County	Loans	County	Loans
Salt Lake	17,983	Duchesne	148
Weber	3,497	Sanpete	118
Utah	2,351	Kane	83
Davis	2,209	San Juan	82
Washington	1,719	Beaver	76
Cache	1,374	Juab	28
Iron	961	Rich	24
Tooele	859	Emery	23
Summit	703	Garfield	14
Box Elder	613	Millard	6
Sevier	272	Daggett	0
Wasatch	247	Morgan	0
Carbon	240	Piute	0
Grand	215	Wayne	0
Uintah	157	Total	34,002

Source: Utah Housing Corporation

Figure 2: Annual Number of Low-Income Tax Credit Units Placed in Service, 1987-2022



Source: Utah Housing Corporation

Types of Low-Income Housing Tax Credits: 9% and 4%

Federal low-income tax credits include two types of credits: 9% and 4%. Nonprofit organizations or public housing authorities typically develop 9% projects, which generally have fewer than 100 units. For-profit developers typically develop 4% projects, which can include as many as 350 units. Each type of credit has distinctive features described below.

9% Low-Income Housing Tax Credits

A per capita formula determines the federal “housing credit ceiling” authorized annually by the U.S. Treasury for a state’s 9% program. In FY 2022, Utah’s formula was \$2.60 times the state’s population of 3,337,975, thereby creating a housing credit ceiling of \$8.67 million. The credits run for 10 years; consequently, the \$8.67 million in FY 2022 represents \$86.7 million in tax credits.

A developer with tax credits sells the credits to investors to raise equity for the LIHTC project. Investors use the credits against their federal tax liability. Tax credits currently sell for about \$0.95 per credit. The sale of credits generates equity, which reduces the debt requirements of the project. Less debt makes for a lower monthly mortgage payment, which allows for lower rents.

The example below shows how tax credits create substantial equity and allow for lower rents (Table 15). As shown, the sale of tax credits covers 88.9% of the project’s total cost, leaving a financing gap of a little more than 10%. The developer can use deferred developer fees, a mortgage, funds from federal assistance programs (e.g., HOME), a cash injection, or the sale of state tax credits to close the financing gap. In any case, the financing required beyond the proceeds of the tax credit sale is generally minimal for a 9% project.

LIHTC projects must maintain affordable rents (based on HUD LIHTC rents) for 50 years. Typically, the rents at a 9% tax credit apartment are at least 15-20% below the county’s market rate rents.

Table 15: Financing of 9% Low-Income Tax Credit Projects

Category	Value
Total Project Cost	\$10,000,000
Less Land/Soft Costs	\$2,000,000
Eligible Basis*	\$8,000,000
Multiplied by Credit Rate	9%
Annual Tax Credit	\$720,000
Tax Credit for 10 Years	\$7,200,000
Purchased by Investor @\$.95	
Total Credit Equity Investment (68.4% of cost)	\$6,840,000
Investment in HUD-designated qualified census tracts, difficult development areas, or UHC-designated TOD areas gives a 130% boost to credit. In that case, the sale of tax credits generates 88.9% of the project cost.	\$8,892,000

*The component amount of a project is subject to the 9% tax credit, excluding land and soft costs (e.g., architect fees).

Source: Utah Housing Corporation

Table 16: Equity Generated by Federal and State Tax Credits by 9% Projects, 2022

Project*	Equity Generated from Federal Tax Credits	Equity Generated from State Tax Credits
1	\$3,235,994	\$1,803,693
2	\$7,791,363	\$1,721,080
3	\$1,990,709	\$41,984
4	\$2,430,489	\$0
5	\$13,798,620	\$0
6	\$6,834,816	\$0
7	\$10,596,160	\$0
8	\$14,248,575	\$1,924,808
9	\$9,979,002	\$0
10	\$9,719,028	\$0
Total	\$80,624,756	\$5,491,565

*Project names could not be released.

Source: Utah Housing Corporation

In FY 2022, UHC awarded tax credits to ten 9% projects. The sale of the federal credits generated \$80.6 million in equity, while the sale of the state tax credits (\$1.2 million) generated another \$5.4 million in equity (Table 16).

4% Low-Income Housing Tax Credits

A formula for the annual volume cap of qualified private activity bonds (PAB) determines the bond allocation for five PAB programs including the 4% multifamily program. In FY 2022, as authorized by the U.S. Treasury, the formula multiplied the state’s population (3,337,975) by \$110, for a volume cap of \$367.2 million. As mentioned above, Utah statute allocates the \$367.2 million to the following five PAB accounts: 42% for single-family, 33% for student loans, 12% to manufacturing, 1% to exempt facilities, and 12% to the small issue multifamily account.

Table 17: Financing of 4% Low-Income Tax Credit Projects

Category	Value
Total Project Cost	\$10,000,000
Less Land/Soft Costs	\$2,000,000
Eligible Basis*	\$8,000,000
Multiplied by Credit Rate	4%
Annual Tax Credit	\$320,000
Tax Credit for 10 Years	\$3,200,000
Purchased by Investor @\$.95	
Total Credit Equity Investment (30% of cost)	\$3,040,000
Investment in HUD-designated qualified census tracts, difficult development areas, or UHC-designated TOD areas gives a 130% boost to credit. In that case, the sale of tax credits generates 39.5% of the project cost.	\$3,952,000

*The component amount of a project is subject to the 4% tax credit, excluding land and soft costs (e.g., architect fees).
Source: Utah Housing Corporation

In FY 2022, the multifamily account received \$44.0 million in volume cap (12%). The small issue multifamily account also received \$121.2 million (33%) in a rollover from the student loan program, which has not been utilized by the Utah Board of Higher Education (its only subscriber) in the last decade, plus \$3.67 million (1%) from the uncommitted exempt facilities account, and \$34.1 million from the small issue manufacturing account. The Utah Office of Housing and Community Development reported \$9.9 million of the manufacturing volume cap was reserved for a manufacturing project, leaving \$34.1 million in rollover to the multifamily account. In total, the multifamily account received \$203 million in volume cap in FY 2022.

Table 18: Equity Generated by Federal and State Tax Credits by 4% Projects, 2022

Project*	Equity Generated from Federal Tax Credits	Equity Generated from State Tax Credits
1	\$20,557,653	
2	\$21,687,493	\$1,728,565
3	\$8,977,211	
4	\$10,246,059	
5	\$31,690,493	\$293,485
6	\$45,050,483	
7	\$16,523,509	
8	\$43,165,153	\$3,552,967
9	\$8,232,249	
Total	\$206,130,305	\$5,575,017

*Project names could not be released.
Source: Utah Housing Corporation

Table 17 provides an example of financing a 4% tax credit project. In the 4% case, the share of equity generated as a percentage of total cost is much less than for a 9% project. In the example, the sale of tax credits generates 39.5% of the project’s total cost compared to 88.9% in the 9% case. Consequently, 4% projects have a greater need for gap funding, which requires combining an assortment of funding sources. In FY 2022, the equity generated by the sale of 4% federal tax credits was \$206.1 million, and \$5.6 million in state tax credits (Table 18).

The Nonprofit Sector and Housing Assistance

The Utah Nonprofits Association provides a member directory of nearly 500 nonprofit organizations. This member list helped identify 21 nonprofit organizations with affordable housing programs. Each organization, along with a brief description of the organization’s mission and primary activity, is in Table 19. While the 21 organizations include key nonprofits in the state, it is important to note that the list is not inclusive of all nonprofits providing housing assistance.

Funding for the nonprofits’ housing programs is generally derived from revenue generated by the organization’s activities rather than government sources (federal, state, and municipal).

ProPublica and TaxExemptWorld websites provide annual revenue information for the 21 nonprofit organizations. Their estimated 2022 annual revenue is \$245.2 million. Although case management and social services comprise a share of this revenue, affordable housing development, housing operations, homelessness prevention, and housing services make up the largest share. The sizeable amount underscores the important role these 21 nonprofits play in providing housing services to vulnerable and disadvantaged populations.

Table 19: Selected Nonprofit Organizations Supporting Housing Development in Utah

Nonprofit Organization		Mission Statement
Artspace	Salt Lake City	Artspace creates affordable living and workspace for artists, cultural organizations, nonprofits, and others to revitalize and promote stable, vibrant, and safe communities.
Community Development Corporation of Utah (CDCU)	Salt Lake City	CDCU strengthens communities by empowering all Utahns through access to affordable housing and financial security.
First Step House	Salt Lake City	Provides a continuum of care for men recovering from substance use disorder. Services include behavioral health treatment, housing with case management, on-site medical services, and supportive employment.
Habitat for Humanity	Salt Lake City	Three pillars of service: building affordable homes, making critical home repairs, and offering low-cost building materials and household items.
Moab Land Trust	Moab	Builds a framework to ensure housing affordability for every family in the Moab area. The mission is to create permanent affordable housing by preserving land in trust in Moab City, Grand County, and northern San Juan County.
Mountainlands Community Housing Trust (MCHT)	Park City	MCHT addresses the dual problems of housing affordability and availability on three fronts: acquisition and new construction of affordable housing, direct assistance in securing housing and needed essential services, and education and advocacy to promote housing policy.
Neighborhood Nonprofit Housing	Logan	Develops affordable housing opportunities to strengthen and enhance communities and to provide households with the skills to become self-sufficient.
NeighborWorks Mountain County Homes	Provo	Improves neighborhoods by promoting and providing education on the pathways to homeownership, providing affordable housing solutions, improving housing quality, and promoting neighborhood pride.
Neighborworks Salt Lake (NWSL)	Salt Lake City	Builds on the strengths of neighborhoods by creating opportunities through housing, resident leadership, and youth and economic development. NWSL works in partnership with residents and government to sustain neighborhoods.
Rocky Mountain Community Reinvestment Corporation (RMCRC)	Salt Lake City	Through sustainable direct lending, technical assistance, and community collaboration, RMCRC facilitates developing and preserving safe, clean, and affordable housing for low to moderate-income individuals.
Self-Help Homes	Provo	Mutual Self-Help Housing uses the owner-builder model to assist in constructing new homes. Groups of families help build each house in their group under the supervision of Self-Help Homes.
Shelter the Homeless	Salt Lake	Dedicated to serving individuals experiencing homelessness and working with partners to develop safe facilities and expand solutions to prevent homelessness.
Switchpoint	St. George	Activities include operating a homeless shelter, community food pantry, and community resource center.
The Otherside Academy (OSA)	Salt Lake City	Based on a Therapeutic Community Model, the OSA is a drug-free residential setting using a hierarchical treatment stage model. Individuals admitted encounter a highly structured family environment in which honesty, trust, and mutual self-help are the foundation of the treatment process.
The Road Home	Salt Lake City	Their mission is to help people escape homelessness and return to the community. It envisions moving people seamlessly from the streets into housing and from despair and alienation toward hope and inclusion. Services include but are not limited to a homeless shelter, rapid re-housing, and permanent supportive housing.
Utah Community Action (UCA)	Salt Lake City	UCA aims to empower individuals, strengthen families, and build communities through self-reliance and education programs. It offers case management and housing, HEAT utility assistance, Head Start preschool, weatherization for homes, and workforce development.
Utah Housing Coalition	Salt Lake City	Through education, advocacy, and community partnerships, the Utah Housing Coalition promotes equitable and sustainable communities to ensure all Utahns have a safe and affordable place to call home.
Utah Nonprofit Housing Corporation (UNPHC)	Salt Lake City	UNPHC improves quality of life by providing decent, safe, affordable housing, focusing on low and very low-income individuals and families. It is a major developer of LIHTC apartment projects.
Volunteers of America	Salt Lake City	Provides homeless services through the Geraldine E. King Women's Center and the Youth Resource Center. It also provides mental health services at counseling and recovery centers, substance addiction recovery facilities, and residential settings.
Western Region Nonprofit Housing Corporation (WRNPHC)	Salt Lake City	Its mission is the preservation of existing low-income and affordable housing stock. WRNPHC has preserved nearly 1,400 units and rehabilitated 225 units in seven states.
Young Women's Christian Association of Utah		Provides affordable rental housing for survivors and children of domestic violence and an emergency shelter for women in jeopardy.

Source: ProPublica and TaxExemptWorld.

Endnotes

1. The federal fiscal year runs from October 1, 2021, through September 30, 2022. The state fiscal year runs from July 1, 2021, through June 30, 2022. Data that runs on a calendar year is noted.
2. For more information see <https://www.huduser.gov/portal/datasets/fmr.html>.
3. For more information see <https://slcrda.com/about-us/>.

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