OLENE WALKER HOUSING LOAN FUND ANNUAL REPORT

2014

Department of Workforce Services
Housing and Community Development Division

CONTENTS

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ACCOMPLISHMENTS AND STATISTICS

Executive Summary

The Olene Walker Housing Loan Fund (OWHLF) partners with public and private organizations to create and preserve affordable housing for Utah's low-income community. To achieve this goal, the Housing and Community Development Division (HCD) as well as the OWHLF Board have eight OWHLF funded programs and initiatives that support the construction, rehabilitation and purchase of affordable multi-family and single-family housing throughout Utah. These programs are based on fair, open and competitive processes for applicant proposals that create and preserve low-income housing units.

HCD has maintained a vision for affordable housing that includes the production of safe, decent and affordable housing for low-income citizens; development of new partnerships to leverage OWHLF; and support for the ten year plan to end chronic homelessness. The OWHLF programs accomplished the following for the state during fiscal year ending June 30, 2014:

Total Units Funded

The fund supported construction or rehabilitation of 842 multi-family units and 130 single-family units statewide (see Table 1). Continued high costs for land, materials and labor created a better overall opportunity for investment in multi-family rather than single-family units. The OWHLF was able to support multi-family units at $14,039 per unit and $14,436 per single-family unit.

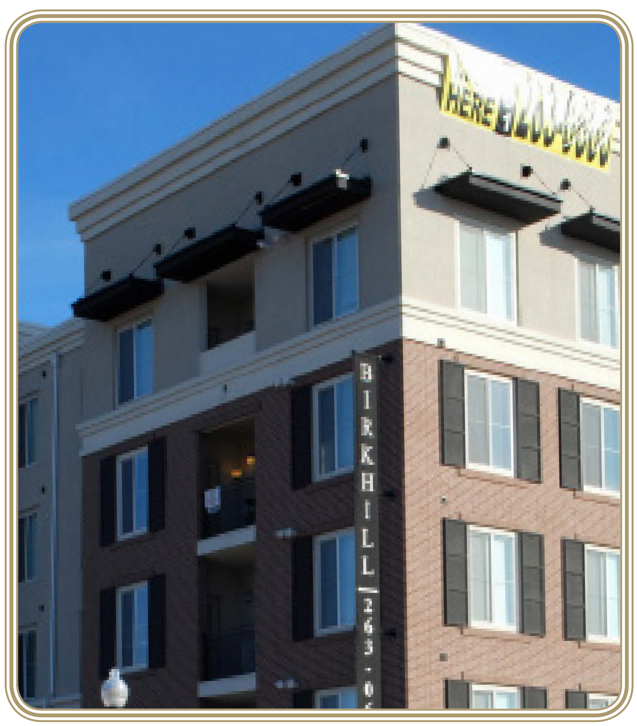
The Olene Walker Housing Loan Fund (OWHLF) partners with public and private organizations to create and preserve affordable housing for Utah's low-income community.

Leveraging

The Multi-Family Program Leverages Funds at $14.66 for each OWHLF dollar. Leveraging continues to be an important strategy for the OWHLF Board to increase the affordable housing stock in Utah. Over $161 million was leveraged by the OWHLF for multi-family housing during FY14.

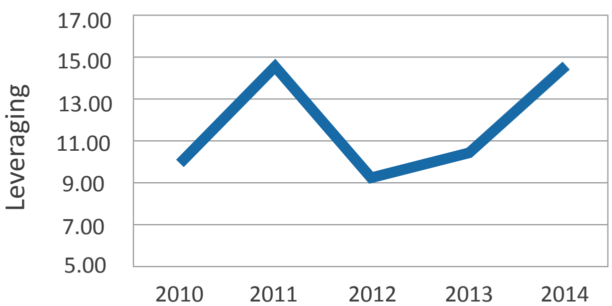
The OWHLF Board allocated over $11 million in state and federal funds to support multi-family projects leveraging funds from the OWHLF at $14.66 from other sources. For single-family projects, over $8 million was leveraged from other sources. As Chart 1 indicates, OWHLF consistently leverages its funds at more than $9 spent for each dollar of OWHLF spent.

The Board will continue to increase leveraging opportunities through additional funding partners and create new loan products. HCD is also working with local communities that possess RDA/ EDA (Redevelopment Area and Economic Development



Area) tax increment financing set-asides for affordable housing and will also to continue to pursue additional leveraging opportunities with CRA (Community Reinvestment Act) partners within the banking community, federal LIHTC (low income housing tax credits), historical and energy tax credits, private foundations and bond sources. Leveraging opportunities allowed OWHLF to fund 972 new or rehabilitated units from federal and state tax credits, CDBG, USDA Rural Development and private non-profit foundations. In 2014 the Private Activity Bond Board supplemented the efforts of the OWHLF by approving 210 units of affordable housing in Salt Lake County.

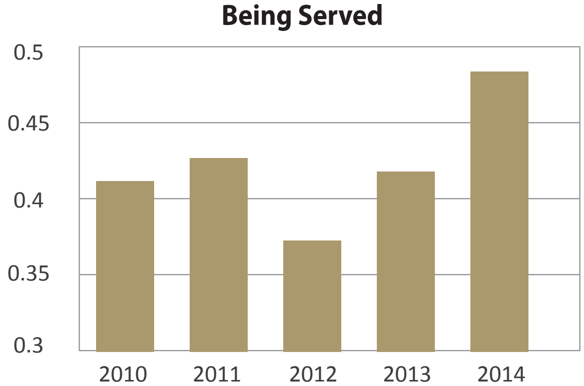
Chart 1: Program Leveraging



Population Served

The OWHLF board continues to target Utah citizens in greatest need. The 2014 Area Median Income (AMI) of all Utah households served by OWHLF averages 41.99 percent of the AMI of $65,300 as published by HUD. Chart 2 shows the average percent of AMI served for each of the past five years.

Chart 2: Area Median Income of Population Being Served



PROGRAM EXAMPLE:

John and Hannah Stephens live in Rural Utah. Their home was heated by an electric furnace that could cost them as much as $500 per month in the winter to heat the home, and a stokermatic heater that required cutting & hauling of wood or coal. Mr. Stephens recently had a debilitating stroke and was being treated for cancer. He could no longer get in or out of the bathtub even with assistance. Due to high medical bills the family could not afford much of a payment or the $500 a month electric bills and Hannah could no longer haul the wood and coal for the stokermatic. This situation was a huge burden on their ability to operate independently.

The Olene Walker Housing Loan Fund Reconstruction and Rehabilitation Program project installed a 95% efficient gas forced air furnace and completely revamped the bathroom to accommodate the medical needs of the homeowner.

The OWHLF provided the funding for the installation of the furnace and modification of the bathroom in the amount of $15,000. The contractor also corrected some issues with the flooring at no cost to the homeowner.

Table 1: Comparison of 2012–2013 and 2013–2014
Funding and Accomplishments

	Program Yr 12-13	**Program Yr 13-14**
HUD HOME Funding	$3,000,000	$2,700,000
State Funding	$2,242,900	$2,242,900
Total Funds Available	$5,242,900	$4,942,900
Total Units Assisted	644 units	972 units
Current Total Portfolio (number of open loans)	988 loans	974 loans
Total Value of Current Portfolio (loans and funds available)	$114,549,036	$120,111,968
1Jobs Created (1)	1270 jobs	2355 jobs
Cumulative Totals (housing units funded since 1987)	14,076 units	15,048 units
Multi-Family (MF) Units:		
MF Affordable Units (constructed or rehabilitated)	538 units	842 units
Average OWHLF MF Subsidy	$15,508/housing unit	$14,039/housing unit
Household Income Served (percent of area median income for MF units)	39.99%	41.99%
MF Fund Leveraging per OWHLF dollar	$10.98	$14.66
Single-Family (SF) Units:		
SF Affordable Units (constructed or rehabilitated)	106 units	130 units
Average OWHLF SF Subsidy	$19,896 per unit	$14,436 per unit

(1) Jobs created is determined by the total value of projects which are in construction during the FY and receive OWHLF leveraged funds and is not related to the total value of current portfolio.

OWHLF Assets

The total value of the OWHLF (including all loans outstanding, property assets and funds available) increased to over $120 million in FY14 from $114 million in FY13 (Table 5) The number of full-time HCD staff assigned to OWHLF remains at 9.5.

Funding to the OWHLF helps to meet

Utah's affordable housing needs for rental and homeownership opportunities. The average production rate from the OWHLF has averaged 750–800 multi-family units and 100–125 single-family units per year over the past five years. Utah's need for new affordable units for home ownership has been estimated at almost 3,500 units per year and over 5,100 units of new rental housing per year. Utah's cumulative state- wide backlog for new affordable rental units alone is estimated at 49,000 units by the National Low Income Housing Coalition. In spite of the need for affordable units, the Federal HOME Program received a six percent reduction in FY14 funds and a forty-two percent decrease since our peak in home funding in FY08.

Homeless Assistance

Since 2005 OWHLF has supported the construction of 761 Units for homeless people. The HCD staff monitors tenancy in these units so that they continue to be available to serve Utah's homeless population. HCD is the national leader in efforts to end chronic homelessness through the "Housing First" model and Utah's Ten Year Plan to End Chronic Homelessness.

Rural Assistance

OWHLF targets rural housing needs for FY14 OWHLF continues to target loans and grants to rural single-family and rural multi- family projects. This past year, 21 percent of all funds were allocated to improve or create affordable housing in rural Utah. This targeting helps rural communities that are not entitlement areas and cannot directly receive HUD HOME allocations.

Long Term Stability

The OWHLF continues to require funded properties to remain affordable for up to 30 years. In addition, the application review process, loan underwriting, and compliance monitoring by HCD staff assure that property owners possess the ability, stability, and resources to complete and manage a property throughout the loan period. Six trainings were held during the year to inform local partners and agencies on such topics as the Fair Housing Act, environmental requirements, Davis Bacon provisions and program standards. HCD completed long-term compliance monitoring for 185 different properties during the year. Compliance monitoring includes review of tenant files at each property, physical inspection of units, assessment of accessibility, verification of adherence to federal Fair Housing laws, use of set-aside units for the homeless and disabled, and review of agency financial records.

Emergency Planning

In cooperation with the Utah Division of Emergency Management, OWHLF has launched an initiative to help affordable multi-family housing projects create emergency planning documents and mitigate potential disasters. Part of the initiative includes providing templates, samples, and best practices to project owners, project managers and community partners. OWHLF staff also presented at a property management company's annual retreat when over 20 plans were completed over the course of three days. In all 41 plans were completed in FY14. A webinar providing tips on emergency planning is available on the HCD website.

Self Help Homes

In partnership with the United States Department of Agriculture Rural Development, seven local agencies that serve rural Utah received OWHLF money for rural Self-Help housing projects. The number of Self-Help homes constructed to date totals 935 with 96 homes completed during FY14. Households contribute 60 percent of the labor for each home under the direction of an agency's construction supervisors. Licensed contractors complete code-sensitive aspects of construction. Rural Development pegs the total net value of the program to date at more than $225 million.

Home Ownership Savings Assistance

The Utah Individual Development Account (IDA) Network administered by AAA Fair Credit has helped a total of 263 Utah households save money to buy a home. The IDA program in 2014 was supported by $89,500 in pass-through funds from the Utah Legislature as well as funding from the U.S. Department of Health and Human Services and from area financial institutions. Under this state-wide program, households save toward home ownership with matching grant funds provided by participating partners. In FY14, successful savers purchased 25 homes with a net value at over $4.4 million.

Native American Housing Assistance

The OWHLF provided $60,000 to upgrade 31 Native American low-income homes near Monument Valley on the Navajo Indian Reservation. 199 volunteers provided approximately 8,000 service hours. The project was managed by the Southeastern Association of Governments and the HCD Weatherization programs. A total of 677 Native American units have been completed to date under this program.

Volunteers at work in Monument Valley Utah

Energy Conservation

HCD continues to require ENERGY STAR qualification or a comparable HERS threshold for all projects receiving OWHLF funds. During FY14, HCD's tally of units funded for construction or rehabilitation to ENERGY STAR qualifying levels totaled 4,616 units, compared to a total of 4,078 units for FY13.

Assistance for Accessible Housing

Accessibility is a major factor in affordable housing since one in five very low-income households includes a disabled person. During FY14, a total of 26 units were funded that accommodate individuals with disabilities. In addition to these 26 units, 14 households with disabled members made home purchases through the OWHLF HomeChoice Program. All accessible multi-family units funded through the OWHLF are inspected at least biannually to assure that individuals with disabilities are targeted for available units and that unit dimensions, fixtures, and appliances comply with federal Fair Housing and Section 504 accessibility guidelines.

Rural Single-Family Rehabilitation and Reconstruction Program (SFRRP)

This program provides loans statewide through eight agencies for rehabilitation and replacement of dilapidated rural housing. As of June 30, 2014, the local agencies had succeeded in completing a total of 333 projects, including 40 replacement homes and 293 units of renovated homes.

Housing Planning

HCD continues to increase local government compliance with Utah Code 10-9a-403 and 17-27a403. To date, 86.1 percent of the cities and counties required to complete a moderate-income housing plan have submitted a plan to HCD. This figure represents an 8.4 percent increase in compliance over FY2013. Fifteen communities that had not previously submitted a moderate-income housing plan submitted their plan to HCD in FY13, and four communities submitted updated plans in FY2014. When accounting for the requirement for biennial updates to the plans, 43.5% of communities have met the intent of the statute.

In accordance with the requirements set forth in Utah Code 10-9a-408 and 17-27a-408, HCD continues to assist cities and counties in their efforts to perform a biennial review of their moderate-income housing plans. HCD facilitates the reporting process by contacting each city and county required to submit a report during the year, distributing a uniform biennial reporting form, and providing technical assistance requested by city and county officials.

The Community-Driven Housing Program

The Community–Driven Housing Program (CDHP) funding set-aside within the OWHLF represents part of HCDs ongoing efforts to increase statewide support for affordable housing. Based on the philosophy that a local government understands its unique affordable housing needs better than third-party developers and other entities, the CDHP set-aside encourages local participation in the development of affordable housing.

Communities that fulfill biennial reporting requirements and have submitted a quality moderate-income housing plan are invited to participate in CDHP each year. The program encourages participating cities and counties to act on the goals established in their plans by providing them with funding for multi-family housing development benefitting targeted, extremely low-, low-, and moderate-income households. In FY14 132 units were funded using CDHP funds.

Transportation Oriented Development Fund

During FY14 OWHLF headed up the creation of a Transportation Oriented Development Fund (TOD). This fund is a collaborative effort between OWHLF and various lending institutions in Utah. The OWHLF board has committed $5 Million towards this fund. So far the fund has received preliminary commitments of $35 Million from private banking institutions. These banks are using this fund as an opportunity to invest Community Reinvestment Act Funds in to the local community.

The TOD Fund is designed to fund large multi-family housing properties along transit oriented areas. These locations include stops along the many TRAX and Frontrunner lines which operate along the Wasatch Front. TOD developments are especially important because they allow low-income households the option to commute without the reliance on personal vehicles.

PROFILE OF UTAH'S LOW-INCOME HOUSING NEEDS

In spite of improvement in the overall economy, low income Utahns are struggling to find affordable housing. Affordability depends on two factors: the income of the individual and the price of housing, whether through a mortgage payment or rent. In the last year incomes have risen, and unemployment has dropped. However, there are enduring negative effects from the great recession including low labor participation rates and low income levels for recent college graduating classes. Also, while the economic rebound has improved household income, it has also led to increases in the price of homes, and in the cost of rent. Utah's housing market has had a very strong year with excellent year over year increases in home prices and new single-family housing starts. The successful return to a healthy housing market is important for Utah's economy, but increased prices are a barrier to entry into homeownership and are correlated with increases in the cost of rent. Additionally, increasingly stringent lending requirements have imposed difficult requirements including greater down payments and higher mortgage insurance costs. A result of this is an ongoing decline in the rate of homeownership. There are record numbers of renters looking for affordable units. While vacancy rates remain low and rent prices increase, low income households will continue to feel financial strain.

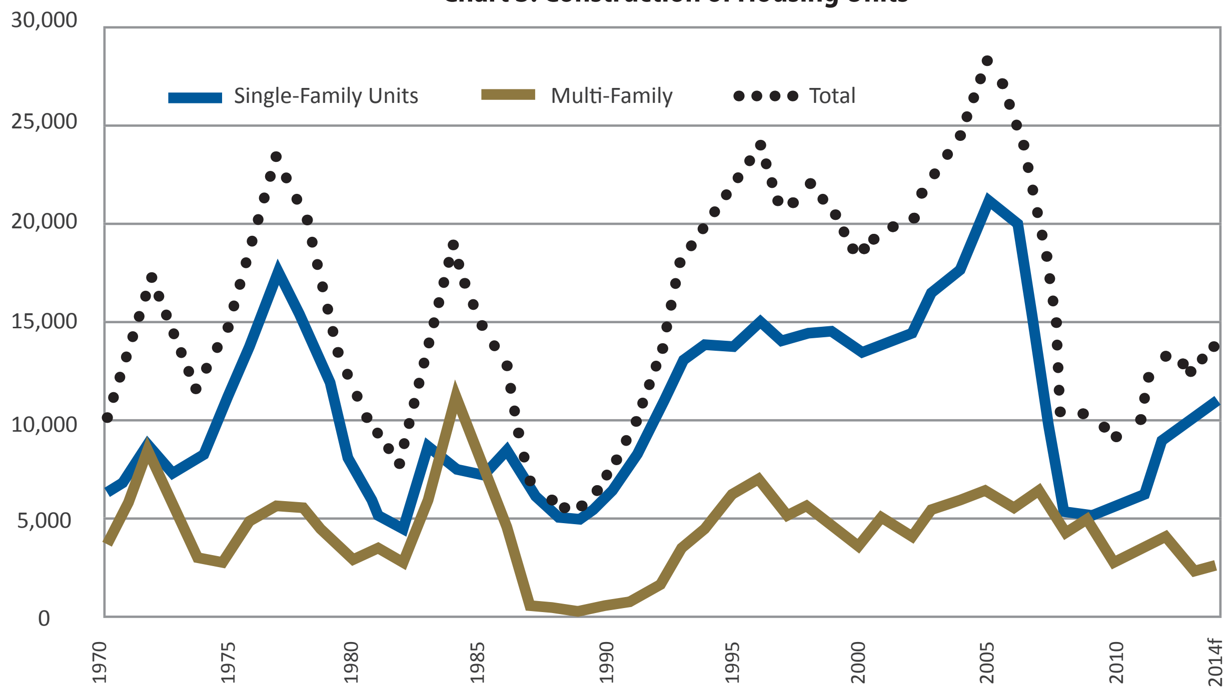
Homeownership Needs

In the last year Utah has seen a strong recovery in its housing market. As shown in Chart 3, construction of new housing has jumped in the last year-especially for single family housing. While multi-family property starts increased they remain lower than at any time since the early 1990's. In all, about 10,000 new single family homes were built in the last year. The majority of these new properties were constructed on the Wasatch Front and Saint George areas. Few new starts are taking place in other areas of rural Utah as populations in many rural Utah counties continued their slow population decline.

Year over year housing values rose seven percent from the first quarter of 2013 to the first quarter of 2014. Utah's housing price index has shown strong gains for the last two years. Current economic projections indicate that housing values will continue to steadily increase. Utah's rebound has helped many homeowners regain value on their properties. The rebound provided great relief for homeowners who had previously been underwater on their mortgages. The recovery has also helped the many Utahans who have been struggling with foreclosure problems. Increasing property values are encouraging, but they are also a barrier for first time home buyers. Utah's Housing Opportunity Index (Table 2) indicates that, in Utah's major cities, housing is less affordable than many other areas of the country. In the last year, as property values have risen, the share of homes affordable for median income households has decreased in every metropolitan area. When ranked against cities throughout the United States, Utah metros have below average affordability. These comparative rankings take into account the local median income and assume that if a household would have to pay over 30% of its income on housing, that said household would be economically burdened and that the local housing stock would be unaffordable.

Entering into the housing market is still difficult for many Utahans. Despite low house prices and low mortgage rates, many first time home buyers struggle to finance the purchase of a home. The financial crisis has led to stricter lending practices. Increased credit and down-payment requirements have had the effect of making housing difficult to attain for low income and first time buyers and those with troubled credit histories. Instead of growing as a result of households entering the market, growth in the housing market has come in part from institutional buyers and other cash buyers who have in the last few years taken advantage of the decrease in housing values. These buyers are partly responsible for the increases in housing prices.

Chart 3: Construction of Housing Units



Source: University of Utah Bureau of Economic and Business Research

Renter Needs

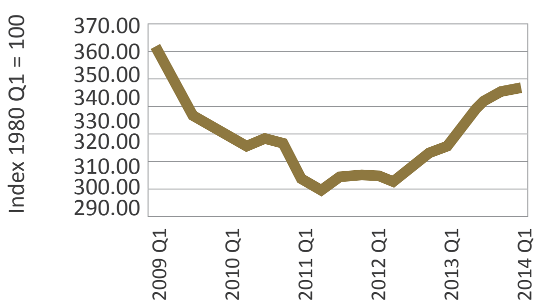
Renters as a whole earn much less money and have a very difficult time finding affordable housing. 60,400 Utahans, or 22% of renter households, are extremely low income mean-

Table 2: Utah Housing Opportunity Index First Quarter 2013–214

Metro Area	Share of Homes Affordable for Median Income		Median Family Income (000)		Median Sales Price (000)		Affordability (Out of 225 US Metro Areas)	
	2013	2014	2013	2014	2013	2014	2013	2014
Ogden-Clearfield, UT	93.4	81.5	70.8	71.3	149	192	11	70
Salt Lake City, UT	79.3	68.4	70.3	68.7	215	233	139	158
Provo-Orem, UT	75.1	68.0	61.9	64.2	218	232	157	161
St. George, UT	72.3	57.3	56.8	53.8	211	213	175	193

Source: National Association of Home Builders

Chart 4: Utah Housing Price Index

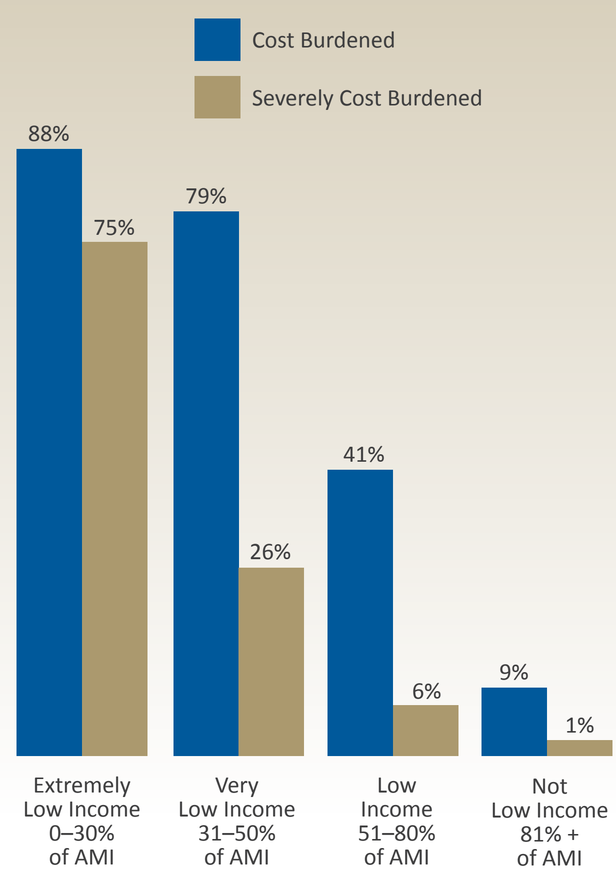


Source: Federal Housing Finance Agency

ing that they earn less than $20,000 per year. To accommodate these households Utah would have to build 42,601 affordable rental units. Currently, less than 3,000 are built in a year. Due to the shortage of affordable housing units many renters are cost burdened. As Chart 5 shows, the percent of individuals who are cost burdened in regards to housing increases significantly as incomes decrease. This housing burden prevents poor families from building a safety net to allow them to weather what otherwise would be temporary difficulties.

An estimated forty-seven percent of renters cannot afford the $794/month average payment for a two-bedroom apartment (see Table 3). This represents a two percent increase over last year. For the average renter this monthly cost equates to forty-seven percent of their monthly income. For those working minimum wage it would take 2.2 full time jobs to afford a two bedroom apartment.

Chart 5: Income and Housing Cost Burden



Source: NLIHC tabulations of 2012 American Community Survey Public Use Microdata Sample (PUMS) housing file

Thirty percent of Utahans are renters. Many occupations which are very important to the economy, and are considered by many to be "middle class" occupations do not pay well enough to provide the households the income to be homeowners. Members of workforces such as school teachers, nurses, policemen, and firemen are, according to their median incomes, priced out of a single family home, and sometimes even unable to afford a three bedroom apartment. The cost of housing puts them into a difficult situation often resulting in both parents working or forcing these citizens to live in substandard accommodations. Single parent families and those with disabilities are further compromised. Another side effect is that these challenges incentivize families to have smaller families and can result in an older workforce and eventually a decrease in the dependency ratio of workers to non-workers.

Birkhill Apartments in Murray, Utah

As more households turn to renting, vacancy rates--which have historically been low in Utah—have decreased even further. These low rental vacancy rates and a lack of new construction have put properties owners in an advantageous position where property upkeep and low rental rates are no longer needed to ensure boarders.

Rehabilitation Needs

In addition to this demand for new units, affordability for over 176,000 existing low- income housing units must be maintained. This includes over 97,000 rental units. A statewide survey of Utah's low-income housing stock shows an ongoing need for rehabilitation. For the lowest income population, this equates to over 8,500 units needing full rehabilitation each year.

In parts of southeastern Utah, 34 percent of homes are considered deteriorated or dilapidated (unlivable). The needs for extensive rehabilitation of housing stock is serious in many rural counties in Utah. In many counties in central and eastern Utah the population is stagnate and little new housing is being built and the current housing stock is aging and not properly maintained. OWHLF runs a rural single-family rehabilitation and reconstruction program to address this situation. Under the OWHLF programs, participants living in these difficult, unsafe or unsanitary conditions are identified and targeted for assistance. Referrals are often received from social service providers, church leaders and advocates for the poor. Virtually all the owner-occupied single-family homes rehabilitated by OWHLF in FY14 had health and safety issues.

Table 3: Renter Income by County vs. Fair Market Price

County	Percent of Households that are Renters	Total Number of Renter Households	Overall Annual Median Income	Renter Annual Median Income	Two Bedroom apartment cost (FMR)	Housing Wage for Two bedroom FMR	Percent of Renters Unable to Afford 2 bdrm apt.
State of Utah	30%	260,398	$66,690	$34,002	$794	$15.26	47%
Beaver County	23%	470	$52,600	$24,337	$624	$12.00	50%
Box Elder County	20%	3,168	$63,400	$30,959	$623	$11.98	41%
Cache County	36%	12,631	$58,300	$28,996	$637	$12.25	44%
Carbon County	30%	2,309	$57,900	$24,934	$623	$11.98	49%
Daggett County	31%	106	$59,400	$36,007	$772	$14.85	44%
Davis County	22%	20,702	$71,300	$38,167	$772	$14.85	41%
Duchesne County	25%	1,706	$65,000	$38,073	$672	$12.92	34%
Emery County	20%	745	$62,600	$30,048	$623	$11.98	42%
Garfield County	20%	393	$59,900	$33,580	$655	$12.60	39%
Grand County	32%	1,169	$55,500	$31,963	$700	$13.46	44%
Iron County	37%	5,805	$49,900	$26,877	$623	$11.98	46%
Juab County	20%	621	$64,200	$34,808	$729	$14.02	42%
Kane County	19%	595	$61,700	$29,122	$790	$15.19	54%
Millard County	25%	1,030	$59,500	$28,063	$623	$11.98	45%
Morgan County	12%	338	$71,300	$46,422	$772	$14.85	32%
Piute County	16%	89	$47,800	$20,984	$779	$14.98	69%
Rich County	18%	125	$60,400	$28,693	$787	$15.13	54%
Salt Lake County	32%	110,821	$68,700	$34,481	$876	$16.85	50%
San Juan County	19%	808	$45,900	$30,364	$623	$11.98	41%
Sanpete County	24%	1,865	$54,000	$27,536	$637	$12.25	46%
Sevier County	20%	1,450	$54,700	$32,036	$623	$11.98	39%
Summit County	24%	3,239	$98,000	$49,867	$914	$17.58	36%
Tooele County	25%	4,579	$71,000	$38,623	$767	$14.75	40%
Uintah County	25%	2,779	$70,800	$46,009	$908	$17.46	39%
Utah County	32%	44,501	$64,200	$32,898	$729	$14.02	45%
Wasatch County	23%	1,711	$73,700	$41,344	$841	$16.17	41%
Washington County	31%	14,396	$53,800	$33,486	$753	$14.48	45%
Wayne County	17%	166	$53,800	$47,526	$623	$11.98	23%
Weber County	28%	22,081	$71,300	$32,123	$772	$14.85	48%

FMR: Fair Market Rate, the amount a given property commands if open for leasing at the moment

OWHLF PROGRAM PLANNING EFFORTS

The Olene Walker Housing Loan Fund is required to conduct extensive planning. Every 5-years OWHLF conducts a study of the housing market and completes a needs assessments based off of this study. The Division of Housing and Community Development (HCD), of which OWHLF is a part, then plans out what it is going to prioritize in the expenditure of funds and decides how it is going to measure its progress and what indicators it will use. OWHLF then makes specific goals regarding its work and desired outcomes. In doing this HCD is continually reviewing its practices and procedures to ensure efficiency.

The main planning document which is HCD's guiding document is the Consolidated Plan. This aforementioned 5-year plan is meant to direct activities as a guide and constitution for HCD's efforts. The plan covers not only the OWHLF but also all other grant funds received from the Federal Government. The Consolidated Plan is required by the U.S. Department of Housing and Urban Development (HUD) for the allocation of federal HOME, ESG, HOPWA and CSBG funds. In completing Utah's consolidated plan HCD works closely with the seven Utah regional Associations of Governments. The regional AOG's in Utah develop their own consolidated plans through research, data gathering and public meetings involving residents, local governments and public service agencies. The state-wide Utah Consolidated Plan and updates provide a comprehensive overview of community development, housing, homeless needs and priorities plus an analysis of impediments to fair housing choice in Utah.

After the completion of the five year consolidated plan HCD follows up with Annual Action Plans (AAP) which make more detailed goals for HCD's annual performance. This annual plan takes into account more current information regarding the housing market and the needs of Utah's citizens. At the end of the program year HUD also requires a Comprehensive Annual Performance and Evaluation Report (CAPER). In July 2014 HUD approved Utah's annual update to the five-year plan. This coming year HCD is entering the fifth year of the current five year plan. The 2014 update to HCD's Consolidated Plan can be found on HCD's recently renovated website at: www.jobs.utah.gov/housing/publications/consolidated_plan.html. OWHLF is currently working on completing its 5-year consolidated plan for the 2015-2020 program years.

Vernal Gardens Apartments in Vernal, Utah

OWHLF ADMINISTRATION AND PORTFOLIO MANAGEMENT

The OWHLF Board, as established per 63-34-4 and 9-4-701 to 708, governs the fund. Federal HUD and USDA Rural Development rules, state regulations and the OWHLF Program Guidance and Rules guide implementation of programs and distribution of funds. Fund management, expenditures and program operations are reviewed and audited by the U.S. Department of HUD and the Utah State Auditor.

Since 1987, HCD has provided leadership for Utah's affordable housing sector. From 1985 through June 30, 2014, HCD-managed programs and funding have created or preserved a total of 14,076 units statewide. OWHL Funds are dispersed through the Housing and Community Development Division's housing programs to eligible projects that:

- Increase the number of affordable housing units statewide
- Achieve a high degree of leverage with other financing
- Leverage local government contributions in the form of infrastructure improvements and other assistance
- Encourage responsible single-family home ownership and multi-family unit management
- Demonstrate a strong probability of serving the original target group of income group for a period of at least 15 years
- Serve the greatest need
- Demonstrate the ability, stability and resources to complete the project
- Provide housing for persons and families with the lowest incomes
- Achieve Energy Star and other nationally recognized green criteria
- Contribute to overall neighborhood and community sustainability
- Meet local government housing plans and local needs
- Mitigate or correct existing health, safety or welfare problems
- Support Utah's "Ten Year Plan to End Homelessness"

By focusing on loans rather than grants, the OWHLF Board has chosen to roll repayments into new projects to meet Utah's future housing needs.

Project Funding Considerations

For each housing project application, HCD recommends a level of funding to the OWHLF Board necessary to achieve long-term financial viability and to ensure that low-income populations are served throughout the funding period. Board meetings are conducted under State of Utah public meeting laws. In making final project approvals, the OWHLF Board also considers:

- The sources and uses of funds and total financing including loan terms, equity and contributions planned for the project

- Adherence to special set-asides for Community Housing Development Organizations (CHDOs), rural set-asides, special needs housing and grants
- The equity proceeds expected to be generated by use of the Low-income Housing Tax Credits
- The percentage of the housing dollar amounts used for hard project costs compared to the cost of intermediaries (e.g. syndication, developer, consulting) and other soft costs
- The reasonableness of the developmental, constructional and operational costs of the project and the rate of return for the owners
- Support from the local community including the amount of any CDBG grant funds allocated to the project
- Priority of the project in a community's affordable housing plan
- The proposed time frame for construction or rehabilitation
- Project cash flow

There are four application cycles each year. To coincide with the federal tax credit application process, larger requests for OWHLF multi-family project funding tend to occur each fall. HCD anticipates an increase in requests for FY14 funding due to overall demand for affordable housing units, current law, proceeds from tax credit sales, and high construction and land costs. See Table 4 for a list of multi-family projects funded in FY14.

Table 4: Multi-Family Projects Funded During FY 14

FY14 Multi-Family Projects	County	AMI Served	Units Funded	OWHLF Allocation	Estimated Cost for Total Project
Milford 5-Plex	Beaver	42.19%	5	$70,000	$220,000
Birkhill III	Salt Lake	43.96%	84	$1,000,000	$15,957,502
Enclave	Salt Lake	60.00%	208	$1,000,000	$30,612,755
Escalante Park II	Salt Lake	40.20%	20	$475,000	$2,267,543
First Step House	Salt Lake	4.10%	26	$500,000	$5,091,448
George House	Salt Lake	30.00%	14	$30,146	$144,529
Liberty Center	Utah	60.00%	75	$1,000,000	$20,685,655
Libert Square	Salt Lake	50.00%	28	$1,000,000	$23,441,840
Payson	Utah	43.82%	77	$1,000,000	$12,843,280
Springville Senior	Utah	39.00%	25	$745,396	$4,339,839
St. Francis	Utah	42.79%	39	$1,000,000	$6,544,984
Startup Crossing	Utah	43.91%	79	$1,000,000	$12,982,234
Taylor Gardens	Salt Lake	43.61%	66	$1,000,000	$18,432,777
The Station at Pleasant View II	Weber	43.70%	64	$1,000,000	$14,312,684
Vernal Gardens II	Uintah	42.63%	32	$1,000,000	$5,447,958
Totals/Average		47.67%	842	$8,343,092	$91,613,779

OWHLF BOARD MEMBERSHIP

The OWHLF Board is appointed by the governor and includes 11 voting members representing local government, mortgage lenders, real estate sales, homebuilders, rental housing representatives, housing advocates, manufactured housing representatives and the general public. There are two ex-officio board members.

To maintain the integrity of board decisions and to abide by HUD regulations and state statutes regarding conflicts of interest, all board members are required to provide the Attorney General's Office and the Office of the Governor with full disclosure of project-related conflicts of interest. When conflicts arise, the board is required to request formal exceptions through the Utah Attorney General's Office and from the HUD Regional Office.

OWHLF SET ASIDES

The Olene Walker Housing Loan Fund Board has created the following set-asides to comply with federal and state allocation statutory requirements. These set-asides include:

1. CHDO — The board will set aside not less than but not limited to 15 percent of the available HUD funds for qualified Community Housing Development Organizations (CHDO's) in accordance with HUD HOME program rules.

2. Rural Set-Aside — The board will set aside approximately 20 percent of the overall funding available for projects located in those areas of the state adopted from the U.S. Department of Agriculture Rural Development Service (RD) as areas of chronic economic distress otherwise designated by the board as rural areas.

3. Special Needs — The board sets aside 15 percent of the overall funds for use in developing special-needs housing for persons who are elderly, frail, mentally and physically disabled, homeless and afflicted with AIDS who need transitional housing.

4. Multi-family Grants — A set-aside of 5 percent of the overall funds available for multi- family projects is made available to qualified projects and individuals as grants per the OWHLF Allocation Plan. At least 90 percent of all funds used as grants benefit persons or families whose income is below 50 percent of the area median income.

5. Multi-family Loans — To meet the objectives of the program as set forth by the State of Utah per 9-4-703, a set-aside of 50 percent of the overall funds available for multi-family projects is allocated as loans. Those loans are to be made per the criteria outlined in the adopted "Loan Policies and Products."

6. Single-Family — The Single-Family Allocation Plan utilizes funds to create and preserve single-family housing for lower-income households. Projects must demonstrate containment and resource leveraging, demonstrate efficient and effective utilization of funds, encourage individual empowerment, achieve equitable geographic distribution of resources and provide housing to special-needs populations including larger family, elderly, physically disabled, and mentally ill. Single-Family Programs include the Single- Family Rehabilitation and Reconstruction, Individual Development Accounts, Rural Self Help, HomeChoice for the disabled and Emergency Home Repair.

Table 5: OWHLF Funding History

Fiscal Year	Rental Rehab (1)	Rural Development (2)	HOME	ADDI (3)	State Match	One Time	Total Funding
1985	$208,645	$0	$0	$0	$0	$0	$208,645
1986	$370,744	$0	$0	$0	$0	$0	$370,744
1987	$187,893	$0	$0	$0	$0	$0	$187,893
1988	$277,265	$200,000	$0	$0	$0	$0	$477,265
1989	$232,150	$200,000	$0	$0	$0	$0	$432,150
1990	$100,701	$200,000	$0	$0	$0	$0	$300,701
1991	$143,650	$200,000	$0	$0	$0	$0	$343,650
1992	$83,700	$200,000	$0	$0	$0	$0	$283,700
1993	$0	$200,000	$3,000,000	$0	$0	$0	$3,200,000
1994	$0	$200,000	$3,000,000	$0	$0	$0	$3,200,000
1995	$0	$200,000	$2,906,000	$0	$2,400,000	$0	$5,506,000
1996	$0	$162,350	$3,000,000	$0	$1,250,000	$1,250,000	$5,662,350
1997	$0	$150,000	$3,000,000	$0	$2,250,000	$1,250,000	$6,650,000
1998	$0	$100,000	$3,000,000	$0	$1,500,000	$750,000	$5,350,000
1999	$0	$118,000	$3,000,000	$0	$1,000,000	$1,500,000	$5,618,000
2000	$0	$50,000	$3,000,000	$0	$1,000,000	$500,000	$4,550,000
2001	$0	$40,000	$3,000,000	$0	$1,500,000	$500,000	$5,040,000
2002	$0	$50,000	$3,358,000	$0	$2,000,000	$313,000	$5,721,000
2003	$0	$0	$3,430,000	$0	$2,525,000	$0	$5,955,000
2004	$0	$0	$4,154,000	$170,619	$2,084,500	$0	$6,409,119
2005	$0	$0	$4,211,827	$201,395	$2,084,500	$200,000	$6,697,722
2006	$0	$0	$4,015,543	$114,540	$2,236,400	$500,000	$6,866,483
2007	$0	$1,500,000	$3,783,080	$57,305	$2,286,400	$1,000,000	$8,626,785
2008	$0	$61,000	$3,829,421	$57,374	$2,736,400	$0	$6,684,195
2009	$0	$0	$3,683,005	$23,181	$2,796,400	$450,000	$6,952,586
2010	$0	$0	$4,078,334	$0	$2,295,700	$0	$6,374,034
2011	$0	$0	$3,678,665	$0	$2,242,900	$0	$5,921,565
2012	$0	$1,000,000	$3,145,900	$0	$2,242,900	$0	$6,388,800
2013	$0	$0	$3,000,000	$0	$2,242,900	$0	$5,242,900
2014	$0	$0	$2,700,000	$0	$2,242,900	$0	$4,942,900
Total	$1,604,748	$4,831,350	$73,973,775	$624,414	$40,916,900	$8,213,000	$130,164,187

(1)In 1992 the HUD Sponsored HOME Program replaced the HUD-sponsored Rental Rehabilitation Program

(2)The data shown under "Rural Development" are for single-family programs and rural 515 properties sponsored by the U.S. Department of Agriculture

(3)For 2003, HUD announced the American Dream Down-Payment Initiative (ADDI) for first time homebuyers. Funds were distributed to states on a formula basis. The program ended in 2009

OLENE WALKER HOUSING LOAN FUND

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ANNUAL REPORT

2014

Department of Workforce Services
Housing and Community Development Division