



Utah Program Uses LIHTCs to Assist Ownership

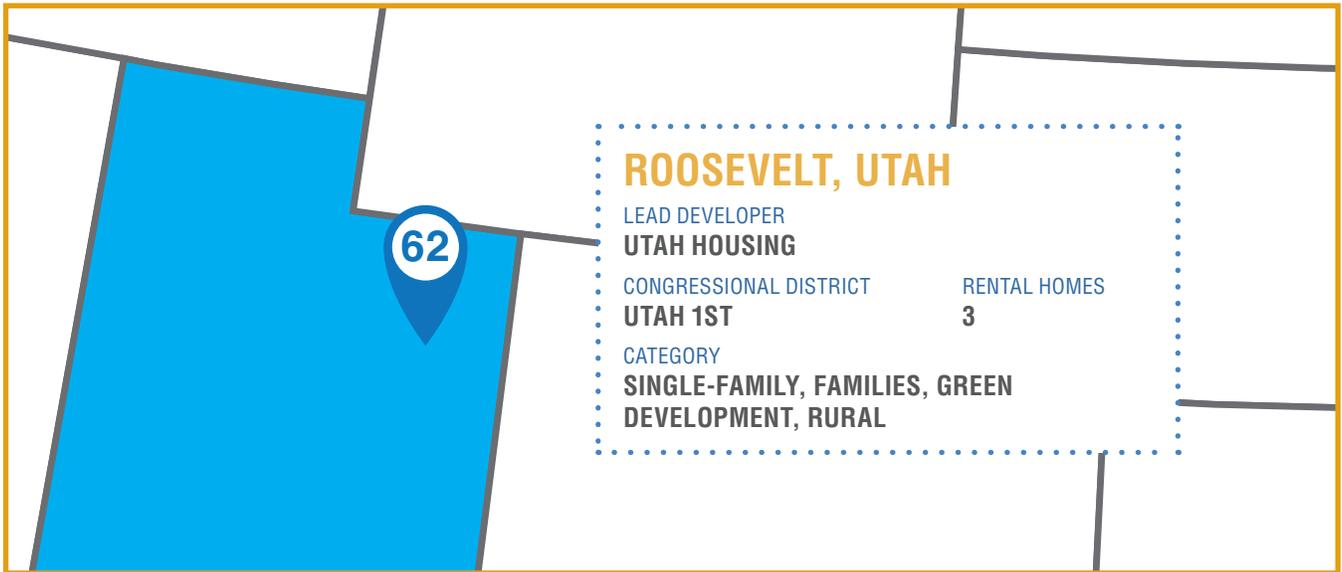


Photo: Courtesy of Roosevelt City Housing Authority

Utah Program Uses LIHTCs to Assist Ownership

Three homes in Roosevelt, Utah, are giving residents a chance to achieve homeownership through a state program that uses low-income housing tax credits (LIHTCs). It led to the sale of 87 homes in the state, generating more than \$2 million toward future affordable housing in Utah.

The Utah Housing Corporation offers the CREDITS to OWN (CROWN) program. Under the CROWN program, residents renting a home at the end of the 15-year LIHTC compliance period have the right of first refusal to purchase the home for the balance of the remaining debt and a partial return of tax credit equity, according to Susan Van Arsdell, Utah Housing’s vice president. Residents earn equity for each year they occupy the home and their rental payments reduce the debt. Because of that, said Cindy Warren, the executive director of the Roosevelt City Housing Authority (RCHA), “these tenants will get their home well below market-rate.”

The homes in Roosevelt, known collectively as Kings Peak, are for residents earning 56 percent of the area median income (AMI) or less. Each is a four-bedroom, two-bath home built on 1 acre, which is typical for the rural Utah community. Each has a two-car garage and landscaped front and back yards. There is a brick and vinyl siding on the exterior of

the Energy Star-certified homes, with state-of-the-art dishwashers, refrigerators, stoves and ovens, and air conditioners.

Warren said that residents are responsible for maintaining and repairing their homes, which is different than a typical rental household. The purpose is to teach renters more about the responsibilities of homeownership, which is a goal of the CROWN program.

The homes were built on previously vacant plots of land. According to Warren, residents of nearby homes said “I never would have thought that was low-income housing.”

The homes cost about \$200,000 to build, and nearly \$150,000 of that was provided with LIHTC

equity. Utah Housing also provided a \$42,000 permanent loan to each house. When the home is sold, proceeds partially return the tax credit equity, which is applied to the CROWN Community Fund. That fund is used to finance the construction of other affordable housing. Kings Peak benefitted from about \$30,000 in proceeds from the sale of previous CROWN homes.

The tax credit equity that was used to lower the debt also enabled RCHA to charge lower rental rates, which made the homes affordable to some of Roosevelt’s lowest income-earners, according to Utah Housing. These homes, which were leased up by April 2014, brought the total to six CROWN homes in Roosevelt and more than 300 statewide. So far, 87 have been sold, generating the \$2.26 million in funds for further affordable housing. “Our co-development partners tell us the CROWN program is successful because it fills a need: families need assistance to transition to homeownership,” said Van Arsdell. “When you open the door to homeownership, you open the door to opportunity.” ❖

LEAD DEVELOPER
UTAH HOUSING

CATEGORY
SINGLE-FAMILY, FAMILIES, GREEN DEVELOPMENT, RURAL

FINANCING

- Roughly \$490,400 LIHTC allocation from the Utah Housing Corporation for the construction of all three homes, or roughly \$163,400 per home
- Each house received roughly \$148,500 in LIHTC equity financing
- \$42,000 permanent loan to each home from the Utah Housing Corporation
- Roughly \$30,000 in proceeds from the sale of previous CROWN homes went toward the development of Kings Peak
- \$10,000 in deferred loans to each home from RCHA

CONGRESSIONAL DISTRICT
UTAH 1ST

RENTAL HOMES
3