

NEWS ADVISORY

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Board shores up affordable housing market

Salt Lake City, Utah – The Olene Walker Housing Loan Fund Board took steps Thursday to shore up Utah’s affordable housing market.

The board dipped into the fund’s reserves - \$2.1 million in earned interest on outstanding loans - to aid affordable housing developers who are feeling the squeeze of the nation’s mortgage crisis. In doing so, the board salvaged six properties, encompassing 263 new, or newly renovated, low-income housing units.

“We’ve been careful not to over extend the fund. We wish we could do more,” said board chairwoman, Midvale Mayor JoAnn B. Seghini.

“Without this funding, Utah would lose more ground. Utah already faces a projected shortage of 63,000 affordable rental units.”

The credit crunch has clamped down on financing for affordable housing, just as foreclosures are rising and stricter lending standards are pricing many out of the market for new homes, said Gordon D. Walker, Director of the Utah Division of Housing & Community Development.

“Much of the affordable housing in this country is funded through the sale of tax credits, and the biggest buyers of credits are financial institutions, which are still recovering from the mortgage crisis,” explained Walker. “Slumping demand for the tax credits has driven the price down, which has developers looking to the Olene Walker Housing Loan Fund to plug the gaps.”

Demand for affordable housing depleted the fund this winter. It will be replenished in July.

The board meets that month, but voted Thursday to withhold any new funding until its October meeting, in order to coincide with the Utah Housing Corporation’s bi-annual award of tax credits.

“Through better coordination, we hope to guard against construction delays, which can lead to crippling cost overruns,” said Seghini. “We’re doing what we can to help our low-income families weather this crisis.”

The Olene Walker Housing Loan Fund was created in 1987 to create and preserve safe and affordable housing for low-income Utahns. The fund provides "bridge funding," in the form of grants and loans, to developers statewide who then leverage the money to obtain federal and private equity and tax credits. The fund is managed by the Division of Housing and Community Development under the Utah Department of Community and Culture.

Funds were awarded Thursday on a competitive basis for the following developments:

\$1,064,930 to the Kier Corporation for purchase of an existing, 72-unit rental assistance project, the Countryside Apartments in Ogden.

\$970,740 to the Kier Corporation for purchase of the 68-unit Bramblewood Apartments in Ogden, a rental assistance project.

\$581,823 to Neighborhood Nonprofit to build 21-unit Discovery Place Apartments in Brigham City, housing for people with developmental or physical disabilities.

\$600,000 to Utah Nonprofit Housing to build a three-story, 65-unit senior housing complex in Taylorsville.

\$134,218 to build a 12-unit apartment complex for agricultural workers in Tremonton.

\$29,000 to TURN Community Services to rehabilitate a seven-unit group home for disabled women in St. George.

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