

# The Olene Walker Housing Loan Fund

## Utah Division of Housing & Community Development

### Department of Workforce Services

The Olene Walker Housing Loan Fund (OWHLF) is a program of the State of Utah which provides loans or grants to developers, non-profits and other organizations engaged in the creation or rehabilitation of affordable housing throughout the State of Utah for very low-income, low-income and moderate-income persons, as defined by the U.S. Department of Housing & Urban Development. The sources of Olene Walker funding are federal Home funds, general fund appropriations and repayment revenue (principle and interest) generated off of funds that are loaned. This program began in 1985.

Project applications submitted to the OWHLF are approved by the statutorily-created board whose members are appointed by the Governor. According to statute, the 11-member Board is comprised of local government officials, members of the mortgage community, representatives of the real estate, home builder, manufactured housing and rental housing industries, housing advocates and the general public.

Local government agencies are mandated to create affordable housing studies and plans

The OWHLF funds both multi-family and single family acquisition, construction and rehabilitation through a variety of programs, specializing in quality projects that are conceptually and financially sound, and maximize leveraging. Applications are accepted continuously but are rigorously reviewed by staff and presented to the Board quarterly. The OWHLF Board makes every effort to maximize the return on investment and will offer applicants an interest-bearing loan whenever a project can sustain a repayment. At other times, the Board may elect to offer grants, no-interest loans or grant/loan mix, depending on what the pro forma indicates the project can afford to sustain affordability ratios or comply with tax credit requirements. Repayment income generated on loaned funds as well as interest generated on funds held in trust must follow the same source/use definitions. Lending practices have ensured long-term viability of the OWHLF.

Between 1985 and 2016, annual new funding totaled \$133 million for the 31 year period. In the same period, an additional \$78.1 million was generated of repayment income. And in that time, nearly 20,000 affordable housing units were created and maintained.

Most of the loan repayment revenue is being realized within the last 10-15 years, with repayment funds now exceeding our "new" funding annually. Between 800 and 1200

are funded annually these days and that number has trended upward most years (although it can be highly dependent on the cost of building materials and land.) The OWHLF has, for many years, embraced state and federal priorities by requiring that new construction and rehabilitation meet Energy Star ratings when possible, support LEED green building standards, and reflect the Governor's clean air goals by embracing transit-oriented design.

The OWHLF heavily leverages the available funding each year. Assuming a conservative leverage of 9:1 (some years, it is closer to 13:1), the \$211 million investment in state and federal funds over the last 31 years has translated into a \$1.9 billion investment in affordable housing. Assuming an economic multiplier of 1:7 (consistent with the construction industry), the OWHLF Board's investment has translated into \$13.3 billion in economic impact throughout Utah.

What does it cost to operate the OWHLF? In FY 15, administrative expenditures totaled \$1.22 million, including all staff expenses for project and fiscal management as well as extensive monitoring of new construction projects and the continued affordability of existing units (as required by law), loan servicing on several hundred existing loans, legal counsel, board expenses, etc.