

2010 NCSHA Annual Award for Program Excellence
HFA: Utah Housing Corporation
Entry Name: A Home Run for Utah!
Award Category: Homeownership; Encouraging New Production



A Home Run for Utah!

"If someone needs our help, it is our special duty to provide it to the utmost of our power".
Cicero

"These are tough times for Utah's housing industry, the collapse of the state's housing bubble in 2008 wiped out at least \$20 billion in residential real estate wealth, eliminated thousands of construction jobs and forced hundreds of homebuilders out of business", according to James Wood, director of the University of Utah's Bureau of Economic and Business Research.

Many eligible home buyers do not have access to the down payment needed to purchase a home, coming up with a down payment is one of the greatest challenges for many families to overcome in buying a home. Being drafted to a winning team and coming up with a game plan to stimulate housing and encourage new production is top priority for Utah Housing Corporation.

Drafting the Team

Over the last year and a half, Utah Housing Corporation administered a two-phase Home Run Grant program to incentivize Utahns to purchase new homes. The program was conceived by Utah's Housing Action Coalition chaired by Grant S. Whitaker, President & CEO of Utah Housing Corporation. Recognizing that housing led us into the recession and housing will lead us out, the program's purpose was to stimulate home sales, create jobs and to help buyers get off the sidelines and purchase homes when interest rates were at nearly all-time lows and home prices had come off their all-time highs.

Home Run was intended to reduce an inventory of nearly 3,000 newly-constructed homes in Utah, enabling home builders to re-employ residential construction workers and stimulate Utah's economy. 18,000 construction workers lost jobs in 2008, making it the hardest hit segment of Utah's employment base.

The Home Run Grant was funded by stimulus money from the 2009 American Recovery and Reinvestment Act, specifically from discretionary funding available to the office of the Utah Governor. Governor Jon Huntsman viewed the condition of Utah's labor market in the residential construction industry as one of areas where a significant kick-start was required. Later, after the success of the first phase of Home Run and the liquidation of approximately half of the standing new home inventory, his successor, Governor Gary Herbert, agreed that the first phase of Home Run required a follow-up up to finish the job and to get construction workers back on the job.

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Running the Bases

The Home Run Grant is a mortgage assistance program that awarded grant money to home buyers who purchase a newly-constructed never-occupied primary residence in Utah. The awarded grant money was wired to the title company, at closing, allowing the buyers to use the Home Run grant money for their down payment, closing costs or any other purpose acceptable to the lender. Buyers without sufficient funds to purchase a home now had a source of funds for closing.

The grant money did not have to be repaid and all grant applicants had to meet income limitations similar to the Federal Home Buyer Tax Credit.

Phase One: Applicants applied for a \$6,000 grant to purchase a home already constructed but not sold. The basis of phase one was to reduce the inventory of unsold homes, increase homeownership and to put construction workers back to work.

Phase Two: Applicants applied for a \$4,000 grant to purchase a home to be constructed. The basis of phase two was to award an incentive for homebuyers who purchased a newly-constructed home now instead of down the road, putting constructions workers, real estate agents, mortgage lenders, and constructions companies back to work.

It's a Hit

The first phase of Home Run used \$10 million of federal stimulus money to make 1,655 grants of \$6,000 each, enabling many homes to be sold from a backlog of inventory that was stifling home sales, and dragging prices of homes down. All of those grants were committed in a twelve week period. The second phase, taking only ten weeks to be fully committed, and funded by \$8 million of stimulus money, provided 1,993 grants of \$4,000 each helping to get construction workers, escrow officers, mortgage lenders and real estate agents back on the job and homebuyers into a new home.

Phase One: Home Run Grant began in March, 2009, funds committed to homebuyers within a twelve week period with the final grant funded on June 21 2010.

Phase Two: Home Run Grant began in August, 2009 funds committed to homebuyers within a ten week period with the final grant funded June 30, 2010.

A Home Run

James Wood, Executive Director, Bureau of Economic and Business Research, University of Utah, has generated an economic summary of the benefits of the Home Run program.

- Financial assistance was provided to 3,648 home buyers, who purchased homes with a total value of \$830.9 million.
- The construction of these homes created or preserved 19,500 total jobs, and created \$660 million in earnings, and \$62.4 million in fiscal benefits.

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In a report released July 2010 concerning the federal tax credit and the Home Run Grant, Wood said "It is no coincidence that new home permit data began improving after the introduction of these two programs....The first round of Home Run grants helped reduce unsold inventory and repair builders' balance sheets while the second round had a more direct impact on stimulating new home construction."

In an earlier report regarding the impact of federal stimulus money, Wood stated "the biggest 'bang for the buck' would come from the home building sector due to the leveraging of the dollars." Builders and Realtors reported that Home Run created a sense of urgency for many home buyers, motivating them to begin looking at homes to purchase.

In only twenty-two weeks approximately 64% of the grants helped 2,324 first- time home buyers purchase a home. Combining the Home Run Grant with Utah Housing Corporation's FirstHome Plus loan allowed first-time home buyers who did not have access to down payment and closing costs to purchase a home. FirstHome Plus offers financial assistance to pay a buyers down payment and closing costs with a 30 year, fixed rate subordinate mortgage.

Impact of Home Run

The median sales price of homes purchased with a Home Run grant was \$70,000 more than the Utah Median Sales Price in 2009 of \$155,620.

Total Home Run Grant Packages (Homes)	3,648
Total First Time Homebuyers	2,324
Average Sales Price	\$ 227,961
Total Earnings Generated	\$659,831,098
Fiscal impact (State Income Taxes and Local State Taxes)	\$ 62,420,022
Total Employment generated	19,500

Utah Housing was applauded by many business entities for the success of Home Run, but it was the impact Utah Housing had with the people of Utah that was the greatest reward. In a letter sent to Utah Housing a homebuyer writes "I just wanted to let you know how much I appreciate everything you did to help us get our grant. I know you dropped everything to help us out and I can't thank you enough. After everything we went through, it was so refreshing to have someone who truly wanted to help. We would not have gotten our grant without you. Thank you"

Home Run Scores a Win for Utah

No other program in the state of Utah had as much impact in encouraging new home production in 2009 and 2010 as did the Home Run Grant program administered by Utah Housing Corporation.