

Utah's First-Time  
Homebuyer Assistance Program  
**Utah Housing Corporation**  
Homeownership: Encouraging New Construction

**HFA Staff Contact**

Reyce Knutson

[rknutson@uthc.org](mailto:rknutson@uthc.org)

## Introduction

During the 2023 General Session of the Utah Legislature, Utah Housing Corporation (UHC) collaborated closely with legislative leadership, the homebuilder community, mortgage lending community, and realtor community to craft Senate Bill 240, the First-time Homebuyer Assistance Program (“Program”). The Program incentivizes builders to produce affordable homes by stipulating that Program funds are only available to assist in the purchase of newly-constructed homes priced under \$450,000. The Program launched in mid-July 2023 after the Utah Legislature passed the bill and appropriated \$50 million to the Program, which is expected to help approximately 2,350 individuals and families achieve homeownership for the very first time. Eligible homebuyers who purchase a newly constructed, qualifying residential unit can receive an interest- and payment-free loan of up to \$20,000 that can be used for down payment, closing costs, and/or permanent interest rate buydown.

## Innovation

The Program encourages construction of affordable homes by providing a \$20,000 soft second (or third) to assist first-time homebuyers to purchase newly constructed homes. One unique aspect of the Program is that a first-time homebuyer can utilize *both* UHC’s standard, fully amortizing down payment assistance loan *and* the Program loan, if desired. Eligible housing types include single family/detached PUDs, town homes/attached PUDs, condominiums, manufactured and modular homes, or similar residential structures that serve as a one-unit dwelling or form part of a two-unit dwelling.

## Replicability

The Program is replicable to the extent that any state legislature or HFA can choose to create or amend programs and allocate resources that would similarly stimulate the production of new, affordable homes. UHC and its partners in the Utah Legislature focused on the reality that, with a critical shortage of affordable housing supply, any program that serves to stoke demand only exacerbates the problem. Incentivizing the builder community to provide lower-margin housing is difficult. However, knowing there is a strong base of able purchasers with access to additional financial assistance to purchase these new homes provides greater certainty for builders to get involved.

## Responds to Utah’s Housing Needs

Utah was facing a deficit of over 30,000 housing units prior to the 2023 legislative session when the FTHB program was created. That deficit is projected to increase by 7,000 units in 2024.<sup>1</sup>

On April 3, 2024, bestbrokers.com ranked Utah as the third least affordable state to buy a home in the United States. The median home price reached \$533,133 in 2023 against a median income of \$63,065, resulting in a very high price-to-income ratio of 8.45, compared to the national average of 5.8, making Utah one of the most expensive real estate markets, trailing only Hawaii and California.<sup>2</sup>

The Program was created to directly address this enormous financial burden placed on prospective homebuyers looking to purchase through traditional methods while also helping to increase the supply of new, affordable homes. The 1,000+ new homes that have already been purchased under the Program have already begun to chip away at the deficit of affordable housing units and inspired builders to adjust their development models to create more affordable homes that meet Program criteria.

## Demonstrates Benefits to Customers

At the time of this entry, just over 1,000 Program reservations totaling approximately \$20 million have been funded to help Utahns achieve homeownership for the first time. Program recipients are purchasing their new homes at an average price of \$381,115, with households earning an average annual

<sup>1</sup>University of Utah Kem C. Garnder Policy Institute

<sup>2</sup>Hoffman, P. (2024, March 5). Revealed: The Most Affordable U.S. States to Buy a Home in 2024. BestBrokers.com.

income of \$90,320 and receiving an average of \$19,930 in Program assistance.<sup>3</sup>

The Program criteria are structured to benefit Utah residents (those having lived in Utah for at least 12 months prior to closing). This helps native and long-residing Utahns who, were it not for the Program assistance, may not otherwise have been able to purchase a home.

Applicants are not required to have identified a property or have an executed real estate purchase contract (REPC) before they can submit a reservation request. Once a request is submitted and a reservation is approved, applicants have 90 days to identify a property, and up to three 120 day-extensions may be issued, giving builders ample time to complete construction on the property and consummate the sale to the applicant.

### **Program Success in the Marketplace**

Initially, Program funds were used primarily for the purchase of already-constructed but never occupied new homes. However, the Program's positive impact has spurred builders to adjust their offerings. Many have modified their construction plans to create homes that qualify under the program's purchase price limit of \$450,000. This demonstrates the Program's successful alignment with the objectives of the building industry: building and moving inventory.

An October 2023 news article by KUTV's Daniel Woodruff reports that local Utah homebuilder Sego Homes is changing its product to try and fit the FTHB Program criteria. "We see this as something to help homebuyers, but also an incentive for homebuilders as well," said Dallin Corbridge, Sego Vice President of Architecture, Purchasing, and Construction.

UHC spoke further on the subject with Dallin and his brother Spencer, Sego Vice President of Finance, Sales, and Marketing, who said "This the biggest purchase many people make in their entire life. The buyers we've had are not experts in finance, so this has helped them take the first step out of the world of ambiguity. How people make their dream a reality is by coming in and asking about the First-time Homebuyer Assistance program, speaking with a lender, and learning about their specific scenario and what is possible for them." The brothers Corbridge elaborated with UHC about certain floor plans they have developed for town homes that fall under the \$450,000 purchase price limit, and how one such design recently won platinum at the Best in American Living Awards (BALA) presented by the National Association of Home Builders.

Jason Bodine, Director of Sales for the Wasatch Front region of Visionary Homes (a local Utah builder) said "We've absolutely seen increased traffic come as a result of this program. No question about it. I've worked with a lot of agents, a lot of buyers personally, and many times we have people coming in asking 'what do you have, what's available' and wanting to utilize this program."

### **Provides Benefits That Outweigh Costs**

Aside from administrative costs of approximately 5%, Program funds are used by recipients only for purchasing newly built or under construction, unsold homes. This avoids the need for funds to be allocated specifically for costly land acquisition and/or housing development often seen in affordable housing initiatives, as homebuyers are searching among housing inventory already produced or in production. The Program is designed to ensure that the maximum benefit from Program funds is realized by the homebuyer, not the builder.

### **Demonstrates Effective use of Resources**

The Program requires that all or a portion of the funds be repaid to the Program whenever a recipient

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<sup>3</sup>Utah Housing Corporation FTHB Assistance Program May 1, 2024 report

sells or refinances their home (dependent on the amount of equity in the property at that time). This creates a revolving fund mechanism that will ensure that a substantial portion of funds appropriated to the Program can be recycled for future use by additional homebuyers.

### **Effectively Employs Partnerships**

The Program could not have come to fruition without a dedicated partnership with Senate and House leadership, local and state homebuilders associations, the Realtors' association, UHC staff, and many mortgage lending organizations. Further, UHC's participating lenders have been integral to the success of the Program, as applicants must first credit-qualify with a participating lender to submit a reservation request. UHC staff devoted hundreds of hours conducting in-person and online training and outreach to ensure the program's immediate success, reaching over 3,000 loan officers and real estate agents throughout the state, who in turn are now educating their first-time homebuyer clients.

Jackson Ogden, a loan officer with First Colony Mortgage, speaks to his time spent advocating and raising awareness for the Program: "I've been in front of so many realtors and so many people talking about this program. It literally is the good news in [the] mortgage [industry] in Utah right now. It shows that the State of Utah is forward thinking and innovative and trying to have something that helps future homeowners and builders—and particularly builders. We have to remember what it's for: it's to incentivize builders to build attainable housing and to incentivize buyers to feel comfortable to make a purchase and achieve the dream of homeownership."

### **Achieves Strategic Objectives**

UHC's mission statement is to "serve Utah's housing needs through finance and innovation." The First-time Homebuyer Assistance Program has done just that, as it has proved to be a foundational component of an expanding vision by Utah Governor Spencer J. Cox to invest \$150 million toward the creation of 35,000 new starter homes by 2028.

"Utah Housing Corporation's First-Time Homebuyer Program has caught the attention of Utah's homebuilders and prospective homeowners alike, already boosting new construction in the nine short months since it came online," said Governor Cox. "The program is a foundation that we'll continue building on, including most significantly the Utah Homes Investment Program that was created during the 2024 General Legislative Session."

### **Conclusion**

UHC's First-time Homebuyer Assistance Program stands as a testament to successful collaboration, innovation, and strategic planning. By incentivizing the construction of new, affordable housing and providing targeted financial assistance to first-time homebuyers, the program directly addresses Utah's critical housing shortage while simultaneously fostering a sustainable future for homeownership within the state. The program's demonstrably positive impact on builders, homebuyers, and the overall housing market positions it as a replicable model for other Housing Finance Agencies seeking to achieve similar goals. With its focus on maximizing resource utilization, fostering effective partnerships, and aligning with broader strategic objectives, the FTHB Program serves as a beacon of innovation within the affordable housing landscape.

## Utah FTHB Assistance Program Creation & Testimonials

 **YouTube** <https://youtu.be/GBXIOM8nORI> (link required)

### Supporting/Source Articles:

- <https://kutv.com/news/eye-on-your-money/utah-ranks-third-in-nation-for-most-unaffordable-housing-market-behind-hawaii-california>
- <https://www.bestbrokers.com/2024/03/05/revealed-the-most-affordable-u-s-states-to-buy-a-home-in-2024/>
- <https://governor.utah.gov/2023/12/05/gov-cox-and-lt-gov-henderson-announce-150-million-utah-first-homes-starter-home-program-in-budget-announcement/>
- Kem C. Gardner Policy Institute, see page 6, Fig. 1
- Utah Housing Corporation FTHB Assistance Program May 1, 2024 Report, see pages 9-10

### Deseret News - November 24, 2023

[Full Article](#)

BUSINESS THE WEST POLITICS

## Utah funded \$50 million for a new first-time homebuyer program. Is it working?

460 Utah homebuyers have taken advantage of the program. In today's sluggish, expensive market, will it help push builders toward more affordable homes?

Published: Nov 24, 2023, 10:31 p.m. MST



VIEW COMMENTS



SHARE



Kaitlyn Gordon and her husband, Zach Gordon, talk as they prepare a meal in their new home in Spanish Fork on Tuesday, Nov. 21, 2023. | Scott G Winterton, Deseret News



By Katie McKellar



The Ridge at Spanish Fork--newly constructed townhomes that meet Program criteria. Recipients Zach & Kaitlyn Gordon (pictured on page 4) bought their first home in this development using their \$20,000 to buy down their interest rate, which ultimately made purchasing the 4-bed, 3-bath home possible.

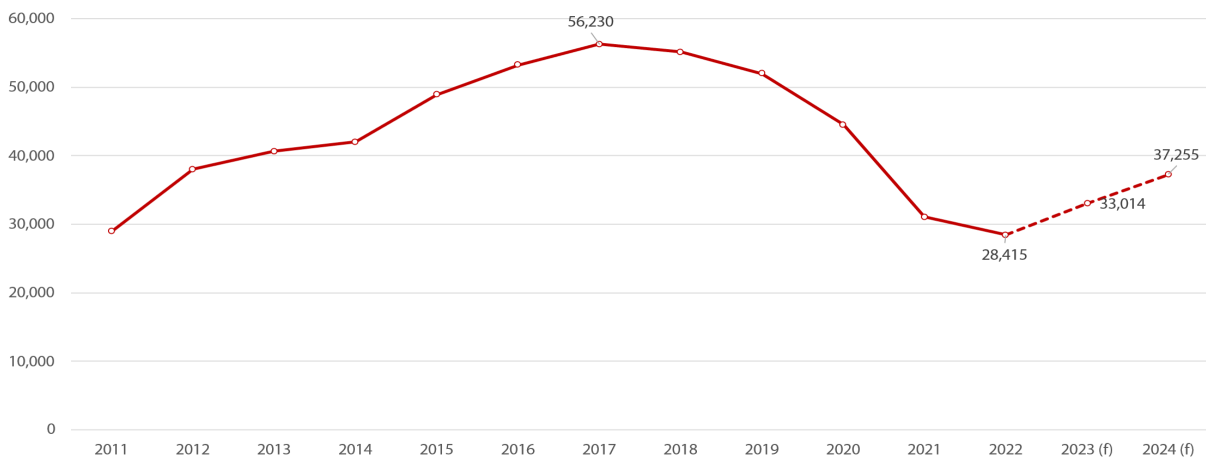




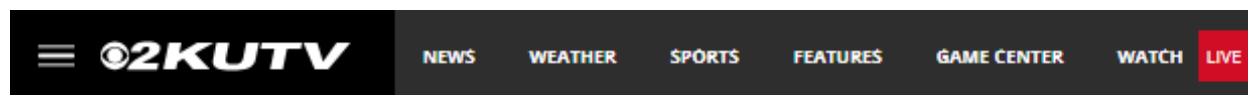


Fig. 1

## Utah's Housing Shortage to Increase



Source: Kem C. Gardner Policy Institute



## Utah's first-time homebuyer program is helping, but could it do more?

by Daniel Woodruff, KUTV | Mon, October 30th 2023 at 10:23 PM

Updated Tue, October 31st 2023 at 2:29 PM



Utah's new first-time homebuyer program has distributed \$6 million to buyers so far, with several million more already spoken for. (File photo: KUTV)



SALT LAKE CITY (KUTV) — It's a tough housing market, with high prices and rates we haven't seen in a long time.

Despite all that, Aubrey Sanders is about to buy a townhome in Spanish Fork.

Admittedly, the 25-year-old insurance specialist said, it "makes you a little sick just to think about buying a house in the market right now."

But she and her husband are getting some help from Utah's new first-time homebuyer assistance program.

Lawmakers said the goal was to incentivize builders to build more housing in a more affordable price range. Senate President Stuart Adams (R-Layton), whose bill created the first-time homebuyer program last session, insists that's happening.

"I've talked to builder after builder that's actually modified what they were building," Adams told KUTV 2News, "modified their plans to try to make sure it fit."

One example is Sego Homes, a Utah homebuilder. Dallin Corbridge, one of the owners, said his company is changing its product to try to fit this first-time homebuyer program.





*The logo for Sego Homes, a Utah builder, is displayed in South Jordan, Utah. (Photo: Mike Stephen/KUTV)*

"We see this as something to help homebuyers, but also an incentive for homebuilders as well," Corbridge said.

### **Looking forward to homeownership**

As for Sanders, she and her husband are excited about their pending purchase.

"We're expecting our first little boy in March," she said, "so that'll be nice to start our family there."

Sanders believes without the first-time homebuyer program, she wouldn't be buying anything right now given how difficult the market is right now.



*Aubrey Sanders, who is preparing to buy her first home, walks down the street in Provo, Utah. (Photo: Todd Dinsmore/KUTV)*

"Homeownership, here we come," she said, smiling. "We're excited."

# UTAH FIRST-TIME HOMEBUYER ASSISTANCE PROGRAM

Program Data as of May 1, 2024

DWELLING TYPE	
Townhomes/Attached Planned Unit Development (PUD)	66%
Single Family/Detached PUD	17.7%
Condominiums	16.2%
Manufactured Homes	0.1%



**868** reservations funded, totaling  
**\$17,304,497**



**99** reservations approved & awaiting funds, totaling  
**\$1,980,000**

TOP CITIES WITH IDENTIFIED PROPERTIES	
Saratoga Springs	15%
Spanish Fork	8%
Eagle Mountain	8%
Tooele	8%
Magna	7%
All other cities	54%



**\$19,936**  
average assistance amount



**\$90,160**  
average annual income

TOP COUNTIES WITH IDENTIFIED PROPERTIES	
Utah	40%
Salt Lake	17%
Tooele	9%
Washington	8%
Weber	5%
All other counties	20%



**\$381,115**  
average home purchase price



**1,333** reservations remaining\*  
\*includes 29 reservations awaiting approval

Program administered by:



**UTAH'S HOUSING  
FINANCE AGENCY**

## TOP COUNTIES WITH IDENTIFIED PROPERTIES

*\*Top 5 Cities*







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D.R. Horton prides itself on providing housing at affordable price points to first-time homebuyers. As the largest homebuilder in the state of Utah, we have seen many buyers be able to afford a new home thanks to Utah's First-time Homebuyers Assistance Program. These state funds are making homeownership possible for many individuals and families that might not otherwise be able to purchase a home. The Utah Division of D.R. Horton and this state program are uniquely aligned in our shared goal of turning as many Utahns into homeowners as possible, and we are grateful to the State of Utah for making this a priority.



We had been looking for a home for at least 2-3 years but every time we sat down and compared the market to our finances we could never afford anything, which caused us to rule out purchasing a home for at least a few years more each time we checked until we were able to save enough. That changed when our landlord from whom we were renting said we had to move out.

We then began our search again in earnest. The kicker was still the down payment and closing costs.

We discussed how we could make it work needing that much money out-of-pocket and threw around ideas of either draining our 401K or going back to renting for the time being, but not building any equity. The lender we worked with mentioned that we would qualify for the First-time Homebuyer Assistance Program. In the end we only needed about \$800 out-of-pocket as the Program was helping us pay for almost all of our down payment and closing costs. We were ecstatic walking out after signing, knowing that we would finally be able to own our own place!

The seller messaged us later that evening saying that our keys were finally ready to be picked up. We headed over as soon as we could, and the feeling of finally opening the door to our house was incredible. We never thought that we would actually be able to afford our own place in the current economic state, but the Utah Housing FTHB Assistance Program was able to make our dream a reality sooner than we could have imagined!

**-Robert & Abigail E.  
Program Recipients**