UTAH HOUSING CORPORATION

2006 HOUSING CREDIT CONFERENCE

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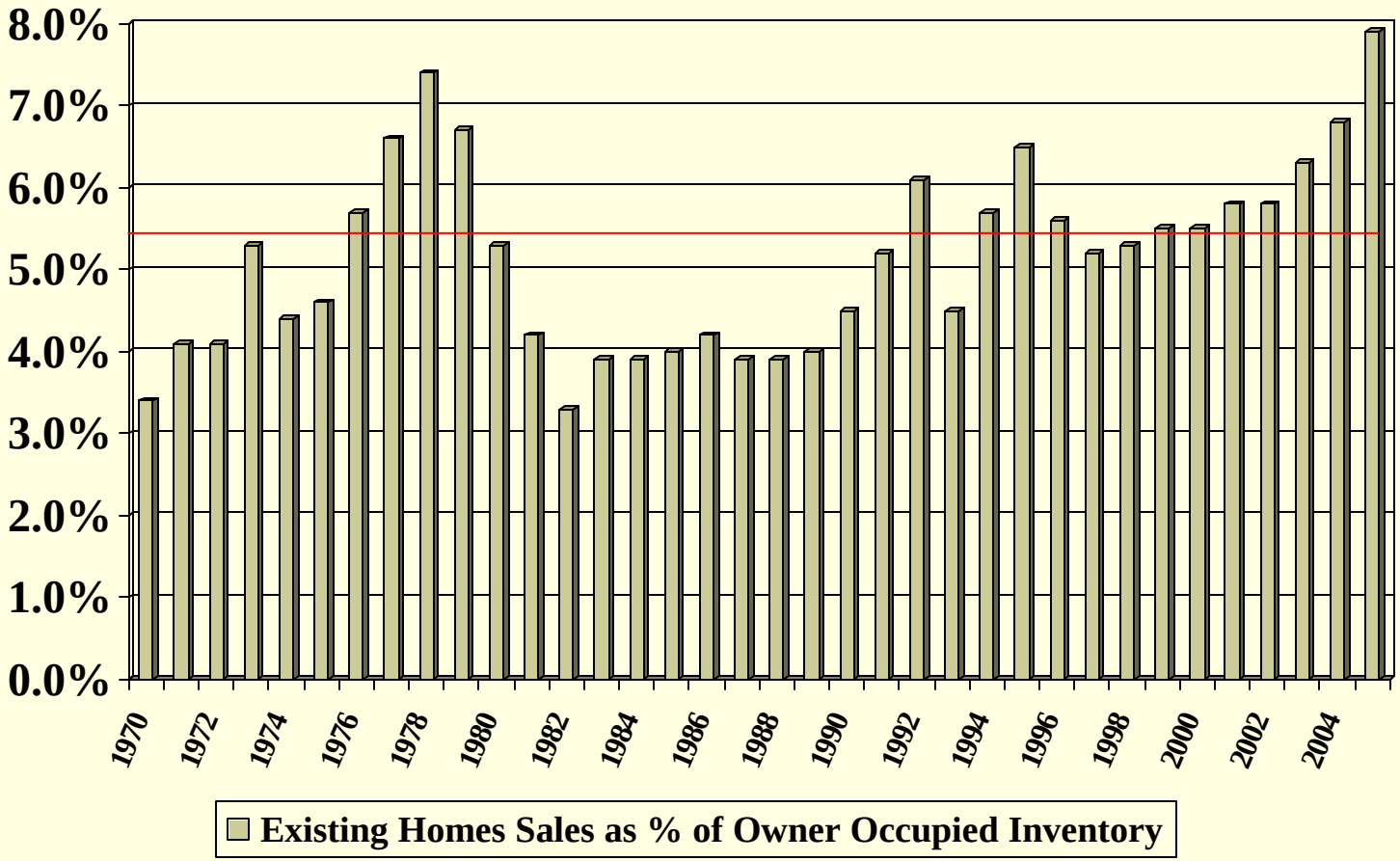
GOLDEN AGE FOR HOME BUILDING AND REAL ESTATE SALES

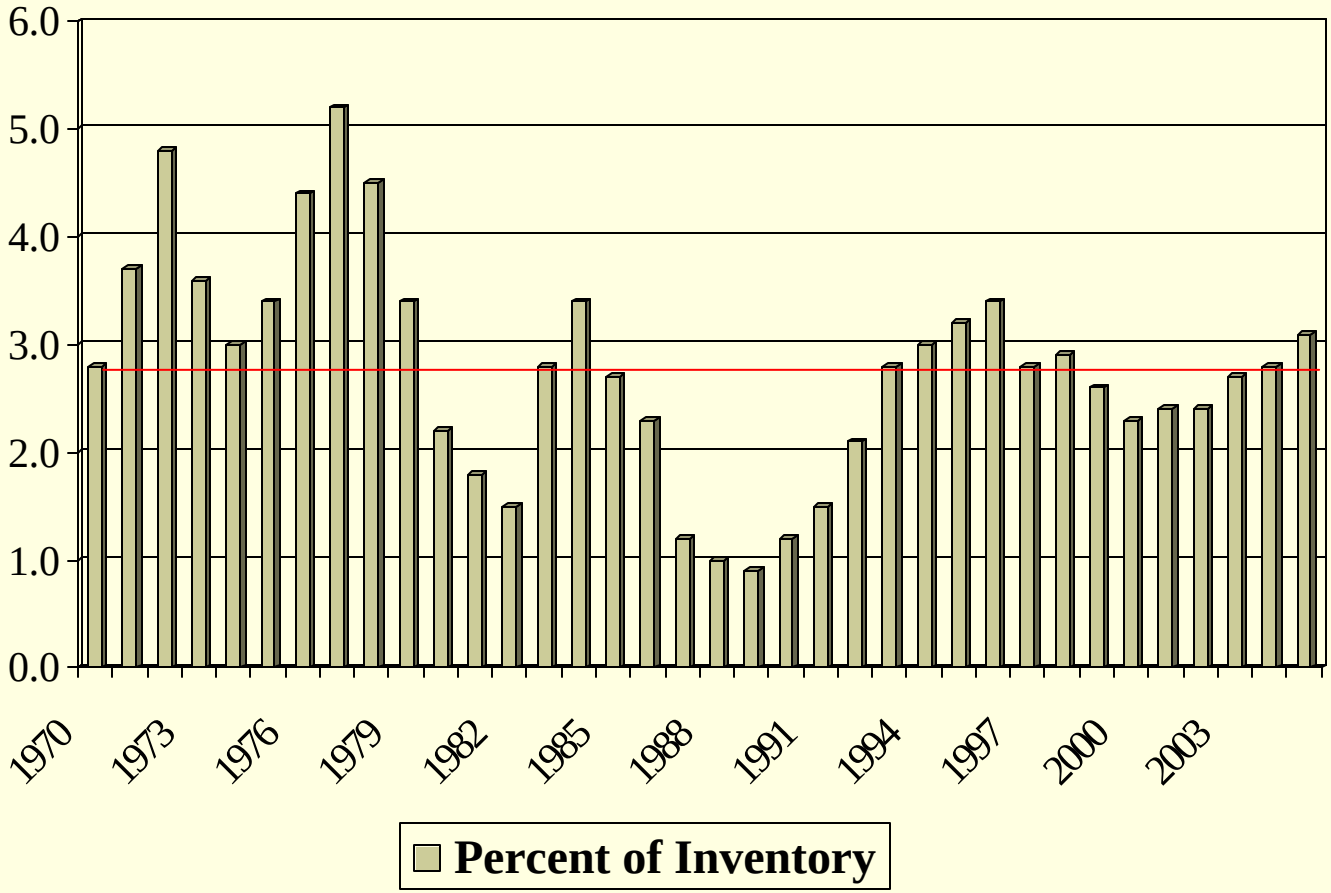
- Record for single-family homes – 20,000 units; 17% above previous high.
- New condo units double number of new apartments units
- Record for total residential units of 28,000 and value $4.6 billion.
- Sales of existing homes in Wasatch Front Counties hits all-time record with 29,000 sales worth $6.0 billion versus 2004 of 24,200 and $4.5 billion. Respective increases of 20% and 35%.
- Four housing booms since 1970, current level is close to the 1977-1978 boom.

Sales of Existing Homes as Percent of Owner Occupied Inventory in Salt Lake County

Historic Avg. 5.3%



New Residential Construction as Percent of Residential Inventory



FAVORABLE MARKET CONDITIONS FOR HOME BUILDING

- Interest Rates
- Overbuilding
- Historical Context
- Employment
- Net In-Migration
- Population Age Structure
- Housing Prices

EXISTING HOUSING PRICES IN UTAH

- OFHEO

  1980 to 2005 – rank 30th

  2000 to 2005 – rank 41st

  2005 – rank 18th

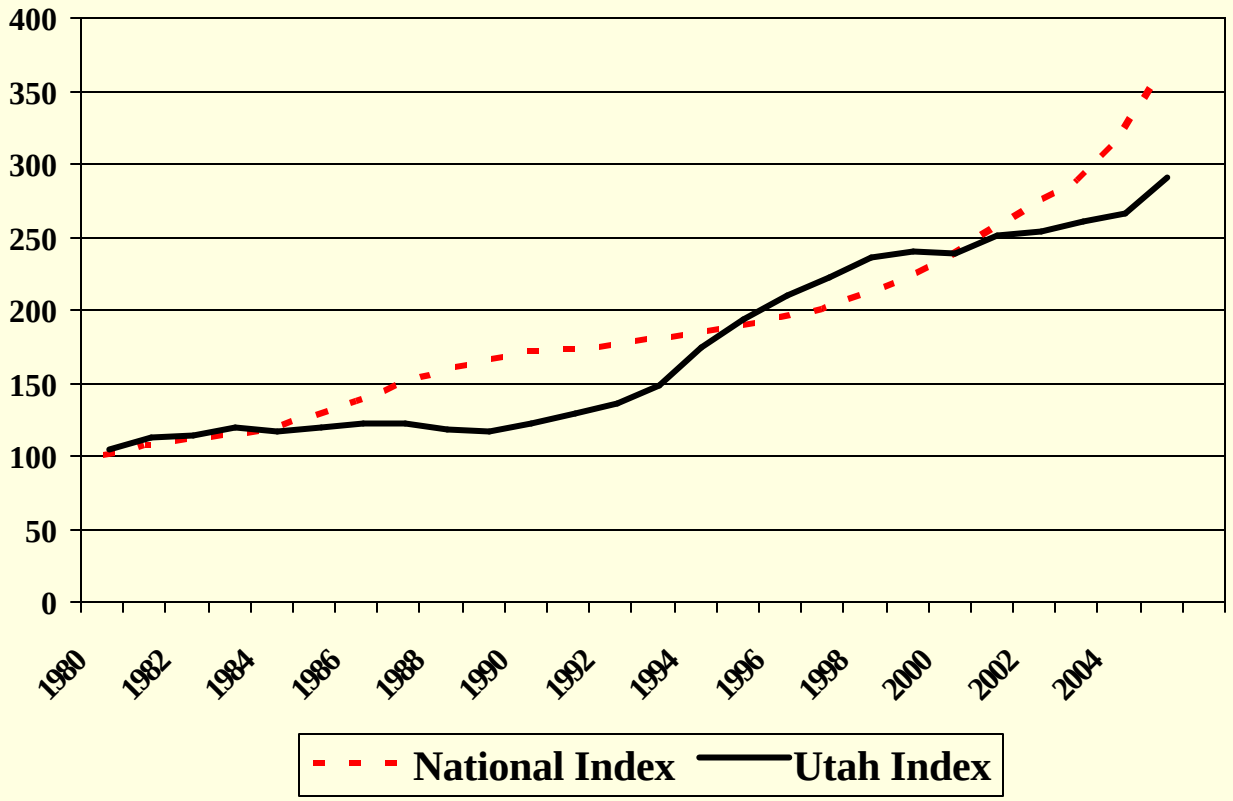
  Last qtr – rank 16th

- WFRMLS - 2005

Davis	$195,661	11.2%
Salt Lake	$224,470	14.0%
Utah	$217,159	14.1%
Weber	$151,741	11.1%

HOUSING PRICE INDEX – Existing Homes

(Source: Office of Federal Housing Enterprise Oversight)



Change in Sales Price of Existing Homes in Utah, Metro. Area and Salt Lake County

Data Source	1980	1990	2000	2005	Average Annual Growth Rate for Period			
					1980-1990	1990-2000	2000-2005	1980-2005
Office of Federal Housing Oversight (Statewide Index)	100.0	117.5	236.9	286.5	1.6%	7.3%	3.9%	4.3%
National Assoc. of Realtors (Salt Lake MSA)	$65,800	$69,400	$141,500	$181,400	0.9%	7.4%	3.7%	5.1%
Wasatch Front Reg. MLS (Salt Lake County)	$67,949	$83,951	$176,479	$224,470	2.1%	7.7%	4.9%	4.9%

NEW HOME SOLD AND PERCENT SOLD FOR LESS THAN $150,000 – 2005 (NewReach)

County	New Homes Sold <$150K	Total Homes Sold	% Sold < $150K
Davis	253	1,967	12.9%
Salt Lake	250	4,098	6.1%
Tooele	152	304	50.0%
Utah	444	3,522	12.6%
Weber	64	662	9.7%
Total	1,163	10,553	11.0%

NEW CONDOMINIUMS SOLD AND PERCENT SOLD FOR LESS THAN $150,000 – 2005

(NewReach)

County	New Condos Sold < $150K	Total New Condos Sold	% Sold <$150 K
Davis	220	287	76.6%
Salt Lake	542	1,444	37.9%
Tooele	83	83	100.0%
Utah	914	1,256	72.8%
Weber	209	248	84.3%
Total	1,968	3,318	59.3%

EXISTING HOMES SOLD FOR LESS THAN $160,000 – 2005
(WFRMLS)

County	Existing Homes Sold <$160K	Total Homes Sold	% Sold <$160K
Davis	1,773	4,397	40.3%
Salt Lake	5,473	15,317	35.7%
Tooele	777	1,082	71.8%
Utah	2,079	5,348	38.8%
Weber	2,641	3,777	69.9%
Total	12,743	29,921	42.5%

SALT LAKE METROPOLITAN AREA OPPORTUNITY INDEX (Source: National Home Builders Association)

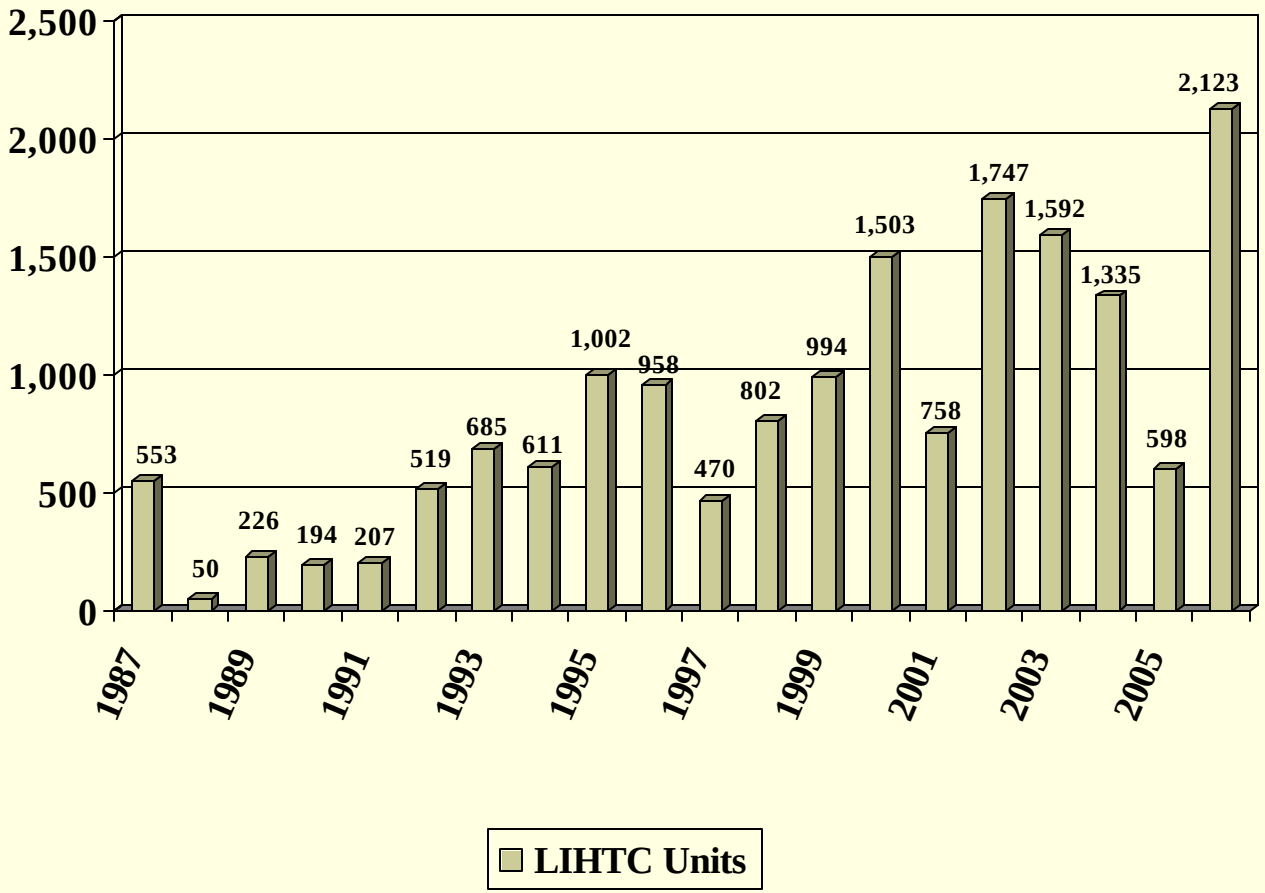
Year	Opportunity Index (% Homes Sold Affordable to Family with Median Income)	Median Sales Price of Home	National Rank – Most Affordable
1993	75.5%	$100,000	81
1994	65.3%	$116,000	126
1995	49.6%	$129,000	164
1996	47.5%	$143,000	176
1997	47.6%	$151,000	184
1998	51.1%	$155,000	171
1999	58.9%	$147,000	148
2000	57.8%	$149,000	129
2001	62.5%	$155,000	134
2002	72.7%	$159,000	116
2003	82.3%	$153,000	27
2004	74.9%	$173,000	51
2005	58.7%	$210,000	59

WHAT ABOUT LOW INCOME RENTERS?

- Rental subsidy programs provide assistance for about 37,000 households: LIHTC (17,000), HUD (16,000), RD (1,500), Public Housing (2,500).
- Estimated 65,000 very low income (50% AMI) renter households with no assistance.

LIHTC UNITS COMPLETED 1987 TO 2005

(Source: Utah Housing Corporation)



LIHTC UNITS AS PERCENT OF RENTAL INVENTORY

(Source: Utah Housing Corporation)

County	LIHTC Units	%	County	LIHTC Units	%
Tooele	747	21.5	Cache	633	5.7
Summit	454	15.4	San Juan	52	5.4
Washington	1,337	14.1	Beaver	22	4.3
Iron	593	13.8	Sevier	50	4.0
Davis	1,708	9.5	Sanpete	60	3.7
Weber	1,573	8.5	Uintah	73	3.6
Duchesne	85	8.4	Emery	23	3.1
Box Elder	249	8.4	Utah	1,115	3.1
Salt Lake	7,939	7.7	Carbon	48	2.5
Grand	81	7.0	Garfield	6	1.7
Kane	47	6.1	State	16,927	7.5

Comparison of Mortgage Payment to Rental Rate

Median Price of Existing Home Salt Lake-Ogden Metro Area (NAR) and Average Monthly Rent for Two Bedroom Two Bath Unit in Salt Lake County (Equimark). Assumption 2006: Median Housing Price Increases 8% and Loan at 6.25% and 10% down payment.

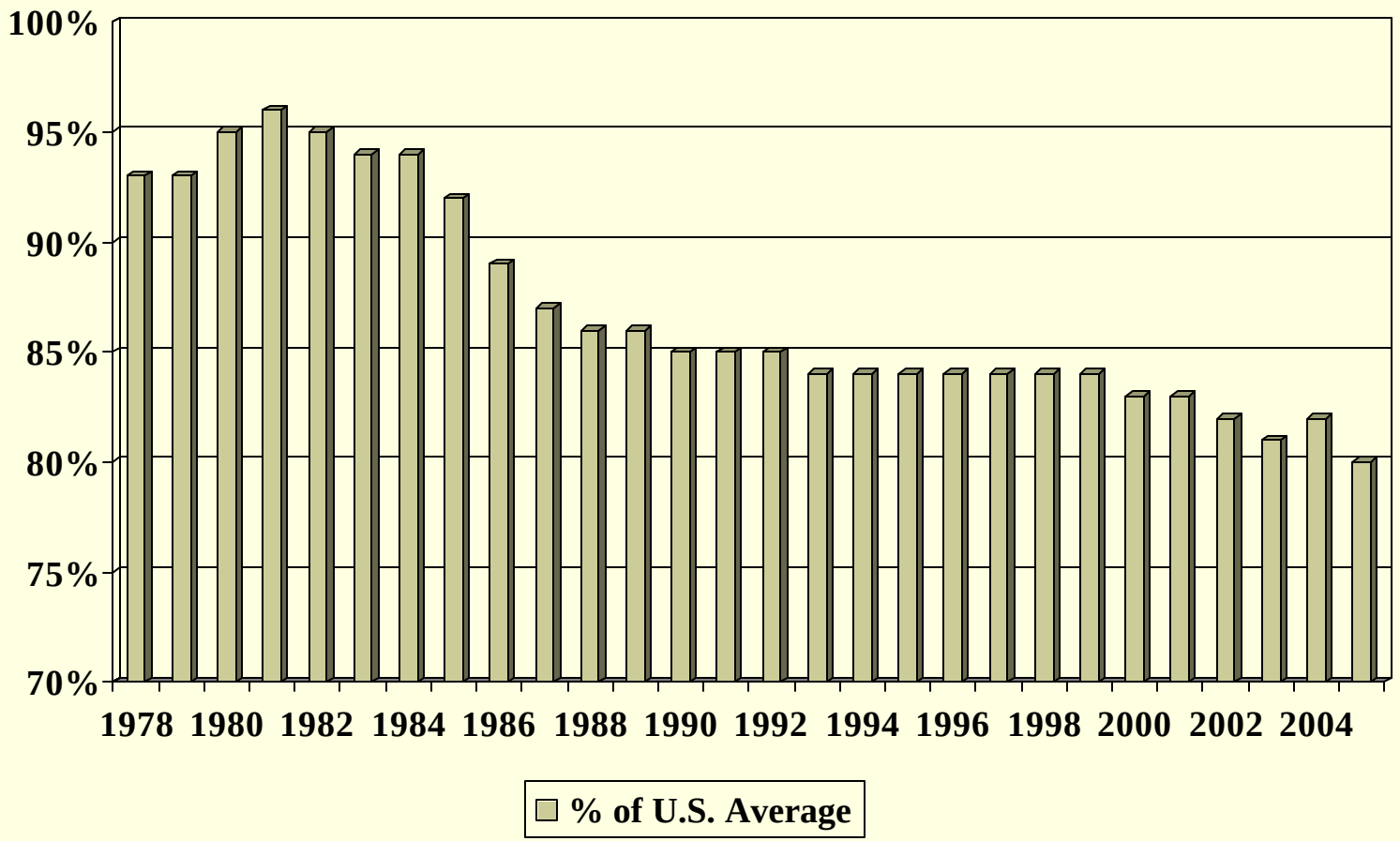
Year	Monthly Payment (P&I, Tax & Ins.)	Average Mo. Rent 2 Bdrm 2 Bath	Rent as % of Mortgage Pmt.
1995	$853	$627	73.5%
1996	$908	$683	75.2%
1997	$929	$728	78.3%
1998	$908	$732	80.6%
1999	$982	$733	74.7%
2000	$1,074	$757	70.5%
2001	$1006	$775	77.0%
2002	$972	$772	79.5%
2003	$895	$746	83.3%
2004	$957	$762	79.6%
2005	$993	$766	77.1%
2006 (projected)	$1,185	$914	77.1%

AFFORDABILITY ISSUES

- Recession; Construction, Tourism.
- Material Costs
- Severely Cost Burdened Homeowners
- Wages and Household Income
- Immigration

UTAH AVERAGE ANNUAL PAY AS PERCENT OF U.S. AVERAGE

(Source: U.S. Bureau of Labor Statistics)



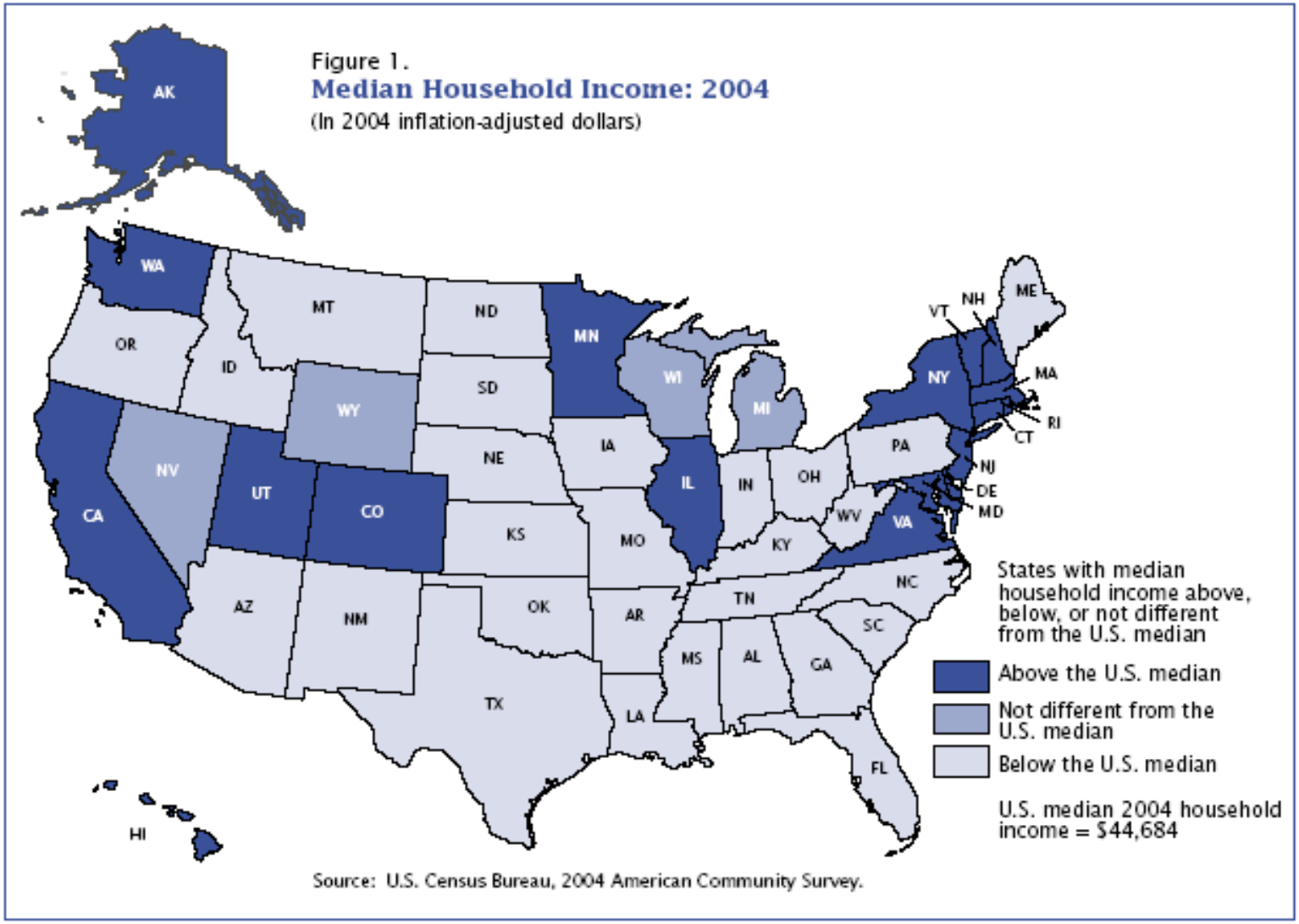
TOP SECTORS IN EMPLOYMENT GROWTH (Average Wage - $30,612)

(Source: Utah Department of Workforce Services)

Sector	New Jobs in 2005	Total Jobs	Avg. Wage 2003
Construction	9,700	85,700	$30,528
Prof & Bus.	7,800	149,200	$34,668
Health	4,700	132,000	$28,224
Retail	3,100	142,600	$22,440
Leisure	2,100	103,200	$12,576

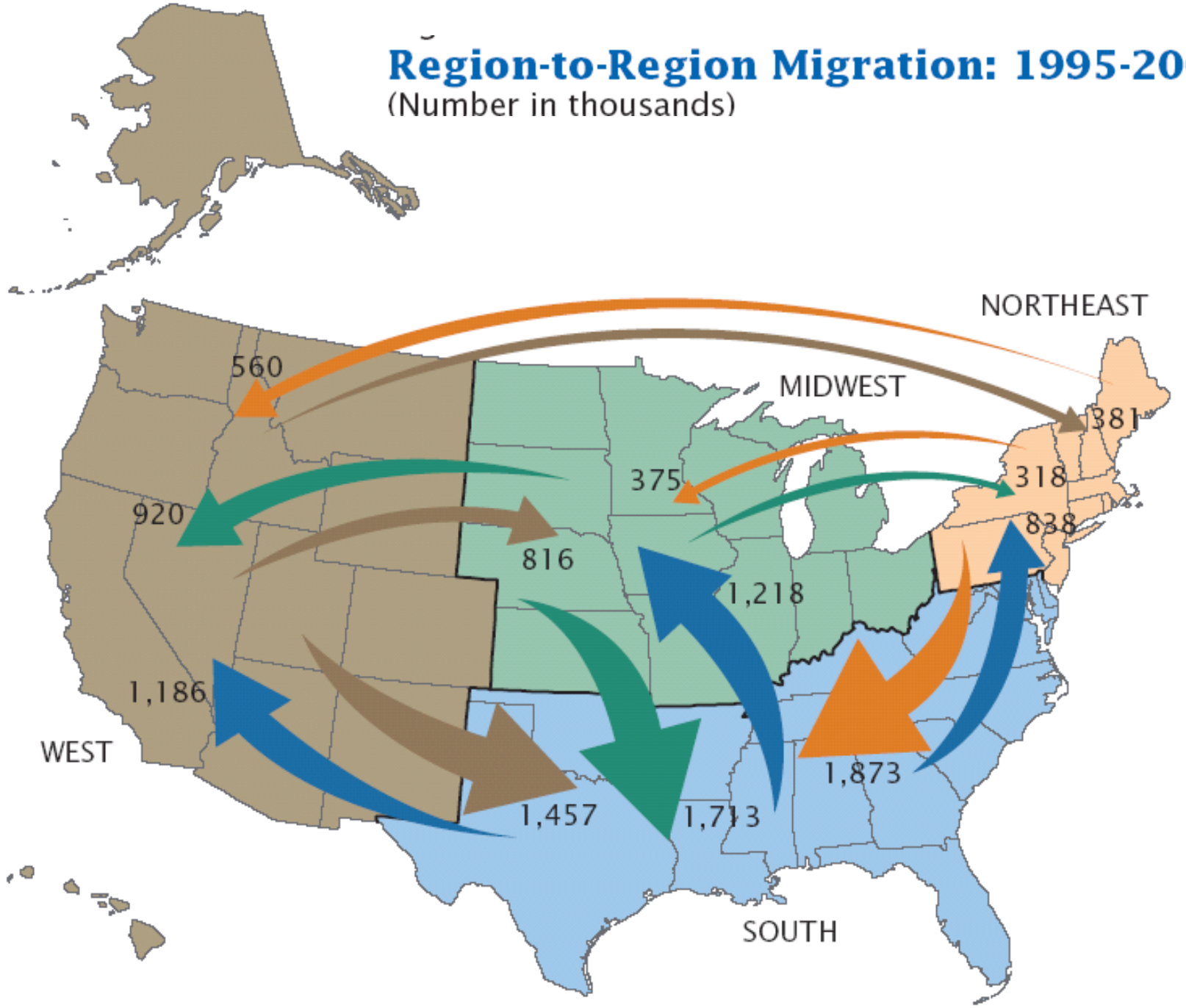
Median Income Comparisons for States

Utah Median - $47,074 Ranks 17th U.S. Median - $44,684



Region-to-Region Migration: 1995-2000

(Number in thousands)



Source: U.S. Census Bureau, Census 2000 Summary File 3.

Net Migration for Regions for the Population 5 Years and Older: 1995 to 2000

(Data based on a sample. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see *www.census.gov/prod/cen2000/doc/sf3.pdf)*

Region	Internal migration			Movers from abroad*
	Inmigrants	Outmigrants	Net	
Total	**11,655,373**	**11,655,373**	**0**	**7,495,846**
Northeast	1,537,293	2,807,951	-1,270,658	1,567,331
Midwest	2,409,578	2,950,767	-541,189	1,057,870
South	5,042,453	3,242,654	1,799,799	2,615,279
West	2,666,049	2,654,001	12,048	2,255,366

* This category includes movers from foreign countries or at sea (for example, people living on a boat), as well as movers from Puerto Rico, U.S. Island Areas, and U.S. minor outlying areas.

Source: U.S. Census Bureau, Census 2000 Summary File 3.

IMMIGRATION AND DEMAND FOR AFFORDABLE RENTAL UNITS

- Utah's foreign born population is about 200,000; about 85,000 are estimated to be illegal.
- Each year the foreign born population grows by about 10,000 people and 2,500 households.
- PUMS shows that 57% rent or 1,425 households.
- 75% of these renter households are from Latin America and Africa.
- Assuming that these households are very low income the immigrant demand each year for affordable rental units is nearly 1,100 units.
- If high levels of overcrowding then demand might drop to 500 units.