



Oklahoma State Senate

Legislative Brief

June 1998

Rural Housing

Issue Background

Availability and affordability of housing are important to economic development. The low cost of Oklahoma's metropolitan housing relative to the rest of the nation is an advantage when recruiting companies to Oklahoma. Conversely, the lack of affordable housing in rural Oklahoma is an impediment to business expansion and development in these areas. A recent housing market analysis conducted by the Oklahoma Department of Commerce and the Oklahoma Housing Finance Agency reported that affordable housing is lacking in 14 counties experiencing growth. A demand exists for 10,596 single-family homes priced under \$70,000 and for 3,849 rental units.

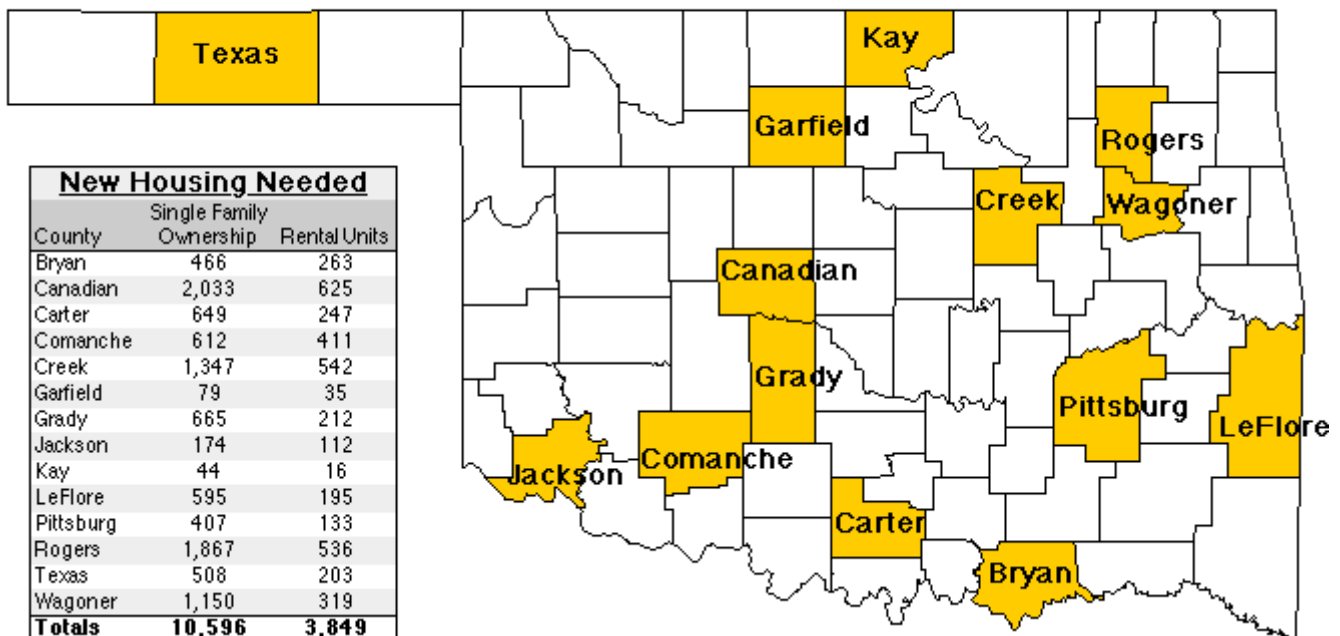
Part of this demand will be addressed through the partnership efforts of the Oklahoma Department of Commerce, the Oklahoma Housing Finance Agency, and the federal Department of Housing and Urban Development which are targeting housing funds and programs to these rural areas. The Oklahoma Legislature also responded to this demand by actions taken this session.

Summary of Actions

The Legislature addressed the lack of rural housing with changes to the existing Housing Trust Fund law and modification of the state's private activity bond allocation. These actions are summarized below:

Affordable Rural Housing Needs

In High-Growth Counties as Defined by the ODOC Housing Development Team



Oklahoma Housing Trust Fund modifications

SB 786

SB 786 expands the purpose of the Oklahoma Housing Trust Fund to include providing affordable housing for moderate income persons. The bill also requires the following:

- A minimum of 65% of the trust funds, but not more than 75% of the funds, be used to provide affordable housing in rural counties.
- Appointment of an advisory committee to assist in policy development for the administration of the Trust Fund.
- The Oklahoma Department of Commerce and the Oklahoma Housing Finance Agency to develop a statewide affordable housing strategy.

Oklahoma Housing Trust Fund appropriation

HB 3065

Section 16 of HB 3065 appropriates \$1M from the General Revenue Fund to the Oklahoma Department of Commerce for the Oklahoma Housing Trust Fund.

Private Activity Bond allocations

SB 980

Under federal law, a limit is established on the amount of private activity bonds that may be issued collectively by all the issuers in a state. This limit is referred to as the "state ceiling". Portions of the state ceiling are reserved for various pools that are established for specified purposes under Oklahoma's Private Activity Bond Allocation Act. SB 980 changes the portions of the state ceiling reserved for these different pools, eliminates one pool, and creates two housing pools. The effect of this reapportionment is to reserve a greater portion of the state ceiling for rural and urban housing bond and mortgage credit certificate programs as follows:

- Creates the "Oklahoma Housing Finance Agency Pool" and reserves 14.75 % of the state ceiling for this pool. The OHFA pool may be used for single family bonds, multifamily bonds, and mortgage credit certificates issued by OHFA. 25% of the allocation will be set aside for at least 3 months for single family loans in counties with populations of 300,000 or less.
- Limits the purpose of the "Local Issuer Pool" to single-family, revenue bond and mortgage credit certificate projects and renames the pool as the "Local Issuer Single Family Pool". Increases the portion of the state ceiling reserved for the Local Issuer Single Family Pool from 28% to 46.25%.
 - From this pool \$15M allocations will be made first to public trusts in Oklahoma and Tulsa counties. To qualify, these trusts must have issued tax exempt single family housing revenue bonds in the amount of at least \$400M.
 - The balance of the pool will be allocated to single family projects undertaken by other local issuers in counties with populations of 300,000 or less. No single issuer will receive an allocation in excess of \$7.5M.

SB 980 also exempts from state and local taxation the interest on housing bonds that are exempt from federal income tax and are issued to provide decent and affordable housing.

Contact For More Information:

Jan Young
(405) 521-5779
youngj@lsb.state.ok.us

Connie Irby
(405) 521-5780
irby@lsb.state.ok.us

Prepared By:

The Oklahoma State Senate, Senate Staff
Senator Stratton Taylor, President Pro Tempore

[Legislative Brief Index](#)