

2008 HFA Annual Awards  
Oklahoma Housing Finance Agency  
*Oklahoma Rural and Affordable Housing Linked Deposit Program*  
Special Achievement Category

The Oklahoma Rural and Affordable Housing Linked Deposit Program is designed to assist in meeting rural housing needs. It makes available a total of \$25 million for reduced interest rate loans to eligible rural housing developers to finance land acquisition, site development and construction of single-family or multi-family housing. Qualified developers can borrow up to \$2 million for two years with an option, at the discretion of the Office of State Treasurer, of a one-year extension. Housing to be built under the program must meet sales price or income requirements for the intended occupants.

This program makes low-interest loans available by Oklahoma's state treasurer placing certificates of deposit in participating lending institutions equal to the amount of the loan approved for funding by the lending institution and certified by Oklahoma Housing Finance Agency. Lenders are required to reduce the interest rate charged to the developer by up to three percent, equal to the reduction in the certificate of deposit interest rate. Participating lending institutions must fully collateralize or insure state deposits pursuant to the Security for Public Deposit Act. In this way, the program makes low interest funding available to qualified developers without putting state deposits at risk.

The Linked Deposit Program was created by the Oklahoma Legislature to help address the need for affordable housing for those with moderate incomes, especially in the rural areas of the state. State leaders recognized that the lack of affordable housing in rural communities created a hardship for the local residents and was an impediment to economic development and business expansion. The program was introduced in early 2005, and newly updated application materials became effective in June of 2007.

**Accomplishments**

The Linked Deposit program results in reduced construction loan interest rates to developers with minimal administrative costs. Since inception: there have been 11 loans funding 172 single family homes and 272 multi-family apartment units affordable housing units in 9 different cities in Oklahoma. Total funds borrowed is a little over \$14 million. Nine of the 11 loans have been leverages using tax credits. These housing developments may not have been possible without the assistance of the program.

The Linked Deposit program is meritorious because it provides funds that make the investment by developers affordable which then passes through to lower the cost of housing for Oklahomans and helps affordable housing production in Oklahoma. It is a flexible lending tool that provides an incentive to eligible rural housing developers to construct affordable housing in the rural areas of the State of Oklahoma, where costs might otherwise be so high as to discourage development efforts.

**Execution**

Oklahoma Housing Finance Agency is the certifying agency for the Linked Deposit Program. OHFA staff review the applications for both financial feasibility and developer

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capacity. Once OHFA staff is satisfied with the quality and feasibility of the project and the capacity of the developer, the application is forwarded to the Office of State Treasurer for further review. The Office of State Treasurer makes the final decision regarding funding.

It is the only housing program of its kind in the country, but it could be easily replicated in other states.