



Tulsa citywide housing assessment

White Paper

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PREPARED FOR
Housing Solutions of Tulsa

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INTRODUCTION

Housing Solutions of Tulsa engaged Development Strategies and Homebase to provide a citywide housing assessment to:

- Understand current housing demand across all affordability levels and types;
- Project housing demand across all affordability levels and types over the next 10 years;
- Quantify the types and price points of housing needed to reduce homelessness to functional zero; and,
- Determine the resources needed to meet housing demand.

The intent is to give the Housing Solutions, the City of Tulsa, PartnerTulsa, and their wide network of housing partners a baseline understanding of housing needs across the city. This study builds on the housing market analysis from the *2020 Downtown and Surrounding Neighborhoods Housing Study and Strategy*, which helped inform the discussion around housing, but was geographically limited to the city's core neighborhoods. This is the first comprehensive assessment of citywide housing needs.

This study will certainly raise questions about what the next steps are for meeting Tulsa's considerable housing needs. What can be done to increase housing production? Where will the resources come from? Who is going to lead? Where should the housing go? These, and others, are important questions that should be answered, and an important next phase of thinking should include a strategy. A strategy will prioritize policies, programs, resources, and partnerships that will help address critical housing needs.

The intent of this white paper is to summarize key findings from the housing assessment. It includes the following sections:

1. Housing Needs Summary
2. Estimate of Resources Needed to Meet Demand
3. Key Citywide Trends and Challenges - What Would It Take to Solve Tulsa's Affordable Housing Needs?
4. Summary of Findings: Current Trends
5. Subarea Analysis
6. Tulsa's Peers
7. Expanding Job Market
8. Housing Supply Trends
9. Final Thoughts: Working Toward a Strategy

1. HOUSING NEEDS SUMMARY

The primary intent of this study is to quantify current and future housing needs, over a 10-year period, for the city of Tulsa. The needs analysis measures demand across all incomes, housing types and price points. Demand calculations for this assessment considered the following:

- assessment of households in the homeless system of care,
- housing condition and deficiency data,
- population and household growth trends,
- housing market data, such as occupancy trends, for-sale inventory, and other metrics, and
- migration and job patterns and projections.

When considering each of these different indicators for future housing demand, a development program can be determined to understand the breakdown of future demand for rental and for-sale housing products by types and price points.

10 Year Demand Projections

12,900
units

6,100
rental units

6,900
for sale units

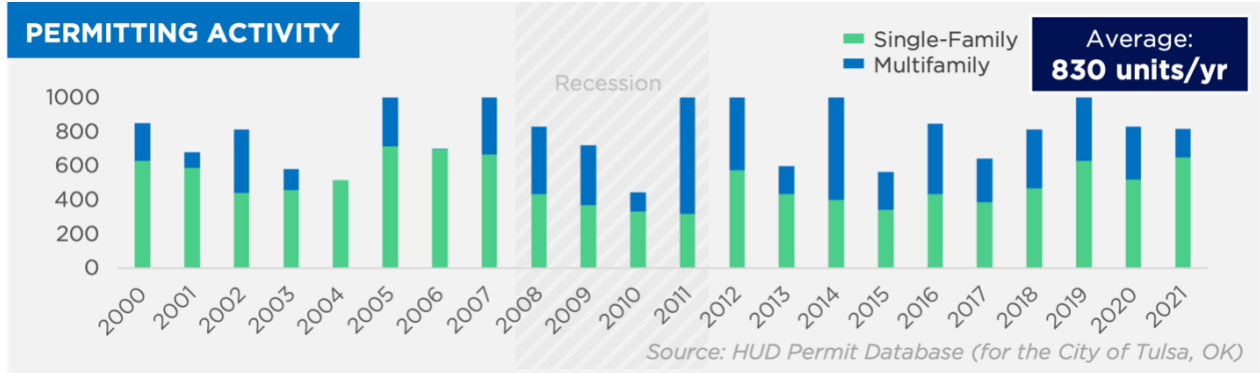
(**2,700 units** in pipeline)

THE BIG PICTURE

A projected 12,900 units of all types and price points are needed over the next 10 years to meet demand and support equitable growth. Current, pent-up demand accounts for approximately 4,000 of these units.¹

How does this compare to historic production?

To meet demand, the housing ecosystem would need to build 1,290 new units each year for 10 years. Based on housing permitting data, the City of Tulsa permitted an average of 830 units each year (rental and for-sale) from 2000 to 2021. Permitting activity and production would need to increase by more than 56 percent over the average to accommodate projected demand. Permitting activity did reach this level in 2014, and was close in 2012 and 2019, so there are precedents of the market delivering substantially more units than average.



¹ Demand projections ranged from 9,450 total units, assuming that growth continues at the same pace as the past decade, to more than 18,000 units should the city of Tulsa grow at the same rate as the MSA. The conclusion of 13,000 units represents a reasonable blend of these two scenarios, assuming that increased production in the city will allow it to begin to capture a greater share of regional growth in the next several years. It also reflects the reality that it will be difficult to increase the production rate in the city immediately—it will be a gradual effort.

DEMAND BY AFFORDABILITY CATEGORY

The graphic and table on page 6 page summarizes demand by affordability category. Key conclusions are summarized in the following paragraphs.

Homelessness

Homebase used data from various sources to create a model to quantify the number of units to serve all households entering the homeless system of care in Tulsa. The city of Tulsa will need approximately 2,730 more housing units to achieve **functional zero**² over the next 10 years. These housing units are included in the demand summaries at the end of this section and fall, primarily, in the 0 to 30 percent AMI and 30 to 50 percent AMI income ranges. This estimate is informed by the following details:

- Almost all housing units would fall in the *extremely low income* (<30% AMI) and *very low-income* categories (30% to 50% AMI), at least initially.
- The 2,730 units can be divided into the following categories:
 - 130 transitional housing (TH)³ units,
 - 1,400 rapid rehousing (RRH)⁴ units, and
 - 1,200 permanent supportive housing (PSH)⁵ units.
- Achieving functional zero means adding the housing and services for current and future unmet needs which includes aligning funding and implementing new programs.
- The number of units need to accommodate RRH could decrease over time, which would make those units available for other households.
- There is a need for additional emergency shelter⁶ beds/units (870) to help the system reach functional zero; however, the need for emergency shelter would decrease as more permanent housing options become available.

Overall, additional PSH units are a vital part of a holistic approach to reducing homelessness to functional zero in Tulsa. Substantial additional funding, staffing, capacity building, and other resources will be needed to deliver the housing units and provide the right mix of supportive services to the households in need.

² This model uses the concept of “functional zero” to operationalize need. Functional zero calculations for this analysis were based on the following two criteria:

- Annual outflow (people housed) needs to be greater than or equal to annual inflow (people becoming homeless)
- Total unmet need needs to be less than or equal to 50% of annual outflow.

§ When these conditions are met length of time homeless (LOTH) in the system of care will be 45 days on average.

³ *Transitional Housing* (TH) provides temporary housing with supportive services to individuals and families experiencing homelessness with the goal of interim stability and support to successfully move to and maintain permanent housing. TH projects can cover housing costs and accompanying supportive services for program participants for up to 24 months. (HUD Exchange)

⁴ *Rapid re-housing* is an intervention, informed by a Housing First approach that is a critical part of a community’s effective homeless crisis response system. Rapid re-housing rapidly connects families and individuals experiencing homelessness to permanent housing through a tailored package of assistance that may include the use of time-limited financial assistance and targeted supportive services. (HUD Exchange)

⁵ *Permanent Supportive Housing* (PSH) is permanent housing in which housing assistance (e.g., long-term leasing or rental assistance) and [supportive services are provided](#) to assist households with at least one member (adult or child) with a disability in achieving housing stability. (HUD Exchange)

⁶ *Emergency shelter* means any facility, the primary purpose of which is to provide a temporary shelter for the homeless in general or for specific populations of the homeless and which does not require occupants to sign leases or occupancy agreements. (HUD Exchange)

Extremely Low Income (<30% AMI)

There will be demand for approximately 2,160 units—1,940 rental and 220 for-sale—for households earning less than 30 percent of AMI (less than \$20,000 for a 2.34-person household, the average household size in Tulsa).

Housing units in this category are typically provided through federal housing programs, such as Public Housing or Housing Choice Vouchers (project-based or tenant-based), as well as Low Income Housing Tax Credits. Funding for deeply affordable units such as these has decreased over the past few decades, making it difficult to fund new units and preserve/maintain existing ones. In addition, current strong rental markets combined with the operational complexities and challenges of working with the HCV programs contribute to a decline in private landlords accepting vouchers.

This income group mostly rents their housing, although there are homeowners—typically households or individuals with fixed income who may be long-term homeowners.

Households within this income group are the greatest risk of housing insecurity and homelessness, which is why adding PSH and other deeply subsidized units to the market is so important to any long-term strategy to reach functional zero. Developing and maintaining this housing is also very resource-heavy and long-term funding is needed to ensure its viability.

Very Low Income (30% AMI to 50% AMI)

There will be demand for approximately 1,790 units—1,250 rental and 540 for-sale—for households earning between 30 percent and 50 percent of AMI (between \$20,000 and \$33,000 for the average household).

Housing units in this category are provided through the federal sources noted above, as well as through Tulsa's older housing stock. This creates similar challenges as for the extremely low-income cohort. Households are generally vulnerable to unstable housing conditions, older housing in poor condition, and the costs associated with major repairs. Funding for new development and preservation has been relatively limited for many years, although several new and pipeline developments are including units affordable to this range in their unit mixes.

This income group is typically made up mostly of renters, but does have a higher proportion of homeowners than the extremely low-income cohort. Resources that help existing homeowners stay in their current home are a vital part of a strategy to meet the needs in this category.

Low Income (50% AMI to 80% AMI)

There will be demand for approximately 2,300 units—evenly split between rental and for-sale—for households earning between 50 percent and 80 percent of AMI (between \$33,000 and \$54,000 for the average household size).

The primary production funding for these units is through LIHTCs, as well as CDBG and HOME. Much of the rental and for sale housing stock built in the 1960s through 1980s—Class C multifamily and older single-family neighborhoods—supplies housing in this category without any subsidy or assistance. However, some of this stock is at risk because of age and repair needs, or is attractive to investors to purchase, renovate, and sell at higher prices points.

This income group has a balance of renters and homeowners and is typically the range that homeownership programs—such as down payment assistance, Habitat for Humanity, and other efforts—serve. Again, preservation of existing affordable options in this category is critical to meeting future demand, while also identifying additional resources to support new development.

Moderate Income (80% AMI to 120% AMI)

There will be demand for approximately 2,290 units—700 rental and 1,590 for-sale—for households earning between 80 percent and 120 percent of AMI (between \$54,000 and \$81,000 for the average household size).

This cohort is primarily served by Class B and Class C rental properties, as well as portions of the for-sale stock that are more than 20 years old. Historically, builders were able to produce new construction homes at the high end of this range, but that became more difficult during the past several years as labor and material costs increased rapidly. Also, resources to support the development of new options in this range were historically scarce, with most serving those who earn less than 60 percent of AMI.

More emphasis is being placed on supporting development in this cohort because it represents a wide range of households, including first-time homebuyers, frontline workers, teachers, nurses, early professionals, and others. Certain incentives like TIF, tax abatement, and housing funds are directed to meet the needs in this category in some communities. This market cohort can become strained when there are not enough higher-market options—those households will effectively compete for these units because not enough supply is available.

The moderate-income cohort is further broken down in the graphic on the following page.

High Income (120% AMI and higher)

There will be demand for approximately 4,360 units—1,090 rental and 3,270 for-sale—for households earning between 120 percent of AMI or higher (\$81,000 or more for the average household size).

This cohort is primarily served by Class A and newer Class B rental properties, as well as a wide range of the for-sale stock. Households in the category have more housing choice than any other category, and more resources to achieve their housing goals. Most new for-sale products cater to this group.

This cohort also faces the fewest development barriers. With few exceptions, builders and developers can produce this housing without any sort of market interventions. Certain catalyst projects or high-profile mixed-use developments may require light subsidy to be accomplished. It is still important that demand in this cohort be met and supported because it can open housing opportunities in the lower cohorts. There will be continued opportunity to diversify the types of housing delivered in this category, including more dense single-family options, missing middle, and new multifamily typologies.

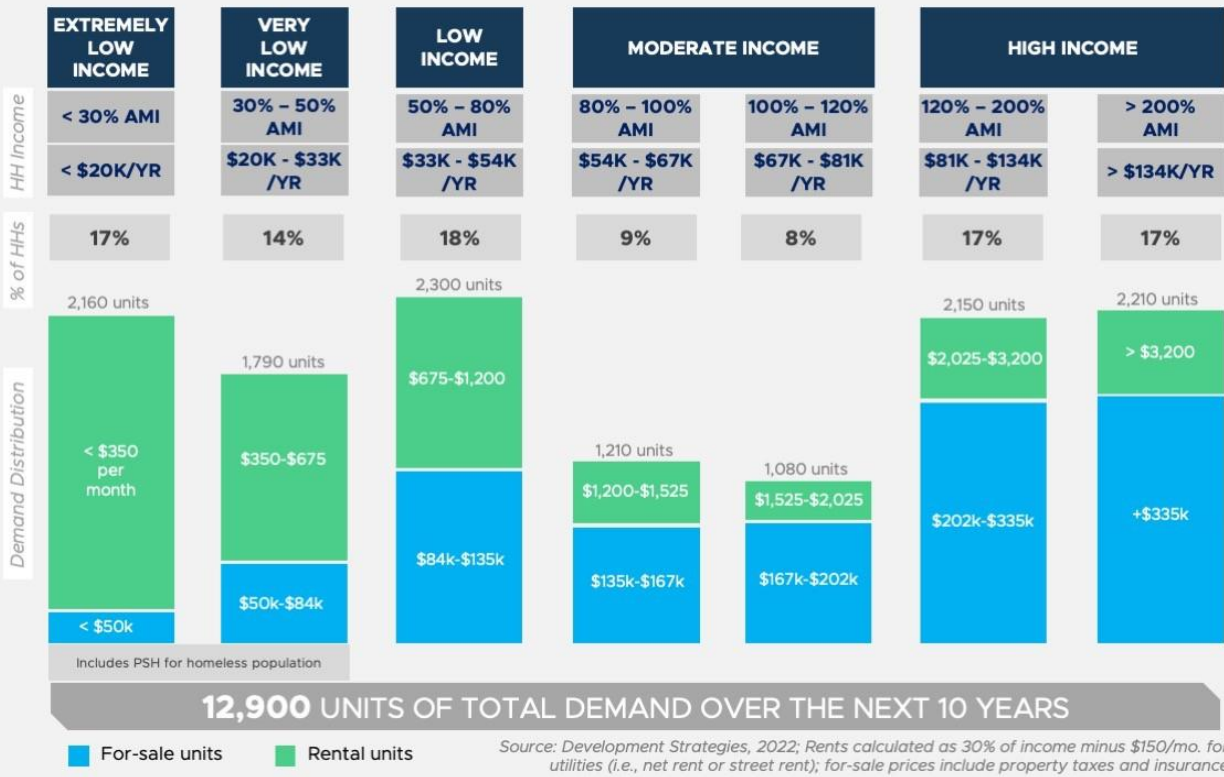
Additional segmentation of this cohort is included in the graphic on the following page.

Key Conclusions

The following statements summarize key conclusions from the demand analysis.

- **Housing is needed in Tulsa across the affordability spectrum** and quality development in any of the categories will help the overall market.
- **There is no single** solution or strategy that will make it possible to meet demand. An alignment of new resources and policies from the public sector, increased funding, and innovations around the construction and delivery of housing will need to occur.
- **More than half of housing demand is for units at or below 100 percent of AMI**, which are very difficult to produce without gap funding.
- **Meeting demand will not solve all of Tulsa’s housing challenges.** Rather, meeting demand will help balance the market, provide more attainable housing choices, support continued growth, and begin to create a more equitable housing market. Challenges with housing condition, cost burden, and other elements of instability will remain but will be improved.

TEN-YEAR DEMAND SUMMARY



	Total 10-Year Demand	10-Year Rental Demand	10-Year For-Sale Demand	Methods to Support Preservation & Development
Extremely Low Income (<30% AMI)	2,160 units	1,940 units	220 units	Federal housing programs such as Public Housing or Housing Choice Vouchers.
Very Low Income (30% to 50% AMI)	1,790 units	1,250 units	540 units	Federal housing programs such as Public Housing or Housing Choice Vouchers. Resources to help homeowners stay in current homes in Tulsa's older housing stock.
Low Income (50% to 80% AMI)	2,300 units	1,150 units	1,150 units	Low Income Housing Tax Credits, CDBG, HOME to support new development. Resources to preserve existing affordable rental and ownership options.
Moderate Income (80% to 120% AMI)	2,290 units	700 units	1,590 units	Tax Increment Finance, Abatements, other housing assistance funds to support new development. Investments in product development serving the high income bracket will reduce pressures and price increases for this income bracket.
High Income (120% AMI or higher)	4,360 units	1,090 units	3,270 units	Largely developable without market interventions. Support site development, permitting assistance, etc. to facilitate development and alleviate pressure on lower income brackets.
Total Units	12,900 units	6,130 units	6,770 units	

2. ESTIMATE OF RESOURCES NEEDED TO MEET DEMAND

Understanding the scale of need is a critical first step in working toward housing solutions. An important next step is to calculate the financial resources needed to meet demand. One of the key reasons there is so much demand for housing priced below 100 percent of AMI in Tulsa is because the existing tools and funding sources that support production of those units is simply not enough to meet demand.

Methodology

A high-level development feasibility study forms the basis of this analysis. That is, the cost to produce housing is compared to its value for a variety of housing types and locations. For instance, the underlying model includes housing at each income level included in the demand analysis, single-family and multifamily, for-sale and rental, and new construction versus renovation. Key steps for this analysis include:

1. Estimates of current development costs based on market data and conversations with developers.
2. Estimates of current market values based on sales and rent data, as well as income limits and affordability requirements for housing at or below 120 percent of AMI.
3. Distribution of housing typologies for each income category.
4. Distribution of for-sale vs. rental housing for each income category.
5. Calculation of development gaps, private market sources; current tools, funding, and incentives; and remaining funds needed to produce housing in demand.

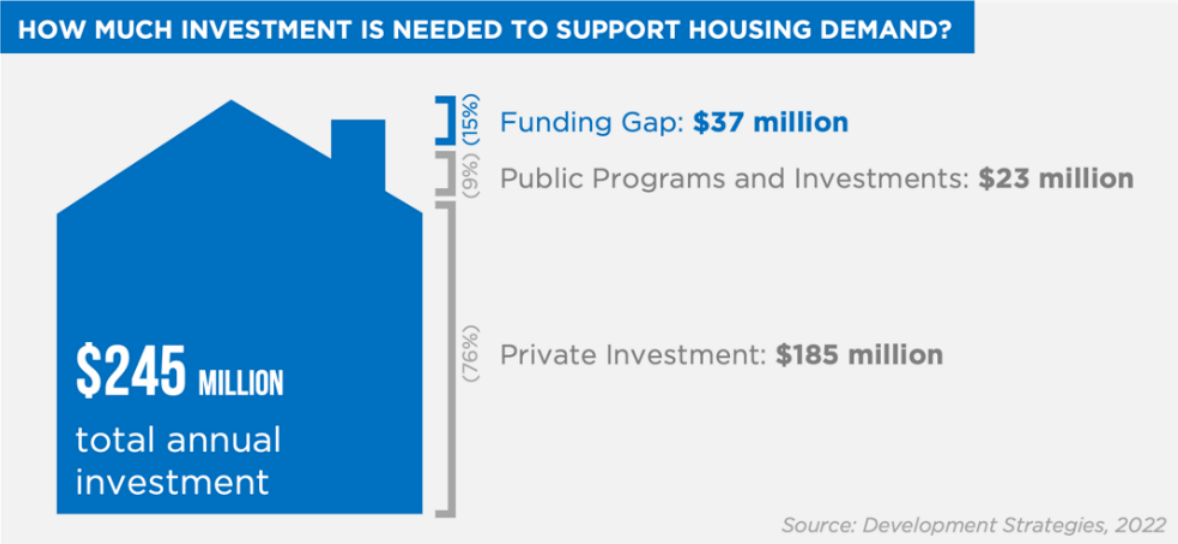
The intent of this methodology is to provide broad averages of what is needed to meet demand over the next ten years. The development economics differ from project to project based on several factors, including land costs, materials and labor, financing, timing, and others.

Results

The graphic below illustrates how much of demand can be met each year by private sources and by public programs, as well as additional funding that is needed. Overall, approximately \$245 million in housing investment is needed each year over the next decade. This can be broken down as follows:

- **\$185 million, or 76 percent, will be met by traditional private market mechanisms**, such as bank financing and equity;
- **\$23 million, or nine percent, could be supported through existing public sources**, such as LIHTCs, HTCS, CDBG, HOME, TIF, and other public programs; and,
- **\$37 million, or 15 percent, is the remaining funding gap**, which is needed to fully meet housing demand. In other words, this will take new funding sources and new tools that do not currently exist.

A new approach, including new or modified policies, expanded funding, and enhanced partnerships are needed to support housing development.



3. KEY CITYWIDE TRENDS AND CHALLENGES - WHAT WOULD IT TAKE TO SOLVE TULSA'S AFFORDABLE HOUSING NEEDS?

The demand analysis shows how many housing units at various price points are needed over the next ten years to meet pent-up and future demand. The calculations assume that households living in these units will not be cost burdened so that new housing is more equitable. However, meeting this demand does not solve all of Tulsa's housing challenges, particularly for the affordable housing segments, or those affordable at 60 percent of AMI or below. This is important because a large segment of Tulsa's population faces housing insecurity of some kind, especially those households earning at or below 60 percent of AMI.

Housing insecurity can be caused by several factors, such as job insecurity or loss of income, a health emergency, unexpected expenses, a lack of suitable housing options to move into, an eviction history, justice-involvement, poor credit, and several other causes. Any factors that serve to reduce the affordable housing supply also exacerbate the challenges. Thus, the recent trend of properties and landlords no longer accepting HCVs has made it even more difficult for household to find suitable housing.

Another way to look at this is to compare how many households qualify for various affordable housing programs, or those earning at or below 60 percent of AMI⁷, to how many housing units are reserved as affordable ("dedicated affordable housing") through land use restrictions and other means stipulated through these programs.

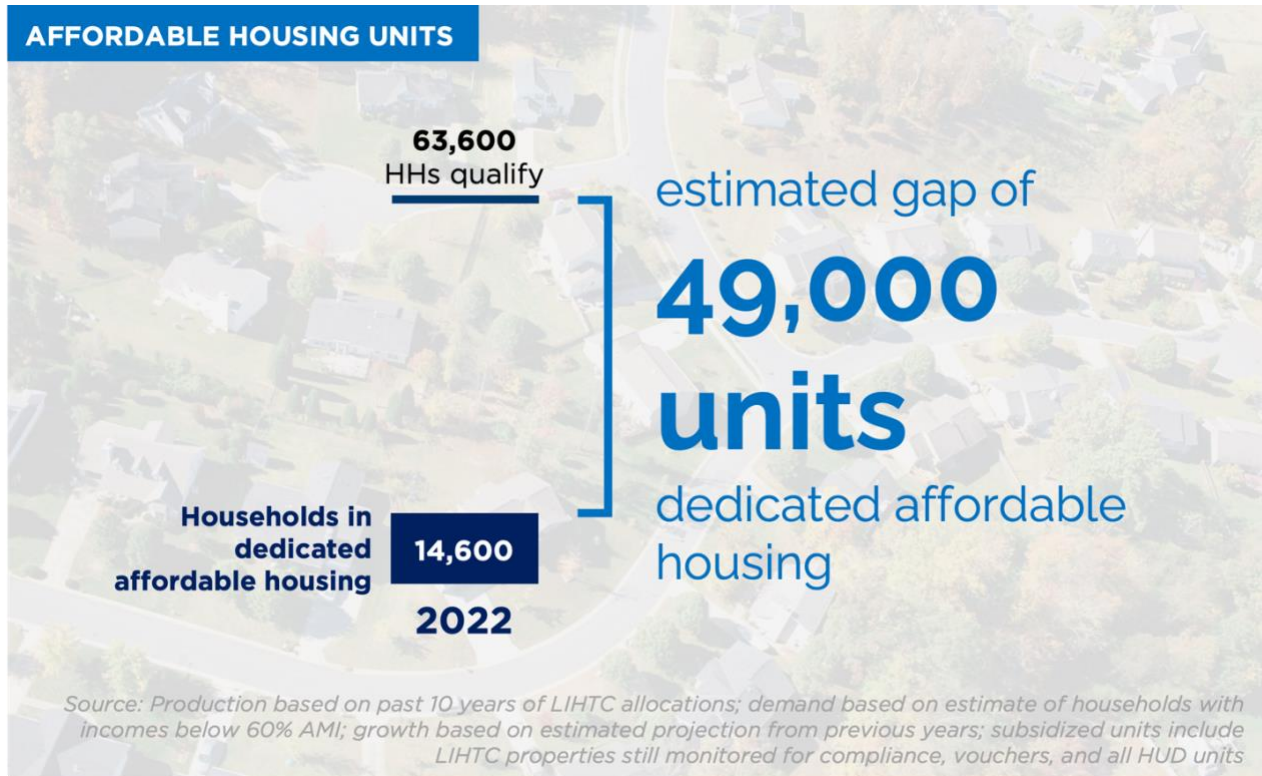
As illustrated in the graphic on the following page, there are approximately **63,600 households earning at or below 60 percent of AMI in Tulsa** (36 percent of all households) and there are only **14,600 dedicated affordable housing units**. Thus, approximately 49,000 households are living in housing in the open market. *This does not mean that 49,000 households are living in housing insecurity or other at-risk situations.* In fact, most (approximately 67 percent) of these households find suitable housing on the private market and are not housing cost burdened.

Still, approximately one-third (16,200) of households that qualify for affordable housing but are not currently living in dedicated affordable housing are at risk due to poor housing conditions, severe cost burdened, and other challenges. They tend to live in older housing units that are in disrepair, may choose to overcrowd housing units to have shelter, or live in areas with poor access to basic services. They are also vulnerable to market changes, such as investors purchasing Class C apartment buildings, renovating them, and increasing the rents to market rates.

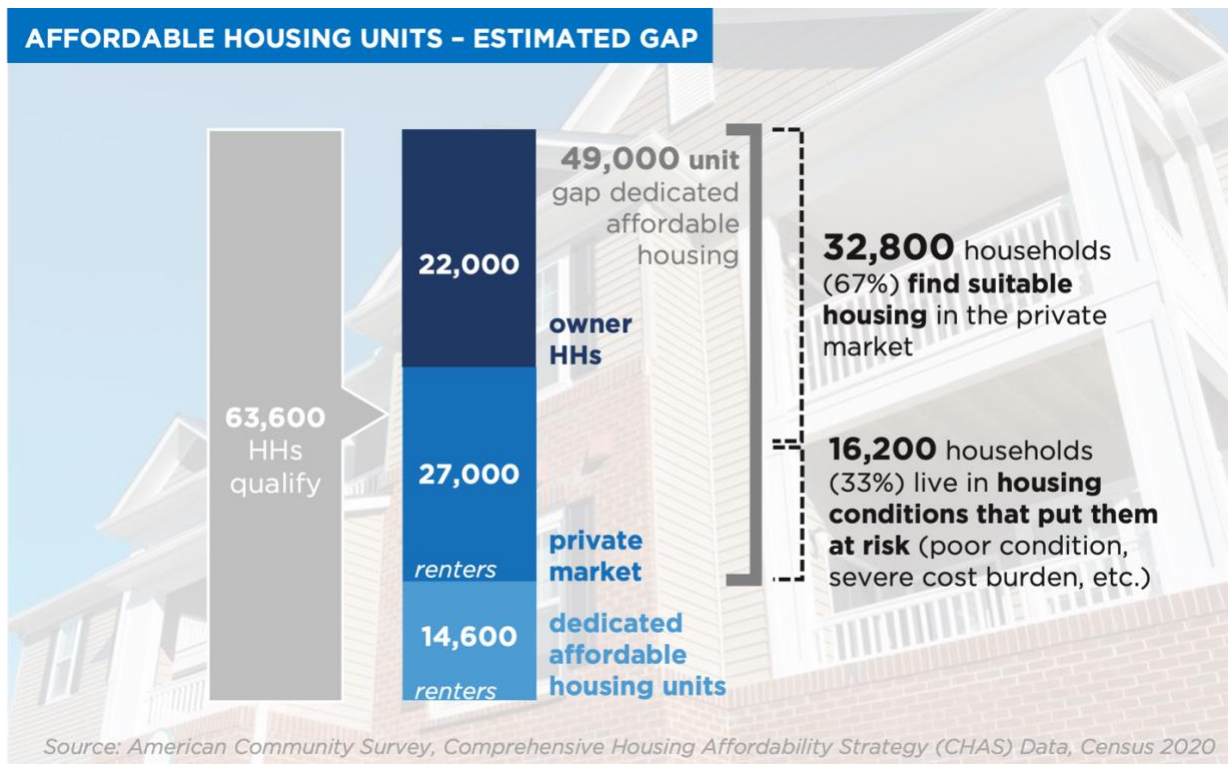
Thus, to substantially reduce housing vulnerability, **the city needs to more than double its supply of dedicated affordable housing units**, while also seeking to preserve existing naturally occurring affordable housing.

⁷ This is the income limit for the LIHTC program; other federal programs, such as Public Housing and HCV, generally have limits at 50 percent of AMI. Certain homeownership programs have limits of 80 percent of AMI, while workforce housing programs that are relatively new may have a higher limit.

AFFORDABLE HOUSING UNITS



AFFORDABLE HOUSING UNITS - ESTIMATED GAP



4. SUMMARY OF FINDINGS: KEY TRENDS

Tulsa’s housing market is very competitive, with rapidly increasing prices and rents, along with limited availability.

The median home sale price in Tulsa increased by more than 40 percent from 2018 to 2022, or from \$130,000 to \$187,000. The average days-on-market decreased from 38 days to 12 days during the same period. Meanwhile, the median price for new construction homes increased to \$437,000, putting it out of reach for many moderate-income households.

Rents also increased substantially from 2018 to 2022—from \$726 to \$885, a 22 percent increase. The average vacancy rate decreased from 10.1 percent to 8.0 percent. The market was tighter for Class A and Class B properties, which saw a 24 percent rent increase while vacancy decreased from 9.5 percent to 6.9 percent.⁸

Multiple factors contributed to the tightening of Tulsa’s Housing market. Tulsa Remote attracted approximately 1,700 new households to the market over the past three years including an increasing number of households deciding to move to Tulsa to benefit from its relative affordability and opportunities. The ease of working from home, especially post-COVID has allowed many households to move out of states like California and Texas where the cost of living is much higher. This trend is adding pressure on the existing inventory and driving up the prices. Tulsa also welcomed over 850 Afghan refugees who resettled within city limits since 2021, which also emphasizes the need for more housing units within the city.

Additionally, increasing construction costs contributes significantly to the rising prices/rents and limited availability. Prices of construction materials have skyrocketed in the last two years which adds to the cost of building a new home.

Tulsa’s expanding job market will attract new residents, increasing demand for housing in an already tight market.

Oklahoma is expected to add 14,500 jobs across the state and nearly a quarter of these jobs are expected to be in the city of Tulsa. While some of the new jobs (engineering and software sectors) will pay upwards of 100 percent AMI, most of the growing jobs will pay between 60 percent to 100 percent AMI (\$40K to \$70K). Therefore, while the expanding job market is expected to increase the demand for housing across the entire affordability spectrum, affordable and workforce housing products are expected to face added demand.

Many residents—especially renters—struggle to make housing payments alongside other basic costs of living.

The challenge of increasing housing prices and limited inventory extends to the rental market as well. The city’s overall rental vacancy rate sits at 6.6 percent, the lowest it has been in the last two decades. Additionally, limited supply is driving up rental costs.

The average monthly rent in Tulsa is \$840 a month, up 10 percent for the year and outpacing inflation and wage growth. The fair market rent for a two-bedroom apartment in the Tulsa MSA is \$987 which translates to approximately a \$19 housing wage, which is the minimum wage needed to be able to afford a safe and decent housing unit in the region. Nearly a third of all households in the region earn less than this wage.

46 percent of Tulsa renters are cost-burdened by housing expenses, meaning that they spend 30 percent or more of their income on rent. These and other issues fuel high eviction rates and add to the city’s increasing number of people experiencing homelessness.

⁸ CoStar, 2023; Data is for 4th quarter 2018 to 4th Quarter 2022 for all property types in the City of Tulsa.

Nearly half of Tulsa's housing stock is more than 50 years old.

Nearly 45 percent of the city's housing units were built before 1970s. An aging housing stock presents multiple challenges related to the health and safety of its occupants as well as the increasing costs related to upkeep and maintenance. Aging housing contributes to housing insecurity when, for instance, long-term homeowners on fixed incomes may not be able to pay for expensive repairs that are needed, such as HVAC, plumbing, electric, or roofing upgrades. Rehabilitation and preservation of these units can expand the city's housing supply, while improving neighborhood conditions. The older housing stock presents an opportunity to meet housing demand and provide affordable housing options for lower and moderate-income households, while renovating vacant units that are structurally stable is also an important aspect of any housing strategy.

Housing trends vary across the city.

While certain issues such as cost-burden and aging housing stock are citywide, many other trends vary across the city. Median home prices are generally higher for the southern (\$260,000) and eastern parts (\$230,000) of the city compared to the northern neighborhoods (\$110,000). Similar trends are present for median household incomes as well—north Tulsa neighborhoods exhibit lower household incomes (\$40,000) compared to the southern (\$80,000) and eastern (\$87,000) neighborhoods. Average market rents in northern Tulsa are approximately \$650 compared to \$990 in southern Tulsa neighborhoods, with the citywide average being \$886.

While a citywide housing study provides an overview for the housing demand, the strategic approach to addressing long-term housing needs will differ in various neighborhood contexts.

Greatest opportunity may be in commercial corridors with high vacancy.

Various studies have found that compact and mixed-use infill housing can support healthy growth with lower costs, reduced environmental impacts, and increased economic benefits. Nearly 16 percent (6,850 acres) of Tulsa's commercial parcels are vacant. Additionally, approximately 40 retail properties in key commercial corridors of the city are leased below 50 percent. These commercial corridors present an opportunity to convert underutilized parcels into much needed mixed-use development that would support the housing demand as well as act as anchors, generating increased commercial activity at key nodes.

The following sections provide additional detail about the housing assessment.

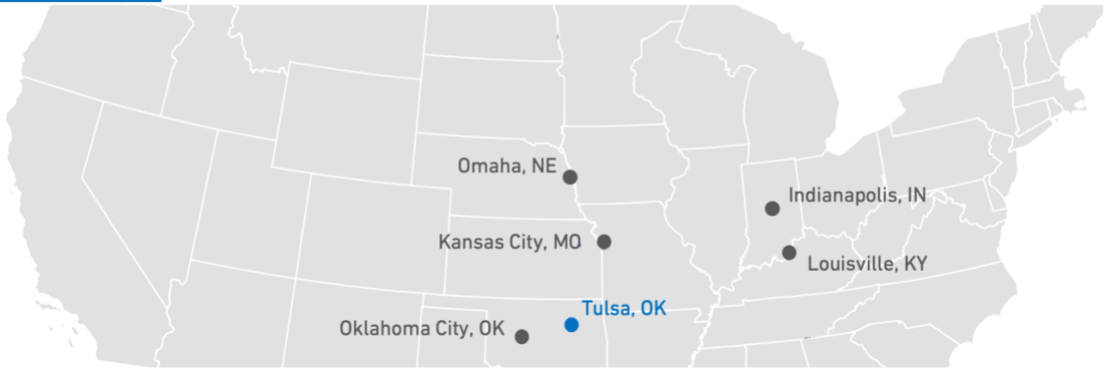
6. PEER CITY ANALYSIS: HOW DOES TULSA COMPARE TO OTHER CITIES?

A peer city analysis establishes a broader understanding of Tulsa’s housing context. Is the city more affordable than its peers? How does its economy compare? Answering these, and other, questions create an understanding of how Tulsa’s housing market is performing and how it could be performing. Key observations are summarized below.

- **Tulsa is growing slower than its peer cities**, with a 7.0 percent increase in population since 2010 compared to increases ranging from 7.8 percent (Louisville) to 21.2 percent (Oklahoma City) in the peer cities.
- **Tulsa’s population density is in the lower half** of the comparison at 3.3 persons per acre, but is higher than the nearest peers, Oklahoma City and Kansas City.
- **Housing in Tulsa is affordable relative to the peer cities**. The median housing value in the city is \$190,000, higher than only Indianapolis (\$184,000). Housing values in the city are 10 percent below those of the highest, Omaha (\$212,000).
- **Median sales prices are also toward the low end of the peers** at \$231,000, compared to \$235,000 in Louisville and more than \$254,000 in Omaha, Kansas City, and Indianapolis.
- However, **Tulsa experienced the 2nd highest increase in median home price** among the peer cities with a 37 percent increase. Rapid price increases can exacerbate housing insecurity, even in affordable markets.
- Additionally, the **home value to income ratio for Tulsa (3.48) ranks second highest among its peers**. Omaha ranks the lowest with income to home value ratio at 3.16, while Louisville ranks the highest at 4.17. This means that, relative to the peer cities, Tulsa residents pay a higher share of their income on housing.
- Cities with lower median sale prices (Tulsa and Oklahoma City) had **lower shares of cost burdened owner households** (18 percent and 17 percent, respectively).
- **Renters in the less expensive cities also had relatively low rates of housing cost burden**, with between 42 percent to 43 percent of renter-occupied households spending 30 percent or more of income on housing costs. However, **rents across all cities are rising quickly**: from 2019 to November of 2022, market rents rose between 12.2 percent (Kansas City) to 20.5 percent (Indianapolis). According to CoStar, the average market rent in Tulsa (\$889) is the lowest of all peers, yet—like median sales prices—the city experienced the **second highest rent increase since 2019**, growing 19.1 percent.
- **Indianapolis’ rents and sale prices increased at a faster rate than the other cities**. It is comparatively affordable at a market rent of \$1,047 (lower than Louisville, Omaha, and Kansas City), but has the highest share of cost burdened households for both owners (20 percent) and renters (47 percent). The housing challenges in Indianapolis may foreshadow those emerging in Tulsa.
- Overall, **Tulsa remains an affordable city when compared to its peers**; however, rapidly increasing sales prices and rents are pressuring the market and increasing the risk of housing instability.

The graphic on the following page summarizes all the key trends discussed in this section.

PEER CITIES



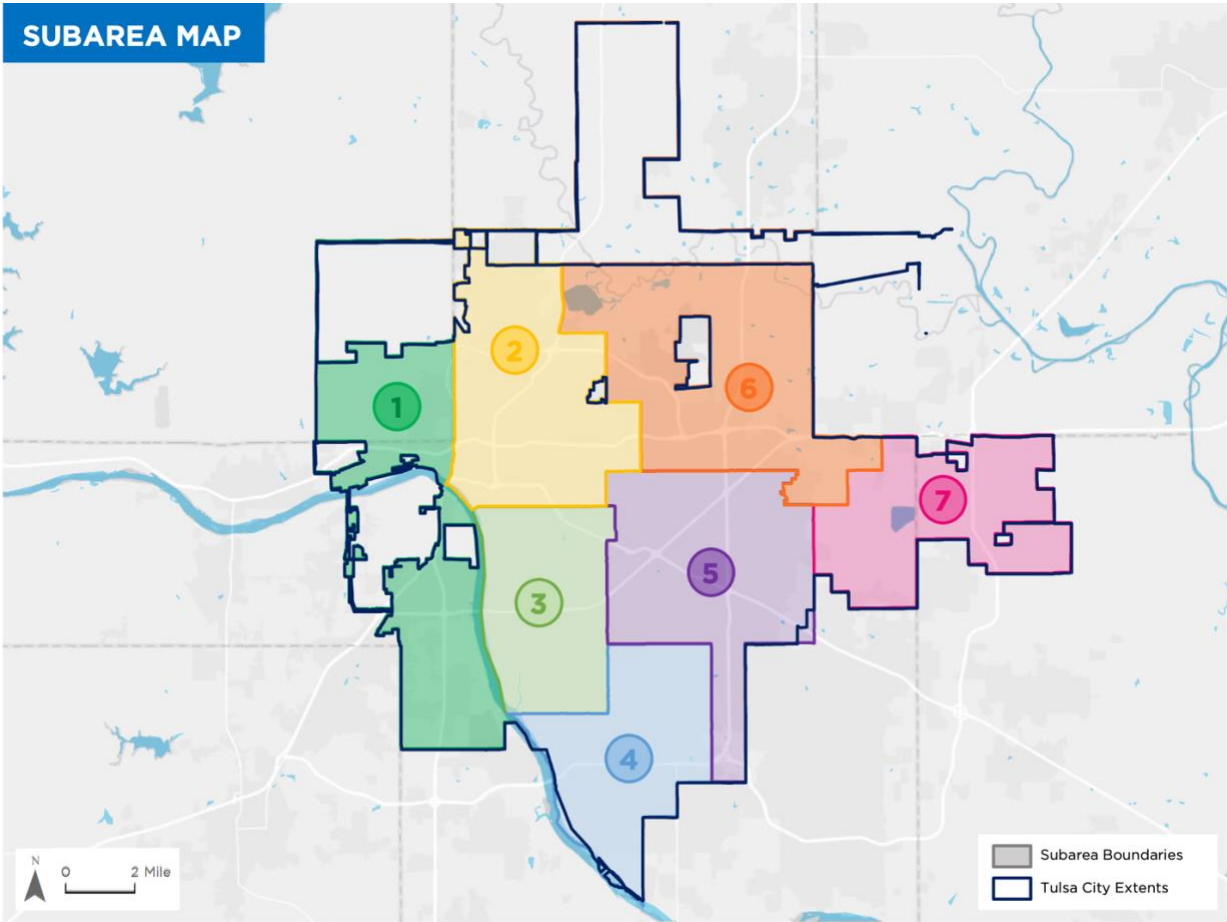
	Population Change 2010-2022	Population Density (pop./acre) 2020	% SF Detached Housing 2020	Median Home Sale Price 2022	% Change Median Sale Price 2019-2022	% Change Market Rent 2019 - 2022	% Cost Burdened Renters 2020
Tulsa, OK	7%	3.3	62%	\$231k	37%	19%	43%
Oklahoma City, OK	21%	1.8	68%	\$230k	29%	15%	42%
Kansas City, MO	13%	2.5	62%	\$283k	31%	12%	44%
Louisville, KY	8%	6.3	64%	\$235k	26%	15%	42%
Omaha, NE	9%	5.4	65%	\$254k	35%	15%	44%
Indianapolis, IN	10%	3.8	60%	\$257k	38%	21%	47%

Source: Costar, ESRI, Development Strategies

6. SUBAREA ANALYSIS

A subarea analysis was performed to better understand how housing conditions and trends vary across the city. Key observations are summarized below:

- **Growth is uneven across the city:** The city’s population grew by 7.0 percent from 2010 to 2022. Subarea 2 grew by only 1.3 percent during the same period, while Subareas 4 and 5 grew by more than 8.5 percent.
- **Median household incomes vary substantially across the city,** from \$39,800 in Subarea 2 to more than \$80,000 in Subareas 5 and 7. The city median household income is \$54,000.
- **Housing cost burden is a citywide issue,** affecting 39 to 51 percent renters and 17 to 21 percent homeowners, across all Subareas.
- **Rents increased across all subareas since 2019.** Rents in Subarea 2 by eight percent, while Subareas 7 saw the highest increase, about 53 percent.
- **Median sale prices were lower in five of the Subareas compared to the city.** Subareas 1, 2, 5, 6, and 7 had median sales prices ranging from \$127,000 to \$196,000, compared to \$231,000 in the city. Subareas 3 and 4 had median prices of more than \$37,000.



7. HOUSING SUPPLY TRENDS

The City of Tulsa has approximately 195,000 housing units and added 9,800 units from 2010 to 2022. The overall housing vacancy rate is 10 percent, which is generally in line with Tulsa County and the Tulsa MSA. Approximately 62 percent of Tulsa’s housing units are single-family detached homes. Interestingly, 25 percent of units are contained within smaller- and mid-scale multi-family (five to 19 units), which is considered to make up most of the “missing middle” housing typologies. About 10 percent of all units are contained within larger multifamily properties, containing more than 20 units.

According to CoStar, Tulsa has a multi-family supply of nearly 59,400 units in 685 properties. Of these units, 10 percent are studios, 48 percent are one-bedrooms, 37 percent are two-bedrooms, and five percent have three or more bedrooms. As of November 2022, 207 units were delivered in two properties. Currently, nearly 500 units in four buildings are under construction, while hundreds of additional units are planned Downtown, in north Tulsa through the Choice Neighborhoods project, and in other locations. Santa Fe Square Apartments, currently under construction, is located Downtown and will consist of 184, with an anticipated completion in mid-2023. The largest new development that is currently under construction, NOMA, will add nearly 250 units and is also set to open in 2023.

SUPPLY TRENDS BY SUBAREA

Subarea One has an estimated total of 16,600 housing units, of which 90 percent (14,900) are occupied. The area is largely comprised of single-family homes, accounting for 72 percent of housing units. Multi-family units are predominantly contained in medium- to large-developments, as roughly 38 percent of units are in structures housing three to nine units, 23 percent are in developments with 10 to 19 units, and 31 percent are in structures with over 20 units. In this subarea, just over half (52 percent) of households are owner-occupied, suggesting a significant proportion of single-family rentals. Per CoStar, the subarea has 4,054 multi-family units, nearly half (47 percent) of which are in Class C properties. The subarea has seen modest development activity over the past decade, with 74 units delivered in 2021 and 341 units delivered in 2017.

Subarea Two contains an estimated 41,700 housing units and an occupancy rate of 86 percent (35,600 units), the lowest of all subareas. Three quarters of all units are in single-family attached or detached housing, while multi-family units are mainly contained in mid-sized and large-scale developments, with over half of units in properties housing over ten units. The subarea has a slight majority of renters (52 percent) and 8,730 professionally-managed multi-family units. More than half of the multi-family units are contained in Class C properties (60 percent), though there are a significant number of Class A units as well (10 percent). This subarea has the most recently delivered property in the city, The View—a 202-unit, amenity-rich property featuring one-, two-, and three-bedroom units targeting the luxury market. Over the past decade, this subarea has seen extensive development activity, with 1,432 units across 14 properties delivered between 2012 and 2021.⁹

Subarea Three has an estimated 40,300 housing units, of which 36,100 (90 percent) are occupied. The subarea has a relatively low proportion of single-family housing, accounting for 59 percent of all units, though it is still majority (51 percent) comprised of owners. Multi-family units are spread across small- to large-scale developments, with a particularly large share (11 percent) of all housing units in structures with 10 to 19 units. The subarea contains 13,550 professionally-managed multi-family units, the vast majority (73 percent) of which are in Class C properties and all remaining are in Class B properties. The subarea has seen moderate development activity in the past decade, having added 312 units in six properties, the majority of which were delivered in the 240-unit property, The Enclave, constructed in 2014.

Subarea Four contains 32,900 housing units with an occupancy rate of 93 percent (30,800 units). The majority (58 percent) of households are owner-occupied, consistent with the share of single-family housing at 60 percent of all housing units. The subarea has a significant share of mid-sized multi-family development, as

⁹ If Downtown is excluded from Subarea Two, there are 36,580 units with an occupancy rate of 86.6 percent (31,670). Among these, 79 percent are single-family units and 19 percent are multi-family units.

21 percent of all housing units are in structures with five to 19 units, and the largest proportion of all subareas of large scale (50 unit or more) developments, containing eight percent of all housing units. Per CoStar, the subarea has 10,643 professionally-managed multi-family units, over half of which are in Class B properties. Consistent with these trends, the subarea has numerous large-scale single-family home and townhome developments with 100 to upwards of 500 units, nearly all of which developed in the early-1980s through 2000. Crown Win River is the most recently delivered property, completed in 2017, and features 157 one- and two-bedroom garden-style units. Otherwise, with the exception of the renovation of one property, no new deliveries have occurred in the subarea since prior to 2010.

Subarea Five has the largest number of housing units of all subareas with an estimated 48,400 units, 90 percent of which are occupied (43,400). The area has among the lowest shares of owner-occupied households at 48 percent, as well as single-family detached and attached housing at 58 percent of all units. Like Subarea Four, this subarea has a large share of mid-sized developments, with 24 percent of all housing units contained in developments with five to 19 units. Relative to all others, the subarea has the greatest number of professionally-managed multi-family units (19,500 units), consistent with its renter majority. The subarea has the largest number of Class A units in total, accounting for 1,309 units, or seven percent of multi-family stock, though the majority (59 percent) is categorized as Class C. Since 2012, the subarea has had 1,901 units delivered across eight properties, over half of which were delivered in 2015 alone. The developments are predominantly low-density townhome and garden-style apartments, the most recent of which is Cedar Ridge Apartment Homes, having opened in 2020. There is currently one property under construction, Reese Tower—a 102-unit, 20-story high-rise development set to be completed by mid-2023.

Subarea Six has an estimated 10,900 units, with a relatively low occupancy rate of 89 percent (9,800 units). The vast majority (77 percent) of all housing units are in single-family homes, consistent with the area's owner majority (57 percent). The subarea has a significant proportion of mobile homes, accounting for 10 percent of all units. CoStar data corroborates these findings, as many of the 1,655 professionally-managed multi-family units are contained in mobile home parks, in addition to older garden-style apartment communities dating to the mid-century. As such, nearly all (95 percent) of properties in the subarea are Class C. No units have been delivered since 2008, when the 163-unit Serenity Mobile Home Park was completed.

Subarea Seven has the smallest total number of housing units at an estimated 4,600, 95 percent (4,360) of which are occupied. The subarea has the largest share of single-family homes, accounting for 85 percent of all housing units, as well as the largest proportion of owner-occupied households (78 percent). Nearly all multi-family units are in developments with five to 19 units, with a small proportion in properties with 50 or more units. There is only one professionally-managed multi-family property, Boulder Ridge, comprised of 224 one- and two-bedroom garden-style units built in 1983.

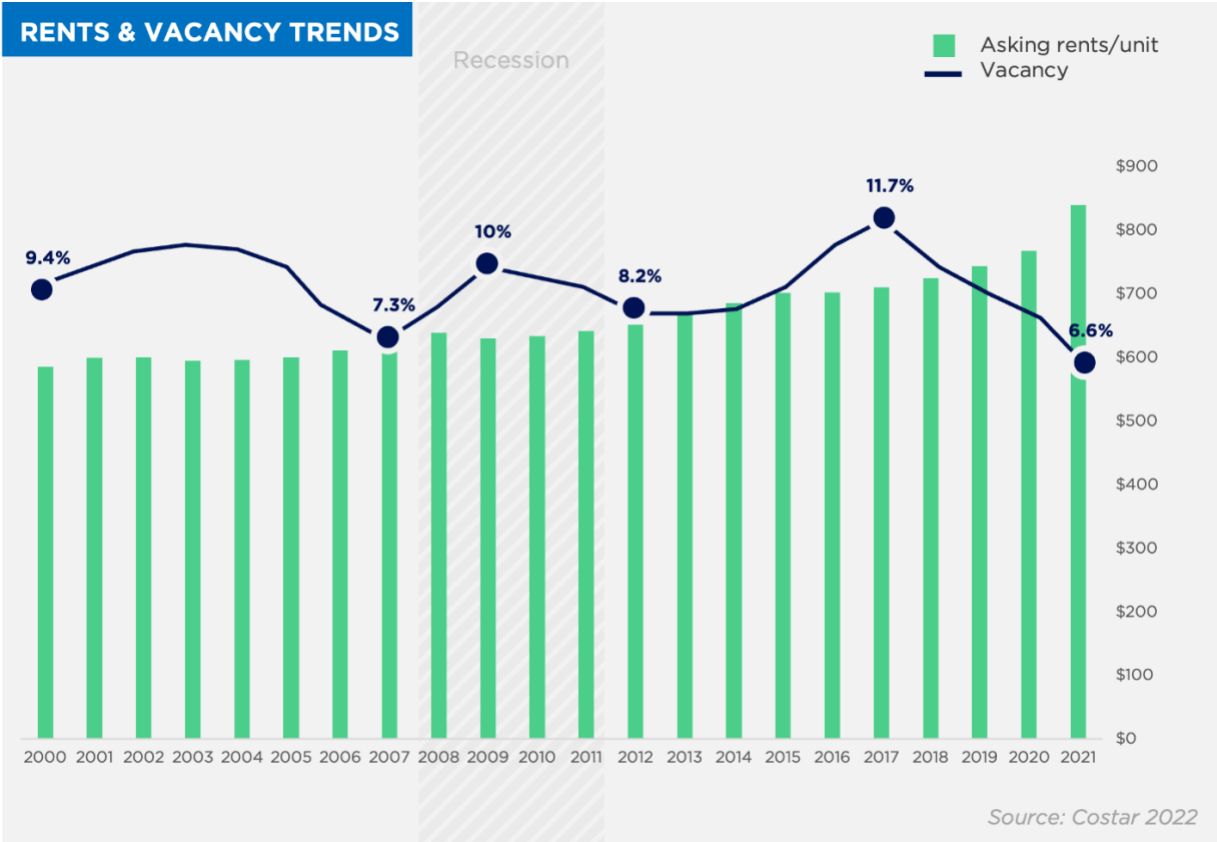
MULTI-FAMILY TRENDS

Rent & Vacancy

Rents in Tulsa increased significantly after 2020, outpacing years of prior rent growth in the city. In 2020, the average asking rent was \$770 per month, which has since increased 15 percent to the current average of \$889 per month. For comparison, in the prior three-year period (2018 to 2020), asking rents in Tulsa rose only six percent, while they rose 11 percent between 2012 and 2018.

Vacancy rates also decreased substantially—declining from 11.7 percent to 6.6 percent from 2018 to 2021, and recently reached long-term lows. The overall multifamily market strengthened through increased rents and decreased vacancy despite the addition of new properties.

The average rent for Class A properties is \$1,480, with a vacancy rate of 7.3 percent and 12-month absorption rate of 160 units. Class A rents increased by about 10 percent from 2020 to 2021. Class B properties have an average asking rent of \$976 and comparatively low vacancy rate (6.4 percent). Class B rents grew quickly relative to citywide average, increasing 17 percent since 2020. Class C properties have an average asking rent of \$770, which has increased 15 percent since 2020. The vacancy rate is 6.7 percent.



RENTAL TRENDS ACROSS SUBAREAS

Subarea One has an average asking rent of \$920 per month, ranging from \$790 for Class C¹⁰ units to \$1,250 for Class A¹¹ units. The subarea is a relatively low vacancy rate at 4.2 percent, with the lowest vacancy found among the nearly 660 Class A units (1.4 percent), while Class B¹² and C units have vacancy rates of 5.1 percent and 4.4 percent, respectively. Since 2020, rents across the subarea increased 10.8 percent, in conjunction with a decline in vacancy from a high of 17.2 percent in 2017 to under six percent by 2020.

Subarea Two commands the highest average asking rent of all subareas at \$1,034 per month, with Class A properties having an average rent of \$1,759, Class B at \$1,129, and Class C at \$744 per unit. It is important to note that Subarea 2 includes Downtown Tulsa, which increases the higher average asking rent for this subarea compared to others. In the past two years, average rent across the subarea increased by only 3.3 percent, despite vacancy having declined sharply from 10.7 percent in 2020 to 6.7 percent at present. Vacancy is particularly high among Class A properties (9.6 percent), likely due to the preponderance of highly recent development in the subarea but is closer to average for Class B and C properties at 6.6 percent and 4.8 percent, respectively.¹³

Subarea Three features a relatively low market rent of \$791 per month and vacancy rate close to the citywide figure at 6.6 percent—a decline from 7.9 percent in 2020. Despite its low rents, the subarea has experienced comparatively rapid rent growth, increasing 14.6 percent since 2020. The subarea’s affordable price point is in part due to its lack of Class A properties. Current market rent for Class B units is \$903 with a vacancy rate of 5.4 percent, while Class C properties have a mean rent of \$747 and relatively high vacancy rate (7.1 percent).

Subarea Four properties have an average market rent of \$981 per month, with an increase of 19.6 percent since 2020. Simultaneously, vacancy rates fluctuated from 5.4 percent in 2020, 3.4 percent in 2021, to 6.1 percent at present. The subarea’s one Class A property has an average rent of \$1,122 and vacancy of 5.2 percent. Comprising over half of the subarea’s housing stock, Class B units command a market rent near that of Class A units (\$1,097), with 5.9 percent of units vacant. Class C units have an average rent of \$834 and comparatively high vacancy rate at 6.4 percent.

Subarea Five has an average asking rent of \$853 per month and vacancy rate of 7.1 percent.¹ Since 2020, vacancy increased by 100 basis points and rent rose 18.8 percent—among the highest rates of all subareas. Class A properties command high rents compared to the citywide average at \$1,465 per month, with a vacancy rate of 7.9 percent. Class B units have significantly lower rents (\$896), though only a slightly lower vacancy rate (7.2 percent), while Class C properties feature a mean rent of \$758 and vacancy of seven percent.

Subarea Six features solely older, Class B and C properties, with around 18 percent of multi-family units contained in mobile homes. Consequently, the mean rent is the lowest of all subareas at \$653 per month² and has increased 12.7 percent since 2020. The current vacancy rate is 6.9 percent, which is down from the 2020 and 2021 rates of 11.5 percent and 10.7 percent, respectively.

Subarea Seven includes just one professionally-managed Class B multi-family property, which has a vacancy rate of four percent and mean rent of \$853 per month. The average rent in the subarea increased 31.2 percent since 2020—the most dramatic increase of all subareas, though heavily skewed by the area’s limited multi-family supply. Vacancy remained steady at around 4.0 percent since 2020.

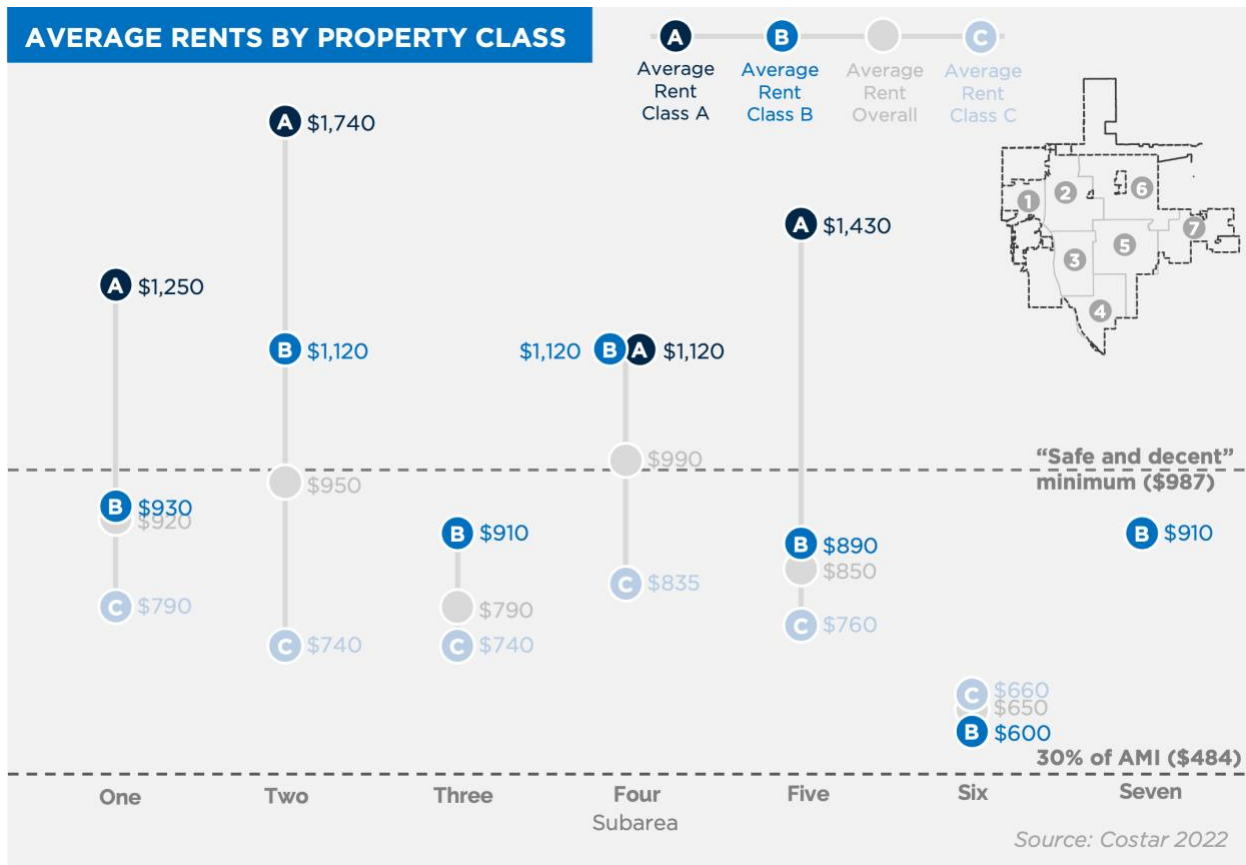
¹⁰ Class C units are typically more than 20 years old and in need of renovation. They usually face significant deferred maintenance and have relatively low rental rates.

¹¹ Class A units are generally newer units that demand higher rents, have fewer vacancies, and are professionally managed with little or no deferred maintenance.

¹² Class B units are generally older units that are well-maintained and sometimes professionally managed.

¹³ If Downtown is excluded from Subarea Two, the average rents are: \$780 overall, \$2,000 for Class A (very limited supply), \$960 for Class B, and \$700 for Class C properties. The average vacancy across all property types is five percent.

AVERAGE RENTS BY PROPERTY CLASS

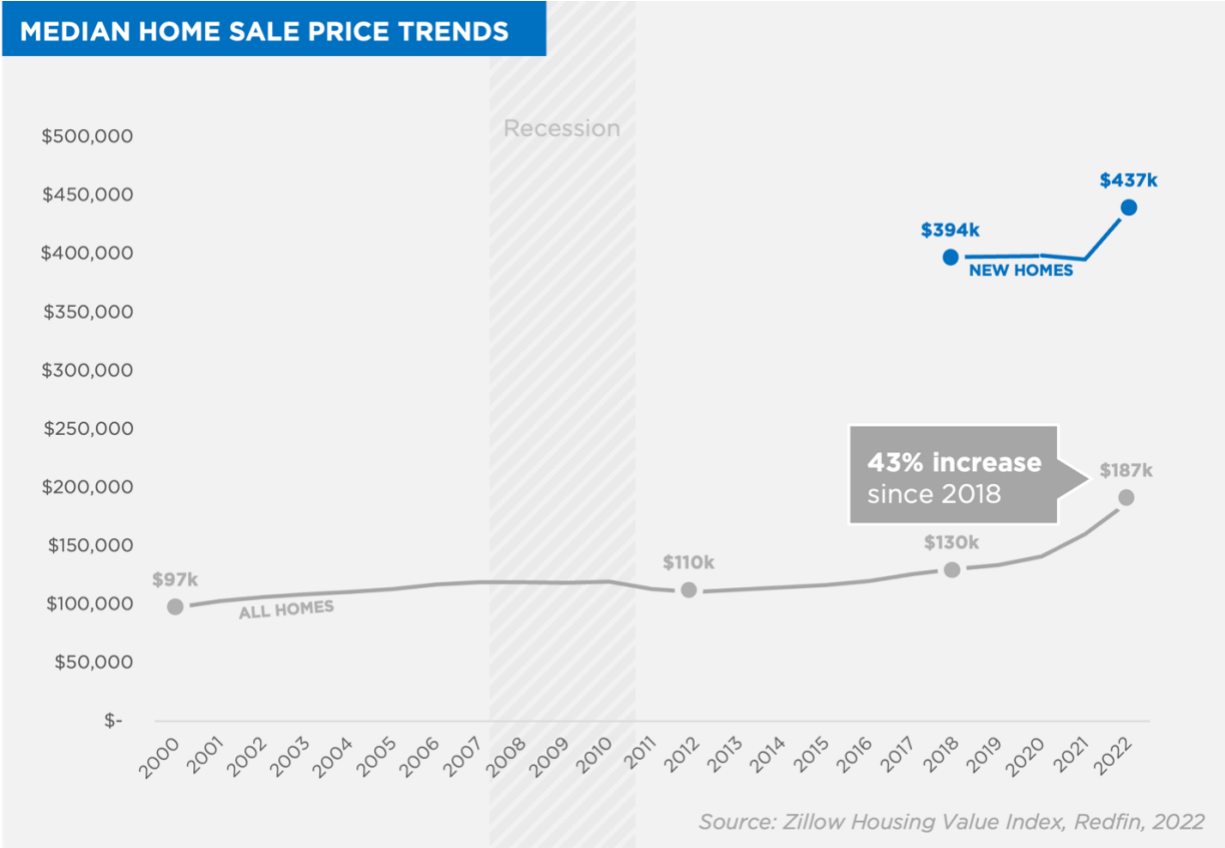


FOR-SALE TRENDS

Home Prices and Days on Market

Tulsa’s for-sale market has grown increasingly competitive in recent years, in contrast to trends from prior decades. Among all homes, median sale prices remained relatively stagnant, increasing from \$97,000 in 2009 to \$110,000 in 2012. However, from 2012 to 2018, prices rose from a median of \$110,000 to \$130,000, before skyrocketing in the period from 2018 to 2022. Per Zillow, the median sales price in 2022 was \$187,000—an increase of 43 percent since 2018. Newly constructed homes command significantly higher prices at a median for-sale price of \$437,000 in 2022. In the prior four years, newly constructed home prices have risen 11 percent, with the bulk of this increase having taken place since 2020.

Combined with rising prices, the average number of days homes remain on the market shrunk drastically. In October of 2017, homes were typically listed for 38 days, according to data sourced from Redfin. By October of 2022, this period had declined to just 12 days, indicating a rapidly tightening market.



Impact of Short-Term Rentals

Some research indicates that short-term rentals can boost tourism and local sales activity. There is also research demonstrating the adverse impacts of short-term rentals on a local housing market by decreasing the long-term rental housing supply and increasing overall housing prices. Other adverse impacts on communities include noise, parking issues, and the influx of transient visitors. In some cases, units are purchased by investors, pricing out local buyers, to be converted to short-term rentals. There are currently approximately 1,150 short-term rentals in the city of Tulsa—a third of these being three-bedroom units. The share of short-term rentals nearly doubled from 2021 to 2022.

For-Sale trends across subareas

We based our subarea analysis on the Zillow Home Value Index, which captures homes sold at the 35th to 65th percentile price range for a given neighborhood. To assess sale trends by subarea, we collected for-sale data for Tulsa neighborhoods within the last year and categorized them by subarea.

Subarea One: according to Redfin, from December 2021 to December 2022, around 570 homes were sold in the subarea, with prices ranging from \$14,000 to \$1.3 million. Per Zillow, the median for-sale price for the period of May 2022 to September 2022 was \$127,000—the lowest of all subareas. The lowest median sales price by neighborhood was \$79,100 in the Country Club Heights neighborhood, while the highest median was \$281,200 in Country Club Gardens.

Subarea Two: in the prior year, approximately 1,340 homes were sold in Subarea Two, priced between \$30,000 to \$1.4 million. According to Zillow, the median for-sale price in the subarea neighborhoods from May to September 2022, was \$169,000. The median price ranged from as low as \$59,500 in the Springdale neighborhood to a high of \$379,500 in Swan Lake.¹⁴

Subarea Three: from December 2021 to December 2022, roughly 1,660 homes were sold in the subarea. Homes sold for as little as \$28,000 up to a high of nearly \$3 million. The Zillow Home Value Index indicates a median sale price for May to September of \$373,000—the highest of all subareas, followed closely by Subarea Four. The lowest median price by neighborhood was \$128,000 in Saint Thomas Square, while the highest median reached \$845,600 in the Garden District.

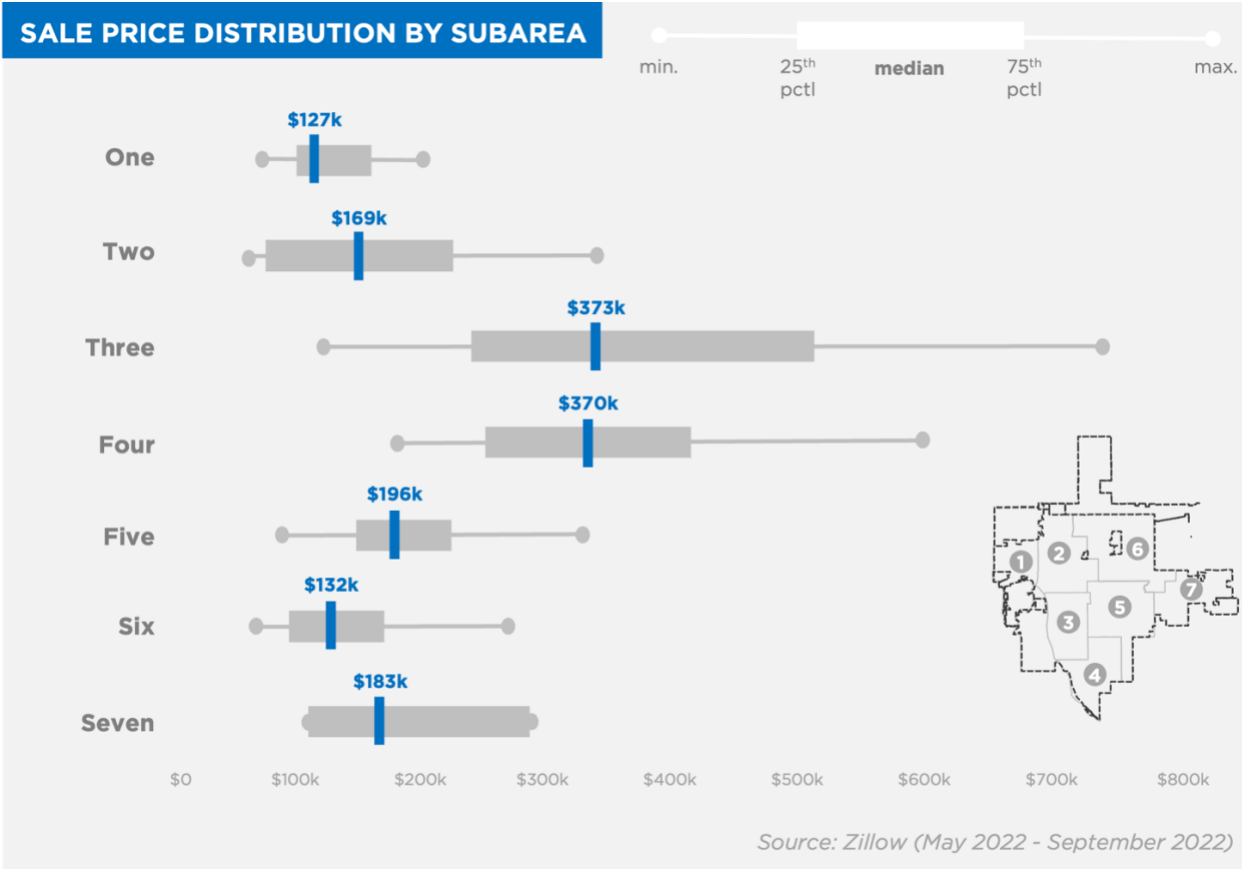
Subarea Four: in the past 12 months, an estimated 1,640 homes were sold in the subarea, per Redfin, with prices for single-family homes ranging from \$140,000 to \$1.125 million. Homes in the subarea are relatively high priced, as the Zillow Home Value Index gives a median sales price of \$370,000 for those sold in May to September. Further, the lowest median by neighborhood was still higher than the overall medians for most of the other subareas at \$203,500 in Woodland Glens. The highest median sales price was \$879,500 in Estates of Forest Park.

Subarea Five: approximately 1,413 homes were sold in the subarea in the past year, priced from \$55,000 up to \$446,000. For homes sold in subarea neighborhood May to September, the median sales price was \$196,000. Median price by neighborhood ranged from a low of \$90,000 in Oakbrook Village to a high of \$534,600 in Executive Estates.

Subarea Six: according to Redfin, around 370 homes were sold with subarea in the past year. Homes ranged in price from a low of \$40,000 to a high of around \$600,000. Per Zillow, the median sales price was \$132,000 for homes sold from May to September 2022. Median sale price by neighborhood was between \$70,300 in Dawson to \$302,300 in Sheridan Hills South.

¹⁴ Relatively few of the home sales in Subarea Two occurred Downtown, so the statistics listed here are generally representative of Subarea Two outside of Downtown.

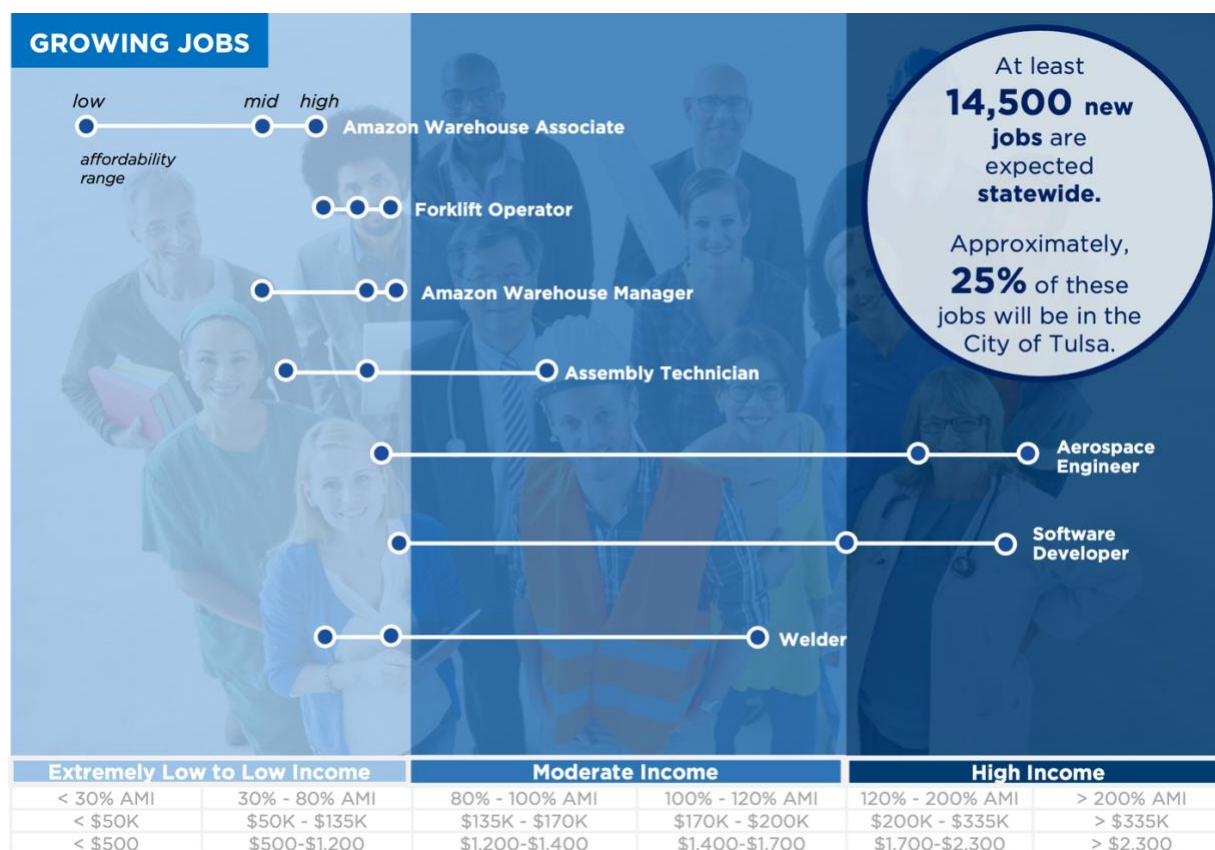
Subarea Seven: in the past year, an estimated 290 homes were sold in the subarea, the fewest sales of all subareas. Homes were sold for a high of \$887,500 down to a low of \$53,000. The subarea had a median sales price of \$183,000 for those sold in May to September, with the lowest median sales price of \$116,100 in Rolling Hills and highest median of \$324,200 in Lynn Lane.



7. EXPANDING JOB MARKET

According to New + Expanding Companies Annual Report 2022, published by the Oklahoma Department of Commerce, nearly 14,500 jobs will be added to the region over the next several years. Nearly 25 percent of these new jobs will be in the city of Tulsa. Advanced manufacturing, aerospace, logistics & distribution, and automotive technology are some of Tulsa’s top growth sectors.

Availability of housing products across all income groups will allow employers of these new and expanding job sectors to attract and retain employees at all levels. Additionally, availability of affordable housing close to employment centers can help reduce overall costs for employees while also reducing their commute times.



9. FINAL THOUGHTS: WORKING TOWARD A STRATEGY

The intent of this assessment is to quantify the scale of housing needs at different affordability levels in Tulsa over the next decade. As discussed, there is a need to increase housing production of all types in the city while also identifying new resources to help fill development gaps so that the work can be done. The city and its partners need a strategy to get there.

A housing strategy would:

- **Establish priorities**, for which efforts should be addressed first.
- **Define roles**, assigning responsibility and leadership to the various partners for each strategy.
- **Create a timeline** for action.
- **Identify programs and policies** that need to be adopted or modified to reduce barriers to housing development in ways that serve the community and make the process clear for the development community.
- **Identify new funding sources** that begin to close the substantial development gap.
- **Establish metrics to measure progress** so that adjustments can be made as the work is underway, successes can be celebrated, and continuous improvement is possible.

Above all, the community needs leadership—it needs to answer the question, “which organization is going to lead these efforts?” Cities and regions that are moving the needle housing-wise are working together among government, philanthropy, non-profits, and the private market. In some cases, philanthropy is leading the charge. In most cases, government is stepping up and raising new housing resources through bond issues, special taxes, or other means, while also evaluating development policies, incentives, zoning, and other processes to ensure that barriers to new housing development are reduced. In all cases, **there is no silver bullet solution** and moving forward requires better coordination among all partners already doing the work.

The critical next step toward creating a housing strategy for the city of Tulsa is to identify what entity will lead or organize the effort.