

HOUSING AND COMMUNITIES

Maximizing State and Local Resources to Address Oklahoma's Housing Needs

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Executive Summary

Oklahoma is facing an increasingly constrained housing market. Home prices for sale and rent have each increased substantially more rapidly than personal income over the past decade. Families with low incomes face particularly high barriers to finding affordable homes. None of the state’s large counties have enough affordable and available housing for these households. The state and local governments can take action to ensure that affordable housing funds and incentives are more effectively used and serve households with the greatest needs.

This report presents findings from our assessment of the affordable housing subsidies and related economic development incentives in Oklahoma. Using a comparative analysis of national and state-level data, we investigate how Oklahoma’s current conditions compare with those in similar states. Next, we conduct interviews with key stakeholders involved with affordable housing development in the state, including developers, financiers, and municipal officials. Based on interview findings, we identify challenges to advancing projects using Low Income Housing Tax Credit (LIHTC) financing, which is by far the most frequently used approach to support new affordable housing projects. We highlight how local barriers and incentives affect the feasibility of affordable housing development and identify opportunities for shifting policy. We conclude with recommendations for the state and local governments to improve their approaches for supporting the delivery of affordable housing.

Oklahoma Is Expanding Investment in Affordable Housing, but Gaps Remain

The Oklahoma Housing Finance Agency (OHFA) has taken the lead in implementing programs designed to expand housing affordability, including a state LIHTC, the Oklahoma Housing Trust Fund, the Oklahoma Homebuilder Program, and the Oklahoma Increased Housing Program. These programs are complemented by major new programs in Oklahoma City and Tulsa, each of which has recently expanded measures to supplement funding for affordable units. These local programs are well positioned to leverage the expansion of LIHTC and the associated private activity bonds included in 2025 federal legislation, though the degree to which these changes result in additional units depends on the availability of associated financing tools and gap filling grants.

Our analysis of OHFA’s programs points to opportunities for improving outcomes. First, several of OHFA’s programs—often because of state legislative requirements—disproportionately concentrate investment in rural areas where a minority of the state’s population lives and where there are limited resources to make LIHTC projects viable. Second, although OHFA has financed a large number of 9 percent LIHTC units per capita compared with similar states, it has struggled to leverage the 4 percent LIHTC program, which, in implementation, is combined with private activity bonds. As a result, the state has lost out on about \$500 million on bond cap in recent years. Third, likely in part because of OHFA’s focus on low project costs, a disproportionate share of LIHTC units is located in areas with lower resident incomes—reducing, or at least not increasing, options for people living in affordable units to dwell in high-opportunity neighborhoods. Similarly, as in many states, a substantial share of LIHTC units is located in neighborhoods where market-rate rents are lower than LIHTC rents—indicating that this housing is not necessarily providing affordable housing in areas for people with low incomes. Oklahoma is faced with a trade-off given its limited number of tax credits: provide the maximum number of units or ensure a higher level of affordability for more households with low incomes.

Affordable Housing Stakeholders’ Perceptions of Investing in the State

Our interviewees emphasized that OHFA generally is an easy-to-work-with agency. Competition for affordable housing financing in the state is relatively limited, and OHFA staff are friendly and support the goal of expanding housing access. Nonetheless, interviews highlighted a number of interconnected issues that have limited the viability of affordable housing projects. Developers, for example, noted that the state has long made it more difficult for out-of-state developers to pursue projects; while OHFA’s 2026 rule changes may improve this situation by easing requirements related to existing in-state development activity by applicants, it will take time to attract developers to Oklahoma.

Across all projects, OHFA’s focus on cost-containment may make it more challenging for developers to build higher quality housing. Developers and financiers noted that the state’s relatively weak housing market and lack of equity investors make it challenging for multiple 4 percent projects to work in any given year, which may explain the limited take up of the 4 percent LIHTC program. Similarly, interviews highlighted that other state-funding programs, such as the state LIHTC and the Oklahoma Housing Stability Program (HSP), are helpful but may be limited in their ability to move the needle on increased affordable housing.

At the local level, many stakeholders we interviewed emphasized that projects rely on flexible gap funding to be financially viable. They noted that new programs in Oklahoma City and Tulsa will provide these funds, but that these initiatives—especially in Tulsa—have not yet proven their effectiveness. The fact that the zoning process also can stand in the way of new construction adds challenges, as does the inconsistent infrastructure landscape within cities and the large amount of vacant and underused land, for which cities have not yet adequately developed responses.

Given the existing incentives and barriers, the LIHTC program may not be maximizing the number of potential units created. And for the units that are created, OHFA may not be adequately increasing access to affordable housing in a broad array of areas; that is, it may not be hitting the deeper affordability levels that are most needed throughout the state.

Recommendations for State and Local Policymakers to Advance Affordable Housing Access in Oklahoma

We identified a set of approaches that could help Oklahoma maximize its investments in affordable housing. In the Conclusions section, we offer detailed recommendations and examples from other states. We highlight a few key themes and opportunities. These include the following:

- **Cities can better align economic incentives with what developers need.** Cities can advance LIHTC projects more rapidly by providing additional support, such as through gap financing, predevelopment financing, and the deferral of impact fees over the course of project operations. Cities could also leverage their investments in infrastructure and their available land assets to “prime the pump” for future investment. This includes expanding their ability to put vacant and underutilized land into productive action to meet local housing goals.
- **Align state funding mechanisms for deeper affordability and geographic variation.** The state can consider adjusting its state tax credit program to support both the 9 percent and the 4 percent LIHTC programs. Incentives in the qualified allocation plans (QAPs), state LIHTC, and other state programs like the HSP can provide set-asides that focus on families with the greatest needs.
- **Cities can reform zoning and permitting and leverage local assets to increase impact.** Interviewees emphasized that it is often difficult to undertake multifamily development projects because of exclusionary zoning that prevents the construction of all but single-family

homes, combined with lengthy permitting processes that slow development. Many cities are already reducing zoning and permitting barriers for the construction of multifamily and affordable units, but these barriers can be further reduced. OHFA and other agencies may consider adding incentives for cities and counties that have sufficiently reduced the predevelopment timeline through local permitting and zoning reform, by either adding in a set-aside for those jurisdictions that have made progress or providing incentives in the QAP.

- **The state can invest in infrastructure to increase development.** The state should invest in expanded infrastructure funding to make way for more housing. This could be done by leveraging unused private activity bonds or by expanding or creating new programs. Such programs could focus on neighborhood improvements in the form of streets and stormwater and sewer systems to explicitly prepare communities for new housing.
- **Cities and the state can collaborate to remove regulatory barriers to putting land into productive use.** Governmental entities should target infrastructure investments into communities where housing is prioritized and where current conditions are a barrier to development. Localities can push for the opportunity to establish local land banks and to use land more strategically as a way to bring down land costs and encourage development.
- **Encourage the ecosystem to invest in partnerships, capacity building, and growth of the developer pool.** One way to expand overall affordable housing development is to expand the local developer ecosystem, particularly of nonprofit developers that have experience collaborating with private-sector entities to build affordable housing. The state and cities can take a more active role in developing the capacity of these groups and inviting in developers from out of state through a combination of lowering barriers and providing funding for training, technical assistance, and capacity building.
- **OHFA can expand access to affordable housing for those who need it most.** To address the housing needs of households with the lowest incomes, OHFA should consider altering its allocation of LIHTC support to ensure that it subsidizes more affordable units in a variety of neighborhoods to expand residents' locational options. The state should consider investing in a complementary grant program—or reallocating its HSP funds—to support this initiative.

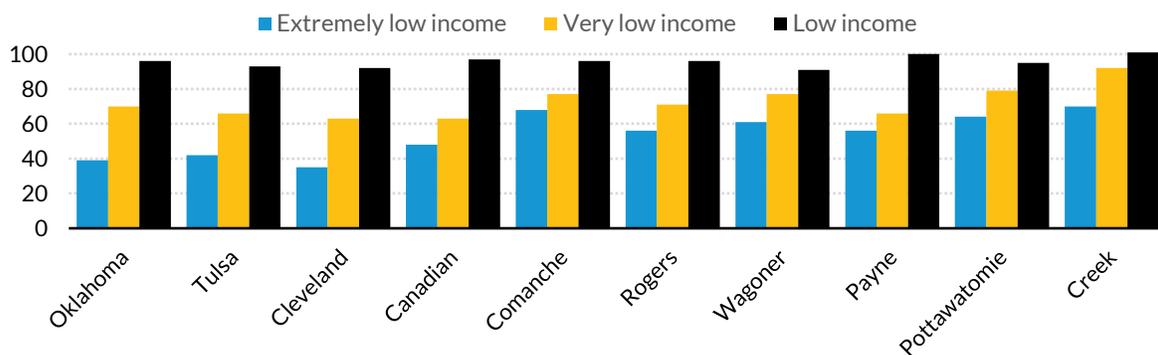
Together, these changes would assist Oklahoma in meeting its goal of expanding access to affordable housing for all.

Assessing and Addressing Oklahoma’s Housing Needs

Like many states, Oklahoma faces persistently rising housing costs that imperil the ability of residents to afford homes. Adjusted for inflation, average home sales prices rose by more than 29 percent and average rents rose by almost 10 percent between 2017 and 2025; average weekly earnings, meanwhile, increased by less than 5 percent. This means that housing costs have risen much more quickly than incomes.¹ Oklahoma has traditionally been one of the more affordable states in the nation, but national trends, including high interest rates and the high costs of new housing construction, also threaten affordability.² Addressing these challenges is important as Oklahoma continues to grow, having added more than 600,000 residents since 2000, about a third of them in Oklahoma City.

Renter households with low incomes, in particular, face threats to housing affordability. American Community Survey data show that almost 46 percent of Oklahoma renters pay more than 30 percent of their income on rent, and more than 22 percent pay more than 50 percent of income. Key to this problem is a lack of homes for households with low incomes (figure 1). Among the state’s 10 most populous counties (where 62 percent of the population lives), none has greater than 70 affordable and available housing units per 100 households with extremely low incomes.

FIGURE 1
No Large Oklahoma County Has Enough Housing for Households with Low Incomes
Affordable and available housing units per 100 households, 10 most populous counties, by income level



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Source: Upward Mobility Data Dashboard, Urban Institute, updated 2025, <https://upward-mobility.urban.org/dashboard>.

Notes: “Low income” is defined as below 80 percent of area median income; “Very low income” is defined as below 50 percent of area median income; and “Extremely low income” is defined as below 30 percent of area median income. Available housing units are those that are not being occupied by households with higher incomes.

These issues of housing affordability combine with a number of related challenges for construction. As we describe in the sections that follow, many cities and counties across the United States have a large share of vacant properties, as well as inadequate infrastructure to support new construction. Meanwhile, Oklahoma's still relatively small affordable housing development sector has struggled to attract interest among lenders, syndicators, and developers, who worry about what they perceive as the state's high investment risk stemming from a lack of history developing in the state, a small market size, and relatively low rent levels compared with other parts of the country.

Stakeholders show growing interest in responding to housing needs—and investors and developers from outside of Oklahoma have begun entering the market. Some municipalities are expanding their affordable housing investments through the creation of new programs and policy revisions. Oklahoma can take advantage of the federal government's recent expansion of the Low Income Housing Tax Credit (LIHTC) and private activity bond programs, each of which may enable substantial increased investment in affordable housing in the coming years. Key to positive outcomes is proactive action by the Oklahoma Housing Finance Agency (OHFA), which manages many of the state's affordable housing programs, and the municipalities themselves, working toward common goals.

In this report, we explore Oklahoma's current approaches to spurring housing development through its tax credit and incentive programs. We review data on affordable housing investments, interview people involved with local housing development processes, and offer recommendations about how to ensure the state optimizes its housing investment.

Data and Methods

To conduct this research, we undertook a series of data collection and analysis methods to understand current conditions that advance or impede housing development—and particularly affordable housing—in the state of Oklahoma. This mixed-methods approach enables us to identify what is working, what challenges lie ahead, and what strategies could assist the state in meeting the goal of adding more housing to meet the needs of its population.

We began by collecting data from a number of sources, including the US Census Bureau American Community Survey, which provides demographic and housing data at the tract, locality, and state levels and a baseline set of indicators relevant to understanding the Oklahoma housing environment. Second, we collected data on subsidized housing from the National Housing Preservation Database, which compiles information about subsidized affordable housing projects that have been supported by the

federal government, including LIHTC and other programs, such as the public housing program. Third, we reviewed data from the National Council of State Housing Agencies, which enables us to compare how different states are using their tax credits. OHFA also provided information about projects that the agency has financed. Furthermore, we collected the qualified allocation plans (QAPs) from OHFA and all other mainland states. We also investigated how states distribute financing under their state tax credit programs.

Using these data, we conducted a series of analyses. We sought to identify trends in Oklahoma affordable housing spending and completions. We also undertook a set of examinations meant to explore how the state's performance compares with similar states around the country.

Next, we conducted interviews with key stakeholders working in Oklahoma. With help from our funder, we contacted individuals involved in affordable housing production. Ultimately, we conducted interviews with

- four developers with LIHTC experience (all have projects in Oklahoma City and one has a project completed in Tulsa);
- three financiers involved in LIHTC housing development; and
- six representatives of municipal governments from Oklahoma City and Tulsa.

We recorded each interview and took notes on our findings. After conducting the interviews, we reviewed the transcripts for key findings and assembled them into the sections below.

Limitations

Our research is limited in several ways. First, our findings do not necessarily represent housing development conditions all developers face, especially those faced by out-of-state developers and in-state developers that are trying but have not yet succeeded in developing with the LIHTC program. While we aimed to examine these gaps through interviews with other stakeholders, such as financing partners and municipal staff, given the subset of developers we engaged with, we may not have captured certain elements of the housing development story that may be unique for these developers. Second, our conclusions are largely limited to past performance of housing development in Oklahoma. State agencies, including OHFA, update their approach to housing finance and development as conditions and opportunities change. As such, our conclusions may not represent what occurs in the future.

Oklahoma's Affordable Housing Development Programs

Addressing Oklahoma's affordable housing needs is a key goal for state policymakers and stakeholders, and an opportunity for positive change. In this section, we describe the state's current subsidized housing programs geared toward meeting the housing affordability needs of households with low and moderate incomes, focusing on the LIHTC program.

Affordable Housing and Incentive Programs

A number of government initiatives seek to subsidize the cost of housing for residents with low incomes. Historically, state and local housing authorities received funding from the US Department of Housing and Urban Development (HUD) and the US Department of Agriculture (USDA) through project-based assistance to subsidize the cost of housing construction or maintenance, and through tenant-based assistance to reduce the rent paid by individual households. According to October 2025 OHFA data, the state oversees about 12,000 units subsidized through project-based HUD support (additional units are subsidized by local housing authorities). HUD also distributes funding through the Community Development Block Grant program to Edmond, Enid, Lawton, Midwest City, Norman, Oklahoma City, Shawnee, Tulsa (city), and Tulsa (county)—as well as directly to the state and localities; HUD's HOME Investment Partnerships Program (HOME) funds are distributed to Lawton, Norman, Oklahoma City, and Tulsa. OHFA currently oversees about 900 existing units with HOME subsidies.

OHFA coordinates the distribution of LIHTC credits as well as funds from several other federal programs, including HOME and the National Housing Trust Fund. OHFA also manages the state's housing tax credit, which typically is used in conjunction with the federal LIHTC credits. As of October 2025, OHFA data show that the state has almost 29,000 tax credit units in service and almost 9,000 that are under construction or planned.

OHFA also manages the Oklahoma Housing Stability Program (HSP), which provides zero-interest construction loans dedicated to for-purchase, single-family homes (Oklahoma Homebuilder Program) and rental homes (Oklahoma Increased Housing Program); and the Oklahoma Housing Trust Fund (OHTF), which is designed to support development in rural parts of the state.

We summarize the major state and federal affordable housing assistance programs now in use in Oklahoma in table 1. These housing programs serve families at a variety of incomes levels, both renters and homeowners, and people living throughout the state. They build on federal supports designed to undergird the housing market in general (Freemark and Hermans 2025).

TABLE 1
Summary of Major State and Federal Affordable Housing Assistance Programs in Use in Oklahoma

Program	Summary	Recipient type
Oklahoma Housing Trust Fund	State program providing two-year, 2 percent loans for new construction, acquisition/rehabilitation, and conversion projects. Between 65 and 75 percent of funds must be used outside of Oklahoma and Tulsa Counties. OHFA received a one-time \$4 million appropriation for the Trust Fund in 1998; as of 2023, about \$1 million was available to distribute for new loans.	Rental and homeownership projects serving households with incomes at up to 120 percent of AMI.
Oklahoma Homebuilder Program ^a	State program providing zero-interest loans for single-family homes; 75 percent of funds are set aside for rural areas or areas outside of metropolitan areas. Roughly \$100 million in loans is available.	Homeownership projects with costs similar to the Oklahoma average. ^b
Oklahoma Increased Housing Program ^a	State program providing zero-interest loans for new development and rehabilitation projects; 75 percent of funds are set aside for rural areas or areas outside of metropolitan areas. Roughly \$64 million in loans is available.	Rental projects (single-family and multifamily) capped at roughly 125 percent of AMI.
State Affordable Tax Credits (OAHTC)	State program providing state income tax credits (project equity). Usually associated with federal LIHTC 4 percent credit recipients; 75 percent of credits are set aside for new construction, with the remainder for acquisition/rehabilitation. Roughly \$4 million in annual new credits is available. ^c	Rental projects, with units capped at roughly 60 percent of AMI.
Federal LIHTC	Federal program providing federal income tax credits (project equity) through the 9 percent program (expected to cover roughly 70 percent of project costs) or the 4 percent program (expected to cover roughly 40 percent of project costs); the latter is associated with private activity bonds. Current state rules distribute 10 percent of credits to Choice Neighborhood grantees (Tulsa), with the rest distributed evenly to urban and rural areas. Roughly \$12 million in annual new credits is available for the 9 percent program. ^c	Rental projects, with units capped at roughly 60 percent of AMI.
National Housing Trust Fund	Federal program providing state-level grants to be used for new construction and acquisition/rehabilitation. Roughly \$2 million in funding is available in 2025.	Rental projects, with units capped at 50 percent of AMI (most at 30 percent).

Program	Summary	Recipient type
HUD project-based housing assistance	A series of federal programs (e.g., public housing, Project-Based Section 8) that distributes funds to state and local housing authorities, which assign them to subsidize units.	Renter households with incomes at or below 50 percent of AMI.
Housing Choice Vouchers	Federal program that distributes funds to state and local housing authorities, which issue vouchers to tenants renting on the private market.	Renter households with incomes at or below 50 percent of AMI.
HOME program	Federal program that distributes funds to states and several cities for housing investments. Roughly \$15 million in annual funding is available.	Renter households with incomes at or below 60 percent of AMI.
FHLBank Affordable Housing Program (AHP)	Each FHLBank must establish and contribute 10 percent of earnings to an AHP to finance the purchase, construction, or rehabilitation of owner-occupied housing for low- or moderate-income households and the purchase, construction, or rehabilitation of rental housing where at least 20 percent of units are affordable for very low-income households.	Owner-occupied housing for households with incomes at or below 80 percent of AMI; renter households with incomes at or below 50 percent of AMI.

Source: Authors, based on a review of publicly available information.

Notes: Community Development Block Grants are distributed to the state and localities in Oklahoma; these funds are sometimes used for housing purposes but also for local infrastructure projects. The US Department of Agriculture provides some housing assistance programs as well. AMI = metropolitan area median income; FHLBanks = Federal Home Loan Banks; HUD = US Department of Housing and Urban Development; LIHTC = Low Income Housing Tax Credit; OAHTC = Oklahoma Affordable Housing Tax Credits.

^a Part of the state’s Housing Stability Program (HSP).

^b Sales prices cannot exceed HUD’s Section 234 limits, which were set at \$208,000 to \$359,000, depending on bedroom count, for Oklahoma as of 2024.

^c New credits are distributed over 10 years, so a \$4 million annual credit distribution could equal up to \$40 million in total income tax relief.

Oklahoma’s approach to affordable housing subsidies varies by program. HUD programs, including Housing Choice Vouchers and public housing, concentrate resources in the state’s more populous areas—with Oklahoma and Tulsa Counties receiving the most per-capita funding from the voucher program.³ But several of the state-level programs in table 1, such as the Oklahoma Housing Trust Fund and the Oklahoma Homebuilder Program, concentrate a majority of funding to projects located in rural and non-metropolitan areas. About one-third of the state’s population lives in rural areas.⁴

Several local governments also have implemented their own affordable housing assistance programs to supplement state and federal resources. Oklahoma City residents, for example, approved a sales tax increase to fund the MAPS 4 program in 2019; of the \$1.1 billion projected to be raised by the measure, \$55 million is earmarked to programs that combat homelessness through housing investment (much of these funds have been allocated).⁵ Then in 2025, Oklahoma City voters approved a \$175 million bond program to invest in economic development and affordable housing. In Tulsa, a housing

investment fund is raising \$120 million for housing, with an emphasis on supporting single-family homeownership and the city’s historically underinvested neighborhoods, including North and East Tulsa.⁶ This fund builds on the Tulsa Affordable Housing Trust Fund, which provided loans and grants for homebuyers and rental assistance (the trust fund spent down all remaining funds in October 2025).

We summarize several of the major state and local affordable supply and affordability incentive efforts in table 2. These efforts, identified through conversations with stakeholders and policy reviews, include legislation, funding programs, and other approaches. The local programs described are in Oklahoma City and Tulsa; there may be other relevant programs elsewhere in the state.

TABLE 2
Summary of Major State and Local Affordable Housing Incentive Efforts

Program	Summary	Established	Impact
Oklahoma House Bill 2147	The bill created the Municipal Code Lien Enforcement Act of 2025 authorizing liens against property for violations of housing and building codes, providing for judicial <i>in rem</i> foreclosure of municipal code liens and allowing for enforcement to speed foreclosure for unpaid taxes. It was designed to accelerate availability of land that is tied up in tax or mortgage delinquency.	2025	Land supply
Improve Our Tulsa	The initiative included \$75 million in incentive funding to create more housing. Its focus is on grants aimed at projects for households earning 60 percent of AMI or below, a loan program for households up to 120 percent of AMI and acquisition to get units into productive use, an infrastructure program, and a rehabilitation program. Housing Partnership Network is the fund administrator. It includes <ul style="list-style-type: none"> ▪ \$25 million for the Housing Grant Fund to fill financing gaps for projects with units at 60 percent of AMI or below, ▪ \$7 million for the revolving Housing Investment Fund for housing up to 120 percent of AMI, ▪ \$10 million for the Housing Acquisition Fund for site purchase, ▪ \$5 million for the Housing Preservation and Rehabilitation Fund for the renovation of vacant units, and ▪ \$25 million for infrastructure. 	2019, 2023	Gap fill and infrastructure
Tulsa Housing Trust Fund	The trust fund receives resources from philanthropy and the city for housing improvements and new housing development. Its awards are expected to produce 484 units.	2020	Gap fill

Program	Summary	Established	Impact
Tulsa Neighborhood Infill Overlay	This initiative established zoning regulations intended to promote the development of infill housing, allowing for a variety of residential housing types. The regulations are also intended to promote housing types that accommodate households of varying sizes and income levels and provide for a more efficient use of land for residential purposes.	2022	Zoning and permitting
Tulsa Housing Acceleration Team	The team established scrum meetings intended to reduce regulatory and permitting barriers for larger housing developments. It effectively streamlined 6 building permits for Tulsa Housing Authority's Hilltop Apartments project.	2025	Zoning and permitting
Tulsa resource alignment	As noted in the 2024 Tulsa Housing Strategy, there are efforts to align water and sewer to city plans that support housing development.	2024	Gap fill and infrastructure
Tulsa T Town Home Catalog	The catalog will include preapproved plans and designs implemented to reduce cost and encourage public support.	Forthcoming	Zoning and permitting
Tulsa Community Builder Program	The program assists with turning vacant and abandoned properties into housing by offering incentives, reducing permit fees, and fast-tracking permitting and approval processes.	2025	Vacant land
Tulsa Downtown Development Redevelopment Fund	The fund assists new and preserved development and has supported more than 850 new residential units within the Inner Dispersal Loop (IDL). It is funded by T2013 Improve Our Tulsa, 1996 Sales Tax, Vision 2025, and the 2006 Third Penny Extension.	2020	Gap fill
OKC Ordinance 27.847	The ordinance updated the existing code to allow ADUs in the Urban Medium and Urban High Land Use typology.	2025	Zoning and permitting
OKC Development Code Update Project	The project establishes a process to update the full municipal code. It focuses on new commercial zones to accommodate multi-dwelling uses, increasing transit-oriented development areas. The updated code would also allow for greater height and density.	Ongoing	Zoning and permitting
OKC MAPS 4	The MAPS 4 plan is a debt-free public improvement program funded by a penny sales tax, and it is projected to raise \$1.1 billion. It is largely focused on supporting the development of housing below 30 percent AMI and up to 50 percent AMI and between 70 and 90 percent AMI.	2019	Gap fill
OKC General Obligation Bond	The bond is projected to raise \$2.7 billion to fund 547 projects across 11 categories, including repaving streets, bridges, traffic control, sidewalks, and more; 76 percent of it is allocated for critical infrastructure projects.	2025	Gap fill and infrastructure

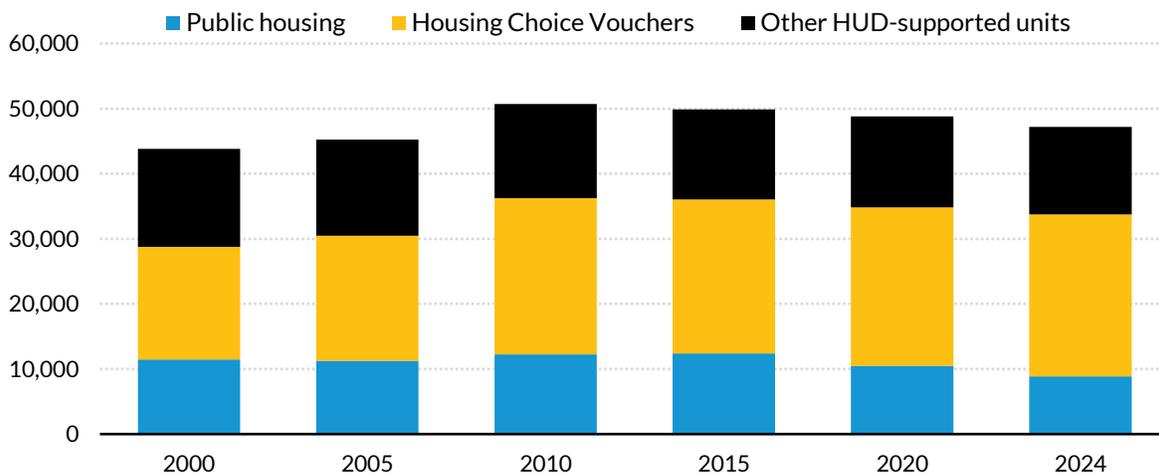
Source: Authors, based on a review of publicly available information and interviews with key stakeholders.

Notes: The MAPS 4 Implementation Plan was approved September 14, 2021, and guides the program scope, scheduling, and budgets. On August 16, 2022, Oklahoma City Council voted to revise the implementation plan, increasing the estimated revenue to almost \$1.1 billion. The temporary sales tax began April 1, 2020, and ends in 2028. ADU = accessory dwelling unit; AMI = area median income; OKC = Oklahoma City.

Federally Subsidized Assisted Housing Programs

In recent years, HUD has subsidized between 40,000 and 50,000 units (inventory units, not new units) on an annual basis in the state, directing about \$400 million to the state every year (figure 2).⁷ HUD-subsidized units are disproportionately located in Oklahoma and Tulsa Counties, which accounted for 32 and 22 percent of the state’s total reported units in 2024, respectively. These numbers were higher than those counties’ share of the state population, which stood at 20 and 17 percent, respectively. The number of HUD-subsidized units in the state likely peaked around 2010, excluding the assistance provided by HUD’s homelessness assistance programs. The composition of subsidized units has changed over time. The state’s inventory of public housing units has declined by more than 2,500 since 2000 as the number of households benefiting from Housing Choice Vouchers has increased. In some cases, public housing units were converted to project-based voucher developments using the Rental Assistance Demonstration program.

FIGURE 2
An Increasing Share of Oklahoma’s HUD-Subsidized Households Receive Vouchers
Number of HUD-subsidized households, Oklahoma, 2000–24



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Source: Authors, based on an analysis of data from the US Department of Housing and Urban Development, “Assisted Housing: National and Local,” Picture of Subsidized Households: 2009–2024, <https://www.huduser.gov/portal/datasets/asshsg.html>.

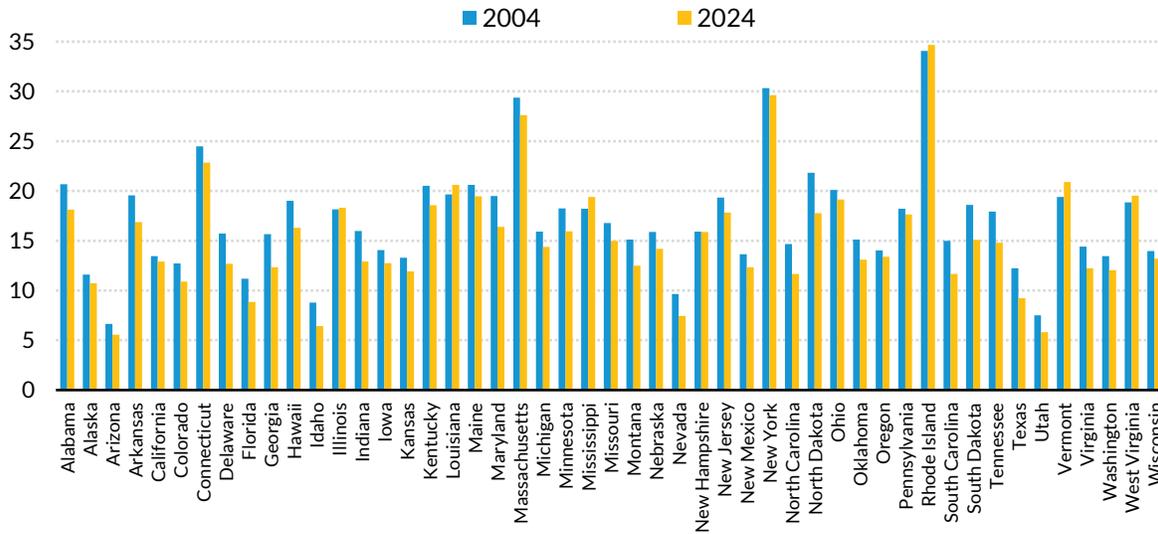
Notes: HUD = US Department of Housing and Urban Development.

Overall, the stock of HUD-supported units has declined both in absolute numbers and in relation to the state’s growing population. This reduction largely is a consequence of changes in federal housing expenditures, which have failed to match the growth in the nation’s population or affordable housing needs. Indeed, between 2004 and 2024, the number of HUD-subsidized affordable housing units per

capita declined in 44 of 50 states, including Oklahoma (figure 3). Oklahoma’s 13 percent decline in per-capita units was slightly higher than the national 11 percent average decline.

FIGURE 3
Most States Have Fewer HUD-Subsidized Units Per Capita than They Had Two Decades Ago

HUD-subsidized households per capita, by state, 2004 and 2024



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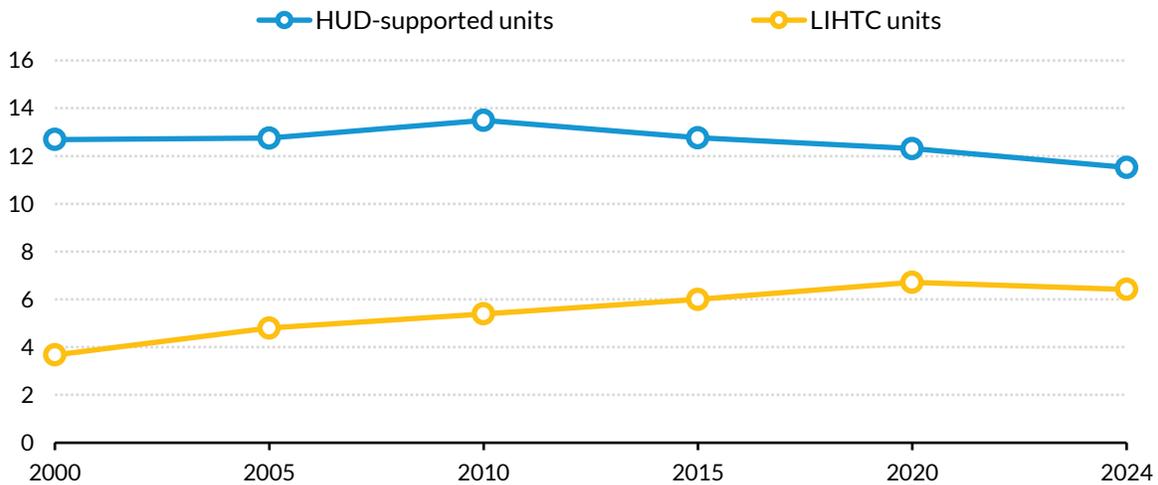
Source: Authors, based on an analysis of data from the US Department of Housing and Urban Development, “Assisted Housing: National and Local,” Picture of Subsidized Households: 2009–2024, <https://www.huduser.gov/portal/datasets/assths.html>.

Notes: HUD = US Department of Housing and Urban Development.

While the number of new HUD-subsidized units in Oklahoma has shrunk over time, the number of existing units supported by OHFA through LIHTC has increased, as has the share of the population served by them (figure 4). This is in line with national trends, since LIHTC has become the largest program to subsidize affordable housing. Indeed, the number of active LIHTC units in Oklahoma has more than doubled since 2000 thanks to a steady supply of tax credits distributed to projects. The expansion of the federal 9 percent LIHTC program included in 2025 federal legislation will likely further increase the number of units produced through this mechanism.⁸ (A large number of LIHTC units serve households with vouchers, which further reduces their housing costs.) That said, thousands of LIHTC units nationwide will reach their financing expiration in the coming years. As a result, Oklahoma may lose a share of existing LIHTC units as they convert to market-rate unless the state makes an effort to

ensure that these projects are preserved, either through the LIHTC program or another state or regionally supported effort.⁹

FIGURE 4
Low Income Housing Tax Credits Support an Increasing Share of Housing Units
Number of HUD-supported units and LIHTC units per 1,000 residents, Oklahoma, 2000–24



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Source: Authors, based on an analysis of data from the US Department of Housing and Urban Development, “Assisted Housing: National and Local,” Picture of Subsidized Households: 2009–2024, <https://www.huduser.gov/portal/datasets/asshsg.html>; and the National Housing Preservation Database, accessed January 5, 2026, <https://nhpd.preservationdatabase.org/Data>.

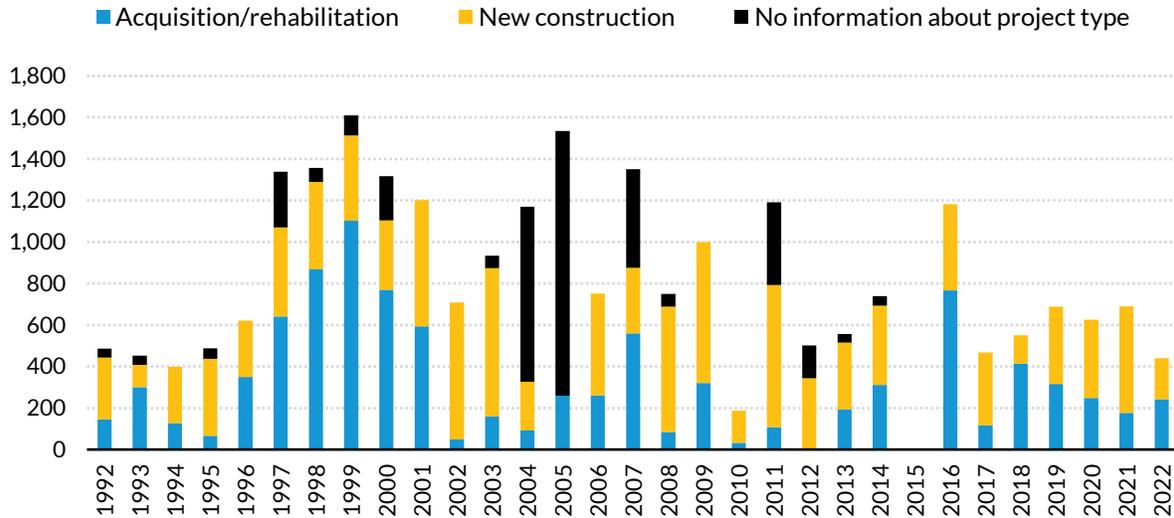
Notes: A large share of LIHTC units also receive support from HUD subsidies, either through tenant-based vouchers or project-based assistance such as the HOME program; therefore, the HUD and LIHTC unit counts are somewhat duplicative. The figure may not include all LIHTC units in the state, and the 2024 data are likely incomplete. HUD = US Department of Housing and Urban Development; LIHTC = Low Income Housing Tax Credit.

LIHTC projects that have opened in Oklahoma over the past three decades have come in the form of new construction and acquisition/rehabilitation projects (figure 5; note that this figure may not include all LIHTC projects in the state). In the most recent application period (for 2026), OHFA is prioritizing new construction among recipients of credits from the 9 percent program.

FIGURE 5

Low Income Housing Tax Credits Support a Variety of Housing Types

Units by year opened among currently active LIHTC projects in Oklahoma, 2024



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Source: Authors, based on an analysis of data from the National Housing Preservation Database, accessed January 5, 2026, <https://nhpd.preservationdatabase.org/Data>.

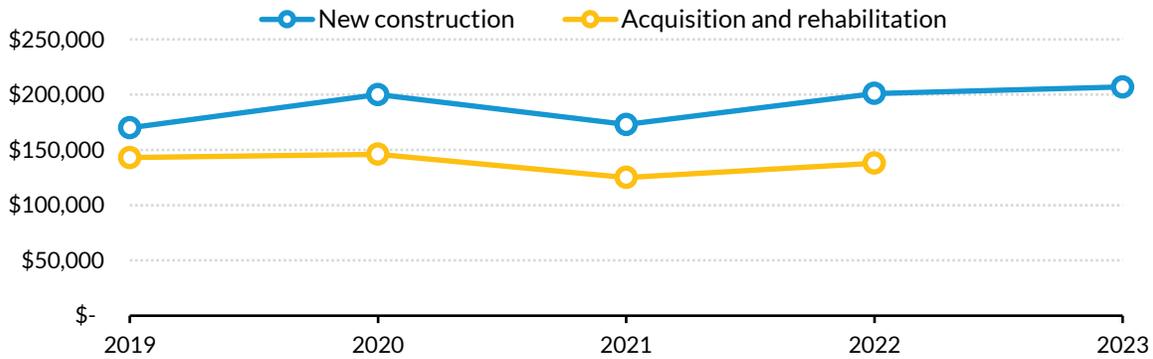
Notes: Developments listed as including both acquisition/rehabilitation and new construction are categorized as new construction in this figure. The figure may not include all LIHTC units in the state. LIHTC = Low Income Housing Tax Credit.

From 2019 to 2023, at least 45 LIHTC projects were placed in service in Oklahoma: 30 were new construction, 14 were acquisition/rehabilitation projects, and 1 was classified as both types. These projects account for 2,667 residential units, over \$390 million in total development costs, and almost \$22 million in annual LIHTC contributions, according to information provided by OHFA. Development costs per unit averaged over \$185,000 for new construction projects and almost \$135,000 for acquisition/rehabilitation projects. These costs have held relatively steady for the last few years (figure 6; there were no recorded acquisition/rehabilitation projects in 2023), but costs for new construction projects were somewhat higher in 2023 than in 2019, after adjusting for inflation.

FIGURE 6

Costs for Low Income Housing Tax Credit Projects in Oklahoma Have Increased Slightly in Recent Years

Average cost per unit, inflation adjusted



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Source: Authors, based on an analysis of data from the Oklahoma Housing Finance Agency.

Low Income Housing Tax Credit Use in Oklahoma Versus Peer States

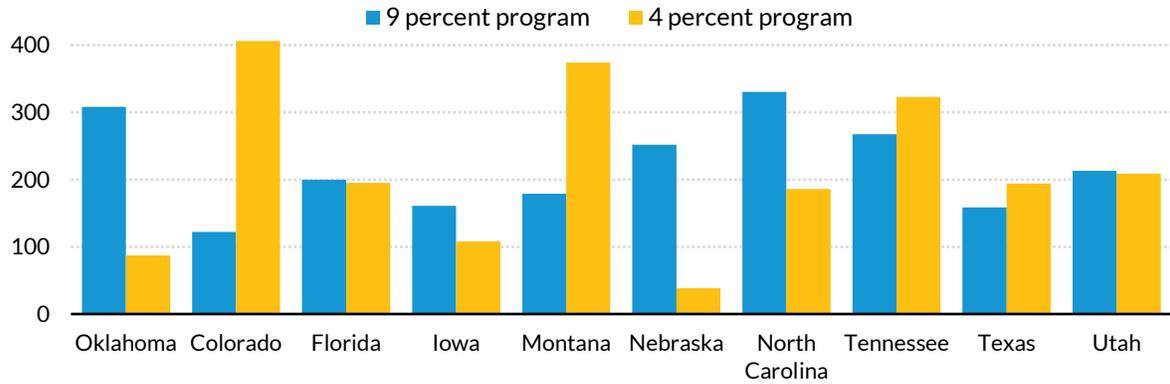
To assess how the LIHTC program in Oklahoma compares with the program in peer states, we collected data from the National Council of State Housing Agencies to evaluate the state over the past five years in relation to Colorado, Florida, Iowa, Montana, Nebraska, North Carolina, Tennessee, Texas, and Utah—a collection of states that we selected in association with this project’s funder.

This comparison shows that Oklahoma has financed more than 300 LIHTC units under the 9 percent program per one million state residents annually since 2019 (figure 7; this is equivalent to about 1,200 units per year). This rate is higher than all but one of the peer states (North Carolina). This suggests that Oklahoma has been using its limited LIHTC allocations cost effectively; data show that the state allocated fewer dollars in 9 percent credits per unit than all peer states but Nebraska, and about half as much as Texas (\$12,088 versus \$24,128, respectively). This finding may reflect, in part, Oklahoma’s relatively low construction costs, which make financing more units per dollar feasible.

FIGURE 7

Oklahoma Has Financed a Relatively Large Number of 9 Percent Low Income Housing Tax Credit Units over the Past Five Years—but Few 4 Percent Units

Credit qualifying units per million residents, annual average, 2019–23



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Source: Author review of National Council of State Housing Agencies data (2024).

Low LIHTC construction costs also stem from state policy. Oklahoma has been able to leverage a competitive market for the 9 percent program’s credits. Like in most states, the program in Oklahoma is oversubscribed, meaning that more developers apply than receive support. Even so, Oklahoma’s competition is less intense than that in states like Florida, where there are more than four times as many credits requested as the state can provide. In Oklahoma, the ratio in recent years was 1.6 to 1.

High demand enables OHFA to select proposals that best align with the state’s priorities. For example, the 2026 state QAP, used to determine which 9 percent program projects win awards, prioritizes cost effectiveness. Applicants are graded on a point system, with projects scoring up to 91 total points. Of these points, 29 (32 percent) are distributed to projects that, compared with other projects in the applicant pool, have the lowest credits per unit and bedroom, plus the lowest percentage of hard debt and the most square feet per unit.¹⁰

Cost containment measures are frequently used by housing agencies. A majority of the QAPs we examined include some component designed to reduce project costs,¹¹ whether through a per-unit, per-square-foot, or per-project cost limit; incentive points for lower costs; or a tie-breaker related to development costs. For example, Texas’s QAP includes a range of cost containment guidelines, from a scored section on efficient use of limited resources—such as 12 points for new construction/adaptive reuse projects with an eligible building cost per square foot of less than or equal to \$155.12 or eligible hard cost per square foot of less than or equal to \$207.21 per square foot, with fewer points for higher

costs (\$165.54/sq. ft. or \$217.63/sq. ft.) and 1 to 3 points for leveraging other funds—to a threshold criterion of a total development cost of \$500,000 or more per unit.

States differ in their cost-related criteria. Arkansas, for instance, awards up to 15 points for adhering to certain costs per unit, ranging from 15 points for costs of less than \$200,000 to 0 points for greater than \$250,000. Rather than providing a specific hard cost limit, some states like New Mexico aim to reward cost containment, such as by providing 10 points for resource leveraging and putting relative limits on total development costs based on the pool of applications (not to exceed 130 percent of the average total development cost per unit). Some states avoid specific cost thresholds. Kansas, for example, considers costs and makes applications ineligible due to excessive cost per unit but does not specify any cost ranges or hard caps on the development cost. This range of approaches suggests that there are multiple ways to achieve cost containment, while not setting off a race to the bottom.

Relatedly, compared with other states, Oklahoma’s QAP is less focused on using LIHTC to deepen affordability, which can increase subsidy needed per unit. The 2026 Oklahoma QAP distributes up to 5 points (5.5 percent of maximum possible points) to projects with at least 40 percent of units affordable to households at or below 50 percent of AMI.¹² But the 2025 Texas QAP distributes up to 16 points (20.3 percent of maximum possible points) to projects for which 40 percent of units are affordable to households at or below 50 percent of AMI (in major urban areas).¹³ This may encourage a greater share of Texas LIHTC applicants to include a higher share of affordability compared with Oklahoma, but greater affordability requires greater subsidy (i.e., more tax credits) to produce financially feasible projects, even though the cost to actually build each unit is similar.

Despite Oklahoma’s success in distributing credits through the 9 percent LIHTC program, it has been less successful in encouraging the use of the 4 percent program, at least recently (figure 7). Compared with peer states, Oklahoma has generated fewer units per capita than all but Nebraska, and less than one-half of the per-capita units produced in Colorado, Florida, Montana, North Carolina, Tennessee, Texas, or Utah. This difference points to some challenges with the demand and feasibility of the state’s 4 percent program, which combines the program with its private activity bond program (essentially, low-interest debt that developers can use in combination with the equity provided by the 4 percent LIHTC allocations). We discuss challenges with using the 4 percent program in sections below.

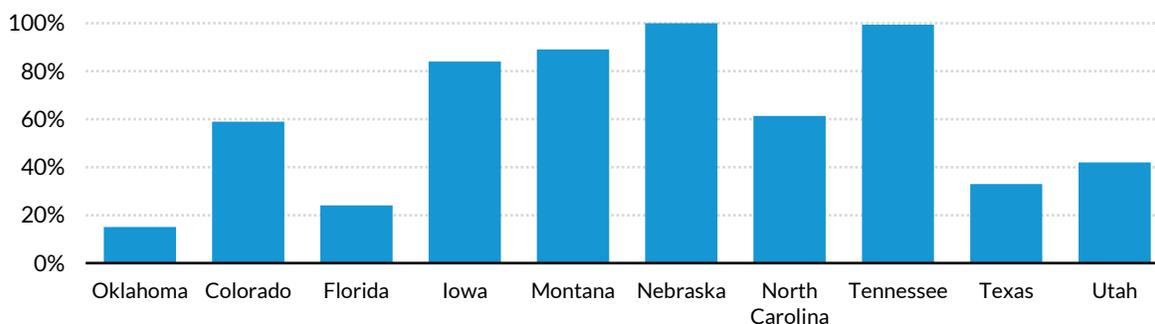
The paucity of 4 percent LIHTC projects may explain, in part, why Oklahoma policymakers have chosen to distribute only a small share of the state’s private activity bond cap to OHFA (figure 8). While Colorado, Iowa, Montana, Nebraska, North Carolina, and Tennessee distributed more than half of their respective bond caps to their housing finance agencies between 2019 and 2023, only 15 percent of

Oklahoma’s cap went to OHFA. Other major housing-related recipients of state bond cap in Oklahoma were local issuers for single-family homes, with 17.5 percent; metropolitan area housing, with 12.5 percent; and rural housing, with 8 percent.¹⁴ In 2024, county home loan authorities, such as those in Cleveland and Tulsa Counties, used some bond allocations for housing (Office of the State Treasurer 2024). Unallocated bond cap is consolidated into a pool in September, and any remaining amounts are transferred to a carryforward pool at the end of the year. These allocations must be used within three years, after which they expire.

FIGURE 8

Oklahoma’s Housing Finance Agency Received Little of the State’s Bond Cap

Share of state bond cap to housing finance agency, annual median, 2019–23



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Source: Authors, based on a review of the National Council of State Housing Agencies data (2024).

House Bill 1549, enacted by the Oklahoma legislature in 2025, amended the rules related to the use of the bond cap. The new rules consolidate housing related bond cap into a Housing Pool, which receives 40 percent of the state bond cap ceiling (a Discretionary Pool receives 25 percent). OHFA may distribute the bond cap from this pool, but others may use it as well. OHFA will have to apply to the state treasurer and enter a competitive pool to use the bond cap for future LIHTC projects. It is unclear whether the law ultimately will reduce or increase the number of housing projects the state finances through bonds; part of the answer depends on the use of the Discretionary Pool.

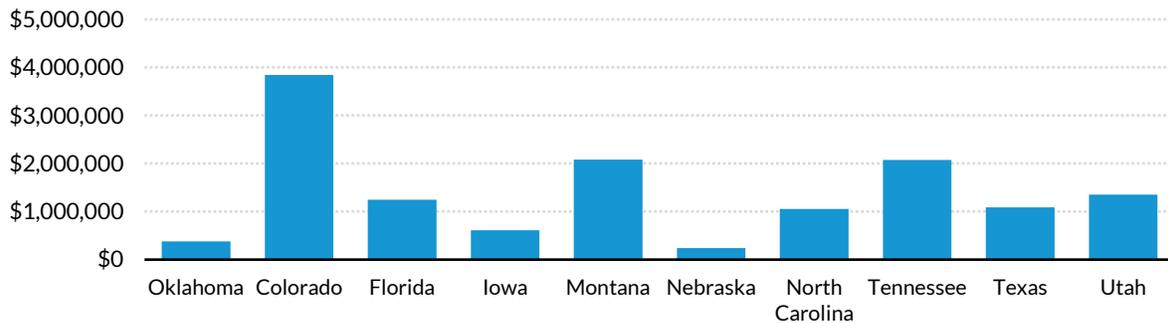
The 4 percent program is by-right in that, as long as developers comply with program rules and private activity bonds are available (states have a bond limit set by the federal government), they will receive the credits. Some states—not Oklahoma—do reach their bond limits, though federal legislation in 2025 is likely to reduce that challenge in the coming years.¹⁵ To be feasible, 4 percent projects need to generate adequate revenue to pay back their debt (9 percent projects typically have little to no debt) or be supported by additional subsidies. One explanation for Oklahoma’s low 4 percent program

utilization, then, is likely the overall low market-rate rent levels in the state, which were the second lowest in the nation as of June 2025.¹⁶

Another explanation for the limited use of the 4 percent program may be challenges developing interest from developers and financing organizations to undertake projects. (We delve into this problem in the next section.) The state has been unable so far to build up a large set of local nonprofit developers that can produce LIHTC projects—either 9 or 4 percent. Compared with peer states, only Nebraska distributes fewer credits to tax-exempt entities (figure 9). This indicates that the state could benefit from attracting nonprofit developers from other states as a mechanism to expand its project inventory.

FIGURE 9
Oklahoma Has Had Particular Challenges Distributing Credits to Nonprofits

Credits to tax-exempt entities per million residents, annual average, 2019–23



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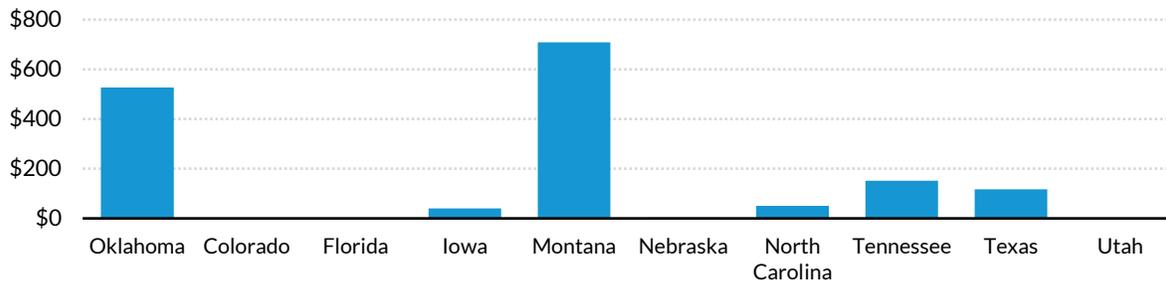
Source: Authors, based on a review of the National Council of State Housing Agencies data (2024).

One result of Oklahoma’s challenges attracting investors into its 4 percent bond program is that it has lost out on the potential use of the bonds due to expiry. Despite the fact that OHFA receives only a small share of the state’s overall private activity bond cap, it has lost more than \$500 million to expired bonds between 2019 and 2023—more than all peer states except Montana, whose Board of Housing receives a much larger share of the state bond cap (figure 10). Oklahoma used only about 40 percent of its carryover bond pool each year from 2015 to 2018 (Office of the State Treasurer 2024). Overall, the state abandoned \$2.2 billion in carryforward bond cap between 2014 and 2022.¹⁷

FIGURE 10

Oklahoma Has Lost Half a Billion Dollars in Bond Cap for Housing in Recent Years

Total expired bond cap from housing finance agencies, in millions of dollars, 2019–23



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Source: Authors, based on a review of the National Council of State Housing Agencies data (2024).

Not all of this is unique to Oklahoma; low interest rates nationally made private activity bonds less valuable, and federal income tax cuts have had a sustained negative impact on credit pricing. These circumstances have changed slightly in recent years with increased interest rates, which, combined with the federal government’s recent change to the 50 percent bond test, likely will increase bond utilization substantially and improve the performance of the 4 percent program.

Low Income Housing Tax Credit Program in Oklahoma Compared with Other States

Oklahoma is one of 32 states with a state LIHTC program. Based on our examination, Oklahoma’s program departs from the norm in a few ways. First, only about 19 percent of LIHTC programs exclusively allow the state credit to be used with 4 percent deals, and about 9 percent allow the state credit to be used with both 4 and 9 percent deals but have a strong preference for 4 percent deals. About three-quarters of the programs allow state credits to be used with either the 9 or 4 percent deals.

Second, Oklahoma’s state credit priorities include income targeting, term of affordability, targeted populations, tenant ownership, preservation of affordable housing, energy efficiency, and historic nature, but provides no preference for deeper affordability. States differ substantially in how they prioritize housing. While about a third have no specific criteria beyond preferences related to the federal LIHTC, the remainder include some specific criteria that aim to foster certain types of housing. The largest percentage (44 percent) include a geographical preference of some sort, such as a rural emphasis or a focus on Qualified Census Tracts (QCTs), Difficult Development Areas (DDAs), or a split throughout the state. About 31 percent provide preference for properties that target lower income AMI

households, with slightly fewer (28 percent) preferencing properties for target populations, including permanently supportive housing and service-enriched housing, or a geographic region of the state.

Finally, the credit period for the Oklahoma state credits is slightly longer than the average state LIHTC program, at 10 years. The average credit period across the state credits is about 8 years, with some state programs having credit periods as low as 1 year. The time period of the credit matters for equity pricing. An analysis by Novogradac found that shorter credit periods may help increase credit pricing, while longer credit periods may lower associated pricing.¹⁸

Where Low Income Housing Tax Credit Projects Are Built in Oklahoma

We examine the locations of Oklahoma tax credit units, including projects subsidized with 9 percent, 4 percent, and state tax credits, and compare the neighborhoods where they are located with where HUD project-based subsidized units are located and where neither tax credit nor other subsidized units are located. This comparison enables us to assess whether OHFA's programs are generally targeting neighborhoods with high levels of opportunity. This comparison shows that tax credit projects—as well as HUD-subsidized units—are located, on average, in neighborhoods with substantially lower per-capita incomes and higher poverty rates than the average (figure 11).

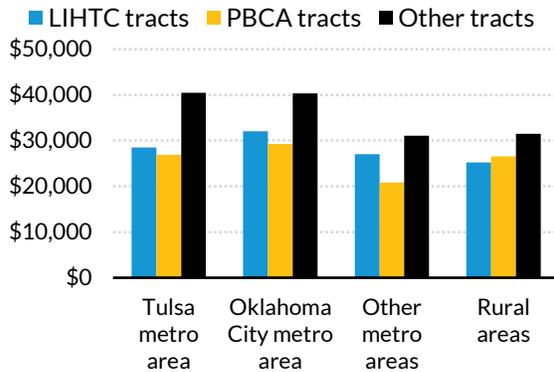
This difference, which we calculated using *t*-test of means, is statistically significant in the Oklahoma City and Tulsa metropolitan areas, the state's other metropolitan areas, and rural areas. For example, in the Tulsa metropolitan area, the median per capita income in neighborhoods with tax credit units is less than \$30,000, while in tracts with neither tax credit nor HUD-subsidized units it is greater than \$40,000—more than 30 percent higher. We confirm this finding by using data from the National Housing Preservation Database, examining projects completed since 2010.

This comparison also shows that neighborhoods where subsidized affordable housing units are located have a significantly lower share of residents who are non-Hispanic white and who have at least a bachelor's degree (figure 12). For example, in the Tulsa metropolitan area, the typical tax credit unit is located in a tract where 20 percent of adults (ages 25 and older) hold at least a bachelor's degree, compared with over 30 percent in a typical tract with no tax credits or HUD-subsidized affordable units.

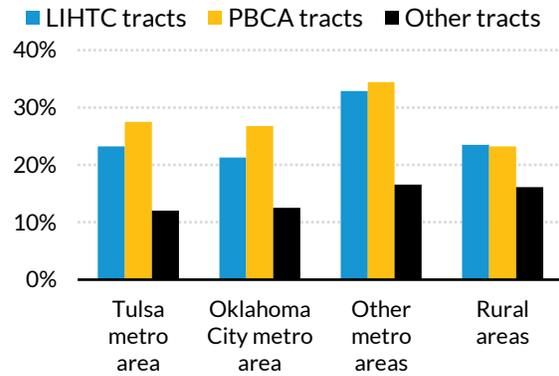
FIGURE 11

Low Income Housing Tax Credit Projects Are in Lower Income Tracts than Average

Median income per capita



Poverty rate



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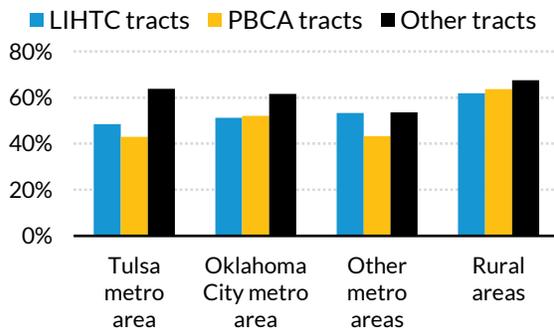
Source: Authors, based on a review of the 2019–23 American Community Survey data at the tract level, weighted by population or unit count; and the Oklahoma Housing Finance Agency data on in-service and under-construction projects.

Notes: Differences in income and poverty rate between neighborhoods with LIHTC or PBCA projects and without them, in all subgroups (e.g., metro areas or rural areas), are statistically significant at $p < 0.05$ at minimum. Location of certain LIHTC projects is estimated based on partial address data. LIHTC = Low Income Housing Tax Credit; PBCA = Performance Based Contract Administration.

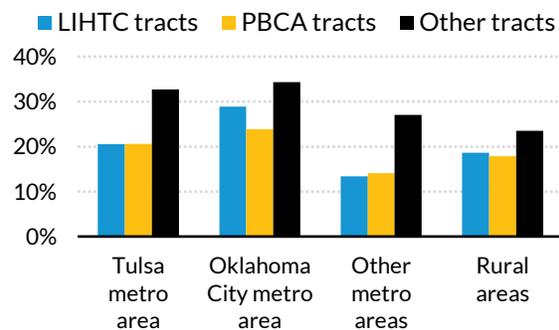
FIGURE 12

Demographics Differ by Neighborhood Where Subsidized Units Are Located

Share of residents who are non-Hispanic white



Share of adults with at least a bachelor's degree



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Source: Authors, based on a review of the 2019–23 American Community Survey data at the tract level, weighted by population or unit count; and the Oklahoma Housing Finance Agency data on in-service and under-construction projects.

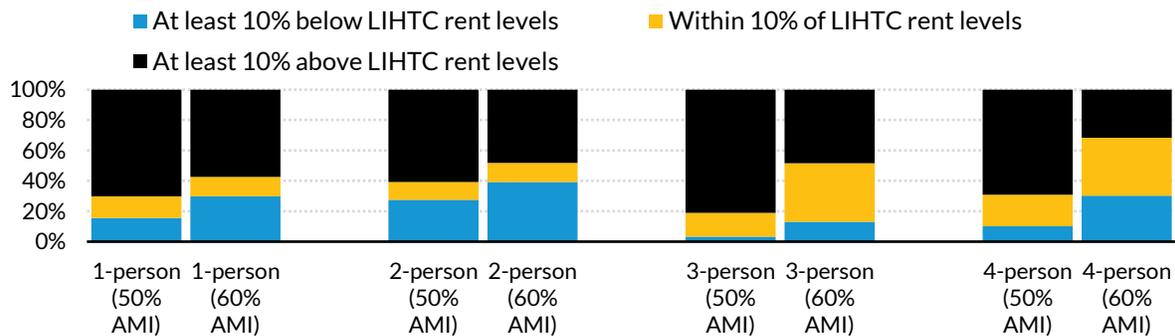
Notes: Differences in share of adults with a bachelor's degree between neighborhoods with LIHTC or PBCA projects and without them, in all subgroups (e.g., metro areas or rural areas), are statistically significant at $p < 0.001$ at minimum; in the case of the population share of non-Hispanic white residents, comparison in Oklahoma City is not significant. Adults are defined as people ages 25 and older. Location of certain LIHTC projects is estimated based on partial address data. LIHTC = Low Income Housing Tax Credit; PBCA = Performance Based Contract Administration.

Next, we compare maximum allowed rents in tax credit units with those in the neighborhoods where they are located, adjusted for bedroom count (figure 13). We estimate maximum allowed rents at two levels—at 50 and 60 percent of AMI, which account for the large share of OHFA-subsidized units—by using maximum income levels determined by OHFA for 1-, 2-, 3-, and 4-person households and assuming rents at 30 percent of pre-tax income. (This approach may not fully represent actual rents charged because some LIHTC buildings may adjust rents to be lower and many households receive additional subsidies.) We then compare the estimated maximum allowed rents to Census data on median tract rents by bedroom, which include tax credit or other subsidized units.

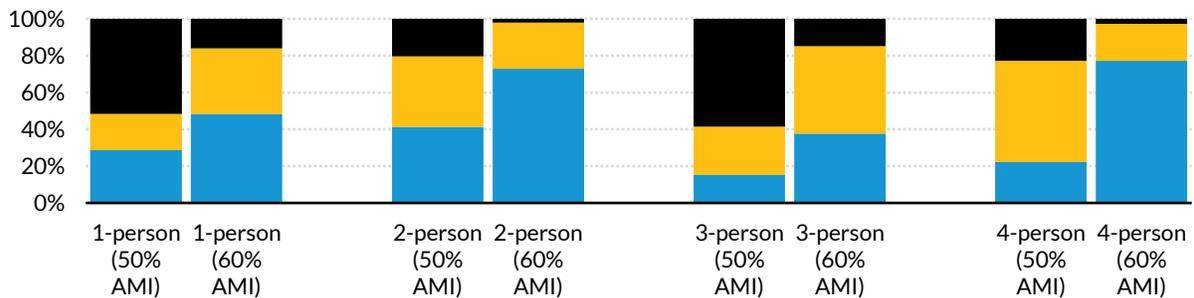
FIGURE 13

Low Income Housing Tax Credit Rents Are Often Higher than Median Rents

Oklahoma County: share of LIHTC units, by rent in comparison with tract median rents by bedrooms



Tulsa County: share of LIHTC units, by comparison with tract median rents by bedrooms



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Source: Authors, based on a review of the 2019–23 American Community Survey data at the tract level, weighted by population or unit count; and the Oklahoma Housing Finance Agency data on in-service and under-construction projects, as well as income limitations for subsidized households (for 2021).

Notes: Assumes 1- or 2-person households live in 1-bedroom units, and 3- or 4-person households live in 2-bedroom units. Excludes data for tracts for which median rent by bedroom is unavailable. Location of certain LIHTC projects is estimated based on partial address data. LIHTC rent levels are determined by assuming that households can spend up to 30 percent of incomes to rent. In Tulsa County, the estimated maximum rent levels for 1-, 2-, 3-, and 4-person households at 60 percent of AMI are \$756, \$864, \$972, and \$1,080, respectively. Graphs do not account for additional subsidies LIHTC residents sometimes receive, such as Housing Choice Vouchers. AMI = area median income; LIHTC = Low Income Housing Tax Credit.

Figure 13 shows that a substantial share of tax credit units are located in tracts where median market rents are lower than the maximum allowed LIHTC rents in Oklahoma County (5 to 40 percent, dependent on household size), and particularly in Tulsa County (up to nearly 80 percent in some cases). For example, in Tulsa County, more than 70 percent of tax credit units are located in tracts where the median 1-bedroom rent is at least 10 percent lower than allowed tax credit rents for 2-person families at 60 percent of AMI. In general, tax credit units are more likely to be located in low-rent tracts in Tulsa County than Oklahoma County, and outcomes depend on household size.

We have documented that Oklahoma’s tax credit units are disproportionately located in neighborhoods with low incomes and relatively low educational levels, among other characteristics. This suggests that these subsidized units may not be enhancing the ability of their residents to integrate into high-opportunity neighborhoods. To put it another way, households receiving subsidies may not have a broad selection of neighborhoods in which to live. Moreover, we show that a substantial share of tax credit units in Oklahoma and Tulsa Counties are located in tracts where tax credit rents are *higher* than the median rent in the neighborhood overall. This suggests that tax credits may not be providing people with the ability to live in neighborhoods they would otherwise not be able to afford. That said, we caution that many of the households living in LIHTC units also receive vouchers, bringing their effective rent paid much further down.

Why are Oklahoma's tax credits used in this way? There are several possible causes. One is that it is the outcome of OHFA’s emphasis on cost effectiveness. Neighborhoods with lower land costs (and residents with lower incomes and housing that has lower rents) may be more conducive to achieving the tax credit program’s goal of project efficiency. Selecting neighborhoods where land costs and rents are higher could make it more expensive to build a new tax credit unit and thus reduce the number of total units created. These low land-cost neighborhoods also may have more accommodating land-use policies and elicit less opposition from surrounding residents, which often poses a barrier to developing affordable housing in various parts of the nation and increases costs (Lo and Freemark 2022).

Another possibility is that the structure of the state’s QAP overly rewards the construction of new tax credit projects in low land-cost neighborhoods. The federal government already provides a “basis boost” incentive to develop in QCTs, which are generally lower income. In OHFA’s 2026 state QAP, incentives to develop in higher-income areas—defined in the QAP as zip codes with median incomes higher than the state median—are limited to 5 of 91 total points, far fewer than the number of points awarded for cost efficiency, as described above. Moreover, the mechanism by which the QAP defines high opportunity neighborhoods may be biased, because it does not account for considerable variation across the state; US Census data show that in 2023, the median household incomes in the Oklahoma

City metropolitan area were 12 percent higher than those in the state overall. This could mean that relatively low-income neighborhoods in that metropolitan area classify as relatively high opportunity, even though they are low opportunity compared with the surrounding community.

This is not to say that tax credits should not be used in neighborhoods with relatively low incomes or low rents. Indeed, tax credits can assist in the improvement of neighborhood conditions and give people access to higher-quality housing than they otherwise would have the ability to live in. This situation is demonstrative of the trade-offs that Oklahoma faces in determining the purpose of its tax credit program. Should the state focus on producing as much housing as possible? Or should it emphasize providing units that are affordable to the lowest-income residents? If policymakers' aim is the latter, the tax credit program's emphasis may need to be adjusted to expand people's access to housing in the neighborhoods where they want to live.

Perceptions About Affordable Housing Development

We demonstrated in the previous section how Oklahoma attracts development through the 9 percent LIHTC program and does so cost-effectively. Several Oklahoma cities have also added or streamlined programs designed to develop affordable housing. We have identified several challenges for the state, including difficulties attracting investors into the 4 percent LIHTC program, a limited number of active nonprofit developers in the state, and a concentration of LIHTC units in lower-income areas. In this section, we describe major findings from interviews we conducted with developers, financiers, and local officials involved with affordable housing investment in Oklahoma, including the LIHTC program. We identify what is working and what needs improvement, according to these stakeholders, which informs our recommendations presented in the section that follows.

What Makes Oklahoma Attractive to Developers

Developers we interviewed—all of whom had been involved in tax credit projects in Oklahoma in the past—specified several factors that have made Oklahoma increasingly attractive for housing development: population growth, supportive government, and funding opportunities. The developers were either based outside of Oklahoma or had experience in other states, so each interviewee shared perspectives based in part on comparisons with their experiences elsewhere.

Developers noted the need for more affordable housing units. One developer talked about pockets of opportunity for housing development where housing demand is rising as a result of population growth and exemplified by higher-than-average rents. Areas mentioned included Norman, Oklahoma City and communities south of the city, and Tulsa. Interviewees also noted that there are fewer developers in the state competing for public resources than in comparable Texas housing markets. One developer anticipates the state will become more attractive to out-of-state developers because of the 2025 federal legislation expanding the LIHTC program, but competition is minimal at present. The developers' perspectives on the environment for housing production in Oklahoma can be summed up by the words of one interviewee:

“We see it kind of like a market that fell behind in the past or like was not looked at in the past too much but has good data points for future growth.”

The developers also view the state as motivated to encourage increased affordable housing production and supportive of ways to make that happen. They spoke about the accessibility of OHFA staff and other state leaders and said that the various development processes were clearer and less bureaucratic than those in other states, while offering relatively faster timelines for moving through zoning variance and permitting processes. There is variation in timelines within Oklahoma, however, with processes said to be swifter in Oklahoma City than in Tulsa (discussed in the section below on local incentives). One developer thought that the state was the easiest to work in among the states with which he has experience, because OHFA is relatively hands-off and does not stipulate building requirements beyond those required by the state building code.

Finally, developers talked about the relatively easy availability of funding, particularly the undersubscribed 4 percent tax credits. One developer thought that the state's HSP was working fairly well but noted that it was little used by other developers. With only one closing company involved, however, the state has been slow in getting the available HSP funds disbursed. Only one developer said he had used the Oklahoma Housing Trust Fund for rural development projects. He described the fund as similar to the HSP but less useful, because of its 2 percent rather than zero interest rate.

Challenges to Implementing Tax Credits and Private Activity Bonds

We discuss the challenges identified by developers and interviewees involved in finance separately in the following sections.

Developers' Perspectives

One challenge highlighted by developers who are relatively new to Oklahoma was the limit on the number of applications they could submit for state affordable housing tax credits (AHTC) and awards they could receive compared with developers who have received AHTC awards for previous developments. Oklahoma's 2025 QAP states that developers who are new to the state's AHTC program are eligible to submit no more than two applications and be awarded no more than one development until they have been awarded tax credits for a development, the 8609 tax forms have been issued for that development, and compliance staff have conducted their first visit (this issue is being addressed in the 2026 QAP).¹⁹ As one developer said,

“If we can make an efficient deal work and ... there is no limitations or no restrictions on the funding side because [tax credits] are available, [limiting the number of applications or developments is] like artificially reducing the amount of units that you could deliver.”

Once developers meet the tax-credit experience requirements, they may have no more than five developments awarded at a time.

One developer discussed experience on a large Oklahoma City 4 percent credit deal that included a state tax credit award essential for project financing. According to the 2025 QAP, state credit awards on 4 percent deals are allocated in part by utilizing a preference system based on common property ownership status of the proposed development that will be built or rehabilitated. While this developer was able to obtain a state tax credit award through an advantageous land lease agreement with the municipality of Oklahoma City, which effectively owned the land underlying the project property, the developer believed that this preference system highly favors in-state developers who are more likely to own land within the state already or who have partnerships with local land-owning entities.

Another developer mentioned that the requirements for accessing funds for new construction through the HSP could be challenging. Both new construction loan programs within HSP, the Oklahoma Homebuilder Program and the Oklahoma Increased Housing Program, require that a developer provide a minimum of five certificates of occupancy to demonstrate sufficient development experience on prior projects. The developer noted that while OHFA’s intent to verify previous development experience is needed, the current requirement does not account for crucial aspects such as the quality of the homes previously built. The developer also raised an issue with how certificates of occupancy are assigned. Builders or other key members of a development team may have been heavily involved in a project, but because they were not owners, a certificate of occupancy was not issued in their name. Guidance for 2025 applicants, however, states that certificates of occupancy may be in a name other than the applicant’s if the applicant provides documentation that they constructed the homes.

Developers also raised as a challenge the mismatch between the actual costs of developing a 4 percent deal and the current cost-limit assessments outlined in the QAP. OHFA incorporates limits on total development costs to determine eligibility for a project and currently uses HUD’s HOME program maximum per unit subsidy limits to define limits on total development costs per unit based on bedroom size. The developers noted, however, that the cost limits established for HOME are based on single-family home construction costs, which do not account for all costs associated with financing larger multifamily 4 percent tax credit deals, such as bond attorney costs, financial advisor fees, or deferred developer fees. One developer commented,

“I have not seen ... in Oklahoma a project from any developer that closed on those [cost limits].”

Another cost-related challenge raised by out-of-state developers is that allowable rent limits and household income levels in Oklahoma are considerably lower than in other states in which they have worked. Because rent limits in Oklahoma are determined by household incomes, the estimated revenue developer-owners expect to collect from rent typically is lower than in other states; while land costs may be lower in Oklahoma than in other places, construction costs are increasing, yet rents are not increasing as quickly. Projects that are viable for 4 percent deals require slightly higher rents in urban areas to make the deals financially viable. This was described as a “trade-off” by one developer who noted that while the amount of rent collected is lower across Oklahoma, the subsidies and incentives available to make deals work are relatively abundant compared with other states, which makes Oklahoma appealing.

The smaller housing market in Oklahoma also has raised challenges in terms of the viability of developing large multifamily properties, such as those with 200 or more units. As one developer said, “there’s only so many large deals this state needs,” suggesting that the size of development needed to make a 4 percent project viable may not be desired or feasible in Oklahoma regions. In addition to the perceived limits on what the market can absorb, developers said that, in contrast to their experiences in other states, few banks in Oklahoma were willing to finance 4 percent bond deals because large projects are considered risky. Regional banks were not interested in these deals, and at least one developer thought that national banks had little interest in working on local projects. Developers also said that it can be difficult to find syndicators willing to purchase credits on 4 percent deals even though they are undersubscribed. The increase in state LIHTC bond deals has created a market in which a relatively small number of syndicators choose from among several projects. The small pool of buyers makes it harder for developers to sell credits at competitive prices, generating less equity than they might have raised in a market with greater buyer demand.

Other challenges raised by developers include a state requirement to conduct environmental monitoring and mitigation beyond the boundary of a development site, a requirement that can extend development timelines. A developer also thought that the requirement to use private activity bonds in QCTs or DDAs restricted their usage. This restriction was changed for 9 percent tax credit deals and the developer thought that a similar change in 4 percent requirements would lead to higher utilization.

Financers' Perspectives

Interviewees from the housing development finance sector identified challenges to development and the use of tax credits. They noted that housing developers active in Oklahoma face high construction costs for labor and materials, greater debt, and less available equity—all making it harder to build housing cost-effectively. Finance-sector stakeholders, nevertheless, see the relatively lower construction costs in Oklahoma compared with many other states in the country and the available bond cap as factors attracting developers to the state. According to one interviewee, there is the concern that, at some point, developers will face constraints due to a smaller investor pool with “limited appetite for financial investments.”

Debt financing is an ongoing issue. One financer explained how high interest rates lead banks to require higher debt service coverage ratios and reductions on loan-to-value ratio limits for multifamily projects. This has led to rising equity gaps, increasing the need for gap financing. While local, state, and federal gap financing resources are available, some have become more difficult to access. One interviewee shared an experience with a federal loan program that became more restrictive:

“I closed a [federal Rural Development program] deal a year ago with the same developer, same structure, same loan doc, same everything. It was fine. And now less than a year later, Rural Development [says] it doesn’t pass their underwriting.”

Another interviewee talked about the HSP program’s subordination requirement for the revolving loan fund, which makes it difficult for a bank to lend to a developer participating in the program. As the interviewee said,

“You’re going to be very hard pressed to find any bank willing to subordinate their lien position ... [or] frankly able to take ... that kind of subordinate position without probably getting a lot of scrutiny from our examiners, from our regulators.”

Another issue related to debt financing concerns what one person referred to as “skinny underwriting.” Underwriting to a 115 percent debt service coverage ratio leaves little cushion once a development is occupied if increases in operating expenses surpass rent revenue. Given that many affordable developers nationwide are facing challenges with reserves and net operating income due to increases in insurance, costs of repair, and maintenance, but are simultaneously unable to increase rents, skinny underwriting helps these projects pencil out at initial funding. However, this may create risks that could result in problematic outcomes down the road.

In addition to the challenge of expanding cost caps on the 9 percent tax credit program, as mentioned, at least one interviewee thought that developers of such deals should be able to tap into the

state tax credit program, which is currently available only on 4 percent deals. Compared with the 9 percent program, which is consistently oversubscribed, the 4 percent program is underutilized. Interviewees believed that the underutilization was partly due to the limited ability of Oklahoma’s relatively small market to support many large deals coupled with residents’ preferences for low-density housing. Some developers, however, have found creative ways to make the 4 percent tax credits work in the more rural parts of the state. For example, a developer was able to package together a number of small developments with 12 to 16 units each into one bond deal with tax credits.

A challenge for new developers is the complexity of navigating the application process for tax credits. Applying for a tax credit can be a daunting process for a new developer without an experienced partner or consultant who is familiar with the QAP and required application materials. Developers with more experience, especially those who have previously won tax credit awards, tend to have an advantage from having “mastered” the application process—they understand the requirements and know how to maximize their scores.

Local Economic and Policy Incentives Encourage Investment

Interviewees indicated that the local policy and economic landscape have a large impact on either blocking housing or making it viable. Aggregated feedback focused on a number of distinct areas that play a more important economic role in supporting affordable housing development: reliable and sustained political will, investment in gap financing, zoning and permitting reform, among others.

Political Will Is Needed

At the city level, developers and local stakeholders said that Oklahoma City and Tulsa have leaders committed to increasing the affordable housing stock and have invested in a number of different programs, policies, and incentives that are aimed at supporting development. Differences in the cities’ governance structure, however, can affect the development context over time. The long tenure of Oklahoma City’s council-appointed city manager is seen as providing consistency in the city’s housing-related goals and programs across a longer span of time than typically is the case in cities led by strong mayors. Oklahoma City’s leadership is seen as very pro-growth, including council members who will stand up “to angry residents” to push through the housing deals they want done, noted one interviewee. According to the interviewee, developers know they can get projects done there.

Developers drew a contrast in this regard between Oklahoma City and Tulsa, where the mayor holds executive authority and new mayors can lead to dramatic shifts in the vision and goals for housing, as evidenced by the city's recent political support for developing more housing locally. While Tulsa is beginning to demonstrate political will related to affordable housing, the vision is new, which has made some developers less willing to engage in Tulsa.

Outside of Oklahoma City and Tulsa, a small number of developers noted that they had seen substantial political will in promoting development in less urban areas. Of those, regional leaders who were actively recruiting housing development were viewed as more desirable to work with, in part because these leaders were willing to provide some supports or concessions in the form of land, infrastructure, or tax incentives.

Flexible Gap Fill Is Critical

Developers and financing partners consistently note the critical role played by flexible gap financing in affordable housing development. Given OHFA's rules for capital precommitments, combined with requirements from financial institutions, local flexible and early capital is often essential to making a project pencil out. However, regions have only limited gap fill funding and often have a nontransparent process in distributing it. One interviewee in Tulsa said,

"[We had] \$500 million worth of projects and gap funding was needed. That money is meant to be complementary to other capital stacks. We are experiencing new developers that come into our space [and] need those additional capital stack dollars through the state, and they're having trouble accessing them given the administrative rules placed around those dollars."

Dominant forms of gap funding that interviewees noted include HOME and Community Development Block Grant (CDBG) programs, as well as other locally generated sources. Overall, they said that the processes for receiving HOME dollars were not transparent and created challenges for accessing those funds. Developers felt that, in general, Oklahoma City has done a better job of figuring out how to incentivize affordable housing. The passage of MAPS 4 and the city's 2025 general obligation bond indicate that the city has developed a pathway to investing in housing and infrastructure. There were more concerns about Tulsa, which recently passed a number of funding mechanisms, including the city's Housing Trust Fund and Improve Our Tulsa (both viewed favorably by developers). But interviewees said the city still lacks adequate funding compared to the need and noted that it has not yet been able to fully allocate the funds it has to make a difference.

Some interviewees said they wanted more transparency related to gap fill sources, including making requirements for funding clear and timelines public. More details on the requirements to qualify for gap financing are helpful, such as the total percentage of affordable units, efficiency of funding, and other details. The lack of transparency was particularly difficult for smaller and out-of-state developers, though in-state and experienced developers did not voice the same concern.

Interviewees stated that tax abatements are helpful, but that their impact is felt most when the majority of the capital stack is certain. Tax abatements can get projects “over the line,” but often only after the capital stack is mostly funded. One state-level interviewee said,

"We've seen several developments get that property tax abatement, and I think it really does move the needle."

Developers and local stakeholders were less aware of the Opportunity Zone program and seemed less likely to use it. None of our interviewees had used or considered Opportunity Zones.

As the costs of land and construction increase, developers argued that the focus on early capital is becoming more urgent to help projects advance. But interviewees also noted that the costs of maintenance and insurance are pushing costs up, and tax incentives are becoming increasingly important to sustain operating income. A local housing stakeholder and a financing partner pointed out that affordable portfolios are increasingly constrained, which could affect future development.

Given the innovations that Oklahoma City and Tulsa have already engaged in related to housing funding, there is an opportunity to continue investing in innovative financing mechanisms, including municipal bonds and tax mechanisms, and to increase the degree to which these sources and their distribution are transparent. Interviewees identified other areas that can also drive costs down, including zoning changes, infrastructural supports, land reform, and potential capacity-building pathways for developers.

Zoning and Permitting Delays Create Economic Challenges

Developers and finance professionals highlighted challenges related to zoning policy across cities. In Oklahoma City and Tulsa, obtaining zoning variances subjects developers to lengthy and unpredictable approval processes that add delays, uncertainty, and significant costs. This is a particular concern as holding costs, like the price of debt, stay high and the cost of materials and labor increase over time.

Interviewees noted that in Tulsa, the variance and special exception process can be relatively short; it is usually 30 to 40 days from submission until appearance on an agenda. The city's Board of

Adjustment can then approve a project if the board finds that the development is not injurious to the neighborhood. A rezoning has 30-to-45-day notice requirements that require substantial outreach, which must then undergo three meetings before passage.

But opposition to multifamily development can be substantial and any resistance can lengthen the process related to zoning and permitting. In both cities, but particularly in Tulsa, stakeholders noted that local objections to multifamily apartments due to concerns about neighborhood change led many proposed projects to reduce their unit counts or change their design, which added substantial cost and reduced overall production. In one example, a 24 townhouse project was converted into a 12 single-family home project due to local resistance. Opposition can serve as an economic barrier, especially given OHFA's requirements for preapproved zoning before receiving financing assistance. Local resistance also impacts where developers choose to build as they focus on areas with less local resistance, lower land costs, and/or fewer zoning barriers.

Developers and city staff members have highlighted that zoning approvals have sped up over time in both Oklahoma City and Tulsa. Relatedly, both cities have made some zoning modifications. Tulsa has created some downtown districts where there is a zoning allowance for by-right development of multifamily properties, which has helped speed the process. Oklahoma City, similarly, made updates to its code for the Urban Medium and Urban Medium Multi-Dwelling zoning districts to encourage more housing. Both cities have made other efforts to speed up the process, such as by making preapproved plans available to developers.

Other Oklahoma cities also have focused on expediting processes. Claremore adopted a Unified Development Code (UDC) as a part of its 2040 Comprehensive Plan. The UDC streamlines the process of housing development by consolidating separate codes and using a set of preapproved plans. UDC has a series of pattern zones to help simplify regulations and has led to faster housing approvals and developments. This could be a model for other localities.

Stakeholders we interviewed in Oklahoma City and Tulsa voiced the need for more expansive zoning reform that would enable easier construction of apartment buildings, but they noted that making changes can be challenging. One individual said,

"[It would be useful] if we could allow more types of housing by right without going through a hearing.... We want to re-think how we do residential standards, and we want to see if we can do other processes.... We want to create a whole new structure for how we deal with residential."

But another interviewee noted that the changes likely will need to be slow; past efforts have created backlash when they moved too quickly.

Infrastructure Is a Beneficial Incentive

Multiple interviewees in Tulsa pointed to cost sharing for infrastructure as being helpful, especially in parts of the city where adequate infrastructure is now lacking, such as in East and Northwest Tulsa. They mentioned the need for sidewalks and sewer lines to be built in advance because developers who had to invest in infrastructure directly sometimes lost their profit margin. One interviewee noted,

“The infrastructure was the thing that [developers] pointed to that was the prohibitive thing.”

Interviewees noted that the costs of investment in infrastructure can be high, in part due to impact fees, permits, hook-up fees, and more. Lack of clear information on infrastructure needs in many areas can also add volatility into the cost estimates for projects. Given that much of the infrastructure investment process happens only after land is purchased and some predevelopment work has been undertaken, unexpected infrastructure costs can dig holes in project finances and increase the capital need at the front end of a project. While one interviewee noted that developers sometimes recoup costs after an infrastructure investment, especially when the surrounding area increases in density, it does not help offset up-front costs and certainly does not provide a guarantee of future support.

As a result of these factors, interviewees pointed to infrastructure as being one clear investment a city or region can make to spur development. A financing interviewee said,

“The city [is] trying to pay for infrastructure and on land ... to entice builders. [Be]cause I always tell them, you make it cheaper for a builder to build a house ... and they're going to come and build.”

Policy stakeholders noted that Oklahoma City and Tulsa local governments have focused on infrastructure upgrades for sewer, water, roads, and sidewalks. This is particularly important given that both cities have uneven levels of infrastructure; many parts, especially those areas with more affordable and available land for development, have less-developed infrastructure. The higher costs of developing or upgrading infrastructure may make it more difficult for projects to pencil out, even if land costs are lower. Similarly, many rural regions have limited infrastructure, making the infrastructure requirements for these projects more costly.

As we noted, a disproportionate share of Oklahoma LIHTC projects is in areas with low incomes, likely because of low land costs. But these communities also typically have underdeveloped

infrastructure. This produces a counterintuitive outcome: LIHTC projects may be disproportionately located in neighborhoods with inadequate infrastructure. While many types of infrastructure can be included in a project's eligible basis, understanding the exact costs associated with infrastructure in advance may be difficult. As such, LIHTC developers may underestimate infrastructure needs during the application process and then face challenges as they move forward with the project.

Cities like Oklahoma City and Tulsa are attempting to use their flexible funds to address the high costs of infrastructure alongside housing. Road upgrades are challenging to undertake given limited funds. Bond packages have been a large funder of road repair and transit improvements, and cities are increasingly thinking about linking infrastructure investment and new construction. Tulsa, for example, is now aiming to tie infrastructure investment to housing. Noted one city staff interviewee,

“We’re trying to align housing needs with infrastructure planning, and we did fund in our budget to take care of that outside the \$75 million provided by Improve Our Tulsa.”

The city will request the issuances from the Tulsa Public Facilities Authority (TPFA) and the Tulsa City Council for \$35 million in revenue bonds to accelerate deployment of resources well ahead of all Improve Our Tulsa revenue collections, which are projected to begin in 2026. This focus on targeting infrastructure to support housing development may be one way to help make affordable housing development more viable.

For this to be a reliable strategy, however, localities will need to identify funds for infrastructure investment and ensure a process to align future housing development with that investment. In this situation, infrastructure likely needs to come before, or at least at the same time as, housing projects, requiring communities to identify areas of likely growth and/or needed investment.

Vacant and Blighted Land May Be Missed Opportunities

Land costs heavily influence development potential. This is even true for affordable housing, as land cannot be included in LIHTC projects' eligible basis. As described above, developers have noted concerns about getting control over land, and one developer argued that OHFA's requirement for land control in advance of financing can pose a barrier to deals. Local stakeholders also noted that there are challenges to title access that can add delays, which can be particularly onerous in Tulsa and Oklahoma City. Stakeholders emphasized, moreover, that most Oklahoma localities have vacant and blighted land that can be put to productive use. However, Tulsa, for example, faces long wait times (three or more years) to gain or transfer title. Even when such land goes to a sale, it is with the county rather than the city, so the city cannot leverage the land.

Together, these issues make it challenging and expensive to activate land and often leads such properties into a cycle of vacancy. This is a persistent issue of land not coming into productive use, which also creates trickle down challenges for liens. The state's House Bill 2147 enables a city to not have to wait the three-year horizon but instead start the foreclosure process after paying \$1,500 for abatements or code enforcement. This law went into effect in November 2025, and it will be important to track how this affects the vacant land throughout the state.

Stakeholders in Oklahoma City similarly noted that there is a lot of vacant housing, but that the city has not responded in ways that adequately support acquiring the land it sits on. Stakeholders interviewed noted the lack of a Community Land Trust or Land Bank that could do the work related to acquisition, title clearing, and facilitating partnerships for affordable housing projects. Especially given House Bill 2147, the legal ability for local counties or cities to have a vehicle to acquire lots, especially those made available through tax sales, that can support development may be one fruitful avenue to help cities and small towns more effectively use parcels to support affordable housing development.

Oklahoma City has recently seen the establishment of the Oklahoma Community Land Consortium (OKCLC), a nonprofit organization operating as a community land trust to create affordable housing solutions. It is currently focused on affordable homeownership in the city through land acquisition and ground leasing. This may be a helpful model for other regions throughout the state.

Some cities are trying to activate land in other ways. Tulsa's Community Builder Pilot Program, announced by Mayor Monroe Nichols in spring 2025, assists developers in turning unoccupied properties into usable housing. City teams have identified a small list of developers to start the pilot, and work is underway to support them in their development efforts. This type of effort could be replicated throughout the state to help activate land, target the development of affordable housing on it, and thus bring the cost of development down.

Augmenting the Developer Pipeline

Interviewees noted that it is critical to build a strong developer pipeline, especially of nonprofit developers and developers who are trusted in local communities. One Tulsa interviewee said that a priority action was "investing in capacity of people to become builders." And some noted the value that new developers bring—in particular, new and young developers that bring new opportunities and development types into the region. Building a developer pipeline is seen by local stakeholders as being an important part of the process of affordable development.

However, financing partners note that it is challenging for newer developers to build a sufficient track record to meet bank underwriting standards. This may be particularly true as a subset of older developers are retiring, according to interviewees, and a newer set of developers are trying to start their businesses.

Local nonprofit partners have been very effective at delivering housing production. Oklahoma City and Tulsa have worked with a range of nonprofit partners, including Volunteers of America, Tulsa Housing Authority, Habitat for Humanity, the Oklahoma City Housing Authority, the Oklahoma City Urban Renewal Authority, and a number of Community Housing Development Organizations (CHDOs) that have successfully built subsidized and otherwise affordable housing units. But there is a sense among stakeholders that it would be beneficial to further support nonprofit organizations and mission-driven developers as they build their capacity and pipeline. The small number of organizations limits partnerships that could apply for tax abatements, qualify for certain funds that are geared to nonprofits, and help support community buy-in for more affordable projects throughout the city.

Some potential pathways to strengthen nonprofit organizations are being established in Oklahoma City, which have in part been facilitated through a focus on supporting CHDOs. The city has chosen to increase the CHDO capacity well beyond the minimum 15 percent set-aside required for the use of HOME funds; it has facilitated the transfer of county-owned vacant lots to CHDOs for affordable housing; and it has a growing local developer focus that supports real estate and small-business development program.

However, a small number of stakeholders said that recent changes in how state law is interpreted may affect nonprofit partnership in affordable housing. The Oklahoma County Assessor recently argued that LIHTC properties (in this case, the Hillcrest 2 apartments) may not meet the standard for a charitable use property tax exemption given the structure of property ownership.²⁰ Depending on how this case proceeds, the outcome may shift ownership requirements for nonprofits involved in partnerships with affordable developments. The change may both reduce the ability for developers to partner with nonprofits and shift burdens onto nonprofits. One interviewee in Oklahoma City noted that the impact would be substantial and would create auditing issues for nonprofits that currently partially own affordable properties. It may have reverberating consequences on the viability of affordable housing projects, as many developers have relied on nonprofit partnership in the past.

Conclusions

Throughout this report we have identified obstacles at city and state levels related to housing markets, regulations, administration, and affordability that affect affordable housing development in Oklahoma. We begin this section with an overview of the key challenges and then turn to recommendations for mitigating them, which are based on analyses of OHFA and other quantitative data, qualitative data from interviews, and research on regulations and programs in other states and cities. Most of these challenges can be addressed through policy or programmatic adjustments. The recommendations are structured to reflect the interconnectedness of the challenges rather than the categories of challenges.

Challenges

We group key challenges into three buckets, though several of them are interconnected. We also include several challenges for which we do not have recommendations but that are important to note.

Market Challenges

The Oklahoma market presents unique considerations for affordable housing development. There are few active financing and equity partners, limiting the number of viable large deals, especially in the context of a relatively soft national real estate market. As costs for construction and labor continue to rise, there are persistent financing gaps in making affordable development pencil out, particularly in early stages of the development process.

The Oklahoma market faces challenges in supporting increased uptake of the LIHTC 4 percent program, especially in rural regions. Given the limited equity and lending markets, constrained market demand for large multifamily projects, and the policy emphasis on rural development for LIHTC and programs like HSP, the 4 percent program may not be well-tailored to the economics in the state without substantial innovation in project approach and type.

Infrastructure, moreover, is a challenge statewide. Even in urban cores, there are inconsistencies in the availability of sufficient infrastructure to support large development—and current funding is limited in its ability to meet the need. The cost of infrastructure adds to the cost of housing construction, often in unpredictable ways in areas with limited infrastructure, which can include both rural markets and certain urban markets. This limits the degree to which developers are able and willing to construct housing in a large range of geographies throughout the state, even within its largest cities.

Administrative and Regulatory Challenges

Some of the barriers to development result from regulatory choices. Statewide, there are stringent requirements to demonstrate capability for developers new to tax credits in Oklahoma, though these requirements have been relaxed beginning in 2026. At the same time, other requirements limit the number of projects a single developer can undertake simultaneously. This generally reduces the pool of developers that are eligible to build within any given funding year.

Requirements and incentives related to total development costs affect developers, some of whom have noted that they are often unable to propose a 4 percent LIHTC deal for a multiunit development that realistically reflects actual total costs. The emphasis by OHFA on cost containment makes it challenging for developers: total development cost assessment, in particular, which is based on single-family home costs, does not reflect the higher costs associated with multifamily development. Cost caps risk incentivizing the development of lower-quality affordable housing.

Local red tape related to land utilization may also be creating barriers to foreclosing on vacant and underutilized properties. This could hamper opportunities to develop sufficient affordable housing. In particular, the barriers to putting land into use may limit whether developers are able to build scattered site properties that may conform to preferences of some residents for single-family homes.

The Housing Stability Program

Interviewees pointed to a lack of transparency about how funds that support housing development are allocated. Both gap fill grants and money to support infrastructure are provided to developments by OHFA, but there is a lack of clarity around how and when these are allocated. This makes it difficult for developers, especially small and new developers, to access these funds.

The permitting process is relatively straightforward at the city level, but developers raised concerns related to zoning. Developments that require a zoning variance but face little to no resistance from community stakeholders can move through the process relatively quickly, though even that is often a multi-month process. However, when faced with pushback on a variance request, developers report a lengthy process for moving approvals forward. The unpredictable nature of zoning variances can be challenging and time consuming, especially given OHFA's requirements that land be fully owned or under the developer's control at time of application, which forces developers to hold land for a longer period of time.

Affordability Challenges

Households with low incomes across Oklahoma struggle to afford their homes. Affordable housing programs sponsored by the city and state are addressing some of that backlog, but our findings suggest several reasons for concern. While developers noted that the QAP is streamlined and easy to work with, it includes relatively few incentives, set-asides, or requirements for deep affordability.

The current LIHTC allocation system is not focused on meeting the housing needs of the state's lowest-income residents. OHFA prioritizes projects that have the highest cost efficiency per unit, but underweights the possibility of creating housing affordable for households below the 60 percent of AMI. The fact that the QAP currently distributes only a small share of total possible points to projects serving households with lower incomes, compared with similar states like Texas, means that few units meet the state's deeper affordability needs.

Moreover, OHFA's focus on project cost effectiveness may undermine the ability of the LIHTC program to provide housing in the neighborhoods where people need affordable units the most. LIHTC projects are located in neighborhoods with high rates of poverty; a large share of LIHTC projects are in neighborhoods where median market-rate rents are lower than LIHTC rents (at least without factoring in additional subsidies). This situation implies that the current tax credit system may be prioritizing total unit count over increasing access to opportunity for residents.

While the goal of the QAP may be to maximize the production of LIHTC units regardless of location, it has led to the concentration of LIHTC units. There are benefits to expanding the geography of LIHTC development, not just for the residents but also for the surrounding communities.

Recommendations

We identify a series of challenges to increasing affordable housing. Market, administrative, regulatory, and affordability issues all impact Oklahoma's ability to expand its affordable housing availability. They are interconnected and together lengthen project timelines, increase project costs, and add uncertainty, which limits whether affordable housing can pencil out. In the recommendations that follow, we offer some proposals for state, local, and other actors to help address some of these issues.

These recommendations reflect the intersecting nature of these challenges, and we developed them using a combination of suggestions and requests from interviews, findings from quantitative analysis, and best-practice scan in similar states.

Better Align Economic Incentives with Developer Need

As the state and localities consider how to make sure housing projects remain viable in an increasingly challenging economic environment, ensuring that there is sufficient gap funding for projects is critical. There are a number of ways that the state and regions within can reduce this gap.

OHFA can reconsider how existing programs can be used together more effectively to increase overall housing and reach deeper levels of affordability. The LIHTC program is a powerful tool for creating affordable housing in Oklahoma, and the expansion of the 9 percent credit through federal policy may be particularly helpful where it is oversubscribed and where housing is increasingly challenging and costly to build. Moreover, the existing state affordable housing tax credit has certainly helped make 4 percent projects viable and the HSP has been a useful support.

But these could be made more effective with slight modifications. The state credit may be useful when paired with the federal 9 percent program. Noted one interviewee,

“Now the 9 percent deals really need, really need that state credit ... you’ve depleted that [state credit] source, and now it’s even making the 9 percent even harder to get out the door.”

A majority of states we examined allow the state credit to be used with either the 4 or 9 percent program, and a small number—including Maine, South Carolina, and Vermont—show how the criteria may be modified to preference 4 percent deals, but still allow use on 9 percent projects in certain cases when developments meet certain goals. Given the expansion of the 9 percent LIHTC in coming years and potential decreases in credit pricing associated with that shift, the ability to pair state credits with the 9 percent may help make more of these deals viable.

OHFA could also consider allowing the HSP to be used with LIHTC deals. Especially given the 0 percent interest rate on its funds, HSP could be an effective way to keep projects viable for developers and link HSP to required affordability guidelines, which do not currently exist in the HSP program requirements. Allowing, but not mandating, the combining of these programs may help support LIHTC development while keeping these funds available to targeted or smaller developments that meet a core set of needs or goals for Oklahoma.

Furthermore, states and localities can consider augmenting their support for projects in early stages and aligning their incentives with state-level processes. Early or up-front funding or gap fill commitments, and strategic use of land and infrastructure investments, can help get projects off the ground and bring other stakeholders to the table. An early commitment from the city is a prerequisite for OHFA and encourages lending from banks. While financing is likely the most helpful type of support

early on, localities can also support through land donations, infrastructure upgrades to potential parcels, and other types of support like loan-loss reserves or guarantees for third-party financing, which signal local support and lower early barriers to development.

The requirements to receive these early funds should be made clear, transparent, and predictable to help provide access to both new and established developers. Examples of guidance could include a focus on unit affordability mix, total unit count, and gap fill efficiency to give developers clear insight into which types of projects will be supported through gap financing. Especially as new funding mechanisms come online in Tulsa and Oklahoma City (e.g., Improve Our Tulsa), localities should proactively provide clarity around priorities and guidelines for how these funds will be allocated to housing developments. This can be as simple as a public and published guideline document, such as the one provided by the City of San Jose, California, or Ingham, Michigan; or a clear Notice of Funding Availability, such as the one provided by Raleigh, North Carolina.²¹

Cities and Regional Governments Can Help Reduce Costs and Development Time

Beyond early financial investments, cities can reduce predevelopment and development barriers through guaranteed and predictable reductions in delays associated with land acquisition, zoning, and permitting approvals, while making the process more predictable. Claremore, Oklahoma City, and Tulsa, for example, are trying to make the process faster through innovations like pattern books, zoning changes, and streamlined approvals. Expanding these throughout the state and potentially standardizing them between cities can further help increase housing investment.

Processes can also be made faster and more streamlined through consolidated applications at the state and/or city level that reduce challenges associated with having multiple different processes and allow entities to streamline fund allocation. For example, Massachusetts aims to streamline how financing is allocated and ensure that there is a clearinghouse for relevant funding sources;²² Minnesota has a consolidated RFP that has helped produce a wide range of affordable units;²³ and Pennsylvania HFA handles the 9 percent, 4 percent, HOME, National Housing Trust Fund, PHARE, Realty Transfer Tax, and Marcellus Shale Fund, which allows the agency to award developers a set of funding in a single application.²⁴ Oklahoma entities can create funds for technical assistance to help state or regional entities create minimum viable application guidelines, find alignment on timing and requirements, and potentially empower one regional agency or steering committee to make allocating decisions. This approach may be particularly important given Oklahoma's new bond cap allocations, which are not directed specifically to OHFA.

Cities can reduce early development costs by waiving or deferring municipal fees for affordable developments. Some cities, for example, have allowed impact fees to be paid either over time, or deferred until certificates of acceptance (COA) are delivered, to reduce the up-front costs for certain developers or development types. Bond funds can theoretically be used to defer the cost of impact fees until COAs are issued.²⁵ Consider the following examples:

- **Oakland, California**, has made a number of changes to impact fees.²⁶ First, the city temporarily reduced affordable housing impact fees (chapter 15.72) in certain zones to encourage housing development near transit and job centers. Second, the city shifted impact fees to be based on square footage rather than units to support the development of affordable and smaller units. Third, the city shifted impact fee payment timing to be due when COA is granted to reduce financial burden. Fourth, the city modified the requirement for affordability based on region.
- **Washington State's** Connecting Housing to Infrastructure program provides a model to waive impact fees, hook-up fees, and other permit costs for needed housing. These may bring down early costs of projects in ways that support the timing of funds.²⁷
- **Miami-Dade County** exempted affordable and workforce housing from impact fees.²⁸

Align Funding Mechanisms with Movement on Zoning and Permitting Reform to Increase Impact

OHFA and other state agencies may be able to provide incentives for local governments to reduce red tape and other barriers. For example, OHFA may be able to create a small set-aside within one of the state-level housing funds or incentives for regions that successfully speed permitting and review processes, expand zoning reform, or work to expedite their local processes.

Given that there may be tighter budgets in coming years for investments such as transportation and housing, localities may consider focusing housing investments in key growth corridors to increase impact. Interviewees note citywide zoning reform to enable multifamily housing construction in more areas may not be a political option for all of Oklahoma's cities. To reduce push-back while maximizing impact, cities can refine ongoing work to concentrate growth in key corridors. Focusing infrastructure, gap fill, and other financial resources on areas where zoning and permitting reform have happened helps leverage existing funds to maximize and speed the development of affordable housing.

Rather than undertaking large-scale zoning changes, cities can consider expanding the zoning updates that are already in process. Oklahoma City and Tulsa are making changes to land requirements:

within certain neighborhoods they are reducing barriers to small-scale density (e.g., by reducing parking minimums and required lot sizes) and upzoning areas that have already been zoned for multifamily development. Focusing on areas where modifications are already being made may further encourage development without substantial pushback. Several recent examples include the following:

- **Houston, Texas**, reduced minimum lot size requirements from 5,000 square feet per unit to 1,400 square feet, legalized townhouses, allowed multifamily buildings with 3 to 8 units, and permitted courtyard-style developments without maximum density restrictions.²⁹
- **Salt Lake City, Utah**, has enacted a range of zoning reforms, some of which may be appropriate for Oklahoma's municipalities.³⁰ These include enabling an increase in allowed building height by 1 to 3 stories for multifamily housing and expanding the types of multifamily housing allowed in commercial areas, along with a reduced minimum parking requirement.

Several cities have sought to focus zoning changes on high-traffic and high-investment corridors. In this vein, Oklahoma City and Tulsa are already focused on transit-oriented development. Zoning and permitting requirements can focus on these corridors while preserving residential zones. Recent examples of state- and municipal-level approaches on this front include the following:

- **Montana** has allowed by-right apartment buildings on commercial or industrial land.³¹
- **Utah** encourages municipalities to increase density around transit stops.³²
- **Columbus, Ohio**, focused on implementing upzoning changes on major corridors in Phase 1 of the city's zoning reform.³³

Municipalities should consider modifying how costs for infrastructure are calculated to funnel development into areas that can handle more housing and reduce costs for these projects. Rather than employing standard fees citywide, they could modify impact fees based on small-area geographies to ensure developers build in infill areas where there is greater availability of existing infrastructure. These steps can refine how developers make cost-based decisions. Recent examples include the following:

- **San Antonio, Texas**, has designated service areas for wastewater collection that have different associated impact fees based on assessments of the current capacity and usage.³⁴
- **Phoenix, Arizona**, calculates impact fees based on development type and impact area. Along major arterials, the fee can range from \$0 to more than \$2,000, reflecting the amounts required to provide the same level of service in different areas.³⁵

Infrastructure Investments Can Move the Needle

Cities and the state may need to be innovative in how they incentivize affordable housing, as the rising costs of development are expanding financing gaps. Funding for infrastructure may make affordable housing more feasible. At the municipal level, infrastructure can be funded through Improve Our Tulsa and Oklahoma City's general obligation bond, for instance. Providing a transparent view into how and when infrastructure funds are deployed for housing development will be critical for engaging new and out-of-state developers. Oklahoma has already focused on deploying municipal bonds for infrastructure funding, and both Oklahoma City and Tulsa are focused on aligning infrastructure to areas with planned housing development. Other viable opportunities include the following:

- **Consider how statewide assets can support infrastructure.** Given barriers to using the 4 percent LIHTC, there may be an opportunity to leverage unused private activity bonds to support infrastructure investments, including sewer and water in areas where housing investment is prioritized and/or particularly costly. Analysis should seek to understand this approach's economic effectiveness, its political and practical viability, and its overall impact.
 - » **Oklahoma** has an existing State Infrastructure Bank, a revolving loan program that finances infrastructure projects with rates based on project specifics.³⁶ This allows for tailored financing that can support both local and larger infrastructure projects.
 - » **Utah** effectively uses its State Infrastructure Bank to support innovative projects, and this may be a pathway for Oklahoma.
- **Develop new state infrastructure programs to make way for additional housing.** Given the demand for additional housing but the impediments created by inadequate infrastructure, the state could learn from other states like Utah that are providing new grants for this purpose. One option is to appropriate funds to a new grant program, to be administered by CDBG or HOME entitlement jurisdictions (for larger cities and counties) and the state Water Resources Board (for rural areas). This structure would enable larger cities to leverage new funds to build on their existing commitments and avoid adding an additional bureaucratic obstacle.
- **Expand the use of tax increment financing (TIF) and special use districts.** Oklahoma City and Tulsa already have a number of TIF districts with the purposeful goal of investing in housing and infrastructure. These can be expanded or slightly modified to support infrastructure development in key areas where housing is prioritized. For example, Maine's statewide Affordable Housing Tax Increment Financing program focuses on funding infrastructure for affordable housing.³⁷

- **Explore the ability to transparently and consistently provide cost share opportunities.** Cost share releases individual developers from the total costs of infrastructure and divides costs among entities, including other developers and public agencies. Smaller towns and rural areas often do this, and it provides an opportunity for localities to coordinate funding and delivery of infrastructure improvements.³⁸ Recent examples include the following:
 - » **Indianapolis, Indiana**, has a Community Powered Infrastructure program. This program allows neighborhoods to share the cost of infrastructure improvements with the city.³⁹
 - » **Creve Coeur, Missouri**, has a stormwater cost-share programs for homeowners associations (HOAs) and individual homeowners.⁴⁰ These programs provide opportunities for regions to think critically about how costs for infrastructure can be modified to benefit relevant projects.

Remove Regulatory Blocks to Putting Land into Productive Use

State- and county-level changes can reduce barriers to community land trusts and land banks, and incentivize the creation of these organizations. This helps localities put vacant land into more productive use and offers cities the opportunity to support affordable housing for both rental and homeownership development by providing land at low costs, either through a transfer or a ground lease. A potentially effective approach includes the following:

- **Identify land that is underutilized.** Mapping properties that are owned by a public entity, including municipal and state agencies—and identifying land considered vacant, blighted, or underutilized—can help support strategic decisions about property use. Additionally, combining datasets that are held by various city administrations, such as those derived from water meter details and 311 calls, can help identify vacant properties.⁴¹ Similarly, using auditor data, municipalities and the state can identify publicly owned land that can be cataloged and mapped.
- **Establish the legal authority to create land banks and allow for a broad range of responsibilities that they can undertake.** One example is the Kansas City Community Land Trust and the associated Missouri Abandoned Housing Act. The 2019 act focused on acquiring and rehabilitating foreclosed, vacant, and abandoned properties. It allows community groups to sue absentee landlords and utilize the land for development and community purposes. Kansas City uses a mix of public and private dollars to fund this work.
- **Strengthen strategic code enforcement.** Oklahoma House Bill 2147 provides one strong pathway forward for vacant and blighted properties. Additional strategic code enforcement

and legal channels for addressing vacant properties can help reduce the number of parcels that are out of reach for productive use.⁴² One potential pathway is to commission a study on the local relationships between the housing market and the existing code. In a softer market, where property values are low, adding fines and fees may put properties underwater and disincentivize owners from selling. Shifting how legal actions are taken against properties may better incentivize and speed the sale or transfer of property.

- **Encourage public-private partnerships for development.** Many Texas cities, including Dallas and Houston, have identified available city-owned properties, declared them surplus, and sold them via auction to nonprofits, developers, or governmental partners with specific conditions, including affordability terms. The land could be sold or held by the city or county and leased to the developer. These properties can be used for rental projects but are often used for affordable homeownership developments.
- **Find revenue sources for vacant and underutilized parcels.** Many models show how investors can support the acquisition, demolition, and redevelopment of underutilized properties. Examples include the following:
 - » **Youngstown, Ohio, Neighborhood Development Corporation:** This is a partnership between the city and a foundation to catalyze neighborhood investment.⁴³ The corporation purchases and renovates vacant homes to sell to new homeowners at an affordable price.
 - » **Invest Chattanooga:** This public asset corporation was established in 2024 as a subsidiary of the public housing authority.⁴⁴ It uses a combination of public land contributions, property tax abatements, below-market construction loans, and access to municipal debt markets or low-cost permanent financing to make land available for housing development. Invest Chattanooga has agreements with the city to receive public land at low cost, which allows the organization to provide equity-like inputs in the capital stack, reducing other cash, equity, and debt required for a project and incentivizing development. Invest Chattanooga can draw from municipal debt markets and access other preferred capital sources that reduce the cost and provide permanent takeout financing for construction debt.

Encourage the Ecosystem to Invest in Partnerships, Capacity Building, and the Growth of the Developer and Investor Pool

Interviews highlighted that developer experience is difficult to track and scale in Oklahoma. Even if unintentional, OHFA's QAP preferences local developers with an in-state track record of developing LIHTC projects and that have both confirmed land and guaranteed state gap financing. Given a lack of transparency and delays in land acquisition, zoning variance processes, and gap funding allocation at the local level, this may make it far easier for the same developers to continue building, while putting smaller developers, nonprofit developers, and out-of-state developers at a disadvantage, even when they have successfully developed high-quality projects.

Similarly, financial institutions are inherently risk-averse and less likely to lend to newer developers. Higher barriers to financing and tax credits make it challenging to support a set of diverse developers that can provide more affordable housing to the ecosystem, potentially at a lower cost. Interviewees note that younger, newer developers are able to bring critical innovations to the table, add competition, and help support different types of developments.

The local housing development ecosystem can help support more development. Local programs exist in Oklahoma City and Tulsa to help encourage home-grown developers and capacity building for small developers. These programs can be expanded, and financial incentives can be leveraged locally to encourage nonprofit partnership. Cities can also use funds flexibly to lower barriers to financing institutions by offering loan-loss reserves or loan guarantees for banks that work with newer or more local developers. Cities also have the ability to prioritize how they allocate HOME funds; they can allocate certain amounts to nonprofit-driven projects or increase their allocations to CHDOs.

Investment in new developers—in particular building a stronger landscape of CHDOs—can help augment affordable housing development locally.⁴⁵ CHDOs leverage funds that are often unavailable for for-profit developers, and they are specifically designed to have community connections that can help diminish the local pushback and support speedier affordable development. Supporting a beneficial environment for CHDOs can help scale affordable development. Investment in this landscape can be financial and related to the organization overall, such as the provision of operating support; especially as HOME funds are limited, increasing operating support may be critical to sustain this landscape. It can also include innovative funding for specific projects, including access to predevelopment dollars, gap financing with favorable terms, and flexible development fees. But it can also include recruiting new CHDOs, supporting training and capacity building, and other technical supports to build a pipeline of high-capacity, effective CHDOs that increase local competition.

OHFA and other state-level actors can use the QAP and programs like the HSP to encourage relationships between long-standing LIHTC developers and new developers or CHDOs by adding points for nonprofit partnership or apprenticeships. This can help them compete in the QAP process. Many states and cities include incentives for nonprofit partnership in their QAPs.

Expanding Access to Affordable Housing for Those Who Need It Most

Oklahoma's housing needs are concentrated among its residents with the lowest incomes—yet current programs disproportionately benefit households with somewhat higher income levels and often do not expand peoples' access to opportunity. To address these affordability concerns, OHFA may consider altering the LIHTC QAP in several possible ways:

- **Create a set-aside or increasing points in the QAP for projects offering deep levels of affordability.** This could ensure that a certain share of financed projects includes units with deeper levels of affordability (e.g., units serving households at 30 or 50 percent of AMI). A set-aside can limit some of the complexity introduced into QAPs by creating a new pool for developers to compete in. Many states have incentives, set-asides, and tiebreakers aimed at creating deeper affordability.
- **Increase points or create an incentive in the QAP for projects located in high-opportunity census tracts.** These changes would likely require that OHFA reduce the current QAP's preference for projects based on total development costs for this pool and instead create a set aside or increase scored points criteria in the QAP for projects in high-opportunity areas. This could encourage developers to ensure that a certain share of projects include units that are located in communities that provide households an alternative to market-rate rentals; the current QAP does not adequately accomplish this goal. This would require the state to determine how to measure a high-opportunity tract, which states do differently. This could mean, for example, projects located in tracts where LIHTC rents would be at least 50 percent lower than market-rate rents or in tracts in the top quartile of metropolitan area income.
- **Include state LIHTC preferences for projects with deeper affordability or that are located in high-opportunity areas.** Many states include a priority for either deeper affordability or location targeting. If there is hesitance to change the federal LIHTC preferences, this could be one avenue to expand these types of properties.

These options could assist OHFA in shifting its focus more toward the needs of the households with the lowest incomes. However, to make projects serving households with low incomes pencil out, the

state legislature may consider expanding funding for associated subsidies. This could mean additional state-level support through project-based grants or flexible gap financing from private or philanthropic sources, all of which could be associated with specific LIHTC projects to subsidize development costs and enable higher levels of affordability (much like the way the HOME program works). To reduce complexity, OHFA could be assigned to distribute these grants in parallel with its LIHTC allocations.

Similarly, OHFA could consider allocating a portion of the HSP's Increased Housing Program loans to 4 percent LIHTC projects. These loans have the advantage of providing zero interest rates, but they currently are not associated with any affordability requirements. These loans could have the added advantage of potentially encouraging higher uptake of the 4 percent program.

Finally, OHFA should consider addressing the cost-limit assessments in its current financing strategies. Several interviewees noted that the existing limits on total development costs—established for HUD's HOME program and based on single-family home costs—are too low to cover actual costs on 4 percent deals. Determining an appropriate assessment and resetting cost limits accordingly would improve alignment of funding to costs. To better align with the large increases in development costs, while encouraging competition, OHFA could consider making decisions for reasonableness of cost based on the applicant pool. Mirroring New Mexico, which averages the applicant pool total development cost, or Kansas, which considers but does not itemize total costs, may provide some flexibility without encouraging a race to the bottom. This may also allow developers to make a case for some higher costs—for example among supportive housing properties, which often may require additional funding for long-term services.

Opportunities for Future Research

Our examination of challenges and opportunities for the development of affordable housing in Oklahoma, while offering important new insight, nonetheless raised additional questions that merit study. There are several key areas for which additional research would provide complementary information about the state's housing market:

- **Understanding the use of the charitable property tax exemption and its relationship with affordable housing.** Changes at the Oklahoma City assessor's office have reclassified some LIHTC projects as not charitable, and therefore subject to property taxes, but this is not the standard approach everywhere. More information is needed about how common such charitable exemptions are, and how they impact the feasibility of affordable housing projects.

- » An additional analysis could focus on identifying impacts in Oklahoma specifically, including the number of properties affected, impacts on properties and owners/nonprofit owners, and potential effect on future development.
- **Leveraging institutional and faith-owned land for affordable housing.** Several states have given faith-based organizations the ability to circumvent local zoning codes if they develop affordable housing projects on their properties. More information is needed to understand whether there is substantial land available in Oklahoma that could benefit from such a rule.
- **Evaluating infrastructure constraints for affordable housing.** We need to understand the spatial mismatch between quality infrastructure (e.g., water, sewer, roads, and transit) and housing construction. We need information about the degree to which certain housing production is limited due to infrastructure constraints—and whether new infrastructure investment could help fill the gap.
- **Assessing municipal infrastructure funding capacity.** While localities are typically charged with providing the necessary infrastructure to support housing, many cities and counties are unable to cover the costs of these investments. We need information about the varying capacity to undertake such investment across Oklahoma cities.
- **Expanding investor markets.** Multiple interviewees highlighted challenges with the local investor landscape—specifically that Oklahoma has a limited number of investors in the state, which effectively caps the total number and size of projects that are viable. This is a long-term issue for the state, especially as the expansion of the LIHTC credits, as part of changes to federal law in 2025, may expand the demand for equity and potentially further pull down pricing. However, there may be ways to increase the desirability of the landscape for investors and potentially expand the market of investors. Future work can focus on two components: how to bring investors to the Oklahoma market and how existing credit and incentive programs may be modified to expand the interest from investors.

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