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Downtown Tulsa. *Building Opportunity.*

*Tulsa isn't the "Oil Capital of the World" anymore,*

*but that doesn't mean we lack the resources to*

*reinvent our city. Forbes magazine recently ranked*

*Tulsa as the nation's tenth best city for cost of living,*

*seventh best for income growth.*

### **Opportunity knocks in downtown Tulsa...who will answer?**

Oil built downtown Tulsa's many fine buildings in the early 20th century. Early oil moguls commissioned buildings that featured outstanding examples of Gothic, Art Deco and, later, Mid-century Modern architecture. These exemplary buildings stand as noteworthy and solid today as the dollar was when they were built. People come from all around the country to admire the architecture of downtown Tulsa.

But our downtown buildings aren't just relics in amber. They're ripe for redevelopment. Today, many of these same structures—former landmarks in a once-vibrant central business district—offer opportunities for downtown Tulsa's rebirth in the 21st century.

Downtown teems with flexible spaces, affordable rents and location, location, location. And, it has what Tulsa's shopping mall/strip center/cineplex-laden south side does not have: character and incentives.

Downtown Tulsa is hip, cheap and the next big thing—but it won't be a bargain for much longer.

## **Downtown is different...that's what makes it pop!**

*Available properties offer a diversity of redevelopment possibilities for every investor, and each holds multiple commercial-use potential.*

### **Office Market**

While the downtown office market lags behind suburban markets, a number of older office towers have been redeveloped successfully for mixed use. This underserved market is where the bargains lie. Using available incentives (see below), there are a number of "ripe for the picking" buildings that—when compared apples-to-apples—stand up to any deal in any other part of town...whether old or new construction. Average asking rate in the CBD office market increased from \$11.09/square foot in Q3 2007 to \$12.51/square foot at the end of 2007.

### **Residential Market**

New luxury apartments have pushed the average asking rate for all apartments higher than \$1 per square foot. The average occupancy rate within the Central Business District (CBD) is 94%.

First Street Lofts, the Mayo Hotel, and the Mayo Building were selected to receive Vision 2025 funding. In 2008, the Mayor's Office approved the selection and capital improvement agreements with Tulsa County were recommended for approval by the City of Tulsa's Vision 2025 Oversight Committee in the amount of \$10,049,067.

### **Retail Market**

There is approximately 1.4 million square feet of retail space in the CBD. The overall Tulsa retail market vacancy rate is 8.3%, while CBD vacancy rate is 2.6%, well below market average. Average asking rental rate in the CBD is \$15 per square foot as of year-end 2007, compared to \$9.28 per square foot in the overall Tulsa market.

### **Hotel Market**

A series of Vision 2025 metropolitan revitalization projects, along with other public-private efforts, are expected to stimulate strong growth in the Tulsa lodging market. An influx of visitors to Tulsa is expected to create 300,000 additional room nights by 2012.

The Tulsa hotel market within the Inner Dispersal Loop (IDL) currently is served by four full-service hotels: the Doubletree Hotel Tulsa Downtown, the recently renovated Crowne Plaza, the Great Western Downtown Plaza, and the Hotel Ambassador.

Three downtown redevelopment projects under way will expand the market:

- ▶ Atlas Life Building – To be renovated and adapted as a Courtyard by Marriott.
- ▶ Vandever Building – Undergoing conversion as a boutique hotel.
- ▶ Mayo Hotel – Undergoing renovation to provide hotel rooms, meeting spaces, rooftop bar, and ballroom.

### **Industrial Market**

The overall Tulsa Industrial market ended 2007 with a vacancy rate of 9.8%, down from 11.3% in the third quarter. CBD vacancy rate year-end 2007 was 8.6%.<sup>iv</sup>

### **Parking Spaces / Structures Available**

There are more than 27,000 parking spaces in Tulsa's downtown, located in twelve parking structures, both public and privately-owned. The average monthly parking rate is \$55 with a range of \$30-\$85 per month.



**Service Pipeline Building**  
Kanbar Properties

## Survey says...

A historic resource survey of downtown Tulsa began in 2008 and will continue through 2009. This systematic process of recording and evaluating architectural resources will reveal what many people already know. Tulsa's building stock is significant and adaptable. The survey, conducted by professionals, will identify buildings, sites, and districts eligible for the National Register of Historic Places which, in turn, means those places can be eligible for state and federal tax credits.

*Translation:* National Register of Historic Places = Tax Incentives

Listing on the National Register does NOT impede private property rights to quote directly from the NPS...

*"There are no Federal historic property designations that place Federal restrictions on private property owners."*

In a nutshell, here are the benefits of the survey and nomination process:

- ▶ Provides information to determine a building's eligibility for the National Register of Historic Places and potential to use federal and state historic tax credits;
- ▶ Helps prioritize downtown projects, essential in any master planning effort;
- ▶ Facilitates compliance with federally funded projects such as the current sidewalk improvement program; and,
- ▶ Provides resource materials for journalists, historians, tours (heritage tourism) and all those interested in Tulsa's rich architectural heritage.

So, there's no need for misgivings about the process. It's simply a planning tool with protections and incentives ensuring that downtown's built environment can be viewed as an alternative to suburban sprawl. In other words, it levels the playing field.

## Programs and Incentives for Historic and Existing Buildings

Rehabilitating Tulsa's older buildings is easier and more affordable than ever. The Tulsa Mayor's Economic Development team can help locate the expertise and resources to make a project happen.

### Federal Historic Preservation Tax Credits:

Federal tax law currently provides attractive incentives for the rehabilitation of historic and older buildings. To qualify for tax incentives, buildings must be listed in or determined eligible for the National Register of Historic Places.

The rehabilitation credit applies to costs you incur for rehabilitation and reconstruction of certain buildings. Rehabilitation includes renovation, restoration, and reconstruction. It does not include enlargement or new construction.

Generally, the percentage of costs you can take as a credit is:

- ▶ 10% for buildings placed in service before 1936
- ▶ 20% for certified historic structures

### State Historic Preservation Tax Credits:

Since January 1, 2006, Oklahoma State Tax credits match federal tax credits for approved 10% and 20% projects.

The State Historic Preservation Office (SHPO) in Oklahoma City reviews proposed rehabilitation projects and is the initial contact for applicants. The National Park Service is the Federal agency responsible for certifying historic structures and rehabilitation work. Through SHPO's efforts The Philtower Residential Lofts, Tribune Lofts and Hotel Ambassador were able to earn an estimated \$13,120,000 federal tax credits and \$13,120,000 state tax credits.

Sample list of completed tax credit projects in Tulsa:

**Adams Hotel** || 403 S. Cheyenne || Tulsa Historical Enterprises Limited  
**Mid Continent (Cosden)** || 409 S. Boston || Reading & Bates Offshore Drilling  
**Pythian Building** || 423 S. Boulder || J.D. Young Revocable Living Trust  
**Reunion Center** || 9 E. 4th Street || Reunion Center GP  
**Grantson (Petroleum)** || 111 W. 5th Street || Petroleum Building Limited  
**Pierce Building** || 309 E. 3rd Street || Pierce Building Co. GP  
**SWB Main Dial (Luther)** || 424 S. Detroit || AT&T  
**Tulsa Municipal Theater** || 105 W. Brady || Brady Properties, Inc.  
**Hotel Ambassador** || 1324 S. Main Street || Tulsa Ambassador Hotel LLC  
**The Tribune Building** || 20 E. Archer || Tribune Redevelopment LLC  
**Oklahoma Natural Gas** || 624 S. Boston || Noble Building Investors  
**Philtower** || 427 S. Boston || Philtower LLC  
**Vickery Service Station** || 602 S. Elgin || Blue Dome LLC

Projects currently under way using historic tax credits:

**Mayo Building** || 420 S. Main Street || 2600 Avenue G LP  
**Mayo Hotel** || 115 W. 5th Street || Mayo Hotel & Lofts LP  
**Tulsa Marriott Courtyard (Atlas Life Building)** || 415 S. Boston || Jeff Hartman

### Local Development Act, Tax Incentive Projects:

This local incentive provides for granting of an abatement of the increase in local property taxes for specific projects for six years; this incentive can be combined with the Enterprise Zone Tax Incentive Leverage Act as a state income tax credit match.

### International Existing Building Code (IEBC):

The IEBC represents a sensible and cost-effective approach to rehabilitation. Local developers who have used this code say it saved approximately 20% over Building Officials and Code Administrators (BOCA). Remember...National Register listing may allow for more flexible interpretation of the code onto buildings...a potential advantage to those interested in rehab and adaptive use.

### Fire Suppression Grant:

This City of Tulsa grant provides up to \$8,000 for sprinkler connections and appurtenances located in the public right-of-way. Applications are available through the Building Plans Review Administrator, City of Tulsa, Development Services.

### Low Income Housing Tax Credits:

Federal tax credits are available through a process administered by the Oklahoma Housing Finance Agency. In certain circumstances, these credits may be combined with federal historic tax credits.

### Buildings in the National Register of Historic Places within the IDL:

- ① Ambassador Hotel
- ② Boston Avenue Methodist Church
- ③ Cain's Dancing Academy
- ④ Cosden Building
- ⑤ Gillette-Tyrell Building
- ⑥ Holy Family Cathedral, Rectory & School
- ⑦ Hooper Brothers Coffee Company Building
- ⑧ Mayo Building
- ⑨ Mayo Hotel
- ⑩ Mayo Motor Inn
- ⑪ McFarlin Building
- ⑫ Mincks-Adams Hotel
- ⑬ Oklahoma Natural Gas Building
- ⑭ Petroleum Building
- ⑮ Philcade Building
- ⑯ Philtower Building
- ⑰ Pierce Block
- ⑱ Public Service Company of Oklahoma Building
- ⑲ Southwestern Bell Main Dial Building
- ⑳ Tribune Building
- ㉑ Tulsa Convention Hall (Brady Theater)
- ㉒ Tulsa Municipal Building
- ㉓ United States Post Office and Courthouse
- ㉔ Vickery Phillips 66 Station

### City of Tulsa: Downtown Tulsa Project Highlights

**BOK Center:** \$180 million, 18,041-seat facility designed by Pelli & Assoc.

**Convention Center:** 30,000 s.f. ballroom addition and a total of 35 meeting rooms.

**Vision 2025 Housing:** 1. First Street Lofts will provide 18 loft units; \$3 million investment; 2. Mayo Hotel & Lofts will provide 100 hotel rooms and 70 loft units; \$38 million investment; 3. Mayo Building will provide 60 residential units; \$32 million investment.

**Oklahoma Jazz Hall of Fame:** adaptive use of Tulsa's historic Art Deco Union Depot as a performance hall and recording studio; public/private investment of more than \$4 million.

**Visual Arts Center – Brady Village:** adaptive use of former warehouse for exhibit, studio, and performance space with non-profit corporations; \$40 million investment with additional \$5 million to develop an adjacent full-block park.

**Griffin Communications Media Center:** 50,000 s.f. state-of-the-art facility to house CBS affiliate KOTV, Channel 6. New construction with private investment of more than \$25 million.

**John Hope Franklin Greenwood Reconciliation Memorial:** public/private investment of more than \$3 million in the Brady Village Arts District; design consultation with the National Park Service will encompass the subject of race relations in the United States.

**Marriott Courtyard Atlas Life:** conversion/adaptive use of a 12-story historic building in the CBD with more than \$7 million private investment to result in a 120-room hotel property.







*Philtower*

### **Philtower Residential Lofts**

Built in 1927 for Phillips Petroleum Co. mogul, Waite Phillips, the Philtower is an icon of Tulsa's skyline.

Architecturally, the Philtower is significant for exemplifying the period in which it was built, featuring late Gothic Revival style embellished with Art Deco details. Its colorful tile roof has long been a Tulsa skyline landmark.

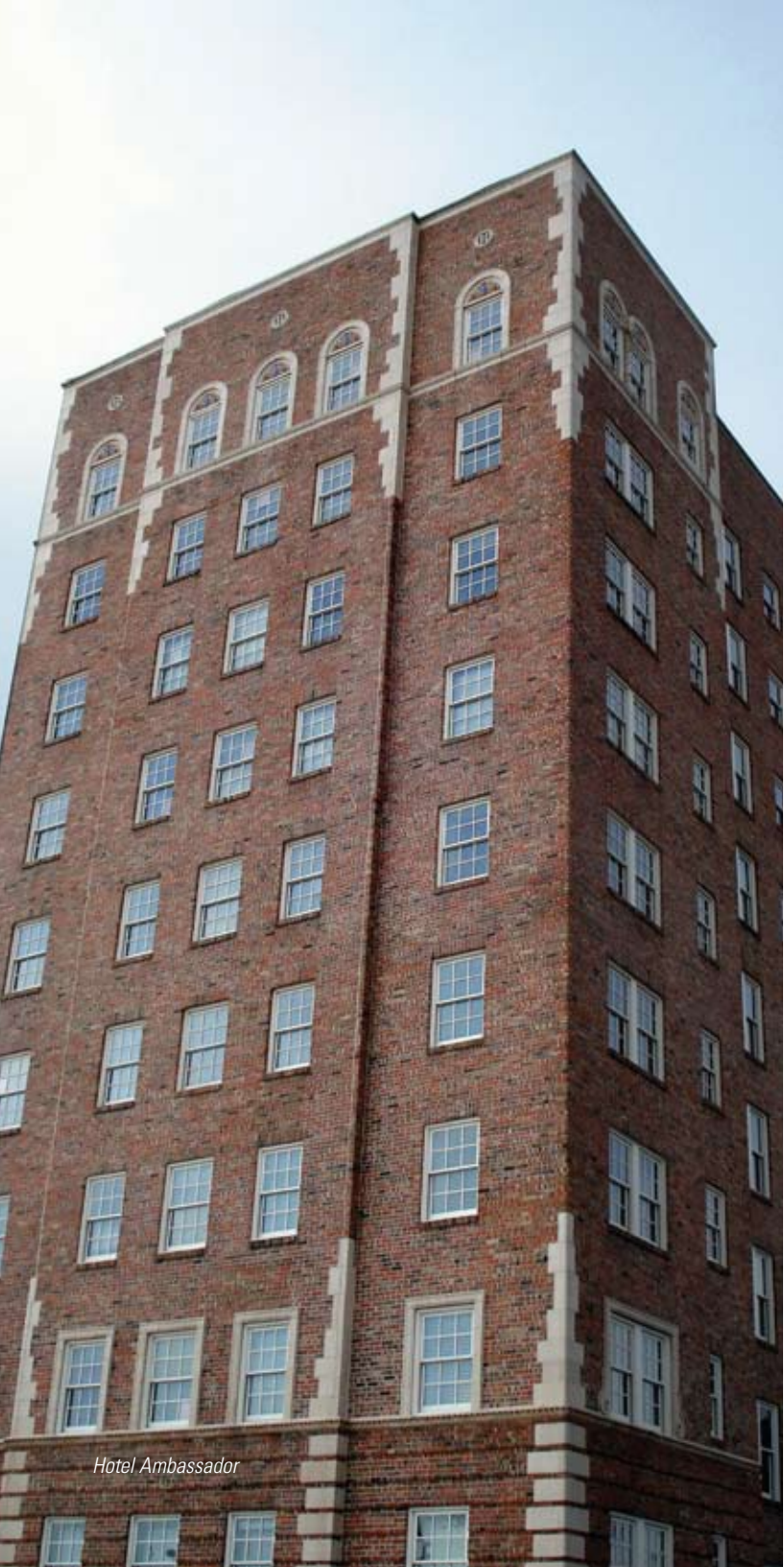
Its 24 floors provide 90,000 s.f. of "Class C" office space. Recent conversion of floors 12-20 to residential loft living created 27 units ranging from 700 to 1,400 s.f., private and common terraces provide a commanding view of downtown Tulsa. Resident parking is located in an attached structure with electronic access and security monitoring. The City of Tulsa provided a \$1 million grant for renovation.

### **Tribune Lofts**

The Tulsa Development Authority purchased this 1924 building, once the home of Tulsa's first newspaper, for redevelopment as residential apartments. Public/private partnership utilized \$700,000 in City of Tulsa downtown housing funds. State and Federal Historic Tax Credits were also utilized in the 32-apartment renovation for an investment value of more than \$3 million.



*Tribune Lofts*



*Hotel Ambassador*

### **Hotel Ambassador**

Once vacant and considered a blighted property, this building was rehabilitated in 1999 as a 55-room boutique hotel. Historic tax credits and tax incentive district abatements were utilized in the rehabilitation; 25 new jobs were created.

The occupancy of the Hotel Ambassador runs in the high 70s to low 80s (72 is considered “full” in the hotel trade) and the average daily rate is \$185. The value of the historic tax credits on the project amounted to \$1.75 million; the total cost of renovation project was \$6 million. The renovation project took one year to complete.

*“What business owner wouldn’t want to locate in a marketplace with more than one million under-served potential clients each month? That’s a much greater number of potential customers than are available at Tulsa’s very successful Utica Square shopping center. Downtown Tulsa draws 34,000 workers each week day and 39,000 churchgoers every Sunday. The new BOK Center has capacity to seat 18,000 people at each event. Two daytime events at the new arena attracted a total of 36,000 people. This is Portland fifteen years ago!”*

Michael Sager  
*Developer, Tulsa’s Blue Dome District*

<sup>i</sup> Jones Lang LaSalle, Putting Your Plans Into Motion (Chicago, Illinois, 2008) 8.

<sup>ii</sup> Jones Lang LaSalle 28-29.

<sup>iii</sup> Jones Lang LaSalle 26.

<sup>iv</sup> Jones Lang LaSalle 29.

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