

Consultant: More Enid apartments not recommended

By Jessica Miller Staff Writer | Posted: Friday, July 17, 2015 7:15 am

Additional large multi-family apartment projects are not necessarily being recommended in the near term, CDS Market Research President Steve Spillette said during Enid Regional Development Alliance's annual meeting and quarterly luncheon Thursday.

CDS Market Research performed the 2013 Enid Housing Study and recently updated it with current data — leading to recommendations presented during the meeting.

It has been estimated Enid will need 613 new housing units in the next two years, CDS Market Research Senior Analyst Kirby Snideman said during the presentation.

“The majority of these 613 units should be owner-occupied housing and 200 of those, rental housing,” he said.

Spillette said Esplanade Apartments at Stonebridge — on which ground was broken Thursday — will add 200 units in 2016.

“We don't necessarily recommend any additional large multi-family apartment projects beyond that, in the very near term. That said, we do think that there should be a continued effort on the part — and we've heard that some developers are really looking into this — to build smaller rental projects, such as infill rental townhomes,” he said. “We do think that that would actually be a very good thing to add to the market, in addition to the Esplanade project, especially ones that can be done fairly affordably.”

Spillette said there should be continued efforts to increase the number of moderately priced homes.

“In a community that's really trying to encourage new housing to be built, we think it's really



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Steven Spillette, president of Community Development Strategies Market Research, addresses guests Thursday at Enid Regional Development Alliance's quarterly luncheon at Oakwood Country Club.

important that everyone's in alignment and that goes from the development community on up through your public officials and the regulatory agencies that they have to deal with," he said. "Not that we want to necessarily ease up standards of building codes and things like that, but it's also very important that people promulgating those codes and reviewing those development plans are acting in a spirit of cooperation and not creating any kind of atmosphere of conflict."

It's important that city officials and others keep an open mind and be willing to consider innovations, Spillette said.

There's another issue with basic infrastructure being required for development, he said.

"There may not necessarily be a connection to water systems or sewer systems or storm drainage systems right at the front door of where that property might be, therefore there's a large expenditure that would be required on the part of the developer to be able to extend that public infrastructure to serve that development," he said.

The city has a capital recovery ordinance to reimburse developers, Spillette said.

"The issue is that it pays out somewhat not very large amounts and it happens over a series of years because it's coming out of the utility revenue generated," he said. "From our experience, it's much more effective and meaningful, financially — it makes a difference whether a developer can go forward or not — if that kind of ordinance provides a way for either the city or whatever public entity you're talking about to be able to front the cost of that infrastructure extension. Or if the developer is fronting that cost, then they can get paid back in a much quicker manner."

Enid Housing Study

"We hire somebody like this from way out of town to come in and tell us if our baby is ugly because you can't tell your neighbor that their baby is ugly. So, we hired him to come in and tell us what our baby looks like," ERDA Executive Director Brent Kisling said. "Not everything that he says is going to be rosy about our community but that's why we have him come in, to help us find out what we really need to do to move to the next level."

Spillette said the purpose of the study was to document from an outsider's perspective on what's really happening with Enid's economy because it is driven by underlying economic factors.

"It's dependent especially on your job market, so we want to document what's going on with that. We want to evaluate the actual market conditions; supply and demand factors ... for what's happening in your housing market; use an analysis of the data that comes out of that research to determine and assess a level of demand for new housing; identify things that, especially in the Enid situation where there's been some difficulty getting new housing on the ground, what are some of the obstacles that might be keeping that from happening?" he said.

Single-family for sale homes, multi-family rentals and single-family rentals were looked at in the

study, Spillette said.

CDS Market Research met with discussion groups set up by ERDA and surveyed workers across Enid, he said.

There has been consistent growth in the Enid area population over the past 20 years, Snideman said. The population estimate for 2015 is 51,865 in Enid and 63,462 in Garfield County.

“And 2015 represents an all-time high for the Enid area,” he said.

When the population is broken down by age, the second-highest growth in any age group is in the 25 to 34 age group.

“This is the highest number of first-time homebuyers. A lot of communities have a challenging time holding onto these younger individuals, especially small communities. So, being able to do this is quite remarkable,” Snideman said.

School enrollment for the past two years has seen 5.9 percent growth in Garfield County, he said.

Incomes are up in the Enid area, Snideman said.

“You have a large middle income,” he said. “The income group \$75,000 to (\$100,000), those that are earning that amount, has seen the highest increase of any other income group.

“These lower incomes are decreasing. Some of that’s due just to inflation, a natural increase.”

There are more luxury homes and higher-end homes being constructed, Snideman said.

“You’ve had consistent low unemployment for the last several years, lower than the state and the nation,” he said. “The labor force is increasing.”

The price of oil has been a concern, Snideman said.

“The big story here is that some may think that oil and gas industry is a larger part of the Enid area and Garfield County’s total employment. Well, it’s only 8 percent,” he said. “There are other industries that are a part of that, that either directly or indirectly sell to the oil and gas industry, and they’ll be effected by this price drop.”

Employment in Garfield County is diverse, Snideman said.

“Sometimes that can be lost in the narrative that each of us have about our community when you see it being dominated by, ‘Oh, yeah, Enid, that’s an oil town,’” he said. “But, no, it’s quite diverse.”

“Housing is an outcome of other factors of your economy,” Snideman said. “The economy is the context of your housing market.”

Over the past four years, sale prices on homes are up, the volume of sales is relatively constant, the asked price to sold price is rising, the days on the market is decreasing and the housing supply is

decreasing, he said.

In the Enid area, sale prices have gone up quite a bit, according to Snideman.

“You’ve gone from being somewhat below the state (average) to something right at the state level,” he said.

There are 34 apartment complexes with 2,224 units in Enid and a 97 percent average occupancy, Snideman said.

“In doing interviews with several of these complexes, several of them told us that they have waiting lists,” he said.

It’s harder to know what the occupancy rate is on single-family rental homes, he said. But, some managers said occupancy rates are close to 100 percent and prices have gone up.

For about every three new households, there is one new residential unit being built, Snideman said.