

# ResIntel - Amarillo

## Assessment of Housing Needs and Opportunities



April 12, 2022



# Purpose of the study

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- To produce findings that help improve the housing market in Amarillo through:
  - A comprehensive assessment of current and future demand and market potential for housing
  - An analysis of the supply of housing available
  - An assessment of demand / supply mismatches and recommendations for mitigating them
  - The magnitude and nature of demand for all types of housing deemed to be needed in Amarillo
  - Survey of local workers to identify any changes in housing needs
  - Conclude the potential opportunities to fulfill current and future needs

# Amarillo Area Characteristics

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- Population growing
  - City resident growth nearly 24,000 in 10 years
  - Over 40,000 in Potter and Randall counties
  - Aged 65+ 15% of City population
- Majority smaller households
  - 60% 1- and 2-person HHs in City
  - 64% of City HHs – no children under 18
- City HH incomes centered on working-class and middle-class
  - 45% between \$35,000 and \$100,000 (median HH income \$56,253)
  - 22% >\$100,000
  - 32% <\$35,000
- Inter-county differences
  - Potter – 14% >\$100,000, 42% <\$35,000 (median \$43,242)
  - Randall – 33% >\$100,000, 21% <\$35,000 (median \$73,261)

# Amarillo Area Characteristics

## □ Employment

- Potter County – over twice as many jobs as Randall County
- Health care and manufacturing jobs in Potter County

Potter – Q4 2020		Randall – Q4 2020	
Industry	Number	Industry	Number
Health Care	13,334	Retail Trade	6,345
Manufacturing	8,879	Accommodation/ Food Svcs.	4,494
Retail Trade	8,814	Educational Svcs.	3,647
Educational Svcs.	7,883	Health Care	3,387
Accommodation/ Food Svcs.	7,150	Construction	3,012
All Others	30,039	All Others	12,046

Source: Texas Workforce Commission, QCEW

# Amarillo Area Characteristics

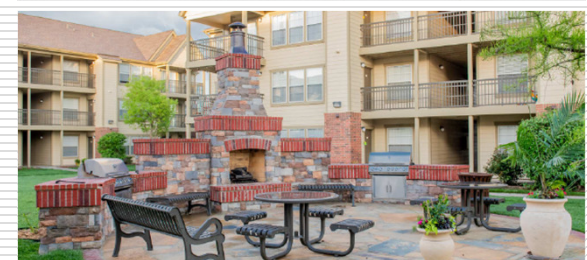
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- Employment growth
  - Potter County – decrease in total jobs 2016-2020 (79,500 to 75,500), back to 2011 total
  - Randall County – slow increase in total over last decade
  - No dramatic changes within major industries except retail, accommodation
- Recent announcements
  - Cacique – 200 jobs
  - Amazon – 700 jobs
  - Expect moderate / middle class wages
- Pandemic impacts / recovery
- Estimated 33% of in-City workers live outside City
  - 29% commute >10 miles

Source: Texas Workforce Commission, QCEW

# Analysis Findings - Apartments

- ❑ Multifamily apartments – approx. 16,000 units
  - 3,000 units permitted since 2010
  - 13,000 (82%) market-rate units
- ❑ Occupancies (95%-100% typical) and demand strong
- ❑ Overall rent levels moderate despite demand
  - Generally <\$1.15/sq.ft.
  - Older lower-quality properties <\$700
  - \$700-\$1,200 is heart of apartment market
  - Upscale properties and townhomes - \$1,200 to \$2,000
- ❑ One complex U/C (The Silos)





# Analysis Findings - Apartments

- Income-restricted units
  - Over 12,000 renter HHs spent >30% of income on housing
  - Almost entirely incomes under \$35,000
  - Just 2,915 income-restricted / subsidized apartment units
  - Preservation of NOAH for >\$35,000 income HHs



# Analysis Findings – SF Rental

- ❑ Estimate over 10,000 single family and other non-apartment rental units
- ❑ Strong demand – related to limited availability in apartment and for-sale housing
- ❑ Premium rents for well-located, well-kept rentals

<b>Bed / Bath</b>	<b>Rent Range</b>
Oldest Houses / Minimal Rehab	
1/1, 2/1, 2/2	\$500 - \$800
3/1 & 3/2	\$750 - \$950
Rehabbed Older Houses	
2/2 & 3/2	\$780 - \$3,500
Larger, Newer Houses	
3/2 & 4/2+	\$1,200 - \$5,000



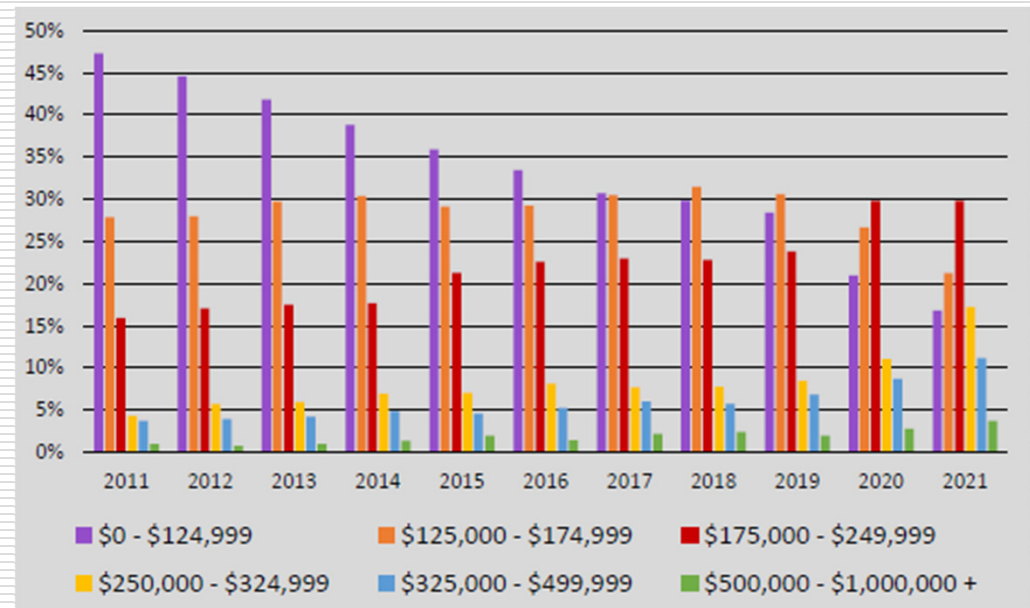
# Analysis Findings - Rental

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- Demand for at least 500 additional apartments
  - Rent range \$850 - \$1,200
  - Develop new complexes one-by-one; bring new properties online as previous one stabilizes
  
- Strong potential for new low-density rental clusters
  - Townhomes and duplexes, small-lot single family detached, tiny homes, etc.
  - Rents \$1,200 - \$1,800
  - Opportunity because of increasing single family for-sale prices
  - Urban core / infill sites

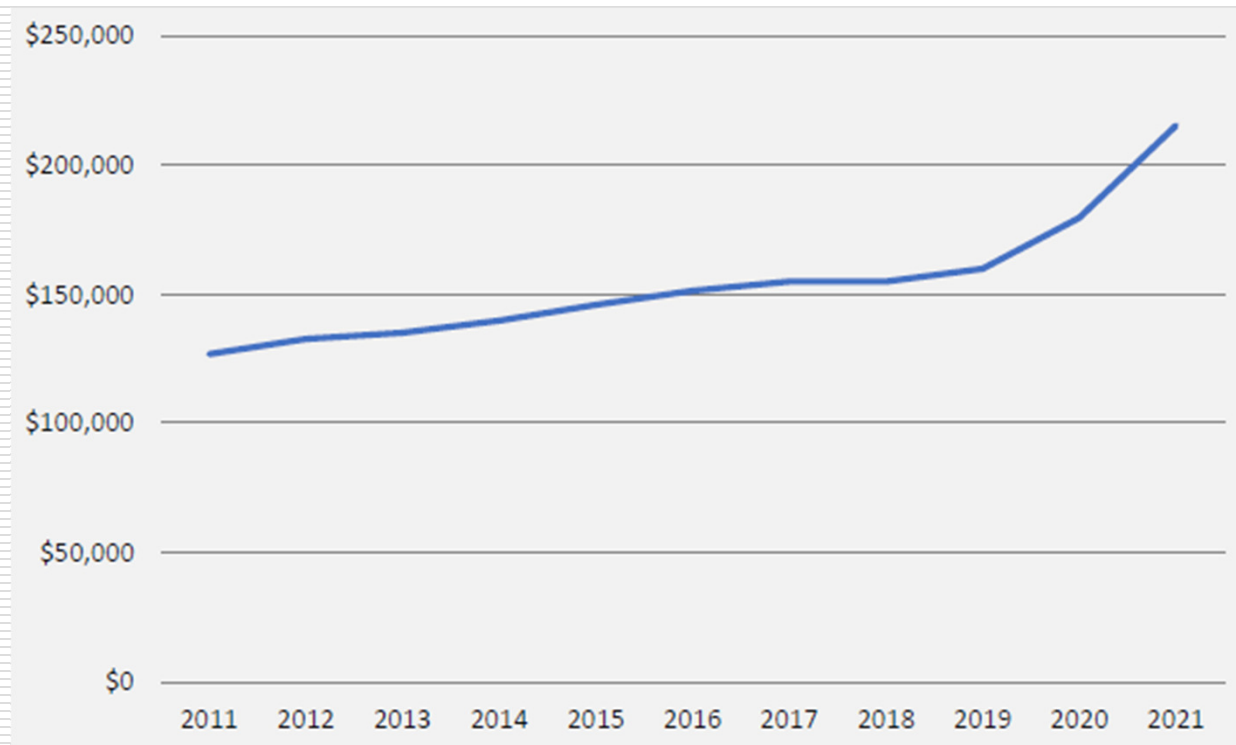
# Analysis Findings – For-Sale

- ❑ Owner-occupied units 58% of City's HHs
- ❑ Homes sold <\$125,000:
  - 47% in 2011
  - 17% YTD Sept. 2021
- ❑ Retirees, passive income earners, remote workers increasingly driving sales



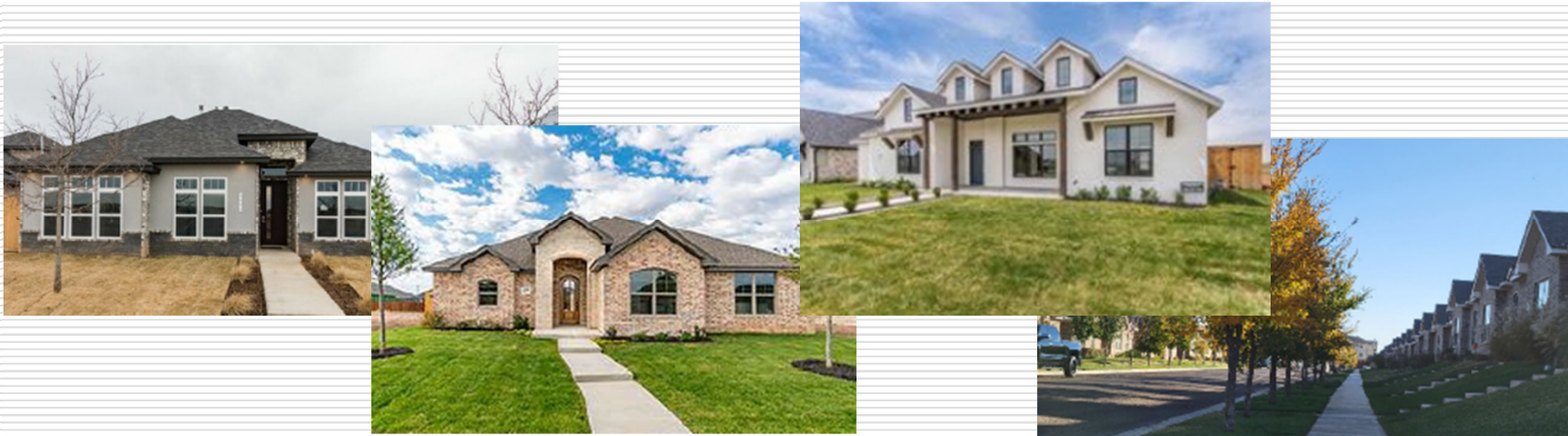
# Analysis Findings – For-Sale

- Median sale price from \$127,000 in 2011 to \$215,000 in 2021



# Analysis Findings – For-Sale

- ❑ New homes – land / development / construction costs rising
- ❑ New lots \$38,000 - \$100,000+ to builders
- ❑ Most new homes must be \$200,000+
- ❑ CDS FHA model: max home price of \$175,000 to median HH income of \$56,000



# Analysis Findings – For-Sale

- Sufficient approved lot supply for new home buyers who can afford \$250,000+ (mostly SW Amarillo)
- **Challenge is serving core 1<sup>st</sup>-time workforce buyer \$175,000 - \$250,000**
  - FHA/VA inspections for older / low-price homes
  - New home prices \$160-\$165/sq.ft.



# Analysis Findings – For-Sale

To better match financially feasible supply to core workforce demand:

- Capitalize on infill lots / sites
- Reduce finished lot costs for greenfield development
- Smaller homes





# Employee Housing Survey

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- ❑ Survey of local workers, put out through employers
  - Over 1,000 respondents
  - Sample overweighted to higher income, higher educational attainment, children in home
- ❑ Notable findings
  - Limited willingness to spend on housing (over half of respondents <\$1,500)
  - Strong support for new and preserved moderately-priced housing for workers
  - City (both main ISDs) is preferred location
  - 2/3 of recent movers had difficulty finding housing
  - Single family strongly preferred, but small OK

# Findings – Seniors / Retirees

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- ❑ Seniors strongly skewed toward owner-occupancy in Amarillo – 78%
- ❑ Seniors and retirees major force in Amarillo for-sale market – perhaps 1/3 of sales
- ❑ Desired characteristics – single story, lower maintenance (Vineyards – 50% to seniors, mostly already in region)
- ❑ Despite owner-occupied preference, age-restricted rental market tight
- ❑ Can support additional 200 age-restricted rental units plus St. Anthony's

# Analysis Findings - Downtown



- Rental housing – additional development warranted, for two segments:
  - Upscale lifestyle renters
  - Working / middle class service workers and students
- Focus on smaller market-rate rental projects in near term (up to 50 units)
  - Larger rental complexes in longer term
  - Rents \$1,200 - \$2,000

# Analysis Findings - Downtown



- For-sale housing – small increments of new development supportable
- 10-15 unit projects
- Condos / adaptive reuse
  - Consider condo fees in affordability
  - Best in most walkable areas
- Attached / small-lot detached single family
- Prices <\$400,000

# Strategic Recommendations

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- ❑ Improve review and permitting process (all classes of developers)
  - Delays, inconsistency, uncertainty all add cost
  - No room for additional costs to reach attainable workforce new housing prices
- ❑ Increase by-right new housing options over more areas of the City
  - Smaller lot sizes
  - Built-to-rent (BTR)
  - Urban infill options – including within existing commercial areas
  - Townhomes, small-lot SF, ADUs, vertical mixed-use

# Strategic Recommendations

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- ❑ Mitigate costs of new infrastructure in greenfield projects
  - Special financing districts, Chapter 380
  - Developer reimbursements – lowers finished lot costs
- ❑ Facilitate infill in older neighborhoods
  - Lift / mitigate cost of infrastructure rehab from developers and builders
  - City CIP / TIRZ / Chapter 380
  - Neighborhood Empowerment Zones
  - Federal funds
  - Community partnerships
- ❑ Incentivize rehab of existing housing



# Strategic Recommendations

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- Assist moderate-priced workforce and student housing in Center City
  - Serves populations working / studying in other revitalization projects
  - TIRZ possibilities (affordable housing)
  - LIHTC
  - PFCs (\*issues with TIRZ compatibility)



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