City of Oklahoma City
COMMUNITY DEVELOPMENT DEPARTMENT
Planning Division

ADULT ENTERTAINMENT BUSINESSES IN OKLAHOMA CITY

A SURVEY OF REAL ESTATE APPRAISERS

March 3, 1986

The City of
Oklahoma City

Community Development
200 N Walker
Oklahoma City, Okla. 73102

February 3, 1986

Dear Oklahoma City Appraiser,

The City of Oklahoma City has recently adopted a new ordinance that will regulate the location of adult entertainment businesses.

Adult entertainment businesses are defined in our ordinance as those which emphasize acts or materials depicting or portraying sexual conduct. These businesses include "Adult Bookstores," clubs with nude dancers, theatres which show sexually explicit movies, etc.

In an effort to more completely analyze the impact of adult businesses on surrounding properties, Planning Division asks for your help in establishing a "best professional opinion" on the matter. As a real estate professional, the opinions you share with us on the enclosed survey forms would be very valuable to us in the development of a local data base for this sensitive land use issue.

Thank you very much for your assistance.

Sincerely,

Carl Friend
Principal Planner

CF:SK:dar

cc: Pat Downes
H. D. Heiser

COMMUNITY DEVELOPMENT DEPARTMENT
Planning Division
CITY OF OKLAHOMA CITY

TO: Professional Real Estate Appraisers

Please help us in this brief Oklahoma City survey. The information provided will help us establish an important data base regarding adult entertainment businesses.

The first four questions relate to the hypothetical situation presented below. The last three questions refer to actual situations in Oklahoma City that you might be aware of.

> A middle income residential neighborhood borders an arterial street that contains various commercial activities serving the neighborhood. There is a building that was vacated by a hardware store and will open shortly as an adult bookstore. There are no other adult bookstores or similar activities in the area. There is no other vacant commercial space presently available in the neighborhood.

Please indicate your answers to questions 1 through 4 in the blanks provided, using the scale A through G.

SCALE:
- A Decrease 20% or more
- B Decrease more than 10% but less than 20%
- C Decrease from 0 to 10%
- D No change in value
- E Increase from 0 to 10%
- F Increase more than 10% but less than 20%
- G Increase 20% or more

1) How would you expect the average values of the RESIDENTIAL property within ONE block of the bookstore to be affected? _____

2) How would you expect the average values of the COMMERCIAL property within ONE block of the bookstore to be affected? _____

3) How would uou expect the average values of RESIDENTIAL property located THREE blocks from the bookstore to be affected? _____

4) How would you expect the average values of COMMERCIAL property located THREE blocks from the bookstore to be affected? _____

5) Are you aware of the existence of adult entertainment businesses in Oklahoma City? _____

6) What is your opinion as to the effect of these businesses on surrounding properties?

_____

_____

_____

7) Specifically, how do you think these businesses affect the surrounding property?

_____

_____

_____

_____

_____

Are you a member of:

MAI ____

ASA ____

SREA ____

other _____

Your name or agency _____

(If you prefer not to give your name, please check here ___)

Thank you for your cooperation. Please return this questionnaire in the postage paid envelope provided for your convenience.

METHODOLOGY

On February 7, 1986, 100 questionnaires were mailed. All real estate appraisers in Oklahoma City listed in the Yellow Pages were included in the survey. As of March 1, 1986, 34 (34%) of the questionnaires had been completed and returned. Real estate appraisers do not receive certification from the State of Oklahoma; however, 26 of the respondents (76%) belonged to a professional organization. The table below summarizes the objective part of the questionnaire. Subjective comments are discussed in a separate section of this report.

SCALE	QUESTIONS			
	1	2	3	4
A Decrease 20% or more	11 (32%)	7 (21%)	4 (12%)	4 (12%)
B Decrease 10% - 20%	8 (24%)	9 (26%)	3 (9%)	3 (9%)
C Decrease 0 - 10%	6 (18%)	10 (29%)	10 (29%)	7 (21%)
D No change in value	9 (26%)	8 (24%)	17 (50%)	20 (59%)

E,F, and G were positive values--not checked by anyone

OKLAHOMA CITY REAL ESTATE APPRAISER SURVEY RESULTS

The 100% survey of real estate appraisers in Oklahoma City produced results that were consistent in virtually all respects with the result of the national survey of appraisers carried out by the city of Indianapolis.

Respondents overwhelmingly (74%) indicated that an adult bookstore would have a negative effect on residential property values in the hypothetical neighborhood described if they were within one block of the premises. 32% felt that this depreciation would be in excess of 20%, wheras 42% foresaw a decrease in value of from 1% to 20%. (Comparative national figures are 78%, 19% and 59% respectively.)

Seventy-six percent (76%) saw a similar decrease in commercial property values within one block of the adult bookstore. As in the national survey, fewer (21%) felt that a devaluation of over 20% would occur. The majority, (55%) saw the depreciation as being in the 1% to 20% range. (Comparative national figures are 69%, 10% and 59% respectively.)

The negative impact fell off sharply when the distance was increased to three blocks. As in the national survey, there appears to be more of a residual effect on residential properties than on commercial properties.

50% of the appraisers felt that a negative impact on residential properties would still obtain at three blocks from the site. Only 12% felt that this impact would be in excess of 20%. The remaining 38% felt that depreciation would be somewhere in the 1% to 20% range. 50% saw no appreciable effect at all at three blocks. (Comparative national figures are 39%, 3% and 61%.)

Commercial property was judged to be negatively impacted at three blocks by 41% of the survey. 59% saw no change in value as a result of the bookstore. (Comparative national figures are 23% and 76% respectively.)

In summary:

- The great majority of appriasers (about 75%) who responded to this survey felt that there is a negative impact on residential and commercial property values within oneblock of an adult bookstore.

- This nagative impact dissipates as the distance from the site increases, so that at three blocks, half of the appraisers felt that there is a negative impact on residential property and less than half felt that there is a negative impact on commercial property.

RESULTS FROM SUBJECTIVE QUESTIONS

Oklahoma City real estate appraisers were also asked for their opinions as to the effect of adult entertainment businesses on surrounding properties. Most of the respondents discussed a variety of negative effects. Only five respondents (14%) said that adult entertainment business had very little effect on surrounding properties. Of these, three appraiser felt that these types of businesses located in commercial areas that were already blighted. All respondents indicated their awareness of the existence of adult entertainment businesses in Oklahoma City; many refered to the 10th and MacArthur location as a prime example of an undesirable cluster situation.

Opinions are summarized below:

Not good: attracts undesirables, threat to residents feeling of safety & security.
- acts as a deterent to home sales
Would you want your home or business next door?
-forces good businesses out
-tends to have a snowball effect
-an immediate transition begins, with the better quality businesses moving out and a lower class business moving in (pawn shops, bingo parlors)
-embarrassment to other businesses and cliental - late hours, parking-trash and debris - vandalism
-children in the area in danger of adverse influence or by actual molestation by perverted people drawn to such establishments
Typical shoppers and residents go elsewhere to shop, and, if they're able to live.
If there is a large concentration of this type of business, there can be a very large loss in property value.

-tends to prevent economic improvement in the area, effects the community as to attracting other businesses

-detrimimental impact on rental rates