

Converse County Housing Study

Overview

The housing studies completed for Douglas, Glenrock and Rolling Hills have examined the issues surrounding the rapid growth that is occurring in Converse County as a result of multiple economic development projects that are underway, primarily revolving around the energy exploration and extraction industries. Looking forward, as many as 5,000 new wells could be drilled and operated in the County, creating a significant number of both short-term and longer-term employment opportunities. The impact of this relatively recent activity adds to the long-term patterns of growth that have resulted in the moderate addition of population and households over time.

This housing study document has attempted to analyze and define the housing demand that will exist going forward, focusing on the County's three primary communities of Douglas, Glenrock and Rolling Hills. While these municipal jurisdictions form the logical location for most of the future new housing construction activity, especially multifamily housing projects, it is recognized that defining the exact location of new construction activity will be driven by buyer preferences, and not easy to predict.

The rural portions of the County have always had some appeal for home owners, and a portion of the owner-occupancy demand would be expected to locate outside of the cities and towns. However, in the opinion of the analysts, the City of Douglas and the Town of Glenrock will have the greatest appeal to housing developers, as well as permanent resident households moving into Converse County.

The following summary information is presented, based on the individual documents prepared for Douglas, Glenrock and Rolling Hills. Readers are strongly encouraged to review the more detailed information that exists within the studies that have been provided to each community.

Douglas and the Surrounding Area

As the largest jurisdiction in the County with the most diverse housing stock, the City of Douglas is viewed as the preferred location for much of the permanent housing construction activity. This is especially true for larger-scale rental housing development.

Rental Housing

The research for this project is supportive of the creation of between 360 and 390 total rental units in Douglas. While different distributions could accomplish this goal, a balanced approach to address various market segments would be as follows:

- ▶ Conventional market rate 220 to 250 units
- ▶ Income-restricted/moderate rent 60 to 70 units
- ▶ Subsidized 25 to 50 units
- ▶ Student 12 to 16 units
- ▶ Senior congregate 26 to 34 units

This production goal for rental housing extends to the year 2025, but rental construction could be front-end loaded into this projection period, with the recognition that much of the local work force growth should be present by the year 2021.

Single Family Housing

The construction of single family housing units, including attached forms of housing such as twin homes or town houses, will serve the expected demand from owner-occupants. Although most of the overall demand for permanent housing in the County will be from renters, there will also be an ongoing need for home ownership options.

Douglas is well-positioned to meet demand for single family houses, with attractive residential subdivisions and active home builders/developers. A portion of the home ownership demand has historically been located outside of the City limits, in rural locations in Douglas CCD, and some of the single family detached home construction would be expected to locate in attractive sites.

This Study has proceeded with the projection that near-term demand will exist for approximately 210 to 240 owner-occupancy housing units by the year 2025. On an average annual basis, this would equate to approximately 35 to 40 houses per year over the next six years.

- ▶ Approximately 20 to 25 moderate to higher-priced single family homes constructed annually
- ▶ Approximately 8 to 10 affordable/entry-level homes constructed annually

In contrast to the rental production identified above, the demand for owner-occupancy units is likely to gradually grow throughout the projection period. Initially, newly arriving households will probably look for rental opportunities, but over time, some will look for the stability of home ownership. A portion of the demand may be addressed in attached single family styles in Douglas, but 70% or more of the new construction will probably be in the form of traditional detached houses.

Glenrock and the Surrounding Area

Glenrock is the second largest community in the County. Glenrock is a small, full-service community, with retail, medical and service options, as well as amenities that make it a desirable residential community. Located within reasonable commuting distance of both Casper and Douglas, residents of Glenrock can travel for employment options in the area's regional centers.

Rental Housing

The recommendations for Glenrock are based on a total production goal of between 60 and 65 total rental units. While different distributions could accomplish this goal, the primary demand will be for conventional market rate housing, and new construction activity should focus on this segment. Other types of rental housing, including more affordable units, may also be needed in the future. Glenrock has historically had a relatively adequate supply of income-based housing, and much of the future demand from a growing area work force will be in the moderate to higher income ranges, above the levels typically served by income-restricted housing.

Single Family Housing

The construction of single family housing units will serve the expected demand from owner-occupants. Although most of the overall demand for permanent housing in the County will be from renters, there will be an ongoing need for home ownership. Glenrock has the potential to meet some of the demand for single family houses. However, in 2019, most of the residential lot options are not being actively marketed, hindering the growth potential that exists.

This Study has proceeded with the projection that near-term demand will exist for approximately 35 to 40 owner-occupancy housing units in the Glenrock area. On an average annual basis, this would equate to five to seven houses per year through 2025. A portion of the home ownership demand has historically been located outside of the City limits, in rural locations in Glenrock CCD. A separate analysis has also been completed for the Town of Rolling Hills, another rural housing option near Glenrock.

- ▶ Approximately 4 to 6 moderate to higher-priced single family homes constructed annually
- ▶ Approximately 2 to 3 affordable/entry-level homes constructed annually

To achieve the new construction goals within Glenrock, some proactive community efforts may be needed, especially if desirable vacant lots are not available to facilitate new construction activity.

Rolling Hills

Rolling Hills is an incorporated town located near Glenrock, and offers residents large lot options for single family houses. There is a municipal water system, but sewage treatment is on-site, resulting in the large lot size requirements. Most of the houses in Rolling Hills were constructed in the 1970s or 1980s, with very limited production in recent years.

Rolling Hills is not viewed as a practical location for the construction of higher-density multifamily rental housing. Any future construction of permanent housing will most likely be in the form of single family houses.

Single Family Housing

Until recently, the Town was landlocked, and only a handful of building sites were available, but a 600-acre parcel has been purchased which could be annexed into the community. Initial plans would be to create 13 large lots which could be served by the municipal water system. While additional lots may also be developed in the future, this would probably require additional investments in the water distribution system, needed to provide adequate pressure.

This Study has proceeded with the projection that near-term demand will exist for approximately 3 to 5 owner-occupancy housing units on an annual basis in Rolling Hills. However, total development will likely be capped by the limited number of building sites. Actual utilization of the vacant lot inventory will dictate any future land development, but it is assumed that costs could be high for future water extensions, negating part of the competitive advantage for building a house in the community. Unless demand in Rolling Hills significantly exceeds the assumptions used in this study, it is probable that the required investment in water system upgrades may be impractical.

Converse County Summary

Based on the aggregated totals from the primary jurisdictions, this study would recommend the development of approximately 420 to 455 rental housing units, and 260 to 295 owner-occupancy units Countywide by the year 2025.

All of the multifamily rental development should be oriented to the primary communities of Douglas and Glenrock. As stated previously, much of the rental production will probably be needed earlier in the projection period, as workers relocating to the County will initially create strong demand for rental units.

Single family construction should gradually increase over time and will continue to represent a mix of both urban and rural locations, although Douglas, Glenrock and Rolling Hills should capture a large share of this home building. Home ownership demand should continue to improve, as arriving workers become comfortable with the area and the stability of their employment. Longer-term jobs created in the local economy will yield greater demand for the stability of home ownership.

These total development recommendations for permanent housing construction may be viewed as overly optimistic, given the area's recent past history. Given the cyclical nature of the area's economy, actual construction should proceed in phases, as market evidence demonstrates the success of newly built housing.

In addition, there are development cautions that need to be acknowledged, especially when considering the growth-generated housing demand created by energy extraction industries, which will have the single greatest impact on future household growth and housing needs. These include:

- ▶ Cyclical expansion and contraction in the oil and gas industry - the "boom and bust" cycles in response to economic and market conditions can result in a housing surplus during "bust" periods
- ▶ Uncertainty and volatility as related to the pace of development - while averages are often used to forecast change, the actual year-to-year changes may differ from the longer-term average
- ▶ Fixed-duration of the resource exploration and extraction - many of the projected changes in population and employment decrease significantly after 10 years, with eventual depletion of the resources within 30 years
- ▶ Changes in other economic sectors in the region, including the ongoing decline in coal mining operations

Developers that are active in the construction and operation of permanent housing should be cognizant of the risk factors that exist going forward.