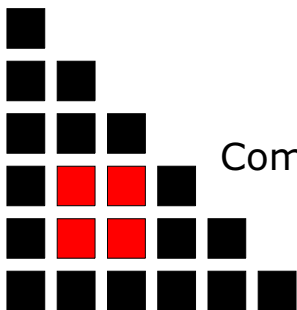


City of Douglas HOUSING STUDY

July 2019

An analysis of the overall housing needs
of the Cities and Towns in Converse County, WY



Community Partners Research, Inc.

Lake Elmo, MN

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Introduction

Overview

Community Partners Research, Inc., was hired by The Enterprise and its corporate partners to complete a comprehensive study of housing market conditions in the communities of Douglas, Glenrock and Rolling Hills in Converse County.

Methodology

A variety of resources were utilized to obtain information for the Housing Study Update. Community Partners Research, Inc., collected and analyzed data from January to May 2019. Data sources included:

- U.S. Census Bureau
- Demographic data from the WY Economic Analysis Division
- Applied Geographic Solutions, a private data reporting service
- Esri, Inc., a private data reporting service
- Records and data from each City/Town
- Records and data maintained by Converse County
- Data from the WY Department of Workforce Services
- Data from the WY Community Development Authority
- Converse County Draft Environmental Impact Statement
- Interviews with elected officials and staff from each City/Town
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions
Realtors, property managers, and developers
- Area housing agencies

Limitations

This Study represents an analysis performed with the data available at the time of the research. Any findings are based upon current housing programs and the best available information on future trends and projections. Significant changes in the area's economy, employment growth, tax policy or other related factors could change the findings and conclusions contained in this report. This Update has not attempted to project future economic conditions, but instead has relied on past patterns and practices.

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Demographic Data Overview

Sources of Data

A number of different demographic data sources have been utilized in the preparation of this document. The State of Wyoming provides demographic profile information for cities and towns supplied by Applied Geographic Solutions, a private company. The analysts have also used a similar provider, Esri, Inc., for current-year and future projections.

The State of Wyoming provides some projection data through the Economic Analysis Division. The analysts also examined any demographic data that is available locally, including any Comprehensive Plans that exist.

Demographic information from the U.S. Census Bureau has also been used. Various Census data sources were examined, including the annual American Community Survey, the annual Population Estimates Program, and records from the 2010 Census. The latest American Community Survey release is for the year 2017. Since the American Community Survey is based on an annual sampling of households, there is a margin of error with each estimate.

One final source that has been used is the Draft Environmental Impact Statement (EIS) that has been prepared for the Converse County Oil and Gas Project. This document includes extensive projections based on different assumptions of future energy exploration and extraction activity.

Market Area Designation

Each City/Town has been examined individually, but all of Converse County has been viewed as a potential market area for development potential.

While Douglas and Glenrock 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.

Population Estimates and Trends

Table 1 Population Trends - 1980 to 2018							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2018 Estimate
Douglas	6,030	5,076	5,288	4.2%	6,120	15.7%	6,336
Glenrock	2,736	2,153	2,231	3.6%	2,576	15.5%	2,528
Rolling Hills	-	330	449	36.1%	440	-2.0	426
Converse Co.	14,069	11,128	12,052	8.3%	13,833	14.8%	13,811

Source: U.S. Census; Applied Geographic Solutions

There are multiple sources that have been examined for the current population level in Douglas. Two of the sources, Applied Geographic Solutions (AGS) and Esri, have issued estimates for the year 2018. Another source, the Census Bureau's annual population estimates program, is effective for 2017. The AGS estimates have been displayed in Table 1.

According to AGS, the City of Douglas added 216 permanent residents between 2010 and 2018, with an estimated population level of 6,336 people. This estimate was lower than Esri's, which showed 6,491 City residents in 2018, up by 371 people between 2010 and 2018. The estimate from the Census Bureau, showed a total population of 6,350 people on July 1, 2017, up by 230 people from 2010, but with an earlier effective date.

If these various estimates are used to form a range, these three sources show the City of Douglas adding an average of approximately 27 to 46 people per since 2010.

There is also some variation between these sources for the total population in Converse County. The most conservative estimate is from AGS. It shows the entire County with a minor population loss in the current decade. Excluding the City of Douglas, it shows the remainder of the County losing approximately 240 people between 2010 and 2018.

Esri has the most optimistic recent estimate. It shows the County with 14,579 residents, adding 746 people from 2010 to 2018. Removing Douglas, it shows the remainder of the County adding 375 residents so far this decade.

At the County level, Census Bureau estimates exist for the year 2018. This source showed only 13,640 people living in Converse County, the lowest estimate for 2018. This estimate is down slightly from the 2010 Census count, and shows that the County has lost nearly 200 people in the current decade.

Despite the differences that exist for Douglas, all of the sources show population growth for the City since 2010. However, at the County level, both AGS and the Census Bureau show a decreasing population outside of the City of Douglas, while Esri is tracking solid growth countywide.

It is not clear why there are these differing opinions about the remainder of Converse County. Esri does show some population growth within each of the primary communities of Douglas, Rolling Hills and Glenrock, but Esri also shows that the rural portions of the County, known as Douglas CCD and Glenrock CCD, have also been growing.

It is known that some forms of temporary housing have been placed in the County, in response to demand from energy industry workers. Esri may be viewing these as permanent residents, while the other sources may view these people as temporary residents, that have a permanent home elsewhere.

Although population levels are important, this Study has placed greater emphasis on household changes, as housing needs are directly linked to household growth.

Population by Race/Ethnicity

The reliability of racial and ethnic information that is released between the decennial Censuses can be questioned, given the methodology that is used. Since racial and ethnic minority groups may account for a relatively small share of the overall population, any sample data that is collected susceptible to errors due to under representation.

When all of Converse County is examined, the population is predominantly White for race, and not of Hispanic/Latino ethnicity. The 2018 estimates from Applied Geographic Solutions shows that nearly 93% of all County residents were listed as White for race and nearly 92% were not identified as Hispanic/Latino ethnicity.

The 2017 American Community Survey estimates show even less diversity, with nearly 98% of County residents listed as White. This source does show that nearly 8% of County residents were of Hispanic/Latino ethnicity, a percentage that was similar to Applied Geographic Solutions.

At the time of the 2010 Census, approximately 95% of the County's residents were White for race, and 6.3% were of Hispanic/Latino ethnicity.

No estimates of racial/ethnic population distributions were obtained from Esri.

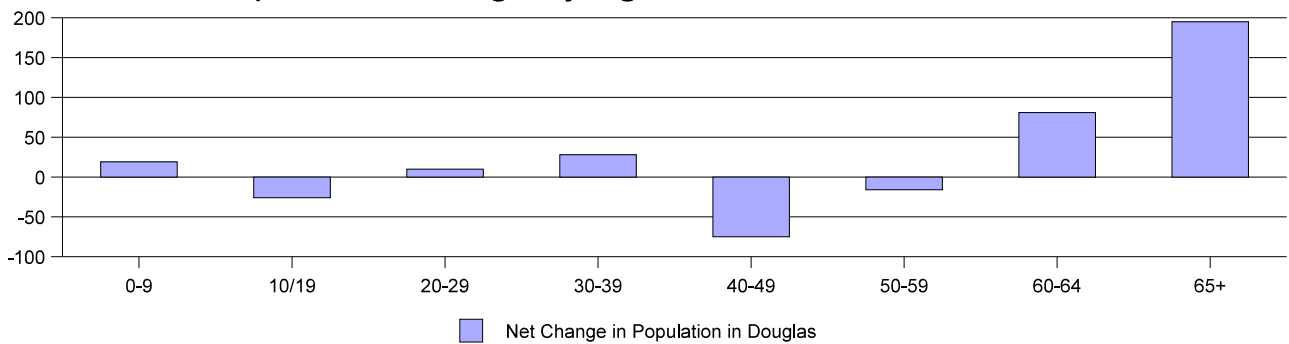
Population by Age Trends: 2010 to 2018

The 2018 population estimates from Applied Geographic Solutions include information on the age distribution of residents. The following table compares population by age in 2010 and 2018, along with the numeric changes. The following table shows these changes for the City of Douglas.

Table 2 Douglas Population by Age - 2010 to 2018			
Age	2010	2018	Change
0-9	943	962	+19
10-19	910	884	-26
20-29	819	829	+10
30-39	805	833	+28
40-49	830	755	-75
50-59	845	829	-16
60-64	304	385	+81
65+	664	859	+195
Total	6,120	6,336	+216

Source: U.S. Census; Applied Geographic Solutions

Population Change by Age Between 2010 and 2018



Like most communities in this region, the City of Douglas has continued to see an advancing “baby boom” generation and its impact on the community’s aging patterns. The age cohorts that represent most of the baby boomers continue to grow in size, as this large demographic segment moves through the aging cycle.

For the City of Douglas, most of the net population growth so far this decade can be attributed to people age 60 and older. In 2018, most all of the baby boomers were within the age ranges between 60 and 74 years old. Between 2010 and 2018, Douglas had a net gain of approximately 275 people in the age ranges 60 and older, but a net decrease of nearly 60 people age 59 and younger.

Household Estimates and Trends

Current-year (2018) household estimates are available from both AGS and Esri.

Table 3 Household Trends - 1990 to 2018						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2018 AGS Estimate
Douglas	1,907	2,118	11.1%	2,546	20.2%	2,686
Glenrock	799	925	15.8%	1,102	19.1%	1,092
Rolling Hills	N/A	135	-	147	8.9%	164
Converse County	4,046	4,694	16.0%	5,673	20.9%	5,765

Source: U.S. Census; AGS

According to the 2018 estimate from Applied Geographic Solutions (AGS), Douglas added 140 households from 2010 to 2018. Esri shows the City with 2,657 households in 2018, up by 111 households from 2010. If both sources are used to form a range, the City of Douglas has been averaging approximately 14 to 18 additional households in a typical year so far in the current decade.

Despite the fact that Esri is showing a larger current population level for Douglas, they actually track less household growth. This is attributed to differing opinions on average household size, as Esri’s population estimate assumes more people living in a typical household.

There does remain some difference on household growth countywide. Excluding Douglas, AGS shows the remainder of the County losing 48 households from 2010 to 2018. Esri show the remainder of the County adding 107 households from 2010 to 2018. Once again, this may be due to differing interpretations of the temporary housing that is being created in the rural portions of the County.

The recent estimates for Douglas do continue the long-term pattern of household growth for the City, dating back to at least 1990. However, the average annual numeric growth has changed over time. In the 1990s, the City averaged annual growth of approximately 21 households per year. In the 2000s, this doubled to nearly 43 households per year. So far in the 2010's, growth has slowed significantly, with a range of 14 to 18 households per year representing the most reliable estimate.

In a later section of this document, information is presented on new housing unit construction in Douglas from 2010 forward. In general, the construction of new housing has been greater than the estimated growth in households. From 2010 through 2017, the City has permitted an average of approximately 29 units per year. Housing permitted in 2017 would have probably been available for occupancy by 2018 and included in the household estimates released by AGS and Esri.

With an even greater increase in the available supply of housing, it is very likely that household growth by the end of 2018 was actually larger than indicated by either estimate. While some minor level of housing vacancy was possible, significant demand for housing should have resulted in a very high rate of occupancy in any units suitable for habitation.

Household by Age Trends in Douglas: 2010 to 2018

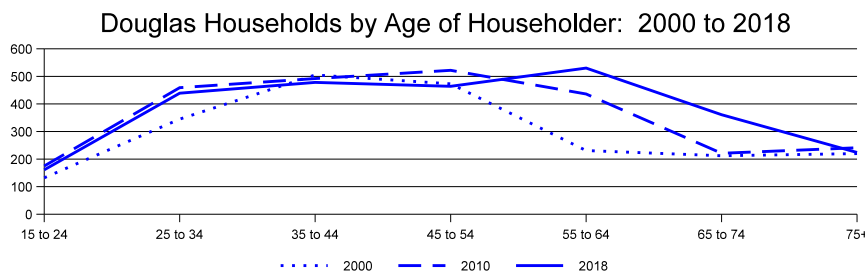
The demographic data profile that is available from AGS does not provide information on households by age. However, age-based household estimates are available from Esri. The following table compares households by age in 2010 and 2018, along with the numeric changes. Esri’s total household count for Douglas in 2018 was slightly lower than the estimate from AGS.

Table 4 Douglas Household by Age of Householder - 2010 to 2018			
Age	2010	2018	Change
15-24	175	161	-14
25-34	459	439	-20
35-44	492	478	-14
45-54	522	464	-58
55-64	436	530	+94
65-74	221	361	+140
75+	241	224	-17
Total	2,546	2,657	+111

Source: U.S. Census; Esri

The household patterns provided by Esri show an aging population in the City of Douglas. All of the growth achieved during the current decade has been attributed to an increased number of households age 55 and older. Overall, Esri shows a net reduction of more than 100 households age 54 and younger, but a net increase of nearly 120 households age 55 and older.

It is important to note that the Esri data would appear to differ slightly from the AGS population estimates provided previously. Although age-based household estimates are not available from AGS, extrapolation of their population estimates would imply some minor growth in households in select younger age groups, such as households in their 30s. But overall, the AGS data also show the most substantial growth occurring among households age 60 and older.



Household by Age Trends in Converse County: 2010 to 2018

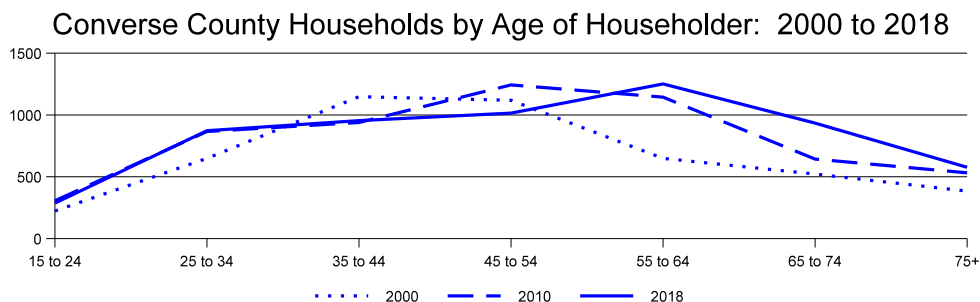
Age-based household estimates for all of Converse County are also available from Esri. It is important to note that Esri had a significantly higher estimate of the total household count in the County, when compared to AGS. Much of the difference between the Esri and AGS estimates for 2018 are attributed to growth that Esri believes has occurred outside of the City of Douglas, including the rural portions of Converse County.

Table 5 County Household by Age of Householder - 2010 to 2018			
Age	2010	2018	Change
15-24	306	287	-19
25-34	866	873	+7
35-44	939	954	+15
45-54	1,243	1,015	-228
55-64	1,144	1,251	+107
65-74	643	934	+291
75+	532	577	+45
Total	5,673	5,891	+218

Source: U.S. Census; Esri

The household estimates within specific age ranges for all of Converse County show slightly different patterns, but Esri still attributes the largest share of the recent household growth to households age 55 and older. For the entire County, Esri shows a net reduction of 225 households age 54 and younger, but a net increase of more than 440 households age 55 and older.

For both Douglas and all of Converse County, the 10-year range between 65 and 74 years old has experienced the greatest level of numeric change between 2010 and 2018, as the leading edge of the baby boom generation moves through the aging cycle.



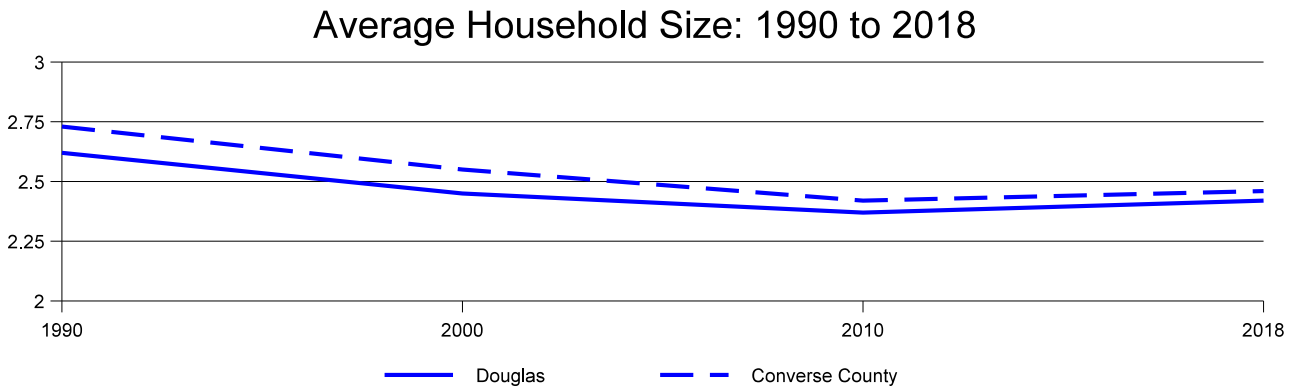
Average Household Size

The following table provides information on average household size.

Table 6 Average Number of Persons Per Household: 1990 to 2018				
	1990 Census	2000 Census	2010 Census	2018 Esri
Douglas	2.62	2.45	2.37	2.42
Rolling Hills	N/A	3.33	2.99	3.03
Glenrock	2.69	2.41	2.32	2.35
Converse County	2.73	2.55	2.42	2.46

Source: U.S. Census; Esri

Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size. This has been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans.



In general, the average household size for Douglas has decreased over recent decades, although the Esri estimate does show that the City’s average household size increasing slightly between 2010 and 2018. However, the other data source used in this report, Applied Geographic Solutions, does show that the average household size in Douglas has grown smaller since 2010.

Esri believes that the average household size for Converse County has also increased slightly since 2010, but AGS shows a decreasing average through 2018.

Housing Tenure

The 2010 Census provided the last reliable benchmark for ownership versus rental household tenure patterns. However, other data sources including AGS and Esri have issued recent estimates for tenure.

Table 7 AGS Household Tenure Estimate - 2018				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Douglas	1,804	67.2%	882	32.8%
Converse County	4,139	71.8%	1,626	28.2%

Source: Applied Geographic Solutions

Table 8 Esri Household Tenure Estimate - 2018				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Douglas	1,843	69.4%	814	30.6%
Converse County	4,363	74.1%	1,528	25.9%

Source: Esri

At the time of the 2010 Census, the ownership tenure rate in the City of Douglas was at 64.9%, with the remaining 35.1% of households renting their unit. The two current-year (2018) estimates that are available differ somewhat, but both show an increased rate of home ownership in the City after 2010. According to Applied Geographic Solutions, the City’s home ownership rate had increased to 67.2% by 2018, while Esri showed the home ownership rate even higher, at 69.4%.

As will be discussed later in this document, the City has added more single family houses than multifamily units through new construction since 2010. There is also some evidence that the number of rental unit vacancies has increased at times, especially through the down years for the local energy economy. As a result, the estimates showing some increase in the rate of home ownership would tend to be supported by other available information. However, as the local economy has improved, it is probable that rental vacancies have decreased and the rental rate may be going higher in 2019.

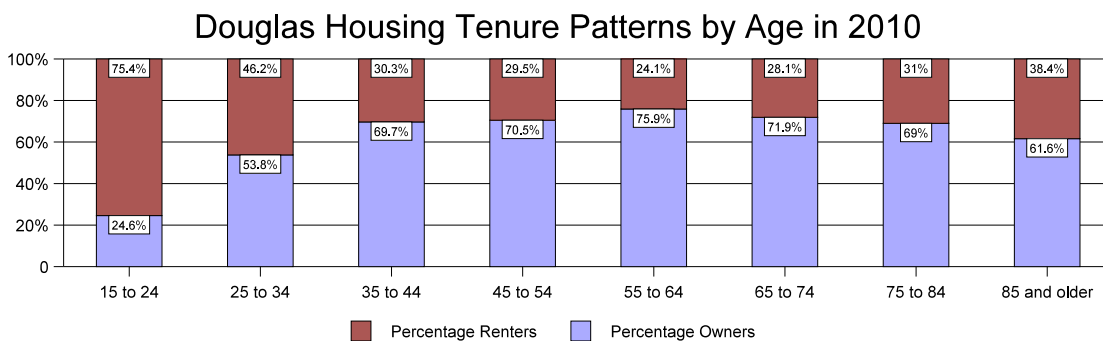
For all of Converse County, the home ownership rate was at 72% in 2010, with 28% of households living in a rental unit. The 2018 estimate from AGS shows a relatively stable tenure pattern Countywide, with 71.8% of households owning their unit. Esri shows an even higher home ownership rate Countywide.

Tenure by Age of Householder

No reliable estimates could be obtained showing the tenure distribution of households within defined age ranges. The American Community Survey does issue an estimate, but after review it was not considered to be reliable, given the significant undercount of renter-occupancy households in 2017. As a result, the following table examines 2010 Census information for renters and owners in each age group in the City of Douglas.

Table 9 Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	43	24.6%	133	75.4%
25-34	247	53.8%	212	46.2%
35-44	343	69.7%	149	30.3%
45-54	368	70.5%	154	29.5%
55-64	331	75.9%	105	24.1%
65-74	159	71.9%	62	28.1%
75-84	116	69.0%	52	31.0%
85+	45	61.6%	18	38.4%
Total	1,652	64.9%	885	35.1%

Source: U.S. Census



Fairly typical housing tenure patterns were present in Douglas in 2010, with the highest rates of home ownership among middle-aged households, while the youngest households had a high rental rate. As senior households aged, they increasingly moved into rental units, but in Douglas, the ownership rate was still above 61% for households age 85 and older.

2017 Median Income Data

Annual household income estimates are available at the city, town and county level through the American Community Survey. The most recent income information is for 2017. The following table compares 2017 and 2012 estimates to track recent changes.

Household income represents all independent households, including people living alone and unrelated individuals living together in a housing unit. Families are two or more related individuals living together in a household. Families tend to have higher income levels since these have at least two household members, and potentially more income-earners.

Table 10 Median Income - 2012 to 2017			
	2012 Median	2017 Median	% Change
Households			
Douglas	\$57,687	\$58,557	1.5%
Converse County	\$62,554	\$62,776	0.4%
Wyoming	\$56,573	\$60,938	7.7%
Families			
Douglas	\$73,162	\$76,250	4.2%
Converse County	\$72,837	\$79,386	9.0%
Wyoming	\$70,013	\$75,602	8.0%

Source: American Community Survey

Income information contained in the American Community Survey showed almost no growth in the median household income for Douglas between 2012 and 2017. This same pattern also existed for all of Converse County. However, despite the limited growth, the City’s median household income was only slightly below the Statewide median, while Converse County was above the median for all of Wyoming.

There was somewhat greater growth in the median family income levels, but overall, area incomes appeared to see only limited change from 2012 to 2017. This may have been due to the “bust” cycle that occurred during these years. However, the median family incomes in both Douglas and Converse County have remained higher than the Statewide median for families.

The rate of change for median income levels over time can also be compared to inflation. According to the federal Bureau of Labor Statistics, the inflation rate during this same time period was approximately 6.7%. Using this comparative measure, the rate of change for the median household and family income levels in Douglas trailed the rate of inflation.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Douglas could afford approximately \$1,465 per month for ownership or rental housing in 2017. A family at the City's median could afford approximately \$1,905 each month for housing.

However, as will be detailed on the pages that follow, there are many households well below the median levels, and a significant income disparity often exists between owner and renter households.

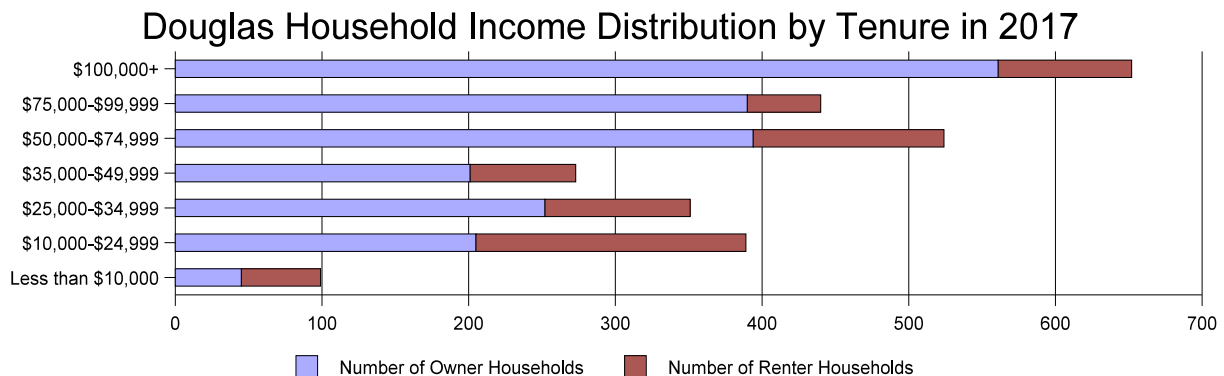
It is also important to note that the collection of the American Community Survey income sampling may have occurred during economic down times in Converse County. The sampling would have been completed between 2013 and 2017. By 2018, economic activity was improving, and future income releases may reflect improving conditions.

Douglas Income Distribution by Housing Tenure

The American Community Survey (ACS) provides an estimate by owner and renter status. The following table examines income distribution within the City of Douglas. The American Community Survey is an estimate, based on limited sampling, and a margin of error exists for each estimate. For total households in Douglas, the American Community Survey estimate appears to be too high. It is also probable that the ACS has overestimated the number of owner households while underestimating renters. Despite these possible flaws, this source still provides the most detailed information on income by tenure patterns.

Table 11 Douglas Income Distribution by Tenure - 2017			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$9,999	45	54	99
\$10,000 - \$19,999	94	129	223
\$20,000-\$24,999	111	55	166
\$25,000 - \$34,999	252	99	351
\$35,000 - \$49,999	201	72	273
\$50,000 - \$74,999	394	130	524
\$75,000 - \$99,999	390	50	440
\$100,000+	561	91	652
Total	2,048	680	2,728

Source: American Community Survey



Household income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes. According to the American Community Survey, the median household income level for all renters in 2017 was \$35,441, while the median income for home owners was \$66,970.

Nearly 50% of renter households in Douglas had an annual income below \$35,000. At 30% of income, these low and moderate income renter households would have \$875, or less, that could be applied to monthly housing costs.

Owner households generally had a higher income level. Approximately 46% of owner households had an annual income of \$75,000 or more, and nearly 66% had a median income of \$50,000 or more.

Fewer than 25% of all owner households had an annual income below \$35,000, and a limited amount that could be applied to housing costs. This probably included some retirees that were living on a fixed income but had purchased their housing many years ago.

2017 Estimated Income and Housing Costs - Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City of Douglas.

Table 12 Gross Rent as a Percentage of Income - Douglas			
Percent of Income for Housing	Renter Households Age 64 and under	Renter Households Age 65+	All Renter Households
Less than 20%	223	45	268
20% to 29.9%	110	91	201
30% to 34.9%	70	0	70
35% or more	64	32	96
Not Computed	18	27	45
Total	485	195	680

Source: American Community Survey

Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

According to the American Community Survey, approximately 24.4% of all renters in the City were paying 30% or more of their income for rent. A majority of these households were actually paying 35% or more of their income for housing.

The rental cost burden statistics showed all age groups were impacted. Approximately 16% of the senior citizen renter households had a cost burden, while nearly 28% of non-senior renters were applying more than 30% of income to housing costs.

Although a housing cost burden could be caused by either high housing costs or low household income, in Douglas it was primarily due to low income levels for renters. More than 81% of the renter households with a housing cost burden had an annual household income below \$35,000. To avoid a cost burden, these households would have needed a unit with a gross monthly rent of \$875 or less.

2017 Estimated Income and Housing Costs - Owners

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City of Douglas that are paying different percentages of their gross household income for housing costs.

Table 13 Ownership Costs as a Percentage of Income - Douglas		
Percentage of Household Income for Housing Costs	Number of Owner Households 2017	Percent of All Owner Households 2017
0% to 19.9%	1,254	61.2%
20% to 29.9%	418	20.4%
30% to 34.9%	85	4.2%
35% or more	275	13.4%
Not Computed	16	0.8%
Total	2,048	100%

Source: American Community Survey

Most owner-occupants, which would include both households with or without a mortgage, reported paying less than 30% of their income for housing. Mortgage lending practices will often prevent households from applying an overly large percentage of their income for housing. However, nearly 18% of all home owners reported that they paid 30% or more of their income, and most of these were paying more than 35% of income for housing costs.

As would be expected, the large majority of cost-burden home owners had a mortgage on their home. However, approximately 17% of owners reporting a cost burden had no mortgage. In these cases, it was generally a low annual income that has caused the cost burden, such as a retiree that lived on a fixed income.

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Growth Projections Overview

Various projections exist that anticipate future changes in the demographic patterns for the City of Douglas and Converse County. It is important to state that these projections each represent a prediction of possible change. But local conditions will ultimately dictate the actual changes that occur, and some of the projection sources would not be closely monitoring the current status of oil and gas activity.

In the following section, different projections and growth scenarios have been reviewed and analyzed by Community Partners Research. In general, these have been presented in the following order.

- ▶ Projections from primary data sources including Esri and Applied Geographic Solutions (AGS)
- ▶ Projections from the Wyoming Economic Development Division
- ▶ Projections from the Draft Environmental Impact Statement

Projections from Primary Data Sources

This Study has utilized demographic information from two different primary providers, Applied Geographic Solutions (AGS) and Esri, Inc. (Esri). AGS is used by the Wyoming Business Council to provide demographic base information for the individual jurisdictions in the State. Esri is a similar provider of data that is often used by financial institutions and housing finance agencies when examining market potential.

As will be discussed later, these two sources do show ongoing growth for the City of Douglas, but the expected change is modest in scale. These national data sources generally do not have the ability to incorporate specific local changes that could significantly impact historic patterns.

Population Projections

Population projections for the five-year time period spanning the years 2018 through 2023 are available from both AGS and Esri.

Table 14 Population Projections Through 2023						
	AGS			Esri		
	2018 Estimate	2023 Projection	Change	2018 Estimate	2023 Projection	Change
Douglas	6,336	5,983	-353	6,491	6,645	+154
Converse County	13,811	13,122	-689	14,579	14,874	+295

Source: AGS, Esri

Although both of these sources are viewed by the analysts as unreliable for future population growth, at least Esri does show some increase in the number of residents in Douglas and all of Converse County. Given the in-migration patterns that are evident in late 2018 and early 2019, significantly greater population growth will occur.

Household Projections

Household projections for the five-year time period spanning the years 2018 through 2023 are available from both AGS and Esri. Household projections directly impact the demand for housing. The following table presents household projections to the year 2023. Both of these sources use a five-year projection period, starting with their base year (2018) estimates and then projecting to the year 2023.

Table 15 Household Projections Through 2023						
	AGS			Esri		
	2018 Estimate	2023 Projection	Change	2018 Estimate	2023 Projection	Change
Douglas	2,686	2,718	+32	2,657	2,721	+64
Converse County	5,765	5,868	+103	5,891	6,012	+121

Source: AGS, Esri

As apparent in the table above, the primary data providers used for this Study have a very conservative view of the household growth prospects for both the City of Douglas and Converse County. Although there are some differences in the base-year data, as discussed earlier in this document, the projected range of growth going forward is relatively similar.

For the City of Douglas, the cumulative growth over the five-year period ranges from 32 to 64 households. If reduced to an annual average, this would yield approximately 6 to 13 households annually.

There are greater differences between AGS and Esri for the base-year estimates for all of Converse County, but similarity on the anticipated changes going forward. For the entire County, including Douglas, the cumulative range is 103 to 121 households over the next five years. If reduced to an annual average, this would yield approximately 21 to 24 households annually.

The exact methodology used by each of the data sources is not disclosed, but these projections are probably based in part on a continuation of recent patterns. For example, housing unit construction patterns in the City of Douglas over the past five years have added between 90 and 100 total housing units, or an annual average of between 18 and 20 units per year, before any potential unit losses are incorporated. As the primary jurisdiction in Converse County, with the largest share of the housing stock, the five-year forecast is reasonably consistent with the growth in the local housing stock in the recent past.

Household by Age Projections

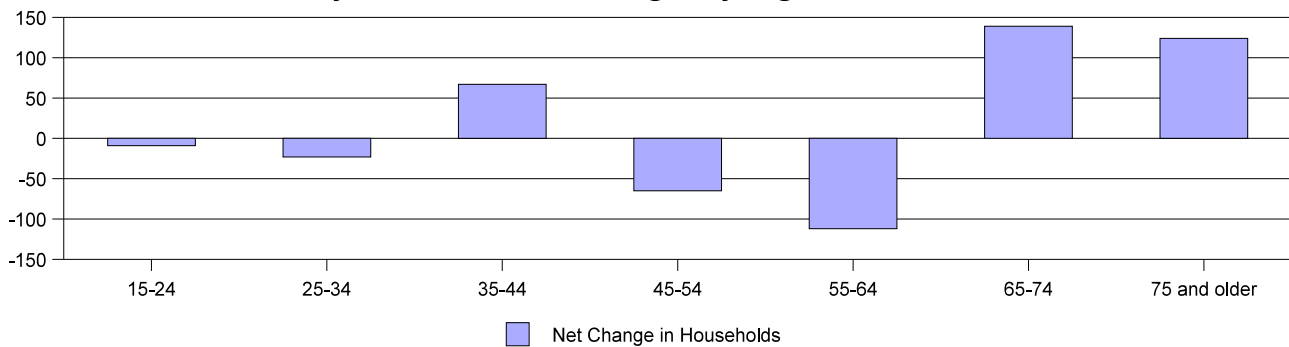
In addition to overall household forecasts, Esri has also generated age-based projections for households to the year 2023. These projections can be compared to the data contained in the 2018 Esri estimate to examine the change projected over the next few years. These age-based forecasts are for all of Converse County.

Table 16 Converse County Projected Households by Age to 2023			
	Esri		
Age	2018 Estimate	2023 Projection	Numeric Change
15-24	287	278	-9
25-34	873	850	-23
35-44	954	1,021	+67
45-54	1,015	950	-65
55-64	1,251	1,139	-112
65-74	934	1,073	+139
75+	577	701	+124
Total	5,891	6,012	+121

Source: Esri

Esri’s age-based projections should largely be viewed as tracking the expected changes in the existing resident population in Converse County. These projections expect only limited household growth, and would not include the impacts of job creation in energy extraction.

Converse County Household Change by Age Between 2018 and 2023



These forecasts show nearly all the net growth occurring among households age 65 and older through the year 2023. The only younger age range expected in increase in size would be households age 35 to 44 years old.

State of Wyoming Projections

Some projections exist that have been generated by the Wyoming Economic Analysis Division. This source has only generated population forecasts, but some assumptions can be made regarding household change.

Table 17 Population Projections			
	Wyoming Economic Analysis Division		
	2016 Estimate	2023 Projection	Change
Douglas	6,541	6,574	+33
Glenrock	2,595	2,767	+172
Rolling Hills	439	473	+24
Converse County	14,191	14,860	+669

Source: WY Economic Analysis Division

The projections issued by Wyoming EAD span a longer time period, from their base year of 2016 through the year 2023. In general, these projections are also viewed as very conservative forecasts of future change, especially for the City of Douglas.

At the County level these projections do expect growth of nearly 670 people, but this is over a 7-year period, and would still represent average growth of less than 100 people per year.

Although these projections are only issued for population, a reasonable conversion would expect net growth of approximately 300 households over this same 7-year period, or approximately 43 households Countywide in an average year.

Draft Environmental Impact Statement Projections

The Draft EIS that was prepared for the Converse County Oil and Gas Project includes an extensive review of the expected change in population, jobs and housing due to energy exploration and extraction. Different alternatives were considered but the following analysis summarizes some of the basic growth assumptions.

Much of the population growth that is being projected is the direct result of employment growth that is expected during the first 10 to 15 years of the exploration and extraction activity. While a portion of the jobs are expected to be filled by people already residing in the area, significant in-migration will also be required.

Unlike some of the projections presented earlier, the Draft EIS projections are presented as an expected gain over time, and do not necessarily start from a fixed base year estimate. The projections contained in Alternative A and Alternative B are presented below.

Alternative A is the most conservative growth scenario, and is the “no action” option. This assumes that normal oil and gas activity will continue as in the past, but a significant increase would not occur due to additional permitting approvals. The following approximate net gains in population were identified under Alternative A. These are cumulative gains, generally through the year 2026.

- ▶ Approximately 150 people added in Douglas
- ▶ Between 35 and 40 people added in Glenrock
- ▶ Fewer than 30 people added in Rolling Hills

Under these assumptions, household growth and the resulting housing needs would be limited. Even if single-person households would represent much of the population growth, the estimated population change would yield demand for fewer than 100 housing units in Douglas. The peak year for net growth would not be reached until approximately 2026 under Alternative A, but much of the demand would already be present by the year 2021.

The Draft EIS also assumes that nearly half of this housing demand would be through temporary forms of housing, resulting in limited new construction of permanent housing.

Alternative B was the alternative that received the most analysis in the Draft EIS as the most probable scenario to result from increased oil and gas activity in Converse County. However, since many of the calculations were completed in 2014, there is a recognition that some of the assumptions used to make the forecasts are now viewed as overly high, as continued improvements in efficiency and technology may have reduced the need for workers. Still, Alternative B is viewed as the best indicator of future change.

When the original calculations were completed, the expected growth in population would be a net increase of approximately 2,000 people in Converse County by the year 2021. For individual jurisdictions, the following approximate net gains in population were identified.

- ▶ Approximately 1,600 people added in Douglas
- ▶ Approximately 380 people added in Glenrock
- ▶ Fewer than 50 people added in Rolling Hills

These net gains in population would generally be sustained through the year 2025, before beginning to decrease. A very significant decrease would then be expected after 2027. Much of the net growth achieved due to the oil and gas projects would be lost by the year 2028 under the assumptions used in Alternative B.

The Draft EIS does not directly project household changes, but does anticipate housing unit needs, which can be used to imply household growth. These forecasts expect the following net increase in housing unit demand by the year 2025:

- ▶ Approximately 875 total housing units needed in Douglas
- ▶ Approximately 200 total housing units needed in Glenrock
- ▶ Fewer than 20 total units needed in Rolling Hills

It is important to note, however, that much of this anticipated housing unit demand would be met through “temporary” housing options, including hotel/motel rooms, RV/campers, work force housing alternatives such construction work camps and other resources that would not require traditional housing unit construction. These forms of temporary housing are already being used extensively in Douglas in 2019, consistent with the Alternative B assumptions.

For the housing demand specific to the City of Douglas, the Draft EIS had placed the following percentages:

- ▶ 40% in temporary options such as hotels/motels and RV parks
- ▶ 50% rental housing
- ▶ 10% owner-occupancy housing

If the “temporary” housing forecasts are assumed to be largely accurate, and removed from the projected need, the following tenure pattern would apply to “permanent” housing needed in Douglas by the year 2025:

- ▶ Approximately 440 rental housing units
- ▶ Approximately 90 owner housing units

As stated previously, it can be argued that the Draft EIS assumptions on the overall need for workers can now be viewed as overly optimistic, and advances in efficiency have reduced the labor needs associated with exploration and extraction. However, there are also other factors in the area that were not included in the Draft EIS, including the construction of a wind energy project, construction of a gas plant west of Douglas, a major pipeline project, and a proposed animal processing facility south of Douglas.

As a result, there are reasons to believe that the permanent housing unit needs calculated in the draft EIS may actually be conservative, despite the reduced labor requirements specific to the oil and gas activities.

Economic Development Impacts

Although the multiple data sources identified above have been reviewed by the analysts, there is also a recognition that local economic activity and resulting job growth have the potential to alter any of the previously issued projections. Some of these are specific economic development projects, and can represent permanent or short-term job creation. The larger known projects are summarized below.

Kosher Beef Plant

In the City of Douglas, a large-scale food processing facility is being planned. Although located approximately 10 miles south of the city limits, Douglas would be the closest municipality to the plant. This project would directly impact potential growth in Douglas.

As planned, this beef processing plant could reach a total employment level of 500 jobs. Construction is expected to begin in 2019, with operations beginning in 2020. The analysts have assumed that the growth in employment would occur gradually over time. These are viewed as permanent jobs for the area.

Cedar Springs Wind Energy Project

In 2019, a large-scale wind energy project will begin in Converse County. Up to 160 wind turbines may be erected, along with related facilities for transmission of power. The estimated start of activity is in the third quarter of 2019, with expected completion by the end of 2020.

Based on the Permit Application for the project, the estimated work force at the start of construction will be 41 people. At its peak in 2020, the estimated work force would have 265 people. The average monthly employment over the life of the project would be 125 people.

Due to the specialized nature of the construction, the analysts have assumed that most of this anticipated work force will come from outside of the Converse County area. With an anticipated project completion period of 18 months or less, most of these would be viewed as temporary residents of the County.

Saddle Butte Pipeline

In 2019, a 70-mile pipeline project will be constructed, including a 55-mile stretch in Converse County. The line will run between Campbell County to the Natural Bridge Station, which is located between Douglas and Glenrock. In addition to the pipeline, there will also be three pumping stations and an outlet station/terminal located in the County.

This project is expected to both start and complete construction in 2019. Temporary housing needs may exist for workers, but the demand will be for a limited duration.

The Saddle Butte Pipeline will be a large-scale project. Additional pipeline construction will also occur, connecting well sites to collection lines.

Oil and Gas Exploration and Extraction

The Converse County Oil and Grass Project is defined as a plan to drill up to 5,000 wells on 1,500 well pads in Northern Converse County. This activity is expected to occur over a 10-year time period. The productive life of each well is estimated to be approximately 30 years. A Draft Environmental Impact Statement (EIS) for this project was issued in 2018.

Oil and gas extraction activity will have both short-term and longer-term impacts on the area. During the drilling process, substantially more workers will be involved. Longer-term, there will be a level of sustained employment for the operation and maintenance of wells.

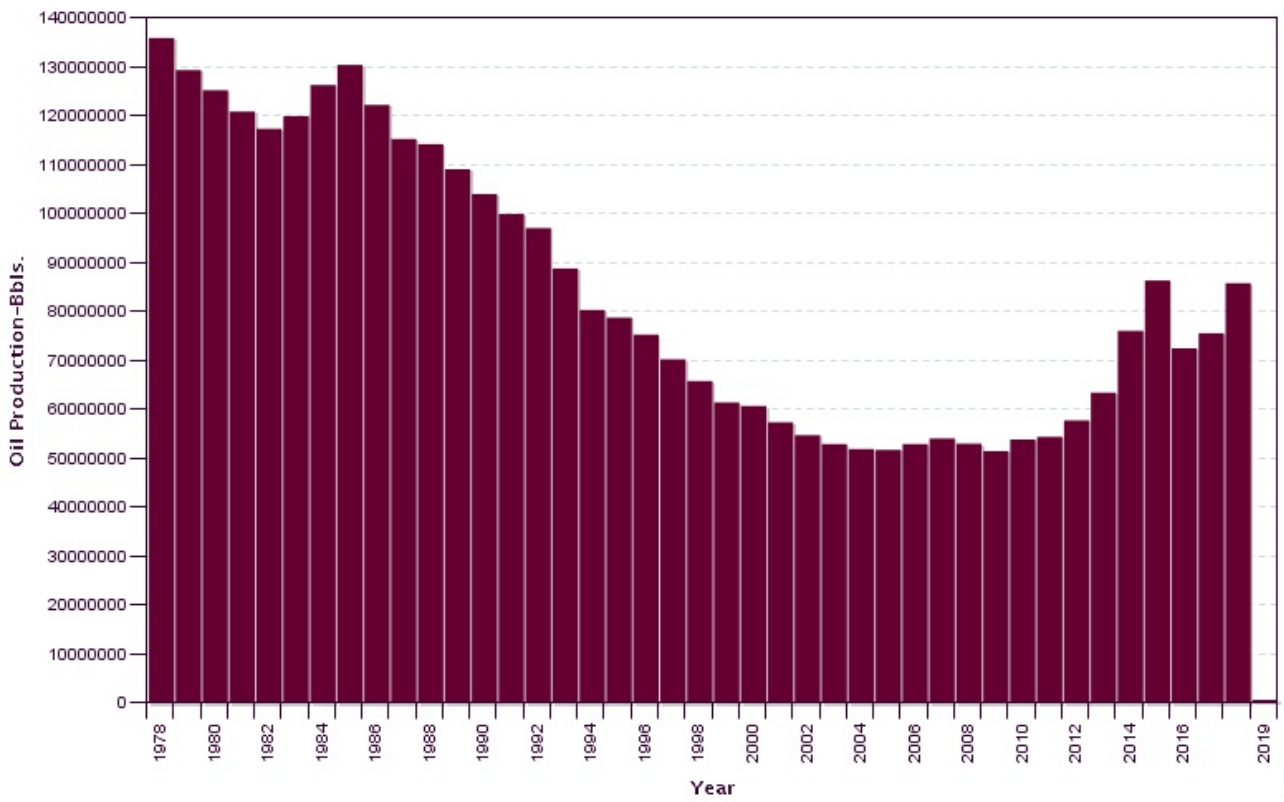
The Draft EIS makes clear that despite the growth that is expected, and resulting demand for housing, there are also cautions for potential housing development.

- ▶ 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

Additional Factors Impacting Oil and Gas Extraction

Well drilling and operation in Converse County are expected to increase in scope in the coming years. However, the energy extraction industry is price sensitive, and has experienced recent “boom and bust” cycles in recent years.

The following table shows oil production in the State for the years between 1978 and 2018. It was taken from the Wyoming State Geological Survey (WSGS) website.



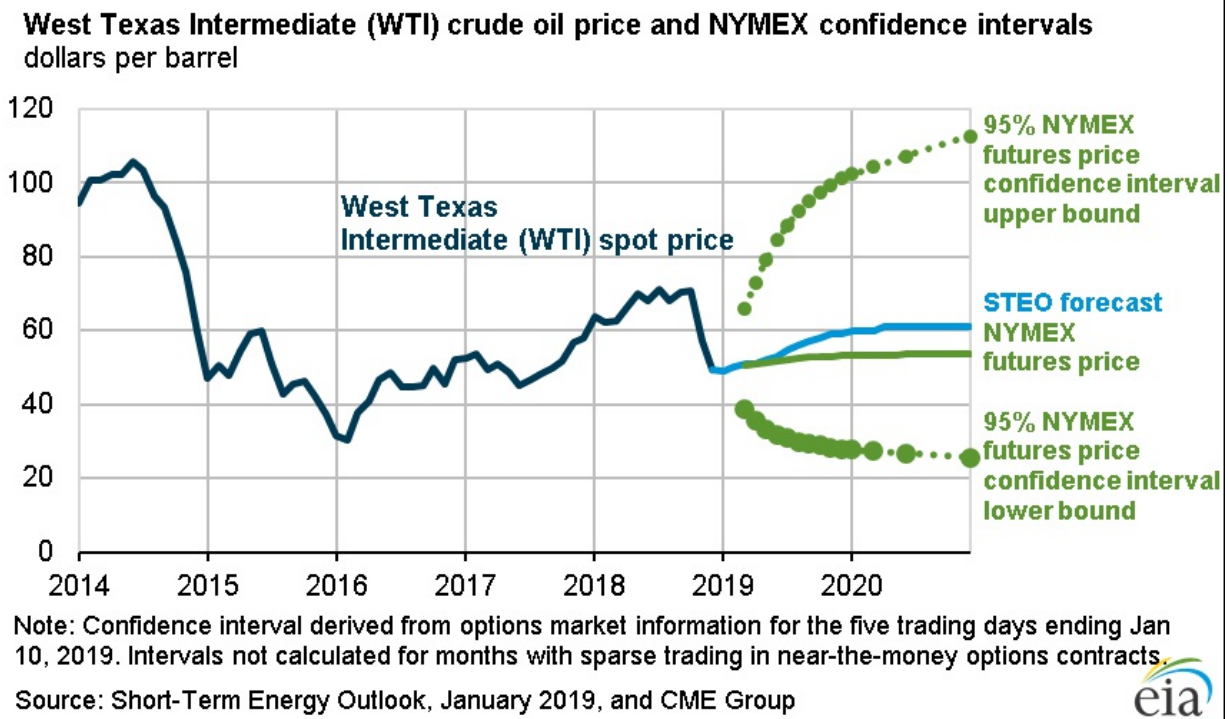
Although this production is statewide, and not specific to Converse County, it does show the broad trends that can impact demand for housing in Douglas and the surrounding area. For example, beginning in 2012, the volume of production began to increase after a number of stable years. This increase lasted through 2015, before decreasing again in 2016.

In comparison, single family home construction in the City of Douglas increase during the years from 2012 to 2015, and more than 30 single family housing starts occurred in each of these years. But by 2016, as oil production dropped, only two new houses were built in Douglas.

It is important to note that the analysts cannot make a direct causal link between statewide oil production and housing demand in Douglas. But general economic patterns do appear to indicate the demand for housing and household growth in areas that produce oil and gas.

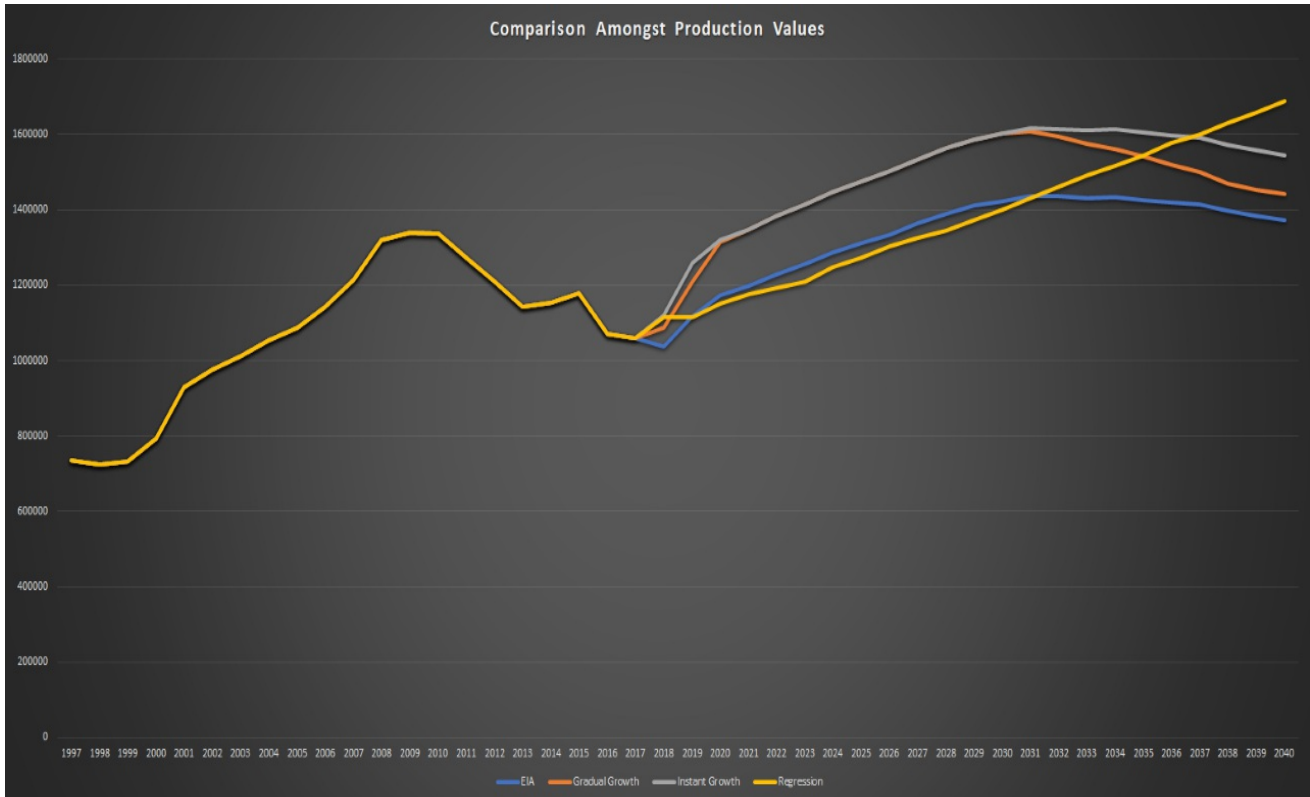
After 2016, production has increased once again, and home building in Douglas has also been improving, although the 11 new houses permitted in 2018 were well below the recent peak of 40 single family housing starts in 2014.

With the recognition that oil production and oil prices will have some impact on jobs and growth in Converse County, the analysts have attempted to review any industry projections that may be available. The following chart was taken from the U.S. Energy Information Administration website, and shows price projection information for oil through the year 2021.



Although different price points are possible, the projected price per barrel for West Texas Intermediate is projected to be \$60 or less through the year 2021. A somewhat higher price is achievable through much of 2019, but by later in the year a price reduction is expected. The average price in 2018 had been approximately \$65/barrel, so the projected price over the next few years would generally be below this level of the recent past.

Some longer-term projection scenarios also exist, and were provided by the Wyoming Business Council staff, as presented below.



Once again, multiple projections exist, depending on the assumptions that are used. All of these forecasts do show oil production increasing from 2019 forward. The most optimistic models show production returning to the levels achieved in the late 2000s by the year 2022. After 2022, production would exceed any previous year statewide. The less optimistic projections would expect a much more gradual increase in production, and that the late 2000s production levels would not be reached again until the year 2027 or beyond.

It is recognized by the analysts that this information is Statewide or worldwide, and may not be specifically applicable to Converse County. However, in the absence of projection data on drilling and production specific to the County, this can serve as an indicator of the growth potential that exists from area oil and gas extraction.

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Housing Age and Structure Type

Median Year of Construction

The 2017 American Community Survey included an estimate of the median year of construction for housing. In Douglas, the median year for owner-occupancy units was 1976. The City's rental stock is somewhat newer, with an estimated median year of construction of 1979.

Units by Structure Type

The 2010 Census did not collect information about structure types. However, according to the 2017 American Community Survey estimates, more than 82% of all occupied housing units in Douglas were identified as one-unit structures, including single family detached houses, single family attached units or mobile homes.

The City also has some multifamily rental buildings. According to the American Community Survey, approximately 15% of all households lived in structures with five or more units in 2016. The remaining 3% of the City's households lived in structures with two to four units, or other miscellaneous forms of housing.

Mobile Homes

The 2010 Census did not include details of structures by type, but at the time of the 2000 Census there were 350 mobile homes counted in Douglas. The 2017 American Community Survey estimated that more than 450 mobile homes were present, although this was an estimate that included a margin of error. If the American Community Survey estimates are accurate, approximately 15% of all households in Douglas in 2017 were living in a mobile home.

Later in this section there is an inventory provided of some of the larger mobile home parks in the City.

Building Permits - Douglas

Annual building permit summaries were obtained from the City of Douglas. These reports did not differentiate between structure types. As a result, single family permits may include twin homes or town house units that were individually permitted and intended for owner-occupancy.

Table 18 Housing Construction Activity: 2010 to 2018				
Year	Single Family	Multifamily Rental	Specialized/ Senior Housing	TOTAL
2018	11	0	0	11
2017	1	0	30	31
2016	2	0	0	2
2015	21	10	0	31
2014	40	0	0	40
2013	36	10	0	46
2012	34	13	0	47
2011	22	18	0	40
2010	22	0	0	22
TOTAL	189	51	30	270

Source: City of Douglas

Based on annual building permit reports, there have been 270 housing units constructed in Douglas from 2010 through 2018. However, 10 of these were specialized rooms for people with memory loss, and would probably be viewed as group quarters housing. As a result, the estimated increase in the available housing stock would be 260 units, or an average of approximately 29 units per year so far in the current decade.

City records could not be obtained for the years prior to 2004. But from 2004 through 2009, the City was averaging approximately 41 housing units per year, primarily in the form of single family houses.

Single Family Construction

Most of the construction that can be tracked since 2010 is in single family housing, presumably intended for owner-occupancy. This could include attached units such as twin homes or town houses, but the best available information indicates these are intended for individual sale.

There has been significant variation in the annual activity. This generally follows the “boom and bust” cycles in the local energy economy. In 2016 and 2017, recent bust years, only three total houses were permitted over the two-year period. In contrast, from 2012 through 2014, 34 or more houses were permitted in each year.

There has been some recovery in single family housing starts after 2017, but only 11 houses were permitted in 2018, the third lowest annual volume so far in the current decade. Some of the houses built in 2018 were believed to be speculative construction and may still be available for sale.

Multifamily Construction

There have been a number of multifamily projects permitted in the City since 2010, intended for renter occupancy. The specific developments include:

- ▶ **Mountain Lodge** - A specialized senior facility offering housing with services. Twenty apartment-style units for assisted living and 10 rooms for memory care were constructed, with a building permit issued in 2017.
- ▶ **1807 Madora** - A 10-unit market rate rental project permitted in 2015.
- ▶ **1815 Madora** - A 10-unit market rate rental project permitted in 2013.
- ▶ **215 North Second** - A 6-unit market rate rental project permitted in 2012.
- ▶ **806 North Jackson** - A 4-unit market rate rental project permitted in 2012.
- ▶ **812 North Jackson** - A 3-unit market rate rental project permitted in 2012.
- ▶ **Oakridge Apartments** - A 12-unit moderate rent project permitted in 2011 that utilized low income housing tax credits and HUD HOME funds.

- ▶ **640 South Fourth Street** - A 6-unit market rate rental project permitted in 2011.

In total, 71 apartment-style rental units have been created, and 10 sleeping rooms offering specialized care have been added between 2010 and 2018.

City records dating back to the year 2004 showed an additional 40 total units constructed, with 20 units in 2007 and 20 in 2008, in a project known as Antelope Creek. Excluding the 10 memory care rooms, there have been 111 total rental units built in Douglas over a 15-year period spanning 2004 to 2018, or an annual average of 7 to 8 units per year.

Residential Lots/Land

According to City officials, there are as many as 400 lots in Douglas for single family home construction. This total includes lots that are already improved with public infrastructure, and lots that have been platted, but may not be fully served by streets, sewer and water service.

Among the primary development areas with lot availability for single family units include:

Meadowlark Trails #3 - City records showed 190 lots for detached single family houses in August 2018, although a few of these may have been used for new home construction since that time.

Meadowlark Acres #2 - City records showed 88 lots for detached single family houses in August 2018, although a few of these may have been used for new home construction since that time.

Meadowlark Acres #2 - City records showed 71 lots for attached single family units in August 2018. This could include duplexes, twin homes and possibly town house structures.

Meadowlark Acres #2 - City records showed 10 lots for attached single family units in higher densities in August 2018. This may include town houses.

In addition to the lot supply for single family-style housing, there are also development areas that could accommodate multifamily projects. This includes Meadowlark Acres #2, as well as three business parks that would allow for higher-density housing construction.

Building Permits - Converse County

The Wyoming Economic Analysis Division (WEAD) has tracked annual housing unit permitting activity at the county level for many years. This is taken from the annual reporting that is done to the Census Bureau's building permit program. The following table examines the annual totals back to the year 2010.

Table 19 Converse County Housing Unit Construction									
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Units	23	47	54	51	43	40	3	1	-

Source: WEAD

No information was yet available for 2018 unit construction, but from 2010 through 2017 there had been 262 total housing units added countywide. This total does not appear to include the specialized care units created in the Mountain Lodge facility in Douglas which offers assisted living and memory care. It is very possible that Mountain Lodge was issued a permit that was not for typical residential construction.

Approximately 230 of the County's total would have been located in Douglas (excluding Mountain Lodge). While an exact total is not available for Glenrock, a reasonable estimate is that up to 20 new construction units have been permitted since 2010, including a 10-unit rental project. The totals from these two jurisdictions would account for nearly all of the reported units in the County since 2010.

Based on discussions with County officials, it is probable that additional new single family housing construction has also been occurring within the rural portions of the County. However, the County does not issue building permits and any units outside of Douglas, Glenrock and Rolling Hills do not appear to be reflected in the housing unit construction totals being tracked by WEAD or the Census Bureau.

Single Family Home Values

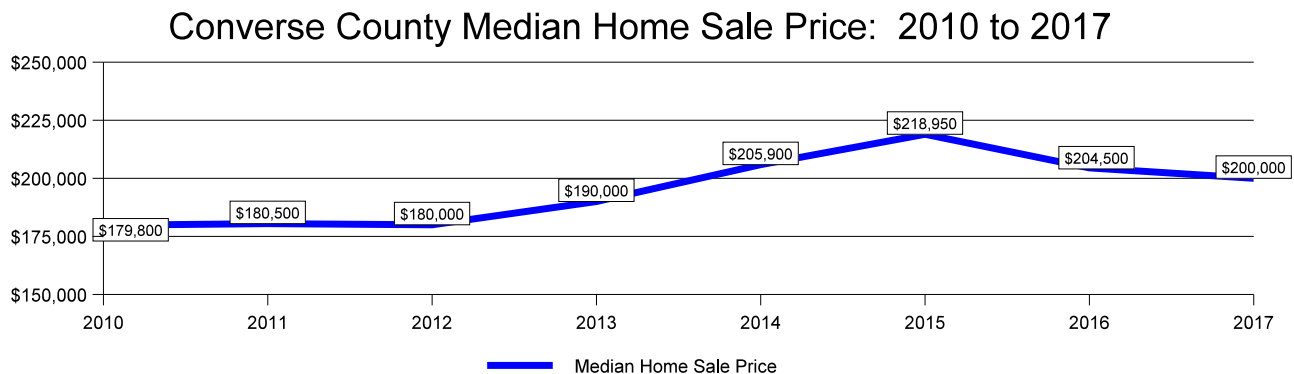
Two sources of information have been examined to help determine the median value of single family houses in Douglas. Existing homes will often represent the most affordable option for home ownership, as older houses typically sell at a discount to the costs required for comparable new construction.

In Wyoming, sales data from the County Assessor's Office cannot be disclosed, so an actual review of recent home sales could not be obtained. However, the Wyoming Community Development Authority does maintain an annual summary of the median home sales price at the County level.

Another source of information on existing home values is the American Community Survey, which produces an annual estimate. This information is available at the City level and can be tracked back over recent years to examine trends.

WCDA Home Sale Values - Converse County

WCDA collects aggregate home sales data from County Assessors and generates an annual median sale price. The information obtained is for the years 2010 to 2017. The sales for 2018 are not yet available.

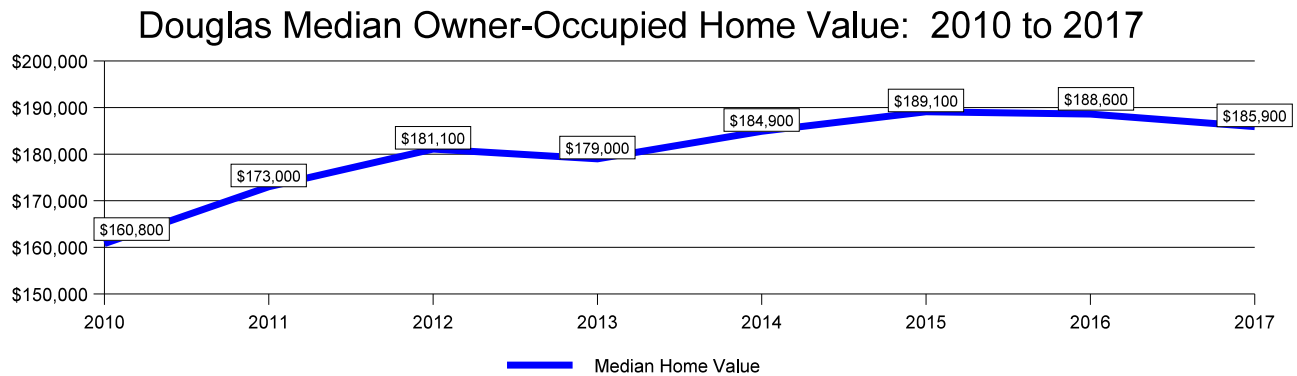


Based on the information available from WCDA, home prices were rising rapidly in the County from 2012 to 2015. But after reaching a median price of nearly \$219,000 in 2015, the median had decreased to \$200,000 by 2017. Although information does not yet exist for 2018, it is probable that the median will be higher than in 2017, as an economic rebound is underway in the energy extraction industries, generating increased demand for housing.

It is important to note that the WCDA information is for the entire County, not just the City of Douglas.

ACS Home Values - City of Douglas

An alternate estimate of overall home values exists in the American Community Survey. This is for the value of owner-occupied houses. Since the American Community Survey is conducted annually, the annual median can also be tracked back to the year 2010.



The estimated median for Douglas from the American Community Survey is somewhat lower than the median from Countywide sales prices, but the general pattern for year-to-year change is similar. The American Community Survey also shows that a recent peak was reached in 2015, and that home values then decreased somewhat through 2017. Once again, an estimate for 2018 is not yet available.

Mobile Home Parks

The following mobile home parks in Douglas were contacted and a short summary of the housing capacity is provided.

Lone Tree Village Mobile Home Park - This mobile home park has 192 lots, but the unit count may differ, as some people rent two lots to have a larger yard. They have also split 5 lots into 10 sites for campers, but are in the process of converting 6 RV sites back into 3 mobile home lots.

Approximately 50% of the mobile homes are owner-occupied and 50% are rental units. Many of the rentals are property owners that only have one or two units for rent, but there are at least three property owners with five or more rental units. One owner with 14 units uses the park management to manage the rental units.

Typical monthly rent for a two-bedroom/2 bath unit would be \$750, including lot rent. Tenants do pay all utilities, which include electric heat. The rental property owner had been proposing a higher rent structure based on recent demand, but the property manager has encouraged a more moderate rent to keep units affordable.

Lot rents are \$200 for a single lot or \$270 for the doubles, plus utilities. Approximately 85% of the mobile homes are single-wides, although some double-wides also exist.

While up to 25% of the park's residents may now be out-of-state people that have come in for energy jobs, approximately 75% are long-term Douglas residents, including work force and retirees. As many as 30% to 40% of residents are Hispanic/Latino households. The longer-term resident population has resulted in stability, even during the recent bust years.

The park generally applies quality standards, including a peaked roof and good siding for any units that wish to move in. There are also some City standards on age, although this may be post-1978. Still, there are people that ask to move in older units that are turned away.

The manager stated that up to 10 calls per day can be received from people looking for camper sites. But City regulations make camper placement difficult in the City limits, forcing most of these units outside into the rural areas.

The park has experienced the boom and bust demand before. In the bust that followed 2014/15 they dropped from 100 monthly rentals to fewer than 20 within a few months time. This makes it hard to make big investments in housing. She also sees that only a portion of the workers would have any long-term interest in Douglas, due to the limited amenities of the community, so keeping these workers as permanent residents is generally not probable.

Pine Meadows Mobile Home Park - This park has 33 lots available. According to the owner, approximately 17 to 19 of the units are owner-occupied and 14 to 16 are rentals. The owner of the park has 10 of the rental units. Average rent is \$700 to \$800 per month plus utilities. Some of the other rentals may be charging as much as \$1,200 due to the demand, but she likes to keep these more affordable.

While some units may be occupied by recently arriving energy workers, many of the mobile homes are filled by longer-term residents, including some coal workers. Many of the mobile home occupants are families. This housing option is less susceptible to the boom and bust economy, and they have kept a high occupancy rate since 2006.

While older units can exist, any replacement homes are 1990 or newer construction. But given the depreciation that typically occurs, most units will sell for \$25,000 or less, although some have attempted to sell for more.

Cottonwood Trailer Court - This facility is in the City and has 10 lots. The court dates to the 1960s or earlier, but over time, mobile homes have become larger, and this court primarily is used for campers and RVs, due to the size of the lots. Monthly rental is \$200 plus utilities.

Although some pipeline workers live there, most of the tenants are longer-term residents. This court has tended to stay full even during the bust years because of its small size and the stability of longer-term tenants. Most residents are single people.

They receive calls daily from people looking for a site, and can refer them to the Fairgrounds during the winter months.

Valley View Village - This mobile home park is within the City and is believed to have 50 lots and 50 mobile homes. However, no direct contact was made with the property manager.

Temporary Housing Options

There are a number of hotels and motels in Douglas that may be offering extended-stays for area workers, but no attempt was made to contact these lodging options. The analysts did attempt to identify and contact providers of housing for RV/campers. Those successfully contacted are summarized below:

Wyoming State Fairgrounds - The State Fairgrounds will rent sites for RV/campers for 51 weeks each year. During the week of the State Fair, these sites must be vacated. However, since the need to vacate is well known, some renters will plan vacations or short-term storage during that week, and then return following the end of the Fair.

The Fairgrounds actually has three locations that could be used, but currently has only one area offered. This has capacity for approximately 90 units. Recent utilization has been between 78 and 82 units. The facility has not been at full capacity in the past year, due to frequent move-outs and turnover. In the previous housing boom earlier in the decade, there were as many as 120 units in the Fairgrounds at the peak. However, many of the RV/campers are now larger in size and the overall capacity has been reduced to 90 units.

The monthly rent is \$500, inclusive of utilities. The Fairgrounds does have bathrooms and shower facilities, but does not have laundry, wifi or cable TV service.

Douglas KOA Campground - This facility is located outside the city limits of Douglas but is near the community. There are 113 sites in the campground. The owner has designated 70 of these sites for monthly rental, and 43 are reserved for overnight use. However, during the off-peak months, 30 of the overnights can be rented monthly, with the stipulation that by mid-April the site is vacated. With 100 sites in use for most of the year, there is still unmet demand. During the 2014/15 boom the owner was receiving 2 to 6 calls per day and had a three-page waiting list.

In the campground, the owner estimates that approximately 30% of the units are occupied by families, and 70% by single workers or couples without children. Some are Wyoming residents that have relocated here for jobs, but many come from Texas or Louisiana. As many as 90% of the units are occupied by oil/gas industry workers, including the peripheral jobs.

The campground monthly rents are \$550, but include all utilities. Overnight rentals are more lucrative for the campground owner, but the seasonal nature of campers has resulted in the 70 monthly rental sites. The campground can offer amenities, like showers, a swimming pool, a wash room and propane filling, that are not available in the smaller campgrounds that have opened, or in the rural “man camps”.

TNT RV Park - This park is located outside the city limits but adjoining the community. It has sites for 11 campers or RVs. Only longer-term rentals are offered, with a monthly rate of \$450 including utilities. There is some land available for an expansion, and it’s possible that six more sites could be created in the future. However, the amenities are limited, and a larger-scale expansion is unlikely.

They have a mix of longer-term renters and some more recent arrivals in the energy jobs. Unlike some other parks, they attempted to keep local residents during the last boom by keeping stable rents, and this has resulted in less turnover.

Riverside RV Park and Cabins - Riverside is located outside the city limits, but is adjacent to City sewer and water service. However, it is not connected to municipal services, which does limit its capacity. Currently, there are 25 RV sites offered, of 41 total. There are also 12 camper cabins, and 8-unit dormitory-style building and a house that is divided into three apartments. The owner needs to haul in water, and relies on a septic system that requires regular pumping. There had been plans to expand to 80 RV sites, but not without sewer and water access.

According to the owner, the property would need to be annexed into Douglas to get municipal services. But that would also impose other City regulations, including flood plain requirements, that would not allow for some of the current housing options.

Nearly all of the options are being used by energy industry workers, including people working on the pipeline and the gas plant. Many come to Riverside because it is less expensive than area hotels or apartment options.

RV sites can be rented for \$150/week or \$450/month, including utilities. The camper cabins are at \$600/single or \$650/double occupancy per month. They have access to bathroom and shower facilities. The dormitory units have a private bathroom and are at \$800/month. The apartments rent for \$1000 for a two-bedroom or \$1500 for a three-bedroom.

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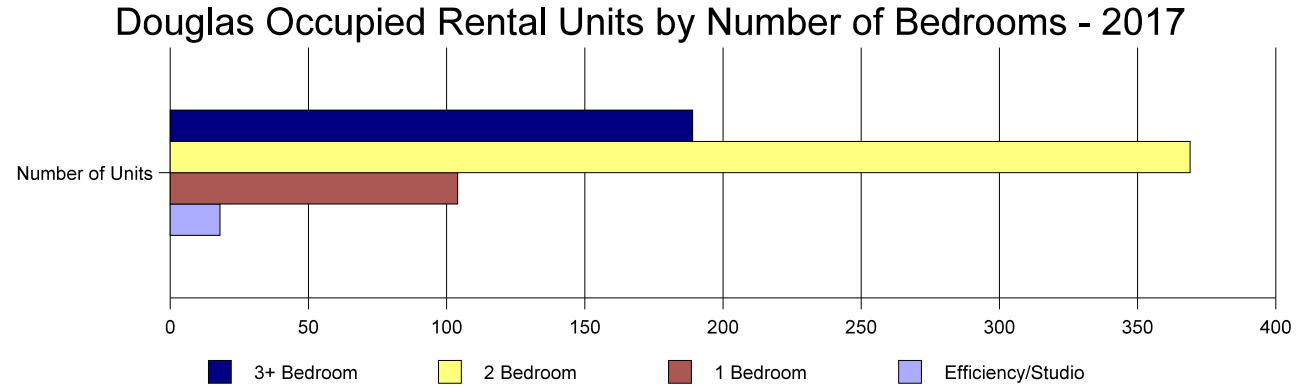
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American Community Survey Rental Data	51

American Community Survey Rental Data

The 2017 American Community Survey provides information on rental units that exist in Douglas. A later section in this Study provides information collected in a rental survey of larger multifamily properties. The American Community survey estimates would represent all rental housing in the City including single family houses and mobile homes used as rentals.

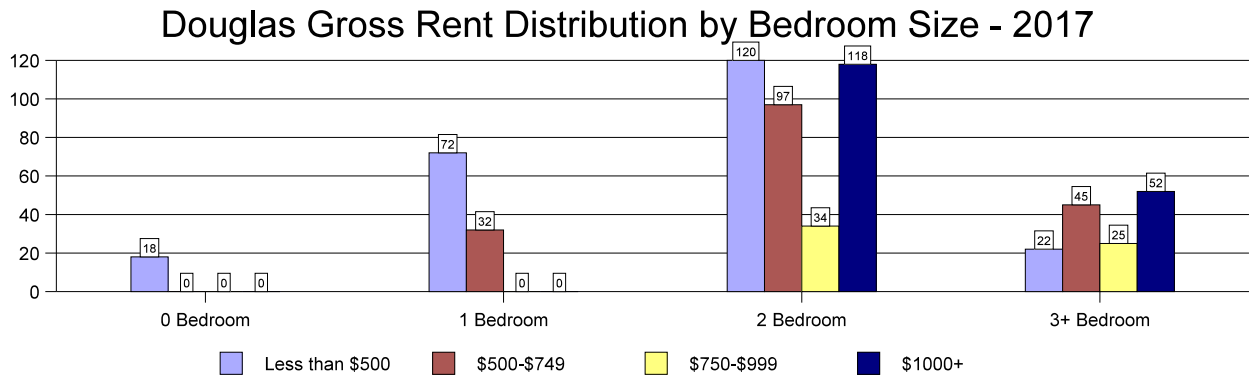
Unit Size	Rent less than \$500	Rent \$500 to \$749	Rent \$750 to \$999	Rent \$1,000+	No cash rent	Total Units
Efficiency/Studio	18	0	0	0	0	18
1 Bedroom	72	32	0	0	0	104
2 Bedroom	120	97	34	118	0	369
3+ Bedroom	22	45	25	52	45	189
Total	232	174	59	170	45	680

Source: American Community Survey



According to the 2017 ACS, there were only 680 occupied rental units in the City in 2017. This number was substantially lower than the 894 occupied units recorded in the 2010 Census. This implies that the American Community Survey had probably underestimated the number of rental households in the City. However, it is also possible that the City had lost some renter-occupancy households, as 2016 and 2017 were “bust” years for the local energy industries. While it is possible that some renter households had left the community between 2010 and 2017, but it is unlikely that the outflow was as large as indicated. Instead, the American Community Survey estimates are viewed as being overly conservative for rental households.

A majority of the rental options in Douglas existed in two-bedroom units. Approximately 54% of the City’s occupied rental stock had two bedrooms. Approximately 28% of the units had three or more bedrooms, and 15% had one bedroom. There were only a few efficiency/studio units in the City, and this may also be an underestimate due to limited sampling.



The American Community Survey includes an estimate of the median gross rent, for all units and by selected bedroom size. Overall, the median gross rent level was \$685 in 2017. Gross rent would include tenant-paid utilities.

Due to the limited sampling, there was no median estimate provided for efficiency/studio units, or for one-bedroom options. However, it is possible to extrapolate a median for one-bedrooms using the distribution information. This would yield an approximate median gross rent of \$462.

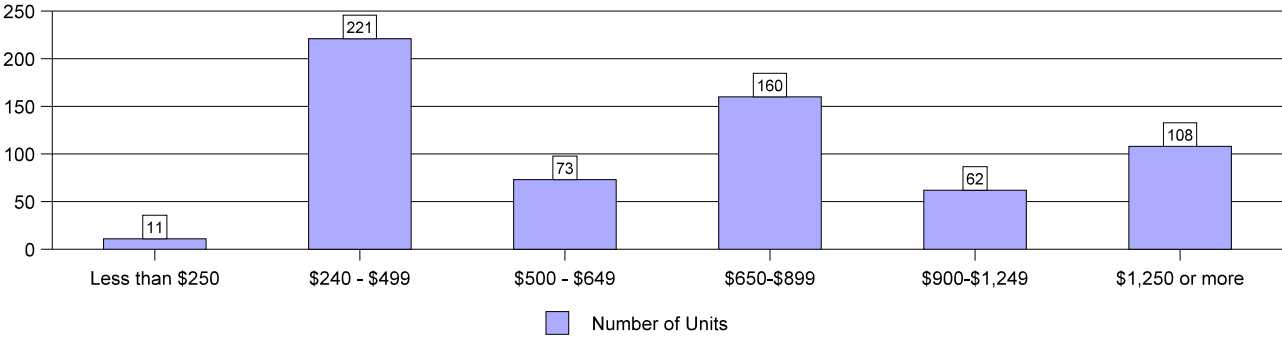
The estimated median was \$649 for two-bedroom options, and was at \$735 for three-bedroom rentals. As stated previously, 2016 and 2017 were “bust” years for the local energy economy, and this may have contributed to suppressed rent levels. For example, the estimated medians for two and three-bedroom rentals were higher in the 2015 American Community Survey than in 2017.

The information on gross monthly rent by the number of bedrooms in the rental unit used fairly broad ranges for reporting rents. The American Community Survey also presents information on gross rents within more defined ranges, but this information is not distributed by bedroom mix.

The rent distribution tables also do not differentiate between different segments of the market. Since all types of renter households could be surveyed, the rent distribution should include subsidized units, tax credit units and probably some specialized senior housing. However, the vast majority of units in Douglas would represent conventional, independent housing.

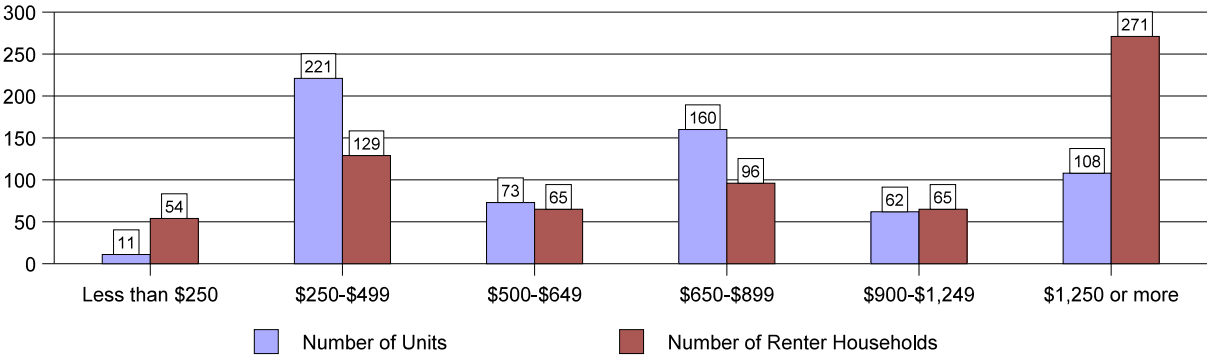
Using the overall distribution of gross monthly rents and renter households by income, presented earlier in this Study, it is possible to compare rents and income. The following chart displays the overall rent distribution within defined price ranges as estimated for all rental units in Douglas.

Douglas Rental Unit Distribution by Rent Range - 2017



Rental rate information can then be compared to the number of renter households that would need a unit within this same basic price range, using a standard that 30% of income can be applied to housing costs.

Comparison of Income to Unit Distribution by Rent Range - 201



Comparing supply and demand, based on the price needed versus unit rent distribution, shows some distinct trends. First, there were many more very low income households that needed a unit priced less than \$250 than there were units available. There were approximately five times as many households with an annual income below \$10,000 than units that rented for less than \$250 in 2017. The mismatch between very affordable units and renter households with an income below \$10,000 would be mitigated somewhat by rent assistance Vouchers or other public assistance programs.

However, within the next income/price range there were more affordable units than households. When the two lowest ranges were combined, there were more units in Douglas with a monthly rent below \$500 than households with an annual income below \$20,000.

The unit supply in the price range between \$500 and \$649 was generally well-matched with the number of renter households with an annual income in the \$20,000 to \$26,000 range.

The supply of units in the \$650 to \$899 price range was relatively large in 2017, and exceeded the number of renter households with an annual income between \$26,000 and \$36,000. Higher income households that rented a less expensive unit would potentially have been within this moderate range.

In the higher rent ranges of \$900 or more, the overall supply of units was much smaller than the number of renter households with moderate to higher incomes. Overall, the American Community Survey estimates showed that approximately 40% of all renter households in Douglas in 2017 had an annual income of \$36,000 or more, but only 17% of all rental units were priced at \$900 or more for gross rent.

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Rental Housing Data

At the time of the 2010 Census, the City of Douglas had 894 occupied rental housing units, and at least 87 unoccupied rental units, for a total estimated rental inventory of 981 units. The City's rental tenure rate was 35.1% in 2010, above the Statewide rate of 30.8%.

The Census Bureau's annual American Community Survey estimates have included housing tenure information. The 2017 estimate showed that there were 680 occupied rental units in the City, and 186 unoccupied units. This source would show a total rental inventory of 866 units. If accurate, this would imply that the City has been losing rental units in the current decade. A separate section of this document provides additional details on the American Community Survey estimates from 2017.

It is probable that the American Community Survey underestimated the City's rental inventory for 2017. However, 2017 was a down year for the community, based on poor years within the energy extraction sectors, and it is possible that some rental housing had been removed for the local inventory. It is also possible that an above-average level of rental housing vacancy existed, as the economic downturn had caused some people to leave the community, according to secondary sources.

Recent Rental Construction

Based on building permit issuance, there has been some new rental housing construction in the City after 2010. In total, 71 apartment-style rental units have been created, and 10 sleeping rooms offering specialized care have been added between 2010 and 2018. However, this total does include 20 apartment-style units for senior assisted living. Excluding the specialized units, approximately 51 rental units have been added serving the general market.

It is also possible that the use of existing housing may have changed since that time, although occupancy tenure is difficult to accurately track between the decennial censuses.

Rental Housing Survey

In February 2019, a telephone survey was conducted of multifamily rental buildings in Douglas. The survey attempted to contact all multifamily buildings with four or more units. Units were grouped by specific market segment in the analysis that follows.

Market Rate Summary

Most of the multifamily housing identified in Douglas serves the conventional market rate segment. Overall, it is probable that between 620 and 670 rental units exist in the City that would be within the conventional market rate segment.

The telephone survey completed for this Study was successful in contacting 98 market rate units. All of these were in properties with three or more units per structure. Although some limited information was obtained from other types of rental housing, including houses and mobile homes, the survey was focused on multifamily projects.

Unit Mix

Information on the bedroom mix was obtained from all of the units contacted in the survey.

- ▶ 3 efficiency (3.1% of surveyed units)
- ▶ 6 one-bedroom (6.1%)
- ▶ 88 two-bedroom (89.8%)
- ▶ 1 three-bedroom (1%)

The supply of rental units in multifamily projects in Douglas is heavily weighted toward two-bedroom rental options. Fewer than 10% of the surveyed units in this market segment had fewer than two bedrooms.

Although specific information was not obtained from rental houses or mobile homes, it is probable that most of these structures would have two or more bedrooms.

Occupancy/Vacancy

Occupancy information was obtained from all of the 98 market rate multifamily units that were contacted. All were occupied on the date of the survey. The property managers reported very strong demand, with many inquiries from people looking for rental housing.

Although very strong market conditions were present in early 2019, a number of the owners/managers that were surveyed talked of multiple vacancies in the past. During the economic “bust” period of the previous years, high vacancy rates were common.

Rental Rates

There was some variation in the rental rates being charged, but upward pressure was evident due to demand exceeding supply. However, some of the owners/managers that were surveyed identified limiting factors that were impacting the contract rents.

Some properties were attempting to limit rent increases in an effort to not displace longer-term tenants. In many cases, the projects are attempting to keep tenants that have lived in the community for some time, viewing these households as more stable tenants even during economic down turns.

Other owners/managers cited a desire to keep housing as affordable as possible. Many recognized that not all of their tenants had higher income levels, and were concerned about the impact that a rapid rent increase would have on current tenants.

The identified rent ranges that were reported in the survey are provided below. The analysts have attempted to report these as gross rents, inclusive of tenant-paid utilities.

<u>Unit Type</u>	<u>Identified Range</u>
Efficiency	\$350
One-bedroom	\$550-\$650
Two-bedroom	\$750-\$950
Three-bedroom	\$750

It is important to note that there were very few units surveyed, except for two-bedroom options. The rent range displayed above may not be representative of the broader market, especially for three-bedroom rental options that primarily exist in rental houses or mobile homes.

There are some newer three-bedroom units in multifamily projects in Glenrock. The estimated gross rents are approximately \$1,250 or less, with full occupancy reported.

Income-Restricted Moderate Rent Housing Summary

There are different federal programs that are intended to create moderate rent housing. As a condition of receiving funds, the assisted units will generally have income limits for eligible tenants and maximum rent caps to assure that the units are affordable. Other restrictions may also apply, such as household composition.

Since the mid-1980s, the primary federal incentive for the development of more affordable rental housing is the low income housing tax credit program, also known as Section 42. In Wyoming, tax credits are awarded annually in a competitive application process through the Wyoming Community Development Authority (WCDA). Other forms of assistance can also be provided by WCDA, including HUD HOME Program funding or the federal Housing Trust Fund.

Although specific requirements may differ, the units created through these funding sources often have a rent structure that is oriented to households that can afford to pay a modest rent. Unlike federally subsidized housing which can often charge rent based on income, these moderate rent units generally serve renter households that are up to 60% of the median income level. In some cases, even higher income limits, up to 80% of median, can be served.

There have been rental projects in Douglas that have been successful over time in securing these highly competitive resources. The specific rental developments that have been identified within this market segment are:

- ▶ **Oakridge** - 12 units through the tax credit and HOME programs
- ▶ **SWAH** - 26 units through the HOME program
- ▶ **WIN** - 6 units through the HOME program
- ▶ **Wind River** - 42 units through the tax credit and HOME programs

There is one additional project, Westgate Apartments, that was recently awarded tax credits for preservation, but this is an existing property with HUD project-based subsidy assistance. It has been included in the subsidized housing analysis that follows later in this section.

Excluding Westgate, there are 86 rental units oriented to this moderate rent market segment. Some of these units can serve lower income households, below 30% of the median income level. But no project-based rent assistance is available, and most tenants are between 40% and 55% of the median income level for Converse County.

Unit Mix

These affordable housing programs are often oriented toward creating “work force” housing. All of the units identified in Douglas have two or more bedrooms, presumably for families.

- ▶ Two-bedroom - 22 units (25.6% of segment total)
- ▶ Three-bedroom - 58 units (67.4%)
- ▶ Four-bedroom - 6 units (7.0%)

Occupancy/Vacancy

All of the income-restricted/moderate rent projects are available for general occupancy. All four reported full occupancy at the time of the survey, with strong demand and waiting lists. The income certification requirements can sometimes result in short-term vacancies, but adequate demand exists to fill all units.

Rental Rates

The specific funding source used will dictate the maximum allowable rent that may be charged. Although the tax credit program can serve households up to 60% of median income level, the projects in Douglas are all at or below 55% of median. This was due to the competitive nature of the funding process, which rewards projects that target lower income levels.

The identified rents reflect the lowest and highest gross rents identified by the 2019 survey. The lowest end of the range tends to reflect households at or below 30% of median while the upper end is up to 55% of median. The estimate includes any tenant-paid utilities.

<u>Unit Type</u>	<u>Identified Range</u>
Two-bedroom	\$375-\$740
Three-bedroom	\$445-\$970
Four-bedroom	\$500-\$785

Although all of the units in Douglas serve households at or below 55% of median income, the actual rent levels are even lower. For example, at the 55% rent limits, a three-bedroom unit could charge up to \$1,150 per month for gross rent. But all of the three-bedrooms in Douglas have a monthly gross rent below \$1,000.

Compliance Periods

All of the units within this market segment have contractual obligations to provide affordable housing for a number of years. By the year 2021, the first development phase in SWAH will reach the end of its compliance period. The second phase will reach completion in 2023. The WIN project will complete its contract in 2024. As a result, approximately 15 units within this affordable housing segment may no longer be income and rent restricted by the year 2025.

Except for SWAH and WIN, the remaining projects should remain under the compliance requirements for many years.

Subsidized Housing Summary

Douglas has six subsidized projects providing rental opportunities for lower income households. In each of these properties, most if not all units, have access to project-based rent assistance allowing rent to be based on 30% of household income.

Three of the subsidized projects are designated for senior and/or disabled tenant occupancy and have a combined total of 98 units. These projects are:

- ▶ Irwin Towers - 50 units
- ▶ Riverside Plaza One - 24 units
- ▶ Riverside Plaza Two - 24 units

There are also three subsidized projects designated for general occupancy, often oriented to families. They have a combined 130 units. The projects that are specifically designated as general occupancy housing are:

- ▶ Conestoga Village - 48 units
- ▶ LaPrele Apartments - 46 units
- ▶ Westgate Apartments - 36 units

Unit Mix - Senior/Disabled Occupancy

The projects oriented to senior/disabled tenants primarily offer one-bedroom units. The unit mix is as follows:

- ▶ Efficiency - 3 units (3.1% of total)
- ▶ One-bedroom - 83 (84.7%)
- ▶ Two-bedroom - 12 units (12.2%)

Unit Mix - General Occupancy

The projects offering general occupancy housing offer units with two or more bedrooms, oriented to families. The unit mix is as follows:

- ▶ Two-bedroom - 122 (93.8%)
- ▶ Three-bedroom - 8 units (6.2%)

Occupancy/Vacancy - Senior/Disabled Occupancy

There were 10 vacant units reported in the senior/disabled projects. This represented a vacancy rate of 10.2%. Most of the open units were in Irwin Towers, but some vacancies were also reported in Riverside Plaza One.

The rental survey was conducted in February, and there can be suppressed tenant movement during the winter months. However, the vacancies within this market segment did appear to reflect limited demand, as there was not a waiting list at Irwin Towers, and only a short combined waiting list reported at Riverside Plaza.

Occupancy/Vacancy - General Occupancy

There were some unoccupied units reported in both LaPrele and Westgate. However, these units were intentionally vacant to facilitate rehabilitation. All of the units available for occupancy were filled. As a result, a very low vacancy rate exists within the subsidized segment for general occupancy.

Waiting lists were reported at each of the general occupancy projects. However, managers also indicated that lower income applicants often needed access to affordable housing, and were unwilling to wait for an extended period of time for a unit to become available.

Rental Rates

With the exception of five units in Conestoga Village, all of the other subsidized housing can offer project-based rent assistance, allowing tenants to pay rent based on 30% of household income. A minimum rent of \$595 applies to the five units in Conestoga without rent assistance.

Compliance Periods

Some older subsidized projects may have completed their affordable housing compliance. However, no information was obtained that would indicate that the projects in Douglas are at risk of leaving their subsidy program.

Converse County Subsidized Housing

Although most of the County's subsidized housing stock is located in Douglas, there are also some options in Glenrock. There is one senior/disabled occupancy project with 20 units and two general occupancy projects with a combined 86 subsidized units.

Senior Housing with Services Summary

There are two facilities in Douglas specifically designed for seniors needing services with their housing. One is a skilled nursing home with a secured wing for memory care. There is also an assisted living facility that offers traditional assisted living apartments along with a secured wing for memory care residents. These are the only two specialized care facilities identified in Converse County.

Assisted Living

Mountain Lodge is a new housing option that has opened in the past year. There are 20 apartments offering traditional assisted living. Four of the apartments have two-bedrooms and the capacity of the facility could be as high as 24 residents. Mountain Lodge is still in its initial occupancy phase with a number of available units in February 2019.

Memory Care

A portion of Mountain Lodge is secured and intended for people needing memory care. Total capacity is 10 residents. Mountain Lodge is still in its initial occupancy phase with a number of available beds in February 2019.

There is also a secured memory care wing in Douglas Care Center. There are 20 beds in this wing in 10 shared-occupancy rooms. Overall, the Care Center maintains a high annual occupancy rate.

Skilled Nursing Home

In addition to the memory care wing, Douglas Care Center has 40 beds for traditional skilled care occupancy. Ten percent or more of these beds are typically occupied by people in transitional care stays, but the remaining beds are available for longer-term residents. Overall, the Care Center maintains a high annual occupancy rate.

Table 21 Douglas Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Market Rate					
Antelope Creek 500 Willow Dr	23 - 2 bedroom <u>17 - furnished</u> 40 total units	\$800 \$1300 +heat, electric for unfurnished	No vacant units	Many energy workers	Two-level walkup buildings with 4 units per building constructed in two phases in 2007 and 2008. Seventeen units are furnished and include all utilities; unfurnished units include water, sewer and garbage with tenant paying gas and electric. Unit amenities include stove, refrigerator, dishwasher, microwave, in-unit laundry and window AC in furnished. Units have approx. 900 sq ft and 1 bathroom. Some units are leased to companies for their workers - as many as 75% of renters are energy industry related. Owner reported full occupancy at time of survey, but under 50% occupancy in last bust cycle. Multiple calls received daily looking for housing. This project is in the process of being sold.
1200 Sweetwater	2 - 1 bedroom <u>15 - 2 bedroom</u> 17 total units	\$550 \$650 +utilities	No vacant units	Most units leased to oil company for worker housing	Town house-style rental project with units in three structures, constructed in 1977/78. Units are all 1-level. Tenants pay all utilities in addition to rent. Amenities include stove, refrigerator, dishwasher and in-unit laundry. No sq ft available but some units have 1.5 bathrooms. Over time, most units have been leased by oil company for worker housing - these include utilities and are \$800-\$850/month. Multiple calls received daily from people looking for units.
539 S 4 th	3 - efficiency 4 - 1 bedroom <u>1 - 3 bedroom</u> 8 total units	\$350 \$550 \$750	No vacant units	Many energy workers	Older motel building that was converted to rental housing. Rent includes all utilities. Some units are leased to companies for their workers - as many as 75% of renters are energy industry related. Owner reported full occupancy at time of survey, but under 50% occupancy in last bust cycle. Multiple calls received daily looking for housing.

Table 21 Douglas Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Market Rate					
824 N 6 th St	<u>6 - 2 bedroom</u> 6 total units	\$600 +heat, hot water, electric	No vacant units	Mix of tenants	Town house-style units with private entrance constructed in the 1980s. Rent includes water, sewer and garbage with tenant paying heat, hot water and electric. Unit amenities include stove, refrigerator, dishwasher and in-unit laundry hookup. Unit sq ft not available, but units are 1-level with 1 bathroom. Manager reported full occupancy and a mix of tenants.
640 S 4 th St	<u>6 - 2 bedroom</u> 6 total units	\$800 +heat, electric	No vacant units	Many energy workers	Two-level walkup building constructed in 2011. Rent includes water, sewer, garbage and hot water, with tenant paying electric heat and electricity. Unit amenities include stove, refrigerator, dishwasher and microwave. Building has community laundry. Units have approx. 900 sq ft and 1 bathroom. Some units are leased to companies for their workers - as many as 75% of renters are energy industry related. Owner reported full occupancy at time of survey, but under 50% occupancy in last bust cycle. Multiple calls received daily looking for housing.
215 N 2 nd St	<u>6 - 2 bedroom</u> 6 total units	\$800 +heat, electric	No vacant units	Many energy workers	Two-level walkup building constructed in 2012. Rent includes water, sewer, garbage and hot water, with tenant paying electric heat and electricity. Unit amenities include stove, refrigerator, dishwasher and microwave. Building has community laundry. Units have approx. 900 sq ft and 1 bathroom. Some units are leased to companies for their workers - as many as 75% of renters are energy industry related. Owner reported full occupancy at time of survey, but under 50% occupancy in last bust cycle. Multiple calls received daily looking for housing.

Table 21 Douglas Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Market Rate					
806 Jackson St	<u>4 - 2 bedroom</u> 4 total units	\$800-\$900	No vacant units	Mix of tenants	Two-level apartment building constructed in 2012. Rent includes utilities. Unit amenities include stove, refrigerator, dishwasher, microwave, in-unit laundry hookup or w/d, and attached garage. The project was originally intended for longer-term residents but over time a mix of tenants have occupied units. Unit sizes vary from approx. 900 to 110 sq ft with 1 or 1.5 bathrooms. Owner has kept rents reasonable to retain longer-term tenants and this resulted in less vacancy during the bust.
821 Grant	<u>4 - 2 bedroom</u> 4 total units	\$800 +heat, electric, hot water	No vacant units	Many energy workers	Two-level walkup building constructed in the 1980s but remodeled over time. Rent includes water, sewer and garbage with tenant paying heat, hot water and electricity. Unit amenities include stove, refrigerator, dishwasher, microwave and in-unit laundry. Units have approx. 900 sq ft and 1 bathroom. Some units are leased to companies for their workers - as many as 75% of renters are energy industry related. Owner reported full occupancy at time of survey, but under 50% occupancy in last bust cycle. Multiple calls received daily looking for housing.
831 Grant	<u>4 - 2 bedroom</u> 4 total units	\$800 +heat, electric, hot water	No vacant units	Many energy workers	Two-level walkup building constructed in the 1980s but remodeled over time. Rent includes water, sewer and garbage with tenant paying heat, hot water and electricity. Unit amenities include stove, refrigerator, dishwasher, microwave and in-unit laundry. Units have approx. 900 sq ft and 1 bathroom. Some units are leased to companies for their workers - as many as 75% of renters are energy industry related. Owner reported full occupancy at time of survey, but under 50% occupancy in last bust cycle. Multiple calls received daily looking for housing.

Table 21 Douglas Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Market Rate					
812 Jackson St	<u>3 - 2 bedroom</u> 3 total units	\$800-\$900	No vacant units	Mix of tenants	Two-level apartment building constructed in 2012. Rent includes utilities. Unit amenities include stove, refrigerator, dishwasher, microwave, in-unit laundry hookup or w/d, and attached garage. The project was originally intended for longer-term residents but over time a mix of tenants have occupied units. Unit sizes vary from approx. 900 to 110 sq ft with 1 or 1.5 bathrooms. Owner has kept rents reasonable to retain longer-term tenants and this resulted in less vacancy during the bust.
1815 Madora Ave	<u>2 bedroom</u> <u>3 bedroom</u> 10 total units	N/A	N/A	N/A	Unable to contact - information provided is from secondary sources. Two-level walkup apartment building constructed in 2013. Unit amenities include stove, refrigerator, dishwasher, microwave, AC and in-unit laundry hookup. Two-bedroom units have 900 sq ft and 1 bathroom and 3-bedrooms have 1200 sq ft and 2 bathrooms. Some furnished units available.
1807 Madora Ave	<u>10 - 2 bedroom</u> 10 total units	N/A	N/A	N/A	Unable to contact - information provided is from secondary sources. Two-level walkup apartment building constructed in 2015. Unit amenities include stove, refrigerator, dishwasher, microwave, AC, in-unit laundry and private entrance

Table 21 Douglas Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Income-Restricted/Moderate Rent					
Oakridge Apartments 501 Willow Dr	4 - 2 bedroom 8 - 3 bedroom 12 total units	\$541-\$732 \$713-\$845 +heat hot water electric	No vacant units, waiting list	4 units at 50% of median and 8 units at 55% of median	Affordable housing project built in 2012 with tax credits and HOME funding. Home units are capped at 50% of median and tax credit units at 55%. Two-level walkup building with private exterior entrances. Rent includes water, sewer and garbage but tenants pay electric including heat and hot water. Unit amenities include stove, refrigerator, microwave, AC, in-unit laundry, patio/balcony and window coverings. Project amenities include playground, with internet and cable TV available. Two-bedrooms have 1130 sq ft and 3-bedrooms have 1330 sq ft; all units have 2 bathrooms. Manager reported full occupancy and waiting list - multiple calls received daily but many would be over income.
Statewide Affordable Housing various locations	10 - 2 bedroom 14 - 3 bedrooms 2 - 4 bedroom 26 total units	\$450 \$550 \$625 +heat, hot water, electric	No vacant units, waiting list	Income-designated at 50% or less of median income	Town house-style units in three locations constructed in phases starting in about 2000. Project received assistance from WCDA including HUD HOME funds and all units serve households at or below 50% of median income. Rent includes water, sewer and garbage with tenant paying heat, hot water and electric. Contract compliance may be met for some of the units within the next 5 years. Unit amenities include stove, refrigerator, dishwasher, in-unit laundry hookup and garage. Unit sq ft not available, but some units are 2-level and others 1-level. Manager reported full occupancy and good demand with a waiting list - but turnover is low and some tenants moved in when project opened. Most tenants are local work force - energy related jobs are usually over the income limits.

Table 21 Douglas Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Income-Restricted/Moderate Rent					
Wind River Apartments 100 Wind River Dr	8 - 2 bedroom 30 - 3 bedroom 4 - 4 bedroom 42 total units	\$276-\$535 \$309-\$635 \$348-\$735 +heat, electric	No vacant units, waiting list	All units at or below 50% of median income with 11 units at 30%	Rental complex with 7 buildings awarded tax credits and HOME funds in 2004. All units are at or below 50% of median income with 11 HOME units at or below 30% of median. Rent includes water, sewer and garbage, with tenant paying gas and electric. Unit amenities include stove, refrigerator, dishwasher, microwave, disposal, AC, in-unit laundry hookup, patio/balcony and extra storage. Project amenities include community room with kitchen, computer station, fitness room, play ground, basketball court and picnic area. Manager reported full occupancy and a waiting list - any turnover units fill quickly.
WIN Duplexes 704 N 5 th St	6 - 3 bedroom 6 total units	\$605 +heat, hot water, electric	No vacant units, waiting list	Income-designated at 50% or less of median income	Three duplexes constructed with assistance from WCDA including HUD HOME funds and all units serve households at or below 50% of median income. Rent includes water, sewer and garbage with tenant paying heat, hot water and electric. According to manager contract compliance does not end. Unit amenities include stove, refrigerator, dishwasher, in-unit laundry hookup and garage. Unit sq ft not available, but units are 2-level. Manager reported full occupancy with a waiting list. Mix of tenants reported including singles. Income limits are low and restrict potential tenants - energy related jobs are usually over the income limits.

Table 21 Douglas Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Subsidized					
Conestoga Village Apartments 111 Riverbend Dr	<u>48 - 2 bedroom</u> 48 total units	\$595-\$725 30% of income	No vacant units, waiting list	General occupancy	USDA Rural Development project constructed in the 1980s. Units are in 5 buildings, and have 2-level living. 43 units have access to project-based rent assistance allowing rent based on 30% of income; remaining tenants pay 30% of income but not less than basic or more than market rents listed. Unit amenities include stove, refrigerator and window blinds. Project amenities include community room, 2 community laundry rooms and 2 playgrounds. Unit sq ft not available but all units have 1 bathroom. Manager reported full occupancy and waiting list
LaPrele Apartments 240 Pearson Rd	38 - 2 bdrm Apt <u>8 - 3 bdrm TH</u> 46 total units	\$956 \$1147 30% of income	Some open units for rehab	General occupancy	HUD Section 8 subsidized project constructed in the 1980s and designated for general occupancy. Apartments are in multi-story walkup building and 3-bedrooms are in 2-level town homes. All tenants pay rent based on 30% of income up to maximum rents listed. Unit amenities include stove, refrigerator and AC. Project amenities include community laundry and playground. Manager estimated that apartments have 750 sq ft with 1 bathroom. No sq ft for 3-bedrooms but they have 1.5 bathrooms. Six units open at time of survey but these were intentional for remodeling. A waiting list is maintained but most applicants do not want to wait. Good demand for affordable housing.
Riverside Plaza One (aka Payne Plaza) 315 W Grant St	<u>24 - 1 bedroom</u> 24 total units	\$1073 30% of income	2 vacant units, short waiting list	Senior/ disabled occupancy	HUD Section 8 subsidized housing project for senior/disabled tenant occupancy constructed in 1984. All tenants pay rent based on 30% of income up to maximum rent listed. Unit amenities include stove, refrigerator and AC. Project is connected to Riverside Plaza Two and senior center. Weekend meals are delivered. Two units were open at time of survey, with 1 application being processed. Only a short waiting list exists and is shared with Plaza Two.

Table 21 Douglas Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Subsidized					
Riverside Plaza Two 405 W Grant	<u>24 - 1 bedroom</u> 24 total units	\$946 30% of income	No vacant units, short waiting list	Senior occupancy	HUD Section 202/PRAC subsidized housing project for senior occupancy (age 62+) constructed in 1997. All tenants pay rent based on 30% of income up to maximum rent listed. Unit amenities include stove, refrigerator and AC. Project is connected to Riverside Plaza Two and senior center. Weekend meals are delivered. Two units were open at time of survey, with 1 application being processed. Only a short waiting list exists and is shared with Plaza Two. Full occupancy reported but only a short waiting list exists and is shared with Plaza One.
Westgate Apartments 1457 Sweetwater Dr	<u>36 - 2 bedroom</u> 36 total units	\$758 30% of income	Some open units for rehab	General occupancy	HUD Section 8 subsidized project constructed in the 1980s and designated for general occupancy. Recently awarded tax credits for rehabilitation. Apartments are in multi-story walkup building. All tenants pay rent based on 30% of income up to maximum rents listed. Unit amenities include stove, refrigerator and AC. Project amenities include community laundry and playground. No sq ft available but they have 1 bathrooms Three units open at time of survey but these were intentional for repair. A waiting list is maintained but most applicants do not want to wait. Good demand for affordable housing.
Irwin Towers 1205 5 th St	3 - efficiency <u>35 - 1 bedroom</u> <u>12 - 2 bedroom</u> 50 total units	\$400 \$473 \$588 30% of income	8 vacant units 1 - effic. 3 - 1 bdrm 4 - 2 bdrm	Senior/ disabled occupancy	HUD Public Housing highrise constructed in 1973 and designated for senior and/or disabled tenant occupancy. All tenants pay rent based on 30% of income up to maximum rents listed. Manager reported a mix of seniors and younger disabled tenants. Eight units were vacant at time of survey and no waiting list existed. Economic bust years resulted in some workers leaving the community and elderly parents sometimes followed.

Table 21 Douglas Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Occupancy Type	Comments
Senior Housing with Services					
Mountain Lodge Assisted Living	16 - 1 bedroom 4 - 2 bedroom 20 total units with 24 licensed beds	N/A	Initial occupancy phase with 6 units filled	Assisted Living Facility	Licensed as an Assisted Living Facility with 20 apartments for assisted living and 10-room memory care wing listed separately. Affiliated with Douglas Care Center. Opened in 2018 and still in initial occupancy phase. Assistance with daily living provided including meals, personal care and advanced care services as needed.
Mountain Lodge Assisted Living	10 - 1 bedroom 10 total units with 10 licensed beds	N/A	Starting initial occupancy	Assisted Living Facility/ Memory Care	Licensed as an Assisted Living Facility with 10 beds in a memory care wing and 24 beds in assisted living listed separately. Affiliated with Douglas Care Center. Units are one-bedroom with private bathroom
Douglas Care Center	60 licensed beds	N/A	High rate of occupancy	Skilled Nursing Home	Skilled nursing home licensed for 60 beds - affiliated with Mountain Lodge. Twenty beds are in 10 shared occupancy rooms in a secure memory care wing. The remaining 40 beds are in 6 shared occupancy and 28 private rooms. No set-aside for transitional care wing but 10% or more of the beds are often occupied by rehab/recovery stays. High rate of occupancy reported with 55 or more beds typically in use.

Source: Community Partners Research, Inc.

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Employment and Local Economic Trends Analysis

While many factors influence the need for housing, employment opportunities represent a predominant demand generator. Without jobs and corresponding wages, the means to pay for housing is severely limited.

Employment opportunities may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, and other industries. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

The City of Douglas is directly impacted by the expanding natural resources exploration and extraction sectors. As oil and gas activity increases, significant job growth is being forecasted for the next years. In addition to the growth potential in the energy sectors, the City of Douglas also has other economic development projects that could add a substantial number of permanent jobs to the community.

Labor Force and Unemployment - Converse County

Employment information is available for all of Converse County. The following table looks at annual data from 2010 through 2018. Information in this table is based on the place of residence. It tracks people living in the County by their participation in the labor force regardless of where they are actually employed.

Table 22 Converse County Average Annual Labor Force 2010 to 2018						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - WY	Unemployment Rate - US
2010	7,568	7,155	413	5.5%	6.4%	9.6%
2011	7,659	7,289	370	4.8%	5.8%	8.9%
2012	7,976	7,634	342	4.3%	5.3%	8.1%
2013	8,108	7,811	297	3.7%	4.7%	7.4%
2014	8,340	8,089	251	3.0%	4.1%	6.2%
2015	8,332	8,026	306	3.7%	4.3%	5.3%
2016	7,887	7,401	486	6.2%	5.3%	4.9%
2017	7,481	7,151	330	4.4%	4.2%	4.4%
2018	7,415	7,151	264	3.6%	4.1%	3.9%

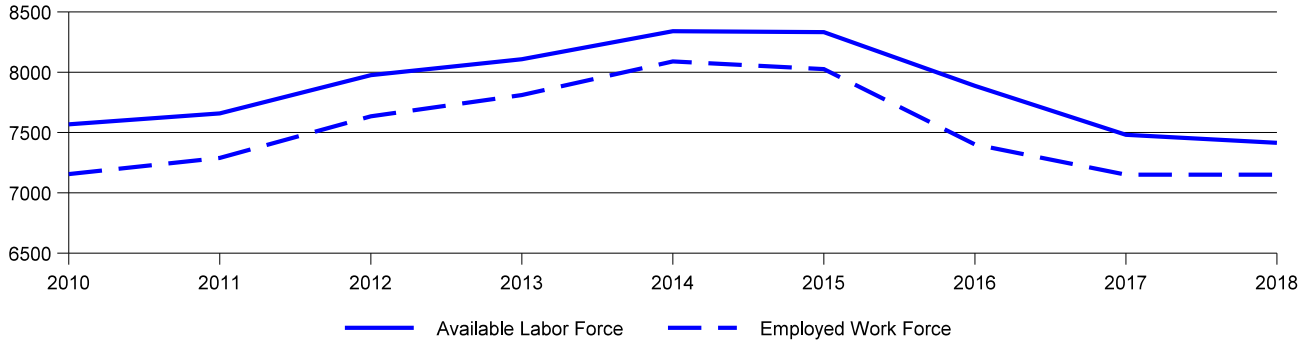
Source: Local Area Unemployment Statistics

There has been upward and downward movement so far in the current decade in the size of the County’s total labor force. These patterns follow the “boom and bust” economic cycles in recent years in the area’s energy sectors.

The size of the available labor force increased substantially between 2010 and 2014, the recent peak. But then the labor force decreased through 2018. When the annual average for 2018 is compared to 2010, the County’s labor force is slightly smaller. However, by the end of 2018 significant job growth was underway which is not yet reflected in standard statistics.

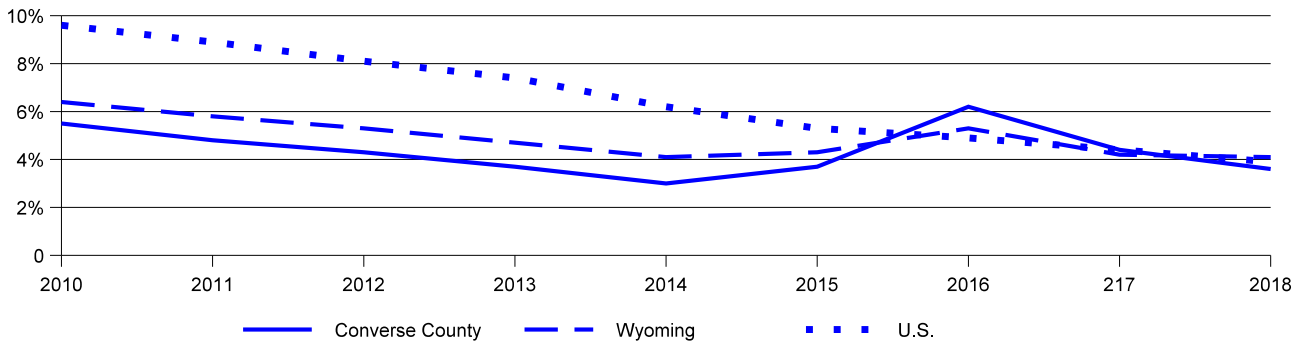
The County’s employed work force has largely followed the same patterns. The number of employed County residents increased rapidly from 2010 through 2014, but then decreased in size. The number of employed people in 2018 was nearly identical to the 2010 level.

Converse County Labor Force and Employed Work Force



For the years 2010 through 2014, the County’s unemployment rate was well below the comparable State and national averages. However, between 2015 and 2016, the County’s unemployment rate increased to 6.2% and was above the national rate. By 2018, the County’s had once again moved below the State and national rates.

Unemployment Rates



Average Annual Wages by Industry Sector

The following table shows the annual employment and average annual wages by major employment sector. The most recent release is for the second quarter of 2018. This information is only available at the county level. It is important to note that the major employment sectors listed do not represent all employment in Converse County.

Industry	Average Employment	Average Weekly Wage
Total All Industry	5,858	\$1,027
Agriculture, Forestry, Fishing, Hunting	169	\$614
Mining, Quarrying, Oil & Gas	1,141	\$1,647
Construction	352	\$1,140
Manufacturing	121	\$1,025
Wholesale Trade	43	\$885
Retail Trade	450	\$454
Transportation and Warehousing	246	\$1,107
Information	53	\$488
Finance and Insurance	122	\$840
Real Estate, Rental, Leasing	66	\$629
Professional and Technical Services	115	\$1,149
Administrative and Waste Services	205	\$1,087
Health Care, Social Assistance	296	\$644
Arts, Entertainment, Recreation	62	\$175
Accommodation and Food Service	442	\$301
Other Services	168	\$725
Public Administration	479	\$809
Educational Services	654	\$1,066

Source: Quarterly Census of Employment and Wages

The average weekly wage for all industry in the second quarter of 2018 was \$1,027. At full-time employment this would yield an annual wage of \$53,400.

The highest paying wage sector was Mining/Quarrying/Oil and Gas Exploration, at \$1,647 per week. At full-time employment for 52 weeks this was an annual wage of more than \$85,600. This was also the largest sector for total employment in Converse County.

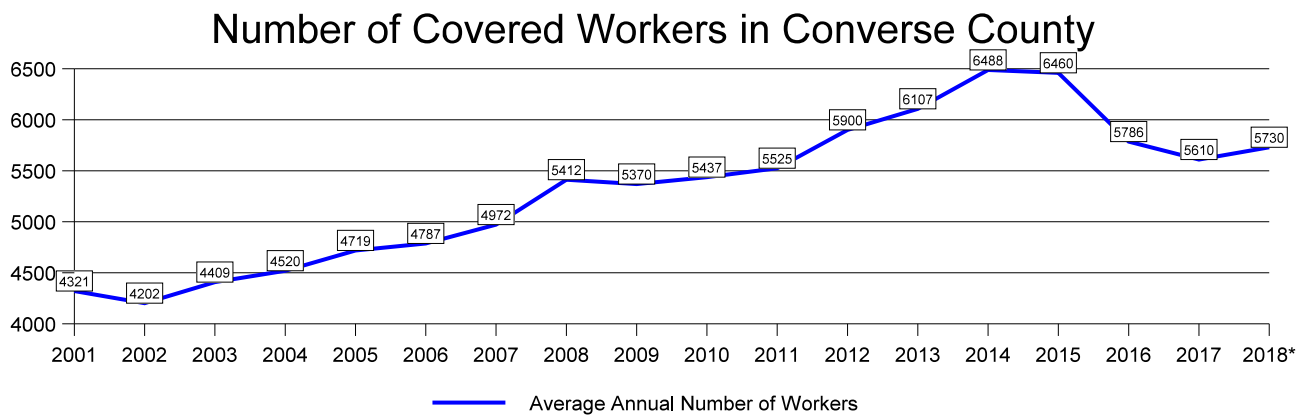
The sector with the second largest employment level was Education Services. The average annual wage for this sector was above \$55,000 at full time employment.

Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location, it is possible to examine longer-term patterns in the employment level. The following table displays the total number of workers reported in Converse County back to the year 2001.

Table 24 Converse County Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2001	4,321	2010	5,437
2002	4,202	2011	5,525
2003	4,409	2012	5,900
2004	4,520	2013	6,107
2005	4,719	2014	6,488
2006	4,787	2015	6,460
2007	4,972	2016	5,786
2008	5,412	2017	5,610
2009	5,370	2018*	5,730

Source: QCEW * 2018 is first two quarters only



When viewed over a longer-term there had been a general upward trend in the employment level in the County from 2001 through 2015. But then this pattern reversed, and a significant reduction occurred between 2015 and 2017. Only partial-year information exists for 2018, but through the first two quarters there had been some increase in covered employment, as tracked by unemployment compensation.

Commuting Patterns of Area Workers

Information is available on area workers that commute for employment. The best information is from the 2017 American Community Survey, and has been examined for the City of Douglas. This table only examines people that commuted, and excludes people that work at home.

Table 25 Commuting Times for Douglas Residents - 2017		
Travel Time	Number	Percent
Less than 10 minutes	1,459	48.3%
10 to 19 minutes	899	29.8%
20 to 29 minutes or more	34	1.1%
30 minutes or more	629	20.8%
Total	3,021	100%

Source: American Community Survey

The large majority of Douglas residents were working locally in 2017. Overall, more than 78% were commuting less than 20 minutes to work. However, nearly 21% of the City’s residents were traveling 30 minutes or more for their primary job.

Commuting times were also identified by location of employment. For people that worked in Douglas, the following travel times were identified.

Table 26 Commuting Times for Douglas Employees - 2017		
Travel Time	Number	Percent
Less than 10 minutes	1,486	42.9%
10 to 19 minutes	1,293	37.3%
20 to 29 minutes	126	3.6%
30 minutes or more	562	16.2%
Total	3,467	100%

Source: American Community Survey

Most of the people that worked in Douglas also lived locally as fewer than 20% traveled 20 minutes or more. Overall, more than 80% traveled 19 minutes or less, including people that both lived and worked within Douglas.

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Growth Projections Summary and Conclusions

It is important to stress that projections are an informed prediction of future activity. It is possible that Douglas could significantly outperform or underperform the probable scenarios outlined earlier in this document.

For the purposes of this Study, the analysts have viewed the primary demographic projections that exist, from Applied Geographic Solutions, Esri and the Wyoming Economic Analysis Division, as being much too conservative. These sources do not reflect the probable impact resulting from the oil and gas activity underway in Converse County, as well as additional economic development projects that may also advance.

In general, the forecasts contained in the Draft Environmental Impact Statement (EIS) appear to represent the best indicator of future change for the cities and towns in Converse County. For the City of Douglas, the Draft EIS calculations anticipate the need for approximately 530 “permanent” housing units. Additional demand will be present for a substantial number of “temporary” housing units that will not require actual construction of permanent structures. Many limited-duration workers in the County will also commute in from more distant locations, including the regional centers of Casper and Gillette.

Although the EIS projections have been used as the basis for estimating housing needs, some adjustments have been made based on other research completed for this Study. For permanent housing, the analysts have used a tenure distribution pattern of 60% to 65% rental and 35% to 40% owner housing in the City of Douglas. Although still heavily weighted to rental housing, the assumptions used for this Study approximately double the rate of home ownership demand that was assumed in the EIS.

The number of permanent housing units has also been increased somewhat from the level indicated in the EIS projections. This is due in part to the recognition that other demand generators also exist, including a proposed food processing facility, that may create a substantial number of new jobs.

For the purposes of the recommendations that follow, a total recommendation for permanent housing has been made that up to 600 total units should be added in Douglas and the surrounding area by the year 2025. This would be distributed as follows:

- ▶ 210 to 240 owner-occupancy units added by 2025
- ▶ 360 to 390 renter-occupancy units added by 2025

Although these permanent housing recommendations effectively span a six-year time period, this does not imply that the community should promote an average 100 units per year. Instead, much of the rental housing development should be advanced earlier in the projection period, to provide near-term housing options for the rapidly growing work force.

Conversely, demand for owner-occupancy housing will probably follow the opposite pattern. Shortly after arriving, most households will initially look for temporary options or rental housing. But after establishing a history in the area, some of these households will look to buy their housing, and demand for ownership should continue to grow over time.

It is also important to note that a portion of the home ownership demand has historically been located outside of the City limits, in rural locations in Douglas CCD. Since single family housing construction is an open market transaction between a home builder and the end buyer, identifying the exact location of the unit is not possible. Although the analysts believe that most of the permanent housing construction will occur within the corporate limits of the cities and towns, some will also be within the rural portions of the County.

While there are compelling reasons to construct new housing, there continue to be two primary factors that will potentially limit interest from developers. First is the possibility of “boom and bust” cycles in the energy industry, which are beyond any level of local control. The second factor is the current belief that the strongest demand for housing options will have a limited life-span. The current projections expect the potential out-migration of many workers from the area within 10 years.

A recommendation of only 600 permanent units in the Douglas area can be viewed as a very conservative forecast, given the community’s growth potential. But over-building of permanent housing creates risks for owners and investors. Even if no “bust” cycles occur, it must be recognized that current assumptions expect a decline in the area’s housing needs by later in the next decade.

As a result, this Study has proceeded with the assumption that permanent forms of housing are only part of the solution. Temporary housing, or the presence of commuting employees, are also part of a larger strategy to maintain an adequate work force for the County, while attempting to avoid long-term investments in structures that have limited-term marketability.

The recommendations and approaches that follow are based on a measured response to the potential demand that could exist. To the extent that certain options are not pursued, there could be resulting adjustments to other types of housing that are proving to be successful in the local market. While projecting to 2025, this plan should be modified as needed in response to actual conditions and growth patterns.

Rental Housing Recommendations

Overview: Although Douglas is the primary rental center for Converse County, the City primarily provides owner-occupancy housing options for residents. At the time of the 2010 Census, approximately 35% of the occupied units in the City were rental housing. By 2019, it is doubtful that this tenure distribution pattern has changed significantly. Fewer than 30% of the new construction units permitted after 2010 can be identified as rental housing, but the rental tenure rate probably remains between 30% and 35%.

As oil and gas exploration and extraction activity proceeds in the future, it is likely that these tenure patterns will change. Housing pressure created by workers relocating to take jobs in Converse County will largely be met by temporary housing options or in rental housing. To a lesser extent, some households will elect to purchase their home. But most will instead opt for rentals, provided this type of housing is available.

The Draft EIS had anticipated that more than 80% of the demand created for permanent housing would be within the rental segment. Community Partners Research has used a lower percentage for rental housing, but still assumes that approximately 60% to 65% of the permanent units created through the year 2025 will be rentals. This is based on the belief that over time, a larger percentage of workers will look for the stability of home ownership. But over the next few years, demand should be heavily oriented to rental units, and most of the new production advanced in this Study is for new rental construction.

The recommendations that follow are based on a total production goal of between 360 and 390 total rental units in the City of 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 |

Each of these market segments will be discussed in greater detail on the following pages.

1. Promote the Development of 220 to 250 Conventional Market Rate Rental Units

Findings: Most of the demand for rental housing in Douglas will exist within the conventional segment, which is free from any occupancy restrictions or rent controls. The substantial growth in the area's work force, largely due to expanded oil and gas activity, will create demand from moderate to higher income households that can afford to pay market rate rents.

Most of the energy-related in-migration of workers will opt for rental units or temporary housing alternatives. Given their expectation to live in the area for a limited duration, these households will not look to initially purchase their unit. Still, this group can apply a significant amount of income to housing. Wage information showed the average annual wage within the oil and gas sector in 2018 was approximately \$1,650 per week, or more than \$7,000 per month.

Strong demand coupled with the ability to pay makes new rental housing development a feasible solution. In Douglas, traditional rental development has been limited in the past, due in part to the income levels for most renter households. In 2017, when the oil and gas sectors were down, the estimated median income for renter households in the City was only \$35,450. Many of the jobs created going forward will provide workers with more than double that amount.

Recommendation: The rental recommendations contained in this Study have placed up to 65% of the future rental development within the traditional market segment. Between 220 and 260 units would be recommended. Although the projection period is through 2025, most of these units should be advanced within the next few years to meet the growing need for housing that is already evident in 2019. As these units establish a stabilized occupancy pattern, it may be possible to proceed with even more units later in the projection period.

In other oil and gas communities, new rental housing has been able to command substantially above-market rents. Gross rents of \$800 or more per bedroom for multi-bedroom units have been successful during boom periods, with a higher premium paid for one-bedroom options. However, these rents have then been lowered substantially during bust cycles, or when the rental production eventually catches up with or exceeds demand.

In Douglas, most existing rental properties have attempted to maintain a relatively stable rent structure, even during boom periods. This is partly an attempt to attract and retain long-term tenants that offer stability when market conditions change. However, the newly built projects will be able to achieve rents that are above the current prevailing rates. In 2019, nearly all of the two-bedroom rental options in Douglas have a monthly gross rent below \$1,000. In the neighboring community of Glenrock, newer three-bedroom rental options have an estimated gross rent below \$1,250.

Going forward, we would recommend that most of the newly built units focus on one-bedroom and two-bedroom housing. This is in recognition that many of the anticipated workers will be single people or couples. Some three-bedrooms oriented to families or roommate occupancy could be built, but most renter households are likely to have one or two members.

These market rate units should contain amenities and features that are compatible with the higher-rent segment, including in-unit laundry, dishwasher and microwave. Two-bedroom units should have two bathrooms when possible. Market evidence would indicate that furnished units could command between \$400 and \$600 in additional rent, depending on the number of bedrooms.

2. Development of 36 to 40 Senior-designated Market Rate Units

Findings: As part of the overall recommendation for conventional market rate development, a smaller-scale project could be oriented specifically for senior occupancy, defined as households age 55 and older.

Most of the rental stock in the City will probably be occupied by the expanding local work force. This will include temporary workers to the area as well as employees working in the oil and gas industries that do not want to buy a unit. This worker-oriented housing will have less appeal to senior and near-senior households, most of whom are probably long-term residents of Converse County.

Existing home prices in Douglas are relatively high by comparative standards. Demand for housing going forward will cause sale prices to go even higher. Empty-nester and senior households will have an opportunity to sell their single family home as the market peaks, and move to age-appropriate rental housing if attractive options exist.

This roll-over of the single family stock can then benefit younger families moving into the community. Since existing houses typically sell at a discount to comparable new construction, older houses represent a more affordable ownership option.

Recommendation: As part of the plan to see additional market rate rental development, promotion of senior-designated units would be encouraged. This would be independent housing oriented to active renter households. A project creating 36 to 40 units would help to offer expanded choices for area households looking to move from ownership to rental.

Units designated for senior-occupancy should have age-appropriate design features, including access to covered parking, in-unit laundry and similar attractive amenities. Community spaces and an attractive location would enhance the attractiveness of the project to the potential tenants.

Although rental units oriented to higher-paid workers could achieve a substantially higher rent structure, the senior-designated units would largely be occupied by longtime Converse County residents. As a result, a more moderate rent expectation would exist. Two-bedroom units should attempt to keep gross rents below \$1,100 with some three-bedrooms below \$1,300 should appeal to seniors looking for a life-cycle housing change.

3. Promote the Development of Income-Restricted/Moderate Income Rental Housing with 60 to 70 Additional Units

Findings: Federal low income housing tax credits, along with HUD HOME funds and other resources, have been used successfully in the past to create moderate rent “work force” housing in Douglas. These resources are awarded on a competitive basis by the Wyoming Economic Development Authority (WEDA).

A typical project will offer a moderate rent structure and serve households at or below 55% of the median income level. Some more affordable units will often be included, serving households at or below 40% of median income, but that is often dependent on other resources that may be available.

The research for this Study identified four projects in Douglas within this market segment: Oakridge (12 units), SWAH (26 units), WIN (6 units) and Wind River (42 units). Combined, these projects have 86 income-restricted rental units.

The most recent of these projects is Oakridge, which was developed in 2012. The other projects are believed to be 15 or more years' old. Based on the best available information on contract compliance requirements, it appears that 15 of the units in this housing segment will no longer be obligated to meet income and rent restriction requirements by the year 2024. Without additional production, this market segment will gradually decrease in size starting in 2021.

Occupancy rates were high within this affordable housing segment when the rental survey was conducted in February 2019. In addition to full occupancy, waiting lists tended to exist. When vacancies occur in income-restricted housing it is often the result of paperwork requirements, as new applicants must go through an income certification process which can delay the occupancy of an open unit.

The actual unit rents for income-restricted housing in Douglas are below the maximum allowable federal limits. Even though the projects can charge rents up to 55% of median income, the gross rents in place are typically below the limits set for households at 50% of the median income level. The lower rents help to maintain a high rate of occupancy by keeping these projects competitive with older, market rate rental housing in the area, especially during economic "bust" cycles when vacancy rates can rise.

Recommendation: Project-specific studies are required as part of the application process to WEDA, and this Study has only attempted to make a broad recommendation for work force housing as a piece of a larger plan to expand the overall housing supply in Converse County. As part of the community strategy, Community Partners Research has proceeded with the assumption that at least 60 to 70 new affordable units should be added to the community by 2025, or approximately 17% of the overall unit recommendation.

Part of this expansion in supply will only replace as many as 15 existing units that will fulfill contractual obligations over the next five years. The additional units will expand the supply available for the area's growing work force that is employed in moderate to lower wage jobs.

It is important to note that the income limitations that apply to this assisted housing will often be lower than the incomes generated by job growth, especially within the energy sectors. As a result, many workers will not be income-eligible to live in this type of housing. But overall growth in the County will also create spin-off jobs in the retail, service and hospitality sectors. Workers filling these jobs will have lower rates of pay and will need access to housing that they can afford. Work force housing receiving public financial assistance will be dedicated to serving lower and moderate income households.

As part of this recommendation, it would be worth exploring the possibility of creating affordable housing that is senior-designated to households age 55 and older. While this type of housing may not be competitive under the current application process, it has the potential to promote roll-over within the single family housing stock. Empty-nesters and seniors may elect to sell a single family home within the current strong demand period, and move to life-cycle housing in a senior apartment. This could make single family houses available to younger households with children. In nearby states including North Dakota, this has been a strategy employed in fast-growing communities to better utilize the single family housing stock.

4. Promote the Development of Additional Subsidized Rental Housing

Findings: The City of Douglas has federally subsidized rental housing projects for senior, disabled and general occupancy tenants. Most of these units can serve even very low income households, by offering project-based rent assistance that can charge rent based on 30% of household income.

Three of the subsidized projects are designated for senior and/or disabled tenant occupancy and have a combined total of 98 units. These projects are Irwin Towers (50 units), Riverside Plaza One (24 units) and Riverside Plaza Two (24 units). At the time of the rental survey, there was a relatively high vacancy rate in these projects. There was also limited evidence of pent-up demand in the form of waiting lists. One of the property managers had stated that vacancy problems dated to the last “bust” cycle when some residents had left the area, and elderly parents sometimes followed their adult children.

There are also three subsidized projects designated for general occupancy, often oriented to families. They have a combined 130 units. The projects that are specifically designated as general occupancy housing are Conestoga Village (48 units), LaPrele Apartments (46 units) and Westgate Apartments (36 units). The rental survey found a high rate of occupancy within this subsidized segment, although some units were intentionally vacant to facilitate renovation work. Waiting lists were reported at each of the general occupancy projects, but property managers also indicated that lower income applicants often needed access to affordable housing, and were unwilling to wait for an extended period of time for a unit to become available.

It is important to note that Converse County is not currently served by HUD's tenant-based Housing Choice Voucher Program. This rent assistance is provided to income-eligible renter households and is used to secure a suitable unit in the private rental market. With a Voucher, the tenant pays rent based on approximately 30% of household income, with the rent subsidy providing the additional amount needed. Because Vouchers are tenant-based, they can move with the tenant household.

In the opinion of the analysts, the absence of a Voucher Program in Converse County is a detriment for lower income renters. However, it is acknowledged that at times when housing shortage occur, such as 2019, the Vouchers can be of limited use, as finding a suitable unit that is vacant may not be possible for a household with a newly issued Voucher. But over a longer time period, the availability of Vouchers would benefit very low income households.

Although much of the anticipated growth for Converse County will be the direct result of employment opportunities, including higher-wage jobs in the energy extraction sectors, overall growth will also create jobs in lower-wage sectors, including the service industries. Working-age lower income households should result in growing demand for very affordable rental housing, generally provided through some form of subsidy program.

Recommendation: Additional subsidized rental units are recommended for the City of Douglas. However, with almost no funding at the federal level, it has largely been impossible to add to the inventory of project-based subsidized housing in recent decades. The last new construction project in the City dates to 1997, when the Riverside Plaza Two project was developed. Despite ongoing growth within the City, including the addition of many new renter households, the supply of subsidized housing has remained unchanged for more than 20 years.

We would encourage the City, and its private development partners, to look for opportunities to secure subsidized housing resources, with a goal to add 25 to 50 units. This could be in the form of project-based subsidized housing, or tenant-based rent assistance Vouchers.

If resources for a new subsidized project can be secured, we would recommend constructing new units. The most practical way to add units may be through the construction of mixed-income projects, where rent skewing is used to create some very affordable units into projects that also include moderate rent and higher rent options. If some Vouchers can be secured, these could potentially be project-based as part of a new construction project to assure that the Voucher holder can actually access an open unit.

It is important to acknowledge that this is a goal, rather than an estimate of need. Based on income estimates and cost burden data, an even larger number of units could be successfully absorbed. But with very few resources available to develop “deep subsidy” housing, any expansion of supply is encouraged. Cost burden statistics along with vacancy data would indicate that general occupancy subsidized units would be the highest priority for expansion in the community.

Preservation of existing subsidized housing also is an important strategy. Preventing the future loss of any of the existing project-based subsidized housing will help to maintain the current supply. If units are at risk in the future, it may be appropriate for public or nonprofit housing agencies to become involved in attempts to preserve the remaining subsidized housing resources.

5. Consider the Development of a Small-scale Student Housing Project

Findings: Post-secondary students, primarily attending Eastern Wyoming College campus in Douglas, generate some local demand for rental housing. This facility is relatively small, and typically has approximately 95 enrolled students based in Douglas. Based on conversations with College staff, as many as one-third of the students may need some form of local housing while attending courses at the College. In general, the remaining students will either already live locally before taking College courses, or are willing to commute.

The College does not have any form of on-campus student housing. In the past, students have been able to utilize the private housing market to find suitable rental housing options. However, this changes during peak years, such as the current “boom” cycle being experienced in Converse County. As a result, students may be lost, as the inability to find a place to live within a reasonable distance of the campus results in lowered enrollment.

The College does have land that could be used for a student housing project, and has considered this as a potential development option. One concept that has been considered is a building that could house 24 students, in four-bedroom shared living units that would provide a private bedroom along with shared common areas.

Recommendation: As part of a larger community strategy to expand the overall supply of housing in Douglas, a small-scale project for students should be explored. However, as an alternate design concept, a project that provides one and two-bedroom apartments could be considered.

A target of 24 bedrooms would appear to be reasonable, given the College's estimate that approximately 30 to 35 students are typically looking for housing in the immediate area.

Although the "quad" concept of private bedrooms and shared common areas has been successful on other campuses, increasingly students are looking for more independent living options. One and two-bedroom apartment-style units would allow for a greater degree of privacy. It would also make these units more suitable for other rental occupants, if student demand is insufficient to fill all of the units at some point in the future.

There are successful models that could be examined where student-oriented housing has been developed as a joint-venture between a college and another entity, such as a nonprofit group or a housing agency. There are examples where a local housing authority has developed rental projects on college property. There are also examples of a college partnering with a local foundation to build units.

Given the relatively small student population in Douglas, and the potential that enrollment could change over time, this recommendation would typically be viewed as a lower priority housing initiative. However, the severe housing shortage that can exist during periods of peak employment does create a significant issue for students looking for affordable options while attending classes in Douglas. A dedicated project that is initially reserved for students would address this issue. If student demand is not adequate in any given year, the units could then be made available for general rental.

6. Promote the Development of 26 to 34 Units of Senior Housing with Light Services

Findings: Senior housing that can offer some level of light services, sometimes referred to as congregate housing, is one of the fastest growing market segments. Oriented to more independent renter households, light services projects will generally offer access to a daily meal, an emergency call system, and features such as weekly light housekeeping and laundry services. A number of additional services may also be offered on an "a la carte" basis, and more intensive service delivery through a home health care contract or similar arrangement.

In many successful examples, a light services project may be affiliated with an assisted living provider or part of a larger senior complex that can offer a “continuum of care”. This allows seniors to move through the aging process with a single housing provider by moving into more appropriate levels of care as their needs change. In some cases, light services apartments are “flexible” by allowing residents to add assisted living services without actually having to move to a different building or location on the senior campus.

There are no identified providers of this type of housing that currently operate in Converse County. In 2018, the first assisted living facility opened in Douglas in Mountain Lodge. Both Mountain Lodge and the Douglas Care Center also provide specialized wings for people needing memory care housing and the Douglas Care Center also has traditional skilled nursing home beds for longer-term residents.

Douglas also has some senior-designated subsidized rental housing that can offer some opportunities for tenants. Riverside Plaza One and Riverside Plaza Two are physically connected to the senior center. This allows the delivery of a noon meal on the weekends. Tenants contracting with a home health care provider may also be able to access additional services that will allow them to be able to remain living independently.

As documented previously in the demographic sections of this Study, much of the anticipated growth in Converse County over the next five years will be due to an advancing number of households age 65 and older. While much of this expected growth will be within the younger senior group, between 65 and 74 years old, the number of senior households age 75 and older will also grow. Seniors will increasingly look for age-appropriate housing options as they move through the aging cycle.

According to Esri’s age-based estimates, nearly 26% of all County households were age 65 or older in 2018. By the year 2023, this percentage will increase to nearly 30% of all households. This should continue to place additional demand for senior-oriented housing options.

Recommendation: A reasonable expectation is that between 3% and 5% of all older senior households (age 75+) will be expected to live in a light services housing project if attractive choices are available. Based on the demographic data for 2018, this would yield a current demand estimate of approximately 18 to 28 lighter services units. By the year 2023, based on the projections used for this Study, this demand would increase to as many as 34 units at the higher end of the range.

Although this demand estimate is based on all of Converse County, the City of Douglas represents the most appropriate location for this specialized form of senior housing. The City can offer the highest level of services and amenities for seniors, including medical care such as the County's only hospital.

In some communities, City assistance such as tax increment financing has been provided to including some in lighter services housing, to serve moderate to lower income senior households. This can sometimes allow for an entry-point rent of \$1,000 or less for a TIF-assisted one-bedroom unit, well below the rates that typically apply to this form of housing, which will generally exceed \$1,500 for a one-bedroom.

7. Monitor Additional Demand for Assisted Living

Findings: Senior housing with services can cover a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. These high service housing options provide 24-hour staffing and extensive assistance with daily living needs of residents. In Wyoming, these higher-service forms of housing are State-licensed.

Mountain Lodge is a new housing option that has opened in the past year. There are 20 apartments offering traditional assisted living. Four of the apartments have two-bedrooms and the capacity of the facility could be as high as 24 residents, based on double-occupancy in the two-bedroom units. Mountain Lodge is still in its initial occupancy phase with a number of available units in February 2019.

Although assisted living may be utilized by people of any age, this type of housing generally serves older senior citizens that need a level of care with their housing. When examining market demand for assisted living, the supply of units has been compared to the number of older senior households. People living in some other intensive form of senior housing, such as nursing homes or memory care, would probably be classified as "group quarters" residents and not counted as an independent household, so no adjustments are needed.

According to Esri, there were approximately 575 older senior households (age 75+) living in Converse County in 2018. This group has been growing since 2010, based on aging patterns for the area, but fewer than 50 additional older senior households had been added in the current decade. However, Esri is anticipating stronger growth going forward, with a projected increase of approximately 125 households by the year 2023.

The County's assisted living inventory, in Mountain Lodge, would require a capture rate of approximately 3.5% to 4% of all older senior citizen households living in Converse County. This percentage is relatively low, when compared to typical utilization rates for this form of housing.

Looking forward to the year 2023, there will be continued growth within the primary target group of seniors age 75 and older. Using Esri's age-based growth projections, and assuming that a capture rate of at least 5% can be achieved, the County would need at least 35 assisted living units/rooms by that time. As this housing type gains greater acceptance, it is probable that an even higher capture rate will be reached.

Recommendation: Since Mountain Lodge is relatively new, and still in its initial occupancy phase, we would recommend that the near-term need for additional assisted living be monitored until a stable occupancy pattern is achieved. But based on the County's aging patterns, it would be appropriate to plan on an expansion of at least 15 to 20 units by the year 2023.

Despite our belief that Converse County has an under-supply of assisted living options, the best available evidence would indicate that initial occupancy patterns in Mountain Lodge have been slow. Although the exact number of unoccupied units could not be confirmed, it does appear that a number of vacant units were present in early 2019. If accurate, this may be a reflection of "sticker shock" as the price for this higher level of care may be limiting interest among older seniors. As the County's first assisted living project, there has been no comparable housing available to acclimate residents to the costs needed for housing that provides extensive assistance with daily living needs.

8. Monitor Additional Demand for Memory Care Housing

Findings: Memory care housing facilities specifically serve residents with memory loss issues such as dementia or Alzheimer's Disease. As with other types of specialized housing, there can be some degree of overlap in the target markets. For example, people with memory loss may also be able to living in skilled nursing homes, traditional assisted living, or other types of senior housing. But for some people, a specialized, secured facility may be required.

In 2019, occupancy was underway in a secured portion of Mountain Lodge, which was designed for people needing memory care. Total capacity is 10 residents. Mountain Lodge is still in its initial occupancy phase with a number of available beds in February 2019.

There is also a secured memory care wing in the Douglas Care Center. There are 20 beds in this wing in 10 shared-occupancy rooms. Overall, the Care Center maintains a high annual occupancy rate.

These combined facilities offer capacity for up to 30 people needing specialized housing related to memory loss.

Once again, the supply of units is often compared to a target population of older senior citizens, age 75 and older. Based on the best available estimates, there were approximately 750 to 800 County residents age 75 and older in 2018. After adjusting for long-term residents of nursing homes, the current supply of memory care beds represents approximately 3.9% to 4.2% of the County's older senior population. This percentage assumes full utilization of all available beds.

As reported to the rental survey, the utilization rate in the memory care wing of the Douglas Care Center has historically been high, but initial occupancy was just underway in Mountain Lodge.

Looking forward to the year 2023, the expected growth of the County's older senior population will lower the capture rate that is needed to fully utilize the current supply of beds. Based on growth forecasts, the capture rate would probably need to be between 3% and 3.5% to maintain a high occupancy rate. In the opinion of the analysts, a capture rate in this range would be fairly typical for this specialized form of housing.

Recommendation: Like other forms of specialized senior housing, changes within the existing supply and demand for memory care housing should be monitored. With the construction of a specialized wing in Mountain Lodge, this segment of the market does have additional capacity in 2019. In the opinion of the analysts, the near-term need for this type of housing has been addressed.

While solid growth is expected in Converse County in the number of older seniors, these trends should be watched. It is possible that in-migration of working-age residents could bring some trailing extended families, including parents of workers that also relocate into the area. This has the potential to grow the population of older seniors at a higher rate than projected under current assumptions.

It is also important to note that the supply and demand summary provided in this Study is largely based on anticipated growth, and not on competitive positioning between projects. Senior housing with services can be a very

competitive business, and it is possible that even more units may be proposed as providers attempt to capture a large share of the local market. The largest current provider of memory care housing, the Douglas Care Center, offers a substantially different style of housing than a newly-built memory care project. As a result, a new project could potentially take market share from older options. However, if supply significantly exceeds demand, this would probably reduce the occupancy rates in less competitive projects.

Ownership Housing Recommendations

Overview: As the largest jurisdiction in Converse County, Douglas primarily provides owner-occupancy housing options for residents. At the time of the 2010 Census, approximately 65% of the City's households owned their housing unit. The tenure estimates for 2018 show that the home ownership rate may now be between 67% and 70%.

There has been some increase in the single family housing inventory so far this decade. Building permits for single family houses from 2010 through 2018 would show that as many as 189 housing units may have been constructed. Over the 9-year period, this was an average of approximately 21 houses per year.

But actual annual home building has deviated greatly from the average, with only one new house permitted in 2017, while 40 single family permits were issued in 2014. Longer-term records also exist and the City permitted 62 new homes in 2007, just before the national decrease in housing market conditions.

While there has been up and down movement over time in single family housing starts, home values in Douglas have remained relatively strong. According to the American Community Survey, the median owner-occupancy home value in the City has ranged from approximately \$173,000 to \$189,000 since the year 2011. Even during the "bust" periods, it does not appear that home values have been significantly impacted.

Despite the past successes that have been achieved in Douglas, the best available projections show that most households relocating into Converse County for employment opportunities will prefer temporary housing or rental options. But the community's proximity to jobs, and the amenities and services available in Douglas also make the City a good residential location for owner-occupants.

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 in the Douglas area. On an average annual basis, this would equate to approximately 35 to 40 houses per year over the next six years. While this projection assumes a higher capture rate for owner-occupancy than other predictions, it could easily prove to be a conservative forecast. If successful home building models develop in the community, even greater momentum may be achievable. The following specific findings and recommendations are offered concerning home ownership and single family housing construction.

9. Demand for 20 to 25 Moderate to Higher-Priced Single Family Homes Constructed Annually

Findings: Over the past three years, only limited home building activity has been occurring in Douglas. After issuing a two-year total of three single family permits in the “bust” years of 2016 and 2017, there was some rebound in 2018, when 11 single family houses were built. However, some of the 2018 houses may have been speculative construction, and the willingness of builders to continue with spec construction will be dependent on sales.

The higher wages that are typically being paid in the energy sectors result in greater buying power for these households. In 2018, the average weekly wage being paid in the Mining/Quarrying/Oil & Gas industry sectors was \$1,647. At full-time annual employment this would yield an annual wage of more than \$85,000.

Most of the past home building that has been occurring in Douglas would generally be defined within the moderate to higher price ranges, with a total purchase price of \$250,000 or more. This is consistent with the higher construction costs in the area, as strong demand exists for a skilled work force. It is also consistent with very strong prices for existing homes, given the demand that exists for good quality housing.

The primary near-term limiting factor for home building is the strong preference that is being projected for only temporary housing, or traditional rental options. This assumption is based on the expectation that most workers attracted to the area will not view Converse County as a long-term location. As a result, these workers will often be hesitant to invest in a long-term housing solution. However, a portion of the work force will be in permanent jobs, that are less dependent on exploration and extraction activities.

With the expected upturn in oil and gas exploration and extraction going forward, a higher level of annual production should be very possible. This growth should gradually increase over time, as arriving workers become more confident in their job stability, and begin looking for more permanent housing.

In 2019, Douglas has a good supply of lots that are appropriate for moderate to higher-priced houses. Most of this lot inventory exists in Meadowlark Trails and Meadowlark Acres. The improved lot supply should be sufficient to sustain the level of new construction going forward.

Recommendation: This Study has projected that demand will exist in the Douglas area for approximately 35 to 40 total owner-occupancy housing units in an average year over the next few years. The large majority of this demand should be for traditional single family houses, in the moderate to higher price ranges. This Study has projected that approximately 60% of this demand will be for moderate to higher price houses, or 20 to 25 homes in a typical year.

In general, this level production should largely happen naturally, as these price ranges are practical for area home builders without outside involvement. However, if new home construction remains suppressed, it is possible that some community/public role may be needed. As will be discussed later in this section, some forms of financial incentives may be needed to be sure that home ownership goals are reached.

In Douglas, moderate to higher priced houses will generally be in the form of single family detached homes. But a number of lots also exist for attached single family homes, such as twin homes and town houses. Attached housing can appeal to mature households as they age, and Converse County will continue to see an increase of households age 60 and older. It is therefore likely that the attached single family segment will gradually grow in market share over time.

10. Annual Demand for 8 to 10 Affordable/Entry-Level New Construction Homes

Findings: Addressing the more affordable/entry-level of the new construction market is increasingly difficult for most communities. This is especially true in high demand areas like Converse County, where people are competing for available houses. The strong employment environment also drives up construction costs, as skilled workers are in high demand.

Much of the energy sector growth is expected to be of limited duration. As a result, many households will be less inclined to consider home ownership. While very strong job growth is expected in the near-term, this largely reverses after 2026. By the year 2028, it is assumed that nearly all of the exploration activity will be completed, and a significant out-migration of workers will have occurred. As a result, workers will not generally want to be committed to a long-term housing investment. Unless other types of jobs are created in the interim, a significant oversupply of housing could exist within 10 years.

But during the growth years, it is probable that the entry-level home buyers could be priced out of the market. Longer-term, it is important for Douglas to attract and retain some of these households for the stability of the community. This is especially true for younger buyers looking to purchase their first home.

In an attempt to generate home building at a lower price for first-time buyers, the community may want to consider targeted programs to generate some affordable homes each year. This would hopefully result in some new homes that could sell for less than \$200,000.

Recommendations: Creating affordable, entry-level housing options through new construction has been a difficult challenge in most communities. The projections used for this Study would set a goal of building 8 to 10 affordable houses annually, or approximately 20% to 25% of the future demand for new construction.

The market potential could grow if an attractive home design with a below-market price point can be achieved. However, in communities that have been able to generate below-market prices, a significant outside subsidy will often be required per unit, making a larger volume of new construction less likely.

In Douglas, there has been some evidence of successful evidence of town house development. Given the difficulty of reaching an affordable price point through new construction, the use of attached single family units may be the most practical way to reach this affordable housing goal.

The available resources that could be used for lower-priced homes should be examined. This could increase land cost write-downs, or other forms of public subsidy. A following recommendation also explores other home ownership incentives that could be advanced in the community.

11. Monitor the Residential Lot Supply

Findings: The City of Douglas has a relatively large inventory of residential lots in 2019. With the “boom” cycles of the past, and years with strong demand for new housing construction, area developers have responded by bringing attractive subdivision projects into the local market.

According to City officials, there are as many as 400 lots in Douglas for single family home construction. This total includes lots that are already improved with public infrastructure, and lots that have been platted, but may not be fully served by streets, sewer and water service.

An earlier section of this document provided some summary information of the development areas with the largest lot inventories. Overall, most of the vacant lots are intended for detached single family houses, but there are also multiple subdivisions with platted lots for attached units including duplexes, twin homes and town house structures.

There has been significant variation in the annual construction activity of single family homes. This generally follows the “boom and bust” cycles in the local energy economy. In 2016 and 2017, recent bust years, only three total houses were permitted over the two-year period. In contrast, from 2012 through 2014, 34 or more houses were permitted in each year.

There has been some recovery in single family housing starts after 2017, but only 11 houses were permitted in 2018, the third lowest annual volume so far in the current decade. Some of the houses built in 2018 were speculative construction and may still be available for sale.

Recommendation: Although this Study has assumed that most of the demand for permanent housing in Douglas will be oriented to rental options, there will also be increased demand for single family construction. Approximate demand for 210 to 240 owner-occupancy units has been forecasted in Douglas over the next six years. To address this potential, an adequate supply of improved residential lots will be needed.

Community Partners Research generally uses a standard that a 2 ½ year supply of lots represents an adequate inventory, based on annual construction usage. The projection that up to 40 family houses per year can be constructed yields a need for at least 100 good quality lots. In 2019, with as many as 400 lots available for sale or near-term development, this should not be an immediate issue for the City.

It is important to note that the growth potential for the community could result in greater demand than we have projected. Lot absorption should be monitored. If actual new home construction exceeds our projections, there may be a need to bring additional lot development forward.

It is also important to note that this recommendation has been based on an assessment of overall supply and demand. It is not based on competitive positioning between projects. There was no detailed information on the relative quality of lots in different subdivisions, or pricing on the current supply. As a result, it is possible that additional subdivision activity may advance, as developers identify market opportunities.

12. Consider the Creation of Housing Construction Incentives

Findings: Although Douglas has experienced a wide variation in the annual level of new home construction, there has been suppressed home building over the past three years. Much of the slowdown can be attributed to the “bust” years in 2016 and 2017, but during the prior three years the City averaged fewer than five single family housing starts per year. Despite the potential for increased demand for housing going forward, there may be proactive efforts needed to attract a larger market share.

One successful approach used by other communities is to offer some types of financial incentives for new construction. There are many ideas that have been used, including a waiver of municipal fees for building permits or water connection. If allowable, some cities have used a property tax abatement or tax increment financing programs to pay for lot and improvement costs. Others have used a direct cash incentive, such as a down payment assistance program.

Recommendation: With the potential demand that could exist, these types of incentives may not be needed in Douglas. However, if limited home building proceeds in the future, there may be incentives that could be offered to accelerate home construction in the community.

Home ownership promotes community stability. The impact of the oil and gas activity may lead to financial resources becoming available to the City. Part of the housing strategy for Douglas would be to promote owner-occupancy housing.

13. Promote Existing Houses as Affordable Ownership Options

Findings: A large majority of the housing units in Douglas are single family structures. While most households own their housing, a fairly large number of houses and mobile homes have been converted to rental use over time. The continued pressure for rental housing could cause even more units to change from owner to renter-occupancy. It is probably in the best interests of the community to instead promote these houses to owner-occupants.

The best available information indicates that existing homes retain their value. While specific home sales records do not exist, there is secondary value information available. The 2017 American Community Survey showed a median owner-occupied house value of approximately \$180,000 or more over the past five years. While relatively high, this median for existing houses is well below the probable cost of comparable new construction, making existing houses the most affordable ownership option.

There are some reports that energy companies have been willing to buy houses in Converse County in an attempt to provide options for their local work force. While this does address temporary worker housing needs, it lowers that owner-occupancy rate in the community.

Recommendation: The potential exists for above-average housing turnover in the next few years. As overall demand for housing exceeds supply, some longtime home owners may wish to sell as prices appreciate. While most of the houses in Douglas would probably be purchased by owner-occupants, there may also be interest from investors looking to create rental options, or from energy companies wishing to secure worker housing.

It would be in the City's best interest to keep a high rate of owner-occupancy. Promoting the attractive choices in Douglas to potential home buyers should be part of the community marketing strategy. The possible incentive programs discussed earlier could also be extended to existing houses to promote owner-occupancy.

14. Consider the Development of Lots for 50 or More Mobile Homes

Findings: There is already a fairly large inventory of mobile homes in Douglas. Based on the American Community Survey, mobile homes represent approximately 15% of all permanent units in the City. Mobile homes are occupied by both owners and renters, although most units are identified as owner-occupied.

Detailed information on the condition, quality, age and value of mobile homes is not readily available, but the American Community Survey does offer some insights into this portion of the local housing inventory. Based on the age of structure estimates, approximately 59% of the mobile homes in Douglas were built prior to 1980.

There is less usable information on mobile home values, as no median was provided for 2017. However, over the past several years the median has typically been estimated between \$30,000 and \$42,000.

Although the American Community Survey may not provide the most reliable data on mobile home values in Douglas, it is clear that these are generally the most affordable ownership options in the City. Most of the mobile homes are occupied by longer-term residents of Douglas. Information on occupancy patterns for some of the parks were provided earlier in this document.

An expansion of mobile homes, for either purchase or rent, would help address demand from newly arriving workers. In addition to the energy sector, significant job growth is possible in food processing industries. The proposed Kosher beef plant will potentially draw new households to the area. In many instances, food processing will attract international immigrants, including Hispanic/Latino workers. Home ownership rates tend to be relatively high among Hispanic/Latino households, and mobile homes are often a viable option, especially in communities with high housing costs.

Recommendation: As part of the strategy to attract home owners to the City, an expansion of mobile home lots could provide a very affordable option. Up to 20% of the home ownership demand could potentially be met by mobile homes. An expansion of 50 or more lots would allow units that could be occupied by owner or renter households. This type of housing would generally require less up-front investment than other forms of permanent housing creation.

The notable drawback to adding mobile home lots is the relatively large share of housing in Douglas that already exists in these structures. The best available estimate shows that approximately 15% of all households already live in mobile homes. Compared to most communities, this is a large percentage. For example, less than 5% of the housing stock in Casper is in mobile homes, although Gillette has an even higher percentage than Douglas.

Mobile homes can create some unique issues, including the difficulty of cost-effectively making significant repairs as units age. In most cases, mobile homes will also depreciate in value over time, even in strong housing markets like Douglas.

In some communities, proactive efforts have been made to monitor the condition and quality of older mobile homes, such as point-of-sale inspection requirements. Financial incentives to replace older homes with newer units have also been used to continually upgrade this segment of the housing stock.

15. Support the Development of Temporary Housing Alternatives When Practical

Findings: While not always the preferred solution, in reality much of the near-term housing demand will need to be met through non-traditional forms of housing. Some of the workers only expect to be in the Converse County area for a fixed period of time, and are unwilling to invest in ownership or even enter into a 12-month lease, if that option is even available. Workers in the energy sectors will often have a permanent home elsewhere and follow the temporary jobs that are created when exploration activity moves into a new region.

The proliferation of temporary housing options that develop during “boom” cycles helps to address this issue. In Converse County, there has been strong utilization of RV parks, camp grounds, the State Fairgrounds and hotel/motel rooms rented for extended stays. In some cases “man camps” may have located in rural areas, near work sites or energy company operational facilities.

The ability of these temporary housing solutions to address part of the demand is well documented, and consistent with other locations in the U.S. that have experienced similar boom cycles. The Draft EIS created for the oil and gas project has anticipated that 40% of the housing demand in Douglas and 78% of the housing demand in the remainder of Converse County would be met through temporary housing alternatives.

Recommendation: The projections contained in the Draft EIS had expected approximately 500 people to be housed in “temporary” housing options. While this was calculated for the larger region, including Casper and Gillette, it is logical that the preferred location for temporary housing would be within close proximity to the actual work locations, so Converse County should capture most of the demand.

Assumptions about work force growth associated with the energy exploration and extraction sectors anticipate a substantial reduction in the number of workers with 10 years. Given the limited time duration that is being forecasted for the area’s work force, it is difficult to address all of the near-term demand with permanent housing construction. To avoid an eventual housing surplus, approaches that effectively utilize temporary housing options should be considered when practical. The temporary housing supply can be more quickly adjusted upward or downward to meet changes in demand.

One of the providers that has been used successfully in other oil and gas areas is Target Hospitality (formerly Target Lodging). This company can create and manage modular and temporary housing projects. Target Hospitality is active in Converse County but attempts to directly contact representatives of this company were not successful.

Community Partners research is not in a position to specifically recommend any single provider, and there are additional companies that are also exploring options in Converse County. But the approach used by a company such as Target Hospitality is well-matched to the temporary housing demand that is growing in and around Douglas.