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1970

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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Analysis of the
**CASPER, WYOMING
HOUSING MARKET**

as of May 1, 1970

**A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411**

September 1970

FHA Housing Market Analysis
Casper, Wyoming, as of May 1, 1970

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Foreword

This analysis has been prepared for the assistance and guidance of the Federal Housing Administration in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing problems and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand or occupancy potentials expressed in the analysis are based upon an evaluation of the factors available on the "as of" date. They cannot be construed as forecasts of building activity; rather, they express the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development
Federal Housing Administration
Economic and Market Analysis Division
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FHA HOUSING MARKET ANALYSIS - CASPER, WYOMING
AS OF MAY 1, 1970

For purposes of this analysis, the Casper, Wyoming, Housing Market Area (HMA) is defined as coextensive with Natrona County in Central Wyoming. Casper is about 180 miles northwest of Cheyenne, the state capital, and about 280 miles north of Denver, Colorado, the nearest metropolitan area. As of May 1, 1970, the population of the Casper HMA was estimated at 52,750 persons.

Casper is the center of the oil industry in Wyoming, and is rapidly becoming the focal point of other natural resource-based industries, such as uranium and coal mining, partly because of the transformation of oil companies into "total energy" producers. The exploitation of petroleum resources, however, is the heart of the local economy. Consequently, the economy of the HMA declined significantly during the 1965-1967 period, when several oil companies consolidated their operations, which resulted in the transfer of a large number of employees from the Casper HMA. Since 1967, the economy of the HMA has recovered rapidly, and the population has begun to grow again.

The home building industry has been sluggish since 1964, and housing construction volume has not approached the demands generated by population growth. The result has been a shortage of acceptable housing, especially rental housing, in the HMA.

Anticipated Housing Demand

It is estimated that the demand for new housing units financed at market interest rates during the May 1, 1970 to May 1, 1972 forecast period will total about 300 units annually, including about 120 single-family

houses, approximately 80 units in multifamily structures, and about 100 mobile homes. This level of demand is much greater than the annual level of construction during the past few years. However, the number of new households has exceeded net additions to the housing inventory during that time, and the needs of many new households have been met through absorption of vacant housing units. Vacancy levels are now quite low, and additional new households will require newly-built housing units. Almost all of the demand will be in Casper or within a three-mile radius of the city. Distributions of the estimated annual demand for single-family units by price class and for units in multifamily structures by gross monthly rent are shown in table I.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families may be provided through a number of different programs administered by FHA: monthly rent supplements in rental projects financed under Section 221(d)(3); partial payment of interest on home mortgages insured under Section 235; partial interest payment on project mortgages insured under Section 236; and federal assistance to local housing authorities for low-rent public housing.

The estimated occupancy potentials for subsidized housing are designed to determine, for each program, (1) the number of families and individuals who can be served under the program and (2) the proportion of these households that can reasonably be expected to seek new subsidized housing during the forecast period. Household eligibility for the Section 235 and Section 236 programs is determined primarily by evidence that household or family income is below established limits but sufficient to pay the minimum achievable rent or monthly payment for the specified program. Insofar as the income requirement is concerned, all families and individuals with income below the income limits are assumed to be eligible for public housing and rent supplement; there may be other requirements for eligibility, particularly the requirement that current living quarters be substandard for families to be eligible for rent supplements. Some families may be alternatively eligible for assistance under more than one of these programs or under other assistance programs using federal or state support. The total occupancy potential for federally assisted housing approximates the sum of the potentials for public housing and Section 236 housing. However, the legislature of the state of Wyoming has not enacted enabling legislation for federally-aided public housing. Therefore, the total potential for federally-aided housing in the Casper HMA is the sum of the potentials for rent supplement housing and Section 236 housing (about 170 units annually, including 70 units for the elderly--see table II).

The annual occupancy potentials^{1/} for subsidized housing discussed below are based upon 1970 incomes, the occupancy of substandard housing, estimates of the elderly population, income limits in effect on May 1, 1970, and available market experience.^{2/} As of May 1, 1970, there were two federally-aided projects in the Casper HMA--a 101-unit Section 202 project for the elderly and a 48-unit Section 221(d)(3) market-interest-rate project.

Sales Housing Under Section 235. Using exception income limits, it is estimated that there is an annual occupancy potential for about 80 units of subsidized sales housing under Section 235 in the Casper HMA. If regular income limits are used, the potential is reduced to about 55 units. It should be noted that in terms of eligibility, the Section 235 sales housing potential and the Section 236 rental housing potential for families draw from essentially the same population and are therefore not additive. About 13 percent of the families eligible for Section 235 housing are eligible for rent supplements.

Rental Housing Under the Rent Supplement Program. There is an annual potential for about 30 units of rent supplement housing for families and 60 units of rent supplement housing for the elderly in the HMA. The rent supplement program serves essentially the same low-income households as does the low-rent public housing program.^{3/} About one-third of the families and 17 percent of the elderly eligible for rent supplements also are eligible for housing under Section 236.

Rental Housing under Section 236^{4/}. Moderately priced rental units can be provided under Section 236. If exception income limits are used, there is an annual occupancy potential for about 100 units of Section 236

^{1/} The occupancy potentials referred to in this analysis have been calculated to reflect the strength of the market in view of existing vacancy. The successful attainment of the calculated potentials for subsidized housing may well depend upon construction in suitably accessible locations, as well as a distribution of rents and sales prices over the complete range attainable for housing under the specified programs.

^{2/} Families with incomes inadequate to purchase or rent nonsubsidized housing generally are eligible for one form or another of subsidized housing. However, little or no housing has been provided under some of the subsidized housing programs and absorption rates remain to be tested.

^{3/} As of May 1, 1970, Wyoming had no enabling act which would permit the construction of public low-rent housing.

^{4/} Interest reduction payments may also be made for cooperative housing projects. Occupancy requirements under Section 236 are identical for tenants and cooperative owner-occupants.

rental housing in the HMA, including 80 units for families and 20 units for the elderly. Based on regular income limits, the potential for families would be reduced to about 55 units for families, but the potential for the elderly would not be affected. About 13 percent of the families and 50 percent of the elderly eligible under Section 236 are also eligible for rent supplements.

The Sales Market

The sales market in the Casper HMA has tightened considerably since the mid-1960's, when an economic slump and accompanying out-migration resulted in a surplus of vacant units and a sharp drop in residential construction activity. High interest rates and sharply rising costs have kept new residential construction at relatively low levels, so that demand generated by recent population growth has caused the absorption of existing vacant houses.

Almost all of the construction activity in the Casper HMA since 1960 has been in south and southeast Casper and in the Paradise Valley subdivision southwest of Casper. Recently, the eastern and southeastern parts of Casper, including Manor Heights, Country Club Heights, and the Fairdale Addition, have become the center of single-family construction in the HMA.

There is very little construction of new houses in the HMA at prices less than \$20,000. In east and southeast Casper, little has been built to sell for less than \$30,000 in the past year. In some parts of Casper, the presence of expansive, bentonitic soil has added to construction costs and sales prices.

In addition to rapidly rising land and construction costs, speculative builders in the HMA (most single-family construction has been speculative recently) have been faced with a 9½ percent interest rate on home mortgages. Lenders often require private mortgage insurance, which adds another one-quarter percent to the effective interest rate. Speculative building activity has been successful, foreclosures have been minimal, and vacancies in acceptable units are rare.

The Rental Market

Except for Skyline Towers, a 101-unit, Section 202 high-rise structure for the elderly in Casper, there has been very little construction of rental units in the HMA during the past decade. The peak was reached in 1968, when 52 units in multifamily structures were built.

This low level of multifamily construction activity, combined with substantial population growth since 1967, has served to absorb the excess vacancies of the mid 1960's and to create a shortage of modern, well equipped apartments in the HMA.

The bulk of the rental inventory in the HMA is composed of single-family structures, duplexes, and old apartment houses of fewer than ten units each. Gross monthly rents in these older, less desirable structures range from about \$60 to about \$90.

Rents in structures built in the past 15 years cover a wide range, from about \$90 a month, including some utilities, for an efficiency to \$285 a month for a luxury three-bedroom apartment featuring such amenities as country club membership. Furnished apartments are popular in the HMA. A typical rent for a pleasant, one-bedroom furnished apartment in a modern structure is about \$120 a month, including some utilities.

Managers of modern apartment houses in the HMA report almost no vacancies during the past two years. They also report a steady stream of inquiries from potential tenants. A six-month lease and \$50 damage deposit are commonly required by managers of new or refurbished structures.

Economic, Demographic, and Housing Factors

The preceding demand forecasts are based on the following analysis of the economic, demographic, and housing market factors of the Casper HMA.

Employment. The economy of the Casper HMA is based primarily on activities related to the extraction, processing and distribution of mineral resources, especially petroleum. Consequently, when some of the principal oil companies consolidated their operations and transferred a large number of employees from Casper to other locations in the mid 1960's, the local economy declined considerably. Since then, however, the economic picture in Casper has brightened considerably, and local businessmen are generally optimistic. This optimism is not unfounded, considering the rapid economic growth that has taken place in the area since 1967 and the relatively high degree of economic diversification that has been achieved. This diversification has been primarily in the form of increased activity in the extraction and processing of natural resources other than petroleum, especially uranium.

As of January 1, 1969, Wyoming contained an estimated 38.9 percent of this nation's total known reserves of U3O8, a material used in the fueling of nuclear reactors. Three of Wyoming's principal uranium mining districts-- Shirley Basin, Gas Hills, and Powder River Basin lie at least partly within a 60-mile radius of Casper. The city is therefore in an excellent location to provide supplies and services to the uranium mining and milling industries. At present, there is a short term over-supply of uranium on the world market, but this is not expected to significantly affect uranium mining and milling operations in central Wyoming during the two-year forecast period. Increasing exploration, mining, and milling in the uranium industry should cause employment levels to climb steadily in this and related industries.

The uranium industry is not the only growth industry in the HMA. As part of a transformation of oil companies into "total energy" suppliers, several firms have initiated or upgraded efforts in the exploration of other minerals, such as natural gas and coal.

Attempts at increasing the scope of the economic base have recently met with success. The most outstanding example of this success was the opening of a branch plant in Casper by Control Data Corporation in March 1969. The plant produces a component used in electronic computers; it employed about 200 people in April 1970.

Data provided by the Wyoming Employment Security Commission indicate that nonagricultural wage and salary employment in the Casper HMA averaged approximately 19,500 jobs during 1969. Between 1964 and 1967, wage and salary employment declined by about 800 jobs, mainly because of the afore-mentioned consolidations by oil companies and resultant transfers of employees. Since 1967, employment has increased rapidly--about 1,250 (7.4 percent) annually between 1967 and 1969 (see table III).

Mainly because of automation, there has been a steady decline in employment in petroleum refining and related industries throughout the decade of the 1960's. This should continue as oil refineries in the HMA continue to automate.

The rapid growth since 1967 has been based on the increased mining activity brought about by large mineral discoveries. The initial development of these strikes has been largely completed and, although some new facilities are yet to be constructed, it is doubtful that such a high level of employment growth will be maintained during the next two years. Accordingly, it is estimated that nonagricultural employment in the HMA will grow by about 500 jobs a year during the next two years--a significant decline from the annual average increases of about 1,500 annually since 1967.

Income. As of July 1, 1965, the median annual income of all families in the Casper HMA, after deduction of federal income tax, was estimated at \$7,750, and the median income of renter households of two or more persons was about \$6,600. As of May 1, 1970, the medians are estimated at about \$8,850 for all families and approximately \$7,535 for renter households of two or more persons (see table IV).

Population and Households. The population of the Casper, Wyoming, HMA was estimated at about 52,750 as of May 1, 1970,^{1/} representing average

^{1/} Locally reported preliminary population and household counts from the 1970 Census may not be consistent with the demographic estimates in this analysis. Final official census population and household data will be made available by the Census Bureau in the next several months.

annual increase of approximately 310 persons (0.6 percent) since 1960 (see table V). It is believed, however, that as a result of rapid economic growth since 1967, the rate of population increase since that time has been much higher than this average.

The number of households in the HMA was estimated at about 17,450 as of May 1, 1970; average annual increases between April 1, 1960 and May 1, 1970 were about 230 (1.4 percent) a year. Population grew at a much lower rate than the number of households during this period because of a large decline in household size. It is estimated that by May 1, 1972 the number of households in the HMA will increase by about 250 (1.4 percent) a year to 17,950 and the population will increase by about 650 persons (1.2 percent) a year to approximately 54,050 persons. These rates of increase are below those of the 1967 to 1970 period.

Housing Inventory. There were about 18,650 housing units in the HMA as of May 1, 1970, a net gain of approximately 1,975 units since April 1, 1960. The increase resulted from the construction of 1,925 units, the demolition of about 150 units, the addition of about 100 units by conversion of former single-family residences into apartments, and the net addition of about 100 mobile homes.

Only about 250 units were built outside of Casper, and most of these were in the Paradise Valley subdivisions. Losses to the inventory as a result of demolitions have been scattered in the past, but during the next two years they should be concentrated in the Downtown Northwest urban renewal area. It is estimated that there will be about 100 demolitions in this area during the next two years. The small increase in the number of mobile homes (100 units) since 1960, is somewhat misleading, because the HMA has seen significant increases in mobile homes since about 1967. The small net increase is a result of the movement of a large number of mobile homes out of the HMA in the mid-1960's.

As measured by building permits issued (about 92 percent of the population live in permit-issuing areas), residential construction activity declined from a high of 341 units in 1960 to a low of 27 units in 1966 (see table VI). Since then, construction activity has increased, but is still far below the high levels of the early 1960's. The decline started because of the poor economic outlook of the mid 1960's. Low construction levels have since been fostered, as in other areas, by high interest rates and rapidly rising costs.

Vacancy. In April 1960, the homeowner vacancy rate in the Casper HMA was 1.9 percent and the renter vacancy rate was 11.2 percent. As of July 1, 1965 the homeowner and renter vacancy rates were estimated to have risen to 3.0 percent and 13.8 percent, respectively, as a result of the economic slump in the HMA at that time.

As a result of rapid economic growth since 1967, accompanied by a rapidly growing number of households and a low level of building activity, the homeowner vacancy rate has declined to an estimated 1.1 percent and the renter vacancy rate has fallen to about 4.8 percent (see table VII). Even these vacancy rates, though they represent sharp declines from earlier years, are slightly misleading. It is estimated that about ten percent of the vacant sales units and nearly 40 percent of the vacant rental units are not really acceptable to the market. That is, although they are not substandard, they do not meet the requirements of potential owners or tenants, because they are poorly maintained, in an undesirable location, or generally shabby. If these units are eliminated from consideration, the homeowner vacancy rate declines to 1.0 percent and the renter vacancy rate becomes 2.9 percent.

Table I

Estimated Annual Demand for New Nonassisted Housing
Casper, Wyoming, Housing Market Area
May 1, 1970 to May 1, 1972

(A) Single-family

<u>Price class</u>	<u>Number of units</u>
Under \$20,000	15
\$20,000 - 22,000	15
22,000 - 24,000	20
24,000 - 26,000	15
26,000 - 28,000	10
28,000 - 30,000	10
30,000 - 35,000	15
35,000 and over	<u>20</u>
Total	120

(B) Multifamily

<u>Gross monthly rents^{a/}</u>	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedrooms</u>	<u>Three or more bedrooms</u>
\$120 - 139	10	-	-	-
140 - 159	-	10	-	-
160 - 179	-	10	15	-
180 - 199	-	5	10	-
200 and over	-	-	<u>10</u>	<u>10</u>
Total	<u>10</u>	<u>25</u>	<u>35</u>	<u>10</u>

^{a/} Gross monthly rent is shelter rent plus the cost of utilities.

Source: Estimated by Housing Market Analyst.

Table II

Estimated Annual Occupancy Potential for Subsidized Rental Housing
Casper, Wyoming, Housing Market Area
May 1, 1970 to May 1, 1972

A. Families

	<u>Section 236a/ exclusively</u>	<u>Eligible for both programs</u>	<u>Rent supplements^{b/} exclusively</u>	<u>Total for both programs</u>
One bedroom	10	-	-	10
Two bedrooms	30	5	10	45
Three bedrooms or more	30	5	10	45
Total	<u>70</u>	<u>10</u>	<u>20</u>	<u>100</u>

B. Elderly

Efficiency	10	10	40	60
One bedroom	-	-	10	10
Total	<u>10</u>	<u>10</u>	<u>50</u>	<u>70</u>

^{a/} Estimates are based on exception income limits.

^{b/} Theoretically there is also a potential for low rent public housing in the area, but as of May 1, 1970, the state legislature of Wyoming had not enacted the enabling legislation required for the construction of public housing.

Source: Estimated by Housing Market Analyst.

Table III

Nonagricultural Wage and Salary Employment by Type of Industry^{a/}
Casper, Wyoming, Housing Market Area, 1962-1969
 (Annual averages in thousands)

<u>Industry</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969^{b/}</u>
Wage & salary employment	17.3	17.2	17.8	17.6	17.3	17.0	18.4	19.5
Manufacturing	<u>1.6</u>	<u>1.5</u>	<u>1.5</u>	<u>1.4</u>	<u>1.3</u>	<u>1.2</u>	<u>1.2</u>	<u>1.3</u>
Petrol. ref. & related ind.	1.0	0.9	0.9	0.8	0.8	0.7	0.7	0.6
Other manufacturing	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.7
Nonmanufacturing	<u>15.7</u>	<u>15.7</u>	<u>16.3</u>	<u>16.2</u>	<u>16.0</u>	<u>15.8</u>	<u>17.2</u>	<u>18.2</u>
Mining	3.3	3.4	3.4	3.1	3.0	2.9	3.4	4.0
Construction	1.4	1.4	1.3	1.3	1.1	1.0	1.2	1.2
Trans., comm., & util.	1.5	1.6	1.6	1.6	1.6	1.5	1.5	1.5
Trade	4.2	3.9	4.1	4.2	4.2	4.1	4.4	4.6
Fin., ins., and real estate	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Service and miscellaneous	2.2	2.2	2.3	2.2	2.0	2.1	2.4	2.5
Government	2.3	2.4	2.8	3.0	3.3	3.4	3.5	3.6

^{a/} Data exclude self-employed, unpaid family and domestic workers.

^{b/} Preliminary.

Source: Wyoming Employment Security Commission.

Table IV

Estimated Percentage Distribution of All Families and Renter Households^{a/}
By Annual Income After Deducting Federal Income Tax
Casper, Wyoming, Housing Market Area
July 1965 and May 1970

<u>Annual income</u>	<u>July 1965</u>		<u>May 1970</u>	
	<u>All</u>	<u>Renter</u>	<u>All</u>	<u>Renter</u>
Under \$4,000	13	18	10	14
\$ 4,000 - 4,999	7	10	5	6
5,000 - 5,999	9	15	6	10
6,000 - 6,999	12	13	8	14
7,000 - 7,999	12	12	11	11
8,000 - 8,999	10	9	11	11
9,000 - 9,999	9	5	9	8
10,000 - 12,499	13	11	18	14
12,500 - 14,999	7	5	11	6
15,000 and over	8	2	11	6
Total	100	100	100	100
Median	\$7,750	\$6,600	\$8,850	\$7,525

^{a/} Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V

Population and Household Trends
Casper, Wyoming, Housing Market Area
April 1960 to May 1970

<u>Components</u>	<u>April 1, 1960</u>	<u>May 1, 1970</u>	<u>May 1, 1972</u>	<u>Average annual change</u>			
				<u>1960-1970</u>		<u>1970-1972</u>	
				<u>Number</u>	<u>Percent^{a/}</u>	<u>Number</u>	<u>Percent^{a/}</u>
<u>Population</u>							
HMA total population	<u>49,623</u>	<u>52,750</u>	<u>54,050</u>	<u>310</u>	<u>0.6</u>	<u>650</u>	<u>1.2</u>
Casper	38,930	41,650	42,750	270	0.7	550	1.3
Remainder of HMA	10,693	11,100	11,300	40	0.4	100	0.9
<u>Households</u>							
HMA total households	<u>15,195</u>	<u>17,450</u>	<u>17,950</u>	<u>230</u>	<u>1.4</u>	<u>250</u>	<u>1.4</u>
Casper	12,174	14,050	14,500	190	1.4	225	1.6
Remainder of HMA	3,021	3,400	3,450	40	1.2	25	0.7

^{a/} Derived through the use of a formula designed to calculate the rate of change on a compound basis.

Source: 1960 Censuses of Population and Housing; 1970 and 1972 estimated by Housing Market Analyst.

Table VI

Housing Units Authorized by Building Permits
by Type of Structure
Casper, Wyoming, Housing Market Area
1960 - 1970

<u>Year</u>	<u>Single-family</u>			<u>Multi-family^{a/}</u>	<u>All units</u>
	<u>Casper</u>	<u>Mills</u>	<u>Evansville</u>		
1960	333	1	0	7	341
1961	227	3	2	14	246
1962	240	0	9	9	258
1963	245	0	12	-	257
1964	144	1	6	22	173
1965	42	3	-	24	69
1966	27	-	-	-	27
1967	24	-	1	114 ^{b/}	139 ^{b/}
1968	54	2	-	52	108
1969	76	-	-	-	76
1970 (Jan.-Mar.)	10	-	-	-	10

^{a/} All permits issued for multifamily structures were in Casper.

^{b/} Includes 101 units of Section 202 housing for the elderly.

Source: U. S. Bureau of the Census, C-40 Construction Reports; local building records and officials.

Table VII

Components of the Housing Supply
Casper, Wyoming, Housing Market Area
April 1960 - May 1970

<u>Components</u>	<u>April</u> <u>1960</u>	<u>May</u> <u>1970</u>
Total housing supply	16,690	18,650
Occupied housing units	15,195	17,450
Owner-occupied	10,020	11,750
Percent	65.9	67.3
Renter-occupied	5,175	5,700
Percent	34.1	32.7
Vacant housing units	1,495	1,200
Available vacant	851	420
For sale	196	130
Homeowner vacancy rate	1.9%	1.1%
For rent	655	290
Renter vacancy rate	11.2%	4.8%
Other vacant ^{a/}	644	780

^{a/} Includes seasonal units, vacant dilapidated units, units rented or sold awaiting occupancy, and units held off the market for absentee owners or for other reasons.

Source: 1960 Census of Housing; 1970 estimated by Housing Market Analyst.