

LARAMIE COUNTY HOUSING STUDY REPORT

The greater Cheyenne area has been experiencing growth and the housing market has tightened significantly. With more population anticipated in the coming years the Greater Cheyenne Chamber of Commerce identified this as a key initiative for proactive economic development.





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The Greater Cheyenne Chamber of Commerce proudly commissioned the
Laramie County Housing Study Report.

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THE GREATER CHEYENNE CHAMBER OF COMMERCE

MESSAGE FROM THE CHAMBER

Addressing Housing Supply Deficit



Dear Community:

The Greater Cheyenne Chamber of Commerce has the mission to create a more prosperous and quality community. We achieve this through community and economic development efforts. Anyone in this field will tell you that we follow the math. It is imperative to utilize data to understand our current economic climate as it relates to housing and determine primary stakeholders for a best path forward. Laramie County saw a population increase recently, when other communities around the State experienced a decrease. In the article published by the Wyoming Tribune Eagle on April 20th, 2019 by Chrissy Suttles, "Laramie County sees population growth amid statewide decline," they attributed the growth to the area's

"Laramie County, in particular, is benefiting from its proximity to northern Colorado and the booming Denver metro area. The Interstate 25 corridor continues to see increased growth in jobs and housing prices, prompting some to commute to and from a more affordable Cheyenne."

close proximity to "Northern Colorado and the booming Denver metro area. However, the growth is attributed to much more than this. While this does have an impact on our community, we have a 600+ of our workforce commuting from neighboring communities into the greater Cheyenne area for work because they are unable to find a home. This particular study investigates our current housing market needs projected up to 2026. To provide the adequate supply we have to work as a community to address this issue. The intent of this report is to analyze our current needs. Work must get done if we are to be a "prosperous and quality community"!

Let's get to work.

THE GREATER CHEYENNE CHAMBER OF COMMERCE

INITIATIVE SPONSORS

Special thank you to our partners; Cheyenne Board of Realtors & Southeast Home Builders Association.

NATIONAL PARTNERS

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Dazbog Coffee
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First Education Federal Credit Union
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HIIT 30
Iron Creek Construction LLC
Jax Outdoor Gear - Farm and Ranch
KIA of Cheyenne
Livin' Well Family Chiropractic
MER Tax, Accounting, & Consulting
Montessori School of Cheyenne
Morandin Ready Mixed Concrete
ONEOK
Paramount Supply Company
Premier Bone & Joint Centers
Private Eyes Window Tint and Design
Roberts Lighting Service
Rocky Mountain International
Salazar Insurance Agency
Skills-kin
Some Like It Hot
Stonescape Steel Roofing
The Cheyenne Post
Tobin & Associates, P.C.
Villegas Trasnsport LLC
WMC/PBD LLC
Wyoming Home

THE GREATER CHEYENNE CHAMBER OF COMMERCE APPRECIATES THE INVESTMENTS OF THE ABOVE INITIATIVE SPONSORS. THEIR COMMITMENT TO MAKING THE GREATER CHEYENNE AREA A MORE PROSPEROUS & QUALITY COMMUNITY IS VITAL TO OUR ABILITY TO EXECUTE OUR MISSION. THANK YOU!



OVERVIEW

Study conducted for years 2019-2026

SETTING THE FOUNDATION

The number of sales of household units—including condos, townhomes, and single-family homes (both in city and rural residential)—based on market price ranges were tallied for 2018 in Laramie County. These were compared to the number of sales of household units in Laramie County from January 1st-May 31st 2019, which were projected through the end of 2019.¹

Analysis:

The following analysis was conducted to identify the forecasted number of household units—and at which market value—required through 2026 based on population growth within the following income ranges: \$25,000-\$35,000, \$35,000-\$50,000, \$50,000-\$75,000, \$75,000-\$100,000, \$100,000-\$150,000, \$150,000-\$200,000, and \$200,000 or more.

The gross yearly income required to buy a housing unit at each market value was computed based on a back-end housing analysis and for down-payments of 3.5%, 11%, and 20%. So, population within given income ranges was associated with the corresponding market value of the highest affordable household unit. (Note: Individuals with gross yearly income below \$25,000 did not qualify for a housing unit at any of the defined market values. So, population

within income ranges lower than \$25,000 was excluded from the graphical analysis.)

The total number of households to be built within each income range was projected through 2026.² Next, the population in Laramie County within each income range was calculated based on the assumption that each unit houses 1.7 earners. This was then projected through 2026 based on the assumption of a steady 0.52% population growth rate. (Assumption: Population growth rate of 0.52% may vary depending on each income range or with varying job quantities. Changing the population growth rate will impact the extent of the housing surplus or shortage: a higher population growth rate within an income range would reduce the extent of the surplus and increase the shortage.)

Given the population within each income range and the number of household units associated with these income ranges, the volume of projected (2019-2026) housing units that will be built as a function of population within income ranges could be graphed.

¹ Information provided by Century 21 Broker, Linda Weppner, based on data from the Multiple Listing Service (MLS)

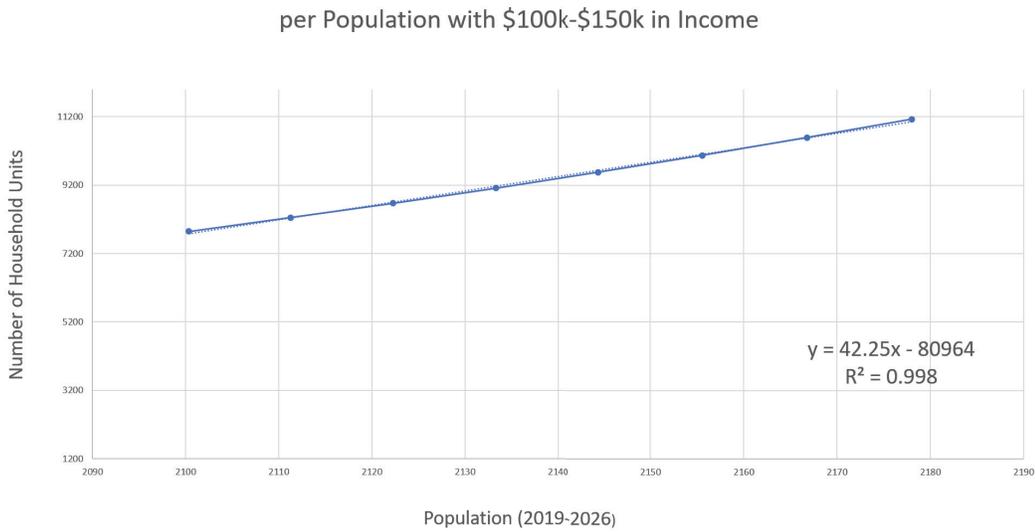
² Data available on the Bureau of Labor Statistics

ANALYSIS

Various Sectors

The highest surplus in housing units is projected to correspond to the income range of \$100,000-\$150,000, with a positive slope of 42.25. (Note: This growth is swayed because the upper bound of households earning over \$200,000 is not precise, which affects the number of people earning between \$100,000 and \$150,000.) The slope indicates a surplus of units corresponding to this income range, as the growth rate of units is higher than that of population earning \$100,000-\$150,000. According to Figure 2, the surplus corresponds to units ranging between \$600,000 and \$1,300,000 in market value. Assuming that the growth rate of housing units in this income range is

FIGURE 1



Volume of projected (2019-2026) housing units that will be built as a function of population with \$100,000-\$150,000 in income. The positive slope indicates a surplus of housing units in this income range: the number of units associated with this income range is growing at a faster rate (5.1%) than the population (0.52%) in this income range.

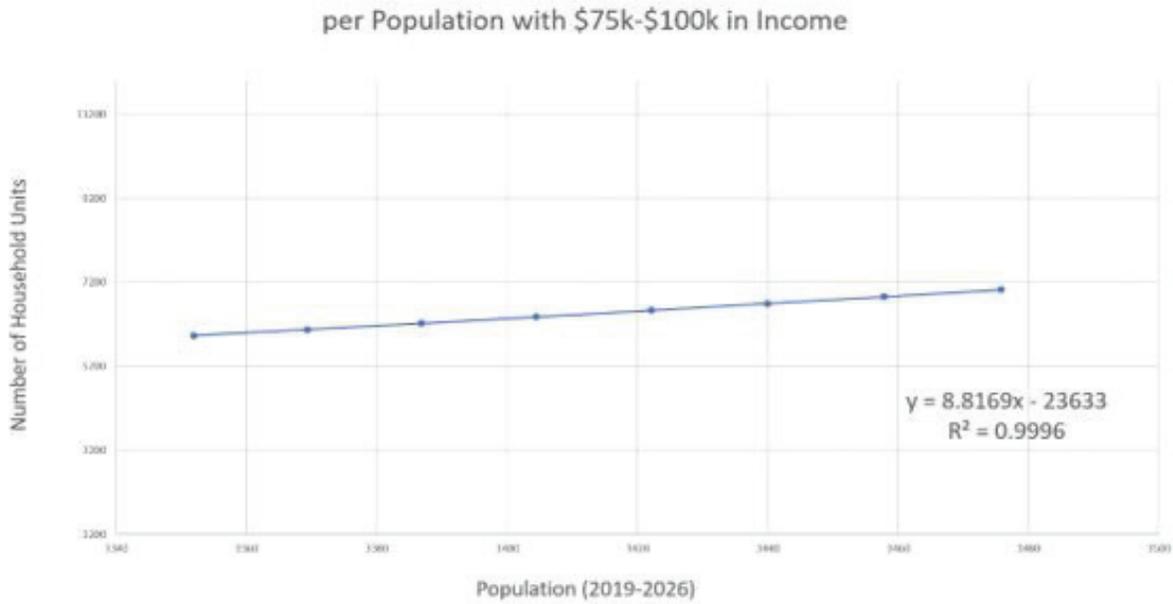
FIGURE 2



Price range of housing unit affordable as a function of income range. Using a back-end housing analysis, the minimum gross yearly income needed to buy a housing unit at various market values was computed. With higher down payment rates, price range of affordable housing unit increases. Population earning \$100,000-\$150,000 can afford between \$600,000 and \$1,300,000 in housing.

The second highest surplus in units, roughly 900 units, corresponds to the income range of \$75,000-\$100,000 with a slope of 8.8169. These are housing units ranging from \$415,000 to \$800,000 in market value.

FIGURE 3



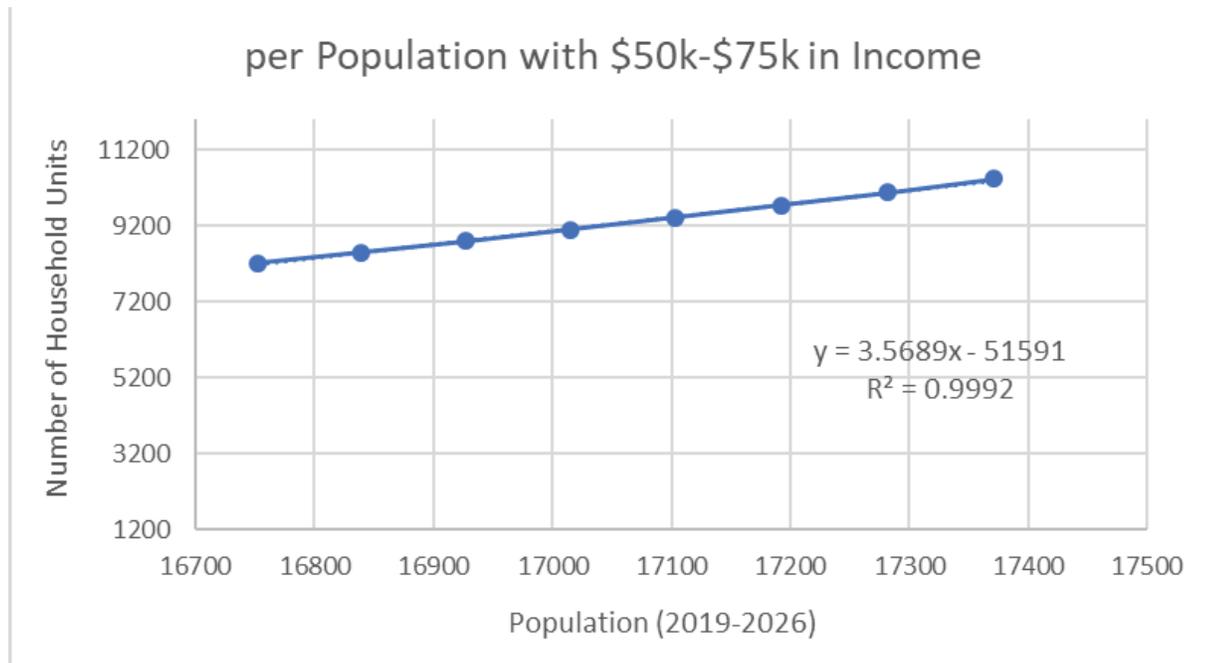
Volume of projected (2019-2026) housing units that will be built as a function of population with \$75,000-\$100,000 in income. The positive slope indicates a surplus of housing units in this income range: the number of units associated with this income range is growing at a faster rate (2.4%) than the population (0.52%) in this income range.

FIGURE 4



Price range of housing unit affordable as a function of income range. Population earning \$75,000-\$100,000 can afford between \$415,000 and \$800,000 in housing.

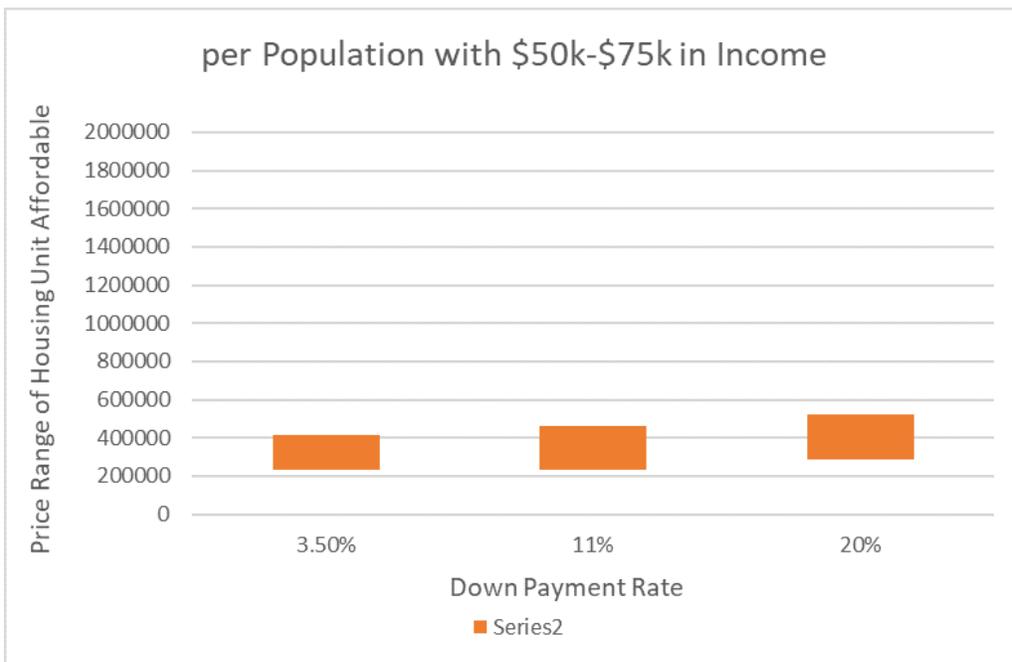
FIGURE 5



Volume of projected (2019-2026) housing units that will be built as a function of population with \$50,000-\$75,000 in income. The positive slope indicates a surplus of housing units in this income range: the number of units associated with this income range is growing faster than the population (0.52%) in this income range.

While these individuals can qualify for a vast price range the inventory is extremely limited for this population within Laramie County. Thus, making this price range in demand.

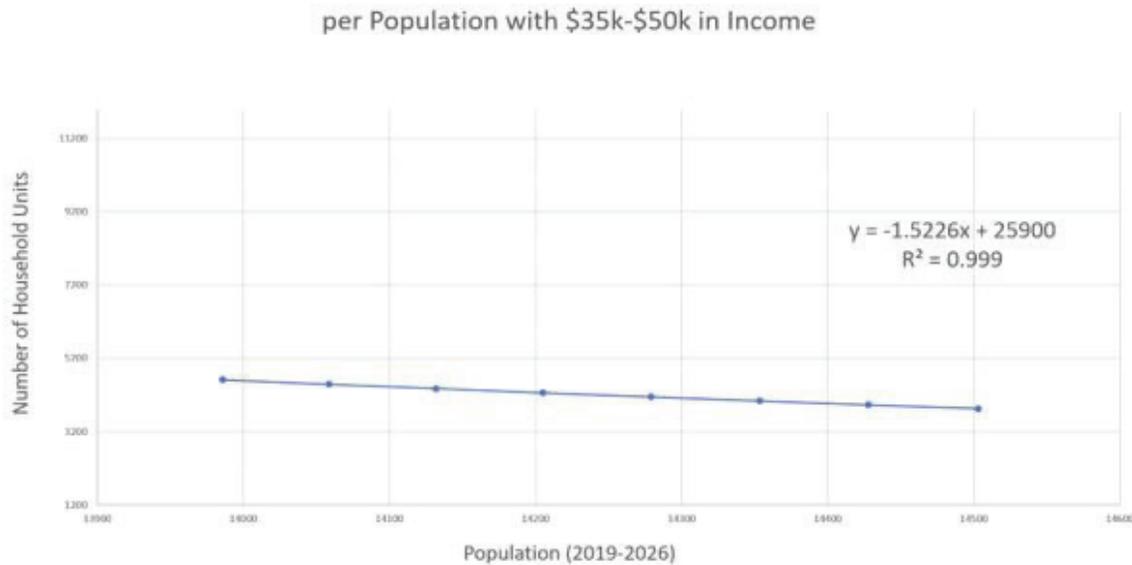
FIGURE 6



Volume of projected (2019-2026) housing units that will be built as a function of population with \$50,000-\$75,000 in income. The price range for the housing deemed as affordable would range from \$235,000 on the low end to \$415,000 on the high end when assessing the down payment at a favorable 3.5%.

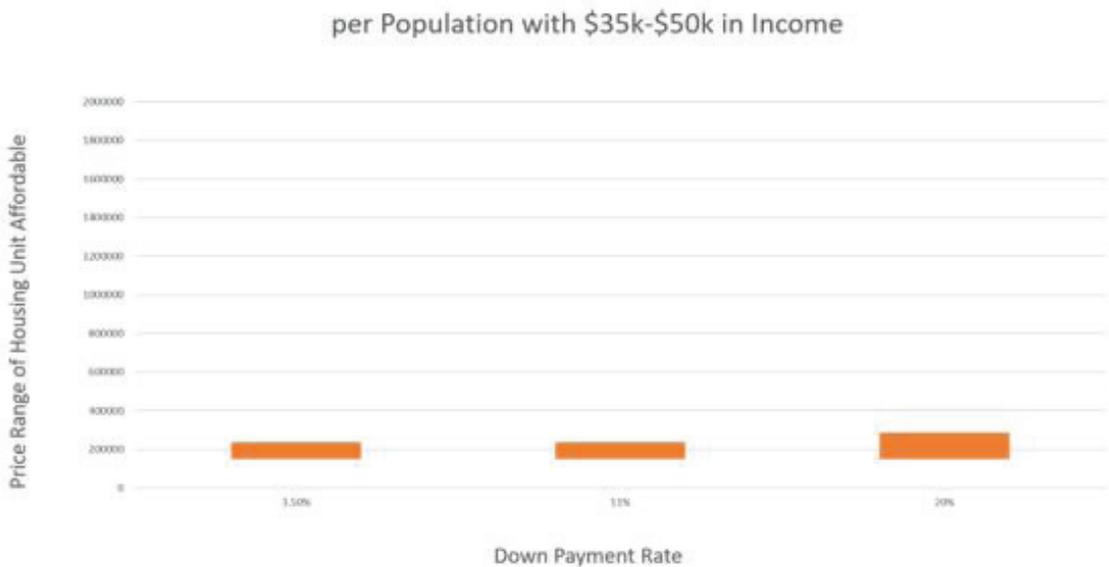
The highest projected shortage of housing units (slope of -1.5226) corresponds to the income range of \$35,000-\$50,000: if growth of housing units valued between \$150,000 and \$285,000 continues at the same rate through 2026, the shortage will be of roughly 960 units. This is particularly alarming since individual income for Laramie County falls within this range, so it is probable that population growth within this income range is higher than the assumed 0.52% growth: this would result in an even greater shortage.

FIGURE 7



Volume of projected (2019-2026) housing units that will be built as a function of population with \$35,000-\$50,000 in income. The negative slope indicates a shortage of housing units in this income range: the number of units associated with this income range is growing at a slower rate (-2.6%) than the population (0.52%) in this income range.

FIGURE 8



Price range of housing unit affordable as a function of income range. Population earning \$35,000-\$50,000 can afford between \$150,000 and \$285,000 in housing.

BUILDING SOLUTIONS:

Restricting impact fees to incentivize builders to construct in lower market value ranges is a viable option. Also, an outside builder unaffiliated to the area could be brought in: increased competition could stabilize supply.

To facilitate sales of housing units valued between \$500,000 and \$1,000,000, median income range needs to be bumped to the \$75,000-\$150,000 level, which GBSD may contribute to. By doing so, current inventory on the market that has a surplus of homes would be sold. The Cheyenne Chamber’s Talent Pipeline Management project can also facilitate this income boost by encouraging students to pursue careers in STEM and encouraging higher-than-minimum-wage job development through up-skilling.

There is also a shortage for households earning between \$10,000 and \$25,000; since individuals in this income range would not qualify for a home, more units available for rent also need to be constructed. Or, current renters who are putting pressures on the rental market could get in a higher income level to purchase homes, and the rented properties they occupy would then become available to this population.



HOUSING STUDY REPORT

Conclusion

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Certainly transportation, education, housing, and many more issues confront us - but let's be honest about the fact that we can solve these problems.

~ President/CEO, Dale Steenbergen

TOOLS & TALENT

The Laramie County Housing Study Report was done in partnership with the Greater Cheyenne Chamber of Commerce, Southeast Home Builders Association and the Cheyenne Board of Realtors. This issue is not one exclusive to our community. In fact, according to the National Housing Coalition there is a shortage of 7.2 million of affordable homes. This doesn't even include the homes ranges Laramie County is in need of. Currently challenges include increases in income populations is putting pressures on specific housing availability. These drastic predictive shortages begin with income levels of \$25,000 to \$50,000.

Certain barriers which have been restricting the development of homes in the areas of greatest need is the tight labor market. Additionally, the price of land poses its own challenges to new development in particular. Solutions assessed after the findings were; restriction of impact fees to incentivize builders to construct homes in market values needed, establish workforce solutions with Talent Pipeline Management and drive better paying jobs to the area to distribute demand among housing market values. These are methods to help the overall economic environment and reduce barriers. To address the housing deficit in a timely fashion businesses must unite to provide a path forward to how we can meet the needs of today.

