

SWEETWATER HOUSING STUDY 2017



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SWEETWATER HOUSING DEMAND STUDY

2017

Prepared for:

Sweetwater Enterprise for Economic Development Inc.

810 East Broadway
Sweetwater, Texas 79556

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Prepared by:



1001 S. Dairy Ashford, Suite 450
Houston, TX 77077
(713) 465-8866
www.cdsmr.com

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EXECUTIVE SUMMARY

CDS Community Development Strategies (CDS) was hired by the Sweetwater Enterprise for Economic Development Inc. (SEED) to complete a housing study to determine the viability of the existing and the potential for new single family and multi-family market rate housing in the City of Sweetwater, Texas.

- Sweetwater population has fluctuated slightly from around 11,467 in 1990 to 10,888 in 2017.
- Population, household and job growth has been flat for several decades apart from energy related employment spikes associated with increase of oil and gas prices in addition to the emergence and popularity of wind power in the Sweetwater area.
- There has been no new market rate multi-family development in Sweetwater since the late 1980's and only 10 single-family homes have been constructed in Sweetwater since 2007. Sweetwater faces issues of neighborhoods with a significant quantity of tax delinquent, blighted and outdated homes with more than 90% of housing units in Sweetwater built before 1990.
- CDS provided a housing survey to employees in Sweetwater which was very well received and gathered 950 responses providing very important feedback. Survey results revealed the majority surveyed said finding desired housing to meet their budget and needs in the area was difficult or impossible. The survey also showed that currently low monthly housing costs has led respondents to have unrealistic home buying cost expectations, believing they can pay the same low current rate in their next home. Finally, the survey revealed that respondents in general feel the town is moderately preferable. In other words, Sweetwater itself, based on survey respondents does not drive folks away.
- Although population, household and job growth are relatively flat over the past decades, wages have increased since 2010 and wages in Sweetwater are good relative to other comparable rural Texas cities.
- Sweetwater has well-performing public schools under new leadership with goals to more actively market district accomplishments and improve achievement.
- The city has a strong sense of place and community and is full of community based assets that are fundamental to achieving successful revitalization and reactivation of commercial and historic properties, especially the historic downtown square.
- CDS has identified limited opportunities for new housing development in Sweetwater and recommends developing strategies to increase supply of one to three bedroom (but mostly two bedroom) infill rental townhomes and duplexes at a small quantity in price ranges from \$900 to \$1,500 a month.
- CDS also recommends increased supply of rehabbed single-family home rentals by appropriately applying build and life safety codes along with rehab incentives to private facilitating revitalization of target neighborhoods.
- Infill lots should also be the primary focus for the incremental quantities of single family for-sale homes that are needed in Sweetwater.
- The Sweetwater Enterprise Economic Development (SEED) working with the City of Sweetwater can address absentee owned, tax delinquent and blighted properties for rehabilitation and infill in an efficient manner that capitalizes on existing city infrastructure and services.

Demographic and Economic Analysis

According to the Census Sweetwater's population decreased by 561 and households decreased by 187 from 2000 to 2010. This trend adjusted upward slightly from 2010 to 2017 as the city's population and households shrank by only 18 residents and 48 households, respectively.

Projections from 2017 to 2022 indicate improvement of growth trends projecting population to increase by 186 and adding 80 households. According to reports from local employers during this study, Sweetwater will have job growth in 2017 of about 70 net new jobs. Qualitative and quantitative research for this study concludes that future population, household and job growth in the Sweetwater area will be flat except for significant expansion of existing businesses or the relocation of new jobs to the area, both of which were not revealed to be planned to occur in the foreseeable future.

Housing Market Trends – Single Family For-Sale Homes

New homes in Sweetwater have not been developed at a significant scale in the past four to five decades. For instance, only 10 new homes have been built in Sweetwater since 2007 and no new subdivisions built in Nolan County in the past 40 years.

There is a large volume of tax delinquent and absentee owner properties. The cost of making these homes inhabitable are significant causing properties to remain blighted. In relation to other rural Texas cities of its size Sweetwater has a relatively stable and sustainable base of employment and good wages. Therefore, many have the income required to purchase or rent housing yet sufficient supply of new housing has not existed for quite some time.

The increasing land, labor and materials costs for housing has pushed housing costs range for the most recently constructed 2,540 square foot single-family home in Sweetwater to \$390,000. This would put construction costs according to this individual top of the market project at 153\$ per square foot. The newest conventional suburban-style housing development in the area is currently underway at Young Farm Estates located in Roscoe, 8 miles west of Sweetwater. It currently has 70 total lots with three homes constructed. They list a 1,400-square foot floor plan for \$160,000 along with a 1,641-square foot home listed at \$189,500, putting cost per square foot for a new single-family home in Roscoe at \$115 per square foot.

Sweetwater's relative rural location and lack of large scale residential development required for builders to afford an economy of scale makes it costly for outside builders to build affordably in Sweetwater. Although there are many neighborhoods inside the city limits most of existing housing stock requires significant renovation costs which many locals state regularly eclipses the listed value of the home.

Currently Abilene, located 40 miles east of Sweetwater, is experiencing residential construction growth that causes potential Sweetwater buyers to elect to purchase a newly built home in a highly regarded school district (specifically southwestern Abilene in Wylie ISD) with newly constructed homes starting at \$179,000 and up. In order to qualify for a new house around \$200,000, a household will have to earn in the range of \$75,000 a year and be prepared to pay total housing costs of about \$1,795 a month.

CDS believes that the salaries of new employees (50 - 60 annually) and the pent-up demand for new housing could overcome these monthly housing costs. Surveys and interviews of local employers and employees conducted by

CDS in addition to the U.S. Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) data reveal that up to half of the workers employed in Sweetwater commute to and from Sweetwater for work.

Although commuting workers have already decided not to live in Sweetwater, based on discussions with employers there is a strong desire, especially from management and executives to change the culture of the highest wage earners and highest profile industry professionals to reverse the current culture of locating outside of the Sweetwater area. Based on survey results only one third of respondents found suitable housing meaning there is outsized difficulty in finding desired housing in the Sweetwater area. However, current owners and renters in the Sweetwater area have unusually low monthly housing costs. Survey respondents indicated the expectation for the same very low payments in their next home which is not reasonably realistic for home buyers and therefore must be taken into account when considering the intricacies of housing supply moving forward.

Housing Market Trends – Multi-family Rentals

The multi-family apartment rental market has suffered from mismanagement and a lack of new supply for nearly the past two decades besides a recent income restricted complex, Mustang Heights. Therefore, existing stock consists mostly of outdated floorplans, finishes and lack of modern on property amenities such as fitness centers and pools. The most recent multi-family construction in Sweetwater was Mustang Heights an 80-unit, income restricted multi-family complex completed in 2013.

There has not been new market rate apartment complex built since the late 1980s. Market rate rents across seven existing complexes containing a total of 373 units range from as low as \$425 for a studio unit to \$629 a month for a two-bedroom, one and a half bath unit. Although Mustang Heights does offer three-bedroom units there are no other existing market rate complexes in Sweetwater that offer anything larger than two-bedroom units.

Talks with local real estate investors believe two and three-bedroom market rate apartments at \$750-\$800 per month are least served by the market. Renters seeking two, three and four bedrooms are forced to rent single family homes. However, discussions with realtors and real estate professionals revealed the supply of available four-bedroom homes for sale or rent in Sweetwater is rare.

Housing Market Trends – Single Family Rentals

Single family rentals are a profitable investment for owners and local buyers. Rentals range in size from small duplexes with studio sized rooms to 3,500 square foot homes. Mostly the under \$100,000 houses are purchased and rented out. The condition of these houses tends to be mostly sub-standard and aging without central air and heat, there are a handful of rentals with recent renovations and upgrades which command the highest rents. Pricing varies from a low of about \$450 per month to \$1,300.

Most rent housing has a ceiling of about \$1,500 and can rent for \$0.95 per square foot monthly. Discussions with investors and owners of rental housing expressed that it is common to receive calls twice a week on average from prospective renters and that many prospective tenants and landlords rely on Facebook and other social media to advertise and search for rental housing.

Discussion Group Summaries

As part of this study, SEED arranged four different discussion groups to assist CDS in gathering information and feedback from the community. These groups included local employers, home builders and developers, realtors, bankers, school district and city staff. The information gathered from these discussions corroborated the findings and recommendations of this study. They also highlighted their unique challenges and possible solutions related to the local housing shortage.

Whether it be housing, community or quality of life issues respondents revealed a strong preference or at the very least an indifference for living in Sweetwater, which means there is some room for improvement in those areas which could affect positive change in regard to improving the appeal for those who are on the fence about relocating to or from Sweetwater.

Sweetwater Area Housing Survey

In order to get the housing perspective of typical employees, a survey of Sweetwater employees was conducted reaching 950 respondents. The responses to this survey provide helpful insight into the needs and preferences of area residents.

Questions asked residents about their most recent home renting or buying experience. According to the results, it is constantly getting harder to find housing that meets the needs and budgets of local households. Open ended questions concerning rental and purchase housing generated frustrated comments about how difficult it was to locate housing that met some or all of their needs. Many have had to settle for what was available.

Another prevalent theme from the survey and our analysis in this report is the low prices that residents expect to pay for new housing. Many survey respondents expect a monthly payment for under \$1,000 per month. We expect part of this price disconnect could be educational and can be mitigated by marketing and promotion. On the other hand, many residents (according to survey results) have lived in their home for 10 or more years and separate survey responses indicated some have no house payment at all. Again, some may be unaware of the total current costs and market dynamics dictating higher monthly payments than anticipated or desired. Unless buyers want to purchase an old and obsolescent house (which in Sweetwater still normally requires a significant amount of cost in updating) they will have to pay the market price, which in the area currently ranges from listed prices of \$160,000 to \$189,000.

Housing Demand Analysis

CDS has estimated that the housing market in the Sweetwater area could readily absorb 5 to 10 additional new units annually over the next five years. Demand for this new housing is expected to come from two sources, job growth resulting from natural turnover rates and local existing business expansion and latent demand.

Based on in person discussions and phone interviews with top employers in the area regarding current and future expected employment growth, there will be 70 new jobs created in 2017.

CDS was unable to come to a conclusive finding through qualitative or quantitative research for net new job growth from 2018 through 2022. CDS interviewed the largest employers in the area during this study and

therefore future job estimates may be considered conservative since it is reasonable for smaller existing companies to expand or for companies to relocate and bring new jobs to the area.

Though, Sweetwater will have new workers during that span due to natural employee turnover, just not predictable net new job growth. Some of this turnover will occur in top paying positions which may make up a slight but not significant demand for either a new custom built home or a recently updated existing home. It is certainly reasonable for new job growth to take place in the Sweetwater area given the strong base of existing businesses which are the number one source of new job creation in any community. Additionally, future opportunities such as the BNSF intermodal facility coupled with future prospects of expansion in the distribution and logistics industry sector plus other new economic opportunities could be a growing source of new jobs for the area in coming years.

It is certainly reasonable for new job growth to take place in the Sweetwater area given the strong base of existing businesses which are the number one source of new job creation in any community.

With an improving national economy, existing natural and logistical resources to capitalize on, the Sweetwater area is poised to do well, especially considering its role as a regional hub of commerce and employment for Nolan County.

Conclusions and Recommendations

In the final section of this study, CDS reviews the findings and makes several recommendations which are aimed at addressing suggestions appropriate for the conditions in Sweetwater housing market.

These recommendations discuss increased supply of rehabbed single-family home rentals and creating programs and/or incentivizing infill rental townhomes and duplexes home building along with facilitating better communication and promotion so that the market can be driven by timely and accurate information rather than outdated perceptions.

The Sweetwater Enterprise Economic Development (SEED) working with the City of Sweetwater can address absentee owned, tax delinquent and blighted properties for rehabilitation and infill in an efficient manner that capitalizes on existing city infrastructure and services.

INTRODUCTION

The Sweetwater Enterprise for Economic Development (SEED) was created by voters in May of 1990. The Sweetwater Enterprise for Economic Development is a Type A economic development organization to maintain consistent economic growth, including the creation, expansion and retention of jobs in Sweetwater. The SEED is funded through a ½ cent sales tax and is governed by a 5-member Board of Directors who are appointed by the City Council.

It is the mission of the SEED to aid the City of Sweetwater and interested private or public entities in making the community a better place to live, work and do business. In so doing, the SEED may help develop and finance any permissible project as defined in Chapter 377 of the Texas Local Government Code and that benefits, strengthens and diversifies the economic base of Sweetwater.

The Purpose of this Study

This study contains the most recent research, findings, analysis, and suggestions for improvements related to the housing market in the City of Sweetwater. The focus of this study centers on the following questions:

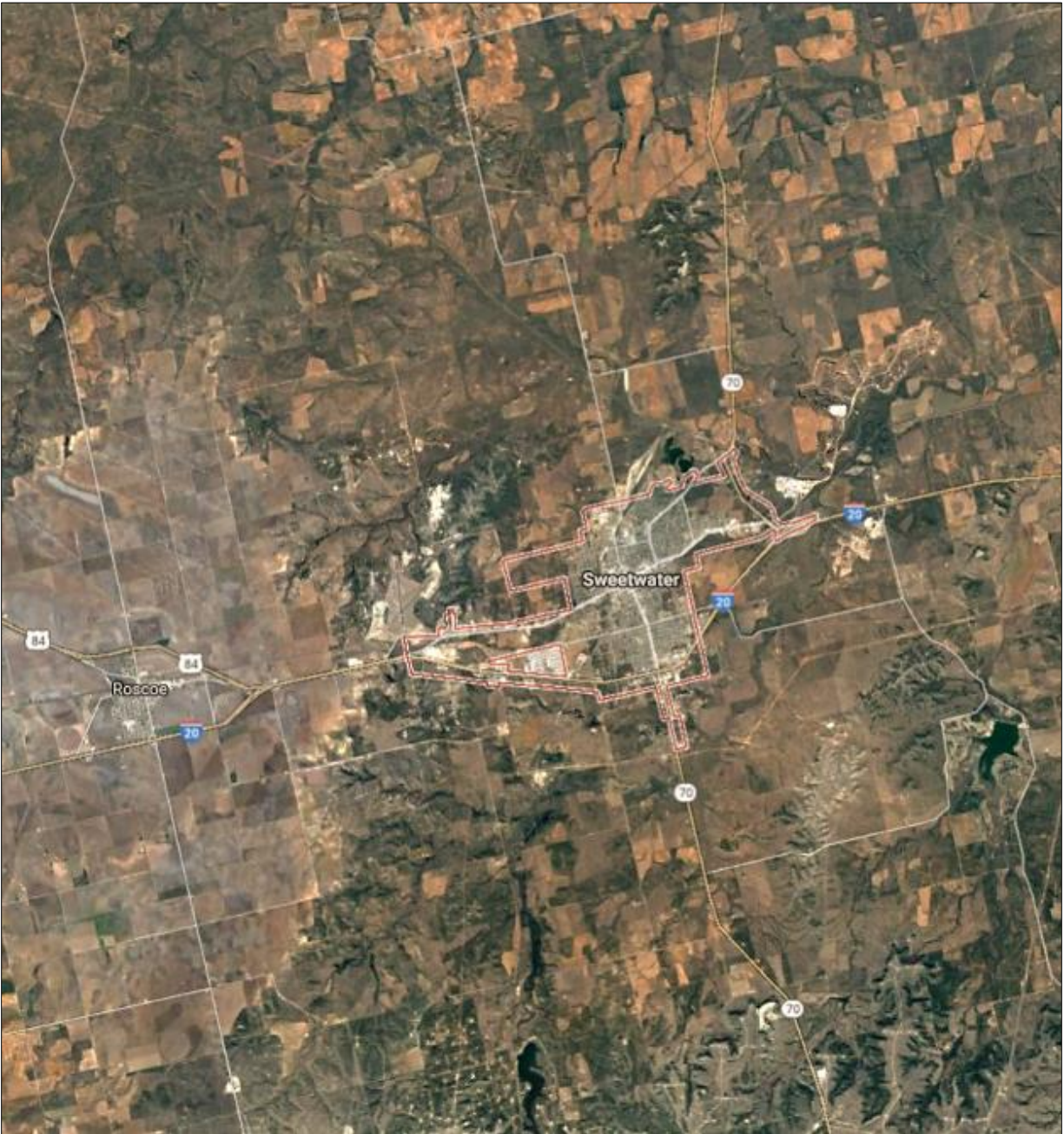
- Assessment of active and planned housing developments in the CMA
- Analysis of existing housing supply characteristics – single family and market-rate rental
- General projection of demand for both for-sale and rental housing units based on projected household growth and renter shares of total households
- Estimates of demand for conventional single-family housing
- Estimates of demand for market rate conventional apartment units
- Assessment of credit worthiness among the demand segments
- Conclude on overall opportunities for developing single family and multi-family housing in the Sweetwater market area
- Conclude on housing price ranges and rental rates deemed achievable

This study required a considerable amount of participation from local business and government staff, for which CDS is grateful.

Study Area Description

This study examines the City of Sweetwater, Texas and to a lesser extent Nolan County mostly for comparison purposes. The City of Sweetwater is the regional economic hub of Nolan County and offers the county major employment, transportation, lodging, recreation, retail shopping and health care services.

Figure 1: Sweetwater, Texas



The City of Sweetwater, Texas

Figure 2: Texas & Pacific Railroad Depot Sweetwater, Texas early 1900's



The City of Sweetwater, Texas is located along Interstate 20 forty-two miles west of Abilene in the north central part of Nolan County. Nolan County is a part of a 22-county area known as The Big Country or Texas Midwest. Originally inhabited by Kiowa Native Americans, it wasn't until after the Civil War that the area became popular to Anglo settlers who were attracted by the buffalo trade. In 1881 when Nolan County was established Sweetwater was named county seat along with the construction of The Texas and Pacific Railway. Early 1900's saw railroad construction continue with the Kansas City, Mexico and Orient Railway in 1903 and continued for decades as a railroad town with several hotels.

Sweetwater was home to many industries and businesses including The Gulf refinery, a large telegraph center, The International Harvester Company, gypsum plants, apparel manufacturers, cement plants, cotton compresses, a cottonseed oil mill, and packing companies. The most important businesses that still remain and dominate the local and regional economy are gypsum mining and manufacturing, cotton, energy, cattle and livestock.

Throughout World War II the Army Air Force used Sweetwater's Avenger Field airfield for training which famously included the Women Airforce Service Pilots (WASPs), the first women to fly for the American military. The airstrip is still in existence and houses the National WASP WWII Museum.

Sweetwater has considerable services and amenities for a city its size such as a city fire department in addition to Rolling Plains Memorial Hospital, West Texas State Technical Institute, Sweetwater Golf Course and Country Club, Municipal Auditorium, Pioneer Museum, Sweetwater Rattlesnake Roundup, hunting and fishing, 40 restaurants and 1,000 hotel rooms.

Growth was slow from 1890 to 1920 with a peak of 4,000 residents. By 1930 however population in Sweetwater exploded to just more than 10,000. Population peaked at nearly 14,000 in 1960 yet has declined each decade with a 2017 estimate of 10,888 residents.

Neighborhoods in Sweetwater are largely characterized by homes built between 1900 and 1930. The historical architecture and traditional neighborhood design with a street grid and alley access gives an inviting and strong sense of place and community with several notable residences and commercial buildings designated as Texas Historical Landmarks.

DEMOGRAPHIC AND ECONOMIC ANALYSIS

Understanding the demographic trends for an area is an important element in assessing the market demand for new housing. Past, present and future demographic figures were collected and estimated by utilizing data from the following sources: US Census, American Community Survey, PCensus for ArcView (hereafter referred to as "PCensus"), Bureau of Labor Statistics, Texas Workforce Commission, interviews and discussions with major employers, finance and real estate professionals along with primary research completed by CDS Market Research. The Sweetwater Enterprise for Economic Development Inc. (SEED) and other city entities were instrumental in completing this report.

Population and Households

Table 1 provides population and household counts for the City of Sweetwater, Nolan County and Fisher County for 2000 and 2010, as well as estimates for 2017 and projections for 2022. Sweetwater has been the major center of population for Nolan County and continues to be. Sweetwater has been home to 72% of the population of Nolan County since 2000. From 2010 to 2017 Sweetwater's population decreased by 18 residents and 48 households. On an annual basis Sweetwater has lost an average of 7 households each year from 2010 to 2017. From 2017 to 2022 the city is projected to grow by 80 households averaging 16 new households per year. Household growth in Sweetwater is expected to be 72% of Nolan County's growth from 2017 to 2022.

Sweetwater's local economy is made up of strong manufacturing and energy sectors in addition to a well-run regional medical facility. The local economy has maintained a resilient base of about 6,000 jobs since 2010, in large part thanks to a handful of large employers these industry sectors. Reports from in person meetings with the largest employers cite flat job growth over the past year but natural turnover along with future opportunities will continue, requiring a moderate pipeline of new workers.

Table 1: Population and Households, 2000 to 2022

Population	2000 Census	2010 Census	2017 Estimate	2022 Projection	Change 2010 to 2017	Change 2017 to 2022
City of Sweetwater	11,467	10,906	10,888	11,074	-18	186
Nolan County	15,801	15,216	15,079	15,354	-137	275
Fisher County	4,344	3,974	3,795	3,788	-179	-7
Households	2000 Census	2010 Census	2017 Estimate	2022 Projection	Change 2010 to 2017	Change 2017 to 2022
City of Sweetwater	4,527	4,340	4,292	4,372	-48	80
Nolan County	6,170	5,999	5,954	6,070	-45	116
Fisher County	1,785	1,668	1,601	1,601	-67	0

Source: US Census, PCensus for ArcView (hereafter referred to as PCensus 2017)

Population and Age

Table 2 contains a breakdown of the 2017 populations for Sweetwater, Nolan County and Fisher County by age range. Population under age 18 and over 55 and 65 are also presented along with median and average age. Sweetwater's smallest population cohort by age is 65 and over with 16.66% of the city's population followed by under 18 with 27% and 55 and over with 28%. The data indicates a lack of population in ages 18 to 24 which represents an opportunity for greater retention and attraction of young singles and new young families which could be accomplished through effective housing strategy.

Table 2: Population by Age, 2017

Classification	City of Sweetwater		Nolan County		Fisher County	
	10,888	%	15,079	%	3,795	%
TOTAL	10,888	%	15,079	%	3,795	%
Age 0 to 4	788	7.24%	1,001	6.64%	166	4.37%
Age 5 to 9	828	7.60%	1,069	7.09%	201	5.30%
Age 10 to 14	856	7.86%	1,130	7.49%	232	6.11%
Age 15 to 17	467	4.29%	638	4.23%	155	4.08%
Total Under Age 18	2,939	26.99%	3,838	25.45%	754	19.86%
Age 18 to 20	468	4.30%	691	4.58%	136	3.58%
Age 21 to 24	547	5.02%	786	5.21%	190	5.01%
Age 25 to 34	1,366	12.55%	1,758	11.66%	372	9.80%
Age 35 to 44	1,271	11.67%	1,699	11.27%	376	9.91%
Age 45 to 54	1,220	11.20%	1,738	11.53%	464	12.23%
Age 55 to 64	1,263	11.60%	1,888	12.52%	576	15.18%
Age 65 to 74	1,025	9.41%	1,548	10.27%	488	12.86%
Age 75 to 84	529	4.86%	786	5.21%	339	8.93%
Age 85 and over	260	2.39%	347	2.30%	100	2.64%
Total Age 65 and Over	1,814	16.66%	2,681	17.78%	927	24.43%
Total Age 55 and Over	3,077	28.26%	4,569	30.30%	1,503	39.61%
Median Age	35.98		37.75		46.50	
Average Age	37.97		39.05		44.3	

Source: PCensus 2017, CDS Community Development Strategies

Table 3 presents the ethnic makeup of the city and counties. White is the dominant race at 49%. Hispanic or Latino is technically not a race, but this grouping makes up nearly 42% of the City of Sweetwater.

Table 3: Ethnic Makeup 2017

	City of Sweetwater		Nolan County		Fisher County	
	Count	Share	Count	Share	Count	Share
Total Population	10,888		15,079		3,795	
White Alone	5,378	49.39%	8,425	55.87%	2,463	64.90%
Black or African American Alone	634	5.82%	678	4.50%	122	3.21%
American Indian and Alaska Native Alone	38	0.35%	60	0.40%	26	0.69%
Asian Alone	86	0.79%	87	0.58%	13	0.34%
Native Hawaiian and Other Pacific Islander Alone	0	0.00%	0	0.00%	0	0.00%
Some Other Race Alone	5	0.05%	7	0.05%	6	0.16%
Two or More Races	137	1.26%	173	1.15%	41	1.08%
Hispanic or Latino	4,610	42.34%	5,649	37.46%	1,124	29.62%

Source: PCensus 2017, CDS Community Development Strategies

Table 4 is a breakdown of household size for The City of Sweetwater, Nolan County and Fisher County. Sweetwater has more than 60% of its population in one and two-person households with another 15% in three-person households. This brings down the estimated household size to 2.47 persons. The abundance of one, two and three-person households makes it simpler to plan for new housing, than to try to accommodate very large families.

Table 4: Household Size 2017

Category	City of Sweetwater		Nolan County		Fisher County	
	Count	Share	Count	Share	Count	Share
Total Households	4,292		5,954		1,601	
1-person household	1,304	30.38%	1,726	28.99%	469	29.29%
2-person household	1,376	32.06%	2,040	34.26%	582	36.35%
3-person household	663	15.45%	904	15.18%	260	16.24%
4-person household	497	11.58%	681	11.44%	158	9.87%
5-person household	273	6.36%	360	6.05%	79	4.93%
6-person household	114	2.66%	151	2.54%	40	2.50%
7 or more person household	65	1.51%	92	1.55%	13	0.81%
Estimated HH Size	2.47		2.46		2.36	

Source: PCensus 2017, CDS Community Development Strategies

Economy

Employment Trends

Local employment is a key indicator used in determining the demand for housing in a community, as well as the principal driver of population and household growth. In addition, economic development research and studies state that the majority of local new job growth comes from existing businesses. The information in this section provides general and detailed employment statistics for Nolan County and total employment in Fisher County.

Employment by Industry

Table 5 displays employment by industry sector for Nolan County (which includes Sweetwater) and its roughly 6,000 employees since 2010. Based on employment data employment has maintained a resilient base since 2010, only fluctuating from a spike of 6,182 in 2011 (due to a surge of wind and oil and gas activity) to the current 5,978 in 4Q 2016 which is the lowest level in this timeframe.

Table 5: Nolan County Employment by Industry 4Q2010 – 4Q2016

Industry	Jobs Q4 of Year							Change 2010 - 2014	Change 2014 - 2016
	2010	2011	2012	2013	2014	2015	2016		
Agriculture, forestry, fishing and hunting	110	86	101	103	92	105	117	(18)	25
Mining, quarrying, and oil and gas extraction	240	243	276	296	361	204	117	121	(244)
Utilities	78	76	70	82	107	135	141	29	34
Construction	220	246	343	321	276	421	290	56	14
Manufacturing	855	900	873	823	845	851	805	(10)	(40)
Wholesale trade	243	213	161	128	95	91	85	(148)	(10)
Retail Trade	813	844	775	744	780	788	734	(33)	(46)
Transportation and Warehousing	230	216	227	245	270	210	208	40	(62)
Information	51	51	49	47	41	38	39	(10)	(2)
Finance and insurance	165	156	155	175	178	168	160	13	(18)
Real estate and rental and leasing	30	25	35	40	37	28	39	7	2
Professional and technical services	129	114	96	102	94	91	103	(35)	9
Administrative and waste services	193	284	128	139	175	175	208	(18)	33
Educational services	971	901	848	854	832	817	816	(139)	(16)
Health care and social assistance	714	745	757	764	762	739	762	48	0
Arts, entertainment, and recreation	62	38	45	49	55	58	64	(7)	9
Accommodation and food services	535	615	640	654	650	711	784	115	134
Other services (except public administration)	179	186	215	245	268	262	247	89	(21)
Public administration	246	243	243	232	230	239	259	(16)	29
TOTAL	6,064	6,182	6,037	6,043	6,148	6,131	5,978	84	(170)

Source: Quarterly Census of Employment and Wages, 4Q 2016

Table 6: Fisher County Total Employment 4Q2010 – 4Q2016

	Jobs Q4 of Year							Change 2010 - 2014	Change 2014 - 2016
	2010	2011	2012	2013	2014	2015	2016		
TOTAL	941	873	912	979	887	970	989	(54)	102

Source: Quarterly Census of Employment and Wages, 4Q 2016

The top five industries from Table 5 on the page above are shown in Table 7 below. Each of the top five industries in the county are represented by a handful of large employers. The top individual employers are shown in Table 8. The top five industries employ 65% of workers in Nolan County making the success and sustainability of these industries and the businesses within them vital to the local economy and housing market.

Table 7: Top 5 Nolan County Industries by Employment, 4Q2016

Industry Sector	Nolan County	
Educational services	816	13.65%
Manufacturing	805	13.47%
Accommodation and food services	784	13.11%
Health care and social assistance	762	12.75%
Retail trade	734	12.28%
Total	3,901	65.26%

Source: Quarterly Census of Employment and Wages, 4Q 2016

Table 8: Major Sweetwater Employers

Company	Employees	Industry
Sweetwater Independent School District	385	Education
Ludlum Measurements	350	Manufacturing
Rolling Plains Memorial Hospital	340	Healthcare
United States Gypsum Corporation	270	Manufacturing
Wal-Mart	190	Retail
City of Sweetwater	140	Government
Buzzi Unicem, USA	125	Manufacturing
Nolan County	113	Government
Texas State Technical College Sweetwater	104	Education
Nine Energy Services (Crest Pumping Technologies)	100	Oil & Gas Operations
West Texas Centers MHMR (My Health My Resources)	100	Healthcare
TA Travel Stop	97	Retail
Crane Services Inc.	82	Construction
Georgia Pacific	80	Manufacturing
National Gypsum	78	Manufacturing
Eagle Rail Car	74	Railway Repair Services
Union Pacific Railway	70	Railroad Operations
E.on Climate and Renewables	60	Wind Power Generation
Brookshire's Grocery	60	Retail
Sweetwater Steel	46	Manufacturing
W.E.T.S.	41	Wind Power Services
Lone Star Trucking	40	Distribution and Logistics

Source: SEED Survey of Major Local Employers

The largest employers in Nolan County are located in The City of Sweetwater. The top 22 employers in Sweetwater shown in Table 8 above represent 2,945 employees, 49% of Nolan County's total employment and 65% of Nolan County's top five industry employment.

Currently employment and job growth are stagnant after recent employment peaks since 2008 and 2013 which were due to a surge in wind power and shale activity, respectively along with intermittent employment spikes from temporary construction jobs for various commercial and industrial developments in the area.

The following industries and businesses make up the core of the local economy:

- Education – Sweetwater I.S.D. (45 new hires for 2017-2018) and Texas State Technical College
- Manufacturing – Ludlum, United States Gypsum, Buzzi (\$300 million expansion in 2015), Georgia Pacific and National Gypsum, EMA Electromechanics (based out of Argentina)
- Accommodation and food services – Sweetwater is home to nearly 40 restaurants and 1,000 hotel rooms, a significant number for a town of 10,000
- Healthcare and social assistance – Rolling Plains Memorial Hospital (\$28 million expansion currently underway)
- Retail Trade – Wal-Mart, Brookshire's Grocery

National Gypsum, Georgia Pacific (GP) and United States Gypsum (USG) are the stars of the local economy. Combined they employ about 430 ranging from hourly to salaried positions. The gypsum plants do experience spikes in employment during national weather events, particularly hurricanes and flooding which drive the demand for new sheetrock and drywall. With recent events in 2017 Sweetwater gypsum plants will potentially infuse a significant increase of new temporary job and wage growth that could be reinvested into housing via new updates and renovations or upgrading to newer housing units.

Other industries vital to Sweetwater include energy and agriculture. Around 2004 the preference for horizontal drilling in shale plays began increasing in effectiveness and popularity. In 2006 horizontal drilling began outpacing vertical methods and by 2008 the Eagle Ford shale play was discovered. In August 2014 Texas oil and gas exploration hit its most recent peak with 908 oil and gas rigs in operation throughout the state. Finally, by May 2016 the Texas rig count hit a low of 173 rigs and currently sits at 459 as of August 2017. The rig count directly follows global prices of a barrel of oil which can change quickly causing a ripple effect in the Texas and Sweetwater economy. It should be noted however that technological advances in the industry will continue to increase efficiency which will necessitate lower and lower rig and worker counts in Texas as time moves forward. Therefore, record setting rig and worker counts in Texas oil and gas fields will likely never return to 2014 levels although production and oil prices might. But technological advances in the industry should be a potential opportunity for Sweetwater and Nolan County since they sit on the Cline shale formation that some have estimated to have up to 30 billion barrels of recoverable oil which would make it larger than the Bakken or Eagle Ford shale plays. Although oil and gas activity in Texas has dropped significantly, perhaps future higher global oil and gas prices and/or further innovations in drilling techniques could increase activity in the Cline shale formation and bring expanded economic development to Sweetwater and Nolan County.

Wind power has made a significant economic impact in Nolan County beginning in 1999 with American Electric Power's Trent/Mesa wind farm. The federal Production Tax Credit (PTC) incentives helped to expand development. Wind power employment in Nolan County peaked in 2008 at an estimated 700 wind workers,

most of which were required for the siting and construction of turbines. Typical pay for wind workers in the region range \$14-\$32 per hour. Nolan County was a prime location for wind turbines due to a history of land owners with strong history and experience leasing land to energy producers thanks to historic oil and gas exploration and production on the same lands. Most land owners in the area welcome the added revenue that wind turbines create and typically blend uses on their land between ranching, agriculture, oil and gas and wind.

Current sentiments concerning wind related employment are somewhat bearish. Local reports site communication from wind turbine companies to the county appraisal district claiming they will simply elect to shut down turbines as opposed to paying fully appraised property values on existing turbines as property abatement incentive agreements are set to expire in coming years. Also, depreciation of existing turbines is providing lower tax revenues than past years to the county causing some concern from elected and appointed officials on how to proceed with regards to providing re-issuing of incentives.

Recent estimates cite 1,350 wind turbines that can produce 2,000 MW of power hours annually (more than any other county in Texas) and about 250 daily wind workers in Nolan County. Although wind power activity, similar to oil and gas, has experienced retraction, the Sweetwater region still maintains the foundational competitive advantages available to capitalize on which can foster meaningful endogenous economic development.

Cotton and cattle are important sectors of the Nolan County and Sweetwater economy. Harvest season for cotton typically spans from November to December. In 2016 roughly 516,000 bales of cotton were harvested in Nolan County. Employment spikes during the several months of the year when temporary H-2A temporary non-immigrant foreign agricultural workers come to the area to perform seasonal labor and services.

Local farmers and ranchers provide cattle, cotton and other commodities but some local leadership have expressed concern for the future of area farmers and ranchers due to older workers and owners retiring and a lack of family or other parties to take over and continue agricultural production and operations.

Rail creates important economic opportunity in the area. Sweetwater has two out of seven national railway companies operating in the city. Burlington Northern Santa Fe (BNSF) Railway yard is located on the north-eastern outskirts of the city limits just west of Highway 70 and a Union Pacific Railroad (UP) in the heart of the city five blocks southeast of the downtown square. The Texas and Oklahoma Railway (TXOR) also operates a 17-mile track to the interchange in the Sweetwater Yard and mainly haul cement and coal.

Future opportunities in distribution and logistics could be a potential for future economic development due to access of so many large metros within a 500-mile radius of Sweetwater. Existing infrastructure is an asset with existing intermodal site, access to 2 national lines and plenty of raw land and existing buildings (like the empty cut and sew factory) that could be converted to cross dock, storage and flex warehouse facilities. Creation of FTZ could incentivize storage and allow for expedited paperwork for inventory storage and movement. Furthermore, Interstate 20 traffic, mostly 18 wheelers moving products through Texas and the U.S., has increased vehicles per day (VPD) from 19,200 to 28,600 by 2015 with projections estimating 52,000 VPD by 2035.

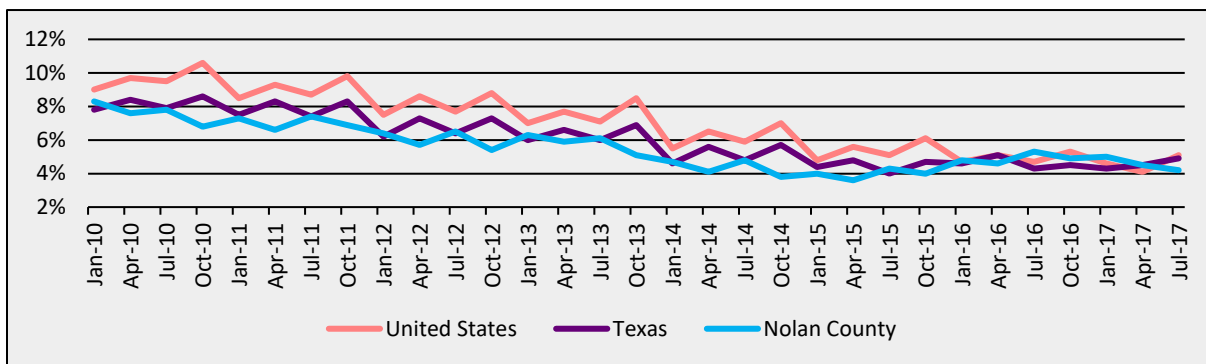
Local doctors, surgeons, dentist, orthodontists, lawyers, attorneys, etc. are a small but significant portion of the local economy for several reasons, they provide vital services to local and county residents and at the same time

take in relatively large revenue and profits which make them, along with top engineers, managers and executives of the largest area employers, make up the top percentage of potential housing consumers.

Unemployment Rates

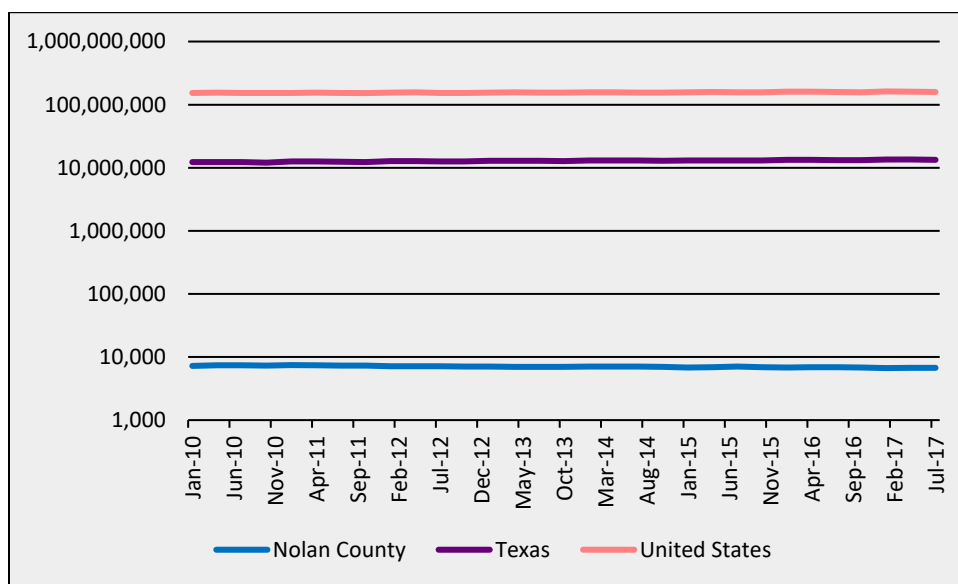
Table 9 below displays unemployment rates for Nolan County, Texas and the United States from 2010 to July 2017. According to the Bureau of Labor Statistics (BLS), the “unemployed” are defined as all persons who had no employment during the reference period, were available for work, except for temporary illness, and had made specific efforts to find employment. Nolan’s unemployment rate has decreased from 5.0% in January 2017 to 4.2% as of July 2017. Nolan County currently has a lower unemployment rate than Texas and United States. The County’s highest unemployment rate over the time range depicted below was 8.3% in January 2010 and lowest unemployment rate was 3.6% in April 2015. Table 10 shows Labor Force for the U.S., Texas and Nolan County from 2010 to July 2017.

Table 9: United States, Texas, Nolan County, Unemployment Rates 2010-2017



Source: Texas Workforce Commission Tracer2. Not Seasonally Adjusted

Table 10: United States, Texas, Nolan County Labor Force 2010-2017



Source: Texas Workforce Commission Tracer2. Not Seasonally Adjusted

Table 11: Nolan County Average Weekly Wages by Industry 4Q2010 – 4Q2016

Industry	Avg. Weekly Wages Q4 of Year							Change 2010 - 2014	Change 2015 - 2016
	2010	2011	2012	2013	2014	2015	2016		
Agriculture, forestry, fishing and hunting	\$827	\$551	\$650	\$669	\$701	\$820	\$669	-4.0%	-2.3%
Mining, quarrying, and oil and gas extraction	\$962	\$1,230	\$1,153	\$1,236	\$1,350	\$1,330	\$1,380	8.8%	1.1%
Utilities	\$1,285	\$1,373	\$1,431	\$1,517	\$1,597	\$1,672	\$1,630	5.6%	1.0%
Construction	\$926	\$1,101	\$1,420	\$1,005	\$1,120	\$1,248	\$1,093	4.9%	-1.2%
Manufacturing	\$818	\$807	\$906	\$957	\$973	\$1,034	\$1,079	4.4%	5.3%
Wholesale trade	\$1,155	\$1,135	\$1,295	\$1,318	\$1,291	\$1,412	\$1,239	2.8%	-2.0%
Retail Trade	\$460	\$482	\$537	\$532	\$598	\$583	\$575	6.8%	-1.9%
Transportation and Warehousing	\$816	\$816	\$823	\$896	\$988	\$905	\$881	4.9%	-5.6%
Information	\$688	\$666	\$783	\$686	\$720	\$775	\$690	1.1%	-2.1%
Finance and insurance	\$825	\$875	\$917	\$886	\$994	\$1,008	\$1,072	4.8%	3.8%
Real estate and rental and leasing	\$2,269	\$1,380	\$723	\$805	\$747	\$631	\$827	-24.3%	5.2%
Professional and technical services	\$653	\$732	\$888	\$672	\$886	\$866	\$881	7.9%	-0.3%
Administrative and waste services	\$263	\$361	\$659	\$650	\$685	\$726	\$760	27.0%	5.3%
Educational services	\$651	\$660	\$673	\$700	\$716	\$748	\$753	2.4%	2.6%
Health care and social assistance	\$645	\$625	\$645	\$621	\$635	\$704	\$679	-0.4%	3.4%
Arts, entertainment, and recreation	\$298	\$383	\$380	\$391	\$399	\$396	\$380	7.6%	-2.4%
Accommodation and food services	\$246	\$246	\$264	\$262	\$281	\$286	\$287	3.4%	1.1%
Other services (except public administration)	\$864	\$901	\$977	\$1,107	\$1,183	\$1,186	\$1,005	8.2%	-7.8%
Public administration	\$763	\$796	\$787	\$848	\$916	\$954	\$914	4.7%	-0.1%
TOTAL	\$681	\$688	\$761	\$755	\$807	\$829	\$787	4.3%	-1.2%

Source: Quarterly Census of Employment and Wages, 4Q 2016

Table 11 above shows the average weekly wages for Nolan County for the fourth quarter of each year from 2010 to 2016. Weekly wages since 2010 have averaged \$758. The Sweetwater and Nolan County region have good wages relative to a city and county of its population, especially hourly wages for jobs not requiring a four-year degree. According to meetings with executives from Sweetwater's major employers starting hourly wage jobs range from \$14 per hour to \$27.50 per hour, some with benefits. Recently the Sweetwater Whataburger advertised starting pay of \$15 per hour. Some employers admit that hourly wages must be kept high to maintain and attract workers in order to compete with other industries offering higher wages.

Commute Patterns

The US Census Longitudinal Employer-Household Dynamics surveys the number of employees living, entering and leaving the Sweetwater area on a daily basis. The most recent LEHD data available comes from 2015 (released September 25, 2017). Figure 3 below shows employment locations in Nolan County as of 2015. The greatest number of employment in the county is in The City of Sweetwater and along Interstate 20 east and west of the city limits, shown by the purple dots on the map below.

Figure 3: Nolan County Employment Locations

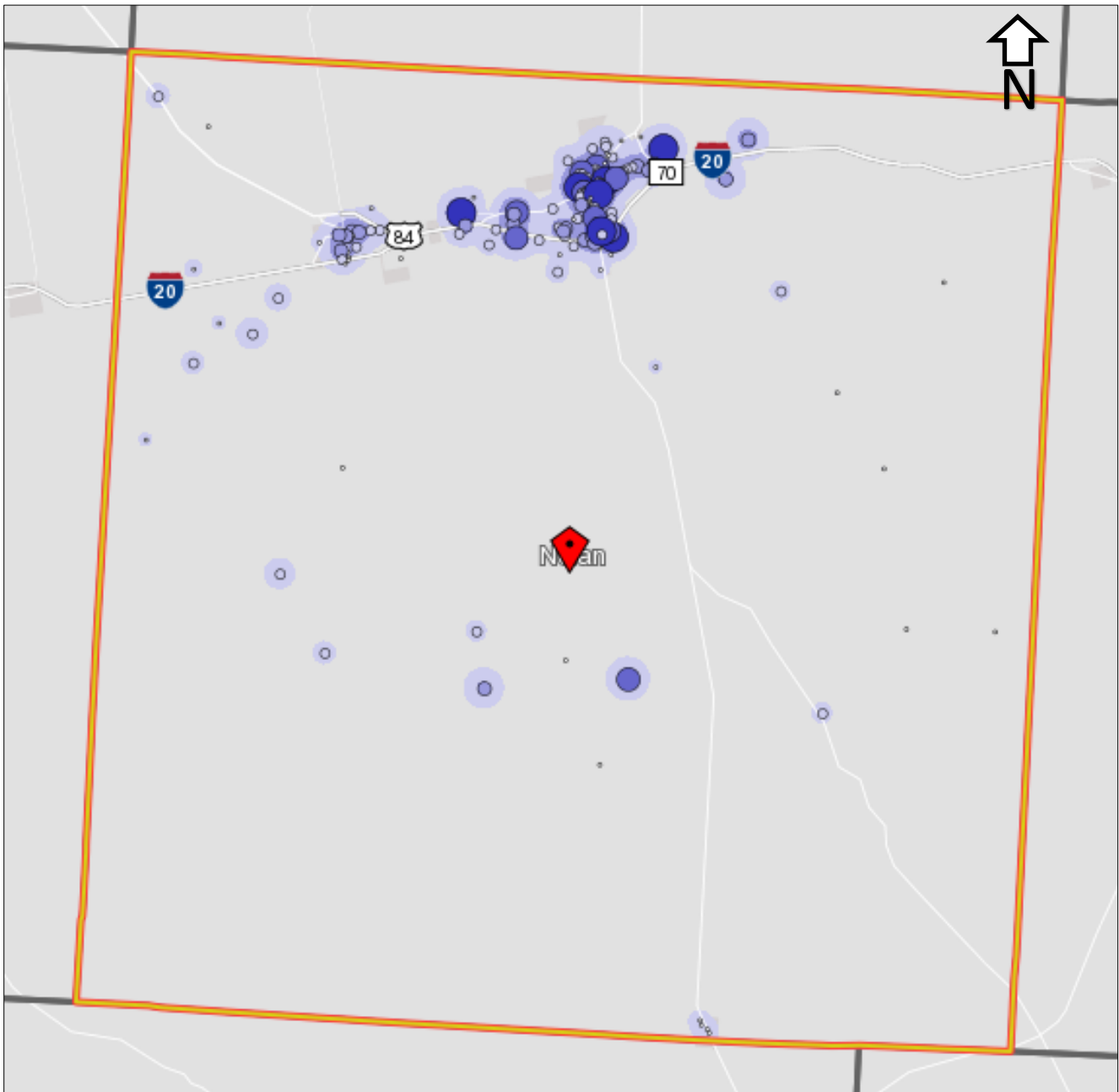


Figure 4: Sweetwater Work Area Commuting Profile

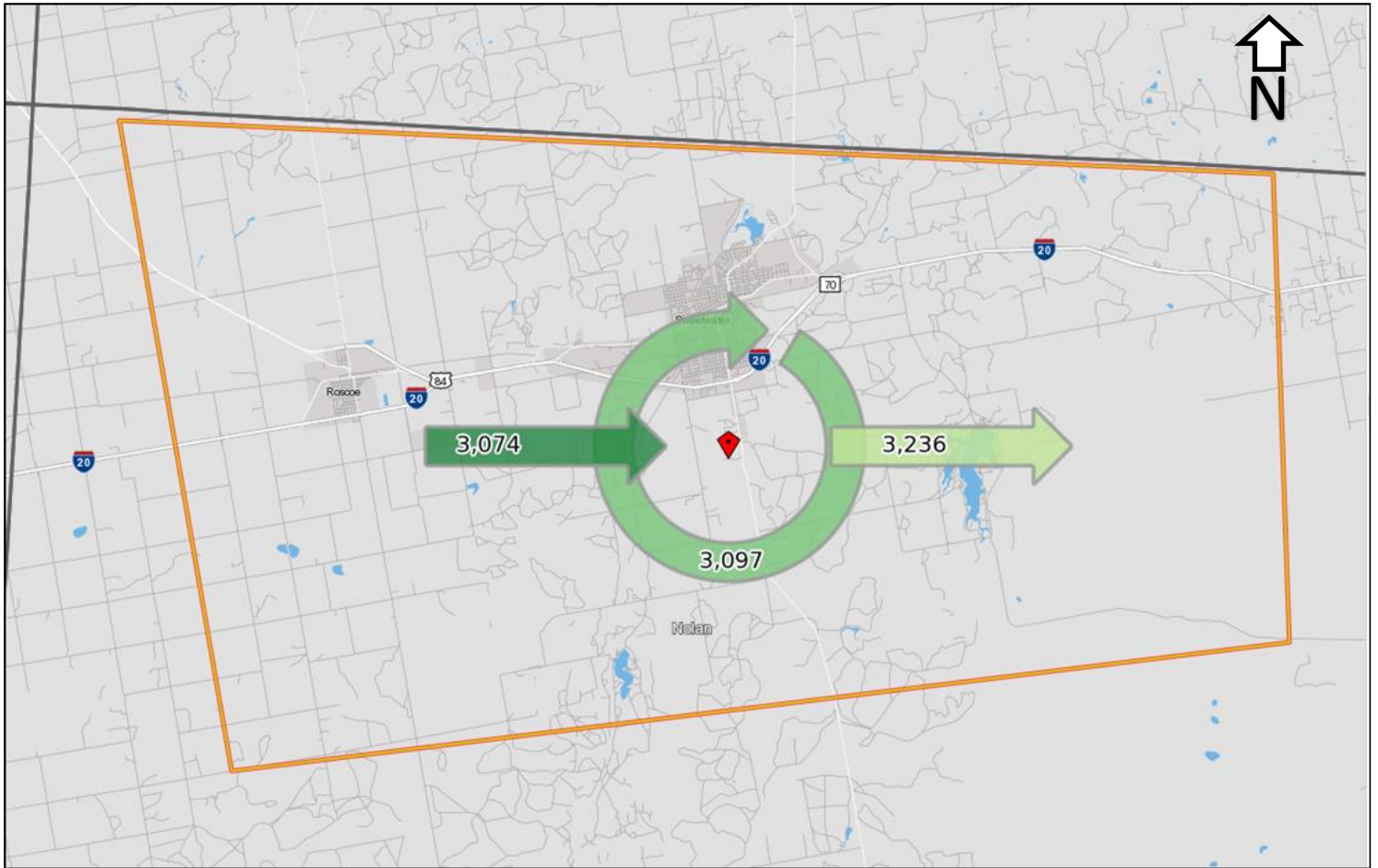


Figure 4 above displays the Sweetwater Work Area, outlined by the redish yellow box, which contains the clear majority of employment in Nolan County. Table 12 below shows the inflow and outflow of workers working in Sweetwater.

Table 12: 2015 Inflow/Outflow Sweetwater Employment (All Jobs)

	Count	Share
Employed in the Selection Area	6,171	100.00%
Employed in the Selection Area but Living Outside	3,074	49.8%
Employed and Living in the Selection Area	3,097	50.2%
Living in the Selection Area	6,333	100.00%
Living in the Selection Area but Employed Outside	3,236	51.1%
Living and Employed in the Selection Area	3,097	48.9%

Source: US Census Longitudinal Employer-Household Dynamics, 2015

Table 12 shows that 3,097 (50.2%) workers in the Sweetwater Work Area also reside in the area and 3,074 (49.8%) work in the Sweetwater area but live outside. There are 3,236 living in the Sweetwater Work Area but working outside. The data reveals that there is a strong base of employment of residents living and working in the Sweetwater Work Area and at the same time there are opportunities to attract or retain commuters working in the area yet living elsewhere to become residents, along with residents living in the area and working elsewhere, perhaps through effective housing strategy and increased branding, marketing and investing in community based assets such as parks, trails and other recreational amenities.

A very important take away from meeting with the largest employers is that a lack of appropriate housing has a significant impact on their ability to attract and retain talent. Lack of sufficient housing options impacts both entry level and high-level recruits. For young, single, recent college graduates seeking entry level employment there are few choices for apartment and duplex rentals. Existing single-family subdivisions which most higher-level prospects like surgeons, managers and executives tend to seek are not available or available in very limited supply with some requiring significant improvements and updates. This also has a detrimental effect because it has helped to encourage existing employees to reside in southwest Abilene and Wylie ISD. Employer feedback has revealed the trend of entry level and upper level workers living outside of Sweetwater, almost exclusively for southwestern Wylie ISD in southwestern Abilene, nearly 45 minutes east of Sweetwater. This pattern hurts Sweetwater's economy by allowing for the leakage of housing and retail related expenditures which supports businesses and the city's and county's tax revenue as well as making hiring and retaining workers increasingly more difficult.

Sweetwater Employment Projections

From 2010 to 2016 employment in Nolan County decreased by 86 jobs with employment in the county over that period of time fluctuating from a peak of 6,182 in 2011 to a low of 5,978 as of 4Q2016. However, for a city with a resilient population base of around 10,000 Sweetwater has a somewhat remarkable local economy which is diversified and home to several large-scale employers. Large employers are not just important because of the number of local workers they employ but also capital improvements, investments in new infrastructure, facility expansions and tax payments all greatly benefit the city and county.

Table 8 on page 15 of this report shows Sweetwater's largest employers. Discussions between CDS staff and executives revealed their current and future outlook on job numbers along with their feedback regarding the impact housing has on their businesses.

As the dynamics of industry has changed Sweetwater has been forced to understand and adjust. Wind, oil and gas workers are increasingly mobile and therefore do not invest as heavily in Sweetwater as in past years in terms of owning or constructing residential properties. There is an estimated 250 wind turbine workers each day in Nolan County, which is a drop from an estimated peak of 700 wind workers around 2009. However, wind continues to be a strong industry base for job opportunities in Nolan County and Sweetwater along with providing revenue for local land owners. Also, proximity to west Texas oil fields and the cities of Midland and Odessa several miles west of Sweetwater provide some transient workers in and out of Sweetwater.

Sweetwater is home to three gypsum plants which manufacture sheetrock and drywall for the Texas, regional and national market. United States Gypsum and Georgia Pacific are the two largest gypsum plants and combined

currently estimate employment at 350 workers, yet given large weather events and flooding across the Gulf South from Texas to Florida these numbers will temporarily inflate as national demand for sheetrock and drywall have skyrocketed in the month of September and October 2017 due to Hurricanes Harvey and Irma. Although no clear plans were shared on definitive future job growth each stated they are committed to Sweetwater and are always looking to hire new workers. Representatives believe about 15 workers retire each year in addition to normal turnover which presents opportunity for new job opportunities each year even without definitive net job growth in these companies.

Ludlum Measurements are another one of Sweetwater's largest core employers with 350 employees and although housing constraints limit their ability to attract and retain new skilled chemists and engineers they are constantly wanting to expand and have no plans to contract operations or workforce. Buzzi Unicem cement plant recently invested in a \$300Mill facility expansion and employ 125 workers and recently added 5 new managers. EMA Electromechanics, a company based in Argentina, has a location in Sweetwater with 25 employees but expressed they could double to 50 employees over the next 5 years and recently constructed a new building in 2017 with 3 new managers relocating from Buenos Aires and plans to hire 2 new workers.

Rolling Plains Memorial Hospital is another of the largest employers in the city with 340 employees and a current \$28Mill expansion underway at their facility. Healthcare is one of the fastest growing industries in the U.S. as one of the largest generations, the Baby Boomers, age and demand more healthcare services. Furthermore, healthcare provides a low barrier to entry and a clear ladder of promotion which makes it one of the best industries for income growth and the generation of personal wealth through income growth via promotions. Therefore, Rolling Plains should be a consistent and perhaps growing source of new job creation. Statements from hospital executives have confirmed that anywhere from 12 to 15 high profile hospital professionals have turned down opportunities at Rolling Plains due to local housing constraints. The hospital also employs traveling workers whose levels fluctuate from time to time yet still provide demand for market rate rental units. Hospital executives admit that housing is the number one recruiting issue when attracting new workers, particularly young professionals.

Sweetwater Independent School district is a large employer in the city. Many employers seemed to express the perception that the schools in Sweetwater could stand to see improvement, yet benchmarked figures and a new superintendent seem to indicate that the school district is successful and may only suffer from a lack of effective marketing. The hope and strategy expressed to CDS through conversations with district officials indicates that marketing and branding efforts are being planned and once rolled out with help to increase the brand name recognition of the schools and the city. As the popularity of the district increases this could attract more commuters who live outside of Sweetwater to relocate in order to become part of the school district and city's revitalization.

Rolling Plains Hospital, Sweetwater Independent School District, Buzzi Unicem, Ludlum Measurements, United States Gypsum and Georgia Pacific are the top candidates for new job growth in Sweetwater and therefore the top drivers of new housing demand. Although county job growth data does not show net job growth, these key employers provide enough natural turnover to attract new workers to town in addition to retirees who may be looking to downsize, which together along with pent up demand from lack of decades of new housing construction, should produce enough housing demand to warrant new single family, patio home and or market rate apartment development. Finally, work must be done culturally and through new housing supply programs

to entice executives, managers, high salaried workers and leaders in the business community to reverse the increasing trend of working in Sweetwater yet residing in Abilene or other surrounding areas. Accomplishing this culture change would increase housing demand and put an end to leakage of Sweetwater workers living in communities outside of the city.

Though no data trends depict a tremendous net new job growth there are solid economic and employment fundamentals in place in the Sweetwater area that provide clear opportunities for capturing demand for new housing. Based on employer feedback, improving Sweetwater’s single family and market rate rental supply should have positive impacts on attraction, retention and expansion of existing and prospective businesses that in turn will produce net household and job growth.

Educational Attainment and School Enrollment

Table 13 provides information regarding educational attainment in Sweetwater, Nolan County and Fisher County. Fully 56% of Sweetwater residents have graduated high school, have a GED and some college. Further, 19% have associate, college, post graduate or professional degrees.

Table 13: Educational Attainment, 2017

Education Level	City of Sweetwater		Nolan County		Fisher County	
	Count	Share	Count	Share	Count	Share
	6,934		9,764		2,715	
Less than 9th grade	833	12.01%	1,118	11.45%	272	10.02%
Some High School, no diploma	857	12.36%	1,078	11.04%	224	8.25%
High School Graduate (or GED)	2,248	32.42%	3,155	32.31%	962	35.43%
Some College, no degree	1,636	23.59%	2,268	23.23%	645	23.76%
Associate Degree	713	10.28%	896	9.18%	236	8.69%
Bachelor's Degree	469	6.76%	902	9.24%	286	10.53%
Master's Degree	101	1.46%	236	2.42%	70	2.58%
Professional School Degree	61	0.88%	85	0.87%	17	0.63%
Doctorate Degree	16	0.23%	26	0.27%	3	0.11%

Source: PCensus 2017, CDS Community Development Strategies

Since 2011, K-12 enrollment has decreased modestly in Sweetwater. Discussions revealed that the neighboring Roscoe Independent School District has created competition for students yet community leaders, district officials and a newly appointed superintendent feel confident that Sweetwater merely lacks marketing of their success and future trajectory. Sweetwater Independent School District enrollment by campus is displayed below in Table 14.

Table 14: Sweetwater ISD Enrollment by Campus 2011 to 2017

Campus	11-12	12-13	13-14	14-15	15-16	16-17
Wallace Accelerated High School (9-12)	28	23	36	34	31	36
Sweetwater High School (9-12)	519	503	498	485	503	520
Sweetwater Middle School (6-8)	475	465	455	481	472	483
Sweetwater Intermediate (4-5)	362	313	316	338	349	344
East Ridge Elementary (2-3)	341	352	371	364	358	334
Southeast Elementary (Early Education - 1)	423	379	382	346	364	344
Cowen Early Childhood Center (Early Education - Pre-K)	200	216	164	188	178	171
Totals by Year	2,348	2,251	2,222	2,236	2,255	2,232

Source: Texas Education Agency

Income Trends

All housing be it market rate units or subsidized units, multi-family rentals, single family rentals or single-family purchases, comes down to the desire and ability to secure the rental or purchase of the housing unit. The depth of the market or demand is how many households want to secure and are able to finance the housing unit. The supply of the units generally sets the rental rates or the price to purchase.

Average household income in 2017 and projected to 2022 is significantly higher than the median household income. This tends to reflect a higher concentration of household incomes close to or below the median income, and a smaller number of much higher incomes which increases the average household income. Well over 18% of households earned less than \$15,000 annually in 2017 and that number only decreases to about 17% by 2022. Median and average household incomes are projected to increase at a moderate rate as shown in Tables 15 and 16.

Table 15: Sweetwater, Nolan County, Fisher County Household Income 2017

Household Income	Sweetwater		Nolan County		Fisher County	
	Count	Share	Count	Share	Count	Share
	4,292		5,954		1,601	
Less than \$15,000	804	18.73%	932	15.65%	190	11.87%
\$15,000 to \$24,999	538	12.53%	706	11.86%	195	12.18%
\$25,000 to \$34,999	669	15.59%	872	14.65%	205	12.80%
\$35,000 to \$49,999	764	17.80%	1,060	17.80%	274	17.11%
\$50,000 to \$74,999	561	13.07%	844	14.18%	368	22.99%
\$75,000 to \$99,999	371	8.64%	579	9.72%	181	11.31%
\$100,000 to \$124,999	275	6.41%	425	7.14%	111	6.93%
\$125,000 to \$149,999	149	3.47%	245	4.11%	39	2.44%
\$150,000 to \$199,999	93	2.17%	151	2.54%	18	1.12%
\$200,000 to \$249,999	37	0.86%	62	1.04%	8	0.50%
\$200,000 to \$499,999	26	0.61%	58	0.97%	9	0.56%
\$500,000 or more	5	0.12%	20	0.34%	3	0.19%
Average HH Income	\$52,228		\$58,524		\$56,003	
Median HH Income	\$37,651		\$41,608		\$46,524	

Source: PCensus 2017, CDS Community Development Strategies

Table 16: City of Sweetwater, Nolan County, Fisher County Household Income 2022

Household Income	City of Sweetwater		Nolan County		Fisher County	
	Count	Share	Count	Share	Count	Share
	4,372		6,070		1,601	
Less than \$15,000	745	17.04%	859	14.15%	185	11.56%
\$15,000 to \$24,999	516	11.80%	667	10.99%	193	12.05%
\$25,000 to \$34,999	596	13.63%	777	12.80%	199	12.43%
\$35,000 to \$49,999	833	19.05%	1,119	18.43%	274	17.11%
\$50,000 to \$74,999	587	13.43%	881	14.51%	359	22.42%
\$75,000 to \$99,999	382	8.74%	597	9.84%	190	11.87%
\$100,000 to \$124,999	287	6.56%	449	7.40%	115	7.18%
\$125,000 to \$149,999	191	4.37%	304	5.01%	44	2.75%
\$150,000 to \$199,999	137	3.13%	225	3.71%	21	1.31%
\$200,000 to \$249,999	52	1.19%	87	1.43%	9	0.56%
\$200,000 to \$499,999	37	0.85%	75	1.24%	9	0.56%
\$500,000 or more	9	0.21%	30	0.49%	3	0.19%
Average HH Income	\$57,407		\$64,505		\$57,173	
Median HH Income	\$40,924		\$44,812		\$47,235	

Source: PCensus 2017, CDS Community Development Strategies

Sweetwater provides employment, hotels, shopping and dining for the entire county and parts of surrounding counties in addition to motorists travelling along I-20. Most of Sweetwater's jobs are in manufacturing, education, health care, retail and food service. Based on conversations with the largest employers in Sweetwater there are opportunities for entry and management level positions each year due to expansions and natural turnover. Some employers mentioned that if there were more housing options they would be able to better attract and retain current and prospective workers. One unique aspect of Sweetwater's economy are its relatively high wages. Entry level positions in manufacturing to fast food start out paying more than what is typically found in cities of similar size.

Interviews with employers revealed that updated single-family homes are in need to help attract higher wage and management type positions. Furthermore, updated market rate multi-family units are needed to help attract and retain entry level workers, especially recent college graduates relocating to Sweetwater to begin their careers.

Table 17 on the next page shows a breakdown of income ranges by age ranges for Nolan County. Looking at just the Age Group 55 and higher coupled with incomes higher than \$15,000 shows a potential pool of age 55+ households totaling 2,412, who would be eligible for market-rate housing targeted to older households.

Table 17: Nolan County Households by Median Income and Age 2017

Income Range	Age Range								Total
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Total HH by Age	326	822	915	981	1,116	1,002	557	235	5,954
< \$15,000	34	157	136	107	139	158	126	75	932
\$15,000 to \$24,999	84	69	61	106	146	105	90	45	706
\$25,000 to \$34,999	75	99	99	135	158	157	105	44	872
\$35,000 to \$49,999	108	153	155	126	156	209	117	36	1,060
\$50,000 to \$74,999	23	96	106	188	203	154	57	17	844
\$75,000 to \$99,999	1	99	125	113	117	88	29	7	579
\$100,000 to \$124,999	1	79	115	87	81	46	12	4	425
\$125,000 to \$149,999	0	35	53	43	42	54	14	4	245
\$150,000 to \$199,999	0	20	30	48	45	6	1	1	151
\$200,000 or More	0	15	35	28	29	25	6	2	140
Income \$15,000 and Up Age 55+					977	844	431	160	2,412
Median HH Income	\$31,000	\$43,431	\$51,533	\$52,194	\$46,058	\$40,813	\$30,952	\$24,444	\$41,608

Source: PCensus 2017, CDS Community Development Strategies

Table 18: Sweetwater Households by Median Income and Age 2017

Income Range	Age Range								Total
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Total HH by Age	277	649	686	711	747	683	374	165	4,292
< \$15,000	31	148	127	96	118	130	99	55	804
\$15,000 to \$24,999	77	57	52	82	102	75	62	31	538
\$25,000 to \$34,999	57	81	76	111	121	117	75	31	669
\$35,000 to \$49,999	88	123	123	89	99	145	74	23	764
\$50,000 to \$74,999	21	64	68	136	134	93	33	12	561
\$75,000 to \$99,999	1	74	92	63	60	57	18	6	371
\$100,000 to \$124,999	1	50	72	64	54	25	6	3	275
\$125,000 to \$149,999	1	27	38	22	18	34	6	3	149
\$150,000 to \$199,999	0	16	14	33	27	2	1	0	93
\$200,000 or More	0	9	24	15	14	5	0	1	68
Income \$15,000 and Up Age 55+					629	553	275	110	1,567
Median HH Income	\$30,351	\$39,695	\$45,732	\$46,208	\$39,924	\$37,017	\$28,467	\$23,871	\$37,651

Source: PCensus 2017, CDS Community Development Strategies

Table 19: Fisher County Households by Median Income and Age 2017

Income Range	Age Range								Total
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Total HH by Age	45	148	188	257	340	289	251	83	1,601
< \$15,000	7	12	11	20	31	40	49	20	190
\$15,000 to \$24,999	1	13	11	28	46	35	45	16	195
\$25,000 to \$34,999	0	16	18	17	28	52	54	20	205
\$35,000 to \$49,999	12	33	42	34	48	49	43	13	274
\$50,000 to \$74,999	8	48	65	86	108	29	19	5	368
\$75,000 to \$99,999	16	7	10	39	46	37	21	5	181
\$100,000 to \$124,999	0	16	27	12	13	29	11	3	111
\$125,000 to \$149,999	0	0	2	11	10	10	5	1	39
\$150,000 to \$199,999	1	2	0	3	3	6	3	0	18
\$200,000 or More	0	1	2	7	7	2	1	0	20
Income \$15,000 and Up Age 55+					309	249	202	63	823
Median HH Income	\$57,813	\$50,000	\$54,615	\$58,576	\$53,935	\$40,357	\$30,833	\$27,750	\$46,524

Source: PCensus 2017, CDS Community Development Strategies

Along with the low-end and assisted rental units the single-family house sales are affected by the household income levels as well. The Real Estate Center at Texas A & M University recently published a paper on how higher interest rates will affect the income qualifications and therefore the numbers of home purchasers.

For the Texas A & M study they used a maximum debt-to-income ratio of 38%, 5.6% for taxes, insurance and utilities and 15% down payment with a 30-year mortgage. Using the Texas A & M figures from Table 20 located on the following page, at a 4.5 % interest rate, a household will require a \$673 monthly payment to purchase a \$75,000 house, a \$1,122 payment for a \$125,000 house and a \$1,795 payment for a \$200,000 house. New housing construction in the Sweetwater area based on CDS research ranges from \$115 per square foot for a newly constructed 1,400 square foot single-family home to \$153 per square foot for a 2,540-square foot home.

Using the Texas A & M figures in Table 20 for total house payments by house value, the qualifying income required to purchase houses in those price ranges can be determined. The qualifying incomes for a mortgage generally require that all housing costs cannot exceed 29% of gross income. Additionally, the housing costs plus other long-term debt, such as vehicles, cannot exceed 41% of gross income. For the sake of simplicity, CDS used monthly long-term debt of an additional \$500 up to a \$150,000 house purchase and an additional \$750 for houses above \$150,000.

The qualifying income rates in Table 20 indicate that a household would need an income of about \$34,300 for a \$75,000 house, ranging up to \$92,800 for a \$250,000 house. Examining the \$200,000 house cost a household would need about a \$75,000 annual income to qualify.

Looking back at Sweetwater household income figures from Table 18 there is a potential income pool of households earning \$75,000 and above of 956 about 22.3% of all households. By 2022 the number of households earning \$75,000 and above will increase by 139 to 1,095 households, about 25% overall.

Table 20: House Payment Requirements by House Value & Qualifying Income

Interest Rate	House Payment by Value \$						
	\$75,000	\$100,000	\$125,000	\$150,000	\$184,400*	\$200,000	\$250,000
Total Monthly House Payment (\$)							
4.0%	654	872	1,091	1,309	1,609	1,745	2,181
4.5%	673	897	1,122	1,346	1,655	1,795	2,243
5.0%	692	923	1,154	1,384	1,702	1,846	2,307
Qualifying Income							
4.5%	\$34,300	40,900	\$47,500	\$55,700	\$70,400	\$74,500	\$92,800

*Typical house sale in Texas 2015

Source: The Real Estate Center at Texas A & M University; CDS Community Development Strategies

The American Housing Survey is a statistical survey funded by the United States Department of Housing and Urban Development (HUD) and conducted by the U.S. Census Bureau. It is the largest regular national housing sample survey in the United States and contains information on the number and characteristics of U.S. housing units as well as the households that occupy those units.

Table 21 shows information about household income broken out by owner occupied housing units and renter occupied housing units. Additionally, the lower portion of Table 21 shows the breakdown of housing costs by owner and renter.

About 60% of all occupied single-family housing is owner occupied, leaving about 40% of single family housing as rentals. Owners have a median household income of \$41,771, almost twice that of renters with \$21,250. Twenty seven percent of owners have incomes in excess of \$75,000 while just 5.7% of renters do.

Not surprisingly, 83.1% of renters have monthly housing costs below \$1,000. What is surprising is that 86.8% of single family owners have monthly housing costs below \$1,000. This generally signals that owners have lived in their homes a long time and there is minimal turnover for newer or upgraded housing. The median monthly housing cost for a rental property is \$579 while for an owner property it is even lower at \$433. Only 13.2% of owner occupied housing pay more than \$1,000 per month and 7.1% of those owners pay from \$1,000 to \$1,500.

From Table 21 it would appear that only 6.1% of current owners (149) would consider paying enough monthly for a new home in the \$200,000 range (\$1,795) or higher. Looking back at Table 18 showing Sweetwater households earning over \$75,000 annually, there are a potential of 956 households (22.3%) who could potentially qualify for a new \$200,000 range house. By 2022 that household figure will increase by 139 households to 1,095 (25%).

Table 21: Sweetwater Household Income 2016 by Owner and Renter Occupancy

	Total Occupied Housing Units	Owner-Occupied Housing Units	Renter-Occupied Housing Units
Occupied Housing Units Estimate	3,997	2,453	1,544
% Owner and Renter Occupied	100%	61%	39%
Household Income			
Less than \$5,000	5.20%	3.20%	8.40%
\$5,000 to \$9,999	7.20%	4.40%	11.50%
\$10,000 to \$14,999	8.60%	6.20%	12.30%
\$15,000 to \$19,999	8.80%	5.10%	14.60%
\$20,000 to \$24,999	8.70%	4.90%	14.80%
\$25,000 to \$34,999	13.60%	15.70%	10.20%
\$35,000 to \$49,999	14.60%	15.30%	13.40%
\$50,000 to \$74,999	14.80%	18.40%	9.10%
\$75,000 to \$99,999	9.20%	11.80%	5.10%
\$100,000 to \$149,999	7.50%	12.20%	0.00%
\$150,000 or more	1.90%	2.70%	0.60%
Median Household Income	\$32,259	\$41,771	\$21,250
Monthly Housing Costs			
Less than \$300	24.60%	28.00%	19.20%
\$300 to \$499	23.40%	27.20%	17.40%
\$500 to \$799	26.40%	21.00%	35.00%
\$800 to \$999	11.00%	10.60%	11.50%
\$1,000 to \$1,499	6.70%	7.10%	6.00%
\$1,500 to \$1,999	2.30%	3.00%	1.10%
\$2,000 to \$2,499	2.00%	2.50%	1.10%
\$2,500 to \$2,999	0.00%	0.00%	0.00%
\$3,000 or more	0.40%	0.60%	0.00%
Median Cost	\$505	\$433	\$579

Source: U.S. Census Bureau, 2015 American Community Survey 5-Year Estimates

Demographic and Economic Key Points Summary

- Local employment is a key indicator used in determining the demand for housing in a community, as well as the principal driver of population and household growth.
- Population has fluctuated from 11,467 in 2000 to 10,888 in 2017.
- Just 10 new homes have been built in Sweetwater since 2007 and no new subdivisions built in Nolan County in the past 40 years.
- From 2010 to 2017 as the city's population and households shrank by only 18 residents and 48 households, respectively.
- Projections from 2017 to 2022 indicate continued improvement of growth trends projecting population to increase by 186 and adding 80 households.
- Employment data shows Nolan County has maintained a resilient base of around 6,000 since 2010, only fluctuating from a spike of 6,182 in 2011 (due to a surge of wind and oil and gas activity) to the current 5,978 in 4Q 2016 which is the lowest level in this timeframe.
- Nolan County and Sweetwater employers' success and sustainability are vital to the local and economy and housing market.
- The top five industries – Education, Manufacturing, Accommodation and food services, Health care and social services and Retail trade – employ 3,901 (65%) of workers in Nolan County making the success and sustainability of these industries and the businesses within them vital to the local economy.
- The top non-government, non-retail employers in Sweetwater are - Ludlum Measurements, Rolling Plains Memorial Hospital, United States Gypsum Corporation, Buzzi Unicem, Nine Energy Services (Crest Pumping Technologies)
- Nolan County's unemployment rate has decreased from 5.0% in January 2017 to 4.2% as of July 2017. Nolan County currently has a lower unemployment rate than Texas and United States. From January 2010 to July 2017 the County's highest unemployment rate was 8.3% in January 2010 and lowest unemployment rate was 3.6% in April 2015.
- Weekly wages since 2010 have averaged \$758 in Nolan County.
- The Sweetwater and Nolan County region have good wages relative to a city of its size, especially hourly wages for jobs not requiring four-year degree. According to meetings with executives from Sweetwater's major employers starting hourly wage jobs range from \$14 per hour to \$27.50 per hour, some with benefits.
- Some employers admit that hourly wages must be kept high in order to compete with other industries offering competitive pay to maintain and attract workers.
- The most recent LEHD data available comes from 2015 show that 3,074 (50%) of 6,171 workers employed in the Sweetwater Work Area live outside of the area but work in the Sweetwater area.
- Based on interviews and group discussions there will be 70 new jobs created in 2017 and from 50 to 60 new jobs from 2018 through 2022. This only includes the top employers contacted during this study and therefore future job estimates must be considered conservative but solid.
- Fully 56% of Sweetwater residents have graduated high school, have a GED and some college. Further, 19% have associate, college, post graduate or professional degree.

- Since 2011, K-12 enrollment in Sweetwater I.S.D. has decreased modestly and has averaged 2,257 total students per year. For 2017 enrollment numbers are 2,232 with the largest cohort being grades 9-12 at Sweetwater High School.
- Median household income for 2017 in the City of Sweetwater in 2017 was \$37,651 and average household income for the was \$52,228. More than 18% of households in Sweetwater earned less than \$15,000 annually in 2017.
- By 2022 Sweetwater's median household income is projected to increase by \$3,273 to \$40,924 and average household income is projected to increase by \$5,179 to \$57,407.
- CDS research has determined that that a Texas household would need an income of about \$34,300 for a \$75,000 house, ranging up to \$92,800 for a \$250,000 house. Examining the \$200,000 house cost a household would need about a \$75,000 annual income to qualify.
- Looking at Sweetwater's household income figures there is a potential income pool of households earning \$75,000 and above of 956 about 22.3% of all households. By 2022 the number of households earning \$75,000 and above will increase by 139 to 1,095 households, about 25% overall.
- Based on interviews and group discussions there will be 70 new jobs created in 2017 and from 50 to 60 new jobs from 2018 through 2022. This only includes the top employers contacted during this study and therefore future job estimates must be considered conservative but solid. CDS has determined that 10 to 15 or more of the annual new employees/households will be potentially qualified to purchase a new home.
- New housing construction in the Sweetwater area based on CDS research ranges from \$115 per square foot for a newly constructed 1,400 square foot single-family home to \$153 per square foot for a 2,540-square foot home.
- There are nearly 4,000 occupied homes in Sweetwater with 61% being owner occupied and 39% renter occupied. Median household income for owner-occupied units is \$41,771, almost double the median household income for renter occupied households which is \$21,250.

Housing Characteristics and Trends

The following tables and figures present information regarding the housing characteristics and trends in Sweetwater and Nolan County for comparison purposes. The majority of this information is derived from the US Census and the American Community Survey, and in some cases, is self-reported data. While this can generate minor anomalies (such as are present in the data on age of housing stock or housing values), the information presented in this section still provides a valuable overview of the housing situation in the area. One important note to make is that the total housing unit number used in this section is an estimate.

Structural Profile of Sweetwater Housing

Table 22 shows the type and number of housing units in Sweetwater, Nolan and Fisher County. Approximately 78.9% (3,966) of the housing units in Sweetwater are single family detached. Of those about 63.8% are owner occupied (2,737) leaving 36.2% (1,555) as single-family rentals. Duplex and four-plex units account for 320 units (6.4%), mobile homes 224 (4.5%) and attached apartments are 469 (9.3%).

Table 22: Housing Units in Structure and Tenure 2017

	City of Sweetwater		Nolan County		Fisher County	
	Count	%	Count	%	Count	%
1 Unit Attached	35	0.70%	49	0.68%	25	1.15%
1 Unit Detached	3,966	78.89%	5,715	79.52%	1,859	85.16%
2 Units	148	2.94%	156	2.17%	114	5.22%
3 or 4 Units	172	3.42%	191	2.66%	0	0.00%
5 to 19 Units	278	5.53%	350	4.87%	24	1.10%
20 to 49 Units	140	2.78%	174	2.42%	0	0.00%
50 or More Units	51	1.01%	58	0.81%	0	0.00%
Mobile Home or Trailer	224	4.46%	479	6.66%	161	7.38%
Boat, RV, Van, etc.	13	0.26%	15	0.21%	0	0.00%
Total Units	5,027	100%	7,187	100%	2,183	100%
Owner Occupied Units	2,737	63.77%	4,080	68.53%	1,199	74.89%
Renter Occupied Units	1,555	36.23%	1,874	31.47%	402	25.11%
Total Occupied Units	4,292	100%	5,954	100%	1,601	100%

Source: PCensus 2017, CDS Community Development Strategies

Age of Existing Housing

Table 23 contains the 2017 estimate of the age of the existing housing stock in Sweetwater, Nolan and Fisher County. Of all housing units built in Sweetwater 91.4% was built before 1990 leaving only 8.6% of Sweetwater's housing units constructed 1990 to present. Sweetwater's existing housing stock is extremely old and outdated. This data strongly backs up anecdotal remarks observed by CDS during this study from residents, employers and community leaders that Sweetwater suffers greatly from its very significant amount of old, outdated and deteriorating homes.

Table 23: Sweetwater Age of Existing Housing Stock

2017 Estimate	City of Sweetwater		Nolan County		Fisher County	
Total Housing Units	5,027		7,187		2,183	
Built 2010 or later	61	1.21%	97	1.35%	0	0.00%
Built 2000 to 2009	148	2.94%	260	3.62%	125	5.73%
Built 1990 to 1999	222	4.42%	383	5.33%	182	8.34%
Built 1980 to 1989	615	12.23%	928	12.91%	154	7.05%
Built 1970 to 1979	871	17.33%	1,296	18.03%	256	11.73%
Built 1960 to 1969	796	15.83%	1,108	15.42%	393	18.00%
Built 1950 to 1959	1,169	23.25%	1,466	20.40%	507	23.22%
Built 1940 to 1949	484	9.63%	720	10.02%	301	13.79%
Built 1939 or Earlier	661	13.15%	929	12.93%	265	12.14%
Dominant Year Structure Built	1954		1954			1954

Source: PCensus 2017, CDS Community Development Strategies

Housing Value Trends

Table 24 displays housing estimates for 2017 showing 2,737 owner occupied houses in Sweetwater with a median value of \$54,474 with projections to increase by another 55 houses by 2022. The increase in value in existing owner-occupied units takes place in the \$100K to \$150K range and over \$200,000. It should be noted that this data originates as self-reported data from Bureau of the Census surveys and may not reflect actual market value or assessed values as determined by the local appraisal district.

Table 24: Sweetwater Owner-Occupied Housing Value Trends, 2017

Housing Value Range	Count	%
Owner-Occupied Housing	2,737	100%
Less than \$20K	269	9.83%
\$20K to \$40K	776	28.35%
\$40K to \$60K	447	16.33%
\$60K to \$80K	229	8.37%
\$80K to \$100K	308	11.25%
\$100K to \$150K	279	10.19%
\$150K to \$200K	165	6.03%
\$200K to \$300K	145	5.30%
\$300K to \$400K	45	1.64%
\$400K to \$500K	36	1.32%
\$500K to \$750K	31	1.13%
\$750K to \$1,000K	4	0.15%
\$1,000K or more	3	0.11%
Median Value	\$54,474	

Source: PCensus 2017, CDS Community Development Strategies

HOUSING MARKET TRENDS – SINGLE FAMILY FOR-SALE HOMES

Single family detached units make up the majority of all housing types in Sweetwater, accounting for almost 80% of the housing stock. This equates to an estimated 3,966 single family homes in Sweetwater. These homes vary greatly in age, size and price.

This section examines the latest market trends for single family homes in Sweetwater, looking specifically at local real estate sales statistics, new home construction and permit activity, and local market costs associated with increasing the housing supply.

Existing Home Market

The following section contains single family residential home sale data for Sweetwater over the last four years from 2014 through August 2017. This data provides insight into local real estate market trends. The source for the majority of this data was the multiple listing service of the Nolan County Board of Realtors.

Tables 25, 26, 27 and 28 are the complete breakdown of housing sales by years 2014 through 2017 for sales price ranges from Under \$100,000 to Over \$250,000. Table 28 is the compilation by average sales data for 2017 through August 1, 2017 and Table 29 shows current active listings as of August 2017.

From 2014 through August 1, 2017 there were 352 closings in all price ranges for an average of 88 closings per year. Of the 352 closings 197 (56%) were closed at \$100,000 or below, by far the most popular price range. This is followed by the \$100,000 to \$150,000 range which resulted in 71 closings (20%), the second most popular. The two price ranges from \$150,000 to \$179,999 and \$180,000 to \$209,999 had totals of 28 and 23 closings respectively at below 9% and 6% respectively.

The \$210,000 to \$299,999 range had 27 closings (8%) and the Over \$300,000 range had only 4 closings (1%). Generally speaking, the average days on market since 2014 is 147 days, at 92.3% of their listed value, an average price of \$110,923 and at a cost per square foot of \$58.63.

For the most sales at nearly 60% of all sales the Under \$100,000 houses had an average price of \$50,464. Following this the \$100,000 to \$150,000 houses at 20% of sales had an average price of \$124,278.

For the Over 27 closings in the \$210,000 to \$299,999 price range (8% of all closings) those sales averaged \$246,758.

Table 29 displays the current 69 active house listings by price range as of August 1, 2017. The sellers are remaining realistic to the market and have maintained average and median listing prices for the Under \$100,000 range and modestly for the other ranges.

Housing Supply and Inventory

Realtor's use the term "months of supply" to describe the inventory of homes on the market. Simply put, months of supply is the number of months it would take for the current inventory to sell out if sales continued at the current rate and no new inventory was added. Over the last three years there were 352 closings, equating to 88 closings per year and averaging 7 per month. Currently there are 69 houses listed as per Table 29 which should be nearly twelve and a half months of inventory. Generally, a supply greater than seven months is considered a

buyers' market, between five to seven months is a balanced market, and less than five months is a sellers' market. The single family residential housing market in the Sweetwater area is currently a buyers' market. However, CDS is keenly aware that much of the housing on the market is not at the utmost desirability to potential buyers which makes buying in Sweetwater more difficult and less attractive than the analysis shows.

Key Factors Affecting Sweetwater Housing Market

- Lack of significant future job growth beyond temporary employment spikes from the gypsum plants, oil and gas, cement plant and construction jobs.
- Lack of new housing unit and household growth.
- Proximity to current construction boom in South Abilene.
- Growing culture of top Sweetwater wage earners choosing to reside outside of Sweetwater and Nolan County.
- Lack of shopping, dining, recreation and entertainment in and around Sweetwater.
- Bad perception of crime (specifically drug use).
- Poorer than expected perception and brand name recognition and past lack of marketing of Sweetwater I.S.D. achievements.
- Local 'greed factor' making available land for single family subdivision development within city limits irrationally overpriced helping to prevent new subdivision development.
- Huge supply of existing housing stock blighted and deteriorating causing significant costs to update and renovate existing units.
- Existing housing stock discourages prospective businesses and residents due to quantity and level of disrepair.
- Lack of new market rate apartment complexes with most recent market rate complex built in the late 1980's discourages recent college graduates and single adults seeking market rental apartment complexes with amenities and community feel.
- Lack of local single-family home builders and skilled trades which increases price of labor and construction costs.
- Access to construction supplies less than sufficient, forces home owners and landlords to travel outside Sweetwater for materials and tools necessary for maintaining and upgrading housing units and properties.
- High water bill hurts residents with lower incomes and increases multifamily operating costs forcing landlords to push costs to renters and diminishes property owner revenue.
- Many home owners pay less than \$1,000 per month and may not have the means or desire to take on a larger monthly note.

Table 25: 2014 MLS Sales Data by Price Range

102 Sales					
	Low	High	Average	Median	Total
List Price	\$2,500	\$335,000	\$101,547	\$84,950	\$10,357,820
Selling Price	\$2,000	\$295,000	\$94,089	\$80,000	\$9,597,050
Sold/List (%)	64.77%	104.21%	90.93%	93.25%	-
Price/SqFt (\$)	\$0.00	\$109.62	\$53.80	\$54.00	-
SqFt	0	7,500	1,685	1,588	-
DOM*	8	516	130	88	-

Sale Price Range	Count	Sum Price	Average Price	Median Price	Avg. DOM*
Under \$100,000 – 70 Closings					
\$0 – \$9,999	3	\$11,500	\$3,833	\$4,500	55
\$10,000 – \$19,999	2	\$28,900	\$14,450	\$14,450	24
\$20,000 – \$29,999	8	\$195,000	\$24,375	\$25,000	117
\$30,000 – \$39,999	6	\$218,250	\$36,375	\$37,500	106
\$40,000 – \$49,999	6	\$262,000	\$43,667	\$43,500	218
\$50,000 – \$59,999	5	\$275,500	\$55,100	\$55,000	99
\$60,000 – \$69,999	6	\$394,800	\$65,817	\$66,250	111
\$70,000 – \$79,999	14	\$1,053,700	\$75,264	\$75,000	146
\$80,000 – \$89,999	10	\$841,800	\$84,180	\$83,200	155
\$90,000 – \$99,999	10	\$930,400	\$93,040	\$92,250	196
\$100,000 - \$150,000 – 11 Closings					
\$100,000 – \$109,999	1	\$105,000	\$105,000	\$105,000	49
\$110,000 – \$119,999	4	\$451,500	\$112,875	\$113,250	153
\$120,000 – \$129,999	2	\$255,500	\$127,750	\$127,250	179
\$130,000 – \$139,999	3	\$665,000	\$133,000	\$132,900	70
\$140,000 – \$149,999	1	\$142,500	\$142,500	\$142,500	41
\$150,000 to \$179,000– 7 Closings					
\$150,000 – \$159,999	3	\$464,000	\$154,667	\$155,000	108
\$160,000 – \$169,999	1	\$165,000	\$165,000	\$165,000	193
\$170,000 – \$179,999	3	\$516,200	\$172,067	\$171,200	48
\$180,000 to \$209,000– 7 Closings					
\$180,000 – \$189,999	3	\$550,900	\$183,633	\$183,400	97
\$190,000 – \$199,999	1	\$199,000	\$199,000	\$199,000	46
\$200,000 – \$209,999	3	\$600,500	\$200,167	\$200,000	140
\$220,000 to \$299,999– 5 Closings					
\$220,000 – \$229,999	1	\$220,000	\$220,000	\$220,000	82
\$230,000 - \$239,999	2	\$465,000	\$232,500	\$232,000	51
\$290,000 – \$299,999	2	\$585,000	\$292,500	\$292,500	181
Totals	102	\$9,597,050			
Averages			\$94,089	\$80,000	130

*DOM is days on the market before contract

Source: Nolan County Board Realtors; CDS Community Development Strategies

Table 26: 2015 MLS Sales Data by Price Range

94 Sales					
	Low	High	Average	Median	Total
List Price	\$10,000	\$325,000	\$115,587	\$107,750	\$10,865,169
Selling Price	\$8,000	\$280,000	\$109,463	\$99,500	\$10,289,500
Sold/List (%)	60.87%	108.00%	93.76%	95.84%	-
Price/SqFt (\$)	\$9.52	\$115.29	\$56.88	\$60.00	-
SqFt	818	4,240	1,854	1,843	-
DOM*	16	705	142	101	-

Sale Price Range	Count	Sum Price	Average Price	Median Price	Avg. DOM*
Under \$100,000 – 47 Closings					
\$0 – \$9,999	1	\$8,000	\$8,000	\$8,000	164
\$10,000 – \$19,999	2	\$32,750	\$16,375	\$16,375	130
\$20,000 – \$29,999	6	\$149,500	\$24,917	\$25,750	112
\$30,000 – \$39,999	4	\$150,400	\$37,600	\$37,950	76
\$40,000 – \$49,999	3	\$134,000	\$44,667	\$45,000	89
\$50,000 – \$59,999	2	\$114,900	\$57,450	\$57,450	409
\$60,000 – \$69,999	7	\$460,900	\$65,843	\$68,000	218
\$70,000 – \$79,999	10	\$740,600	\$74,060	\$74,250	102
\$80,000 – \$89,999	7	\$586,500	\$83,786	\$83,000	111
\$90,000 – \$99,999	5	\$469,000	\$93,800	\$95,000	133
\$100,000 - \$150,000 – 23 Closings					
\$100,000 – \$109,999	4	\$418,500	\$104,625	\$104,250	117
\$110,000 – \$119,999	5	\$578,500	\$115,700	\$115,000	154
\$120,000 – \$129,999	5	\$613,000	\$122,600	\$124,000	174
\$130,000 – \$139,999	2	\$273,500	\$136,750	\$136,750	99
\$140,000 – \$149,999	7	\$989,000	\$141,286	\$140,000	169
\$150,000 to \$179,000– 13 Closings					
\$150,000 – \$159,999	3	\$468,500	\$156,167	\$156,000	191
\$160,000 – \$169,999	2	\$327,900	\$163,950	\$163,950	62
\$170,000 – \$179,999	8	\$1,393,950	\$174,244	\$175,000	185
\$180,000 to \$209,000– 6 Closings					
\$180,000 – \$189,999	4	\$737,000	\$184,250	\$184,750	89
\$190,000 – \$199,999	1	\$197,600	\$197,600	\$197,600	45
\$200,000 – \$209,999	1	\$209,500	\$209,500	\$209,500	79
\$210,000 to \$299,999– 5 Closings					
\$210,000 - \$219,999	1	\$213,000	\$213,000	\$213,000	56
\$230,000 – \$239,999	2	\$478,000	\$239,000	\$239,000	153
\$260,000 - \$269,999	1	\$265,000	\$265,000	\$265,000	112
\$280,000 – \$289,999	1	\$280,000	\$280,000	\$280,000	215
Totals	94	\$10,289,500			
Averages			\$109,463	\$99,500	142

*DOM is days on the market before contract

Source: Nolan County Board of Realtors; CDS Community Development Strategies

Table 27: 2016 MLS Sales Data by Price Range

85 Sales					
	Low	High	Average	Median	Total
List Price	\$2,000	\$864,000	\$121,629	\$90,000	\$10,338,495
Selling Price	\$1,500	\$850,000	\$112,997	\$88,000	\$9,604,739
Sold/List (%)	40.00%	107.91%	90.99%	93.56%	-
Price/SqFt (\$)	\$0.00	\$244.18	\$58.95	\$55.38	-
SqFt	0	35,000	2,291	1,595	-
DOM*	20	932	160	119	-

Sale Price Range	Count	Sum Price	Average Price	Median Price	Avg. DOM*
Under \$100,000 – 50 Closings					
\$0 – \$9,999	5	\$15,750	\$3,150	\$2,000	138
\$10,000 – \$19,999	2	\$32,000	\$16,000	\$16,000	55
\$20,000 – \$29,999	2	\$47,400	\$23,700	\$23,700	31
\$30,000 – \$39,999	4	\$148,150	\$37,038	\$38,075	137
\$40,000 – \$49,999	4	\$176,995	\$44,249	\$45,498	113
\$50,000 – \$59,999	2	\$104,000	\$52,000	\$52,000	152
\$60,000 – \$69,999	8	\$528,900	\$66,113	\$65,500	185
\$70,000 – \$79,999	13	\$956,000	\$73,538	\$73,000	144
\$80,000 – \$89,999	3	\$255,200	\$85,067	\$85,000	172
\$90,000 – \$99,999	7	\$657,500	\$93,929	\$95,000	134
\$100,000 - \$150,000 – 19 Closings					
\$100,000 – \$109,999	2	\$210,000	\$105,000	\$105,000	153
\$110,000 – \$119,999	3	\$336,044	\$112,015	\$112,000	166
\$120,000 – \$129,999	6	\$750,500	\$125,083	\$125,000	109
\$130,000 – \$139,999	4	\$531,000	\$132,750	\$132,500	279
\$140,000 – \$149,999	4	\$578,500	\$144,625	\$144,750	138
\$150,000 to \$179,000– 4 Closings					
\$160,000 – \$169,999	1	\$160,000	\$160,000	\$160,000	54
\$170,000 – \$179,999	3	\$515,000	\$171,667	\$170,000	291
\$180,000 to \$209,000– 2 Closings					
\$180,000 – \$189,999	1	\$182,000	\$182,000	\$182,000	139
\$200,000 – \$209,999	1	\$205,000	\$209,500	\$209,500	346
\$210,000 to \$299,999– 8 Closings					
\$210,000 - \$219,999	1	\$215,000	\$215,000	\$215,000	74
\$220,000 – \$229,999	2	\$456,000	\$228,000	\$228,000	117
\$230,000 - \$239,999	1	\$232,000	\$232,000	\$232,000	258
\$240,000 - \$249,999	1	\$241,800	\$241,800	\$241,800	932
\$280,000 - \$289,999	3	\$848,000	\$282,667	\$282,000	104
\$300,000 to \$899,999– 2 Closings					
\$370,000 - \$379,999	1	\$372,000	\$372,000	\$372,000	192
\$850,000 – \$859,999	1	\$850,000	\$850,000	\$850,000	103
Totals	85	\$9,604,739			
Averages			\$112,997	\$88,000	160

*DOM is days on the market before contract

Source: Nolan County Board of Realtors; CDS Community Development Strategies

Table 28: 2017 MLS Sales Data by Price Range

71 Sales					
	Low	High	Average	Median	Total
List Price	\$14,500	\$400,000	\$134,077	\$115,000	\$9,519,438
Selling Price	\$8,000	\$310,000	\$127,143	\$115,000	\$9,027,120
Sold/List (%)	32.00%	116.67%	93.30%	94.30%	-
Price/SqFt (\$)	\$2.32	\$147.62	\$64.87	\$62.50	-
SqFt	676	3,452	1,860	1,820	-
DOM*	8	560	154	120	-

Sale Price Range	Count	Sum Price	Average Price	Median Price	Avg. DOM*
Under \$100,000 – 30 Closings					
\$0 – \$9,999	1	\$8,000	\$8,000	\$8,000	46
\$10,000 – \$19,999	3	\$40,000	\$13,333	\$11,000	144
\$30,000 – \$39,999	5	\$172,485	\$34,497	\$35,000	187
\$40,000 – \$49,999	1	\$48,000	\$48,000	\$48,000	31
\$50,000 – \$59,999	5	\$267,400	\$53,480	\$55,000	245
\$60,000 – \$69,999	5	\$337,800	\$67,560	\$68,000	140
\$70,000 – \$79,999	2	\$142,500	\$71,250	\$71,250	79
\$80,000 – \$89,999	4	\$332,400	\$83,100	\$81,250	168
\$90,000 – \$99,999	4	\$366,000	\$91,500	\$91,500	185
\$100,000 - \$150,000 – 18 Closings					
\$100,000 – \$109,999	4	\$424,000	\$106,000	\$107,500	209
\$110,000 – \$119,999	2	\$226,250	\$113,125	\$113,125	329
\$120,000 – \$129,999	5	\$623,300	\$124,660	\$127,000	73
\$130,000 – \$139,999	3	\$407,900	\$135,967	\$138,000	279
\$140,000 – \$149,999	4	\$577,000	\$144,250	\$144,500	151
\$150,000 to \$179,000– 4 Closings					
\$150,000 – \$159,999	2	\$305,400	\$152,700	\$152,700	166
\$170,000 – \$179,999	2	\$349,000	\$174,500	\$174,000	87
\$180,000 to \$209,000– 8 Closings					
\$180,000 – \$189,999	4	\$725,000	\$182,000	\$180,000	98
\$190,000 – \$199,999	1	\$194,000	\$182,000	\$194,000	35
\$200,000 – \$209,999	3	\$614,185	\$204,728	\$205,000	126
\$210,000 to \$299,999– 8 Closings					
\$210,000 - \$219,999	3	\$639,500	\$213,167	\$213,000	130
\$230,000 - \$239,999	1	\$235,000	\$235,000	\$235,000	43
\$250,000 - \$259,000	1	\$255,000	\$255,000	\$255,000	95
\$260,000 - \$269,999	2	\$532,000	\$266,000	\$266,000	74
\$290,000 - \$299,999	2	\$585,000	\$292,500	\$292,500	57
\$300,000 to \$319,999– 2 Closings					
\$310,000 - \$319,999	2	\$620,000	\$310,000	\$310,000	280
Totals	71	\$9,027,120			
Averages			\$127,143	\$115,000	154

*DOM is days on the market before contract

Source: Nolan County Board of Realtors; CDS Community Development Strategies, 2017 data as of 8/1/17

Table 29: Current Sweetwater Active Listings – August 2017

69 Active Listings as of 8/1/17					
	Low	High	Average	Median	Total
List Price	\$7,000.00	\$944,500.00	\$135,252.00	\$114,900.00	\$9,332,400.00
Price/SqFt	\$9.41	\$287.08	\$70.04	\$63.83	-
SqFt	650	3,762.00	1,807.41	1,700.00	-
Days on Market	3	912	193	98	-

Source: Nolan County Board of Realtors; CDS Community Development Strategies, 2017 data as of 8/1/17

Residential New Construction Trends

Residential Building Permits

Residential building permit activity essentially equates to new housing unit construction. There have only been nine single family homes built in Sweetwater since 2007 which is about an average of one new home per year over the past 10-year period. There is one custom single-family home currently under construction in Sweetwater being built by a local custom builder. Also, Young Farm Estates in Roscoe, 8 miles west has built three homes.

Due to this lack of supply, there is a considerable amount of pent-up demand which has affected (and will continue to affect) the area's ability to grow and provide single-family homes for sale and rent. Indeed, employers interviewed for this study have reported that employees and potential employees have been lost due to the inability to find housing that met their needs and/or budget. Finally, the extreme shortage of new supply has also been responsible for blunting the leverage of buyers, when they should have more bargaining power being that numbers would suggest Sweetwater as a buyer's market.

Single Family Construction Costs

According to local and regional home builders, developers, financiers and real estate professionals it is not as simple as building new speculative houses as current material and labor prices have increase to the point that it is very difficult to build new housing priced below \$185,000 in Nolan County, even from a production builder. However, Young Farms Estates offers a 1,400-square foot floor plan for \$160,000 at \$115 per square foot and a 1,641-square foot floor plan \$189,500 also at \$115 per square foot. The only custom home being built currently in Sweetwater is a 2,540-square foot home listed for \$390,000 or more at \$153 per square foot.

While not directly a component of construction costs, there were many references from local developers, bankers and lenders who shared experience with challenges in financing housing development, specifically citing flaws in the appraisal and comparable sold properties process and buyers not having the appropriate debt to income ratio and necessary down payment for securing financing. Local and regional developers, builders, bankers and lenders shared the notion of apparent risk of financing in Sweetwater versus Abilene. They shared the sentiment that lenders, developers and builders in the area are under the impression that Sweetwater poses higher risk than building in Abilene which some saying flat out why take the risk to lend and develop in Sweetwater when Abilene is a sure thing.

New Single-Family Construction

Roscoe is a city of around 1,300 residents located 8 miles west of Sweetwater on Interstate 20. Young Farm Estates (right) is a new conventional single-family subdivision in Roscoe and currently has 70 total lots (with the ability to further sub-divide to make larger single custom lots) with three homes currently constructed. The most affordable listing is a 1,400-square foot single-family home for \$160,000 at \$115 per square foot. Infrastructure and lot development up to this point has taken place over the past 18 months. With infrastructure complete and the ramp up of full sales and marketing beginning the developer anticipates that at least seven to eight new homes will be completed and occupied in one year or less.



The homes have nine-foot ceilings, granite counters in kitchen and bath and hard surface wood or tile flooring.

This development is the first single family subdivision to be construction project for Nolan County in the past several decades.

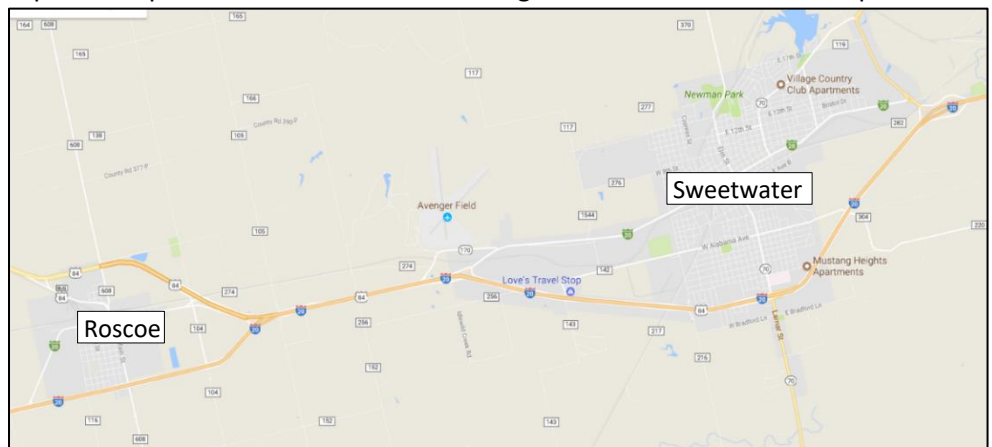
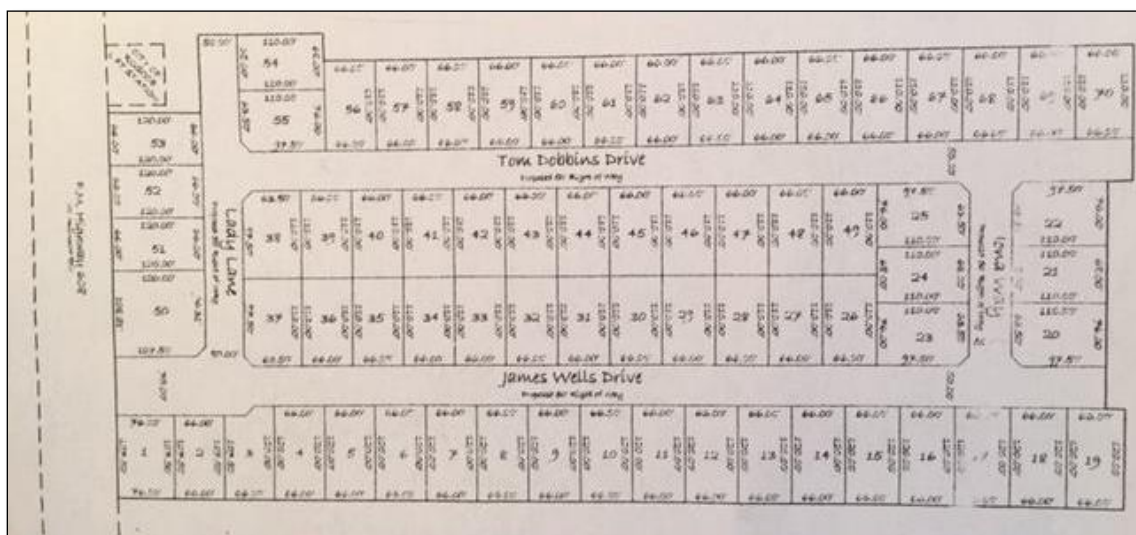


Figure 5: Young Farm Estates Plat Map



According to 2014 commuting patterns stated earlier in Table 12 located on page 21 of this report, nearly 3,000 workers commute into Sweetwater each day for work. This trend was echoed in Employee Survey results as well as with discussion group participants. Evidence and anecdotes firmly back up that new housing construction in southern Abilene, specifically new subdivisions being built within Wylie I.S.D. is a very popular location for commuters working in Sweetwater and living elsewhere.

After talks with discussion groups CDS gained insight into the names and locations of popular new housing construction projects in the southwest Abilene area shown in the map below. Subdivisions visited range from brand new construction to built out neighborhoods.

Most lacked community amenities such as community pools, parks and playgrounds, while several did have streets providing sidewalks, curbs and gutters. Several subdivisions were decidedly basic starter homes yet others were large lot subdivisions designed for recreation vehicles and campers, like Pack Saddle Prairie which featured oversized lots with large metal garage storage structures for buses, campers, boats, workshops and other recreational vehicles.

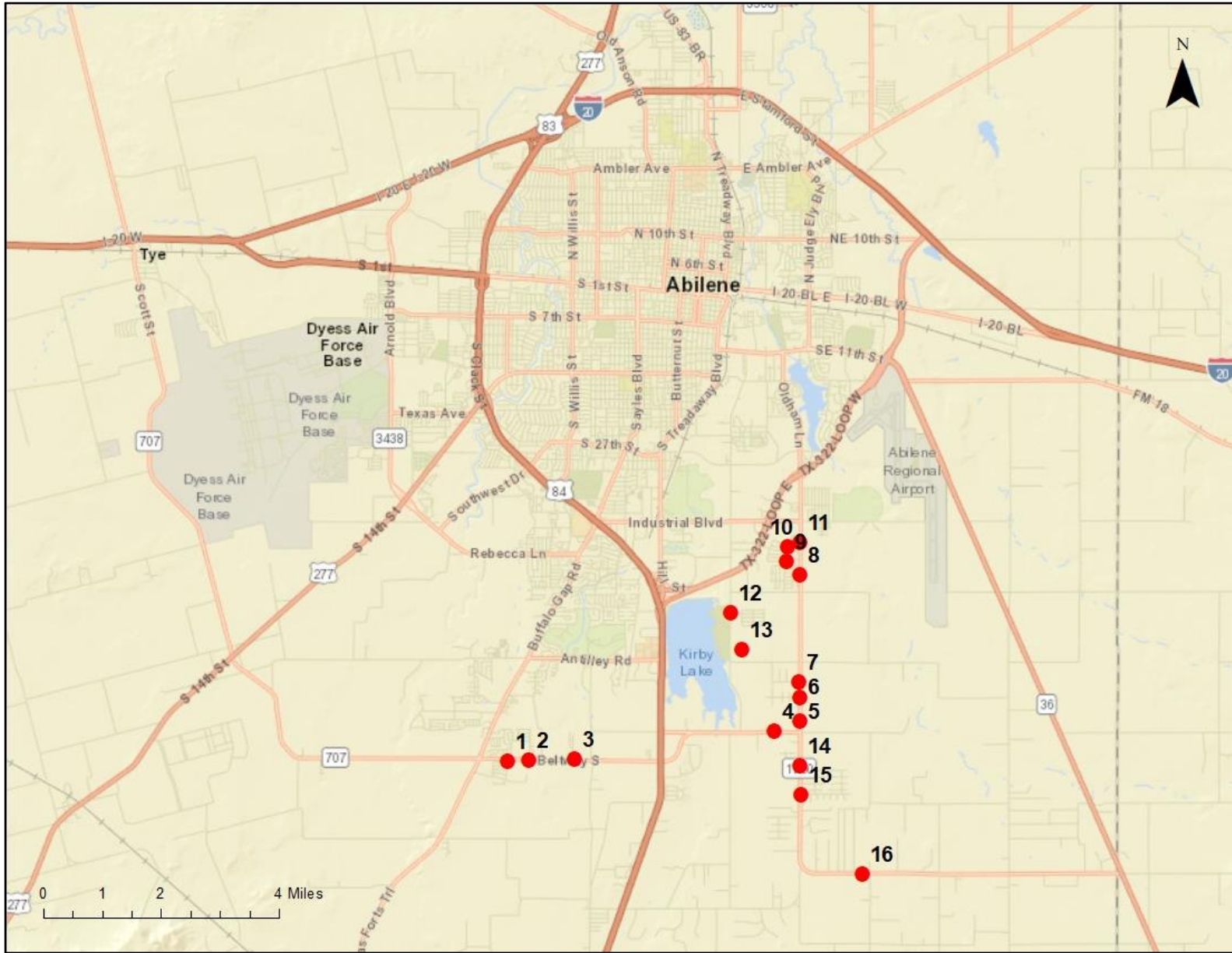
The homes are selling in the Potosi Prairie subdivision (map id #16) from \$149,900 (\$120.50 per square foot) for 1,244 square foot, brand new construction detached units making up the lowest end of the south Abilene/Wylie I.S.D. new housing market. In the Vaquero Ranch subdivision (11 on the map) homes sell for up to \$1,200,000 (\$217 per square foot) for the largest 5,532 square foot hacienda-style detached units. Square footage in the subdivisions observed ranges from a low of 1,191 to a high of 5,532 square feet.

With conversations with builders in Abilene they keenly understand the Sweetwater market lacks supply of new housing, especially newer homes with higher ceilings, newer fixtures and finishes, and most of all 4-bedroom homes in the \$150,000 to \$175,000 range. Abilene builders admitted that Sweetwater workers with housing needs requiring a 4-bedroom home with a budget of less than \$175,000 for a brand-new home almost exclusively elect to locate in Abilene. Although many builders did attribute demand, popularity and success of new construction in south Abilene to the general high regard for Wylie I.S.D. they believe that the requirement for families needing 3 and 4-bedroom homes within their household budget may be the strongest aspect of demand for Sweetwater workers locating in Abilene.

The most affordably listed newly constructed home in the Sweetwater area is located in Roscoe's Young Farm Estates for \$160,000 for those who elect to spend less or are required due to household budget constraints to look at new homes below \$160,000, Abilene offers a very enticing alternative along with lower prices, more shopping, dining and schooling options.

Table 30 on page 30 shows a breakdown of ranges for listed home prices, price per square foot and other details for subdivisions observed in the south Abilene area. Most of these developments are actively selling lots to builders but some do provide the option to consumers to purchase lots for custom built homes.

Figure 6: South Abilene Subdivisions



Map Key

- | | | | |
|-----------------------|----------------------|--------------------------|---------------------|
| 1 – Bella Estates | 6 –Black Hawk | 11 – Vaquero Ranch | 16 – Potosi Prairie |
| 2 – Cimarron Trail | 7 – Colonial Hills | 12 – Sugar Berry | |
| 3 – Tuscany Trails | 8 – Bunny Run | 13 – South Lake Estates | |
| 4 – Sawgrass | 9 – Indian Wells | 14 – Pack Saddle Creek | |
| 5 – Mocking Bird Hill | 10 – Lone Star Ranch | 15 – Pack Saddle Prairie | |

Table 30: South Abilene Area Single-Family Housing

Map Number	Subdivision	Square Foot Range		List Price Range		Current List Price/SqFt Range		Subdivision Details
1	Bella Vista Estates	2,606	3,997	\$259,900	\$497,500	\$99.73	\$124.47	no community amenities, no sidewalks, no amenities 4 bed 3 bath
2	Cimarron Trail	2,418	2,698	\$313,500	\$399,900	\$129.65	\$148.22	4 bed 2 bath - 4 bed 3 bath, sidewalks, expanding new section, brick, stucco, metal exterior finishes
3	Tuscany Trails	1,780	1,707	\$167,000	\$199,900	\$93.82	\$117.11	3 bed 2 bath - 4 bed 2 bath, no sidewalks, several finished, unsold homes
4	Sawgrass	2,304	3,322	\$336,000	\$475,000	\$145.83	\$142.99	built out but has new section under construction 3 bed 2 bath - 4 bed 3 bath, no sidewalks, few finished unsold homes
5	Mocking Bird Hill	4,280	5,298	\$649,900	\$775,000	\$151.85	\$146.28	Large Lots for sale, 4 beds 3 bath - 5 bed 5 bath, lots for sale, some newly built homes, no sidewalks, wine barrel community mailbox
6	Black Hawk	2,547	-	\$233,196	-	\$91.56	-	existing, built out, some existing homes for sale, no curb, no gutters, no sidewalks
7	Colonial Hills	2,189	-	\$213,000	-	\$97.30	-	existing, built out, some existing homes for sale, older homes, unpaved gravel driveways
8	Bunny Run	1,777	1,982	\$209,900	\$249,000	\$118.12	\$125.63	3 bed 2 bath - 4 bed 2 bath, brick and stone exteriors, sidewalks, small lots for sale, new starter homes
9	Indian Wells	1,435	1,791	\$174,900	\$220,000	\$121.88	\$122.84	3 bed 2 bath - 3 bed 2 bath, no sidewalks, wide streets
10	Lone Star Ranch	2,103	2,334	\$264,000	\$298,900	\$125.53	\$128.06	community pool, 4 bed 2 bath - 3 bed 2 bath, not many for sale, built out, community pool, sidewalks, neighborhood retail
11	Vaquero Ranch	3,922	5,532	\$750,000	\$1,200,000	\$191.23	\$216.92	large lot, gated driveways, hacienda-style homes
12	Sugar Berry	1,191	1,614	\$168,861	\$184,900	\$141.78	\$114.56	mostly built out, small handful of new lots for new construction, 3 beds 2 baths, sidewalks, starter neighborhood, affordable entry into Wylie I.S.D.
13	South Lake Estates	1,661	2,097	\$209,900	\$255,900	\$126.37	\$122.03	nearing build out, 3 bed 2 bath, 4 bed 2 bath, sidewalks, some built out, ne section construction, high volume of new construction
14	Pack Saddle Creek	2,715	4,049	\$385,000	\$669,000	\$141.80	\$165.23	4 Bedrooms 3 Baths, 4 bed 4 bath, no curb, large lots, large setbacks, some for sale, one under construction
15	Pack Saddle Prairie	2,217	2,374	\$269,900	\$305,000	\$121.74	\$128.48	Large lot, built out 4 bed 2 bath, 4 bed 3 bath, large metal sheds, barns,
16	Potosi Prairie	1,244	1,667	\$149,900	\$194,900	\$120.50	\$116.92	Brand new, 3 Bedrooms 2 Baths, 4 Bedrooms 2 Baths biggest competition for Sweetwater/Roscoe for starter homes and lowest priced new construction in the region

Figure 7: South Abilene Area New Home Construction



HOUSING MARKET TRENDS – MULTI-FAMILY RENTALS

Existing Multi-Family Market Rate Units

Table 31 is a listing of the market rate apartment complexes in Sweetwater. There have not been new market rate multi-family constructed in Sweetwater since the late 1980's. In 2013 a new 80-unit multi-family complex, Mustang Heights was constructed on the southeast side of Sweetwater on the north side of Interstate 20 however this is an income restricted complex.

With no competition except for rental single family detached houses and a small handful of duplexes the complexes range from low ninety percent occupancy to less than fifty percent occupancy. Some of the vacancy in certain developments like Apple Creek and El Presidente are due to renovations to units as they turnover. Due to the lack of new market rate apartments landlords can essentially charge as much as they can justify, even in very outdated units lacking updated exterior and interior finishes.

According to conversations with various local site managers, Hillcrest, Apple Creek, El Presidente, Monticello, Spanish Arms (recently had new entire new roof installed) and The Village Country Club are all undergoing interior updates as tenant turnover takes place. Conversations with managers also revealed many tenants commonly have tenure of several years or more, resulting in interior updates occurring at a less than optimal frequency.

There are seven market rate complexes in Sweetwater with a unit total of 373 units. Average square footage is 852 with an average rent of \$571 at \$1.07 per square foot. Rents range from \$0.60 per square foot for the second oldest complex (Monticello) to \$0.92 per square foot for the newer more recently updated Apple Creek. Many of the complexes charge do not cater to one particular renter cohort. Each complex manager stated that their renter profiles range from singles just out of college beginning their career in one of Sweetwater's core industries, to long time workers in their mid to late years, families with children and retired senior citizens. No apartment complex manager interviewed shared any information regarding waitlists. Multifamily managers shared their insight that demand for market rate rentals is flat or down compared to previous years, in their opinion attributed to fall in oil and gas prices and lack of entertainment, retail and dining in Sweetwater. The only indication with regards to projecting market rate apartment demand originated from employers referring to instances of individuals they were recruiting to work in Sweetwater who elected not to take jobs due to the absence of new market rate apartment complexes.

Table 31: Existing Market Rate Apartment Complexes in Sweetwater

Name	Building Address	Number of Units	Vacancy %	Number of Eff. Units	Number of 1 Bedrooms	Number of 2 Bedrooms	Number of 3 Bedrooms	Year Built/Reno	Avg Unit SF
Apple Creek	1601 Grand Ave	124	52.4%	32	28	64	0	1988/Now	700
The Village Country Club	1701 Hailey St	60	8.3%	0	40	20	0	1982/Now	850
Hillcrest	801 E 14th St	34	14.7%	0	0	34	0	1951/Now	1,050
El Presidente	1715 Hailey St	40	37.5%	0	4	36	0	1978/Now	810
Spanish Arms	1729 Hailey St	80	20.0%	0	48	32	0	1977/Now	960
Monticello	1613 Josephine St	11	18.2%	0	2	9	0	1952/Now	872
Elm Street Apartments	501 Elm St	24	16.7%	0	6	18	0	1958	925
Total		373	30.0%	32	128	213	0	1969	880

Source: CDS Community Development Strategies

Table 32: Market Rate Rents by Units

Name	Number of Units	Average Unit Sq./Ft	Rent/Sq. Ft of Eff. Units	Rent/Sq. Ft of 1 Bedrooms	Rent/Sq. Ft of 2 Bedrooms	Average Rent/Sq. Ft	Avg Unit Rent
Apple Creek	124	650	\$0.92	\$0.84	\$0.68	\$0.81	\$500
The Village Country Club	60	825	\$0	\$0.65	\$0.62	\$0.64	\$460
Hillcrest	34	1,050	\$0	\$0	\$0.48	\$0.48	\$500
El Presidente	40	743	\$0	\$0.76	\$0.75	\$0.76	\$557
Spanish Arms	80	1,000	\$0	\$0.81	\$0.71	\$0.76	\$750
Monticello	11	825	\$0	\$0.60	\$0.72	\$0.66	\$550
Elm Street Apartments	24	850	\$0	\$0.79	\$0.80	\$0.80	\$675
Total Market Rate	373	852	\$0.92	\$0.74	\$0.68	\$0.78	\$571

Source: CDS Community Development Strategies

Existing Multi-Family Affordable Units

Market rate housing refers to multi-family housing charging rent prices set according to local and regional market indicators such as operating costs, incomes and wages and whether rents are determined by the individual incomes of tenants or not. Affordable housing is a term which includes several types of housing such as income restricted housing, rent subsidized housing, supportive housing, public housing, and others. Like regular market rate housing, most of the affordable housing that is developed today is privately built and owned, either by non-profit organizations or private businesses and corporations. These organizations use a combination of private funding and public subsidies, often in the form of tax credits and/or special loans, to construct new apartments that are affordable for low and moderate-income families. These apartments are typically regulated by state and/or Federal agencies.

The only new apartment complex in Sweetwater charge below-market rents with income restrictions on tenants according to income and household size. They too have an extensive pool of potential renters. There are 448 assisted units in three main complexes and several SHA sites scattered throughout the city listed below in Table 33.

Table 33: Assisted Apartment Complexes

Name	Building Address	Number of Units	Number of Eff. Units	Number of 1 Bedrooms	Number of 2 Bedrooms	Number of 3 Bedrooms	Number of 4 Bedrooms	Year Built	Avg. Unit SF
Apache Bend	515 Newman St	56	0	0	24	32	0	1983	680
Mustang Heights	815 E Arizona Ave	80	0	22	34	24	0	2013	976
Sweetwater Housing Authority	1217 Coral Dr	312	0	130	108	70	4	1970s	985
Total		448	0	152	166	126	4		880

Source: CDS Community Development Strategies

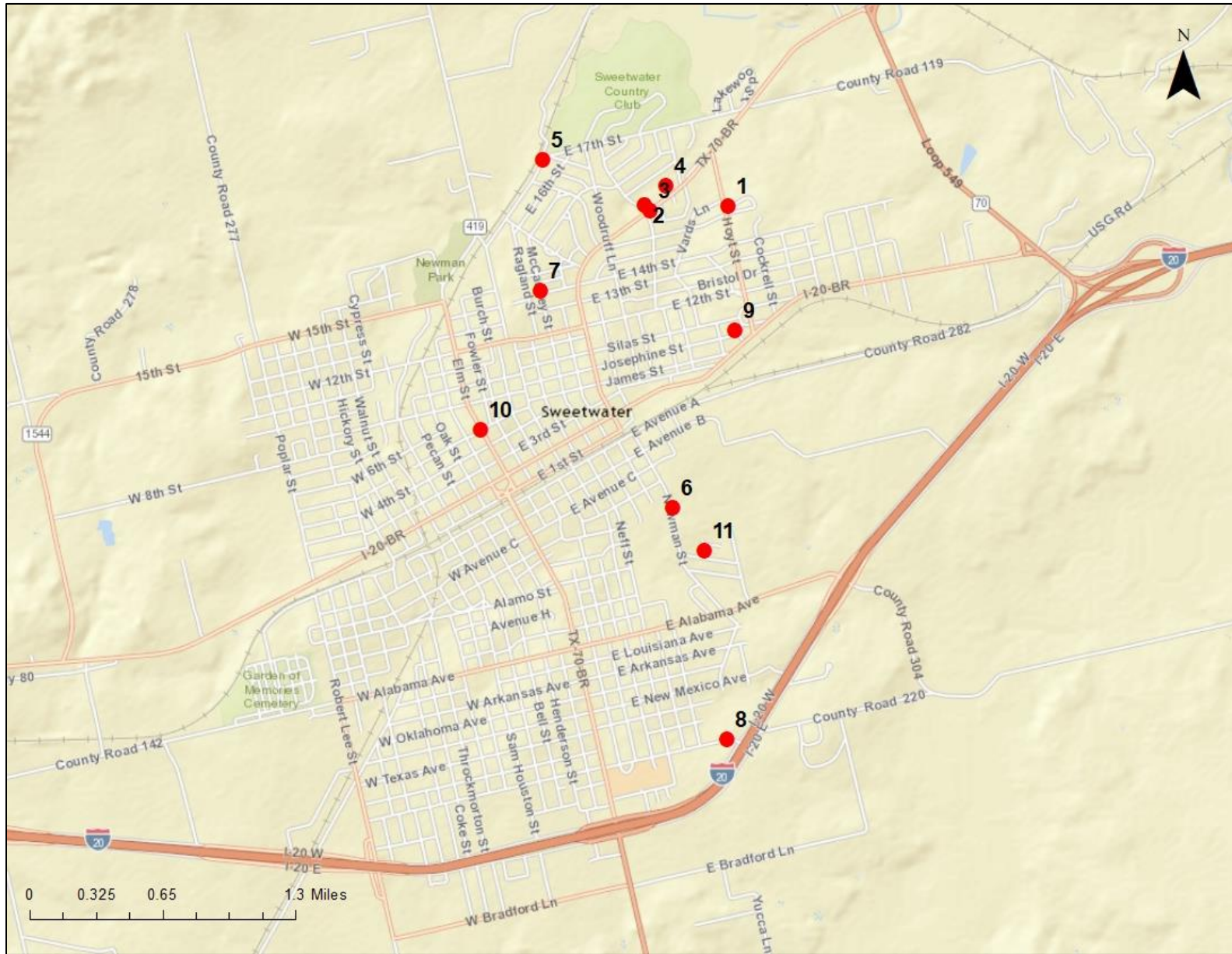
New Apartment Development

Mustang Heights is by far the newest multifamily rental housing built in Sweetwater of any kind. It is income-restricted and assistance based and has a total of 80 units. Mustang Heights is the only apartment complex of any kind in Sweetwater with a playground area, a swimming pool and a fitness center. Survey results show that there is a strong demand for a newly constructed, modern apartment complex with amenities like a fitness center and swimming pool. Units range from 1 bed 700 sf, 2 bed 1,002 sf and 3 bed 1,228 sf floor plans, all with washer and dryer connections in the units.

Figure 8: Mustang Heights



Figure 9: Existing Sweetwater Apartment Complexes



Map Key

- | | | |
|--------------------------|---------------------|-----------------------------------|
| 1 – Apple Creek | 6 – Apache Bend | 11 – Sweetwater Housing Authority |
| 2 – Village Country Club | 7 – Hillcrest | |
| 3 – El Presidente | 8 – Mustang Heights | |
| 4 – Spanish Arms | 9 – Monticello | |
| 5 – Country Club | 10 – Elm Street | |

HOUSING MARKET TRENDS – SINGLE FAMILY DETACHED RENTALS

Leasing of single family detached houses is a popular and lucrative investment in Sweetwater. The lack of new market rate apartments, lack of new single-family homes and the inability of some households to purchase housing leads many to locate houses to rent. An updated house for rent or purchase in a suitable location can be very hard to find in Sweetwater according to feedback gathered from every discussion group interviewed for this study. In fact, as stated earlier in this report much of the existing single-family housing stock was built in the 1950's and earlier and therefore require significant repairs and upgrades with some lacking central air and heat and even others without any window units for heating or cooling whatsoever.

The landlords CDS interviewed say it is not uncommon to receive calls daily from renters searching for single family rental units. In some cases when renovations or upgrades are necessary one property owner estimated turnover can take up to 60 days, however, it is not uncommon to lease a house that is completely updated with modern finishes, open floor plan, new electrical and plumbing and move in ready within 24 hours or less due to tenant's urgency to get into new and upgraded housing necessary for their household size and income.

Sweetwater has a significant amount of lease houses in marginal to blighted condition. Many are owned by absentee landlords who often have little desire to upgrade the properties. Furthermore, due to a severe lack of supply, many landlords are aware that limited options mean some tenants choose to rent despite less than favorable housing quality. Many of these are badly aging 1930s, 1940s, 1950s and 1960s houses. These are listed in Table 34 as the oldest houses with minimal rehabilitation. These can rent from \$600 to \$1,200 depending on size and can capture from \$0.69 to \$0.72 per square foot.

Rehabilitated houses mostly owned by local investors and contractors have the greatest demand and can rent for \$850 to \$1,600 with square footage rents from \$0.73 to \$0.95. Larger newer houses are very rare, to nonexistent in the single-family home rental market in Sweetwater. Interviews with landlords revealed that rents can top out at \$1,500, which rarely is exceeded in rental houses.

Table 34: Sweetwater House Leasing Price Range

Sq. Ft.	Bed/Bath	Price Range \$	Cost/Sq. Ft. \$
Oldest Houses/Minimal Rehabilitation*			
650-800	2/1	\$400-\$600	\$0.69-\$0.72
850-1,000	2/2	\$700-\$800	\$0.80-\$0.82
1,100-1,750	3/1 & 2	\$850-\$1,200	\$0.69-\$0.77
Rehabilitated Houses**			
950-1,100	2/1	\$950-\$1,000	\$0.89-\$0.91
1,100-1,400	3/2	\$1,050-\$1,200	\$0.86-\$0.95
1,500-2,200	3 & 4/2	\$1,200-\$1,600	\$0.73-\$0.80
Larger Newer Houses			
1,500-2,000	3 & 4/2	\$1,250-\$1,500	\$0.75-\$0.83
2,000-2,500	4 & 5/3	\$1,500-\$1,850	\$0.74-\$0.75

*1940s, 1950s & 1960s, many absentee owners, often no central air and heating **Usually local landlords

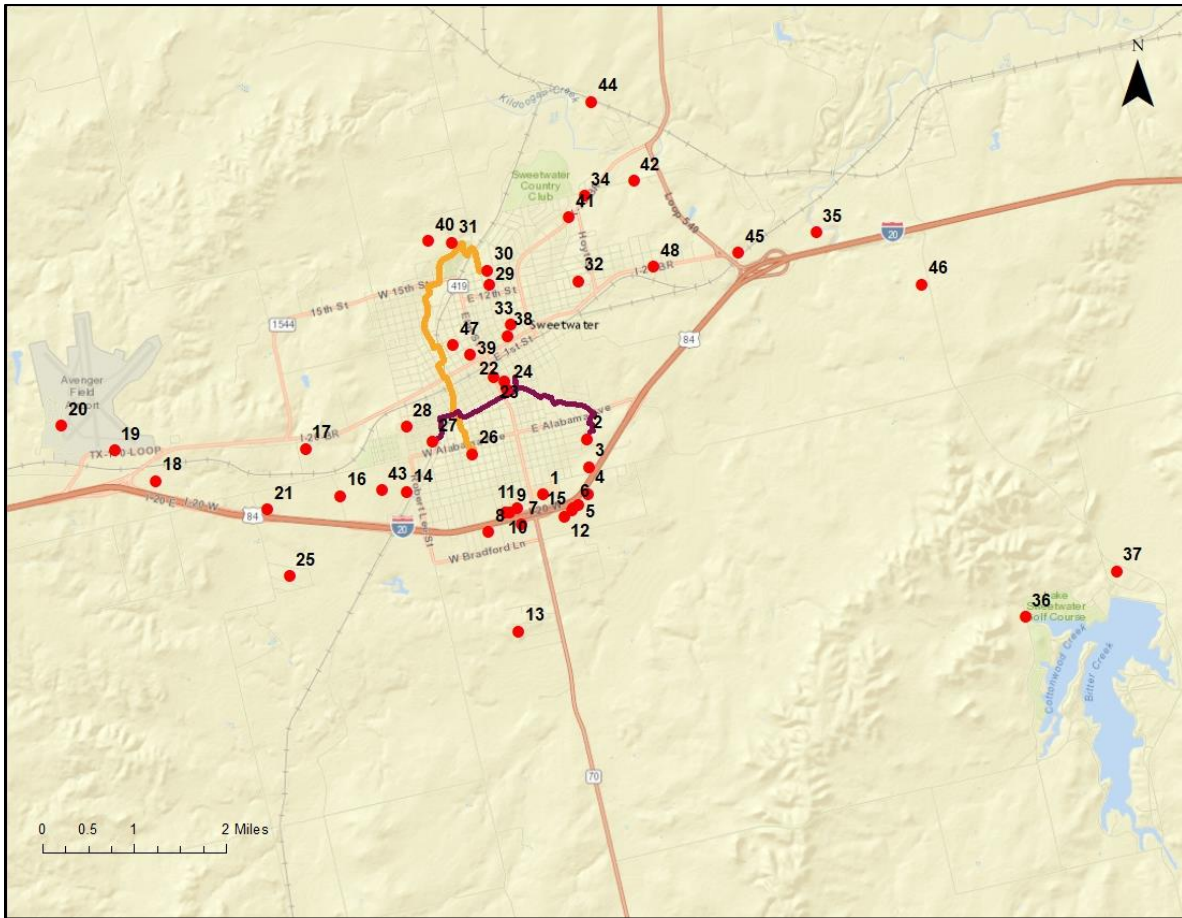
Source: Sweetwater investors, realtors, appraisers, landlords, and CDS estimates



Very few of the rental houses are listed on the MLS and most are only advertised on local Facebook pages. This makes it difficult for landlords to determine rental rates in a conventional manner of comparison. Most landlords that CDS spoke with said they base their price on comparable existing rental rates yet others perform more sophisticated calculations to determine a price per square foot for their cost and therefore adjust rental rates to cover their cost per square foot. It has been mentioned that supply can be so tight that many tenants were reportedly renting below their means and settling for lower quality. It has also been reported that some households that would have normally rented housing separately have chosen to jointly rent single family homes because of lack of available options.

Housing Key Points Summary

- Approximately 78.9% (3,966) of the housing units in Sweetwater are single family detached. Of those about 63.8% are owner occupied (2,737) leaving 36.2% (1,555) as single-family rentals. Duplex and four-plex units account for 320 units (6.4%), mobile homes 224 (4.5%) and attached apartments are 469 (9.3%).
- Of all housing units built in Sweetwater 91.4% was built before 1990 leaving only 8.6% of Sweetwater's housing units constructed 1990 to present.
- Housing estimates for 2017 show 2,737 owner occupied houses in Sweetwater with a median value of \$54,474. Single family for sale home trends.
- From 2014 through August 1, 2017 there were 352 closings in all price ranges for an average of 88 closings per year. For the most sales at nearly 60% of all sales of the Under \$100,000 houses had an average price of \$50,464. Following this the \$100,000 to \$150,000 houses at 20% of sales had an average price of \$124,278. For the Over 27 closings in the \$210,000 to \$299,999 price range (8% of all closings) those sales averaged \$246,758.
- As of August 2017, there were 69 active home listings in Sweetwater for an average list price of \$135,353 and median list price of \$114,900.
- There have been 10 homes constructed in Sweetwater since 2007.
- Construction of housing in the Sweetwater area consists of a 70-lot conventional suburban-style single-family home development called Young Farm Estates located in Roscoe, 8 miles west of Sweetwater and a single, large lot custom home being built in Sweetwater.
- New housing construction in the Sweetwater area based on CDS research ranges from \$115 per square foot for a newly constructed 1,400 square foot single-family home to \$153 per square foot for a 2,540-square foot home.

Figure 10: Sweetwater Community Asset Map



Map Key				
1-Rolling Plains Memorial Hospital	11-Best Western Plus Inn & Suites	21-Microtel Inn and Suites by Wyndham	31-Newman Park	41-Patio Homes
2-Southeast Elementary School	12-Country Hearth Inn & Suites	22-Reagan Junior High	32-East Ridge Elementary School	42-Coronado Ridge
3-Studio 6	13-Southview Addition	23-Greyhound: Bus Stop	33-Sweetwater Intermediate School	43-Industrial Park
4-Hotel Under Construction	14-EMA ELECTROMECHANICS	24-Sweetwater Middle School	34-Santa Fe Park	44-BNSF Sweetwater Yard
5-Hampton Inn	15-Tesla Supercharger	25-County Estates	35-Garden of Memories	45-United States Gypsum Co
6-Holiday Inn Express & Suites	16-Plains Cotton Warehouse	26-Fralely Park	36-Sweetwater Municipal Golf Course	46-Georgia-Pacific
7-Ranch House Motel & Restaurant	17-Industrial Park	27-Jones Park	37-Lake Sweetwater Municipal Campground	47-Ludlum Measurements Inc
8-Stay Express Inn & Suites	18-Industrial Park	28-Booker T. Washington Park	38-Pioneer City County Museum	48-Wind Energy Turbine Services
9-La Quinta Inn	19-National Wasp WWII Museum	29-Sweetwater High School	39-Sweetwater Downtown	49-  Trail Segment A (2.7 Miles)
10-Budget Inn	20-Texas State Technical College	30-Mustang Bowl	40-Nolan County Coliseum	50-  Trail Segment B (2.2 Miles)

Source: CDS Community Development Strategies

Sweetwater Community Assets

From a community economic development and revitalization standpoint Sweetwater is well endowed with community assets that can be the basis for asset based community economic development. The map in Figure 10 on the previous page shows the location of many of Sweetwater's fixed assets that are the foundational cornerstones which local economic and community development are built on.



Xeriscaping in a residential neighborhood in Midland, Tx

In group discussions some mentioned the lack of green foliage and a well-manicured aesthetic of the town. This is due to Sweetwater's climate and during times of drought or below average rainfall it is difficult to have green grass. The city, property owners and other organizations may consider xeriscaping. Lubbock, Texas is a notable example of residential and public space xeriscaping. It does not rely on water and is a low cost, sustainable, environmentally friendly technique that can save and maximize tax dollars.



Xeriscaping on commercial property in Lubbock, Tx.

Based on survey respondents many reported a lack of activities and things to do in Sweetwater. The new parks plan currently under consideration by the city will be a strong response to



Laffite Greenway, New Orleans, LA

this issue and will represent a significant investment not only in providing activities but also low-cost transportation and better access to exercise and mobility. The Sweetwater parks plan includes two trails,



Laffite Greenway, New Orleans, LA

Segment A and Segment B (shown in the asset map on the previous page)

that has the potential to connect and activate the city's public spaces, historic districts, downtown and shopping. Many cities have used urban trails or greenways to revitalize distressed neighborhoods, improve public health, rehabilitate commercial, industrial and residential properties, incorporate public art and beautification and increase retail sales, commercial rents and property values. New Orleans' Laffite Greenway is a perfect example of this as it connects lower income hospitality workers to their homes and work and gives tourists and families public space to spend time at and routes to and from shopping.

Sweetwater has unlimited potential locked away in its traditional street grid, charming residential architecture and neighborhoods and historic buildings and a downtown square. Many survey respondents mentioned the desire for the downtown to be activated which makes sense because many smaller Texas cities invest heavily into their historic downtowns such as Grandbury, Texas which provides a great example of a historic downtown square being reactivated and a smash hit with visitors and locals.



The Square-Grandbury, Tx

DISCUSSION GROUP SUMMARIES

As part of this study, SEED arranged five different discussion groups to assist CDS in gathering information and feedback. Each discussion group included participants from a different but related part of the community that is concerned with the housing situation in the Sweetwater area. A summary of the key points and conclusions from each discussion group are contained in this section.

Realtors

- For sale upper level homes are lacking. Newly constructed homes for \$300k and above is seriously lacking.
- “We have 45 single family rental homes with about 10% vacancy due to lower demand than in past years because there is not enough in migration, not a lot of job growth bringing in new residents”.
- Some renters of single family homes are in arrears right now.
- Folks got into rental market investing when the shale boom was being touted. Typical rent ranges from \$400 to \$1,000 for 2 and 3-bedroom rental houses.
- We need to figure out how to build or update nice new single-family homes but that Sweetwater residents can afford.
- Existing housing stock issue – a \$100k, \$120k, \$150k home needs \$100k worth of renovations and upgrades.
- It is common for a home to be on the market for 9 to 10 months at any price.
- One home for sale listed at \$175k was appraised for \$165k, this is a very frequent issue when selling a home in Sweetwater.
- There is housing inventory available, but it is not desirable. There are better homes elsewhere for the same prices you find in Sweetwater and in Sweetwater they aren’t in brand new subdivisions.
- Infrastructure costs are prohibitive for developing new subdivisions in Sweetwater.
- Just helped 4 or 5 hospital workers find a place in Abilene, they commute to Sweetwater because they can’t afford to build new in Sweetwater and need to buy existing homes.
- Homes built in the 80s and 90s in Sweetwater are the fastest moving when they go on the market.
- Abilene has the perception of a better quality of life, schools, sports, activities, shopping, dining, recreation, entertainment.
- The cost for a builder is 2 to 4 times higher in Sweetwater than Abilene.
- School district perception has an impact on housing, it makes Wylie I.S.D. a big competitor with Sweetwater which is why a lot of new homes are being built in that part of Abilene.
- Good things about Sweetwater are the convenience, small town atmosphere, friendly, very low crime, safe, two golf courses, outdoor activities, hospital is improving, offering more healthcare services in general, karaoke bars, gun ranges, Interstate 20 traffic is growing.
- The intersection at Interstate 20 and Highway 70 needs to be improved and developed more intensely.
- Main drawbacks are high property taxes, which is a number one complaint because houses are old and outdated but pay \$2,300 per year in taxes.
- Sweetwater combined tax rate is \$2.66.
- Lakewood home for sale listed at \$279k, assessed value \$359k but at the same time some homes are assessed for less than what they are listed for sale for.

- Sweetwater is the only town of its size in Texas with its own fire department.
- For a city the size of Sweetwater we have more than any other city in Texas our size in terms of city services.
- Also for a town this small there is a significant number of engineers, CFO's, and highly skilled, highly educated, high wage earners compared to other comparable cities.
- Single family rental owners are locals, but most multifamily owners are absentee owners or investors.
- Other than the Country Club area and around the golf course many neighborhoods look very neglected and unkept so even if there is a home someone wanted to buy it may be in a less than desirable neighborhood.
- Infill could work since there is existing infrastructure to tap into and could provide entry level affordable homes however most won't sell their home for \$10k, even if that is what it's worth, they'll want \$30k.
- Target infill sites are the acreage behind Holiday Inn Express on the south side of I-20, within city limits.
- There is potential demand from existing owners moving out to buy a different home to downsize or get into a better-quality home or need more rooms for kids or in-laws.
- New 1,600 square foot home may be the same price as what someone who sells their home with 2,500 square feet for.
- Key price range for rental units depends on location, size, etc. – 2 bed 1 bath \$600 per month or \$800 to \$850.
- Most apartments are \$650 a month, \$1,100 to \$1,200 for single family home rental in good location, 3 bed 1 bath or 1 and ½ bath.
- Not enough market rate apartments and existing apartments are at least 20 years old and older.
- Houses priced from \$50,000 to \$100,000 are purchased by investors for fix up and rentals.
- Lack of housing in the \$180,000 to \$250,000 range, new houses are small in the 1,300-sq. ft. range.
- Materials pricing is very high (particularly concrete) and sub-contractors are not good quality or reliable.
- New housing costs are now \$150 to \$160 per sq. ft.
- No \$200,000 speculative homes to purchase.
- Most new mortgages are FHA and USDA due to lack of down payment.
- The up-shot is housing expectations from employees relocating from major metro areas are not being met.
- Difficult to keep young singles and couples due to lack of weekend entertainment venues. Hunting and fishing is not enough.
- Obsolete housing located near good housing and often near schools, code enforcement needs to be stepped up, no HOA enforcement to improve neighborhoods. Difficult to find housing with amenities, good neighborhood, safety perception and schools together at one location, particularly for middle income buyers.
- Some younger buyers, college grads looking for modern rentals, do not find architecture of older home appealing or workable.
- Sweetwater school district is perceived as lower in academics than Roscoe or Wylie ISD.
- Developing housing in Sweetwater is too difficult because there is not enough room to profit, it takes 20 years with no assistance to build out and sell a new subdivision of 13 lots.
- Job growth and wage growth is needed, new good paying jobs, a place to sit down and have a drink other than the country club, a sit-down restaurant and a movie theatre are things that need to be developed in Sweetwater.
- Sweetwater does have about 40 local eating places, which is a lot.

- The issue with getting a chain or bigger named restaurant is staffing concerns, lack of housing density, low median incomes, but traffic on Interstate 20 is increasing and that should be able to offset that, the new Schlotzky's does well.
- Something helpful would be to figure out how to provide housing options to attract and retain the engineers and other high earners that continue to refuse to relocate and take job offers in Sweetwater.

Financial

- Have hit a downturn in activity over the last few years following several years of strong demand when oil prices were higher, still feeling a lull. The most affected businesses are service providers that work for companies not located in Sweetwater.
- Big build up during the Shale boom, Devon Energy had plans for a yard but scrapped the deal.
- Good times are when wind (wind turbines) and oil and gas is up. These companies are located west of Sweetwater, but workers live and spend in Sweetwater.
- Local economy is strong.
- In 2008 we had around 700 wind workers, now it's around 250.
- Peaks have been temporarily high due to construction (of new wind turbines) and commercial and industrial buildings.
- Been a while since the construction peak, and not much seems to be on the horizon.
- The hotel/motel occupancy is an indicator of this ebb and flow, when times are good the hotels and motels are full of workers with no vacancies.
- Wind is stable to more stable now.
- Strong non-energy employers like Ludlum who are not growing or shrinking but employ a solid base of workers consistently.
- Cotton/Agriculture, healthcare, Ludlum, school district, livestock are local economic drivers.
- Cattle and cotton has been low recently, \$0.65 a pound in China, here \$1.30.
- Older farmers and ranchers retire but younger farmers aren't replacing them and by 2050 food demand will have doubled.
- One gypsum plant just gave a \$1.25 per hour raises because employees were being enticed away by other industries.
- Gypsum plants produces a lot more with less people than it used to have.
- Cement plant recently completed a \$300 Mill expansion, been very solid the past few years.
- Gyp plants follow national trends and national economy, while Texas generally does not.
- Competitive advantages of Sweetwater – strong sense of community, shared goals, not a big city pace of life, can get to work or across town within 5 minutes, can eat lunch for \$10 or less and be full, with leftovers, not have to wait in line for a table to eat or at the grocery store, cost of living (apart from housing) is low. Have heavy manufacturing, three good local banks, stable economy and stable job base.
- Tremendous amount of programming for community and young children, easy to get involved and be a leader in the community.
- Newcomers are quickly and easily embraced and made to feel at home, and can quickly become members of organizations, serve on boards, volunteer, etc.

- Opportunity from a banking perspective to lend for mortgages is prime.
- There is one tract of land in the city limits for a new subdivision, but it is 40 acres and owners are asking \$1Mill.
- We finance builders and developers in Abilene, there is developer demand there but don't have that here in Sweetwater.
- Housing is cheaper in Abilene due to higher level of competition and higher demand
- Sweetwater lacks choices, someone has to move out or pass away to get a good existing home here.
- Last successful developments in Sweetwater was 10 lots on Fairway Drive and an individual local who did 12 lots, these were done by local real estate insiders, folks with other sources of income.
- We would be willing to lend for spec home development in Sweetwater if their debt to income ratio works.
- Appraisers in Sweetwater can't easily find comps.
- Risky market for lenders, developers and builders, why take risk in Sweetwater when safer to do it in Abilene?
- As far as lending to developers of multifamily and rental homes multifamily is tax credit financed, commercial development over the past years have lending relationships elsewhere, such as a national franchise or chain store.
- Have seen an uptick in demand for investment rental properties, it has been strong for the past five years.
- An outside developer may not be able to find subcontractors in Sweetwater.
- One custom home being built just outside Sweetwater is double what it should cost to build.
- Mennonites out of Seminole are building a home for a local banker, they may be a potential developer for Sweetwater housing.
- The financial vehicle most used for consumer mortgages is FHA for lower income to help with down payment.
- There is more demand here in Sweetwater for housing than we think.
- Problem for developer is where do you develop? Only place with infrastructure is by the high school which is considered somewhat undesirable part of town.
- Between Sweetwater and Interstate 20 by the hospital where homes were demolished due to the 1986 tornado, would be a prime site for home development.
- There is a piece of land about 15 acres outside the city limits could be a larger lot subdivision.
- There is a buildable area north of AT&T tower, owned by Young family.
- Buzzi top employee relocated to Abilene because his wife said she wanted her kids to be involved in Abilene community.
- Sweetwater may not have the best image or reputation, but that is more perception based than reality.
- School district has bad name brand recognition, that can be fixed with marketing.
- How many people are we talking about building new homes for? Because between our three biggest companies we may be talking about providing housing for 12 to 15 people.
- The folks who can afford \$200k homes in Sweetwater won't buy (right now) in Sweetwater.
- Other folks in Sweetwater don't have down payment or emergency savings to buy \$200k home or even lower priced than that.
- Amenities like the golf course and other park areas are hard to maintain during times of drought.
- Dining, shopping, recreation is lacking – the lake could be an asset but its empty, the surrounding area is very rural and it's not what you think of when you think lake front property.
- We probably need 10 to 20 new homes to give people here housing options.

- Prices on existing homes are elevated – existing homes need work – renovation once they are sold/purchased by the new owner can cost as much or more than the house.
- About 12 doctors have decided not to take jobs here because of the housing situation. Same with top engineer recruits at Ludlum. Over the past several years 40 to 50 prospective high wage earners have been lost due to lack of quality affordable housing.
- Changing culture of high wage earners and management who live outside Sweetwater needs to happen.

Apartment Managers and Owners

- Largest complex with most units in Sweetwater are in the process of hiring 2 new maintenance workers. About to upgrade units and will need the extra labor.
- Recently evicted a lot of tenants.
- Tenants range from recent college grads who work at Gypsum plants, some from Lubbock others from Dallas, those from out of town are almost exclusively in Sweetwater for work.
- Many complexes have been mismanaged and neglected for the past 15 or more years.
- Renovations will start soon and will occur as tenant's lease ends and they move out.
- Plan to have about 80% of the units upgraded within the next 12 months.
- Rents will increase on updated units, on average an additional \$25 more per month.
- Rents range from \$450 to \$600.
- No one leaves when rents go up.
- Only two market rate complexes have a pool.
- Most units have washer and dryer hookups but also have laundry room on site.
- A lot of Spanish speaking tenants, maintenance workers are used to translate between tenants and management.
- Tenants range from all ages, most are gainfully employed, working for Gypsum plants, cement plant, school district or go to TSTC.
- Length of stay usually depends on job situation, some elderly tenants are retired.
- Most apartment complex owners are absentee owners who live and work out of state.
- Most pay rent on time but usually average about one eviction per month due to nonpayment of rent.
- Hears the town is full of drugs like meth and cocaine.
- No need for new market rate apartments unless more businesses are brought in to town and population begins growing again.
- It was booming in the late 80s to early 90s and after 1993 everything seemed to vanish, used to be a roller skating rink and movie theatre.

Human Resource Managers and Employers

- One gypsum plant representative says no reduction in hiring operators who make around \$20 to \$25 per hour. There is a need for technical skilled laborers who make around \$22 to \$32 per hour, PLC technicians and electricians make a bit more per hour. Currently have about 30 high salaried employees and 270 total employees. Significant annual turnover due to retirements mean about 15 positions open up each year along with normal turnover.
- Another large employer rep shared they have about 350 employees with pay scales ranging from \$9 per hour to high salaried positions. Always wanting to expand and hire more good workers, no plans on cutting workforce in foreseeable future. Struggle to attract and retain new skilled chemists and engineers. Just lost a young engineer because they wanted to live in Dallas. Single people have a tough time finding homes.
- One manufacturing employer stated 25 total workers currently on the payroll but may double that amount in the next 5 years. The company recently constructed a new facility and plan on bringing in two new workers this year. Lost the chance to hire a prospective employee due to lack of housing options. Three managers have relocated to Sweetwater and the company was forced to purchase two homes and spent more than \$250k in improvements for them to move in. They would like to have a new, modern apartment complex to rent with a nice pool and modern amenities since they are a company founded and based in South America and may not always need permanent residences in single family homes.
- A manufacturing company stated they recently completed a \$300Mill expansion and currently have 125 employees, 2/3rds of which are hourly making \$18 per hour and up. Recently had 5 new managers join, 2 decided to relocate to Abilene.
- Another large manufacturer shared they currently employ 80 workers but have no expansion or contraction plans facility or workforce wise.
- All employer reps expressed struggles with attracting and retaining management and engineers who have relocated to Sweetwater from elsewhere because they are accustomed to more modern housing along with more shopping, dining and entertainment choices.
- One company said operators, mechanics, electricians come from a 50-mile radius of Sweetwater and range from 18 to 40 years old. 80% of the total workers live within a 20-mile radius in and around Sweetwater. Engineers and department managers make up about 18 to 20 of the workers. About 5% of the workers come from all over the U.S. and are typically college graduates. There are about 55 workers in leadership roles and about 40 of them live in Sweetwater and seem that they will be for the foreseeable future.
- One Gyp plant shared that most of their new workers come from outside of Texas, hourly workers mostly come from Sweetwater, Abilene and Nolan County in general and would prefer mechanics and electricians to be local. Salary positions come from colleges out of state, but always better if hourly positions are locals.
- TSTC could offer more workforce training for skill necessary for hourly workers.
- Most high salaried, college educated live in Abilene.
- Entry engineers who make good salary want a nice, modern market rate apartment complex with a nice pool and a lounge area, places to walk to or a 2 or 3-bedroom home with a garage and backyard for dog or pet to live in when they first get to Sweetwater.
- Many single-family homes in Sweetwater do not have central air or heat.

-
- Options are to live in an out dated single family home, remodel and existing home (which is very costly), or move to Abilene and have a brand new built home for \$180,000 or less.
 - Workers say there is only one apartment complex in all of Sweetwater that is appealing.
 - Our companies run better when we can hire locally, or with regard to housing constraints hire anyone at all.
 - Average employee shops and eats locally in Sweetwater but most go to Abilene at least once a week for movie theatre, nice sit-down dinner, school supplies, sporting goods and the mall.
 - If Sweetwater had another place (like Bucks) to shoot pool, drink beer and eat steaks it would be a much more appealing place to interact with coworkers and fellow cohorts from other businesses in the community.
 - Two female workers living in Sweetwater apartment complexes on Hailey were uncomfortable and did not feel safe living there which manifested into poor performance at work, and they were both eventually let go.
 - Young families need more good parks and community swimming pools.
 - Sweetwater is a hard place to bring a family when relocating from a bigger city or metro.
 - Salary workers living in Abilene hurts the social scene – they could all hang out together and share stories and experiences if they all lived in Sweetwater.
 - Sweetwater schools are the white elephant in the room. If there was good housing about 80% of college educated, salaried employees would buy and live in Sweetwater.
 - Housing prices are too high, good homes for sale never hit the market (they are sold through friends, relatives or coworkers) and even those cost \$100 per square foot and still need to be renovated.
 - Most desirable part of town to live is the golf course country club area.
 - A good site for new homes might be the old Ford dealership.
 - Local, high earning, experienced workers would love infill development and live there 20 to 30 years.
 - Young professionals straight out of college need new, modern, amenitized, market rate, college style apartments.
 - Management and executives would be geared more toward full suburban subdivisions with amenities.
 - Roscoe new development Young Farm Estates is not very desirable because it is in between a very active railroad track and next to I-20 which has frequent 18-wheeler traffic and the homes are too small.
 - Everyone loves the patio homes.
 - Nicest housing is overpriced.
 - Land for new home construction is overpriced.
 - Most think folks would pay higher rents (than are currently being charged) for nicer market rate apartments.
 - Housing is the number one recruiting obstacle for bringing in young, educated, technical professionals.
 - Physicians are not allowed to live outside of the county.
 - Vacant single-family homes are not recommended since they require so much work to live in.
 - Many tax delinquent, absentee owned, blighted homes in many neighborhoods in town.
 - New incoming professionals with children almost always elect to live in Abilene.
 - Lack of variety of housing types, no new construction, lack of something with newer updates and modern finishes, high amenity lease and rental properties are lacking.
 - Very little options for older folks to downsize, not enough garden/patio style homes in desirable parts of town.
 - This may cause prospective companies to decide to locate elsewhere instead of Sweetwater.

Home Builders and Developers

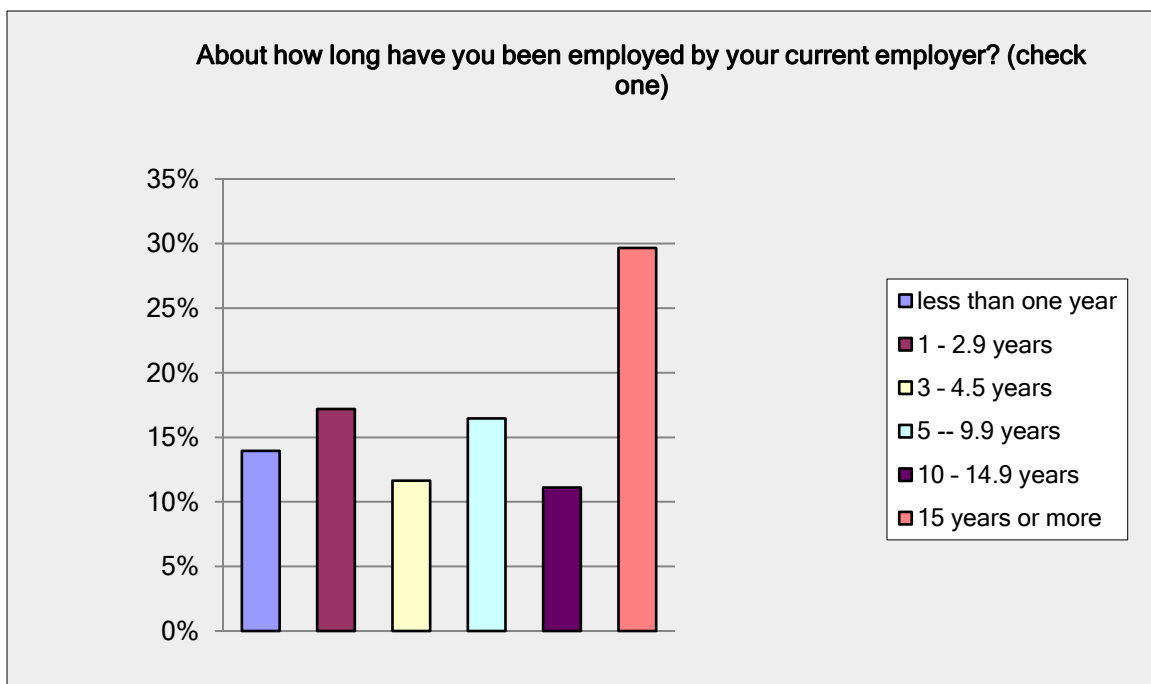
- Asking \$390k (with two current prospective buyers, a local doctor and a guy moving from Arizona) the lot is 120x90 and the home is 2,450 square feet located in the Coronado Ridge neighborhood.
- Skilled trade workers are dwindling in Sweetwater and new workers want \$14 to \$16 per hour which is hard in a community like this, but that is what they are making entry level at the Gyp and cement plants and other energy, manufacturing and engineering type jobs.
- Has built homes in Snyder, Tx successfully.
- Most lots in Sweetwater are worth in the range of \$20k to \$30k.
- I target the top 1% - 2% of buyers because usually have two or three homes being built at the same time and they would need to be absorbed very quickly and absorption takes a very long time in Sweetwater.
- Framing for a \$130k house is the same cost for the most part as for a \$300k house.
- Construction costs more in Sweetwater because all the builders and trades come from Abilene and drive in to work.
- A higher volume of homes under construction could help lower the cost of construction in Sweetwater by making building a bit cheaper, need to build 5 homes at one time and have locally based skilled workers like laborers, plumbers and framers.
- Need more activities outside home for kids, entertainment but some professionals love the size of Sweetwater because they can keep an eye on their kids and family easier.
- It's hard to find sites to build new homes in Sweetwater.
- Wouldn't have a problem building between railroad and interstate on south side of town. But if it is locally owned the greed factor may increase the cost to be prohibitive.
- Infill can justify lots if infrastructure is there, \$10k, \$15k, \$20k a lot – at that point you can justify doing two lots at a time.
- Roscoe lots in Young Farms \$25k, \$180k to \$200k for 1,600 square foot listing at \$190k with no existing infrastructure. (more recent online listings show advertising a home in the \$160's)
- A recommendation may be a building material change. Donahue builders shared that they would not elect to use brick if they were to build affordable starter homes in Sweetwater in order to keep construction costs down, which is a technique they employ when building in Abilene and Wylie I.S.D.
- Question is will current home owners be willing to let a smaller home go to get a bigger and nicer one? 800 to 900 square foot homes that look bad but the home is paid off, are they willing to give up having no house payment for a new house not because then they can't afford to buy a brand new 'sexy' vehicle, which is a very popular trend for workers in Sweetwater.
- Land available on south side of city. Utilities generally available.
- City easier to work with and more proactive than past. Many builders won't build in city.
- Difficult to get appraisals high enough with limited and stale comps.
- Current construction costs average \$115 to \$125 but some say they have seen up to \$150 in Sweetwater.
- Blight removal in city is not good, strong need and demand for neighborhood rehabilitation.
- Ranchettes just outside city are popular.
- Oil pricing has dropped custom house market.

SWEETWATER AREA HOUSING SURVEY

[SECTION TO BE EDITED AND AUGMENTED] As part of this study, a survey was administered by CDS and SEED to better understand the housing needs and preferences of Sweetwater area residents. The survey was conducted in late August of 2017. Local employers played a key role by encouraging their employees to participate. The survey acquired 950 respondents. The respondents work in Sweetwater and most live in Sweetwater.

About how long have you been employed by your current employer? (check one)		
Answer Options	Response Percent	Response Count
less than one year	13.94%	133
1 - 2.9 years	17.19%	164
3 – 4.5 years	11.64%	111
5 -- 9.9 years	16.46%	157
10 – 14.9 years	11.11%	106
15 years or more	29.66%	283

1. The survey sample included a large number of veteran workers who have worked for 15 years or more for the same employer. The second largest group was from 1 to 2.9 years.



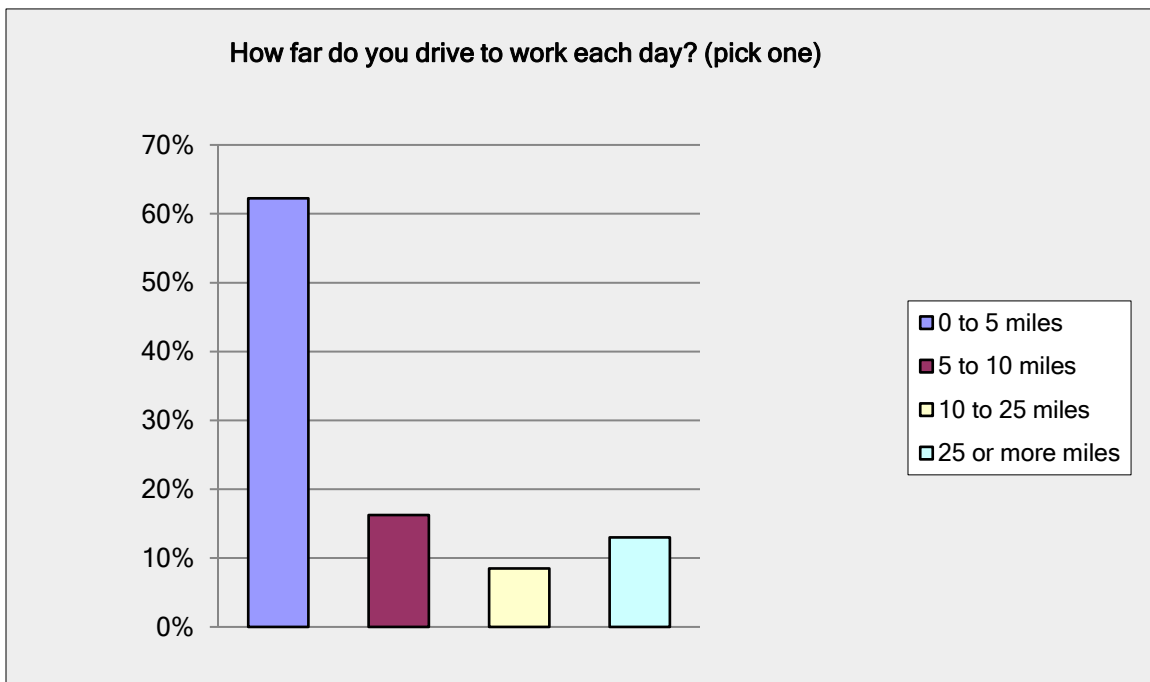
What best describes your employment status?		
Answer Options	Response Percent	Response Count
Employed full time by local Sweetwater employer	95.60%	912
Employed part time by local Sweetwater employer(s)	2.83%	27
Student / intern	0.42%	4
Local independent contractor	0.94%	9
Out of town visiting contractor at local Sweetwater employer	0.21%	2

- The highest number of employees work full time for a local Sweetwater employer and adding the part time employees puts the total at nearly 98.43%. Local and out of town contractors make up only 1.2% of the sample.



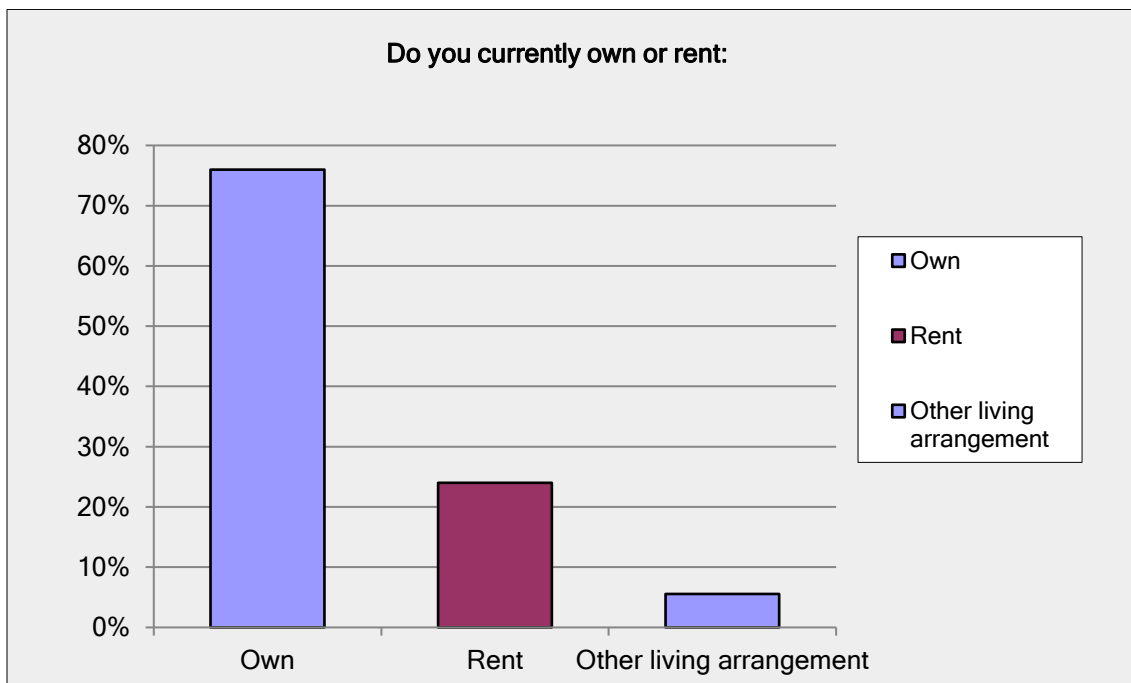
How far do you drive to work each day? (pick one)		
Answer Options	Response Percent	Response Count
0 to 5 miles	62.26%	594
5 to 10 miles	16.25%	155
10 to 25 miles	8.49%	81
25 or more miles	13.00%	124

3. Nearly 63% of employees live within 5 miles of their jobs and 16% drive 5 to 10 miles. But a combed 22% drive 10 or more miles each day, with 124 (13%) respondents driving 25 or more miles.



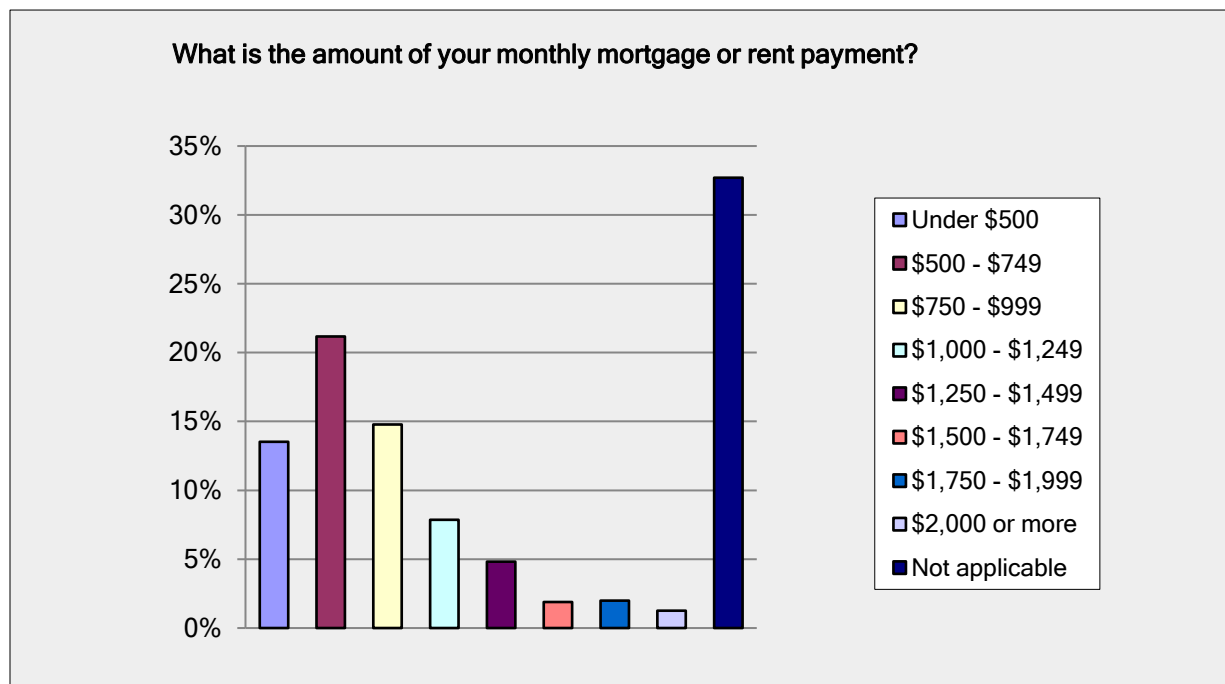
Do you currently own or rent or have another living arrangement?		
Answer Options	Response Percent	Response Count
Own	74.32%	709
Rent	20.13%	192
Other living arrangement	5.56%	53

4. About 75% of employees surveyed own their own home.



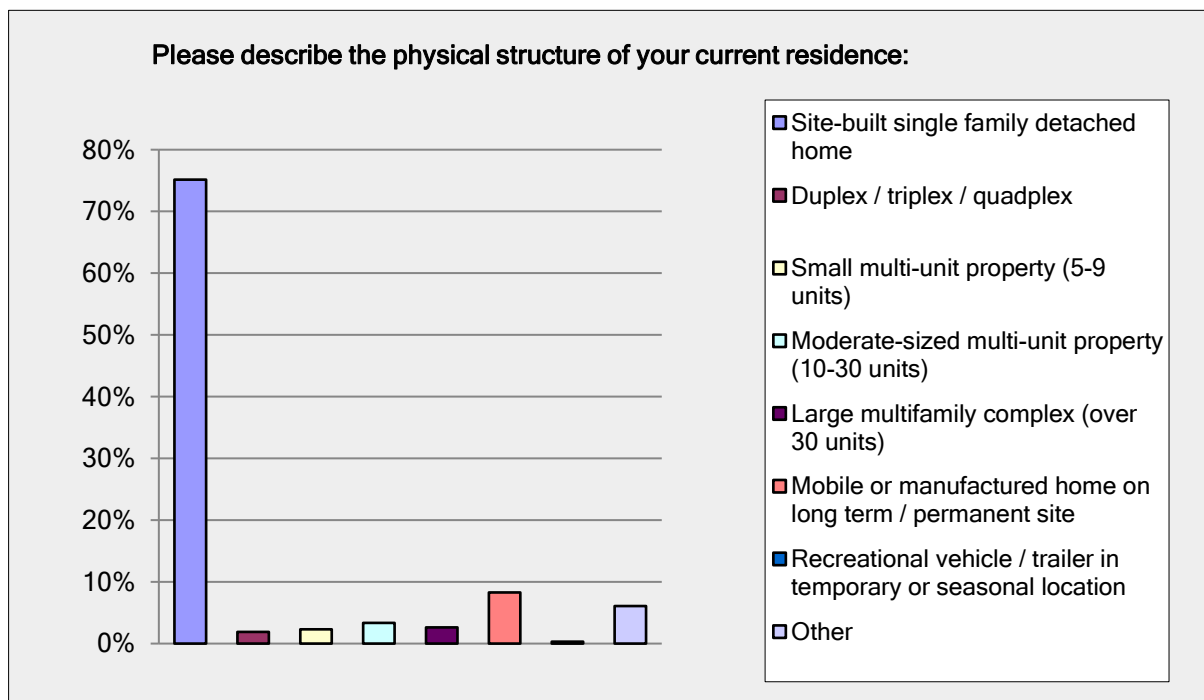
What is the amount of your monthly mortgage or rent payment?		
Answer Options	Response Percent	Response Count
Under \$500	13.52%	129
\$500 - \$749	21.17%	202
\$750 - \$999	14.78%	141
\$1,000 - \$1,249	7.86%	75
\$1,250 - \$1,499	4.82%	46
\$1,500 - \$1,749	1.89%	18
\$1,750 - \$1,999	1.99%	19
\$2,000 or more	1.26%	12
Not applicable	32.70%	312

5. Only about 18% of respondents pay more than \$1,000 for rent or a mortgage payment. Those paying \$1,500 or more (roughly the expected payment range for new housing) is 5%. This leaves 50% of respondents paying below \$1,000 per month. Approximately 33% of respondents stated that no payment was applicable, which likely indicates they have paid off their mortgage.



Please describe the physical structure of your current residence:		
Answer Options	Response Percent	Response Count
Site-built single family detached home	75.16%	717
Duplex / triplex / quadplex	1.89%	18
Small multi-unit property (5-9 units)	2.31%	22
Moderate-sized multi-unit property (10-30 units)	3.35%	32
Large multifamily complex (over 30 units)	2.62%	25
Mobile or manufactured home on long term / permanent site	8.28%	79
Recreational vehicle / trailer in temporary or seasonal location	0.31%	3
Other	6.08%	58

6. About 75% of respondents live in single family detached homes. The second highest category is mobile/manufactured housing, followed closely by Other at 6%, which could indicate residents living outside the city limits in rural areas of Nolan County surrounding Sweetwater. All types of multi-family apartment complexes combined represent 8% of residence resident type.

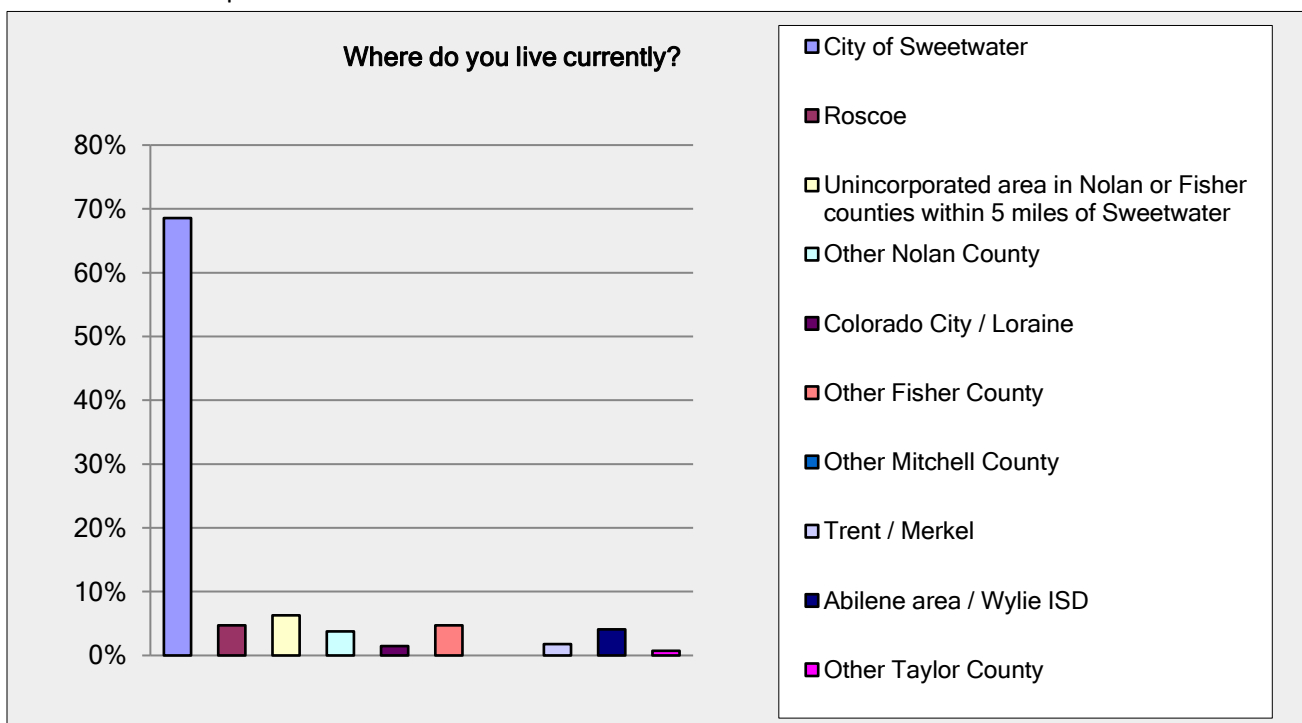


Please state the 5-digit ZIP code of your current residence:		
Answer Options	Response Percent	Response Count
City of Sweetwater (79556)	78.9%	243
Roscoe	3.57%	11
Roby	1.9%	6
Trent	1.5%	6
Merkel	1.6%	5
Abilene	1.3%	4
Blackwell	1.3%	4
Colorado City	1.3%	4
Rotan	1.0%	3
Other (please specify where)	7.1%	22

7. Regarding their residential zip code, 243 respondents (83%) live in Sweetwater and another 65 live in the areas listed or elsewhere.

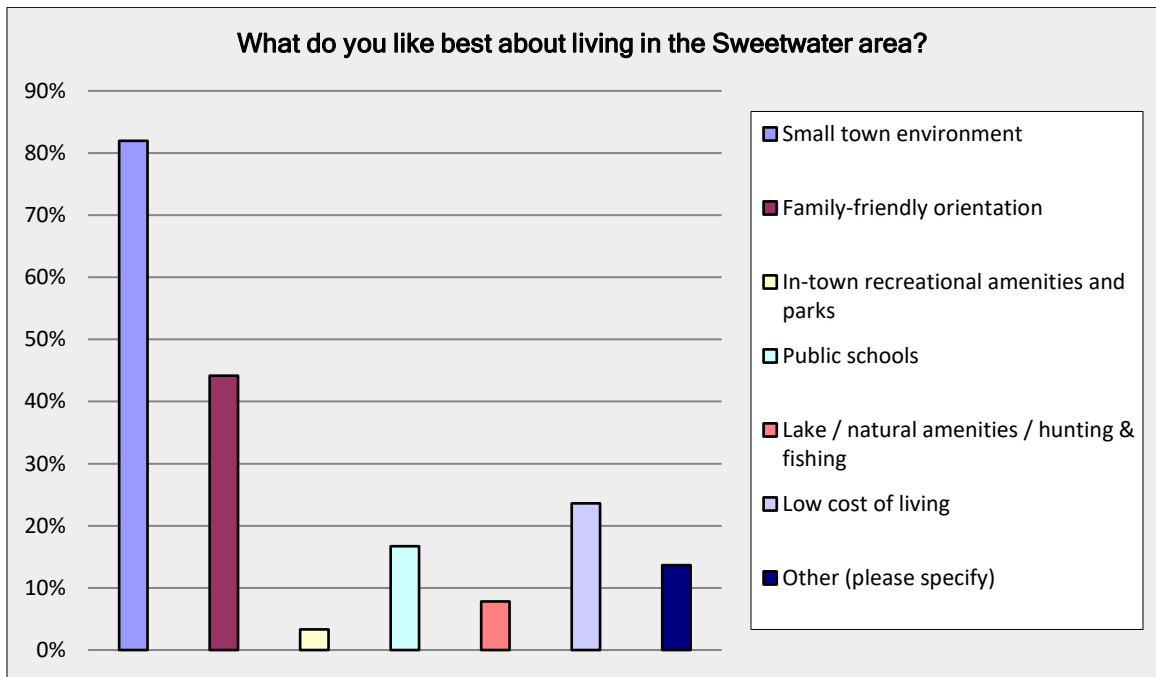
Where do you live currently? (pick one)		
Answer Options	Response Percent	Response Count
City of Sweetwater	68.55%	654
Roscoe	4.72%	45
Unincorporated area in Nolan or Fisher counties within 5 miles of Sweetwater	6.29%	60
Other Nolan County	3.77%	36
Colorado City / Loraine	1.47%	14
Other Fisher County	4.72%	45
Other Mitchell County	0.00%	0
Trent / Merkel	1.78%	17
Abilene area / Wylie ISD	4.09%	39
Other Taylor County	0.73%	7
Snyder / Scurry County	0.84%	8
Elsewhere (please specify where)	3.04%	29

8. Almost 70% of respondents said they live in the City of Sweetwater. The next largest response was Unincorporated area in Nolan or Fisher counties within 5 miles of Sweetwater at 6%. However, Roscoe, Fisher County and Abilene Area, respectively, combined were 14% of respondents which would replace Unincorporated area in Nolan or Fisher counties within 5 miles of Sweetwater as the next most popular place to live from respondents.



What do you like best about living in the Sweetwater area? (Choose up to three things – you may offer your own opinion as one choice after “Other”)		
Answer Options	Response Percent	Response Count
Small town environment	81.96%	618
Family-friendly orientation	44.16%	333
In-town recreational amenities and parks	3.32%	25
Public schools	16.71%	126
Lake / natural amenities / hunting & fishing	7.82%	59
Low cost of living	23.61%	178
Other (please specify)	13.66%	103

9. The best thing about living in Sweetwater is the small-town environment according to 82% of survey respondents. The next most popular selection for respondents was family friendly orientation with 44%.

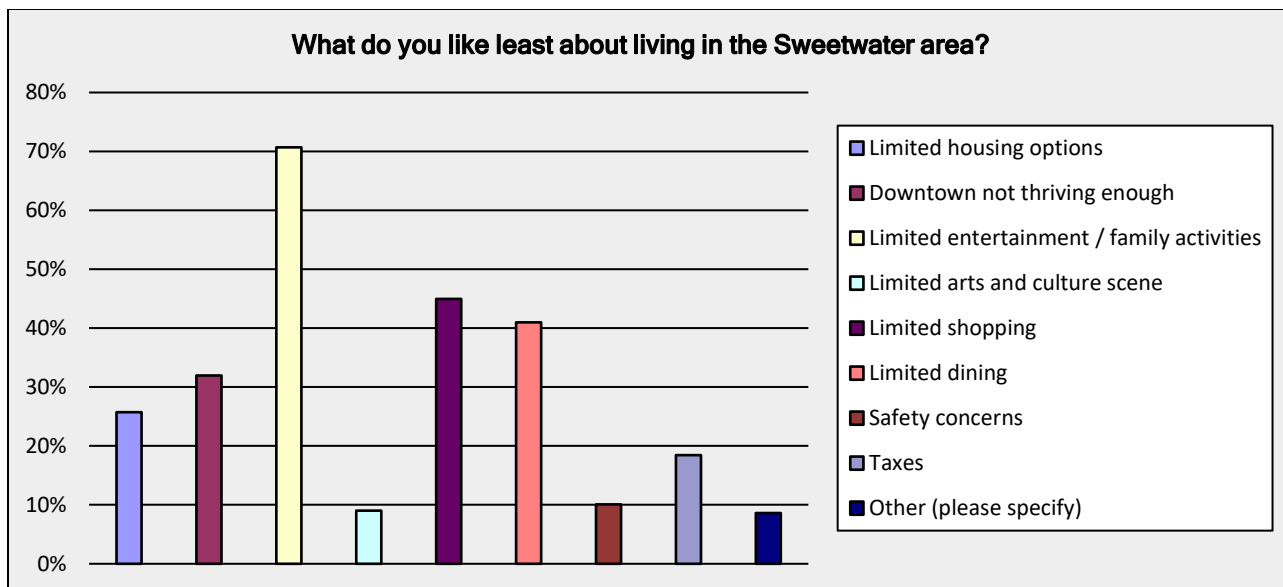


What do you like least about living in the Sweetwater area? (Choose up to three things – you may offer your own opinion as one choice after “Other”)		
Answer Options	Response Percent	Response Count
Limited housing options	25.73%	194
Downtown not thriving enough	31.96%	241
Limited entertainment / family activities	70.69%	533
Limited arts and culture scene	9.02%	68
Limited shopping	44.96%	339
Limited dining	40.98%	309
Safety concerns	10.08%	76
Taxes	18.44%	139
Other (please specify)	8.62%	65

10. Respondents were asked to list up to three attributes of Sweetwater they liked the least. The “Limited entertainment / family activities”, “Limited shopping” and “Limited dining” were the top three choices respectively. “Downtown not thriving” and “Limited housing options” tied for third at 32% and 26%, respectively.

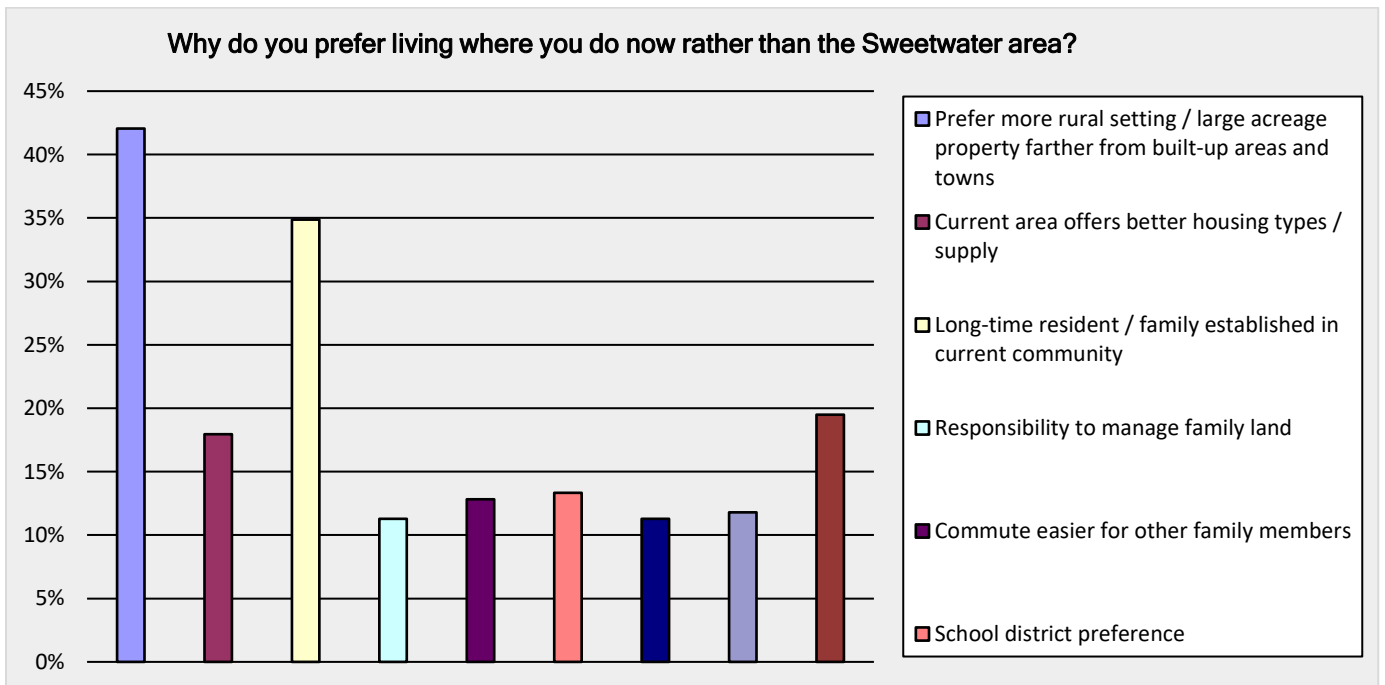
Additional comments are listed as follows:

Majority of comments mirror the answers: not enough housing choices for budget and family size, not enough shopping, dining and entertainment but some were keen on Taxes and Safety concerns as well citing high water bills and the presence of drug activity.



Why do you prefer living where you do now rather than the Sweetwater area? (Choose up to three things – you may offer your own opinion as one choice after “Other”)		
Answer Options	Response Percent	Response Count
Prefer more rural setting / large acreage property farther from built-up areas and towns	42.05%	82
Current area offers better housing types / supply	17.95%	35
Long-time resident / family established in current community	34.87%	68
Responsibility to manage family land	11.28%	22
Commute easier for other family members	12.82%	25
School district preference	13.33%	26
Better recreational / cultural activities in current area	11.28%	22
Better shopping and dining options in current area	11.79%	23
Other (please specify)	5.64%	11

11. Respondents preferred the following attributes concerning why they currently prefer to live outside of the Sweetwater area. Forty two percent prefer a rural, large acreage property away from population centers, followed by 35% that were long-time residents or part of a family established in their current community.

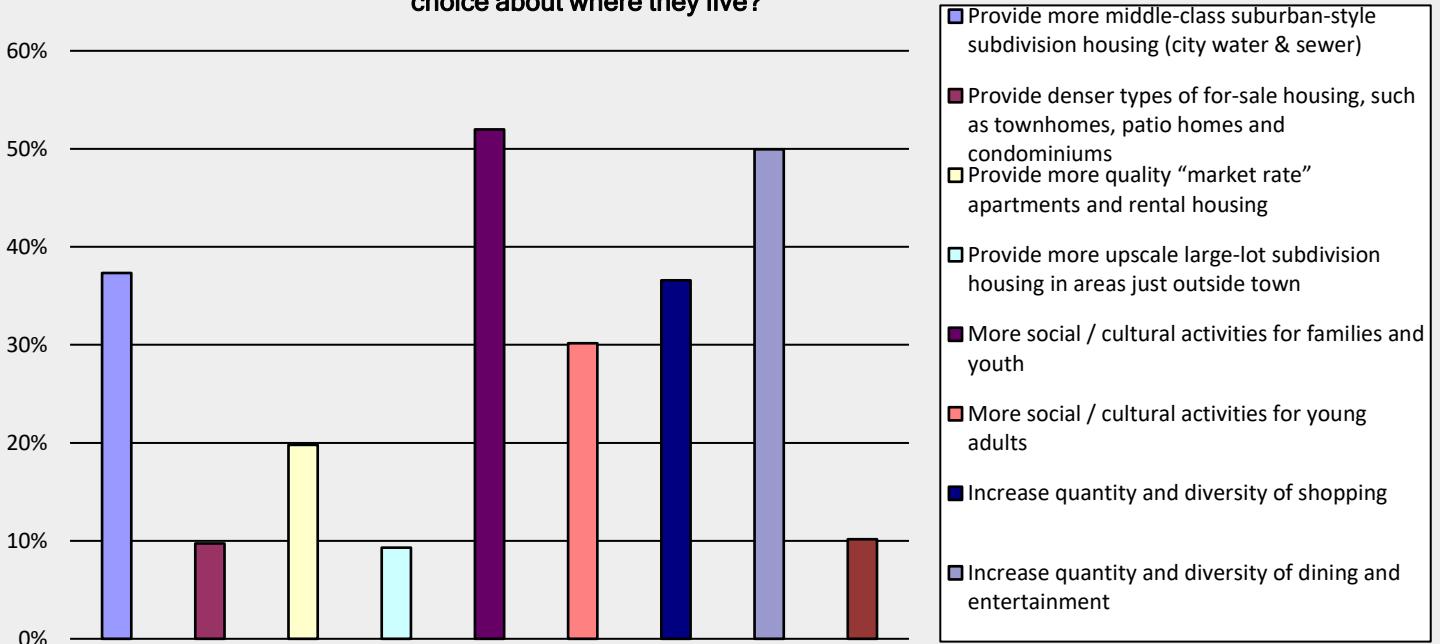


Assuming no significant changes to the Sweetwater economy, what are the most important things the Sweetwater community could do to attract a greater number of residents who can afford a choice about where they live? (Choose up to three things – you may offer your own opinion as one choice after “Other”)

Answer Options	Response Percent	Response Count
Provide more middle-class suburban-style subdivision housing (city water & sewer)	37.33%	349
Provide denser types of for-sale housing, such as townhomes, patio homes and condominiums	9.73%	91
Provide more quality “market rate” apartments and rental housing	19.79%	185
Provide more upscale large-lot subdivision housing in areas just outside town	9.30%	87
More social / cultural activities for families and youth	51.98%	486
More social / cultural activities for young adults	30.16%	282
Increase quantity and diversity of shopping	36.58%	342
Increase quantity and diversity of dining and entertainment	49.95%	467
Other (please specify)	10.16%	95

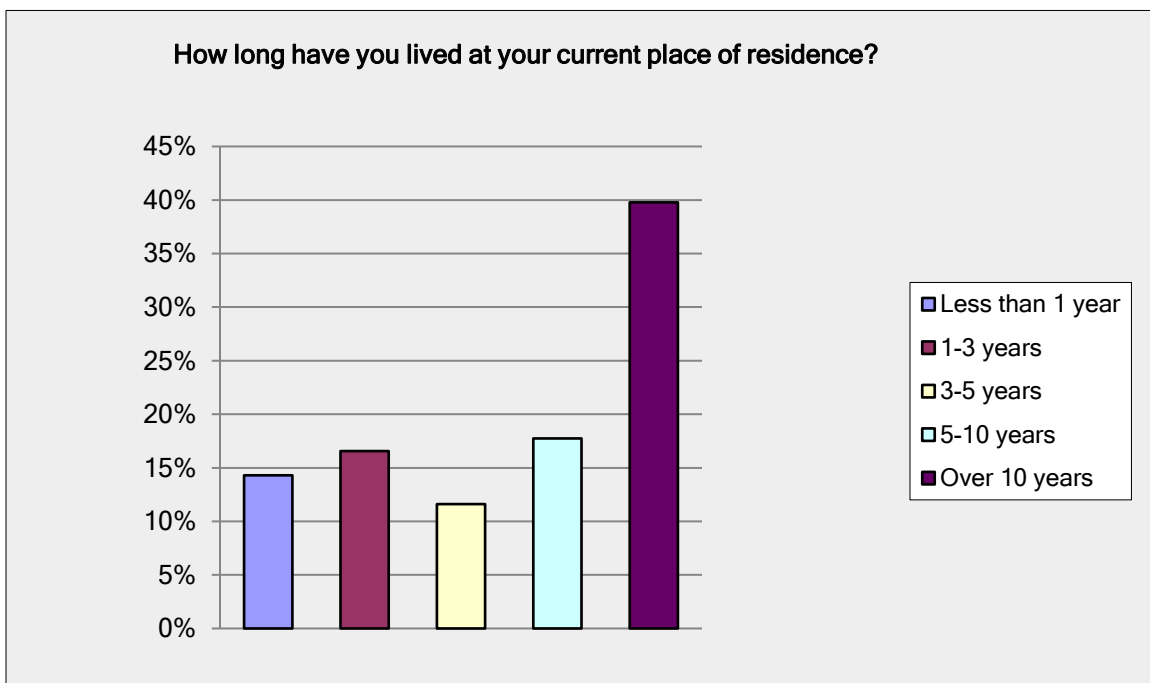
12. Responses indicating the most important things Sweetwater community could do to attract a greater number of residents who can afford a choice about where they live were 52% citing more social / cultural activities for families and youth, 50% stating an increase quantity and diversity of dining and entertainment and 37% consider providing more middle-class suburban-style subdivision housing.

Assuming no significant changes to the Sweetwater economy, what are the most important things the Sweetwater community could do to attract a greater number of residents who can afford a choice about where they live?



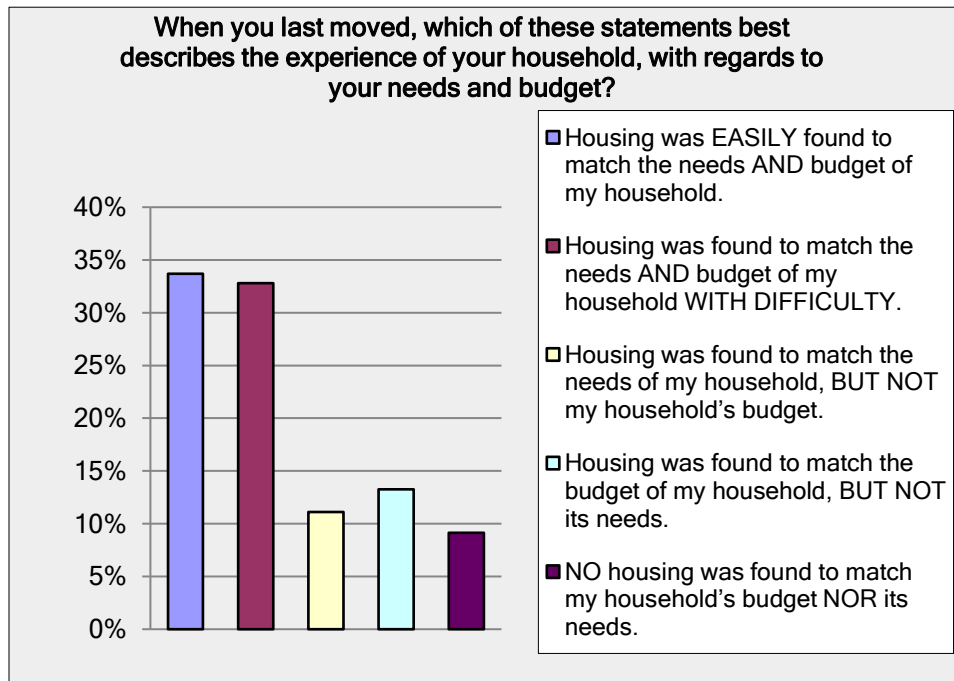
How long have you lived at your current place of residence?		
Answer Options	Response Percent	Response Count
Less than 1 year	14.30%	133
1-3 years	16.56%	154
3-5 years	11.61%	108
5-10 years	17.74%	165
Over 10 years	39.78%	370

13. About 40% of respondents have lived at their current place of residence for more than 10 years, the next largest group of respondents, 18% have lived at their current place of residence 5-10 years. This indicates respondents do not move very frequently.



When you last moved, which of these statements best describes the experience of your household, with regards to your needs and budget?		
Answer Options	Response Percent	Response Count
Housing was EASILY found to match the needs AND budget of my household.	33.69%	188
Housing was found to match the needs AND budget of my household WITH DIFFICULTY.	32.80%	183
Housing was found to match the needs of my household, BUT NOT my household's budget.	11.11%	62
Housing was found to match the budget of my household, BUT NOT its needs.	13.26%	74
NO housing was found to match my household's budget NOR its needs.	9.14%	51

14. Surprisingly about 34% responded that housing was easily found to match the needs and budget of their household, which could be attributed to purchasing a home decades ago which they have since paid off. The next largest group of respondents were the opposite and nearly 33% said housing was found to match needs and budget with difficulty, which could be attributed to respondents who went through the housing or rental process in recent years.



- Only 37% of college-educated employees who had moved within the last 10 years reported that they “easily” found housing to meet their budget and needs.

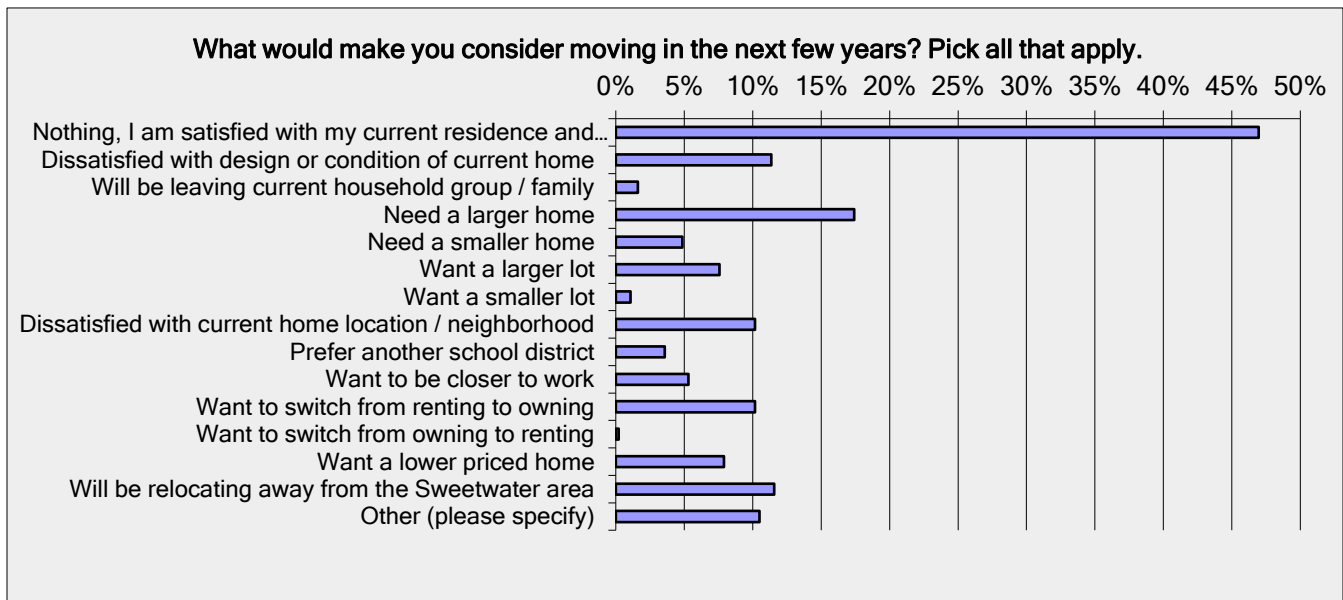
If you wish, please add comments about your experience finding a home that met your needs and budget:

15. Respondents comments included:

- “Could not find a house with more than 3 rooms, cannot afford to have a home built but working towards that”
- “Homes that met our budget were worn down and needed lots of work just to make them livable”
- “Hard as heck!!”
- “When I arrived in Sweetwater not enough advertising of available rentals, had to live further away than I wanted to”
- “Rental houses overpriced and very few. All apartments are old and out of date. All property by country club down to Lakeview is all overtaxed”
- “Love the house, not the area”
- “Taxes are way too high for the houses in our budget, and very few to choose from that suited our growing family”
- “Found a fixer upper”
- “Accepted new job as recent college grad 3 yrs ago. wanted to rent in Sweetwater but couldnt because I made too much money at some complexes. The available units I could afford were smoked in and/or not safe for a single female. Renting a house was not affordable for what they were asking. I chose to live in Abilene and commute which saved me \$300 a month. I was able to save money for a down payment and bought a home. To attract new grads or young people there needs to be affordable market rate (not income restricted) apartment complex. I grew up in a small town and wanted to live in Sweetwater but unaffordable/lack of apartments made me move to Abilene.”
- “The house i found was a for sale by owner and it fit my budget great”
- “Not enough good housing”
- “Home prices are over inflated for what they are the oil/wind farm booms have destroyed this community”
- “We rented a 3-bedroom, 1 bath house for \$1100 a month. We were finally able to buy a 4-bedroom, 2-bathroom house for \$800 a month in a better part of town. Rent housing is outrageous here”
- “We live at Fireman's Point on Lake Sweetwater. It was easy to find a manufactured home in Abilene to move to our lot”
- “Houses were dated - still decorated with 70s motif”
- “It was either a house that was too small or a house that was too big and really stretched our budget. Still have not become comfortable with payment and may have to sell”

What would make you consider moving in the next few years? Pick all that apply.		
Answer Options	Response Percent	Response Count
Nothing, I am satisfied with my current residence and would not consider moving	46.97%	434
Dissatisfied with quality of current home	11.36%	105
Will be leaving current household group / family	1.62%	15
Need a larger home	17.42%	161
Need a smaller home	4.87%	45
Want a larger lot	7.58%	70
Want a smaller lot	1.08%	10
Dissatisfied with current home location / neighborhood	10.17%	94
Prefer another school district	3.57%	33
Want to be closer to work	5.30%	49
Want to switch from renting to owning	10.17%	94
Want to switch from owning to renting	0.22%	2
Want a lower priced home	7.90%	73
Will be relocating away from Sweetwater and Nolan County	11.58%	107
Other (please specify)	10.50%	97

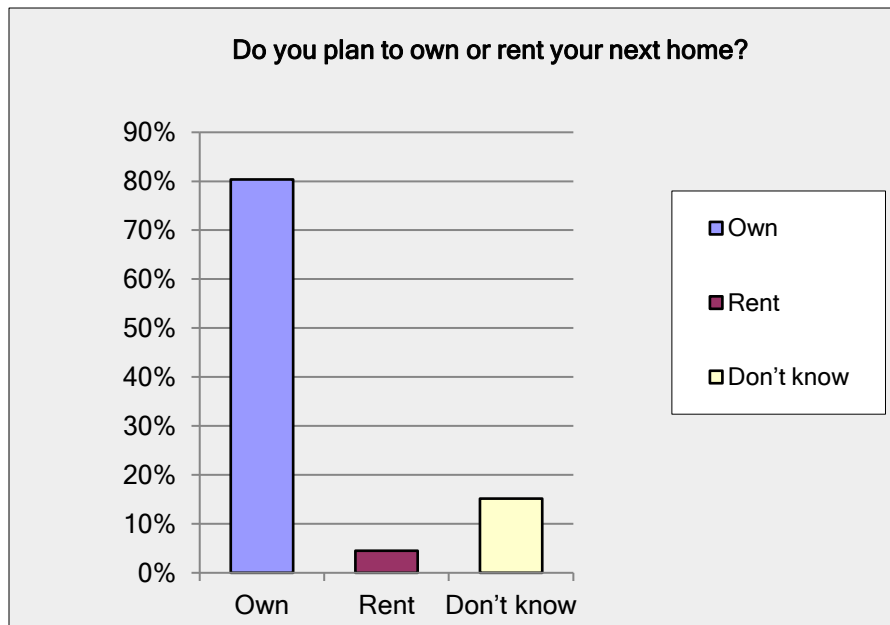
16. Forty seven percent of respondents are satisfied with current residence and would not consider moving. However, 17% would consider moving in the next few years due to the need for a larger home.



- Of the 270 survey respondents 55 or older, over 60% said they were satisfied with their current home and would not move. The most widely cited reason that the remainder stated that they would move was to leave the Sweetwater area (approximately 14%), and the other top reasons were roughly equally split across several: they are dissatisfied with the design or condition of their current home, dissatisfied with their current home location or neighborhood, need a larger home, or need a smaller home.

Do you plan to own or rent your next home?		
Answer Options	Response Percent	Response Count
Own	80.33%	392
Rent	4.51%	22
Don't know	15.16%	74

17. About 80% of respondents plan to own their next home. This response along with previous responses concerning the need to move in the next few years due to needing a larger home is a positive signal for future single-family housing purchase demand in the Sweetwater area.

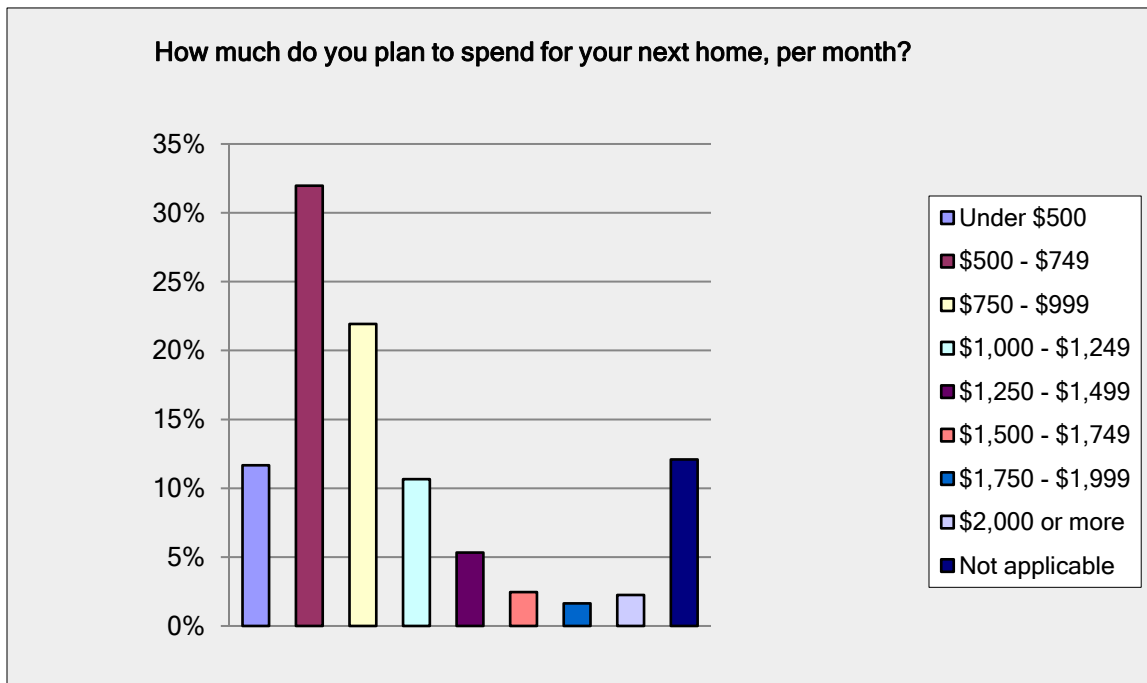


- However, out of the 106 survey respondents who currently rent but are planning on owning their next home 84 plan to spend \$999 or less and only 22 plan to spend \$1,000 or more. This shows that renters' expectations of monthly costs (below \$1,000 and for most respondents below \$750) are likely not realistic for a mortgage on a new construction single family home. The 106 current renter's response to question 18 is shown below.

How much do you plan to spend for your next home, per month?	
Answer Options	Response Count
Under \$500	10
\$500 - \$749	51
\$750 - \$999	23
\$1,000 - \$1,249	10
\$1,250 - \$1,499	4
\$1,500 - \$1,749	2
\$1,750 - \$1,999	1
\$2,000 or more	1
Not applicable	4

How much do you plan to spend for your next home, per month?		
Answer Options	Response Percent	Response Count
Under \$500	11.68%	57
\$500 - \$749	31.97%	156
\$750 - \$999	21.93%	107
\$1,000 - \$1,249	10.66%	52
\$1,250 - \$1,499	5.33%	26
\$1,500 - \$1,749	2.46%	12
\$1,750 - \$1,999	1.64%	8
\$2,000 or more	2.25%	11
Not applicable	12.09%	59

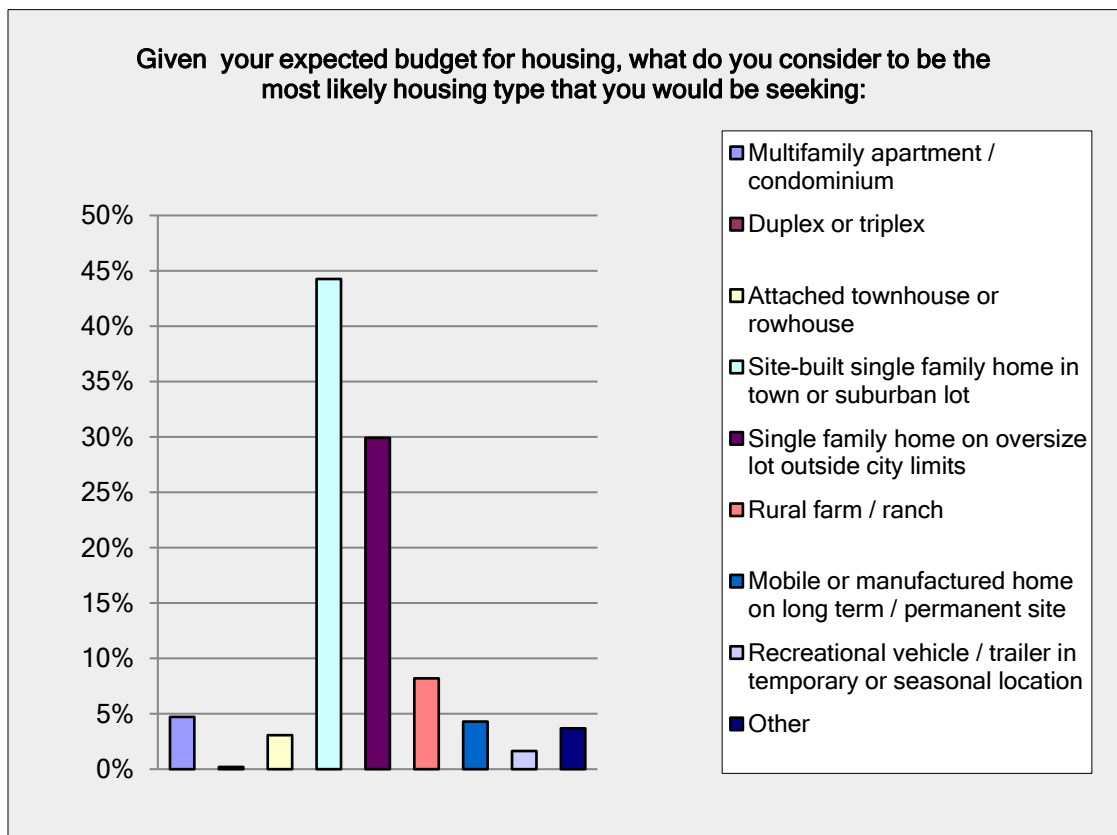
18. About 32% of survey respondents plan to spend \$500 - \$749 monthly on their next home followed by 22% who plan to spend \$750 - \$999 monthly. As stated previously in the report for the price of a new home a monthly payment would exceed \$1,000 monthly, therefore some home buying and financing education programs in the community could help to inform potential home buyers of the true monthly cost of owning a new home. Only 22% plan on spending \$1,000 or more monthly on their next home.



- Nearly half of the middle income home owners who responded indicated they would consider moving, with no one reason particularly dominant. However, only approximately 22% of those middle income home owners indicated an expectation to pay over \$1,000 per month in mortgage and related home purchase costs. When asked to state the amount they would be willing to pay for a new construction home, of the respondents who entered an amount (not all chose to), approximately 28% indicated amounts above \$1,000.

Given your expected budget for housing, what do you consider to be the most likely housing type that you would be seeking:		
Answer Options	Response Percent	Response Count
Multifamily apartment / condominium	4.71%	23
Duplex or triplex	0.20%	1
Attached townhouse or rowhouse	3.07%	15
Site-built single-family home in town or suburban lot	44.26%	216
Single family home on oversize lot outside city limits	29.92%	146
Rural farm / ranch	8.20%	40
Mobile or manufactured home on long term / permanent site	4.30%	21
Recreational vehicle / trailer in temporary or seasonal location	1.64%	8
Other	3.69%	18

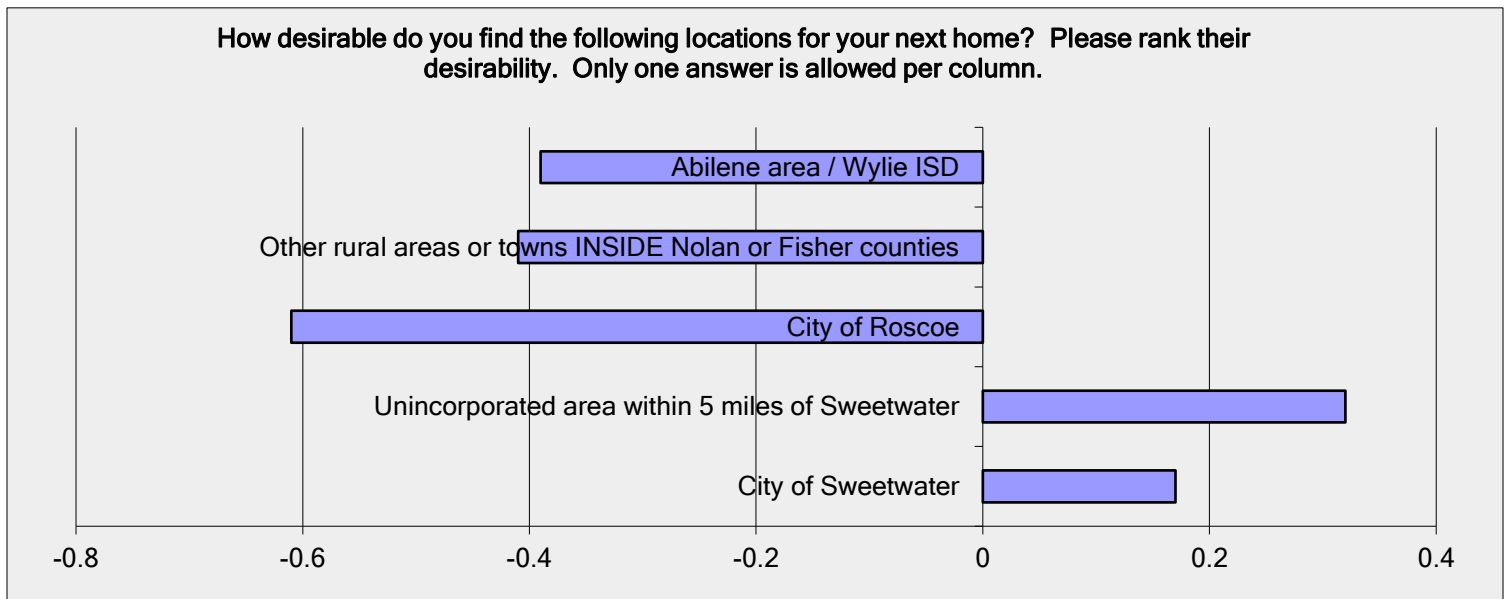
19. Given their budget 44% of respondents are looking for a single-family home in town or a suburban lot. Another 30% want an oversized lot outside of the city limits.



How desirable do you find the following locations for your next home? Please rank their desirability. Only one answer is allowed per column.							
Answer Options	Not at all desirable	Moderately undesirable	Neutral	Moderately desirable	Very desirable	Rating Average	Response Count
City of Sweetwater	57	66	148	127	65	0.17	463
Unincorporated area within 5 miles of Sweetwater	51	41	134	116	82	0.32	424
Other rural areas INSIDE Nolan County	145	64	149	54	19	-0.61	431
Small towns INSIDE Nolan County	113	64	158	61	28	-0.41	424
Outside of Nolan County	153	50	93	81	53	-0.39	430

20. Respondents indicated the unincorporated area within 5 miles of Sweetwater with the most “Very desirable” choices with 82. Other rural areas inside Nolan County received the most “Not at all desirable” with 145 selections and the City of Sweetwater had the most selections within the “Moderately desirable” column with 66. Surprisingly Abilene area and City of Roscoe were not very desirable to respondents.

*Note: Respondents were asked to rate a series of potential residential locations according to their desirability. The survey assigned a rating scale that goes from -2.0 to 2.0 to allow computation of average opinions of desirability. The ratings and associated values are shown in the table above and chart below.

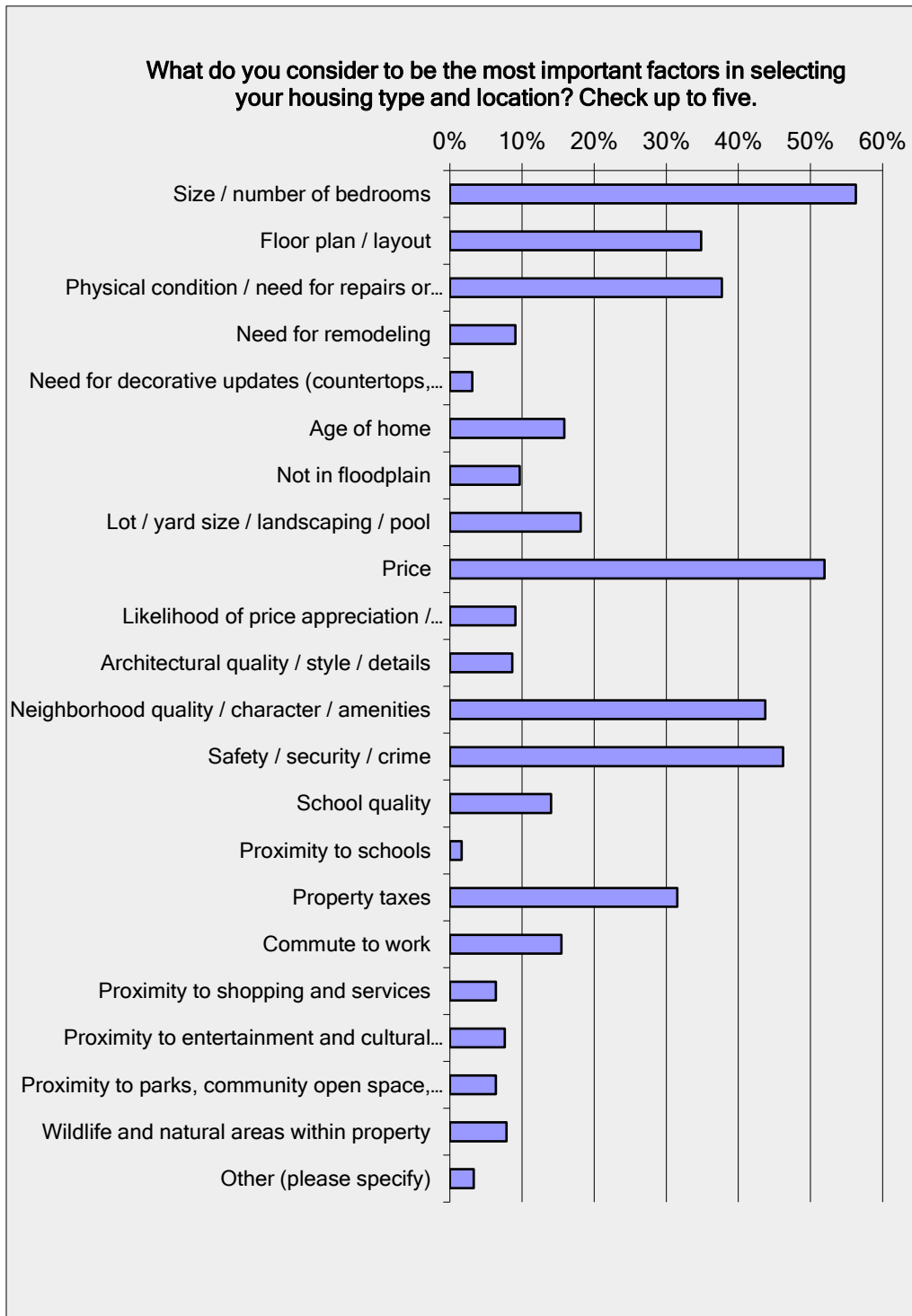


- Of the college-educated only cohort of respondents to the survey, they view Roscoe as less desirable of a residential location than Sweetwater (43% viewed Sweetwater as “moderately” or “very” desirable while 41% viewed Roscoe as “not at all desirable”).
- The survey found 41% of college-educated respondents felt that the Abilene area / Wylie ISD was at least a moderately desirable location for their next home.

What do you consider to be the most important factors in selecting your housing type and location? Check up to five.		
Answer Options	Response Percent	Response Count
Size / number of bedrooms	56.29%	273
Floor plan / layout	34.85%	169
Physical condition / need for repairs or rehab	37.73%	183
Need for remodeling	9.07%	44
Need for decorative updates (countertops, appliances, etc.)	3.09%	15
Age of home	15.88%	77
Not in floodplain	9.69%	47
Lot / yard size / landscaping / pool	18.14%	88
Price	51.96%	252
Likelihood of price appreciation / investment potential	9.07%	44
Architectural quality / style / details	8.66%	42
Neighborhood quality / character / amenities	43.71%	212
Safety / security / crime	46.19%	224
School quality	14.02%	68
Proximity to schools	1.65%	8
Property taxes	31.55%	153
Commute to work	15.46%	75
Proximity to shopping and services	6.39%	31
Proximity to entertainment and cultural amenities	7.63%	37
Proximity to parks, community open space, and outdoor recreational facilities	6.39%	31
Wildlife and natural areas within property	7.84%	38
Other (please specify)	3.30%	16

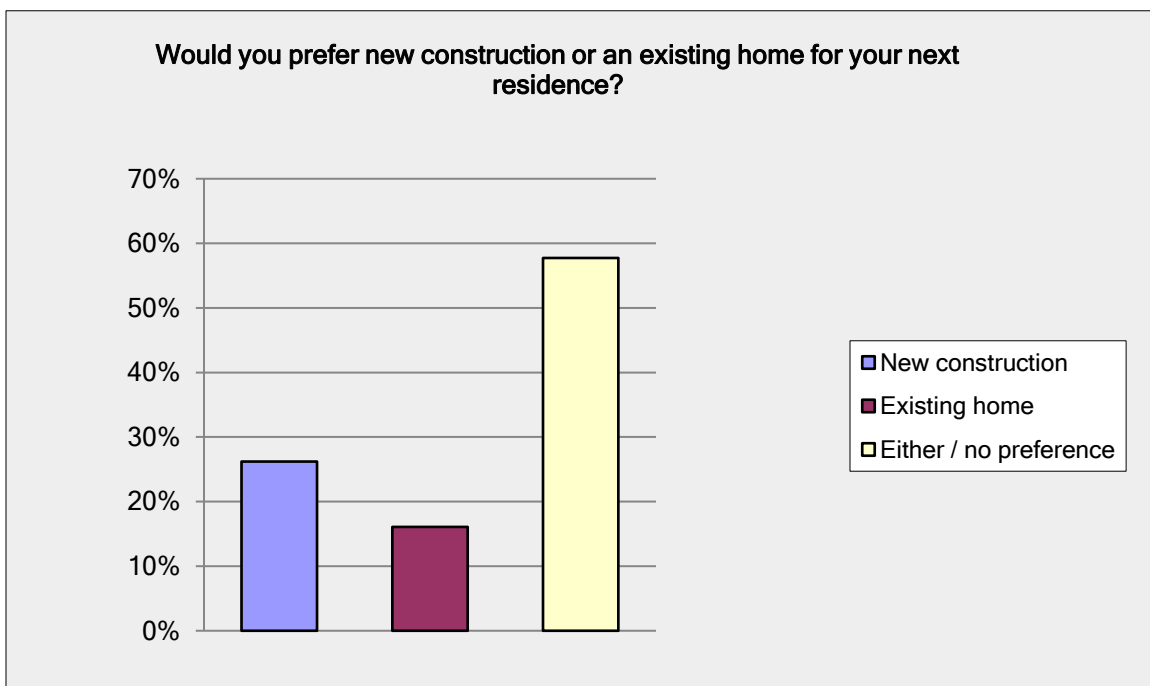
21. Respondents found the most important factors in selecting housing type and location in order of highest percent chosen to were:

- Size / number of bedrooms
- Price
- Safety / security / crime
- Neighborhood quality / character / amenities
- Physical condition / need for repairs or rehab



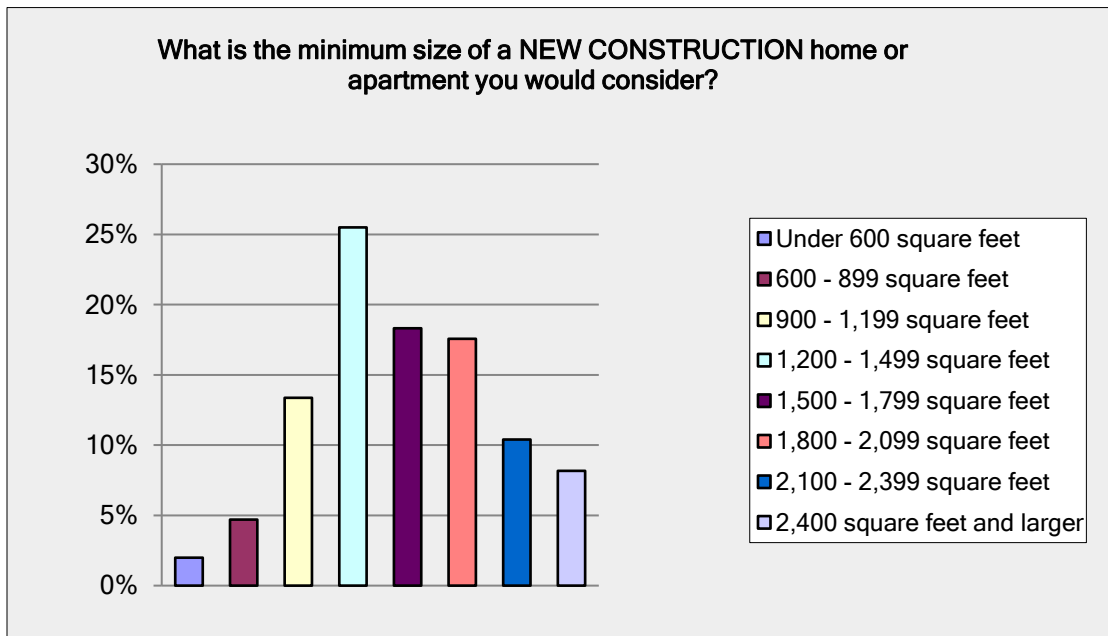
Would you prefer new construction or an existing home for your next residence?		
Answer Options	Response Percent	Response Count
New construction	26.19%	127
Existing home	16.08%	78
Either / no preference	57.73%	280

22. Most respondents, 58%, had no preference between new construction or an existing home for their next residence with 26% preferring new construction.



What is the minimum size of a NEW CONSTRUCTION home or apartment you would consider?		
Answer Options	Response Percent	Response Count
Under 600 square feet	1.98%	8
600 - 899 square feet	4.70%	19
900 - 1,199 square feet	13.37%	54
1,200 - 1,499 square feet	25.50%	103
1,500 - 1,799 square feet	18.32%	74
1,800 - 2,099 square feet	17.57%	71
2,100 - 2,399 square feet	10.40%	42
2,400 square feet and larger	8.17%	33

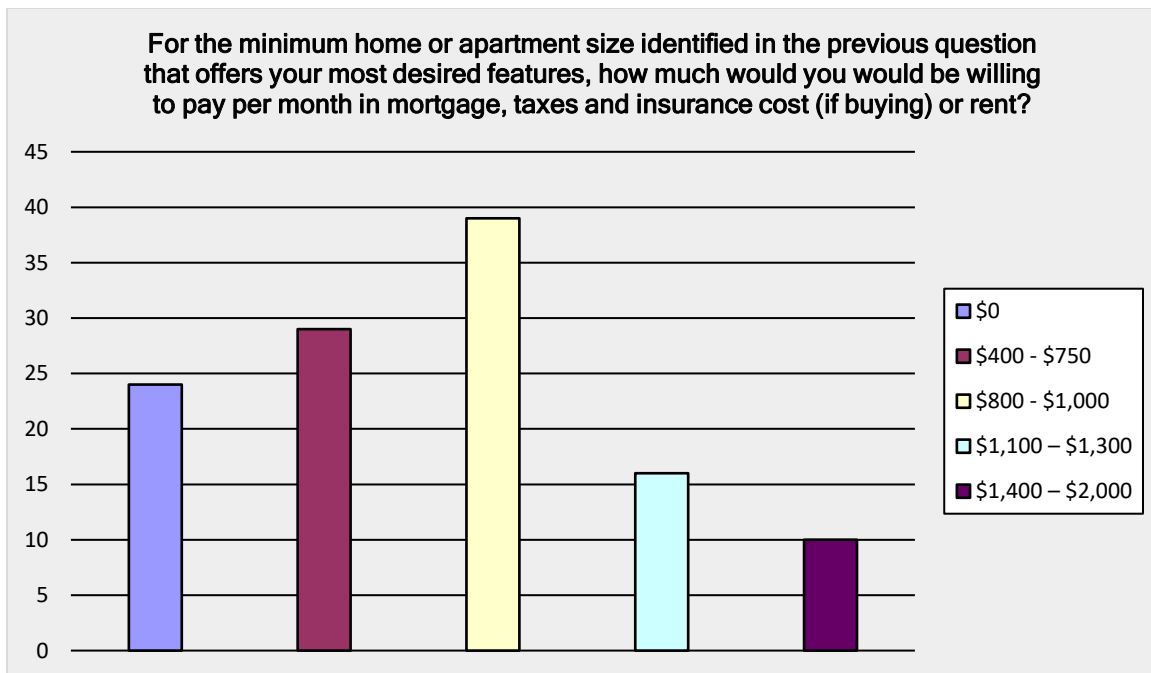
23. The minimum size of a new construction home or apartment that most respondents would consider is 1,200 – 1,499 square feet with 26%, followed by 1,500 – 1,799 square feet with 18%. Ninety three percent of respondents said the minimum size of a new construction home or apartments they would consider would have to be 900 square feet or more.



- The survey respondents indicated that many would consider homes in this size range (approximately one quarter of middle income home owners stated their minimum size was between 1,500 and 1,800 square feet).

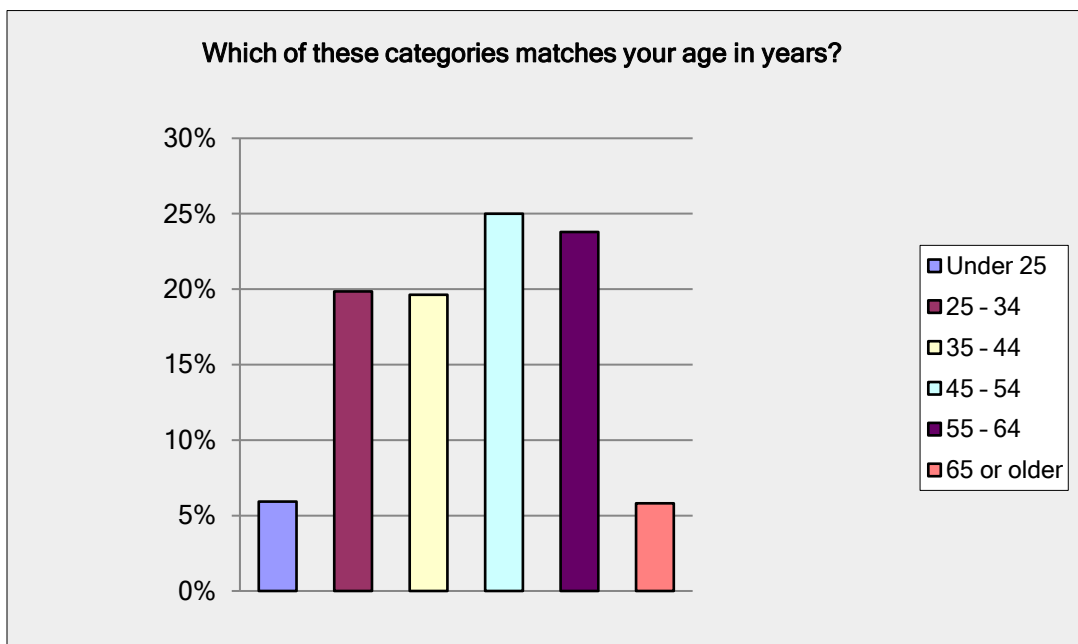
For the minimum home or apartment size identified in the previous question that offers your most desired features, how much would you would be willing to pay per month in mortgage, taxes and insurance cost (if buying) or rent?		
Answer Options	Response Percent	Response Count
\$0	7.5%	24
\$400 - \$750	9.1%	29
\$800 - \$1,000	12.3%	39
\$1,100 - \$1,300	5.0%	16
\$1,400 - \$2,000	3.0%	10

24. Respondents would be most willing to pay \$800 - \$1,000 monthly according to the respondents to this survey question. Only 8% or 26 respondents were willing to pay more than \$1,000 monthly for buying or rent.



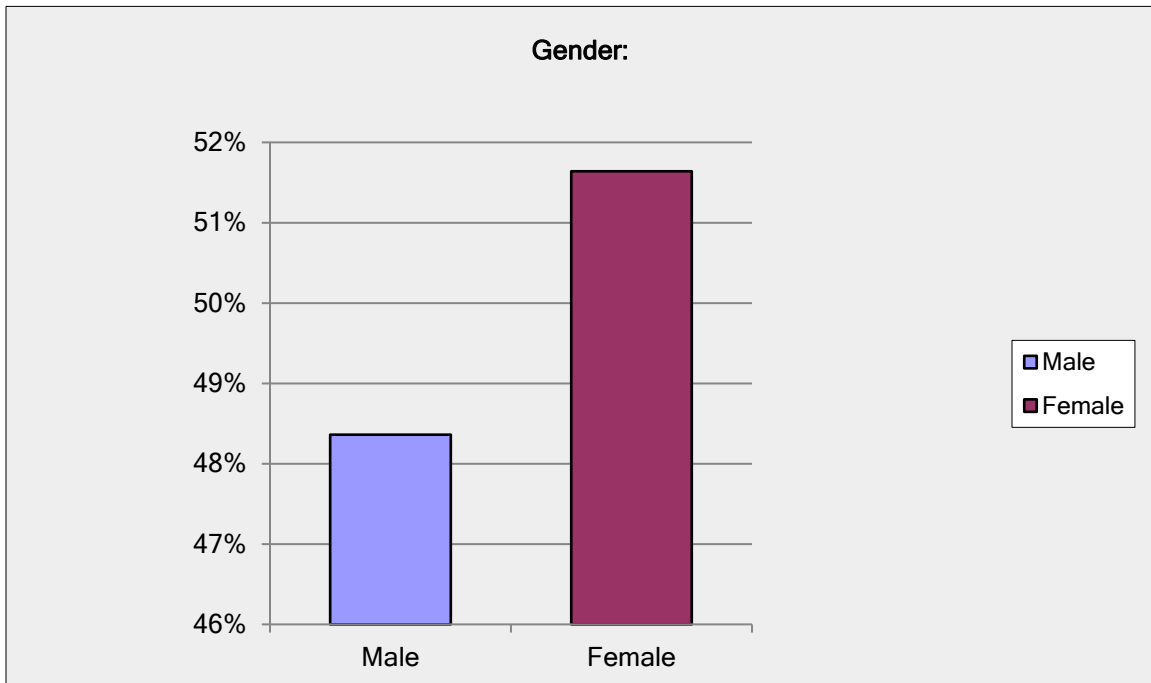
Which of these categories matches your age in years?		
Answer Options	Response Percent	Response Count
Under 25	5.92%	54
25 – 34	19.85%	181
35 – 44	19.63%	179
45 – 54	25.00%	228
55 – 64	23.79%	217
65 or older	5.81%	53

25. Most respondents are aged 45 to 54 at 25% followed by 55-64 at 24%. Ninety four percent of respondents were aged 25 or older.



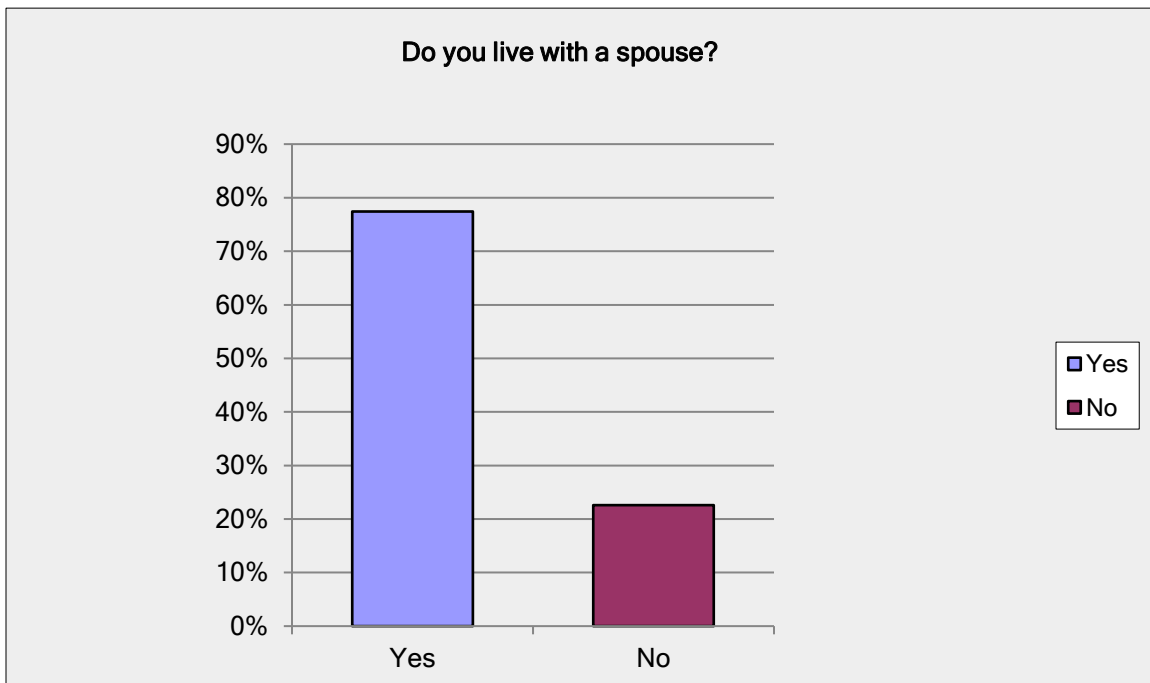
Gender:		
Answer Options	Response Percent	Response Count
Male	48.36%	441
Female	51.64%	471

26. 52% of respondents are female and 48% male giving a fairly balanced perspective gender wise.



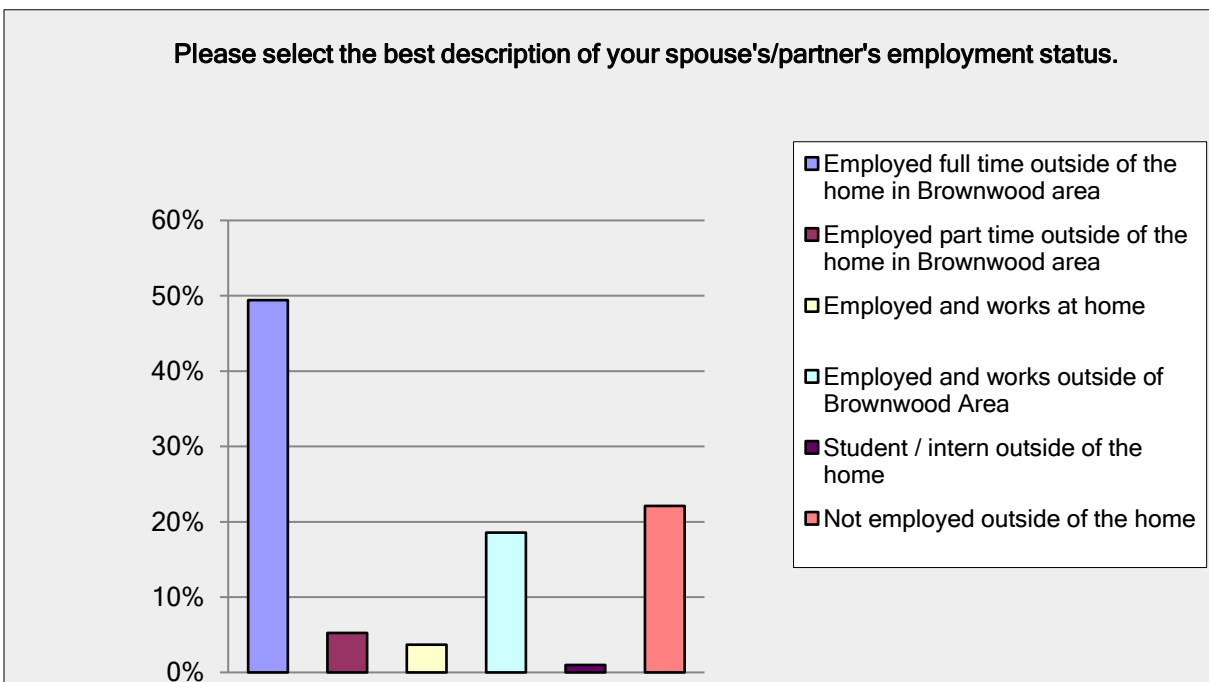
Do you live with a spouse or partner?		
Answer Options	Response Percent	Response Count
Yes	77.41%	706
No	22.59%	206

27. Most respondents (77%) live with a spouse or partner, while 23% live alone.



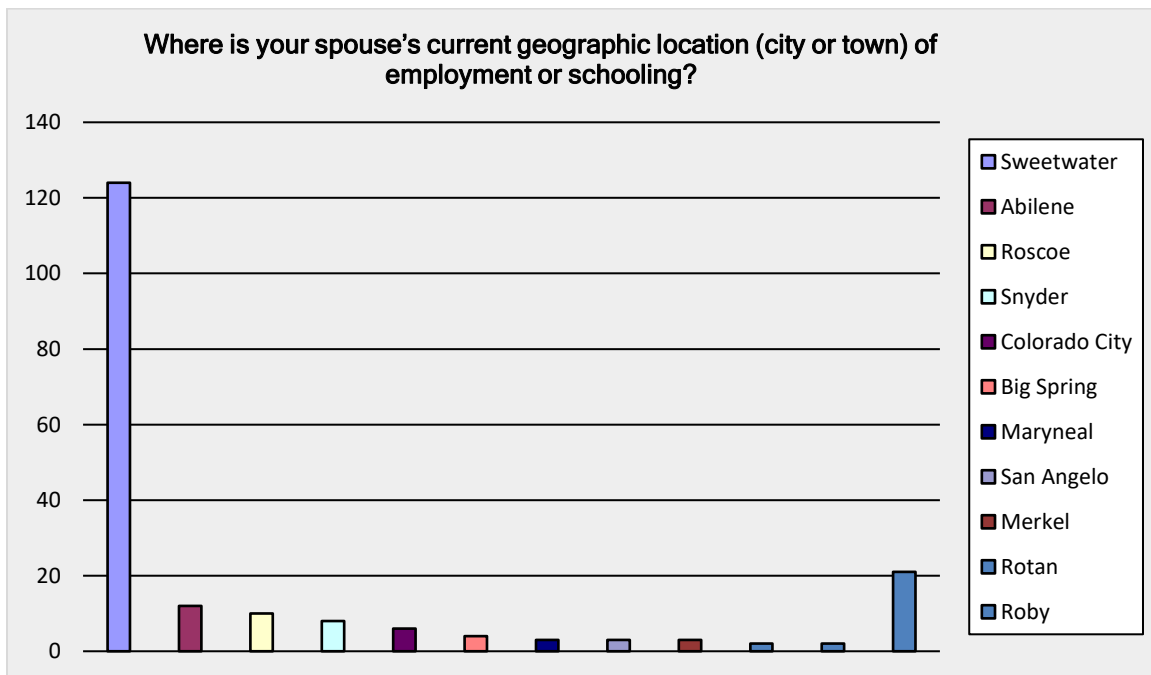
Please select the best description of your spouse's/partner's employment status.		
Answer Options	Response Percent	Response Count
Employed full time outside of the home in Sweetwater area	49.43%	349
Employed part time outside of the home in Sweetwater area	5.24%	37
Employed and works at home	3.68%	26
Employed and works outside of Sweetwater area	18.56%	131
Student / intern outside of the home	0.99%	7
Not employed outside of the home	22.10%	156

28. Most respondents', nearly 50%, spouse/partner is employed full time in the Sweetwater area while about 19% of respondents' spouse/partner works outside the Sweetwater area.



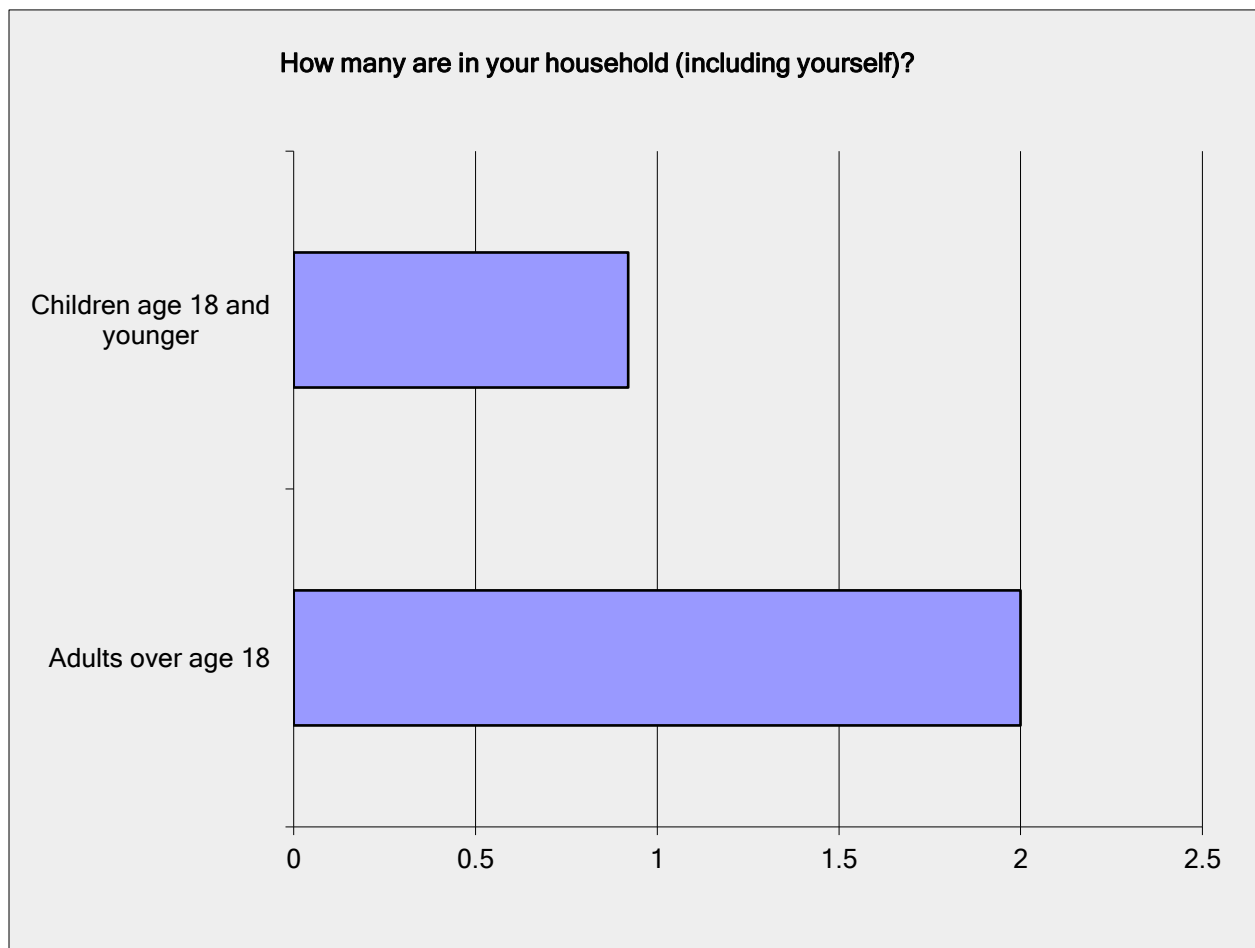
Where is your spouse's current geographic location (city or town) of employment or schooling?		
Answer Options	Response Percent	Response Count
Sweetwater	62.6%	124
Abilene	6.1%	12
Roscoe	5.1%	10
Snyder	4.0%	8
Colorado City	3.0%	6
Big Spring	2.0%	4
Maryneal	1.5%	3
San Angelo	1.5%	3
Merkel	1.5%	3
Rotan	1.0%	2
Roby	1.0%	2
Other	10.6%	21

29. Most respondents (62.6%) spouse's location of employment is Sweetwater, followed by 10.6% that are employed elsewhere not listed above.



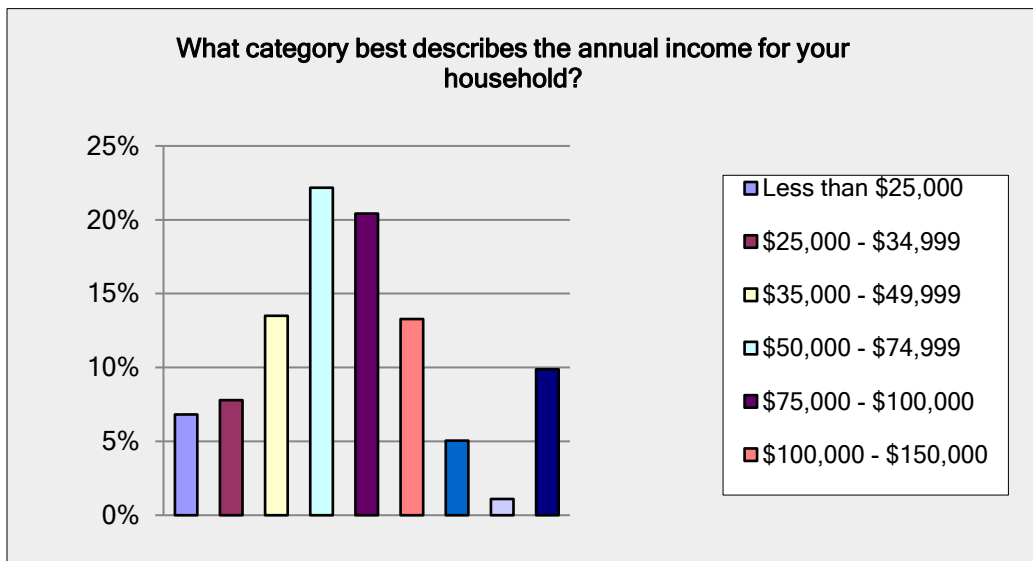
How many are in your household (including yourself)?							
Answer Options	None	One	Two	Three	Four or more	Rating Average	Response Count
Adults over age 18	22	150	591	81	57	2.00	901
Children age 18 and younger	408	162	140	59	30	0.92	799

30. Most respondents (66%) live with one other adult, while 17% live alone. There are an average of 0.92 children in the 89% of respondents' households with children.



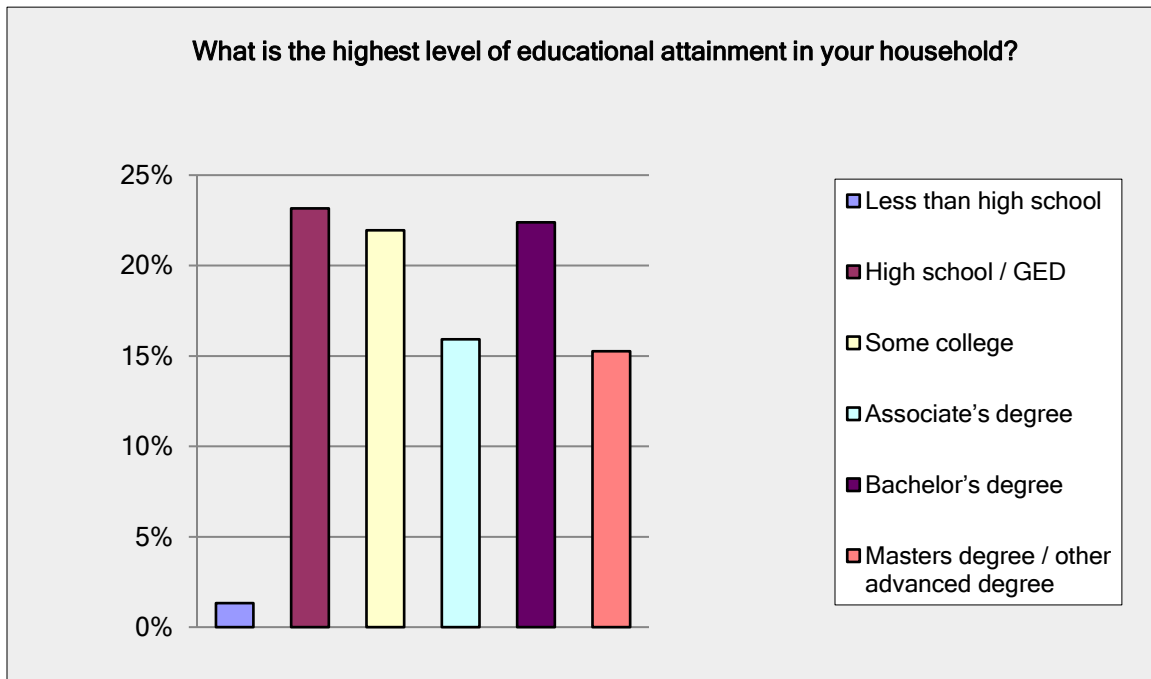
What category best describes the annual income for your household?		
Answer Options	Response Percent	Response Count
Less than \$25,000	6.81%	62
\$25,000 - \$34,999	7.79%	71
\$35,000 - \$49,999	13.50%	123
\$50,000 - \$74,999	22.17%	202
\$75,000 - \$100,000	20.42%	186
\$100,000 - \$150,000	13.28%	121
\$150,000 - \$250,000	5.05%	46
More than \$250,000	1.10%	10
Would rather not disclose	9.88%	90

31. The most frequent response for household income is from \$50,000 to \$74,000 at 22%. Income above \$75,000 accounted for 50% of households. To purchase a newly constructed house in the \$200,000 range a household will need a combined income in the range of \$75,000 or above, reflecting nearly 50% of the respondents.



What is the highest level of educational attainment in your household?		
Answer Options	Response Percent	Response Count
Less than high school	1.32%	12
High school / GED	23.16%	211
Some college	21.95%	200
Associate's degree	15.92%	145
Bachelor's degree	22.39%	204
Master's degree / other advanced degree	15.26%	139

32. The respondents are fairly well educated with 38% with bachelor's and advanced degrees and another 16% with associate degrees and 76% of all respondents have at least some college or more.



HOUSING DEMAND ANALYSIS

Anecdotal evidence and dialogue with members of the Sweetwater community indicates that significant segments of the Sweetwater housing market are not being satisfied and desire to have new housing product options available to them. Three of the most frequently described groups that face housing challenges include middle class renters, entry level home buyers, and upper middle class / moderately affluent home buyers.

However, the research performed by CDS during the course of this study also reveals challenges to documenting and quantifying support for new development from a conventional market demand perspective. These challenges include:

- The size of the local economy (in terms of jobs and wage levels) and population are relatively stagnant, particularly since the oil and gas boom dwindled and other industries plateaued.
- While CDS noted that blue-collar wages in Sweetwater are somewhat more elevated than some other relatively rural communities, Sweetwater remains a moderate-income community, and providing new housing for such households is especially challenging given elevated and rising construction costs, exacerbated by Sweetwater's somewhat isolated location away from larger-scale housing developments where efficiencies of scale are available.
- For college-educated professional households seeking to purchase a home – a relatively small total number at any given time in Sweetwater – the Wylie ISD area of the Abilene market is a doable compromise, even if such buyers would generally prefer to live in Sweetwater. The problems these buyers face will tend to generate attention in the local business and economic development community because recruiting these employees can be of significant importance for the health and operation of businesses.
- A number of measures of the market performance of both for-sale and rental housing markets in Sweetwater do not indicate a demand / supply imbalance.

Despite these drawbacks, CDS has identified limited opportunities for new housing development. A major point of the analysis approach is that in Sweetwater, unlike communities with more growth, housing demand cannot be estimated primarily from expected new jobs and associated population and household increases. Other sources of demand must be investigated.

CDS has thus examined the following potential demand segments in-depth:

1. Working and middle class renters seeking higher quality properties
2. Entry-level new home buyers (many previously renting)
3. Move-up buyers and more affluent newcomers to the area (seeking similar for-sale housing)
4. Older home owners seeking housing appropriate for their stage of life

Working and Middle Class Renters

The multifamily apartment market in Sweetwater is not suffering from an obvious lack of supply at present, particularly given an overall lack of job growth. However, CDS repeatedly encountered comments regarding the poor quality of rental options in Sweetwater for those who are used to having higher quality choices in larger population markets. This indicates a market opportunity for renters who could conceivably afford new construction.

An important consideration is that a large share of renters in Sweetwater are in single family homes, not multifamily apartments. Many of these homes are not in good condition, but it is likely that living in a single family home colors the perception of desirability for housing relative to multifamily apartments or other shared-wall arrangements. Even rental homes in good condition may not be surrounded by other properties in good condition or occupied by well-behaving residents.

Similarly, the market-rate multifamily apartments in Sweetwater are all in aging properties, many of which are of moderate quality at best, and sometimes populated by renters whose behaviors are not attractive to other renters. To the credit of their owners and managers, some of these properties are being rehabbed and perhaps stricter tenant standards applied.

Nevertheless, this anecdotal data indicates an opening for new rental properties that could attract tenants away from lower quality properties and reasonably satisfy their housing preferences. Critically, such housing could provide an attractive option for new professional or managerial employees in Sweetwater who have yet to purchase a home.

The data in Table 21 indicate the over one-quarter of renter households earn at least \$35,000 a year. At a maximum supportable housing share of 30% of gross income, these households could theoretically pay up to \$875 per month in rent, with that amount rising with the income of the household; a household with a \$60,000 annual income could theoretically afford \$1,500. Of course, households may have other financial obligations which can impinge upon supportable rent payments (health costs, student loans, special services for their children, etc.), but there is little doubt that a market exists for rentals in the \$900 - \$1,500 range. Information provided by CDS regarding single family rentals indicates that higher quality properties typically easily rent for this level of rates.

It should be noted that the employee survey indicated that most current renters who would consider moving want to buy their next home; however, their expectations of monthly costs (below \$1,000 and for most respondents below \$750) are probably unrealistic for a mortgage on a new construction single family home. Their options will be generally limited to older existing homes that will require additional expenditure for upgrades if they desire optimal condition and modern finishes.

This means that options for renters to upgrade to better quality should focus on improved new or significantly rehabbed rental housing, just to improve their level of satisfaction in their current situation. Given the limited amount of total demand and stagnant job growth (thus limited absorption rate potential), rising construction costs, plus the prevalence of single family rentals, a new market-rate multifamily apartment complex would not be justified at the present time. CDS suggests instead the following two options.

Infill Rental Townhomes and Duplexes

Attached homes such as townhomes and duplexes, not common in Sweetwater to begin with, were not indicated in the survey as a desired housing type. However, they likely represent the best option to offer new construction for market-rate units that is affordable to middle class renters since a new apartment complex is not supportable. In addition, renters comparing such units to single family options should find the availability of small or moderate-sized yards as a mitigation to the shared-wall arrangement.

Amenities and features need not match those at new Class A apartments in larger urban areas (stainless appliances, high-end surfaces, etc.), in order to save on construction costs, but should represent a not-insignificant

upgrade over existing multifamily and non-upgraded single family options. Washer-dryer hookups within each unit would be necessary. Common amenities such as a pool are not necessary, though proximity to a quality public park is desirable for tenants who have children.

The initial quantities of new construction should be small. CDS would recommend no more than 10 to 15 units at first; this represents just a small share of the total number of renter households with incomes in the \$35,000 and up range (over 400 households). An in-town infill site where significant site preparation (grading or utility extension / upgrades) is not necessary will be optimal for financial feasibility. It will be important to have a site where the surrounding environment is not dominated by properties in deteriorated condition or known for undesirable activity. Rents should range from \$900 to \$1,500 depending upon unit and yard size, and range from one bedrooms plus study (probably only a small number of such units) to three bedroom units, with two bedroom and two bedroom plus study units making up the bulk of the units.

Once the new units are absorbed, it would be optimal if adjacent or proximate infill lots or sites are available for further expansion of the project. As the idea of shared-wall rental homes with yards becomes known as a high-quality option, absorption rates will become more assured.

Increased Supply of Rehabbed Single Family Rentals

The interviews with realtors and single family landlords indicate that quality single family rentals are in high demand in Sweetwater. Increasing the supply of such rentals available would be of benefit to the market, and help transition deteriorating aging housing stock to more beneficial neighborhood assets. For the City of Sweetwater or other public agencies, taking an initiative to support such activity would be an unprecedented level of intervention in the marketplace, so political and philosophical considerations will be at play. CDS does not recommend the City or other public agencies actually acquire homes and undertake their own rehab. Instead it should rely on its building and life safety codes in combination with financial incentives for rehab to encourage private investors to engage in this activity. It will be most effective if these incentives are available in neighborhoods where there is an overall effort to improve property conditions, as this will maximize the rental rate potential and appeal to middle class and affluent renters.

Entry-Level New Home Buyers

Construction costs, ever rising, have made new construction difficult as first-time home purchases for households under \$50,000 annual income. This is especially true in areas of elevated construction costs such as Sweetwater. A number of persons contacted in Sweetwater reported to CDS that the options available to middle class, first time home buyers in the area compare very unfavorably to those available in larger metro areas or even Abilene. The supply of such homes is restricted in Sweetwater to existing homes, generally aged and dated because of the lack of new construction in recent decades.

Demographic data indicate that middle income households from \$50,000 to \$100,000 annual income are one fifth to one quarter of the total local market. These households are already home owners, versus renters, by roughly a two to one ratio. Nearly half of the middle income home owners who responded to the employee survey indicated that they would considering moving, with no one reason particularly dominant. However, only approximately 22% of those survey respondents indicated an expectation to pay over \$1,000 per month in mortgage and related home purchase costs. When asked to state the amount they would be willing to pay for a

new construction home, of the respondents who entered an amount (not all chose to), approximately 28% indicated amounts above \$1,000. This is near the level of payment needed to afford a mortgage that will cover an entry-level new three-bedroom single family home (1,400 to 1,700 square feet) with a minimal down payment (such as FHA or USDA). It is worth noting that, while such a size for a new home would be considered small in a major metro market such as Dallas – Fort Worth, the survey respondents indicated that many would consider homes in this size range (approximately one quarter of middle income home owners stated their minimum size was between 1,500 and 1,800 square feet).

If the survey results for middle income households are applied to Census figures, then of the nearly 750 owner occupied households in Sweetwater, roughly 350 might consider moving. Of these, CDS estimates that one quarter, or 80 to 90 households, would be willing to bear the monthly costs of at least \$1,000 for an entry-level new single-family home. (It is theoretically possible there could also be a few of such middle-class buyers who may have built up sufficient equity from their current home to bring with to their next purchase that they could afford a slightly higher priced home.) Only a portion of those households – CDS estimates perhaps 35 to 45 – would find the size of such homes acceptable. This potential would be joined by 20 to 30 households moving from rental to ownership.

This is a very limited pool of potential buyers from which to draw satisfactory absorption for a new subdivision. Furthermore, Young Farm Estates in Roscoe represents some potential competition (while its price points appear somewhat flexible, its lower end homes do appear to reach into the size and price range defined as “entry level”) in the local market, while multiple developments in the Abilene area offer more price per square foot value in the entry level segment owing to lower construction costs.

CDS thus does not recommend development of a substantial new entry-level single family subdivision in Sweetwater at the present time. If Young Farm Estates ends up moving in a more definitively higher-priced direction, that will offer an opportunity for this kind of development in Sweetwater, optimally with 10 to 15 moderately sized lots. The City could consider providing a subsidy (ideally through reimbursement) for street and utility infrastructure to assist in keeping home costs lower.

While a substantial new subdivision for entry-level homes is not warranted, builders should look for opportunities on infill sites where street and utility infrastructure is already in place to construct a limited number of entry-level homes, in groups of 2-4 lots.

Move-Up Buyers / Affluent Newcomers

The plight of the upper middle class and more affluent potential home buyers (generally with over \$75,000 annual household income and many over \$100,000) in Sweetwater is well-known. A lack of up-to-date reasonably priced product in Sweetwater has led to considerable frustration. Stories of “overpriced” existing homes needing tens of thousands of dollars’ worth of updates, plus executives and managers opting to live in the Abilene area, have proliferated. Only 37% of college-educated employees who had moved within the last 10 years reported that they “easily” found housing to meet their budget and needs. There is little doubt that excess demand exists in Sweetwater for up-to-date single-family homes in the “move up” price range starting in the low \$200s.

The great obstacle to documenting supportable demand for a new development catering to this market segment, however, is the overall small size of this segment. Only approximately 15% of all households in Nolan and Fisher

counties have annual income of at least \$100,000. From 2015 to 2017, only 25 sales occurred at prices of \$210,000 or more, at least as tracked by the Multiple Listing Service. Only a very small number of households in the targeted income groups are likely to be interested and prepared to move (either to move up from their existing local housing or because they are newcomers to Sweetwater) at any given time – nearly half of college-educated survey respondents stated that they would not consider moving. This depresses potential consumer absorption and therefore builder lot purchases.

There are multiple sources of supply to serve this limited number of potential home buyers. Most importantly, there is Young Farm Estates in Roscoe. The developer, who was not bound by conventional financial return considerations when readying the large number of lots (relative to market opportunity), has indicated willingness to be flexible on lot size, allowing the combining or replatting of existing lots to accommodate larger homes or buyers who want larger yards. This allows the project to be adaptable for a wide range of the move-up market. The survey results indicate college-educated respondents view Roscoe as less desirable as a residential location than Sweetwater (43% viewed Sweetwater as “moderately” or “very” desirable while 41% viewed Roscoe as “not at all desirable”), despite its relatively strong school district reputation; the ability of Sweetwater ISD residents to transfer into Roscoe ISD may play into this. It is not clear why Roscoe fares poorly in the survey regarding desirability – it could be the prevalence of deteriorated homes; lack of proximate retail, services, and amenities; or just the small size of the community relative to Sweetwater. Nevertheless, the presence of Young Farm Estates in the local market is a significant competitive factor.

The developments in Wylie ISD will also continue to present competition, despite the commute distance for Sweetwater employees. The survey found 41% of college-educated respondents felt that the Abilene area / Wylie ISD was at least a moderately desirable location for their next home. As noted earlier, home buyers also can obtain more square footage value and closer proximity to a wider range of shopping, dining, and entertainment options, plus a greater variety of structured family activities. Families who are moving from a larger metro area may find this more appealing than downshifting dramatically to a much smaller town such as Sweetwater. That said, there is likely a small segment of buyers who have purchased in Abilene but who would consider moving to Sweetwater if the right home was available, especially at key transition points for children’s education.

Lastly, existing homes in Sweetwater, dated and difficult to acquire though they may be, will continue to present a competitive option. Mature neighborhoods and the opportunity to literally be amidst the local community will be appealing for some.

Given the small size of the move-up / affluent market segment and the competitive options available, CDS cannot recommend development of a substantial new single-family development in Sweetwater targeted to move-up buyers at the present time, especially if street and utility infrastructure investment would be required; lots are unlikely to be absorbed quickly enough to justify the up-front investment. Infill lots within Sweetwater where street and utility infrastructure is already in place, and the surrounding neighborhood is appealing to more affluent buyers, have a strong chance of market success if delivering home sites singly or in pairs. Optimal home pricing in this segment will be \$225,000 - \$325,000, so obtaining reasonably priced lots to profitably meet this price range will be key.

Developers should monitor the progress of Young Farm Estates. If it proves too undesirable due to its Roscoe location, or focuses too much at a single price point, there could be a market niche opportunity for a new subdivision in Sweetwater, albeit of small size (15 lots or less).

Older and Life Stage Change Buyers

Existing homeowners seeking a change of housing product to better fit their stage of life represent another potential source of demand. This could be “empty nester” households wanting to shrink yard space, urban or suburban dwellers switching to rural acreage, or seniors needing housing that offers an environment or support services targeted specifically to their age group.

In the City of Sweetwater, just over one quarter of the population is age 55 or older, which is commonly regarded as a key age for life stage housing changes. Of the 270 survey respondents who indicated that they fit this age range, over 60% said they were satisfied with their current home and would not move. The most widely cited reason that the remainder stated that they would move was to leave the Sweetwater area (approximately 14%), and the other top reasons were roughly equally split across several: they are dissatisfied with the design or condition of their current home, dissatisfied with their current home location or neighborhood, need a larger home, or need a smaller home. Those needing a larger home, or one in better condition, would likely overlap with the previously described demand segment of move-up buyers. Others seeking a smaller home represent a niche segment of small-scale new development opportunity for new compact homes, such as patio or garden homes on small lots.

One such development was built in Sweetwater several years ago – though it today still represents some of Sweetwater’s newer built housing. The lot absorption rate of the original development was not sufficient for acceptable financial return; however, the site of that project required a new street and lot development, entailing larger up front financial outlay than would an existing lot. However, it was noted during research that those homes are very popular in the local market with strong demand when one comes available for sale.

In this vein, and to solve the lot absorption issue, CDS finds that development of a small number of such homes (at any given time) on infill lots in Sweetwater would be reasonable. This would be two to four homes in any one phase. Lot sizes might require the subdividing of existing lots. This kind of project could pair well with other infill projects as the move-up homes. Pricing would need to be near the boundary between entry-level and move-up single family, roughly \$225,000. In the survey, the share of older respondents willing to spend over \$1,000 per month was limited.

One other type of housing catering to life stage change is age-restricted multifamily apartments. Given the limitations to Sweetwater’s rental apartment market in general (absorption and local income levels), CDS does not recommend development of a new market-rate seniors apartment complex. However, an income-restricted affordable seniors complex would be worth investigation, as it may be appropriate not only for seniors already living in Sweetwater but also those living rurally that can no longer physically maintain their property and need to be closer to services such as medical facilities. These projects are usually built through the federal Low Income Housing Tax Credit (LIHTC) program; the financial feasibility of such projects may be in flux pending the outcome of federal income tax reforms. CDS does not recommend that the City of Sweetwater actively pursue such a project, but should be open to the idea of one being developed if a developer approaches the community with a proposal.

Comments on Low Income and Working-Class Renters

In general across the nation, particularly as wages for many types of retail and service jobs have not risen appreciably since the 1990s, the need for affordable housing has grown tremendously. Sweetwater, despite having somewhat higher wages than other smaller cities and towns in Texas, still has a large share of the population that is low to moderate income (the median annual income in the City is about \$37,000 – half of households earn less). Sweetwater has a significant stock of aging single-family rental homes, priced at relatively low rates, that is a key component of the affordable housing stock; in current planning and housing industry parlance, this is known as “Naturally Occurring Affordable Housing” (NOAH). However, it was expressed to CDS during research that much of this housing has serious condition issues, beyond even the relatively low level of finish and amenities one would expect from NOAH.

Given Sweetwater’s demographic / income profile and the physical condition of its NOAH, demand for affordable housing in decent condition is likely strong. The response to this need could be of two main types:

- Assist or incentivize single family rental owners physically improve their properties to a higher physical standard
- Encourage additional development of an income-restricted affordable apartment housing for working-class renters, most likely through the LIHTC program

It should be noted that with the latter option, if it draws primarily from households already in Sweetwater (likely given the lack of overall job and population growth), it may increase the vacancy rate of the NOAH. Landlords may therefore have an incentive to compete for tenants by physically improving their units.

Core Observations

- Besides significant expansions of existing businesses or the relocation of new jobs to the area, future net job growth in the Sweetwater and Nolan County area will remain stagnant. Discussions with employers and other groups did indicate minimal net new job growth due to lack of any current plans for future expansions and stated that most new comers to the area for work, whether relocating or being recruited to Sweetwater, will be mostly due to turnover of existing jobs through retirements, promotions and so forth.
- Due to the limited amount of total demand and flat job growth (thus absorption rate potential constraints), increasing construction costs, plus the prevalence of single family rentals in Sweetwater, a new market-rate multifamily apartment complex would not be justified at the present time.
- CDS suggests infill rental townhomes and duplexes, no more than 10 to 15 units at first, targeted to rental households earning \$35,000 and up at rates between \$900 to \$1,500 with units ranging from one bedroom to three bedroom, two bedroom units making up the majority of units. and yard size, and range from one bedrooms plus study (probably only a small number of such units) to three bedroom units, with two bedroom and two bedroom plus study units making up the bulk of the units.
- CDS also suggests increased supply of rehabbed single family rentals by utilizing build and life safety codes in conjunction with rehab incentives to private developers in neighborhoods targeted for revitalization.
- Our information about the amounts spent on both rental and owner housing is from Table 21 in the report and from the survey asking about how much a buyer expects to spend on a new house. These numbers are extremely low with owners paying a median of \$433 for monthly housing costs. Table 21 also shows that

renters pay more than owners overall. This comes from the older homes that are either paid off or high rental rates from rental houses due to the severe lack of supply which keeps rents relatively higher. Table 34 shows the rental housing rates in general for Sweetwater. Exceeding \$1,000 and approaching \$1,500 is quite common for rental homes with 3 or more bedrooms. Again, the scarcity of supply and large quantity of undesirable or uninhabitable units is the number one driver of housing costs in Sweetwater. If the deposits and first and last month's rents were added together it would approach the up-front costs needed for purchase of a house and the potential monthly payment.

- Builder interviews indicated that new housing in the Sweetwater area is in the range of \$160,000 at 1,400 square foot to \$189,500 for a 1,641 square foot entry level home at roughly \$115 per square foot. A new house in the this range will require a total payment of about \$810 to \$1,000 per month. A new house in the \$200,000 range will require a total payment of about \$1,795 per month. Additionally, a prospective buyer will need to demonstrate a household income of about \$75,000 (according to 2015 data located in Table 20). The pool of potential qualifying households by incomes are along with qualifying factors is discussed in the section of "Income Trends" and displayed in Table 15.
- Wages are higher in Sweetwater than in most other Texas cities of its population considered to be a "blue collar" town. Also, most households have dual incomes to count toward rent and/or purchase which might suggest latent purchasing power.
- Purchase education may be an excellent way for more potential buyers to commit to a purchase and realize opportunities available to their household budget that they may not be aware of or are ignoring. There are still programs available for reduced down payments through FHA and USDA. Many potential buyers simply do not know about these alternative ways to qualify for purchase.

Conclusions and Recommendations

To the development community, any new market rate housing construction, multifamily or single family in Sweetwater is seen as a risk. On the cost and capital side, financing, construction workforce and construction price present challenges that are not as severe in larger markets like Abilene. On the marketing and demand side, awareness, branding and especially the risk of slow absorption help to stymie new housing development of any significant scale. The major challenge is that the local economy, at present, does not present conditions likely to result in significant absorption of new housing units for a conventional apartment complex or single family subdivision.

However, demand for certain types of new housing does exist, as just previously described in this section. The overarching message in this regard is threefold:

- The number of renters or buyers for market-rate housing products who are in the market at any given time (ready to move their household) is fairly small, which limits absorption rate; a large number of lots or rental units brought to the marketplace at once would take a long time to be bought or occupied.
- The slow absorption rate causes difficulties for developers or builders because of up-front costs. For example, streets and utilities must be constructed for each phase of a single family subdivision, to be recouped in lot sales. Slow lot absorption (or home absorption, if a builder is the developer) will hurt the developer financially. Note that the developer of Young Farm Estates, which brought a relatively large

number (by Sweetwater standards) of lots to the market at once, is reportedly not motivated primarily by financial return on the project.

- Given the importance of price (per the employee survey) to potential moving households, keeping sale or rental prices to consumers low (especially relative to prices of similar housing in Abilene or other larger markets) is important. For financial feasibility, this means site acquisition costs (lot prices etc.) must be low enough to facilitate lower prices for the ultimate housing product.

CDS recommends a cooperative community effort to help encourage housing development under these conditions.

- The City and other relevant public agencies can reduce the cost of permitting and other incidental development expenses.
- The City can provide incentives to encourage the sale and development of infill lots that do not require much up-front infrastructure cost and would allow small increments of new housing to be added to the market. Strategies include conducting an inventory of available infill properties to be made available to developers and builders, acquiring lots which can be then sold again to the private developers at a reasonable cost, and having a revolving loan fund with below-market rates to assist with developer or builder financing needs.
- Public agencies and private sector actors can make a concerted effort to improve the existing housing stock and general urban conditions, especially around areas of the town where infill housing has site acquisition opportunities. This would include improved code enforcement, encouragement and assistance for building rehab and renovation, and improved public spaces and streetscapes.
- When market conditions warrant a larger development that requires new streets and infrastructure, the City could have a policy to offer reimbursement from increased property tax revenues in the project for such up front public infrastructure costs.
- Corporate and private philanthropic efforts, potentially along with the City, could raise funds for a down payment assistance program for buyers moving from renting to new entry-level housing.

APPENDIX A: EMPLOYEE SURVEY INSTRUMENT

Below is the Employee Survey Instrument that was distributed to participating local area employees. It was also administered online, with the same questions and skip-logic patterns.

EMPLOYEE HOUSING SURVEY



The Sweetwater Enterprise for Economic Development (SEED) is sponsoring this survey that will provide information which helps our community and the area to plan and prepare for the future. Housing is a key element of any community and the important aspects include the availability, location, condition and quality, type and size and costs. This survey will help the City of Sweetwater and other local agencies better understand our present situation, changes we may need to make, and new choices that may need to be offered.

The results of this survey will be made available to the general public and community leaders. **By donating a few minutes of your time, you will help decision makers in Sweetwater have the information they need to plan for the future.** Information collected by this survey will be displayed in aggregate only, keeping all individual responses private and confidential.

Please take a few moments to complete the survey. Your answers are intended to be completely anonymous and will provide much needed input to our community. **Thank you!**

1. About how long have you been employed by your current employer? (check one)

- less than one year
 1 - 2.9 years
 3 - 4.5 years
 5 -- 9.9 years
 10 - 14.9 years
 15 years or more

2. What best describes your employment status?

- Employed full time by local Sweetwater employer
 Employed part time by local Sweetwater employer(s)
 Student / intern
 Local independent contractor
 Out of town visiting contractor at local Sweetwater employer

3. How far do you drive to work each day? (check one)

- 0 to 5 miles
- 5 to 10 miles
- 10 to 25 miles
- 25 or more miles

4. Do you currently own, rent, or have another living arrangement?

- Own Other living arrangement
- Rent

5. What is the amount of your household's monthly mortgage or rent payment?

- Under \$500
- \$500 - \$749
- \$750 - \$999
- \$1,000 - \$1,249
- \$1,250 - \$1,499
- \$1,500 - \$1,749
- \$1,750 - \$1,999
- \$2,000 or more
- Not applicable

6. Please describe the physical structure of your current residence:

- Site-built single family detached home
- Duplex / triplex / quadplex
- Small multi-unit property (5-9 units)
- Moderate-sized multi-unit property (10-30 units)
- Large multifamily complex (over 30 units)
- Mobile or manufactured home on long term / permanent site
- Recreational vehicle / trailer in temporary or seasonal location
- Other

7. Please state the 5-digit ZIP code of your current residence:

ZIP code: _____

8. Where do you live currently? (check one)

- City of Sweetwater Roscoe
 Unincorporated area in Nolan or Fisher counties within 5 miles of Sweetwater Other Nolan County (skip to Q11)
 Colorado City / Loraine / other Mitchell County (skip to Q11) Other Fisher County (skip to Q11)
 Trent / Merkel (skip to Q11) Abilene area / Wylie ISD (skip to Q11)
 Other Taylor County (skip to Q11) Snyder / Scurry County (skip to Q11)
 Elsewhere Where? _____ (skip to Q11)

9. (If you checked "City of Sweetwater", "Roscoe", "Unincorporated area within 5 miles of Sweetwater" in Q8) What do you like best about living in the Sweetwater area? (Choose up to three things – you may offer your own opinion as one choice after "Other")

- Small town environment
 Family-friendly orientation
 In-town recreational amenities and parks
 Public schools
 Lakes / natural amenities / hunting & fishing
 Low cost of living
 Other _____

10. What do you like least about living in the Sweetwater area, compared to other places? (Choose up to three things – you may offer your own opinion as one choice after "Other") (skip to Q12 after completing this question)

- Limited housing options
 Downtown not thriving enough
 Limited entertainment / family activities
 Limited arts and culture scene
 Limited shopping
 Limited dining
 Safety concerns
 Taxes
 Other _____

11. Why do you prefer living where you do now rather than the Sweetwater area? (Choose up to three things – you may offer your own opinion as one choice after "Other")

- Prefer more rural setting / large acreage property farther from built-up areas and towns
 Current area offers better housing types / supply

-
- Long-time resident / family established in current community
 - Responsibility to manage family land
 - Commute easier for other family members
 - School district preference
 - Better recreational / cultural activities in current area
 - Better shopping and dining options in current area
 - Better recreational / cultural activities in current area
 - Other _____

12. Assuming no significant changes to the Sweetwater economy or employers, what are the most important things the Sweetwater community could do to attract a greater number of residents who can afford to have a choice about where they live? (Choose up to three things – you may offer your own opinion as one choice after “Other”)

- Provide more middle-class suburban-style subdivision housing (city water & sewer)
- Provide denser, lower-maintenance types of for-sale housing, such as townhomes, patio homes and condominiums
- Provide more quality “market rate” apartments and rental housing
- Provide more upscale large-lot subdivision housing in areas just outside town
- More social / cultural activities for families and youth
- More social / cultural activities for young adults
- Increase quantity and diversity of shopping
- Increase quantity and diversity of dining and entertainment
- Other _____

13. How long have you lived at your current place of residence?

- Less than 1 year
- 1-3 years
- 3-5 years
- 5-10 years
- Over 10 years (skip to Q15)

14. When you last moved, which of these statements best describes the experience of your household, with regards to your needs and budget?

- Housing was EASILY found to match the needs AND budget of my household.
- Housing was found to match the needs AND budget of my household WITH DIFFICULTY.
- Housing was found to match the needs of my household, BUT NOT my household’s budget.
- Housing was found to match the budget of my household, BUT NOT its needs.
- NO housing was found to match my household’s budget NOR its needs.

15. If you wish, please add comments about your experience finding a home that met your needs and budget:

16. What would make you consider moving in the next few years? Pick all that apply.
- Nothing, I am satisfied with my current residence and would not consider moving (skip to Q25)
 - Dissatisfied with design or condition of current home
 - Will be leaving current household group / family
 - Need a larger home
 - Need a smaller home
 - Want a larger lot
 - Want a smaller lot
 - Dissatisfied with current home location / neighborhood
 - Prefer another school district
 - Want to be closer to work
 - Want to switch from renting to owning
 - Want to switch from owning to renting
 - Want a lower priced home
 - Will be relocating away from the Sweetwater area
 - Other reason:

17. Do you plan to own or rent in your next home?
- Own
 - Rent
 - Don't know

18. How much would you be willing to pay for your next home, per month?
- Under \$500
 - \$500 - \$749
 - \$750 - \$999
 - \$1,000 - \$1,249
 - \$1,250 - \$1,499
 - \$1,500 - \$1,749
 - \$1,750 - \$1,999
 - \$2,000 or more
 - Not applicable

19. Given your expected budget for housing, what do you consider to be the most likely housing type that you would be seeking:

- Multifamily apartment / condominium
- Duplex or triplex
- Attached townhouse or rowhouse
- Site-built single family home in town or suburban lot
- Single family home on oversize lot outside city limits
- Rural farm / ranch
- Mobile or manufactured home on long term / permanent site
- Recreational vehicle / trailer in temporary or seasonal location
- Other

20. How desirable do you find the following locations for your next home? Please rank their desirability.

	Not at all Desirable	Moderately Undesirable	Neutral	Moderately Desirable	Very Desirable
City of Sweetwater	_____	_____	_____	_____	_____
Unincorporated area within 5 miles of Sweetwater	_____	_____	_____	_____	_____
City of Roscoe	_____	_____	_____	_____	_____
Other rural areas or towns INSIDE Nolan or Fisher counties	_____	_____	_____	_____	_____
Abilene area / Wylie ISD	_____	_____	_____	_____	_____
Other areas not listed above	_____	_____	_____	_____	_____

21. What do you consider to be the most important factors in selecting your housing type and location? Check up to five

- | | |
|--|--|
| <input type="checkbox"/> Size / number of bedrooms | <input type="checkbox"/> Architectural quality / style / details |
| <input type="checkbox"/> Floor plan / layout | <input type="checkbox"/> Neighborhood quality / character / amenities |
| <input type="checkbox"/> Physical condition / need for repairs or rehab | <input type="checkbox"/> Safety / security / crime |
| <input type="checkbox"/> Need for remodeling | <input type="checkbox"/> School quality |
| <input type="checkbox"/> Need for decorative updates (countertops, appliances, etc.) | <input type="checkbox"/> Proximity to schools |
| <input type="checkbox"/> Age of home | <input type="checkbox"/> Property taxes |
| <input type="checkbox"/> Not in Floodplain | <input type="checkbox"/> Commute to work |
| <input type="checkbox"/> Lot / yard size / landscaping / pool | <input type="checkbox"/> Proximity to shopping and services |
| <input type="checkbox"/> Price | <input type="checkbox"/> Proximity to entertainment and cultural amenities |
| <input type="checkbox"/> Likelihood of price appreciation / investment potential | <input type="checkbox"/> Proximity to parks, community open space, and outdoor recreational facilities |

Wildlife and natural areas within property Other

22. Would you prefer new construction or an existing home for your next residence?

New construction

Existing home

Either / no preference

23. What is the minimum size of a NEW CONSTRUCTION home or apartment unit you would consider?

Under 600 square feet

600 – 899 square feet

900 – 1,199 square feet

1200 – 1,499 square feet

1,500 – 1,799 square feet

1,800 – 2,099 square feet

2,100 – 2,399 square feet

2,400 square feet and larger

24. For the minimum home or apartment size identified in the previous question that offers your most desired features, how much would you be willing to pay *per month* in mortgage, taxes and insurance cost (if buying) or rent?

25. Which of these categories matches your age in years?

Under 25

25 – 34

35 – 44

45 – 54

55 – 64

65 or older

26. Gender:

Male

Female

27. Do you live with a spouse or partner?

Yes

No (Skip to Q30)

Please select the best description of your spouse's/partner's employment status.

- Employed full time outside of the home in Sweetwater area
- Employed part time outside of the home in Sweetwater area
- Employed and works at home
- Employed and works outside of Sweetwater area
- Student / intern outside of the home
- Not employed outside of the home (skip to Q30)

28. Where is your spouse's or partner's current geographic location (city or town) of employment or schooling?

29. How many are in your household (including yourself)?

Adults over age 18

Children age 18 and younger

30. What category best describes the annual income for your household?

Less than \$25,000

\$25,000 - \$34,999

\$35,000 - \$49,999

\$50,000 - \$74,999

\$75,000 - \$100,000

\$100,000 - \$150,000

More than \$150,000

Would rather not disclose

31. What is the highest level of educational attainment in your household?

Less than high school

High school / GED

Some college

Associate's degree

Bachelor's degree

Masters degree / other advanced degree

Thank you very much for taking the time to complete this survey. As mentioned previously, by donating a few minutes of your time, you will help decision makers in Sweetwater have the information they need to plan for the future. Please visit the website below for more information about the Sweetwater Enterprise for Economic Development:

<http://www.sweetwatertexas.net>

CDS Community Development Strategies

1001 S. Dairy Ashford, Suite 450

Houston, TX 77077

281-582-0855

www.cdsmr.com