

# TAKING STOCK



Nevada's 2013 Affordable Apartment Survey

## From The Administrator



**Bruce K. Johnson**

Administrator

### **Nevada Housing Division's Annual Multi-Family Survey**

It is my honor to present the Nevada Housing Division's (NHD) 2013 multi-family housing survey "TAKING STOCK." Dedicated NHD staff obtained survey data for this report through electronic mail questionnaires and direct phone contact with project property managers and/or their staff.

NHD evaluates housing program's effectiveness and then determines where to direct funding for affordable housing throughout the State based on data gathered from this and similar reporting. More than ever, NHD remains committed to provide safe, sanitary, and decent affordable housing for low to moderate income households.

The Low-Income Housing Tax Credit (LIHTC) program in the State of Nevada, administered by NHD, has accounted for the production of over 27,000 housing units. According to the "A Call to Invest in Our Neighborhoods" (A.C.T.I.O.N) 2011 fact sheet, the LIHTC program was responsible for creating 29,000 jobs, adding \$2.3 billion to local economies, providing \$222 million in state and local tax revenue and \$642 million in federal tax revenue. The LIHTC program serves a dual role as a conduit for building quality affordable housing and a driver of economic development in the State.

It's my hope that data gathered in the report is used by stakeholders to determine where the need for affordable housing is greatest in this State, and develop a plan to meet that need. NHD is open for business, and is willing to work with any entity (government, private sector, or non-profit) in Nevada to build, acquire, and/or rehabilitate affordable housing for qualified residents.

*Bruce K. Johnson*

## About Nevada Housing Division

### Our Mission

Providing affordable housing opportunities, and improving the quality of life for Nevada residents.

### The Division

The Nevada Housing Division (NHD), a division of the Department of Business and Industry, was created by the Nevada Legislature in 1975; when it was recognized that a shortage of safe, decent, and sanitary housing existed throughout the State. The majority of NHD's operating costs are funded through program fees and federal grants.

NHD is committed to strengthening Nevada communities through increasing access to affordable housing. This commitment is evidenced through the administration of programs that focus on expanded affordable housing choices.

## HOUSING PROGRAMS

### Low Income Housing Tax Credit (LIHTC)

This program allocates Nevada's share of federal housing tax credits each year to developers for specific affordable apartment communities. LIHTC has created approximately 11,000 units of multi-family housing with a total of over \$81 million in housing tax credits allocated since 1987.

### Multifamily Bond Financing

Multifamily bond financing provides a method for financing affordable housing projects. Since 1975, over one billion dollars of bond financing, or bond financing in combination with four percent tax credits, has created over 22,000 multi-family units.

### Home Investment Partnership Program (HOME)

HOME is designed to promote partnerships amongst federal, state, local governments and private sector companies who build, own, manage, finance and support low income housing initiatives. NHD administers the HOME program, distributing HOME funds by formula to the four local participating jurisdictions. NHD oversees the HOME program directly for non-entitled rural areas of the state. HOME funds are used to provide down payment assistance, for homeowner or multi-family rehabilitation, or construction of new multi-family units. Since 1992, HOME funds have built or rehabilitated nearly 2,700 housing units.

### The Low Income Housing Trust Fund (LIHTF)

LIHTF is a state funded program for affordable housing. Funds are allocated to participating jurisdictions to expand and improve the supply of rental housing through construction and

rehabilitation to stabilize communities. LIHTF funds are used to provide financing for down payment assistance and homeowner rehabilitations of single family homes. These funds can also be used to provide assistance to families and individuals who are in danger of becoming homeless. Since its inception in 1989, LIHTF funds have served more than 32,000 households or housing units.

### The Emergency Solutions Grant (ESG)

ESG funds are dispersed to local governments and non-profits for emergency shelter and outreach to the homeless. The ESG program helps individuals and families obtain permanent housing situations as quickly as possible and may be used to prevent homelessness. ESG funds (previously known as the Emergency Shelter Grant program) have served more than 32,000 individuals since 2001.

### Neighborhood Stabilization Program (NSP)

NSP provides grants and funding to communities suffering from foreclosures and homes being abandoned. The goal of the program is to stabilize communities through the rehabilitation of vacant homes, and selling or renting those homes to qualified low-income families. NSP has served more than 300 households.

### Weatherization Assistance Program

The Weatherization Assistance Program has increased energy efficiency for over 25,000 units of low income housing since 1977. Funding for this program is provided by the Fund for Energy Assistance and Conservation, the U.S. Department of Energy, the Low Income Home Energy Assistance Program, the Low Income Housing Trust Fund and Southwest Gas.

### Units Built or Renovated or Households Served Since Program Inception

Program	Served/Built since Inception
Tax Credit*	10,756 units
Bond Only	4,983 units
Bond with 4% tax credit**	17,863 units
<b>Subtotal LIHTC</b>	<b>33,578 units</b>
NSP I	255 units
NSP III	59 units
LIHTF	32,309 units or households
WAP	25,368 units
ESG***	32,748 individuals
HOME	2,675 units

## Executive Summary

This report provides an analysis of data collected through the Nevada Housing Division's (NHD) 2013 Affordable Apartment Survey. The survey focused on Low Income Housing Tax Credit (LIHTC) properties. Some of the more notable findings are as follows:

- Nevada has a higher than average number of LIHTC units per household compared to the national average.
- Average vacancy rates for affordable<sup>1</sup> units were much higher in Las Vegas than in Reno. However, LIHTC vacancy rates in Las Vegas remained below market vacancy rates, whereas in Reno, LIHTC properties had vacancy rates higher than the market rates.
- Units with one bedroom or units with four or more bedrooms had the lowest average vacancy rates.
- Senior housing had lower vacancy rates than family housing.
- Highest average rents for LIHTC properties were reported in Washoe County.
- Market rents were 17% above the overall average high range LIHTC rents in Clark County, and 20% above overall average high range LIHTC rents in Washoe County.
- Survey results indicated skips at a rate of 15 per hundred units per year, providing evidence that a fairly large number of LIHTC tenant families have difficulty keeping up with rent payments.
- Majorities of extremely low income (below 30% AMI) households experience severe rent burden. The Nevada rate of rent burden for this group exceeds the national average.
- Property managers estimated a total of 1,463 veteran households living in LIHTC units. Extrapolating to the entire population of LIHTC properties, about 1,700 Nevada veterans are housed in LIHTC units.

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<sup>1</sup> Affordable housing in this report includes properties financed with LIHTC, HOME, or Bonds.

## Introduction

The Nevada Housing Division carried out a survey of its Low Income Housing Tax Credit properties in the 4<sup>th</sup> quarter of 2013. The data is useful to the Division and other agencies in identifying gaps in supply in order to best target future tax credit funds or other housing developments. The Housing Division's primary commitment is to provide safe, sanitary and decent affordable housing to low and moderate income individuals and families across the state of Nevada.

## Low Income Housing Tax Credit Program

The Tax Reform Act of 1986 acted as a conduit for what has become one of the Federal Government's largest programs for producing affordable housing. The LIHTC program is a federal tax incentive program administered by the Internal Revenue Service (IRS) through regulations published under Section 42 of the Internal Revenue Code (IRC).<sup>1</sup> The LIHTC program is designed to encourage long term investment from the private sector with the goal of increasing the supply of quality affordable rental housing. This goal is accomplished by awarding federal income tax credits to developments under the condition that rents and tenant incomes remain restricted for a designated period of time. Each year the Nevada Housing Division allocates available tax credits pursuant to regulatory and statutory requirements.

By 2009, the LIHTC program nationwide accounted for over one and a half million units or about 21% of all federally supported rental housing.<sup>2</sup> In comparison, the nation's largest rental assistance program is the Housing Choice Voucher program which issued 2.2 million vouchers in 2009.<sup>3</sup> In Nevada, the LIHTC program made up approximately 47% of federally supported rental housing.<sup>4</sup> The proportion of LIHTC funded housing is greater due to our rapidly growing population. Nevada has younger housing stock, less public housing and less Section 8 project based housing than other states. Since the LIHTC program inception in 1986, Nevada has been one of the fastest growing states. Housing units in Nevada expanded 275% from 430,000 in 1986 to 1,182,870 in 2013, so a large proportion of total housing stock is from this most recent period.<sup>5</sup>

In 2011, LIHTC properties made up approximately 9% of Nevada's multi-family apartment complexes.<sup>6</sup> In comparison, the next largest federal housing program in 2011 was the Housing Choice Voucher program which issued approximately 14,000 vouchers to Nevadans.<sup>7</sup> Also of note, there were fewer than 4,000 public housing units available in Nevada.<sup>8</sup> Some Housing Choice Voucher holders may utilize LIHTC housing as well, so the categories intersecting with LIHTC and Housing Choice Vouchers cannot be completely separated.

LIHTC housing is typically funded with multiple sources including tax exempt bond financing, FHLB, HOME, USDA RD, and the Housing Choice Voucher program, formerly known as Section 8. The Home Investment Partnership Program (HOME) is a federally funded, large-

scale program for affordable housing. HOME is designed as a partnership among the federal, state, local governments and the private sector (profit and not-for-profit) who build, own, manage, finance and support low-income housing initiatives. The Rural Development Rental Assistance (USDA RD) program offers support to individuals and families living in rural areas. USDA RD support is generally in the form of project based rental assistance. The Housing Choice Voucher program is a federal rental assistance program which operates through the U.S. Department of Housing and Urban Development (HUD). HUD administers and provides funding for rental subsidies that are either tenant or project based. Federal Home Loan Banks (FHLB) fund the Affordable Housing Program using 10% of net income each year. The program allows grant funds to be used in combination with LIHTC as well as other sources for affordable housing initiatives.

## Methodology of Survey

The 2013 Affordable Apartment Survey focused on Nevada's LIHTC properties. A multi-mode survey of 215 LIHTC, HOME, and other affordable properties was carried out in December 2013. The properties surveyed constitute the active properties listed on the auditing rolls for NHD as of December 2013.<sup>9</sup> These properties represent 24,317 units. Questionnaires were distributed via e-mail and were followed up by phone calls to property management firms. In some cases e-mail reminders were sent to property managers. Surveys were returned via e-mail or fax. The return rate was 87% with 187 of the properties responding. These properties represent 84% of the units surveyed (see Table 1). Las Vegas and surrounding communities had 87 responses, the Reno-Sparks region had 43 responses and 57 responses were from the remaining 15 Nevada counties. The survey instrument is included in Appendix A.

**Table 1. Survey Respondents and Response Rate by Region**

Region	Properties Responding	Units Represented	Property Response Rate	% Units Represented
Clark Co.	87	12,712	82%	80%
Washoe Co.	43	5,282	88%	94%
Rural Nevada	57	2,528	95%	92%
<b>Total</b>	<b>187</b>	<b>20,522</b>	<b>87%</b>	<b>84%</b>

## Nevada's LIHTC Housing Stock

### 2013 Additions

A total of 302 new LIHTC units in five properties were finished and added to the LIHTC housing stock in 2013. Eighty-six percent of the new units were for seniors. Below is a brief description of each of the five new properties.

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### **Christina Court**

Christina Court, serving seniors 55 and older, including many with special needs, is located in Carson City. The community is comprised of 40 apartment homes in one three-story building built to the USGBC LEED<sup>2</sup> Platinum rating. The property was developed by West Coast Affordable Housing Inc. and was designed to meet very stringent energy standards while adding market rate units to encourage diversity. Each unit has fully equipped kitchens, open floor plans, and patios or balconies.

### **Minuet Senior Apartments**

Minuet Senior Apartments is a mixed income senior community. The property is located in Las Vegas. Minuet is comprised of 75 one and two bedroom apartment homes constructed in a Mediterranean style three story elevator residence. The community was co-developed by Ovation Development Group and Silver Sage Manor. Minuet offers recreational areas, an exercise room, hair salon, raised bed gardening plots as well as a full time Resident Services Coordinator.

### **Larios Arms Senior Residence**

Larios Arms Senior Residence serves seniors aged 55 and older. The property is located in Winnemucca. Larios Arms was developed by Nevada Rural Housing Inc. in partnership with the Humboldt Development Authority and the City of Winnemucca which donated the 2.13 acre parcel of land for the project. The community is comprised of 30 one and two bedroom apartment homes in a three story elevator residence. Each unit provides a patio or balcony and promotes independent living and aging in place.

### **Santa Barbara Palms**

Santa Barbara Palms serves seniors aged 55 years and older and is located in Las Vegas. The property represents 114 two bedroom apartment homes in one three story elevator residence. Santa Barbara Palms was developed by George Gekakis Inc., using green building conservation features such as no or low VOC materials, tank-less hot water heaters, triple pane low E windows, and use of photo-voltaics. Support services include health, financial, social and educational activities offered on a monthly basis.

### **Aspen Village**

Aspen Village serves individuals and families. The community is comprised of 43 one and two bedroom homes in one three story elevator residence which include nine units for special needs for housing individuals and families affected with a permanent disability. Aspen Village was developed by Northern Nevada Community Housing Resource Board, whose goal is to provide quality affordable housing coupled with supportive services.

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<sup>2</sup> United States Green Building Council Leadership in Energy and Environmental Design

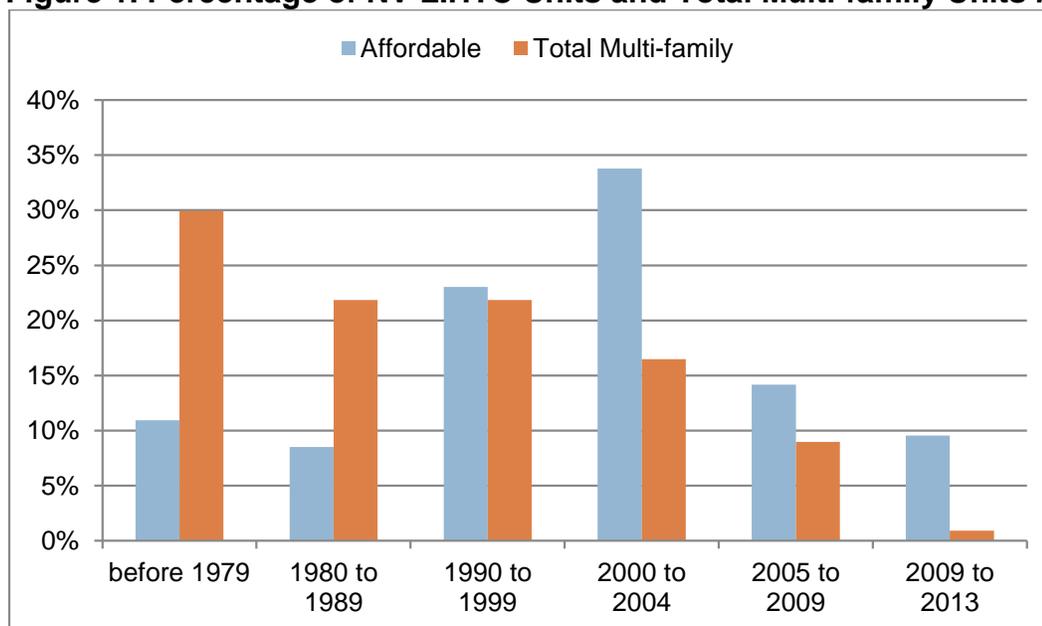
**Table 2. Nevada LIHTC Properties Finished 2012 to 2013**

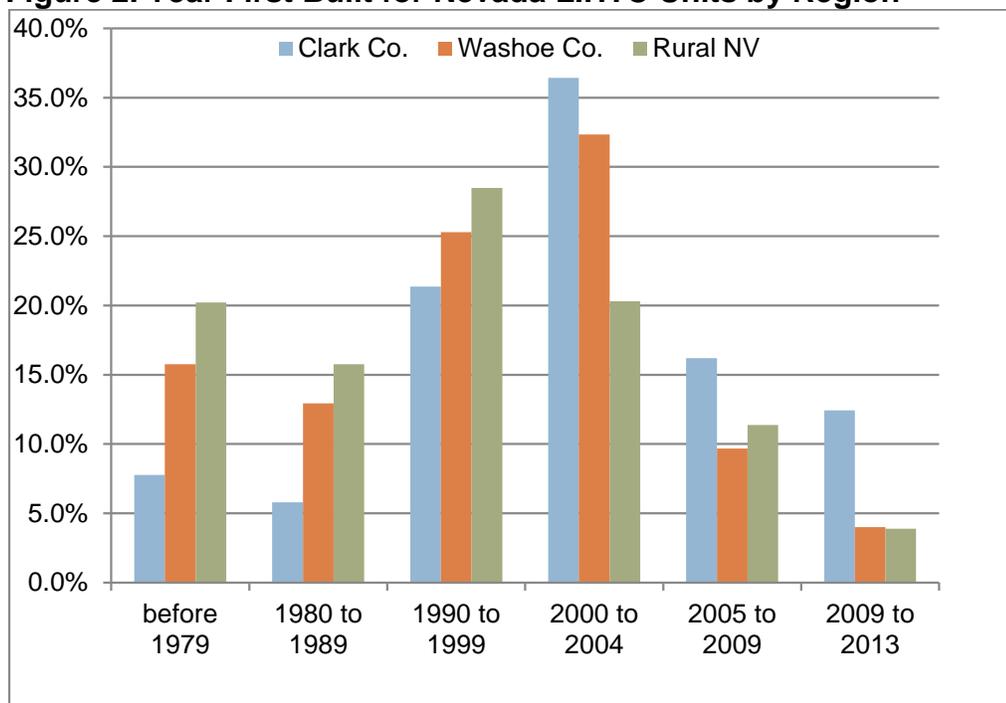
Name	Location	Total units	Restricted Low Income Units	Type
Christina Court	Carson City	40	36	Senior
Minuet	Las Vegas	75	65	Senior
Larios Arms	Winnemucca	30	30	Senior
Santa Barbara Palms	Las Vegas	114	35	Senior
Aspen Village	Sparks	43	43	Individual and Family

### Description of Nevada LIHTC properties

Most of Nevada's population growth occurred in the era where tax credit housing was the primary low income housing program. As seen in Figure 1, the majority of Nevada's tax credit housing was built from 1990 to 2004. The first properties were built in the late 1980's after the tax reform law passed in 1987. In the first years of the program, investor concern about risk and high transaction costs limited the amount of tax credit value. The program became more familiar to investors and provided better value as time passed. Later, the LIHTC program was affected by the housing bubble and subsequent mortgage crisis, as can be seen in Figure 1.<sup>10</sup> Note that properties first built before the program began in 1987 were brought into the program as major rehabilitation projects.

The year first built differs across regions. Reno-Sparks and the 15 rural counties have a larger proportion of older stock (Figure 2). Because of more rapid population growth in Clark County a greater percentage of its housing stock is new as compared to the rest of the state.

**Figure 1. Percentage of NV LIHTC Units and Total Multi-family Units by Year First Built**

**Figure 2. Year First Built for Nevada LIHTC Units by Region**

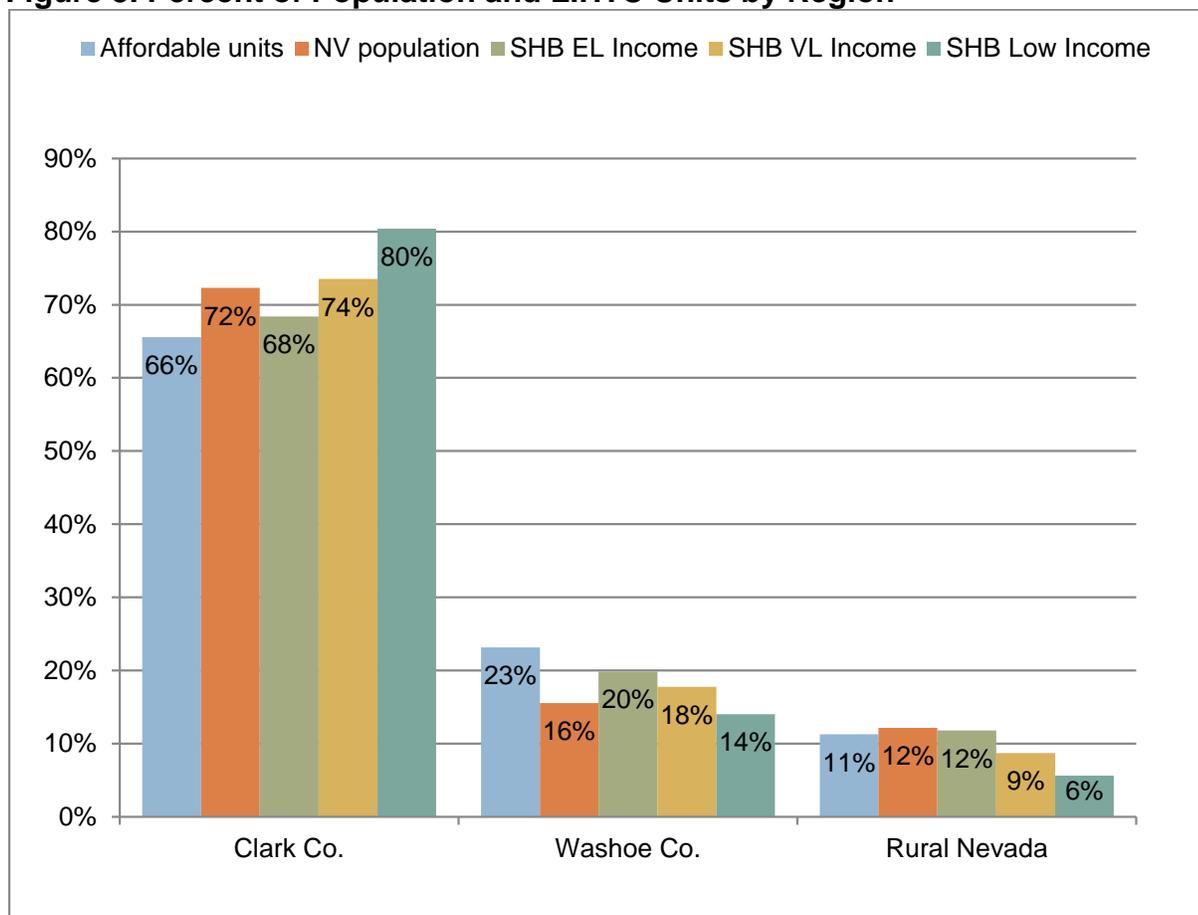
As compared to the national average, Nevada had a high ratio of LIHTC units to total number of households (see Table 3). Nevada had 2.6 LIHTC units for each hundred households as compared to a national average of 2.2 LIHTC units per hundred households. Other western states such as Arizona and Idaho had only 1.6 LIHTC units per household. Another measure of the relative abundance of LIHTC units is the number of units compared to the population in need. Nevada had approximately 23 units for each 100 households under 50% of HUD area median income that experienced severe rent burden (Table 3). The U.S. average was 19 units per 100 severely rent burdened households under 50% AMI. Severe rent burden means a household pays more than 50% of its income for gross rent.

The table uses HUD household data that is a special tabulation of American Community Survey data for the five years from 2006 to 2010. This data mixes pre and post housing crisis years.

**Table 3. LIHTC Units Per Household Comparison**

2006-2010	LIHTC Units per 100 Households	LIHTC Units per 100 Households under 50% AMI with Severe Rent Burden
CA	2.3	16.0
ID	1.6	18.1
UT	2.6	29.7
AZ	1.6	14.4
<b>NV</b>	<b>2.6</b>	<b>22.8</b>
US	2.2	19.3

**Figure 3. Percent of Population and LIHTC Units by Region**



Notes: SHB is an abbreviation for “severe housing burdened”. This means a household pays more than 50% of its income for gross rent. EL is an abbreviation for extremely low income household which means household income below 30% of area median income (AMI), VL is an abbreviation for very low income household which means household income over 30% AMI but below 50% AMI and Low Income means households with income over 50% AMI but below 80% AMI.

The distribution of LIHTC properties does not equally mirror population demographics in the State (see Figure 3). For example, only 66% of the 2013 LIHTC units were in Clark County whereas 72% of the total 2012 Nevada population resides in Clark County. Tax credit dollars are distributed according to population percentages in each region, but for many reasons the number of units built may not be distributed equally. One reason may be that Clark County LIHTC properties have converted to market rental rates at a faster pace. For example, in 2013, two projects in Clark County with a total of 461 units converted to market rate, while no other conversions to market rate occurred elsewhere in the state. Distribution of LIHTC properties was closer to the distribution of extremely low income (lower than 30% AMI) housing burdened households. For example, 68% of the severe housing burdened extremely low income population of Nevada resided in Clark Co., which was more closely aligned with the 66% of LIHTC units in Clark Co.

## Vacancy Rates

Overall vacancy rate in the 4<sup>th</sup> quarter of 2013 for the Nevada LIHTC housing surveyed was 7.0%. Comparable apartment vacancy rates on a national level are not yet available.

**Table 4. Nevada LIHTC Apartment Vacancy Rate by Region, 4<sup>th</sup> Quarter 2013**

Region	4 <sup>th</sup> Qtr. Vacancy Rate	Average 2013 Vacancy rate
Carson City	3.5%	11.1%
Las Vegas Region	7.8%	7.5%
Henderson	3.7%	4.0%
Las Vegas	8.7%	8.2%
N. Las Vegas	6.6%	7.6%
Reno-Sparks	5.3%	6.7%
Rural	5.9%	10.7%
<b>Nevada Average</b>	<b>7.0%</b>	<b>7.6%</b>

Average rural vacancy rates varied widely from 0 to 30%. As of 2013, rural areas of Nevada had an estimated population of about 360,000 spread across a region of nearly 96,000 square miles.<sup>11</sup> Vacancies in rural counties where mining operations are currently booming tend to have very low vacancy rates while some rural counties without mining activity have difficult economic conditions and high vacancy rates. For counties where mining operations are expanding, all types of housing are in high demand. Increases in mining employment create upward pressure on rents in all housing units while the influx of supporting businesses and lower paid employees in those businesses may increase demands for LIHTC housing.

Las Vegas region LIHTC properties reported an average 4<sup>th</sup> quarter vacancy rate of 7.8% while Reno-Sparks region properties reported 5.3%. Particularly high vacancy rates were reported by properties in zip code 89101 in Las Vegas. In this zip code LIHTC properties made up about a third of total rental units.<sup>12</sup>

Comparable 4<sup>th</sup> quarter market apartment vacancy rates are not yet available. However, LIED Institute reported a 10% market vacancy rate for the third quarter in Las Vegas. Meanwhile Johnson and Perkins reported a 4% vacancy rate for large apartment complexes in Reno and Sparks for the third quarter. The market trend over the last few years was for lower vacancy rates in both regions.

During the housing crisis, average market apartment vacancy rates in Las Vegas increased from 4.5% in 2006 to nearly 11% in 2009. A slightly decreasing trend to about 10% occurred from 2009 to 2013.<sup>13</sup> The LIHTC vacancy rate found in the survey is about two points lower than the market average. In Reno-Sparks a similar apartment market trend was observed with vacancy rates at 3% in 2006, rising to 9% in 2009, but then trending more sharply downward to

4% in October of 2013.<sup>14</sup> Reno-Sparks LIHTC units' average vacancy rate from the survey was more than a point higher than the market average.

Landlords were asked to estimate annual average vacancy rates for 2013, which presented a mixed picture. Five properties reported a 4<sup>th</sup> quarter decrease in vacancies over 10% while two properties reported an increase in occupancy rates over 10% as compared to the year average. Overall, 70 properties decreased their vacancy rates in the 4<sup>th</sup> quarter, 53 properties increased their vacancy rates and eight properties vacancy rates remained the same when compared to the annual average vacancy rate. There were fifteen properties that lacked data for the comparison and may be responsible for some of the reported difference between 4<sup>th</sup> quarter and overall 2013 vacancy rates. Overall, LIHTC vacancy rates decreased in the 4<sup>th</sup> quarter from 7.6% average for the year to 7% in the 4<sup>th</sup> quarter.

### Vacancy by Size of Unit

Nevada's LIHTC properties are dominated by two bedroom units, which made up 46% of the project units with returned questionnaires (Figure 4). Most of the remaining surveyed units (31%) are one bedroom units, with primarily 3 bedroom units filling out the rest of the inventory. Only two percent of the inventory was four or more bedrooms (included in the three bedroom or more category in the graph). Five percent of units are studio or single room occupancy units. National stock has fewer two bedroom units and more three bedroom and larger units.

**Figure 4. Nevada and U.S. LIHTC Units by Number of Bedrooms**

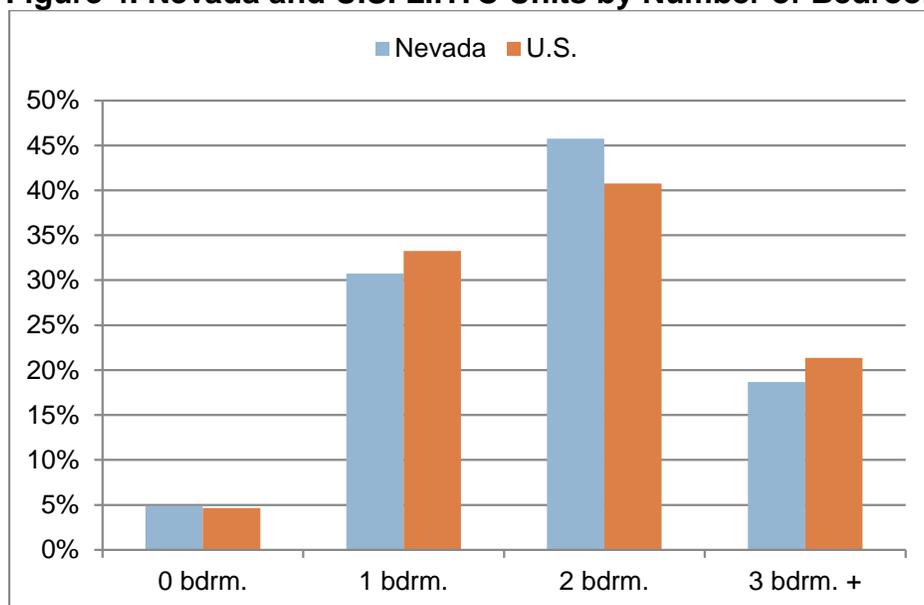


Table 5 gives the vacancy rate by unit size. Studio apartments have a higher vacancy rate. This may be in part because some of the units in this category are SRO units for special need populations such as the homeless with fluctuating populations. Vacancy rates were somewhat

higher for two and three bedroom apartments, than for one and four bedroom or larger apartments.

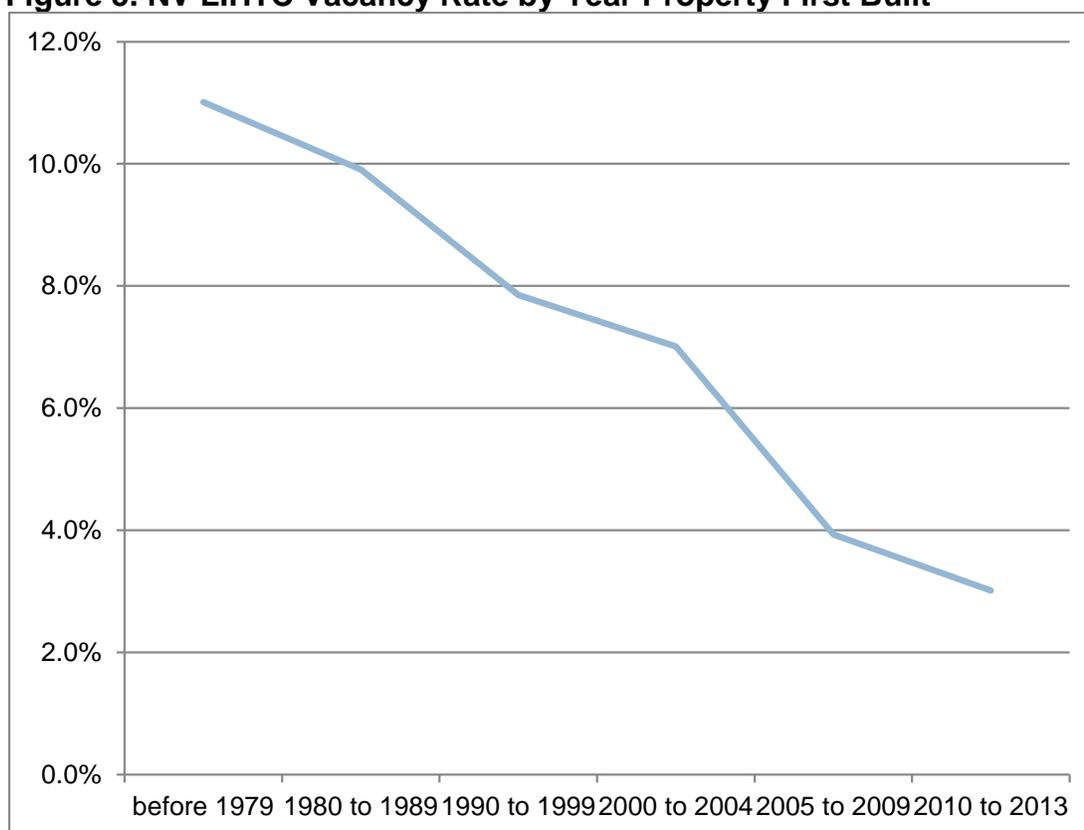
**Table 5. NV Vacancy Rate by Number of Bedrooms of LIHTC Unit, 4<sup>th</sup> Qtr 2013**

Studio	One bdrm.	Two bdrm.	Three bdrm.	Four + bdrm.
9.2%	6.3%	7.5%	7.1%	6.0%

**Vacancy by Year First Built**

Often older properties have higher vacancy rates. Older Nevada LIHTC properties had higher vacancy rates than newer properties. The chart in Figure 5 is based on the age the structure was first built. Any structure in the program that was built prior to 1987 is one that was acquired and rehabilitated. Thus the oldest structures have a mix of different dates at which they have undergone substantial rehabilitation, but nevertheless have higher vacancy rates.

**Figure 5. NV LIHTC Vacancy Rate by Year Property First Built**



**Vacancy by Type of Unit**

Thirty-five percent of the LIHTC units represented by returned questionnaires were on predominately senior properties. These units had a 6.0% average vacancy rate, lower than the family properties rate of 7.6%.

## Rent

Projects may be a mixture of market and low income rental units. However, in practice, to maximize the tax credits available almost all units are restricted rent units. For Nevada, 97% of LIHTC units are rent restricted. Rents in LIHTC properties are restricted by contracts made as part of the LIHTC allocation process. Twenty to forty percent of the units must be affordable to lower income households to be eligible for tax credits. At a minimum, units eligible for tax credit basis must have rents that are affordable for households with 60% of HUD's established area median income. Additional rent restrictions may also be included. The rent may be less than the allowable amount. Eligible tenants must have incomes below 60% of AMI or possibly lower incomes depending on the LIHTC contract. The rents are fixed, and not adjusted for incomes lower than the contracted rent restriction. Thus, families with incomes that are lower may pay more than 30% of their income for rent in a LIHTC property. LIHTC properties that are combined with rural development or project based Housing Choice Vouchers are excluded from this analysis since they are different in this respect.

**Table 6. Average LIHTC Property Rents by Region and Bedroom Size**

Region	Studio		1 bedroom		2 bedroom		3 bedroom or more		Overall Average	
	low	high	low	high	low	high	low	high	low	high
Carson City	NA	NA	\$ 557	\$ 615	\$578	\$615	\$703	\$ 703	\$ 592	\$ 632
Clark Co.	\$457	\$473	\$ 495	\$572	\$585	\$670	\$755	\$756	\$582	\$649
Henderson	NA	NA	\$ 483	\$ 551	\$604	\$717	\$732	\$ 839	\$ 563	\$ 660
Las Vegas	\$ 457	\$ 473	\$ 496	\$ 584	\$585	\$669	\$760	\$ 815	\$ 587	\$ 650
No. Las Vegas	NA	NA	\$ 535	\$ 552	\$672	\$727	\$773	\$ 857	\$ 650	\$ 699
Washoe Co.	\$471	\$544	\$520	\$626	\$669	\$699	\$820	\$929	\$640	\$716
Rural Nevada	NA	NA	\$531	\$584	\$568	\$612	\$684	\$716	\$593	\$637
<b>NV Total</b>	<b>\$466</b>	<b>\$515</b>	<b>\$504</b>	<b>\$585</b>	<b>\$600</b>	<b>\$672</b>	<b>\$766</b>	<b>\$805</b>	<b>\$598</b>	<b>\$665</b>

Questionnaires asked for high and low rents for each apartment size. Average range for each apartment size by region are reported in Table 6. Lowest rents were most typically in Clark County. For larger apartment sizes, rural rents were lower. Zip code 89101 in Las Vegas had the lowest rents within Clark County, inversely mirroring the reported vacancy rate for this zip code.

**Table 7. Third Quarter Market Rents for Las Vegas and Reno**

	Studio	1 bedroom	2 bedroom 1 bath	2 bedroom 2 bath	3 bedroom 2 bath	Overall
J & P Reno	\$ 531	\$ 713	\$ 780	\$ 928	\$ 1,113	\$ 859
LV Unfurnished	\$ 527	\$ 664	\$ 684	\$ 817	\$ 952	\$ 758
LV furnished	\$ 582	\$ 730	\$ 1,111	\$ 874		

Fourth quarter average rents from other studies were not yet available at press time. In addition, the LIED Institute study for Las Vegas region and the Johnson Perkins study for Reno Sparks reported averages for somewhat different types of units than did the LIHTC survey so rent comparisons are approximations. To create the most difficult test of whether or not LIHTC properties have lower than market rents, Table 8 compares the high range average rent for the LIHTC properties against the most appropriate reported average market rent. In only one case, studio rents in Reno were the high average LIHTC rent making them more than the market rent. Reno LIHTC average low rent for studio apartments was 11% lower than the 3<sup>rd</sup> quarter market rents reported in Johnson and Perkins. Overall, LIHTC high range rents averaged 20% less than market rents in Reno and 17% less in the Las Vegas region.

**Table 8. Comparison of Average Market and High Range LIHTC Rents**

	Studio	1-bedroom	2-bedroom 1-bath	2 bedroom 2 bath	3-bedroom 2bath/3 or more bedrooms	Overall
Highest Average Reno/Sparks LIHTC Rent	\$544	\$626	\$684	\$708	\$929	\$716
Average J & P Reno/Sparks Market Rent	\$531	\$713	\$780	\$ 928	\$1,113	\$859
Percent Difference	2%	-14%	-14%	-31%	-20%	-20%
Highest Average Las Vegas Region LIHTC Rent	\$473	\$572	\$659	\$683	\$756	\$649
Average Unfurnished Lied Las Vegas Region Rent	\$527	\$664	\$684	\$817	\$952	\$758
Percent Difference	-11%	-16%	-4%	-20%	-26%	-17%

## Economic Vacancy

LIHTC apartment communities are designed to serve Nevada's moderate to low income families. The rent in LIHTC qualifying units must be under a maximum allowable rent. Since there is no subsidy that assures all families of even lower incomes will pay less than 30% of their income to gross rent, it is possible for extremely low income or very low income families who earn less than the qualifying income to suffer from rent burden. One sign that a family may find rent burden so high as to be unsustainable is that the family leaves before the end of their lease term or is evicted for non-payment. To collect evidence about economic vacancy, an additional question was added to the survey:

How many households would you say either skip or are required to move out each month due to the inability to pay their rent? Circle the answer that best fits your property.

- a. 0
- b. 1
- c. 2-3
- d. 4 or more \_\_\_\_\_

Managers for senior communities reported 0.6 skips per month for each one hundred units, whereas family developments reported an average of 1.6 skips per for each hundred units. By region, Clark County apartment complexes reported an average of 1.4 skips per month per hundred units as did the rural counties. Washoe County, with the highest rents reported the lowest number of skips per month per hundred units at 0.9. Overall average skips reported were 1.3 skips per month per hundred units. Over the year this would equate to about 15 skips per hundred units, providing evidence that a fairly large number of LIHTC tenant families have difficulty keeping up with rent payments. A Reno area manager summed this up by adding the following statement to their survey:

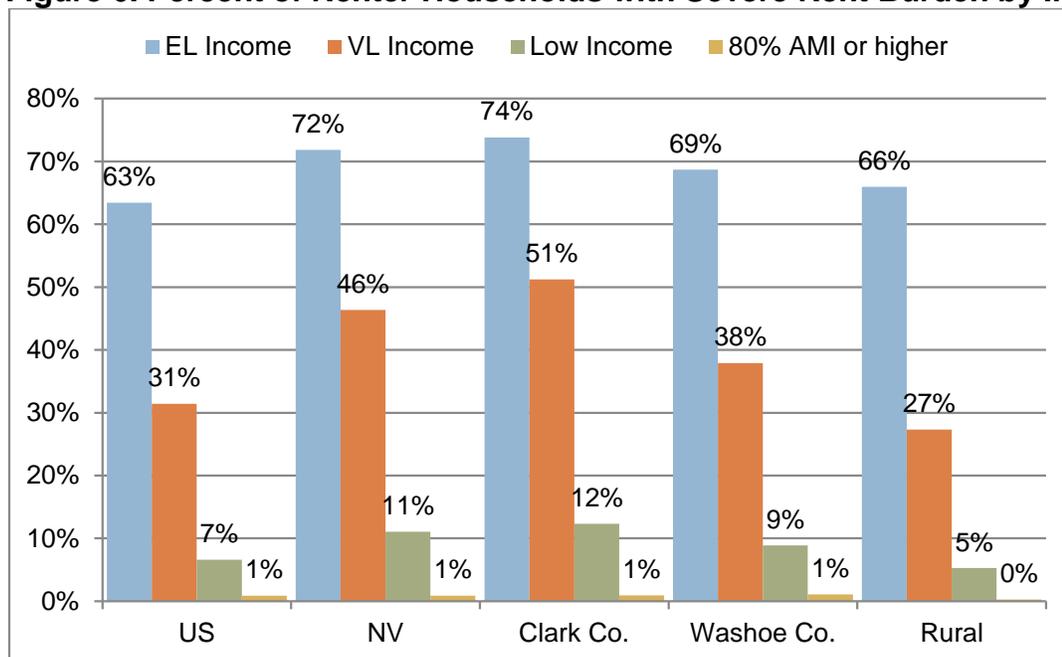
*“The market has been improving in the Reno area this last quarter, but most potential residents feel that the maximum rent is not affordable with their income.”*

Research into LIHTC properties nationwide has found that LIHTC housing does serve the lowest income tenants but that it does so with additional subsidies and vouchers from other housing programs.<sup>15</sup>

### Need for Housing Assistance

Additional evidence of affordable housing needs is presented in Figure 6, which charts the differences in severe rent burden for different income groups and different regions. Severe rent burden occurs when a renter household pays 50% or more of its income for gross rent.

**Figure 6. Percent of Renter Households with Severe Rent Burden by Income Group**



Note: EL is an abbreviation for extremely low income household which means household income below 30% of area median income (AMI), VL is an abbreviation for very low income household which means household income over 30% but below 50% AMI. Low Income means households with income over 50% AMI but below 80% AMI.

Majorities of extremely low income (below 30% AMI) renter households experience severe rent burden. Severe housing rent burden affects a larger percentage of Nevada's low income population than of the equivalent U.S. population. An estimated 9% more extremely low income, 15% more very low income and 4% more low income households who rent experience severe rent burden than does the equivalent U.S. population as a whole. Clark County has the highest rate of housing rent burden as compared to Washoe County or rural counties.

### Housing for Low Income Veteran Households

Nevada has not yet met the federal government's goal of ending homelessness for veterans. The federal government's goal is to end veteran homelessness by the year 2015. The most recent available point in time count for Nevada found 946 homeless veterans in January of 2013, 472 of whom were unsheltered.<sup>16</sup> There is an even larger pool of veteran households that are at risk of homelessness. A study carried out by the National Low Income Housing Coalition found approximately 10,000 extremely low income Nevada veteran households experienced severe housing cost burden in 2011 (see Table 9). Families with severe housing cost burden (50% or more of a family's income is spent on gross rent or for owner's, mortgage and related costs) may be considered at risk for homelessness.<sup>17</sup>

**Table 9. Housing Cost Burden for Nevada and U.S. Veterans, 2011**

	Type of Household	Veteran		Low Income Veteran (< 80% AMI)		Extremely Low Income Veteran (< 30% AMI)	
		NV	US	NV	US	NV	US
Vet HHolds	Number	158,000	14,617,000	45,152	4,750,543	9,785	962,930
	% of total households	16%	13%	29%*	32%*	6%*	7%*
Selected Characteristics of Vet Households (% of total)	Headed by Minority	20%	18%	22%	21%	24%	29%
	Female headed	7%	6%	8%	7%	12%	10%
	OEF/OIF/OND head	11%	9%	7%	8%	10%	8%
	Renter Occupied	30%	22%	47%	35%	53%	51%
	Cost Burden	34%	26%	74%	54%	93%	85%
	Severe Cost Burden	15%	11%	43%	29%	82%	71%
	% Renter Severe Cost Burden			46%	35%	85%	71%

According to estimates by the Center for Budget and Policy Priorities (CBPP), most rental assistance is provided to veterans through "mainstream" programs such as Housing Choice Vouchers, Project Based Rental Assistance and public housing.<sup>18</sup> For example, the short-term assistance provided through the Supportive Services for Veteran Families (SSVF) program helps veterans and their families to locate these mainstream services where necessary. This program is expanding at the national level from \$100 million in FY 2013 to \$300 million in FY 2014 and is a key component of the campaign to end veteran homelessness.<sup>19</sup> For veterans in this program household incomes must be less than 50% of area median income, an income which qualifies for most LIHTC properties. LIHTC properties are another viable housing option

open to veteran individuals and families who may or may not have other subsidies. Unfortunately, there is little information available on which types of mainstream affordable or assisted housing are used by veterans and their families.<sup>20</sup> Accordingly, a question asking for an estimate of the number of veteran tenants was added to the 2013 affordable apartment survey.

The 2013 survey included this question on veteran occupants:

- To your knowledge, are any of your units occupied by a household with at least one veteran: If so, how many units would you say have at least one veteran occupant?

**Table 10. Veterans in LIHTC Housing**

Region	Veterans reported	Total units surveyed	Percentage Units with a veteran	Extrapolated Total Veterans**
Clark Co.	858	12,714	6.7%	1,076
Washoe Co.	467	5,287	8.8%	497
Rural Counties	138	2,528	5.5%	150
<b>Grand Total</b>	<b>1,463</b>	<b>20,529</b>	<b>7.1%</b>	<b>1,723</b>

Property managers reported a total of 1,463 veteran households living in LIHTC units. Extrapolating to the entire population of LIHTC properties, about 1,700 Nevada veterans would be housed in LIHTC units.

Two properties reported comparatively higher percentages of veteran households in their apartment communities. These sister properties located in Washoe County account for 31% of the total reported in that area. Neither property has special veteran designation, type, or regulatory requirement. Rather these properties incorporate resident selection criteria and management procedures and policies that are veteran friendly.

These include:

- Waiving security deposits for veterans with valid proof of service
- Working with previously homeless veterans that may not meet the 12 month rental history requirements
- Staff help to orient veterans to community rules and amenities as well as coaching on how to access services at the close-by VA Hospital, as well as assistance with finding the grocery store, recreation, and the Post Office. This assistance helps veterans acclimate and become more comfortable in their community.
- The staff has an understanding of challenges previous homeless veterans have faced when living in a home for the first time and how this can have an effect on managing their properties. In order to keep veterans in their homes, they are

committed to seeking solutions which involve mediation with residents and their case workers.

The properties have other attributes that are important to improving the quality of life for veterans. These include:

- Rents are affordable and include all utilities.
- They are built in close proximity to a VA Hospital.

## Discussion and Conclusion

LIHTC housing makes up a large proportion of Nevada's low income housing. However, despite the relatively large number of LIHTC units per capita, the rate of severe housing cost burden continues to be higher than the national average for extremely low and very low median income households. Further study of this issue is warranted. It was encouraging to find that where comparable rents were available, LIHTC housing is providing housing with rents up to 30% lower than market housing. Providing enough affordable housing options in Nevada is a challenge given the State's unique demographic and economic conditions. Unemployment rates, mining industry uncertainties, and single family home sale instability all have a tremendous effect on affordable housing trends. As this report indicates each of the regions have a unique set of challenges facing them as they strive to continue to provide affordable housing options to low and moderate income individuals and families.

NHD would like to thank the management companies and their employees who have taken the time to respond to the survey. Their efforts to house Nevada's most vulnerable populations amidst difficult economic conditions and demanding regulatory requirements warrant acknowledgement.

This report can be found on Nevada Housing Division website at [www.housing.nv.gov](http://www.housing.nv.gov). The Division encourages ideas or suggestions for future reports to be emailed to [NHDinfo@housing.nv.gov](mailto:NHDinfo@housing.nv.gov) or sent to Nevada Housing Division, attention Nicole Nelson, Chief Assistant, 1535 Old Hot Springs Road, #50, Carson City, NV 89706.

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**Appendix A. 2013 Affordable Apartment Rent and Vacancy Survey Questionnaire  
2014 Survey**

2. Property Name: \_\_\_\_\_  
 3. Property Demographics

Total # of Units	Total # of Vacant Units	Year Property was Built

Unit Breakdown

	# of Units	# Vacant	\$ Rent asked for
Studio			High
			Low
1X1 bedrooms			High
			Low
2X1 bedrooms			High
			Low
2X2 bedrooms			High
			Low
3X1 bedrooms			High
			Low
3X2 bedrooms			High
			Low
4 bedrooms			High
			Low

4. What is the property's average occupancy for the last 12 months?
5. Approximately how many units are Handicap Accessible?
6. How many households would you say either skip or are required to move out each month due to the inability to pay their rent? Circle the answer that best fits your property.
- a. 0
  - b. 1
  - c. 2-3
  - d. 4 or more \_\_\_\_\_
7. There is a national effort to ensure all our nation's veterans have adequate housing. Little information is currently known on this subject. Please help us gather data about veterans in rental housing if you can.
- a. To your knowledge, are any of your units occupied by a household with at least one veteran? If so, how many units would you say have at least one veteran occupant? \_\_\_\_\_
8. Is there anything else you feel is important to tell us about the housing market? Please take a moment to tell us, your comments are important to us.

Email completed form to [nnelson@housing.nv.gov](mailto:nnelson@housing.nv.gov) or fax to 775-687-4040 on or **before December 23, 2013.**

## Source Notes for Figures and Tables

### Table 3.

Source: State Housing Finance Agencies Factbook: 2011 NCSHA Annual Survey Results. 2013. National Council of State Housing Agencies, Washington, D.C. US Dept. of Housing and Urban Development. CHAS Data Query Tool 2006-2010 [http://www.huduser.org/portal/datasets/cp/CHAS/data\\_querytool\\_chas.html](http://www.huduser.org/portal/datasets/cp/CHAS/data_querytool_chas.html) accessed 1-17-2014

### Figure 1.

Source: Data on total multi-family units from Census Bureau, ACS 2012 1-year PUMS file accessed 1-21-2014.

### Figure 3.

Sources: 2012 population by county is from the Nevada State Demographer, Governor Certified Population Estimates of Nevada's Counties, Cities and Towns 2000 to 2012 downloaded from <http://nvdemography.org/wp-content/uploads/2013/03/2012-NV-Pop-Estimates.pdf> accessed 1-22-2014. Data on housing burdened households is from US Dept. of Housing and Urban Development. CHAS Data Query Tool 2006-2010 [http://www.huduser.org/portal/datasets/cp/CHAS/data\\_querytool\\_chas.html](http://www.huduser.org/portal/datasets/cp/CHAS/data_querytool_chas.html) accessed 1-17-2014

### Table 4.

Note: Vacancy rate calculations exclude Section 8 and Rural Development Properties and 9 of the remaining properties were missing data for average vacancy over the year (N= 138)

### Figure 4.

Nevada units are percentages of units reported in returned questionnaires. U.S. units are derived from the HUD LIHTC database for 2011. 8,807 properties missing data on bedrooms were not considered. <http://lihtc.huduser.org/> accessed Jan. 30, 2014.

### Table 5

Note: Missing data for 7 properties, N=140

### Table 6

Note: N= 148.

### Table 7.

Johnson - Perkins and Associates. 2013. Apartment Survey: October 2013. Reno-Sparks Metro Area. [http://www.johnsonperkins.com/wp-content/uploads/2011/04/Q3\\_ApartmentSurvey2013.pdf](http://www.johnsonperkins.com/wp-content/uploads/2011/04/Q3_ApartmentSurvey2013.pdf) accessed 1-20-2014 and Lied Insitute, 2013, Lied Institute Report on Apartment Market Trends, 3<sup>rd</sup> Quarter 2013 [https://business.unlv.edu/uploads/files/A76\\_Apt\\_2013Q3.pdf](https://business.unlv.edu/uploads/files/A76_Apt_2013Q3.pdf) accessed 1-20-2013.

### Figure 6.

HUD CHAS data query tool: [http://www.huduser.org/portal/datasets/cp/CHAS/data\\_querytool\\_chas.html](http://www.huduser.org/portal/datasets/cp/CHAS/data_querytool_chas.html) accessed Jan.10, 2013 and calculations by the authors.

### Table 8.

Johnson - Perkins and Associates. 2013. Apartment Survey: October 2013. Reno-Sparks Metro Area. [http://www.johnsonperkins.com/wp-content/uploads/2011/04/Q3\\_ApartmentSurvey2013.pdf](http://www.johnsonperkins.com/wp-content/uploads/2011/04/Q3_ApartmentSurvey2013.pdf) accessed 1-20-2014 and Lied Insitute, 2013, Lied Institute Report on Apartment Market Trends, 3<sup>rd</sup> Quarter 2013 [https://business.unlv.edu/uploads/files/A76\\_Apt\\_2013Q3.pdf](https://business.unlv.edu/uploads/files/A76_Apt_2013Q3.pdf) accessed 1-20-2013.

### Table 9.

Source: Arnold, Althea, Megan Bolton and Sheila Crowley. 2013. "Housing Instability Among Our Nation's Veterans". National Low Income Housing Coalition, Washington D.C. <http://nlihc.org/sites/default/files/NLIHC-Veteran-Report-2013.pdf> accessed 11/14/2013

\*Percent of total veteran households

### Table 10.

Notes: \*assuming one veteran per unit , N=187

\*\*Simple extrapolation by region to full population of LIHTC units

<sup>1</sup> Section 42 regulations can be found at:

[http://www.novoco.com/low\\_income\\_housing/resource\\_files/irs\\_rulings/irc\\_42/irc\\_sec\\_42\\_013113.pdf](http://www.novoco.com/low_income_housing/resource_files/irs_rulings/irc_42/irc_sec_42_013113.pdf)

<sup>2</sup> Schwartz, Alex. 2010. Housing Policy in the United States. P. 9. 2<sup>nd</sup> Edition. Routledge. New York, NY  
Categories included in this calculation are rental subsidy programs such as vouchers and public housing as well as “shallow subsidy” programs without rental assistance such as low income housing tax credit properties and HOME funded rental housing.

<sup>3</sup> Ibid.

<sup>4</sup> Calculated using HUD Picture of Subsidized Housing Data for 2009-2012

<http://www.huduser.org/portal/datasets/picture/yearlydata.html> accessed Jan. 10, 2014 Denominator was LIHTC units plus total of all HUD program units and does not include non-HUD programs such as USDA programs.

<sup>5</sup> Census Bureau. 2013. 2013 housing units are from State and County Quickfacts for Nevada.

<http://quickfacts.census.gov/qfd/states/32000.html> accessed Jan. 22, 2013. 1986 housing unit estimate is from: Prevost, Ron. State Housing Unit and Household Estimates: April 1, 1980, to July 1, 1993, Population Estimates and Projections, Current Population Reports. P25-1123. Available online at

<http://www.census.gov/popest/research/p25-1123.pdf> accessed Jan. 22, 2013.

<sup>6</sup> Estimated using 2009-2011 ACS. ACS estimated Nevada has 265,000 housing units in structures of 5 or more units. Census Bureau, American Community Survey 2009-2011 3-year estimates, Table B25024, <http://factfinder2.census.gov/>, accessed 12/4/2013 and State Housing Finance Agencies Factbook: 2011 NCSHA Annual Survey Results.

<sup>7</sup> Center for Budget and Policy Priorities. 2013. National and State Housing Data Factsheets. Housing Voucher Utilization Data. <http://www.cbpp.org/cms/?fa=view&id=3586#Nevada> accessed January 6, 2014.

<sup>8</sup> HUD Picture of Subsidized Housing Data for 2009-2012

<http://www.huduser.org/portal/datasets/picture/yearlydata.html> accessed Jan. 10, 2014

<sup>9</sup> Assisted living and inactive properties were not included. Some multiple phase properties have been aggregated.

<sup>10</sup> Schwartz, Alex. 2010. Housing Policy in the United States. P. 9. 2<sup>nd</sup> Edition. Routledge. New York, NY

<sup>11</sup> Census Quick Facts <http://quickfacts.census.gov/qfd/states/32/32031.html> accessed Jan.30 2014

<sup>12</sup> Lied Insitute, 2013, Lied Institute Report on Apartment Market Trends, 3<sup>rd</sup> Quarter 2013

[https://business.unlv.edu/uploads/files/A76\\_Apt\\_2013Q3.pdf](https://business.unlv.edu/uploads/files/A76_Apt_2013Q3.pdf) accessed 1-20-2013. LIHTC units used for the calculation were the number of units reported in the survey.

<sup>13</sup> Johnson - Perkins and Associates. 2013. Apartment Survey: October 2013. Reno-Sparks Metro Area.

[http://www.johnsonperkins.com/wp-content/uploads/2011/04/Q3\\_ApartmentSurvey2013.pdf](http://www.johnsonperkins.com/wp-content/uploads/2011/04/Q3_ApartmentSurvey2013.pdf) accessed 1-20-2014 and Lied Insitute, 2013, Lied Institute Report on Apartment Market Trends, 3<sup>rd</sup> Quarter 2013

[https://business.unlv.edu/uploads/files/A76\\_Apt\\_2013Q3.pdf](https://business.unlv.edu/uploads/files/A76_Apt_2013Q3.pdf) accessed 1-20-2013.

<sup>14</sup> Johnson - Perkins and Associates. 2013. Apartment Survey: October 2013. Reno-Sparks Metro Area.

[http://www.johnsonperkins.com/wp-content/uploads/2011/04/Q3\\_ApartmentSurvey2013.pdf](http://www.johnsonperkins.com/wp-content/uploads/2011/04/Q3_ApartmentSurvey2013.pdf) accessed 1-20-2014

<sup>15</sup> Furman Center. 2012. “What Can We Learn about the Low-Income Housing Tax Credit Program by Looking at the Tenants?” New York University, New York, New York.

<sup>16</sup> For Las Vegas/Clark Co.: HelpHopeHome, 2013 Southern Nevada Homeless Census and Survey Comprehensive Report, [http://www.helphopehome.org/2013-Southern\\_Nevada\\_Census-FINAL-FULL.pdf](http://www.helphopehome.org/2013-Southern_Nevada_Census-FINAL-FULL.pdf) accessed 9/23/2013, for Rural Nevada: Rural Nevada Continuum of Care, A Study of Homeless in Rural Counties in Nevada [http://www.lyon-county.org/documents/49/2013%20Point%20in%20Time%20Report\\_201307311145303789.pdf](http://www.lyon-county.org/documents/49/2013%20Point%20in%20Time%20Report_201307311145303789.pdf) accessed

9/25/2013, for Reno/Sparks/Washoe, 2013: personal e-mail correspondence

<sup>17</sup> Arnold, Althea, Megan Bolton and Sheila Crowley. 2013. “Housing Instability Among Our Nation's Veterans”. National Low Income Housing Coalition, Washington D.C. <http://nlihc.org/sites/default/files/NLIHC-Veteran-Report-2013.pdf> accessed 11/14/2013

<sup>18</sup> Fischer, Will. “Rental Assistance Helps More Than 300,000 Veterans Afford Homes, but Large Unmet Needs Remain.” Nov. 2013. Center on Budget and Policy Priorities. <http://www.cbpp.org/cms/?fa=view&id=4045> accessed 11-25, 2013.

<sup>19</sup> USICH, 2013, Ending Homelessness among Veterans: A Report by the United States Interagency Council on Homelessness

<sup>20</sup> Fischer, Will. "Rental Assistance Helps More Than 300,000 Veterans Afford Homes, but Large Unmet Needs Remain." Nov. 2013. Center on Budget and Policy Priorities. <http://www.cbpp.org/cms/?fa=view&id=4045> accessed 11-25, 2013.