


















## Nevada Affordable Housing Dashboard

Indicator	Clark	Clark Trend	Washoe	Washoe Trend	U.S.	U.S. Trend
<u>Homeless Count per Thousand People</u>	2.9		2.4		1.7	
<u>Percent of Extremely Low Income Renter Households with Severe Rent Burden</u>	75%		73%		64%	
<u>Percent of Low Income Renter Households with Severe Rent Burden</u>	14%		12%		8%	
<u>Market Rate Multifamily Vacancy Rate</u>	7.2%		3.8%		4.5%	
<u>Tax Credit Multifamily Vacancy Rate</u>	2.9%		2.6%		1.9%	
<u>Subsidized Units per Thousand People</u>	9.8		15.9		15.2	NA
<u>Housing Choice Vouchers per Thousand People</u>	5.2		6.2		7.7	
<u>Jobs per Permit</u>	2.6		2.7		2.1	
<u>Homeownership Rate</u>	52.4		57.5		63.1	
<u>Share of Homes Sold Affordable to Median Income Family</u>	58.7		30.8		59.6	



## Documentation:

**Arrow direction gives direction of trend since baseline. Baseline numbers will be available in accompanying report. Red denotes a bad trend, green a good trend and yellow a stable trend.**

**Homeless Count per Thousand People** – Homeless Point in Time count divided by U.S. Census Bureau population estimates for appropriate year and region: U. S. Housing and Urban Development Point in Time Counts 2007 to 2017: <https://www.hudexchange.info/resource/3031/pit-and-hic-data-since-2007/> downloaded 5-2-2018, U.S. Census Bureau Population Estimates: <https://www.census.gov/programs-surveys/popest/data/data-sets.All.html> accessed 5-2-2018, calculations by author. Baseline year is 2013 and most recent is 2017. Assumption is that more homelessness is bad.

**Percent of Extremely Low Income Renter Households with Severe Rent Burden** – Source: For most recent data HUD 2010-2014 Comprehensive Housing Affordability Strategy (CHAS) <https://www.huduser.gov/portal/datasets/cp.html>, accessed 11-30-2017, for baseline data HUD 2005-2009 CHAS <https://www.huduser.gov/portal/datasets/cp.html> accessed 4-25-2018 and calculations by author. Assumption is that more severe rent burden for extremely low income renters is bad.

**Percent of Low Income Renter Households with Severe Rent Burden** – Source: For most recent data HUD 2010-2014 CHAS <https://www.huduser.gov/portal/datasets/cp.html>, accessed 11-30-2017, for baseline data HUD 2005-2009 CHAS <https://www.huduser.gov/portal/datasets/cp.html> accessed 4-25-2018 and calculations by author. Assumption is that more severe rent burden for low income renters is bad.

**Multifamily Vacancy Rate** – Source for Reno/Sparks Metro 4<sup>th</sup> quarter 2013 and 2017 average overall vacancy rate from Historical Table on page 5, in Johnson, Perkins and Griffin Apartment Survey 4<sup>th</sup> Quarter 2017 report. For Las Vegas One minus average occupancy rate from ALN Las Vegas Apartment Data General Overview for month of November 2013 for baseline and one minus average occupancy rate from ALN Las Vegas Apartment Data General Overview for month of October 2017 for most recent. U.S. multifamily vacancy rate is from REIS, 2013, 2017 Apartment Trends 2013, 2017 by Victor Calanog: Series are carried out with different methodologies for different locations.

Vacancy rate is a market balance indicator. High vacancy rates can indicate an oversupply of apartments which can potentially lead to property owners inability to maintain properties, financial distress and even foreclosure, although from the short-term point of view of a renter higher vacancy rates can be desirable. Very low rates may indicate a market imbalance with demand greater than supply. Low vacancy rates are associated with a rise in rents. By rule of thumb, 5% vacancy is considered an indication of a balanced multi-family market. The assumption is that movement towards 5% is better for the long-run interest of both renters and owners.

**Tax Credit Multifamily Vacancy Rate** – Baseline is 2013 4<sup>th</sup> quarter average vacancy rate and current is 2017 4<sup>th</sup> quarter. Data is from Nevada Housing Division's Taking Stock 2017. <https://housing.nv.gov/uploadedFiles/housingnv.gov/content/programs/LIHD/2017Taking%20Stock20180306.pdf> Although rent restrictions prevent complete market type responses, the assumption is as above that movement towards 5% is better for the long-run interest of both renters and owners. National LIHTC vacancy rate is from REIS as quoted in Fannie Mae *Multifamily Market Commentary – February 2018* 2-14-2018 and *Multifamily Market Commentary – December 2014* both by Tatyana Zahalak [http://www.fanniemae.com/resources/file/research/emma/pdf/MF\\_Market\\_Commentary\\_121814.pdf](http://www.fanniemae.com/resources/file/research/emma/pdf/MF_Market_Commentary_121814.pdf).

**Subsidized Units per Thousand People** – Calculation is Annual Housing Progress Report (AHP) total subsidized unit inventory for 2015 (baseline) and 2017 (most recent) divided by NV demographer population estimate over 1,000 for region and year. National number was estimated using National Housing Preservation total publicly supported rental homes of 4,963,774 divided by U.S. Census Bureau Population Estimate: <https://www.census.gov/programs-surveys/popest/data/data-sets.All.html>. No similar estimate of publicly supported rental homes was found for an earlier date so no trend data was available for the national estimate. Nevada Housing Division Annual Housing Progress Report for 2015 is available by request and the 2017 report is available here: <https://housing.nv.gov/uploadedFiles/housingnv.gov/content/Public/AHPR2017Final.pdf>

The assumption is that in Clark and Washoe County as a whole at this time, more subsidized units are better. It should be recognized that the ultimate aim is not more subsidized units but rather fewer homeless, and fewer low income households living in overcrowded conditions or inadequate housing or experiencing rent burden. If it is possible that there are other ways to reduce these "bads" without using subsidized housing, it might be preferable to have less subsidized housing. Some sub-regions may have too much subsidized housing.

**Housing Choice Vouchers per Thousand People** – Total number of authorized Housing Choice Vouchers for Washoe and Clark County divided by population estimate over 1,000. Baseline year is 2012 and most recent is 2016. For the denominator the data source is U.S. Census Bureau Population Estimate: <https://www.census.gov/programs-surveys/popest/data/data-sets.All.html>. Voucher data is number of authorized vouchers from U.S. Housing and Urban Development Voucher Management System data as accessed through the Center for Budget and Policy Priorities Housing Choice Voucher Utilization Data: <https://www.cbpp.org/research/housing/national-and-state-housing-fact-sheets-data>. See above for assumptions on trend desirability.



E. Fadali

7/5/2018

**Jobs per Permit** – This statistic compares a housing demand indicator (employment growth) to a housing supply indicator (residential permits). (New) jobs per permit is a market balance indicator. A high level of new jobs per permit could mean demand is outrunning supply which would mean higher rents and housing prices. A low level of new jobs per permit could mean an oversupply of housing. Over the long run housing unit permits per new job should be in the range between 1 and 2 since average jobs per household is in this range. Over the past ten years Nevada jobs per permit is 0.3 indicating an oversupply of housing. However, the higher recent numbers may indicate that Clark and Washoe County are trending towards an imbalance. To account for job and housing activity in surrounding counties, the aggregation of Washoe, Storey, Carson and Lyon Counties was used for this indicator rather than Washoe County by itself.

Baseline is change in Quarterly Census of Employment and Wages employment from June 2008 to June 2012 divided by total residential building permits 2008 to 2012 <https://www.bls.gov/cew/> accessed 5-18-2018 and U.S. Census Bureau, Residential Building Permits Survey. <https://www2.census.gov/econ/bps/County/> accessed 4-26-2018. Current is for 2013 to 2017. U.S. data is from the same sources.

**Homeownership Rate** –Baseline year is 2012. Current year is 2016. Source is U.S. Census Bureau American Community Survey as accessed through the Federal Reserve Bank of St. Louis. Annual Homeownership Rate <https://fred.stlouisfed.org/series/HOWNRATEACS032003> and <https://fred.stlouisfed.org/series/HOWNRATEACS032031> accessed 5-21-2018. For the United States the source is United States Census Bureau, Table B25003 Tenure, 2012 and 2016 1-year estimates accessed 6-27-2018 <https://factfinder.census.gov/>

**Share of Homes Sold Affordable to Median Income Family** Baseline is 4<sup>th</sup> quarter 2013 and current is 4<sup>th</sup> quarter 2017. Source is National Association of Home Builders. NAHB-Wells Fargo Housing Opportunity Index. <http://www.nahb.org/en/research/housing-economics/housing-indexes/housing-opportunity-index.aspx> accessed 4-19-2018.




## Affordable Housing Dashboard Report

The Affordable Housing Dashboard Report further documents the methodology and expands the context for each of the dashboard indicators, in many cases providing a chart and/or table with the entire time series, additional information on Nevada counties outside of Washoe and Clark, component numbers used to calculate rates and more.

Taken as a whole, the ten dashboard indicators point to a worsening housing situation for low income households in Nevada. Bright spots include holding the line on the rate of homelessness in Clark County which was stable over the five-year period from 2013 to 2017 and a return to more normal rates of apartment vacancy in Clark County over the period. The opposite could be said of Washoe County which in recent years has experienced a notable increase in the PIT homeless count even while at the national level these counts have been decreasing, while Washoe County apartment vacancies decreased to unhealthy levels. Another bright spot across the board was an increase in Housing Choice Vouchers per thousand population due to additional VASH vouchers. The vouchers, along with public housing, and HUD or USDA housing with full rental assistance are valuable tools for assisting extremely low income households, especially those with near zero income, although even with the slight increase only a minority of households that qualify receive them. Unlike Medicaid for healthcare and the Supplemental Nutrition Assistance Program for food, housing for low income families is not an entitlement.

Most other dashboard measures indicated a decrease in affordability for low income households. For the extremely low income renters nearly three quarters experienced severe rent burden, which was a higher rate than the nation as a whole, in both urban regions. Vacancy rate decreases indicated a tighter market for apartments; there are fewer subsidized units per thousand populations, and a comparison of new jobs to building permits indicates that new building may not be keeping up with demand. Homeownership rates are down and a smaller share of homes for sale would be available to the median income family.

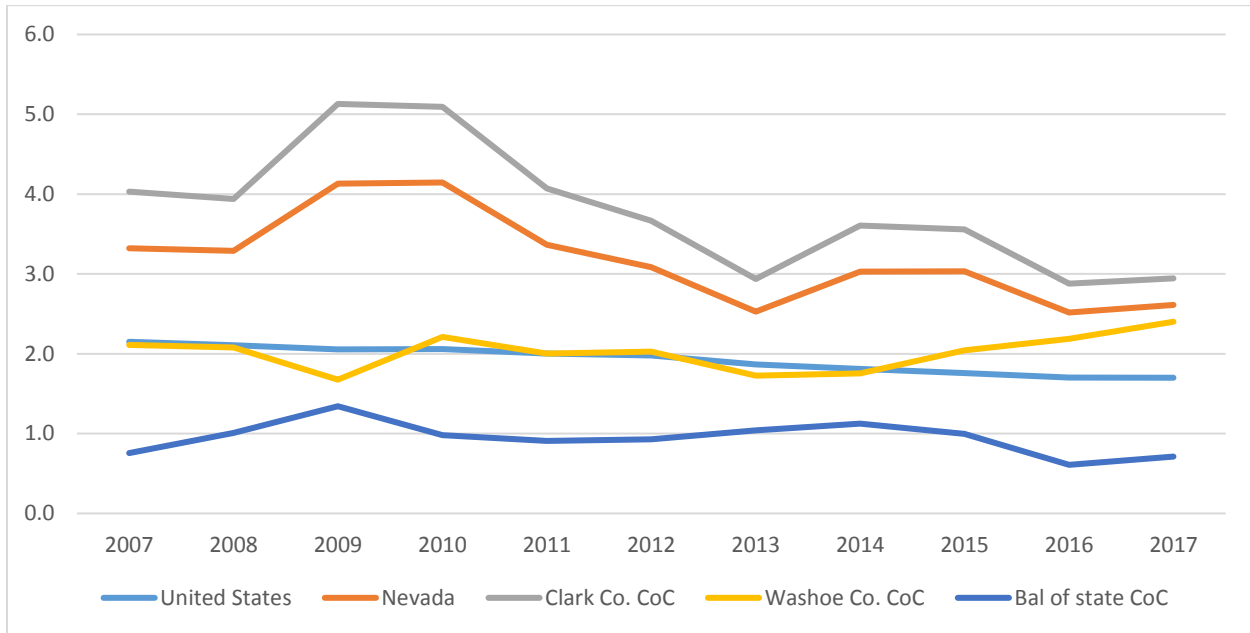
### Homeless Count per Thousand People

Indicator	Clark	Clark Trend	Washoe	Washoe Trend	U.S.	U.S. Trend
Homeless Count per Thousand People	2.9		2.4		1.7	

**Dashboard indicator: Clark County 2013 Point-in-time (PIT) count per thousand was 2.9/thousand population, the same as it was in 2017. Washoe County started out at 1.7 PIT count/thousand, lower than the national rate in 2013 (1.9/thousand) and ended up higher at 2.4/thousand. The national rate of PIT count per thousand was down from 2013 at 1.7/thousand. See Table 2.**

The dashboard assumption is that more homelessness is bad. Many studies show that homelessness imposes costs on individuals who are homeless as well as on the community in which the homelessness takes place (Ly and Latimer 2015, Steen 2018).

**Figure 1. U.S., Nevada, and Nevada CoCs Total Homeless PIT Count per 1000 Population, 2007 to 2017<sup>ii</sup>**



**Table 1. United States, Nevada and Nevada CoCs 2017 point-in-time (PIT) homeless count**

	United States	Nevada	Clark County COC	Washoe County CoC	Bal of state
<b>2017 PIT Count</b>	553,742	7,833	6,490	1,106	237

**Table 2. United States, Nevada and Nevada CoCs PIT count per thousand trend for 2007 to 2017**

Year	United States	Nevada	Clark County COC	Washoe County CoC	Bal of state
2007	2.2	3.3	4.0	2.1	0.8
2008	2.1	3.3	3.9	2.1	1.0
2009	2.1	4.1	5.1	1.7	1.3
2010	2.1	4.1	5.1	2.2	1.0
2011	2.0	3.4	4.1	2.0	0.9
2012	2.0	3.1	3.7	2.0	0.9
2013	1.9	2.5	2.9	1.7	1.0
2014	1.8	3.0	3.6	1.8	1.1
2015	1.8	3.0	3.6	2.0	1.0
2016	1.7	2.5	2.9	2.2	0.6
2017	1.7	2.6	2.9	2.4	0.7
<b>Percent Change PIT per thousand 2007-2017</b>	<b>-21%</b>	<b>-21%</b>	<b>-27%</b>	<b>14%</b>	<b>-6%</b>

The U.S. Department of Housing and Urban Development (HUD) requires each Continuum of Care (CoC) in the country to carry out the Point-In-Time (PIT) count of the homeless sometime in the last week of January. The count is of both sheltered and unsheltered homeless as of a single night.<sup>iii</sup> The count must be done biennially at a minimum. The HUD requirements allow each CoC to choose amongst several different methods of counting and some changes in definition and count protocol have occurred throughout the time period. By its nature, it is difficult to obtain a comprehensive count of people who do not have an established home and the numbers must be understood in that context.<sup>iv,v</sup>

Figure 1 shows the time trend for total homeless PIT counts per 1,000 population by each of the Nevada CoCs, (Las Vegas/Clark County CoC (Clark County CoC), Reno/Sparks/Washoe County CoC (Washoe County CoC) and Nevada Balance of State CoC (Rural Nevada CoC), for Nevada as whole and for the U.S. from 2007 to 2016. Using a rate of Point-in-Time homeless count per thousand population helps to account for population increase or decrease and helps facilitate comparisons across regions. Nevada's overall rate of homeless PIT count varied from 2.5 to 4.1 homeless per thousand population. There was an overall decrease in the rate of PIT homelessness from 2007 to 2016 of 21%. This was the same rate of decrease that occurred in the U.S. as a whole. Throughout the period, rates of PIT homelessness were high in Nevada as compared to the national rate. For example, Nevada's rate of PIT homelessness was 2.6 per 1,000 population in 2017 as compared to the national rate of 1.7 per thousand.

As can be seen in Figure 1, Clark County CoC PIT count per thousand has trended downward over the period from 2007 to 2017 faster than the national average PIT count per thousand and in recent years has been stable. On the other hand, Washoe County roughly matched the U.S. PIT count per thousand until recently. From 2015 to 2017 the PIT count per thousand in Washoe County increased with the end result being an increase in the PIT homeless count per thousand over the period from 2007 to 2017. In the Rural Nevada CoC, PIT count per thousand has been lower than the national average and trending downward. However, not all rural counties have enough staffing or volunteers to carry out the PIT count, so for this and other reasons the Rural Nevada CoC PIT may undercount homeless at a greater rate than the urban CoCs.

Homelessness is the most visible "tip of the iceberg" indicator for housing problems. Related to homelessness lies the rest of the iceberg of many other housing related issues. However, there are many caveats to be aware of:

- Point-in-time counts are a snapshot and only measure a portion of the population experiencing episodes of homelessness throughout the year.
- It is difficult to count homeless individuals for many reasons. This problem is even more severe in rural regions.
- Weather, number of volunteers and changes in method across jurisdictions and across time may affect homeless counts.
- A large number or rate of point-in-time homelessness by itself does not indicate how quickly a state or locality is able to house homeless people. A locality may reach an effective end to homelessness if it is able to move people into permanent housing as quickly as new homeless people appear.
- Detail on number of sheltered, unsheltered and chronic homeless is important in understanding the entire picture.

For comparisons of PIT count homeless rates with other southwestern states as well as comparisons of subpopulations see [Homeless Count Trend Graphs](#).

More information on the point-in-time counts is available in these reports:

[Southern Nevada Census and Survey](#)

[Homeless PIT Report links on NHD website](#)

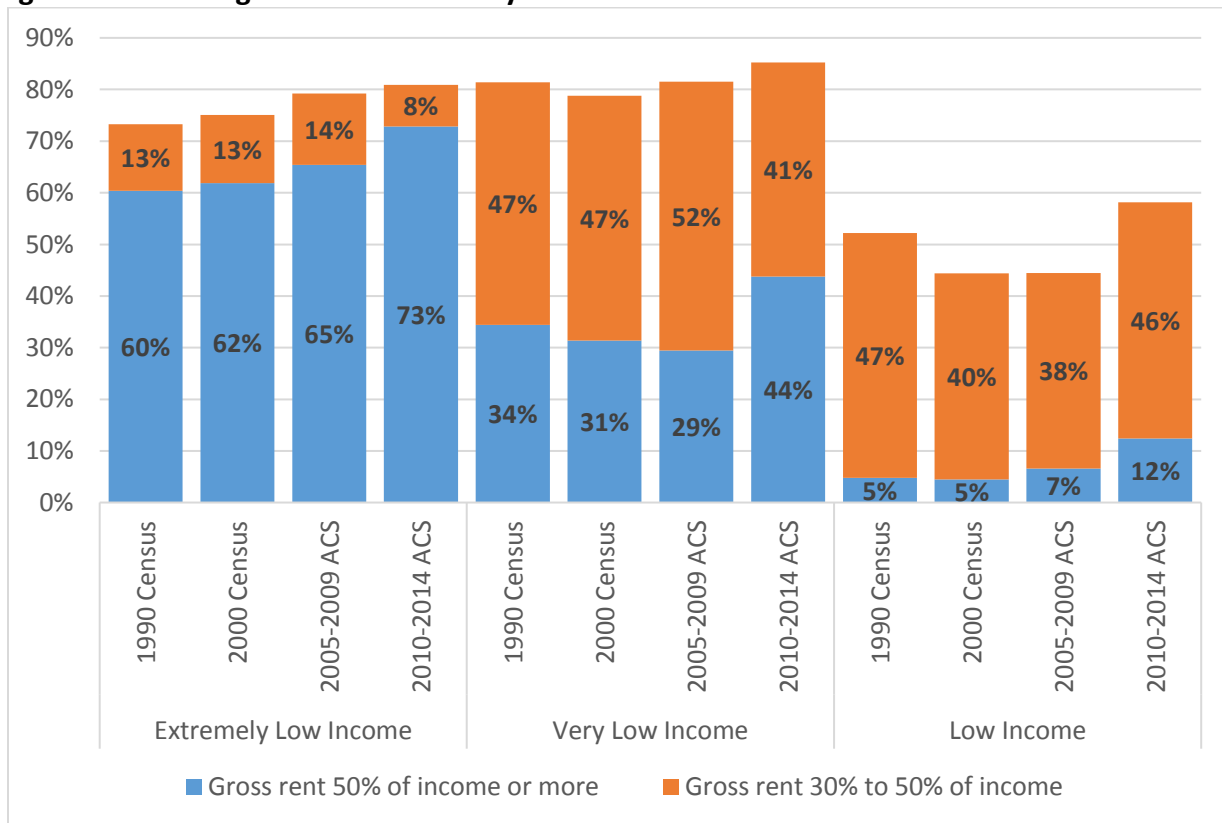
**Severe rent burden for extremely low and low income renters**

Indicator	Clark	Clark Trend	Washoe	Washoe Trend	U.S.	U.S. Trend
Percent of Extremely Low Income Renter Households with Severe Rent Burden	75%	↑	73%	↑	64%	↑
Percent of Low Income Renter Households with Severe Rent Burden	14%	↑	12%	↑	8%	↑

**Dashboards indicator:** The proportion of Washoe County extremely low income renters (below 30% of HUD area median income) with severe rent burden has risen from 65% to 73% from the 2005-2009 period to the 2010-2014 period (Figure 2). In Clark County the proportion rose from 74% to 75%. For the United States as a whole, the proportion rose from 63% to 64%. For low income renters (50% to 80% of HUD area median income) Washoe County severe rent burden increased from 7% to 12% while in Clark County it increased from 10% to 14%. For the United States, the proportion rose from 6% to 8%.

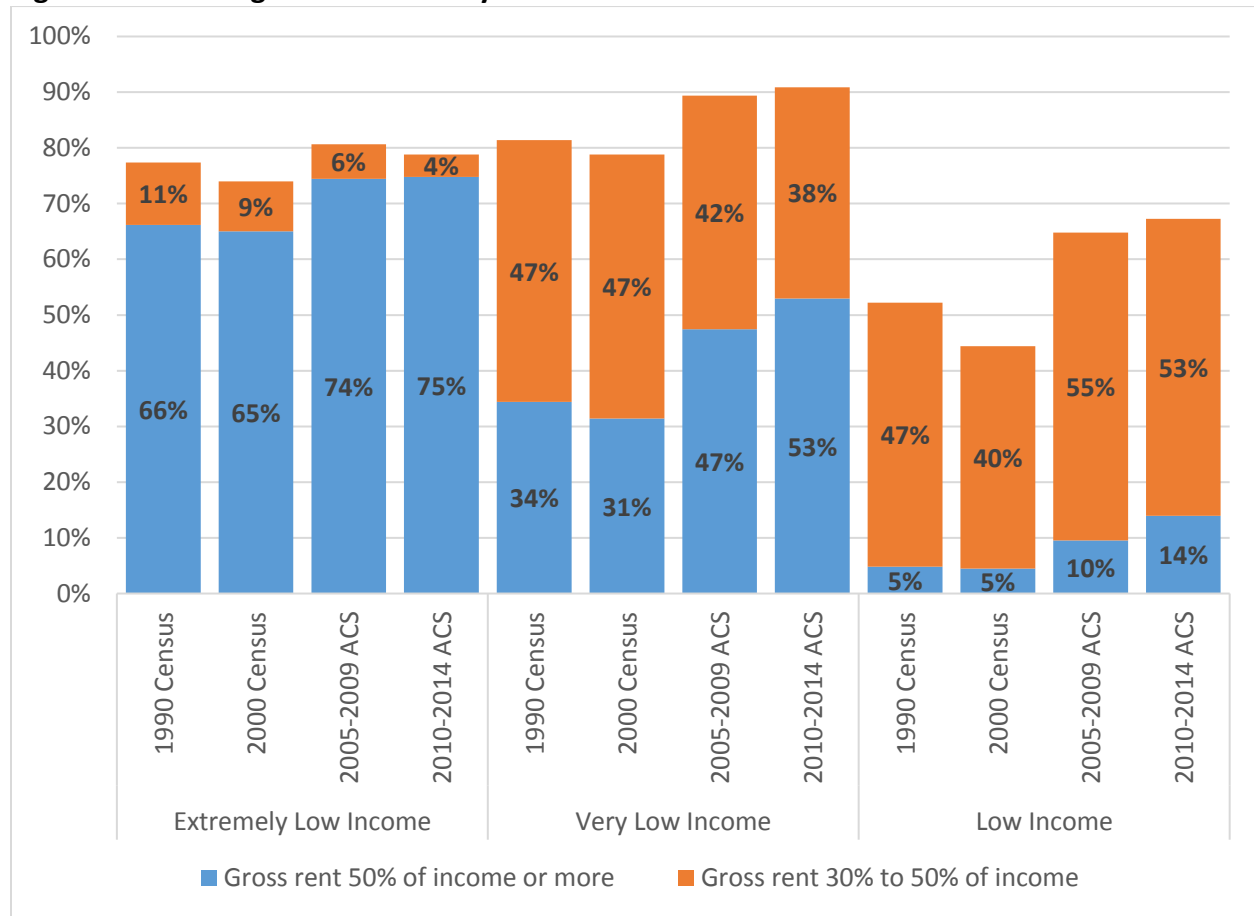
Increased rates of rent burden in low income households are assumed to be bad, all else equal. Some studies like housing affordability to rates of housing and neighborhood instability, homelessness, poor health (Quigley and Raphael 2001, Pollack, Griffin et al. 2010, Desmond and Shollenberger 2015).

**Figure 2. Percentage of Washoe County Renters with Rent Burden<sup>vi</sup>**





**Figure 3. Percentage of Clark County Renters with Rent Burden**



A low income renter who pays more than 50% of household income for rent and utility costs is considered “severely rent burdened.” Renter households paying more than 30% of household income for rent and utilities are considered “rent burdened.” An extremely low income household is approximately a household with income at or below 30% of HUD Area Median Family Income. However, see endnote ix for more information about how this HUD income category has changed definition recently. A very low income household has income from 30% to 50% of area median income, while a low income household has income from 50% to 80% of area median income. As an example and to facilitate understanding of these income categories, in Clark County in 2018, a single individual would be considered extremely low income with an income of \$14,750 or lower while a four person family with an income of \$25,100 or less would be considered extremely low income. Washoe County limits are somewhat higher than these.<sup>vii</sup>

**Table 3. Renter Household Income Limits Example: Clark County 2018 HUD Income Limits<sup>viii</sup>**

FY 2018 Income Limit Category	Persons in Family			
	1	2	3	4
Extremely Low Income Limits <sup>ix</sup>	\$ 14,750	\$ 16,850	\$ 20,780	\$ 25,100
Very Low (50%) Income Limits	\$ 24,550	\$ 28,050	\$ 31,550	\$ 35,050
Low (80%) Income Limits	\$ 39,250	\$ 44,850	\$ 50,450	\$ 56,050

There has been an upward trend in rates of severely rent burdened households in the extremely low, very low and low income categories across the time period from 1990 to 2010-2014 for both Washoe and Clark County.

Rent burden measures are relatively easy to calculate from American Community Survey data from the Census Bureau. However, the measure has been criticized for several reasons:

- Households in higher income brackets may have no real problem paying for other necessities such as food or transportation even if paying more than 50% of their income for rent, while very low income households may have severe problems covering the same basics even if they are not officially rent burdened using the 30% of income definition widely used.
- If a family moves farther away from job sites to obtain cheaper housing, transportation costs may increase and real affordability remain unchanged or is worse.
- The quality of the housing is not measured by this method. In addition, neighborhood amenities or disamenities provide benefits and impose costs not accounted for with a housing burden method; for example access to good schools, frequency of criminal activity or neighborhood parks may all influence what a household is willing to pay for a given unit or location.

A residual income method has been suggested as an alternative to avoid the problems laid out in the first bullet point. This method calculates minimum basic costs for households and subtracts them from a household's income to find what is available for rent or house payments. However, the method is time-consuming and more complex to calculate. Some methods have also been developed that include transportation costs that address the second bullet. These also add considerable complexity. See Hertz, Daniel, 2015 on Residual Income and the H + T Affordability Index.<sup>x</sup> See also Jewkes and Delgado, 2010, and Cai, Zi, 2017, Analyzing Measurements of Housing Affordability.<sup>xi</sup>

### Market apartment and tax credit apartment vacancy rates

	Clark	Clark Trend	Washoe	Washoe Trend	U.S.	U.S. Trend
Apartment Vacancy Rate	7.2%	↓	3.8%	↓	4.5%	↑
Tax Credit Apartment Vacancy Rate	2.9%	↓	2.6%	↓	1.9%	↓

**Dashboard indicator - Apartment Vacancy: Las Vegas Metro region apartment vacancy rate as measured by ALN decreased from 9.1% to 7.2% from the fourth quarter of 2013 to 2017. Since an assumption has been made that 5% vacancy represents a balanced market, the decrease is considered good as it moves towards the balance point. In Reno-Sparks metro region, the Johnson-Perkins and Griffin 4<sup>th</sup> quarter vacancy rate decreased from 4.1% in 2013 to 3.8% in 2017. Because the decrease moves away from the market balance point of 5% it is considered bad. The fourth quarter U.S. vacancy rate as measured by Reis increased from 4.1% to 4.5% assumed to be good as it is moving towards the assumed balanced point of 5%.**

**Dashboard indicator - Tax Credit Apartment Vacancy: The fourth quarter tax credit apartment vacancy rate in Clark County decreased from 7.8% in Clark County in 2013 to 2.9% in 2017. This movement passed the assumed 5% balance point so is considered to be heading in the wrong direction. In Washoe County 4<sup>th</sup> quarter tax credit vacancy rate decreased from 5.3% to 2.6%, also heading away from the 5% balance point. National tax credit vacancy rate as measured by Reis was 1.9% at the end of 2017 as compared to 2.9% at the end of 2013.**

When vacancy rates are high over a long period of time, apartment building owners may reduce rents which would help renter households; however landlords may also have reduced cash flow, trouble keeping up with maintenance and ultimately, may have trouble paying off debts with extreme cases resulting in bankruptcy. When vacancy rates are low, owners will profit from increased rents but rent burdens will increase for low income families. Search costs will increase for tenants looking for a new apartment. The end result for some renters will be overcrowding, settling for inadequate housing or even homelessness for low income families and individuals. For more on the natural rate of vacancy see (Hagen and Hansen, 2010.)

**Table 4. Comparison of 4th quarter multi-family apartment and LIHTC (Low Income Housing Tax Credit) vacancy rates<sup>xiii</sup>**

Region/Type	2013	2014	2015	2016	2017	Change 2013 to 2017
Las Vegas region - ALN	9.1%	7.7%	6.8%	6.4%	7.2%	-1.9%
Las Vegas region – Lied	8.7%	8.3%	8.2%	7.6%	7.6%	-1.1%
Clark Co. – LIHTC	7.8%	5.5%	4.3%	4.4%	2.9%	-4.9%
Reno/Sparks- Johnson and Perkins	4.1%	3.3%	2.9%	2.9%	3.8%	-0.3%
Reno/Sparks - ALN	4.0%	3.9%	4.3%	3.4%	5.0%	1.0%
Washoe Co. - LIHTC	5.3%	3.8%	3.5%	3.1%	2.6%	-2.7%
U.S. - REIS	4.1%	4.2%	4.4%	4.2%	4.5%	0.4%

**Table 5. Comparison of 4th quarter market and LIHTC (Low Income Housing Tax Credit) rents from 2013 to 2017**

Region/Type	2013	2014	2015	2016	2017	Increase 2013 to 2017
Las Vegas region- ALN mkt. rate	\$759	\$798	\$856	\$913	\$979	29%
Las Vegas region – Lied	\$741	\$796	\$855	\$909	\$968	31%
Clark Co. - LIHTC	\$649	\$657	\$724	\$732	\$750	16%
Reno/Sparks- J & P mkt. rate	\$860	\$868	\$946	\$1,066	\$1,180	37%
Reno/Sparks - ALN	*	*	*	\$1,021	\$1,154	NA
Washoe- LIHTC	\$716	\$755	\$784	\$807	\$823	15%

Average fourth quarter 2017 market vacancy rates for multi-family apartments in Las Vegas and Reno have increased since 2016 (for Johnson, Perkins and Griffin; the more inclusive ALN series did not move uniformly downwards<sup>1</sup>), ending a four year downward trend from 2013 to 2016. Year over year, Las Vegas area apartments saw an increase in average vacancies from 6.4% to 7.2% (ALN) and in Reno-Sparks the rate rose from 2.9% to 3.8% as measured by Johnson, Perkins & Griffin.<sup>xiii</sup> Measurement by Lied Institute showed Las Vegas vacancy rates as static from 2016 to 2017 4<sup>th</sup> quarter at 7.6%. Alternate measurement of vacancy rates for Reno through ALN also showed an increase year over year for the fourth quarter. Reno experienced an all-time low vacancy rate for the Johnson and Perkins series in the second quarter of 2017 at 1.2%. The series begins in 2006. However, the new ALN series, which includes smaller properties, showed higher 4<sup>th</sup> quarter vacancy rates in Reno except in 2013.

The Low Income Housing Tax Credit (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.<sup>xiv</sup> The role the program’s public private partnership plays in affordable housing is large. In 2017, tax credit units currently active or under construction made-up about 9% of the estimated 278,000 multi-family units in Nevada.<sup>xv</sup> As of May 2018 there were about 24,500 LIHTC rent-restricted units active or being built in Nevada. The LIHTC program is by far the largest in Nevada, and nation-wide, for producing affordable rental housing. Seventy-four percent of affordable multi-family housing units in Nevada have been constructed or rehabilitated fully or partially with tax credit funding.<sup>xvi</sup> It was estimated in 2012 that the LIHTC program is responsible for 90% of nationwide funding for new affordable housing.<sup>xvii</sup> LIHTC properties typically have rent restrictions meant to provide affordable units for households with 50% to 60% of area median income. Typically, only with layering from other programs with deeper subsidies do LIHTC units become affordable to extremely low income renters.<sup>xviii</sup>

Reno’s 2017 LIHTC vacancy rate (2.6%) was finally lower than the Johnson et al. market vacancy rate (3.8%). In Clark County, affordable properties’ vacancy rates widened the gap between market rate and

<sup>1</sup> Note that Johnson, Perkins and Griffin include only apartment complexes with 80 or more units that have professional management. ALN, while nominally more inclusive of smaller properties, began publishing a rent and vacancy series for Reno in 2016 so is still new to the Reno market.

LIHTC vacancy rates from 2 points lower in 2016 to 3.3 percentage points lower in 2017. For both the Reno and Las Vegas market over the five-year period from 4<sup>th</sup> quarter 2013 to 4<sup>th</sup> quarter 2017, the decrease in vacancy rates has been greater for the LIHTC properties, with Las Vegas LIHTC properties experiencing the largest decrease (4.9%). Reis national vacancy rates increased over the period from 2013 to 2017 by 0.4% to 4.5%.



The decreasing vacancy rates were accompanied by increasing average rents (see Table 5). In the case of the LIHTC rents, increases were reigned in as maximum rent caps were reached.

Maximum allowable rents for LIHTC properties are complex. They depend on regional HUD median incomes, determined annually, and also on the date each property is put into service, whether median incomes have increased or decreased, set-aside agreements and other factors.<sup>xix</sup> Any change in utility costs could also influence rent since it is gross rents which are restricted in tax credit properties. Gross rent includes utility costs. Utility costs are paid for by the tenant for a majority of Nevada's tax credit units (Taking Stock 2015 found that 77% of tenants paid for all utilities). If so, rents must be reduced by an estimated utility allowance.

On average LIHTC properties reported rents increased 2% in Las Vegas and 2% in Reno/Sparks over 2016 rents. In comparison, market rate rents increased by 7% in Las Vegas and by 12% in Reno/Sparks.

The trend in rents from 2013 to 2017 was different for market properties and tax credit properties. While in the period from 2013 to 2015 overall rents increased for tax credit and market properties by about the same percentage, from 2015 to 2017 market properties increased rents by 19 percentage points more over the period in Reno/Sparks while in the Clark County area, rents in market properties increased by 10 percentage points more.

### Subsidized Units per Thousand People

Indicator	Clark	Clark Trend	Washoe	Washoe Trend	U.S.	U.S. Trend
Subsidized Units per Thousand People	9.8		15.9		15.2	NA

**Dashboard indicator:** The number of subsidized units per thousand population in Clark County decreased from 10.4 to 9.8 from 2015 to 2017 and in Washoe County from 16.6 to 15.9. The decrease was due to both a decrease in net number of subsidized units and an increase in population. The United States as a whole had 15.2 subsidized units per thousand population. No equivalent U.S. measure was available for earlier years.

A decrease in subsidized units is assumed in the dashboard to be a move in the wrong direction. More subsidized housing in general is considered to be a part of the solution to the current difficult situation for low income renters. However, it is beyond the scope of the dashboard to recommend a given solution for low income renters.

**Table 6. Annual Housing Progress Reports Jurisdictions Subsidized Units, 2015 - 2017<sup>xx</sup>**

Year	Region	Subsidized Units	Population	Units per 1000 population	Households	Units per 1000 Households
2015	Clark Co.	21,870	2,110,330	10.4	724,446	30.2
2016	Clark Co.	21,205	2,156,724	9.8	755,258	28.1
2017	Clark Co.	21,653	2,204,079	9.8	784,474	27.6
Change 2015 to 2017	Clark Co.	-1%	4%	-5%	8%	-9%
2015	Washoe Co.	7,370	444,358	16.6	166,345	44.3
2016	Washoe Co.	7,288	452,429	16.1	174,726	41.7
2017	Washoe Co.	7,332	460,587	15.9	176,935	41.4
Change 2015 to 2017	Washoe Co.	-1%	4%	-4%	6%	-6%
2015	Balance of State	3,344	328,369	10.2	125,797	26.6
2016	Balance of State	NA	330,101	NA	126,479	NA
2017	Balance of State	3,475	333,373	10.4	127,767	27.2
Change 2015 to 2017	Balance of State	4%	2%	2%	2%	2%

NRS 278.235 requires certain jurisdictions' adoption of measures to maintain and develop affordable housing and the jurisdictions must report how such measures were used in the prior year. The purpose of the legislation is to encourage local governments to deploy resources to increase affordable housing. It is this portion of NRS 278 which is addressed by the Annual Housing Progress Report.

As a part of the Annual Housing Progress Report, total units of subsidized residential housing are tracked. Data from 2015 through 2017 reports are comparable. Previous years are more difficult to compare.

Subsidized units include residential housing with rent and income caps such as units built with LIHTC, Bond or HOME funding, and units with full rental assistance such as public housing, HUD assisted or USDA RD assisted housing. Each year typically sees the addition of several hundred new LIHTC or other subsidized units; however, some units typically will convert to private market units each year as well. Many of these units may become a part of the category of naturally occurring affordable housing; however, they no longer are bound by legal restrictions on rent or income limits and typically are no longer tracked as affordable housing.



The total number of units is tied to an actual list of subsidized housing for the jurisdiction maintained at the Housing Division. Low income housing included in the list are all types of tax credit properties, private or non-profit properties with property based HUD rental assistance, public housing, USDA Rural Development housing, properties owned by regional housing authorities, and some properties built or assisted with HOME, Low-income Housing Trust Funds or Neighborhood Stabilization Program funding as well as a small number of properties with other miscellaneous funding. To be included on the list, the properties must either have project based rental assistance, or deed restrictions or other agreements restricting income levels of occupants or rent levels. Group homes, emergency shelters and transitional housing are generally not included in this inventory. Using the lists compiled by the Housing Division and the jurisdictions there were a total of 28,985 units of subsidized housing in existence in the designated jurisdictions at the end of 2017. This was 2% more than 2016's inventory unit count, but 1% less than the 2015 count.

According to the AHPR, twenty-two multi-family projects were funded or under construction in the two counties, 15 of which are to be new construction. For both single family and multi-family projects, a total of 2,265 new or new to the subsidized housing inventory units were in the pipeline. No new rural projects were known to be in pipeline as of 4-30-2018.

Building subsidized units can sometimes have unintended consequences. For example, it is possible in a given time and sub-region that an increase in subsidized housing could increase segregation either by race, ethnicity or income and decrease opportunities for jobs and education for low income individuals and families, which would not be desirable. In addition, an increase in subsidized units might not be the only way to address the difficulties experienced by low income households and it is possible that different methods could produce better results with the same amount of money or less. There is a large literature on these topics with both positive and negative findings. A few examples are (Malpezzi and Vandell 2002, Sinai and Waldfogel 2005, Baum-Snow and Marion 2009, Eriksen and Rosenthal 2010, Freedman and Owens 2011, Horn and O'Regan 2011, Freedman 2012, Lang 2012, Albright, Derickson et al. 2013, Di and Murdoch 2013, Galster 2013, Freedman and McGavock 2015, Orfield, Stancil et al. 2016, Schwartz 2016). See also recent Senate Testimony on the LIHTC program. [Americas Affordable Housing Crisis Challenges and Solutions](#).

Vouchers, inclusionary housing requirements in new construction, energy efficiency, reform of zoning and building regulation, use of better building technology, increase in minimum wage, encouragement of boarders in existing housing are some of the many alternative or additional solutions that have been proposed.

### **Housing Choice Vouchers per Thousand People**

Indicator	Clark	Clark Trend	Washoe	Washoe Trend	U.S.	U.S. Trend
Housing Choice Vouchers per Thousand People	5.2		6.2		7.7	

**Dashboard indicator: Housing Choice Vouchers Authorized Housing Choice Vouchers (HCV) per thousand was 6.1 in Washoe County in 2012 and increased to 6.2 in 2016. In Clark County the rate was 5.0 per thousand in 2012 with an increase to 5.2 in 2016. The rate for the U.S. as a whole was 7.4 in 2012 and 7.7 in 2016.**

An increase in vouchers per thousand people, given the situation for low income households in Nevada at the current time, is assumed within the dashboard framework to be a move in the right direction. HCVs have been shown to reduce rent burden and overcrowding and help prevent homelessness.<sup>xxi</sup> However, this would not necessarily be the case at any given level of vouchers. It is beyond the scope of the dashboard to recommend a given solution for low income renters.

#### **Additional information on Housing Choice Vouchers**

The housing choice voucher (HCV) program is a federal program for helping low income renters. Vouchers are sometimes referred to as “tenant-based” assistance because the vouchers are typically not tied to a given housing development. Rather, the household with the voucher is able to find their own housing, including single-family homes, townhouses and apartments, as long as the housing meets all the requirements of the HCV program. Housing choice vouchers are administered by the local public housing agencies. In Nevada there are three Public Housing Authorities administering the HCV program: Southern Nevada Regional Housing Authority (SNRHA), Reno Housing Authority (RHA), and Nevada Rural Housing Authority (NRHA). The sliding scale nature of the voucher allows it to assist even households with zero income or individuals on Social Security Disability to obtain housing. Unlike Medicaid or the Supplemental Nutrition Assistance Program vouchers are not considered an entitlement so most who would qualify cannot obtain a voucher.

As can be seen in Figure 4, the number of authorized HCV per thousand population (7.7 in 2016) is higher in the U.S. overall than in Nevada. Most HCV administered by the SNRHA are used in Clark County, most HCV administered by the RHA are used in Washoe County and most HCV administered by NRHA are in the balance of the state. Assuming that all administered vouchers lie in those respective regions, the rate of authorized HCV administered per thousand was 5.2 in Clark County, 6.1 in Washoe County and 5.0 in the balance of the state. From 2012 to 2016 there was an increase in authorized HCV ranging from a 12% increase for NRHA to 2% for Washoe County. The increase was largely due to vouchers added because of the Veterans Affairs Supportive Housing (VASH) program which provides rental assistance and wrap-around support services for homeless veterans or veterans at risk of homelessness.

Not all vouchers that are authorized are always in use. One reason for this is that in a tight housing market there may not be any units available at fair market rents or any landlords available that will accept a voucher. Figure 5 shows the change from 2012 to 2016 in housing vouchers per thousand actually in use.

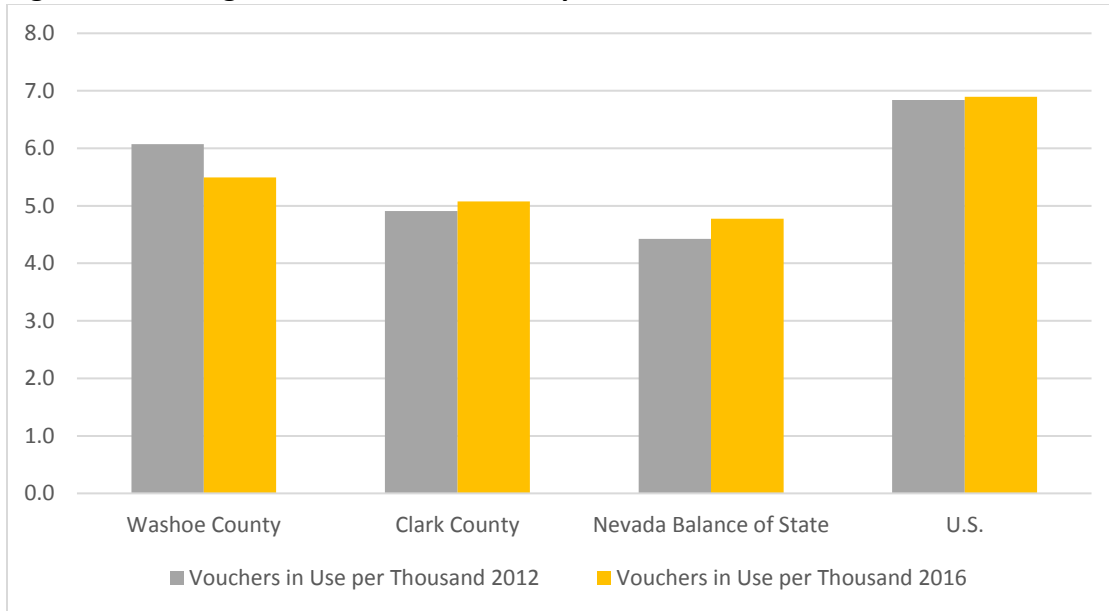


Using this metric there was an increase in the U.S. and all Nevada regions except in Washoe County. In Washoe County there was a 10% decrease in HCV use per thousand from 2012 to 2016.

**Figure 4. Authorized Housing Choice Vouchers per Thousand, 2012 and 2016<sup>xxii</sup>**






**Figure 5. Housing Choice Vouchers in Use per Thousand, 2012 and 2016**



**Table 7. Housing Choice Vouchers per Thousand Population 2012 and 2016**

	<b>Washoe County</b>	<b>Clark County</b>	<b>Nevada Balance of State</b>	<b>U.S.</b>
Authorized Vouchers 2012	2,603	9,959	1,463	2,328,233
Vouchers in Use 2012	2,601	9,796	1,451	2,147,790
Authorized Vouchers per Thousand 2012	6.1	5.0	4.5	7.4
Vouchers in Use per Thousand 2012	6.1	4.9	4.4	6.8
Authorized Vouchers 2016	2,801	11,174	1,643	2,482,231
Vouchers in Use 2016	2,486	10,945	1,576	2,230,598
Authorized Vouchers per Thousand 2016	6.2	5.2	5.0	7.7
Vouchers in Use per Thousand 2016	5.5	5.1	4.8	6.9
Change 2012 to 2016 Authorized Vouchers per thousand	2%	4%	12%	4%
Change 2012 to 2016 Vouchers Used per thousand	-10%	3%	8%	1%

## Jobs Per Permit

Indicator	Clark	Clark Trend	Washoe	Washoe Trend	U.S.	U.S. Trend
Jobs per Permit	2.6		2.7		2.1	

**Dashboard indicator: Jobs per Permit** measures the number of new jobs as compared to the number of residential housing permits over a period of time. For the dashboard, the ratio for 2013 to 2017 is compared to the ratio for 2008 to 2012. Theoretically, over the long run, housing supply and demand are in balance so the ratio should be somewhere between 1 and 2, as the number of jobs per household is typically in that range. When jobs per permit goes over 2 for a long period, it could signify a lack of new housing supply. When jobs per permit goes under 1 for a long period, it could signify overbuilding.

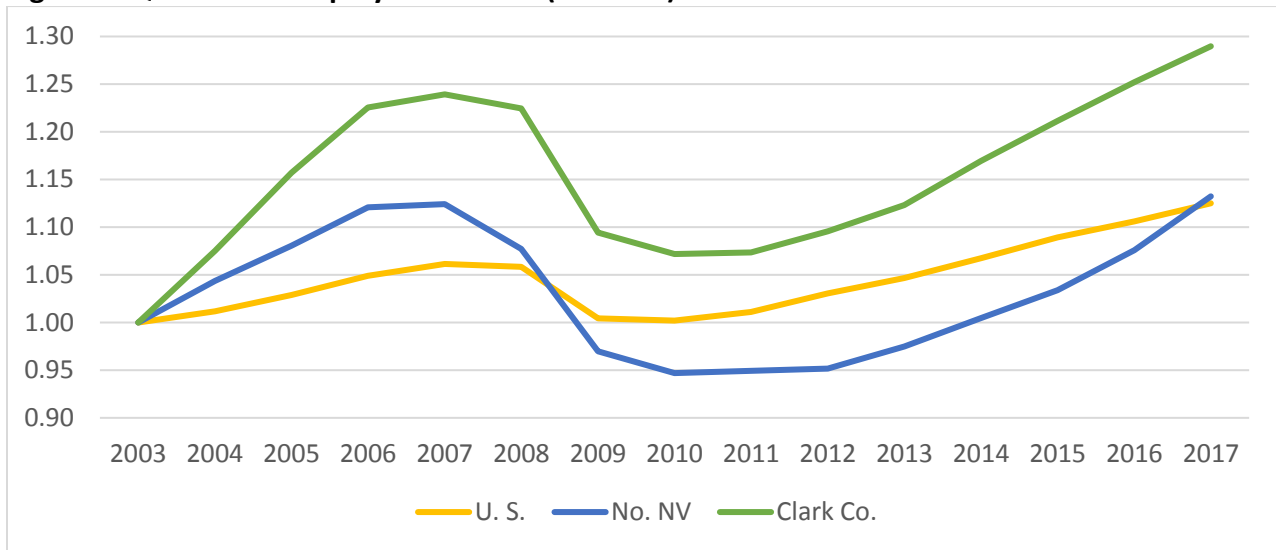
Clark County measures 2.6 new jobs per residential housing permit for the period from 2013 to 2017. This could signify a tight housing market. However, job losses from 2008 to 2012 made the jobs per permit ratio negative at -3.0. The somewhat high ratio may also just mean that Clark County is now absorbing the oversupply of housing from that time period. Northern Nevada (Washoe, Storey, Lyon and Carson City) measures 2.7 jobs per residential housing permit over the period from 2013 to 2017 moving up from -8.0 for 2008 to 2012 with similar implications. The U.S. as a whole has seen an increase in the jobs per permit ratio to 2.1 over the period, up from -1.1 in the previous five-year period.

**Table 8. New Employment over Residential Building Permits<sup>xxiii</sup>**

	Time Period	Clark County	Northern Nevada	United States
<b>Jobs per Permit</b>	2003 to 2007	1.2	1.2	0.8
	2008 to 2012	-3.0	-8.0	-1.1
	2013 to 2017	2.6	2.7	2.1
<b>New Employment (June to June)</b>	6-2003 to 6-2007	205,858	32,704	7,231,295
	6-2008 to 6-2012	(107,709)	(41,267)	(4,023,071)
	6-2013 to 6-2017	145,633	43,232	12,220,116
<b>Residential Permits</b>	2003 to 2007	170,181	26,880	9,351,911
	2008 to 2012	36,221	5,166	3,546,651
	2013 to 2017	56,693	16,296	5,714,147

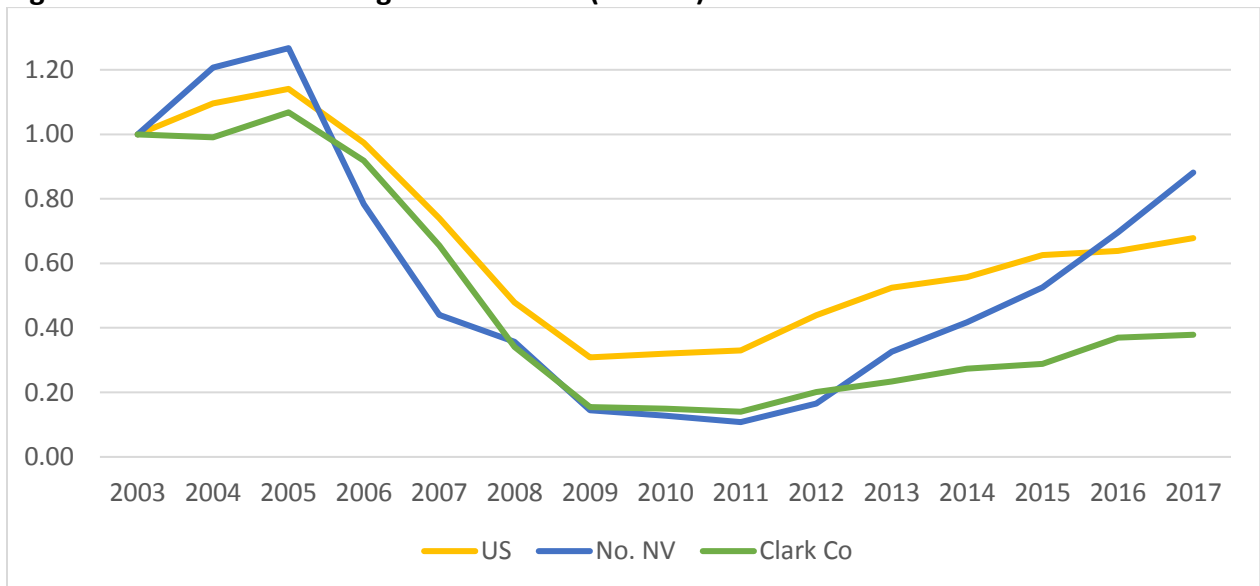
Employment fluctuated dramatically over the previous 15 years (Table 8 and Figure 6). June Quarterly Census of Employment and Wages (QCEW) employment at the height of the bubble reached 929,687 in Clark County in 2007, not to be surpassed again until June 2016 at 939,433. In 2017 Clark County QCEW June employment was 967,611, up by over 28,000 jobs (3.0%) from June 2016. In Northern Nevada (Carson City, Lyon, Storey and Washoe counties) June employment also peaked in 2007 at 269,052 which was not surpassed until June of 2017 at 271,017. This exceeded northern Nevada June 2016 employment of 257,511 by 5.2%. In Figure 6 employment data was indexed to 2003 values to allow for comparison across regions.

**Figure 6. QCEW June Employment Index (2003 = 1)<sup>xxiv</sup>**



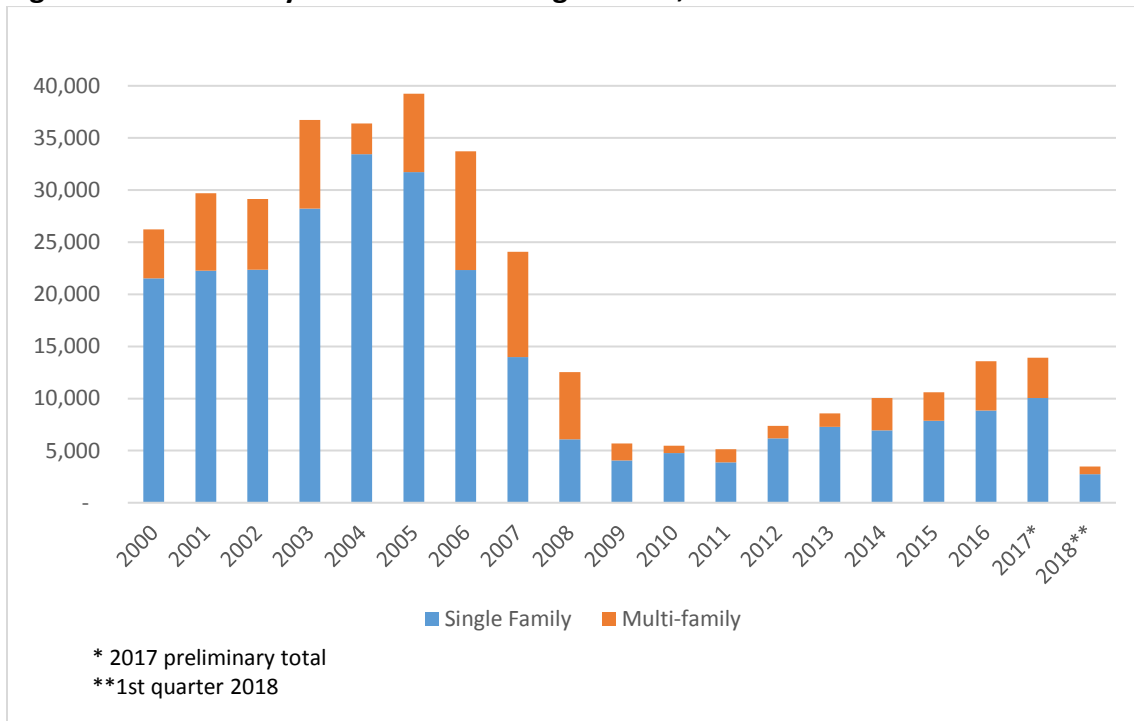
Annual number of residential building permits also fluctuated dramatically over the course of the previous 15 years (Figure 7). At the height in 2005 permits were issued by Clark County for 39,237 units. After 2007, the highest number of units permitted was 13,902 in 2017 (preliminary). Growth in number of permits issued from 2016 to 2017 was 2.4%. In Northern Nevada (Carson City, Lyon, Storey and Washoe counties) annual residential permits peaked in 2005 also at 7,252 units. In 2017, northern Nevada permitted 5,048 units (preliminary) up 26.7% over 2016. Permit data was also indexed to 2003 values to allow for comparison across regions.

**Figure 7. Residential Building Permits Index (2003=1)<sup>xxv</sup>**

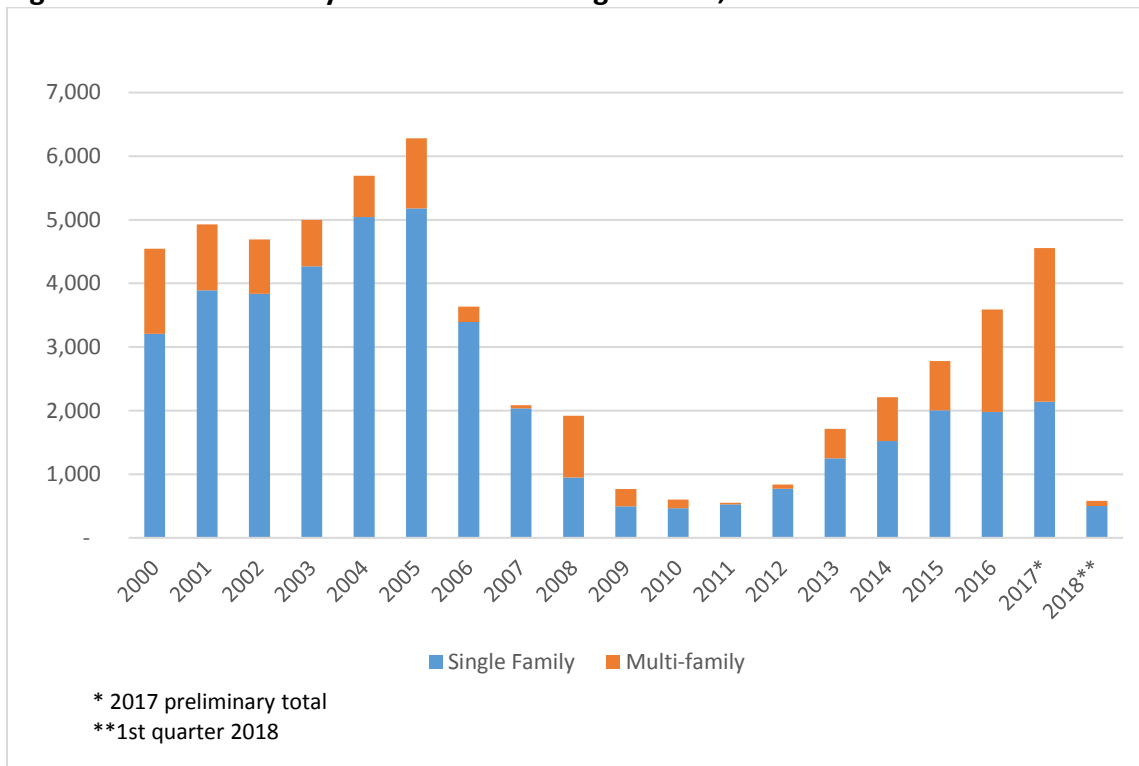


Figures 8, 9 and 10 graph the Census Bureau residential building permits data from 2000 to 2018 for Clark County, Washoe County and Rural Nevada. Blue denotes single family units while orange denotes multi-family units.

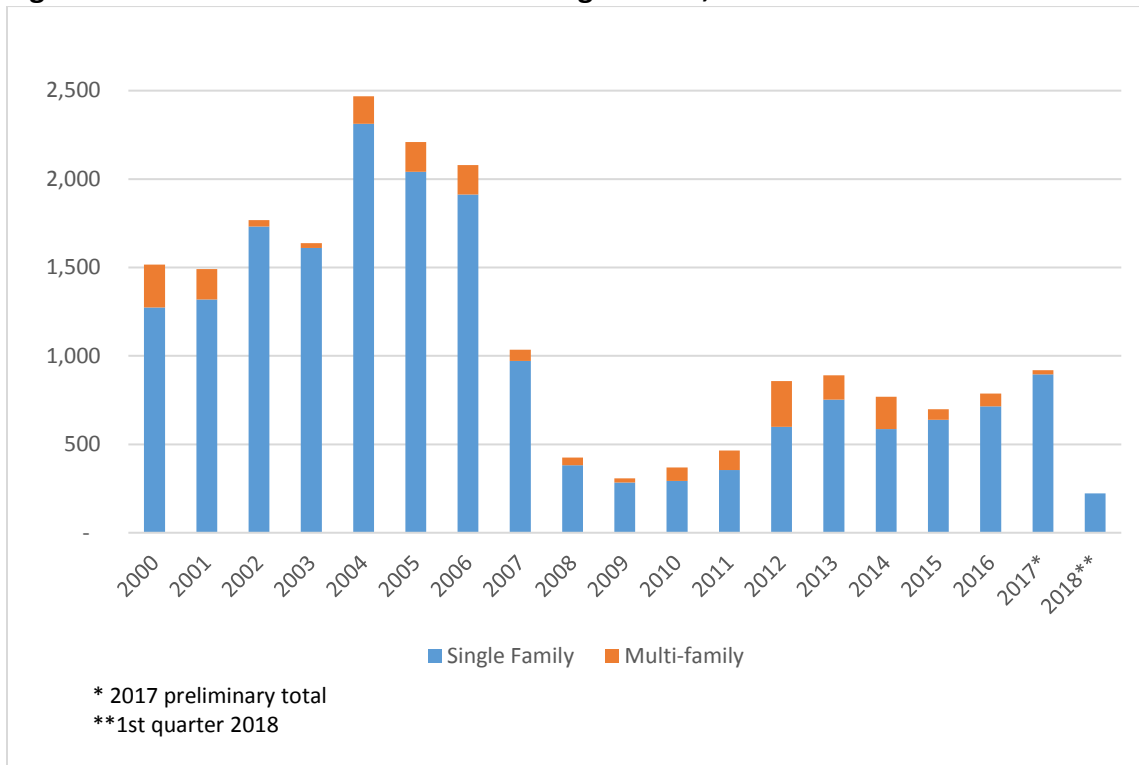
**Figure 8. Clark County Residential Building Permits, 2000 to 2018<sup>xxvi</sup>**



**Figure 9. Washoe County Residential Building Permits, 2000 to 2018**



**Figure 10. Rural Nevada Residential Building Permits, 2000 to 2018**



## Homeownership Rate

Indicator	Clark	Clark Trend	Washoe	Washoe Trend	U.S.	U.S. Trend
Homeownership Rate	52.4	↓	57.5	↓	63.1	↓

**Dashboards indicator:** The homeownership rate in 2012 in Clark County was 55.8% and has since decreased to 52.4% in 2016. For Washoe County the rate decreased from 59.6% in 2012 to 57.5% in 2016. U.S. homeownership rates also decreased from 63.9% to 63.1% from 2012 to 2016. See Table 9 for the time series from 2009 to 2016 for all three regions.

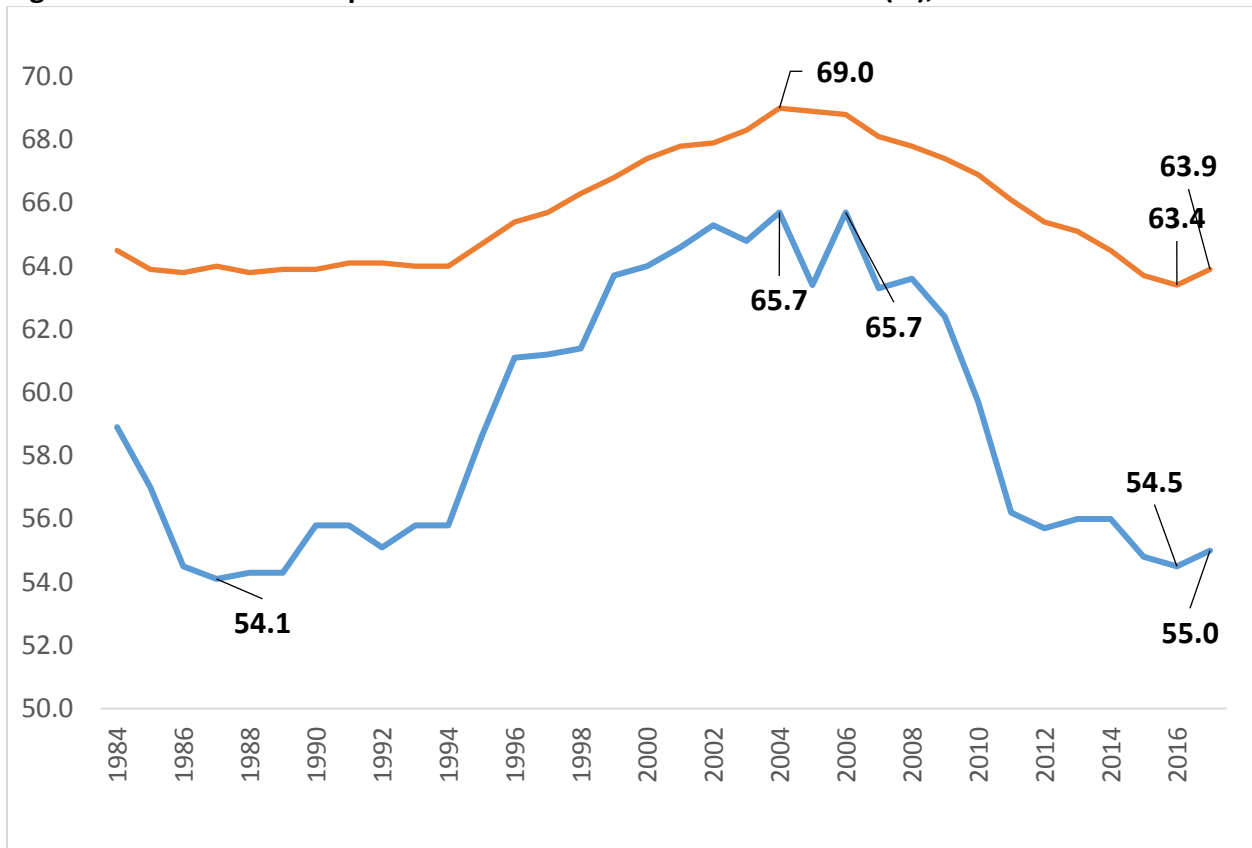
The dashboard assumption is that increasing homeownership is good. Culturally, homeownership is considered to be highly beneficial to both society and homeowners and is promoted by policies at both the federal and local level. Studies have shown that homeownership may help households with child development, wealth aggregation and personal satisfaction while it may help the community with neighborhood stability and increased civic involvement. The leverage that a householder can command with a mortgage can lead to a return on investment greater than is available in the stock market if wielded in an appreciating housing market. However, many of the benefits found in research studies are confounded by self-selection bias – the difficulty of sorting out whether the benefits stem from the type of people who chose to become homeowners or through the actual experience of owning a home. Financial benefits and leverage may fail or backfire in markets where homes are not appreciating, as was observed in the latest housing downturn, and these types of risks may be highest in low income neighborhoods.<sup>xxvii</sup>

**Table 9. ACS Homeownership Rates, 2009 to 2016<sup>xxviii</sup>**

Year	Clark Co.	Washoe Co.	United States
2009	60.1%	62.2%	65.9%
2010	59.1%	62.0%	65.4%
2011	57.5%	61.0%	64.6%
2012	55.8%	59.6%	63.9%
2013	54.7%	58.9%	63.5%
2014	53.3%	57.8%	63.1%
2015	52.7%	57.5%	63.0%
2016	52.4%	57.5%	63.1%

A different Census Bureau homeownership series that is not available for smaller regions such as Washoe County is available as a time series back to 1984. Figure 11 displays this homeownership series for Nevada and the United States. Homeownership for the United States as a whole has been higher than Nevada's for the entire period. For Nevada the lowest rate occurred in 1987 at 54.1%. For the United States the lowest homeownership rate occurred in 2016 at 63.4%. The highest rate for both regions occurred in 2004 at 69.0% for the United States and 65.7% for Nevada.

**Figure 11. Homeownership rate for Nevada and the United States (%), 1984 to 2017.**





### Share of Homes Sold Affordable to Median Income Family

Indicator	Clark	Clark Trend	Washoe	Washoe Trend	U.S.	U.S. Trend
Share of Homes Sold Affordable to Median Income Family	58.7	↓	30.8	↓	59.6	↓

**Dashboards indicator:** The National Association of Home Builders-Wells Fargo Housing Opportunity Index measures the percentage of home sales that would be affordable to the median income household. In Las Vegas 58.7% of the homes sold in the 4<sup>th</sup> quarter of 2017 were affordable to a median income household. This was down from 73.6% in 4<sup>th</sup> quarter of 2013. For Washoe County in the 4<sup>th</sup> quarter of 2017, only 30.8% of homes sold were affordable to a median income household as compared to 66.1% in the 4<sup>th</sup> quarter of 2013. At the national level there was also a decrease in affordability from 64.7% in 4<sup>th</sup> quarter 2013 to 59.6% in 4<sup>th</sup> quarter 2017. The largest decrease was experienced in Washoe County.

To calculate the opportunity index NAHB uses HUD area median family income and actual sales transaction records from CoreLogic. The share of the records with home sale prices that would have been affordable to a household with HUD area median family income is then calculated. To read more about the methodology used by NAHB-Wells Fargo visit the [NAHB-Wells Fargo Housing Opportunity Index](#) webpage.

**Table 10. National Association of Home Builders-Wells Fargo Housing Opportunity Index<sup>xxix</sup>**

Region	Q4_13	Q4_16	Q4_17	Change over 5 yrs.	Change year over year
Las Vegas-Paradise	73.6	65.5	58.7	-14.9	-6.8
Reno-Sparks	66.1	53.5	30.8	-35.3	-22.7
National	64.7	59.9	59.6	-5.1	-0.3

**Figure 12. National Association of Home Builders – Wells Fargo Housing Opportunity Index, 1st qtr. 2004 to 4th qtr. 2017**

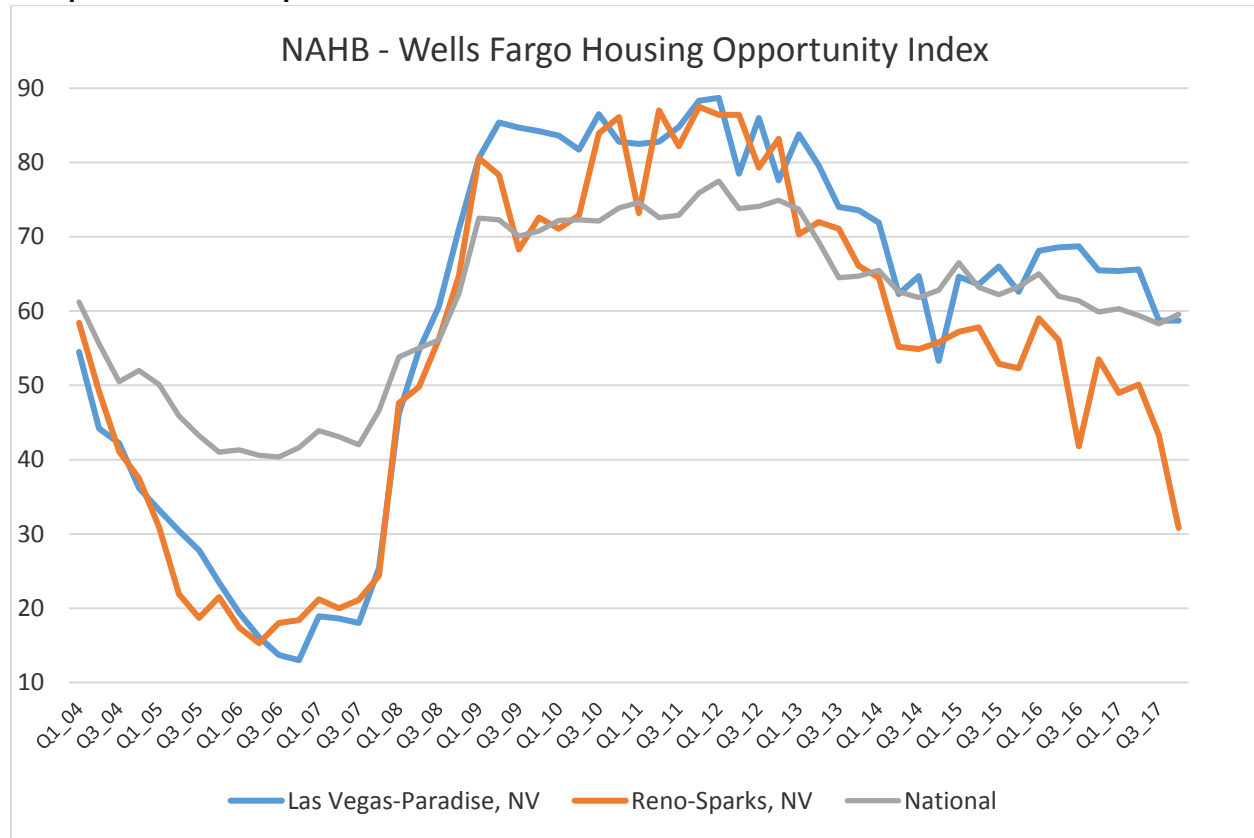


Figure 12 gives the housing opportunity index from the National Association of Home Builders and Wells Fargo. The index gives the share of homes sold that would be affordable to the median income family. At the peak of the housing boom in 2006, this share was only 15% in Reno-Sparks and 13% in Las Vegas-Paradise. As prices plummeted, the share rose to 87% in Reno-Sparks and 89% in Las Vegas-Paradise. Currently, affordability of single family homes has been in more moderate territory in Las Vegas but rapidly decreasing in Reno-Sparks. Reno-Sparks experienced a 22.7 point drop in the affordability index from 4<sup>th</sup> quarter 2016 to 4<sup>th</sup> quarter 2017 to 30.8%, while Las Vegas’ decreased 6.8 points to 58.7%.

## Endnotes

Albright, L., et al. (2013). "Do Affordable Housing Projects Harm Suburban Communities? Crime, Property Values, and Taxes in Mount Laurel, NJ." *City & Community* 12(2): 89-112.

This paper offers a mixed-method analysis of the municipal-level consequences of an affordable housing development built in suburban New Jersey. Opponents of affordable housing development often suggest that creating affordable housing will harm surrounding communities. Feared consequences include increases in crime, declining property values, and rising taxes. To evaluate these claims, the paper uses the case of Mount Laurel, New Jersey—the site of a landmark affordable housing legal case and subsequent affordable housing development. Employing a multiple time series group control design, we compare crime rates, property values, and property taxes in Mount Laurel to outcomes in similar nearby municipalities that do not contain comparable affordable housing developments. We find that the opening of the affordable housing development was not associated with trends in crime, property values, or taxes, and discuss management practices and design features that may have mitigated potential negative externalities.

Baum-Snow, N. and J. Marion (2009). "The effects of low income housing tax credit developments on neighborhoods." *Journal of Public Economics* 93(5-6): 654-666.

This paper evaluates the impacts of new housing developments funded with the Low Income Housing Tax Credit (LIHTC), the largest federal project based housing program in the U.S., on the neighborhoods in which they are built. A discontinuity in the formula determining the magnitude of tax credits as a function of neighborhood characteristics generates pseudo-random assignment in the number of low income housing units built in similar sets of census tracts. Tracts where projects are awarded 30% higher tax credits receive approximately six more low income housing units on a base of seven units per tract. These additional new low income developments cause homeowner turnover to rise, raise property values in declining areas and reduce incomes in gentrifying areas in neighborhoods near the 30th percentile of the income distribution. LIHTC units significantly crowd out nearby new rental construction in gentrifying areas but do not displace new construction in stable or declining areas.

Desmond, M. and T. Shollenberger (2015). "Forced Displacement From Rental Housing: Prevalence and Neighborhood Consequences." *Demography* 52(5): 1751-1772.

Drawing on novel survey data of Milwaukee renters, this study documents the prevalence of involuntary displacement from housing and estimates its consequences for neighborhood selection. More than one in eight Milwaukee renters experienced an eviction or other kind of forced move in the previous two years. Multivariate analyses suggest that renters who experienced a forced move relocate to poorer and higher-crime neighborhoods than those who move under less-demanding circumstances. By providing evidence implying that involuntary displacement is a critical yet overlooked mechanism of neighborhood inequality, this study helps to clarify why some city dwellers live in much worse neighborhoods than their peers.

Di, W. and J. C. Murdoch (2013). "The impact of the low income housing tax credit program on local schools." *Journal of Housing Economics* 22(4): 308-320.

The low-income housing tax credit (LIHTC) program has developed over two million rental homes for low-income households since 1986. The perception of deterioration in school quality has been a main reason for community opposition to LIHTC projects in middle- and upper-income areas. In this paper, we examine the impact of LIHTC projects on the nearby school performance using data on all LIHTC projects and elementary schools in Texas from the 2003–04 through 2008–09 academic years. We employ the longitudinal structure of the data to control for school fixed effects and estimate the relationship between the opening of nearby LIHTC on campus-level standardized test scores and performance ratings. We address the potential selection biases by controlling for preexisting trends in school performance prior to the study period. We find no robust evidence that the opening of LIHTC units negatively impacts the performance of nearby elementary schools.

Eriksen, M. D. and S. S. Rosenthal (2010). "Crowd out effects of place-based subsidized rental housing: New evidence from the LIHTC program." *Journal of Public Economics* 94(11-12): 953-966.

Since its inception in 1987, the Low Income Housing Tax Credit (LIHTC) program has ballooned into the largest ever source of subsidized construction of low-income housing in the United States, accounting for one-third of all recent multi-family rental construction. This paper examines the crowd out effects of this increasingly important source of low-moderate income housing. To do so, we analyze the impact of LIHTC construction at three different levels of geography, MSA, county, and 10-mile radius circles. This allows us to employ increasingly extensive geographic fixed effects that help to difference away unobserved factors. Political variables are also used as instruments to further facilitate identification. In all of our models, IV

estimates yield substantially greater crowd out than OLS, confirming the endogenous attraction of LIHTC development to areas ripe for new construction. Our most robust IV estimates indicate that nearly 100% of LIHTC development is offset by a reduction in the number of newly built unsubsidized rental units, although the confidence band around this point estimate allows for less dramatic assessments. Additional estimates suggest that LIHTC development has a much more moderate impact on construction of owner-occupied housing, but these estimates are imprecise. Overall, while LIHTC development may well affect the location of low-moderate income rental housing opportunities, our estimates suggest that the impact of the program on the number of newly developed rental housing units appears to be small.

Freedman, M. (2012). "Teaching new markets old tricks: The effects of subsidized investment on low-income neighborhoods." Journal of Public Economics **96**(11–12): 1000-1014.

This paper examines the effects of investment subsidized by the federal government's New Markets Tax Credit (NMTC) program, which provides tax incentives to encourage private investment in low-income neighborhoods. I identify the impacts of the program by taking advantage of a discontinuity in the rule determining the eligibility of census tracts for NMTC-subsidized investment. Using this discontinuity as a source of quasi-experimental variation in commercial development across tracts, I find that subsidized investment has modest positive effects on neighborhood conditions in low-income communities. Though spillovers appear to be small and crowd out incomplete, the results suggest that some of the observed impacts on neighborhoods are attributable to changes in the composition of residents as opposed to improvements in the welfare of existing residents.

Freedman, M. and T. McGavock (2015). "Low-Income Housing Development, Poverty Concentration, and Neighborhood Inequality." Journal of Policy Analysis and Management **34**(4): 805-834.

Considerable debate exists about the merits of place-based programs that steer new development, and particularly affordable housing development, into low-income neighborhoods. Exploiting quasi-experimental variation in incentives to construct and rehabilitate rental housing across neighborhoods generated by Low-Income Housing Tax Credit (LIHTC) program rules, we explore the impacts of subsidized development on local housing construction, poverty concentration, and neighborhood inequality. While a large fraction of rental housing development spurred by the program is offset by a reduction in the number of new unsubsidized units, housing investment under the LIHTC has measurable effects on the distribution of income within and across communities. However, there is little evidence the program contributes meaningfully to poverty concentration or residential segregation.

Freedman, M. and E. G. Owens (2011). "Low-income housing development and crime." Journal of Urban Economics **70**(2–3): 115-131.

This paper examines the effect of rental housing development subsidized by the federal government's Low-Income Housing Tax Credit (LIHTC) program on local crime. Under the LIHTC program, certain high-poverty census tracts receive Qualified Census Tract (QCT) status, which affects the size of the tax credits developers receive for building low-income housing. Changes in federal rules determining QCT status generate quasi-experimental variation in the location of LIHTC projects. Exploiting this variation, we find that low-income housing development in the poorest neighborhoods brings with it significant reductions in violent crime that are measurable at the county level. There are no detectable effects on property crime.

Galster, G. C. (2013). U.S. Assisted Housing Programs and Poverty Deconcentration: A Critical Geographic Review. Neighbourhood Effects or Neighbourhood Based Problems? A Policy Context. D. Manley, M. van Ham, N. Bailey, L. Simpson and D. Maclennan. Dordrecht, Springer Netherlands: 215-249.

The personal and social costs of concentrating low-income (typically minority) households in neighbourhoods with high proportions of similarly disadvantaged households has long been of concern in the U.S. In this chapter, Galster explores four federal housing programs tasked with reducing poverty concentrations over the last 25 years: (1) scattered-site public housing; (2) tenant-based Housing Choice Vouchers (HCV); (3) private developments subsidized through the Low-Income Housing Tax Credit (LIHTC); and (4) mixed-income redevelopment of distressed public housing estates (HOPE VI). Based on a synthesis of the evidence, four conclusions are drawn. Residents of U.S. public housing on average reside in significantly more disadvantaged neighbourhoods compared to participants in any other assisted housing program. Residents of other types of site-based assisted housing programs (particularly LIHTC) do not reside in significantly different residential environments than tenant-based HCV holders. HCV households live in somewhat lower-poverty neighbourhoods than equivalent households who do not receive housing subsidies, but the comparative differences are more modest for residents in LIHTC units. HCV holders typically do not substantially improve their neighbourhood circumstances with subsequent moves. In understanding how these post-public housing policy efforts have not produced more significant deconcentration of poverty the chapter identifies both the scale and structure of the housing programs, characteristics and needs of residents, and structural barriers. In conclusion, an amalgam of supply-side and demand-side housing program reforms is suggested, coupled

with non-housing strategies. Importantly, the US experience offers selective lessons for housing policymakers in Western Europe, though there are vast differences in the origins and policy options available for addressing concentrated poverty.

Hagen, D. and J. Hansen (2010). "Rental Housing and the Natural Vacancy Rate." *Journal of Real Estate Research* 32(4): 413-433.

This study uses 1989–2005 data for the Seattle metropolitan area to test the natural vacancy rate hypothesis for rental housing markets using a new methodology. Findings support the existence of a natural vacancy rate for apartments that varies over time, and in some cases across apartment submarkets. Results show a decline in the natural vacancy rate in the time period following the introduction and growth of the Web. Results also show significant differences in natural vacancy rates for different geographic subareas. No significant differences in the natural vacancy rate are found for different apartment types.

Horn, K. M. and K. M. O'Regan (2011). "The low income housing tax credit and racial segregation." *Housing Policy Debate* 21(3): 443-473.

This paper addresses a critical but almost unexamined aspect of the Low Income Housing Tax Credit (LIHTC) program—whether its use (and in particular, the siting of developments in high poverty/high minority neighborhoods), is associated with increased racial segregation in the metropolitan area. Using data from HUD and the census, supplemented with data on the racial composition of LIHTC tenants in three states, we examine three potential channels through which the LIHTC could affect segregation: where LIHTC units are built relative to where other low income households live, who lives in these tax credit developments, and changes in neighborhood racial composition in neighborhoods that receive tax credit projects. The evidence on each of these channels suggests that LIHTC projects do not contribute to increased segregation, even those in high poverty neighborhoods. On net, we find that increases in the use of tax credits are associated with declines in racial segregation at the metropolitan level.

Lang, B. J. (2012). "Location incentives in the low-income housing tax credit: Are qualified census tracts necessary?" *Journal of Housing Economics* 21(2): 142-150.

The low-income housing tax credit (LIHTC) is the largest project-based housing subsidy in the United States. Within the program, private developers receive a subsidy in exchange for constructing apartment units that rent for a predetermined affordable rate. Because the subsidy requires apartment buildings to charge a lower rental rate, the opportunity cost of developing subsidized housing in a location is the market rent that a developer could have charged if he had not received the subsidy. This study characterizes how profit incentives motivate location decisions within the LIHTC program by showing that opportunity cost causes more LIHTC development in locations with low market rent. This result implies that additional financial incentives, like the qualified census tract, may not be necessary to promote construction of subsidized housing in low-rent areas.

Ly, A. and E. Latimer (2015). "Housing First Impact on Costs and Associated Cost Offsets: A Review of the Literature." *The Canadian Journal of Psychiatry* 60(11): 475-487.

Objective: Housing First (HF) programs for people who are chronically or episodically homeless, combining rapid access to permanent housing with community-based, integrated treatment, rehabilitation and support services, are rapidly expanding in North America and Europe. Overall costs of services use by homeless people can be considerable, suggesting the potential for significant cost offsets with HF programs. Our purpose was to provide an updated literature review, from 2007 to the present, focusing specifically on the cost offsets of HF programs. Method: A systematic review was performed on MEDLINE and PsycINFO as well as Google and the Homeless Hub for grey literature. Study characteristics and key findings were extracted from identified studies. Where available, impact on service cost associated with HF (increase or decrease) and net impact on overall costs, taking into account the cost of HF intervention, were noted. Results: Twelve published studies (4 randomized studies and 8 quasi-experimental) and 22 unpublished studies were retained. Shelter and emergency department costs decreased with HF, while impacts on hospitalization and justice costs are more ambiguous. Studies using a pre/post design reported a net decrease in overall costs with HF. In contrast, experimental studies reported a net increase in overall costs with HF. Conclusions: While our review casts doubt on whether HF programs can be expected to pay for themselves, the certainty of significant cost offsets, combined with their benefits for participants, means that they represent a more efficient allocation of resources than traditional services.

Malpezzi, S. and K. Vandell (2002). "Does the low-income housing tax credit increase the supply of housing?" *Journal of Housing Economics* 11(4): 360-380.

The low-income housing tax credit (LIHTC) was originated in conjunction with the Tax Reform Act of 1986 (TRA 86) to provide incentives for private sector production of low-income housing. In this note we examine whether these units have added to the existing stock or merely substituted for unsubsidized units that otherwise would have been built. We explicitly control for effects of the number of other supply-side (e.g., public housing, Section 8 New Construction, Section 236 housing) and demand-side (vouchers and Section 8 Certificates) subsidies. From estimations of a simple cross-state model of the determinants of the stock of housing per 1000 population, we find no significant relationship between the number of LIHTC

units (and other subsidized units) built in a given state and the size of the current housing stock, suggesting a high rate of substitution. However, our test is not sufficiently powerful to reject some alternative null hypotheses that suggest a lower rate of substitution, and we make some suggestions for future research.

Orfield, M., et al. (2016). "Taking a Holistic View of Housing Policy." Housing Policy Debate 26(2): 284-295.

Pollack, C. E., et al. (2010). "Housing Affordability and Health Among Homeowners and Renters." American Journal of Preventive Medicine 39(6): 515-521.

**BACKGROUND:**

Although lack of affordable housing is common in the U.S., few studies have examined the association between housing affordability and health.

**PURPOSE:**

Using quasi-experimental methods, the aim of this study was to examine whether housing affordability is linked to a number of important health outcomes, controlling for perceptions of neighborhood quality, and determining whether this association differs by housing tenure (renting versus owning).

**METHODS:**

Data from the 2008 Southeastern Pennsylvania Household Health Survey, a telephone-based survey of 10,004 residents of Philadelphia and its four surrounding counties, were analyzed. The association between housing affordability and health outcomes was assessed using propensity score methods to compare individuals who reported living in unaffordable housing situations to similar individuals living in affordable ones.

**RESULTS:**

Overall, 48.4% reported difficulty paying housing costs. People living in unaffordable housing had increased odds of poor self-rated health (AOR=1.75, 95% CI=1.33, 2.29); hypertension (AOR=1.34, 95% CI=1.07, 1.69); arthritis (AOR=1.92, 95% CI=1.56, 2.35); cost-related healthcare nonadherence (AOR=2.94, 95% CI=2.04, 4.25); and cost-related prescription nonadherence (AOR=2.68, 95% CI=1.95, 3.70). There were no significant associations between housing affordability and heart disease, diabetes, asthma, psychiatric conditions, being uninsured, emergency department visits in the past year, obesity, and being a current smoker. Renting rather than owning a home heightened the association between unaffordable housing and self-rated health (AOR=2.55, 95% CI=1.93, 3.37 for renters and not significant among homeowners) and cost-related healthcare nonadherence (AOR=4.74, 95% CI=3.05, 7.35 for renters and AOR=1.99, 95% CI=1.15, 3.46 for homeowners).

**CONCLUSIONS:**

The financial strain of unaffordable housing is associated with trade-offs that may harm health. Programs that target housing affordability for both renters and homeowners may be an important means for improving health.

Quigley, J. M. and S. Raphael (2001). "THE ECONOMICS OF HOMELESSNESS: THE EVIDENCE FROM NORTH AMERICA." European Journal of Housing Policy 1(3): 323-336.

It is generally believed that the increased incidence of homelessness in the US has arisen from broad societal factors - changes in the institutionalization of the mentally ill, increases in drug addiction and alcohol usage, etc. This paper reports on a comprehensive test of the alternate hypothesis that variations in homelessness arise from changed circumstances in the housing market and in the income distribution. We utilize essentially all the systematic information available on homelessness in US urban areas - census counts, shelter bed counts, records of transfer payments, and administrative agency estimates. We use these data to estimate the effects of housing prices, vacancies, and rent-to-income ratios upon the incidence of homelessness. Our results suggest that simple economic principles governing the availability and pricing of housing and the growth in demand for the lowest quality housing explain a large portion of the variation in homelessness among US metropolitan housing markets. Furthermore, rather modest improvements in the affordability of rental housing or its availability can substantially reduce the incidence of homelessness in the US.

Schwartz, A. (2016). "The Low-Income Housing Tax Credit, Community Development, and Fair Housing: A Response to Orfield et al." Housing Policy Debate 26(2): 276-283.

Sinai, T. and J. Waldfogel (2005). "Do low-income housing subsidies increase the occupied housing stock?" Journal of Public Economics 89(11-12): 2137-2164.

A necessary condition for justifying a policy such as subsidized low-income housing, either via tenant-based rental assistance or construction of public or private projects, is that it has a real effect on market outcomes. In this paper, we examine one aspect of the real effect of subsidized housing—does it increase the housing stock? If subsidized housing raises the quantity of occupied housing per capita, either more people are finding housing or they are being housed less densely. On the other

hand, if subsidized housing merely crowds-out equivalent-quality low-income housing that otherwise would have been provided by the private sector, the housing policy may have little real effect on housing consumption. Using both Census place and MSA-level data from the decennial census and from the Department of Housing and Urban Development, we ask whether housing markets with more subsidized housing also have more total housing, after accounting for housing demand. We find that government-financed units raise the total number of units in a market, although on average one government-subsidized unit adds only one-third to one-half of a unit to the total housing stock. There is less crowd-out in more populous markets, and more crowd-out in places where there is less excess demand for subsidized housing, as measured by the number of government-financed units per eligible person. Tenant-based housing programs, such as Section 8 Certificates and Vouchers, seem to be more effective than project-based programs at targeting subsidized housing units to people who otherwise would not have their own.

Steen, A. (2018). "The many costs of homelessness." *The Medical journal of Australia* **208**(4): 167-168.

<sup>i</sup> This statistic uses the northern Nevada counties of Carson City, Lyon, Storey and Washoe.

<sup>ii</sup> Figure 1, Table 1 and 2 Sources: US Department of Housing and Urban Development HUD Exchange, PIT and HIC Data Since 2007, <https://www.hudexchange.info/resource/3031/pit-and-hic-data-since-2007/> accessed 4-19-2018, US Census Bureau Population and Housing Units Estimates, <https://www.census.gov/programs-surveys/popest/data/tables.html> accessed 4-19-2018 and calculations by author.

<sup>iii</sup> The PIT count is not the same as the estimate of total population that has experienced a bout of homelessness over the entire year. For annual estimates, the PIT count is adjusted upward by two factors, according to a standard HUD prescribed method. First, the number of homeless who became homeless in the last seven days is multiplied by 51. Then the proportion of currently homeless who have experienced more than one homeless episode in the past year is used to adjust this number downward. These factors also vary.

<sup>iv</sup> Bitfocus, Inc. for Help Hope Home. 2016. Homeless Census and Survey 2016 Southern Nevada Comprehensive Report

<sup>v</sup> U.S. Housing and Urban Development. 2014. Point-in-Time Count Methodology Guide. <https://www.hudexchange.info/resources/documents/PIT-Count-Methodology-Guide.pdf> accessed May 8 2017.

<sup>vi</sup> Figure 2 and 3 Source: State of the Cities Data Systems: Comprehensive Housing Affordability Strategy (CHAS) Data from 1990 and 2000 Census, [https://socds.huduser.gov/chas/CHAS\\_java.odbc](https://socds.huduser.gov/chas/CHAS_java.odbc), accessed 4-25-2018, HUD 2010-2014 Comprehensive Housing Affordability Strategy datasets <https://www.huduser.gov/portal/datasets/cp.html>, accessed 11-30-2017, HUD 2005-2009 Comprehensive Housing Affordability Strategy <https://www.huduser.gov/portal/datasets/cp.html> accessed 4-25-2018 and calculations by author. Note that methodology and survey changes between Census long form and American Community Survey may prevent a precise comparison.

<sup>vii</sup> U.S. Housing and Urban Development, Office of Policy Development and Research. Income Limits. Effective April 1, 2018, <https://www.huduser.gov/portal/datasets/il.html> accessed 6-4-2018.

<sup>viii</sup> Table 3 Sources: U.S. Housing and Urban Development, Office of Policy Development and Research. Income Limits. Effective April 1, 2018, <https://www.huduser.gov/portal/datasets/il.html> accessed 6-4-2018.

<sup>ix</sup> The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits. This change can effect comparability between time periods going forward.

<sup>x</sup> Hertz, Daniel. July 2015. Residual Income a Better Way of Measuring Affordability, City Commentary at <http://cityobservatory.org/residual-income-a-better-way-of-measuring-affordability/> and H + T Affordability Index: <https://htaindex.cnt.org/map/>.

<sup>xi</sup> Jewkes, Melanie and Delgado, Lucy, Weaknesses of Housing Affordability Indices Used by Practitioners. *Journal of Financial Counseling and Planning*, Vol. 21, No. 1, 2010. Available at SSRN: <https://ssrn.com/abstract=2222052> and Cai, Zi, 2017. Analyzing Measurements of Housing Affordability. Thesis. Washington State University.

<sup>xii</sup> Table 4 and 5 Sources: ALN Las Vegas Apartment Data for month of October 2013, November 2014, October 2015-2017, Lied Institute Apartment Market Trends, ALN Reno Review, October 2017, Excel Spreadsheet *Reno History Stats* email communication with ALN 1-11-2017, Fourth Quarter, 2013 to 2017, Johnson, Perkins & Griffin 4th Quarter 2013-2017 reports. Low Income Housing Tax Credit Vacancy Rates and Rents from Taking Stock editions 2013 to 2017. For more detail please see [https://housing.nv.gov/programs/Low\\_Income\\_Housing\\_Database/](https://housing.nv.gov/programs/Low_Income_Housing_Database/) National Data from Reis Q4 2013 to 2017 Apartment Trends 2013 to 2017 by Victor Calanog.

<sup>xiii</sup> ALN Las Vegas Apartment Data for month of October 2013, November 2014, October 2015-2017. Johnson and Perkins 4<sup>th</sup> Quarter 2013-2017 reports.

<sup>xiv</sup> Section 42 regulations can be found at: <https://www.irs.gov/pub/irs-drop/rr-04-82.pdf>

<sup>xv</sup> Census Bureau, American Community Survey 1-year estimates for 2016, Table DP04, Selected Housing Characteristics <https://factfinder.census.gov/>, accessed 1/24/2018. For Nevada Tax Credit Housing by County, an in-house Nevada Housing Division database gives total housing units in tax credit properties as of January 18, 2018 as 25,972.

<sup>xvi</sup> From NHD in-house database, Mothership.xlsx, 1-24-2018

<sup>xvii</sup> [http://www.nytimes.com/2012/12/21/opinion/a-tax-credit-worth-preserving.html?\\_r=1](http://www.nytimes.com/2012/12/21/opinion/a-tax-credit-worth-preserving.html?_r=1)

<sup>xviii</sup> For more about Nevada's Low Income Housing Tax Credit apartments and inventory please see any of the Taking Stock reports 2013 to 2017. [https://housing.nv.gov/programs/Low\\_Income\\_Housing\\_Database/](https://housing.nv.gov/programs/Low_Income_Housing_Database/)

<sup>xix</sup> Stagg, Thomas. 2009. "Understanding the New Income Limits." Novogradac Property Compliance Report. Vol. XII, Issue 5.

<sup>xx</sup> Sources for Table 6: Subsidized units include LIHTC, HUD assisted, USDA RD assisted, public housing, housing authority non-aided and other miscellaneous units with rent and/or income restrictions. Group homes are not included. Numbers for Washoe and Clark County are from Nevada Housing Division Annual Housing Progress Reports 2015 to 2017. 2015 Annual Housing Progress Report available on request.

<https://housing.nv.gov/uploadedFiles/housingnvgov/content/Public/UnsignedAHP201620170213.pdf>

<https://housing.nv.gov/uploadedFiles/housingnvgov/content/Public/AHP2017Final.pdf>

Numbers for 2017 balance of state were from the May 16, 2017 report "Nevada Low Income Properties by County" available on the Nevada Housing Division Database webpage or by request:

<https://housing.nv.gov/uploadedFiles/housingnvgov/content/programs/Nevada%20Low%20Income%20Properties.pdf> Internal Housing Division documents were used to estimate the changes in the balance of state inventory that took place from 2015 to 2017 in order to derive 2015 number of subsidized units.

Population estimates are from U.S. Census Bureau Population Estimate 2017 vintage: <https://www.census.gov/programs-surveys/popest/data/data-sets.All.html> Number of households for 2015 and 2016 were from ACS 1 year estimates for Washoe, Clark and the U.S. 2017 number of households and the series for the balance of state were estimated by the author.

<sup>xxi</sup> For a summary of research on vouchers see Ellen, Ingrid. August 14, 2017. *What Do We Know About Housing Choice Vouchers?* NYU Furman Center and NYU Wagner.

[https://furmancenter.org/files/HousingChoiceVouchers\\_WorkingPaper\\_IngridGouldEllen\\_14AUG2017.pdf](https://furmancenter.org/files/HousingChoiceVouchers_WorkingPaper_IngridGouldEllen_14AUG2017.pdf)

<sup>xxii</sup> Sources for Figure 4 and 5 and Table 7: Total number of authorized Housing Choice Vouchers for Washoe and Clark County divided by population estimate over 1,000. Baseline year is 2012 and most recent is 2016. For the denominator the data source is U.S. Census Bureau Population Estimate: <https://www.census.gov/programs-surveys/popest/data/data-sets.All.html> Voucher data is number of authorized vouchers and number of families using vouchers from U.S. Housing and Urban Development Voucher Management System data as accessed through the Center for Budget and Policy Priorities Housing Choice Voucher Utilization Data: <https://www.cbpp.org/research/housing/national-and-state-housing-fact-sheets-data> See above for assumptions on trend desirability.

<sup>xxiii</sup> Table 8 Sources: Ratio is change in June QCEW employment divided by total residential building permits.

<https://www.bls.gov/cew/> accessed 5-18-2018, NV Department of Employment, Training and Rehabilitation

<http://nevadaworkforce.com/> accessed 6-26-2018 and U.S. Census Bureau, Residential Building Permits Survey.

<https://www2.census.gov/econ/bps/County/> accessed 4-26-2018. 2017 numbers are preliminary.

<sup>xxiv</sup> Figure 6 Source: June QCEW employment divided by QCEW 2003 June Employment. <https://www.bls.gov/cew/> accessed 5-18-2018, NV Department of Employment, Training and Rehabilitation <http://nevadaworkforce.com/> accessed 6-26-2018

<sup>xxv</sup> Figure 7 Source: U.S. Census Bureau, Residential Building Permits Survey. <https://www2.census.gov/econ/bps/County/> accessed 4-26-2018. 2017 numbers are preliminary.

<sup>xxvi</sup> Figures 8 – 10 Source: U.S. Census Bureau, Residential Building Permits Survey. <https://www2.census.gov/econ/bps/County/> accessed 4-26-2018 and calculations by author.

<sup>xxvii</sup> Schwarz, Alex. 2015. *Housing Policy in the United States*. 3<sup>rd</sup> Edition. New York and London, Routledge. P. 380-386.

<sup>xxviii</sup> Source for Table 9: U.S. Census Bureau American Community Survey as accessed through the Federal Reserve Bank of St. Louis. Annual Homeownership Rate <https://fred.stlouisfed.org/series/HOWNRATEACS032003> and

<https://fred.stlouisfed.org/series/HOWNRATEACS032031> Accessed 5-21-2018. For the United States the source is United States

Census Bureau, Table B25003 Tenure, 2012 and 2016 1-year estimates accessed 6-27-2018 <https://factfinder.census.gov/>

<sup>xxix</sup> Source for Table 10 and Figure 12. National Association of Home Builders. NAHB-Wells Fargo Housing Opportunity Index.

<http://www.nahb.org/en/research/housing-economics/housing-indexes/housing-opportunity-index.aspx> accessed 4-19-2018