

# Affordable Housing in Nevada: More Families Pushed into Renting as Homeownership Remains Out of Reach for Latinos

Since the Great Recession, Hispanic Nevadans have made progress toward recovering their financial stability.<sup>1</sup> However, for many, rental housing remains unaffordable and homeownership is still out of reach. The number of available affordable rental homes has dwindled since the Great Recession, as foreclosures pushed homeowners into apartments. The affordable housing shortage must be addressed to ensure that all Nevadans have access to safe, affordable homes.

To sufficiently address this issue, policymakers and advocates need to understand the magnitude of the shortage of affordable homes in Nevada. This document examines Latino homeownership in Nevada, the supply and affordability of rental homes, and current challenges to increase construction of affordable housing.

**Table 1. Nevada Housing Indicators<sup>2</sup>**

	Latinos	Overall
<b>Population</b>	836,626	2,940,058
<b>Poverty Rate</b>	19.0%	13.8%
<b>Median Household Income</b>	\$45,836	\$55,180
<b>Homeownership Rate</b>	42.8%	54.9%
<b>Renting Rate</b>	57.2%	45.1%
<b>Renters Facing High Rental Costs</b>	51.4%	49.8%
<b>Median Rent</b>	\$933	\$1,003
<b>Median Home Value</b>	\$186,000	\$239,500

## State of Hispanic Homeownership in Nevada

After a high-water mark in 2006, Hispanics in Nevada witnessed a decline in homeownership that was higher (7.6 percentage points) than the overall decline in Nevada (7.1 percentage points) between 2006 and 2016.<sup>3</sup> Today, the Hispanic homeownership rate in Nevada (42.8%) continues to lag behind the rate for Nevada overall (54.9%).<sup>4</sup> Still, there were approximately 219,223 Latino homeowners in Nevada in 2016.<sup>5</sup> Nevada's foreclosure rate was higher than the

national average (1.41% compared to 1.29%, respectively), as were mortgage delinquencies (1.25% compared to 1.20%), and high-cost mortgage loans (16.3% compared to 7.6%).<sup>6</sup> In fact, Nevada has the highest percentage of high-cost mortgage loans of any state.<sup>7</sup> The affordability of homes also remains an issue in Nevada, where home values are 4.3 times higher than median income in the state.<sup>8</sup> Although home prices have rebounded in several parts of the country, many Nevada homeowners still struggle with underwater mortgages: Las Vegas was ranked the metro area with the highest incidence of negative equity, where an estimated 35% of homes were underwater.<sup>9</sup> Within the Las Vegas metro area, North Las Vegas was especially hard hit with 43% of homes underwater in 2013.<sup>10</sup>

### **Hispanic Households Burdened by Rental Costs**

Affordable homeownership opportunities remain out of reach for many Hispanics in Nevada, leaving many in the rental market. However, a lack of affordable rental homes in Nevada pose barriers to housing stability and the ability to save for a down payment. In 2016, an estimated 51.4% of Latinos who rented spent more than one-third of their income on rent, compared to about 49.8% of Nevadans overall.<sup>11</sup> An estimated 83% of Nevada's most vulnerable households\* pay more than 30% of their income on monthly rent costs.<sup>12</sup> These most vulnerable Nevadan households also face a severe housing shortage, with only 10 affordable housing units available per 100 very low-income households.<sup>13</sup>

Indeed, the supply of affordable housing in Nevada is insufficient. Nevada has a deficit of more than 98,000 affordable homes, with shortages most severe in the Las Vegas metropolitan area.<sup>14</sup> Construction of affordable rental homes has not kept up with demand. Over the last decade, about 1.2 million homes renting at or below the median rent (\$1,003) were built, compared to 3.8 million homes renting for \$1,500 or more.<sup>15</sup> At the same time, Nevada lost approximately 470,000 homes renting for less than \$650.<sup>16</sup>

### **Challenges to Keeping Housing Affordable**

Nevada has long been able to dedicate rental housing to low-income families through the Low Income Housing Tax Credit (LIHTC) program. Since 1986, the LIHTC has assisted to create or preserve tens of thousands of affordable apartments or rental homes in the state.<sup>17</sup> In recent years however, there have been significant rent increases for income-restricted<sup>†</sup> and non-rent

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\* The National Low Income Housing Coalition defines the most vulnerable as households which earn incomes at or below 30% of area median income. See: [http://nlihc.org/sites/default/files/Gap-Report\\_2017.pdf](http://nlihc.org/sites/default/files/Gap-Report_2017.pdf)

† Income restricted homes include housing units built with the requirement that a share of the tenants must earn at or below a percentage of the area median income.

restricted homes in cities and counties across the state. Between 2012-2017, rents in Reno-Sparks grew by 37%, and by 15% in Washoe County.<sup>18</sup> Between 2013 and 2017, Las Vegas home rents rose by 29%, with a 16% increase in rents on housing already dedicated to low-income tenants.<sup>19</sup>

Meanwhile, between 2016 and 2017, the availability of affordable rental homes decreased from 4.1% to 2.9%, and about 1,100 affordable homes have been lost to a reduction in LIHTC financing.<sup>20</sup> A waiting list for affordable rental homes has grown significantly in the last two years, to more than 10,700 families.<sup>21</sup> Significantly, the Tax Cuts and Jobs Act of 2017 lowered the corporate tax rate and weakened the value of the LIHTC, threatening Nevada's already shrinking supply of affordable housing.<sup>22</sup> As the cost of rental housing increases across the state, it will be crucial for Nevadans facing new rent burdens to have access to stable and affordable housing.

### Snapshot: Las Vegas

**Table 2. Las Vegas Housing Indicators<sup>23</sup>**

	<b>Latinos</b>	<b>Overall</b>
<b>Population</b>	203,050	632,916
<b>Poverty Rate</b>	20.6%	15.6%
<b>Median Household Income</b>	\$44,136	\$51,115
<b>Homeownership Rate</b>	42.6%	52.7%
<b>Renting Rate</b>	57.4%	47.3%
<b>Renters Facing High Rental Costs</b>	52.4%	54.9%
<b>Median Rent</b>	\$937	\$996
<b>Median Home Value</b>	\$175,700	\$228,300

- The Las Vegas metro area has a deficit of more than 80,000 affordable homes.<sup>24</sup>
- The Las Vegas-Henderson-Paradise metropolitan area faces the greatest shortage of homes for the lowest income renters, with 10 available and affordable housing units per 100 households living at or below the poverty line.<sup>25</sup>
- The Las Vegas metro area was ranked as having the highest incidence of negative equity, with an estimated 35% of homes underwater.<sup>26</sup>
- In 2016, 52.4% of Hispanics renting a home spent more than one-third of their monthly income on housing, compared to 54.9% of Las Vegas residents overall.<sup>27</sup>
- In the last decade, about 50,000 homes renting for \$850 or more were built (about 48% renting for \$1,100 or more).<sup>28</sup> This compares with 45,000 homes renting at or below a rent of \$849.<sup>29</sup>

## Opportunities to Make Housing More Affordable

Officials at the federal, state and local levels should make targeted investments to ensure that more Nevadans, including Latinos, can find affordable, safe homes. Specifically, lawmakers should:

- Protect the Nevada Low Income Housing Trust Fund and other state-level affordable housing programs, including dedicating trust funds to the most urgent housing priorities.
- Preserve the Low Income Housing Tax Credit program, Emergency Solutions Grant (ESG) and HOME Investment Partnerships. These federal programs can be utilized by local and state governments to leverage private investment in the construction, renewal and preservation of affordable rental homes.
- Preserve rental assistance that helps families put a roof over their heads. In 2015, federal rental assistance lifted approximately 1,000 Hispanics in Nevada out of poverty.<sup>30</sup>
- Create direct lending programs that benefit first-time homebuyers, including the Home is Possible Homebuyer Program.
- Provide foreclosure protections for tenants and new homeowners.

## Endnotes

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- <sup>1</sup> Renato Rocha, *Latinos in Nevada: Protecting and Defending Progress in the Silver State* (Washington, DC: UnidosUS, 2016).
- <sup>2</sup> U.S. Census Bureau, “American FactFinder: Selected Population Profile in the United States: 2016 American Community Survey 1-Year Estimates,” [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_16\\_1YR\\_S0201&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_S0201&prodType=table), Table S0201.
- <sup>3</sup> Ibid.
- <sup>4</sup> U.S. Census Bureau, “American FactFinder: Selected Population Profile in the United States: 2016 American Community Survey 1-Year Estimates,” [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_16\\_1YR\\_S0201&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_S0201&prodType=table), Table S0201.
- <sup>5</sup> U.S. Census Bureau, “American FactFinder: Tenure (Hispanic or Latino Householder): 2016 American Community Survey 1-Year Estimates,” [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_16\\_1YR\\_B25003I&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_B25003I&prodType=table), Table B25003I.
- <sup>6</sup> Prosperity Now, “State Outcome and Policy Report,” <https://scorecard.prosperitynow.org/data-by-location#state/nv>.
- <sup>7</sup> Ibid.
- <sup>8</sup> Ibid.
- <sup>9</sup> Peter Dreier et al., *Underwater American: How the So-Called Housing “Recovery” is Bypassing Many American Communities* (Berkeley, CA: Hass Institute, 2014), [http://haasinstitute.berkeley.edu/sites/default/files/haasinstitute\\_underwateramerica\\_publish\\_0.pdf](http://haasinstitute.berkeley.edu/sites/default/files/haasinstitute_underwateramerica_publish_0.pdf).
- <sup>10</sup> Ibid.

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- <sup>11</sup> U.S. Census Bureau, “American FactFinder: Selected Population Profile in the United States: 2016 American Community Survey 1-Year Estimates,” [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_16\\_1YR\\_S0201&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_S0201&prodType=table), Table S0201.
- <sup>12</sup> National Low Income Housing Coalition, *The Gap: A Shortage of Affordable Homes* (Washington, DC: National Low Income Housing Coalition, 2018), [http://nlihc.org/sites/default/files/gap/Gap-Report\\_2018.pdf](http://nlihc.org/sites/default/files/gap/Gap-Report_2018.pdf).
- <sup>13</sup> Ibid.
- <sup>14</sup> National Low Income Housing Coalition, *Gap Report: Nevada*, (Washington, DC: National Low Income Housing Coalition, 2016) <http://nlihc.org/gap/2016/nv>.
- <sup>15</sup> Harvard Joint Center for Housing Studies, “America’s Rental Housing 2017,” [http://www.jchs.harvard.edu/ARH\\_2017\\_change\\_in\\_rental\\_units](http://www.jchs.harvard.edu/ARH_2017_change_in_rental_units) (accessed August 2018)
- <sup>16</sup> Nevada Housing Division, *Taking Stock: Nevada Housing Division 2017 Annual Affordable Apartment Survey* (Las Vegas, NV: Nevada Housing Division, 2017), <https://housing.nv.gov/uploadedFiles/housingnv.gov/content/programs/LIHD/2017Taking%20Stock20180306.pdf>.
- <sup>17</sup> Ibid.
- <sup>18</sup> Ibid.
- <sup>19</sup> Ibid.
- <sup>20</sup> Nevada Housing Division, *Taking Stock: Nevada Housing Division 2016 Annual Affordable Apartment Survey* (Las Vegas, NV: Nevada Housing Division, 2016), <https://housing.nv.gov/uploadedFiles/housingnv.gov/content/Public/2016TakingStock20170209.pdf>.
- <sup>21</sup> Nevada Housing Division, *Taking Stock: Nevada Housing Division 2017 Annual Affordable Apartment Survey* (Las Vegas, NV: Nevada Housing Division, 2017), <https://housing.nv.gov/uploadedFiles/housingnv.gov/content/programs/LIHD/2017Taking%20Stock20180306.pdf>.
- <sup>22</sup> Michael Novogradac, “The Tax Cuts and Jobs Act: Effects on Low-Income Housing Tax Credit Properties and Developments”, [https://www.novoco.com/sites/default/files/atoms/files/novogradac\\_client\\_alert\\_tax\\_reform\\_122017.pdf](https://www.novoco.com/sites/default/files/atoms/files/novogradac_client_alert_tax_reform_122017.pdf).
- <sup>23</sup> U.S. Census Bureau, “American FactFinder: Selected Population Profile in the United States: 2016 American Community Survey 1-Year Estimates,” [https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_16\\_1YR\\_S0201&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_S0201&prodType=table), Table S0201.
- <sup>24</sup> National Low Income Housing Coalition, *The Gap: A Shortage of Affordable Homes* (Washington, DC: National Low Income Housing Coalition, 2018).
- <sup>25</sup> National Low Income Housing Coalition, *The Gap: A Shortage of Affordable Homes* (Washington, DC: National Low Income Housing Coalition, 2018).
- <sup>26</sup> Peter Dreier et al., *Underwater American: How the So-Called Housing “Recovery” is Bypassing Many American Communities* (Berkeley, CA: Hass Institute, 2014), [http://haasinstitute.berkeley.edu/sites/default/files/haasinstitute\\_underwateramerica\\_publish\\_0.pdf](http://haasinstitute.berkeley.edu/sites/default/files/haasinstitute_underwateramerica_publish_0.pdf).
- <sup>27</sup> Harvard Joint Center for Housing Studies, “America’s Rental Housing 2017,” [http://www.jchs.harvard.edu/ARH\\_2017\\_cost\\_burdens\\_by\\_race](http://www.jchs.harvard.edu/ARH_2017_cost_burdens_by_race) (accessed April 2018).
- <sup>28</sup> Ibid.
- <sup>29</sup> Ibid.
- <sup>30</sup> UnidosUS, “Federal Programs Lift Latinos Out of Poverty: Spotlight on Nevada,” (Washington, DC: UnidosUS, 2017), [http://publications.unidosus.org/bitstream/handle/123456789/1754/anti\\_poverty\\_unidosus.pdf?sequence=1&isAllowed=y](http://publications.unidosus.org/bitstream/handle/123456789/1754/anti_poverty_unidosus.pdf?sequence=1&isAllowed=y).