

Housing in Southern Nevada

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Abstract

Access to healthy and affordable housing is essential to public health. The purpose of this manuscript is to describe existing conditions surrounding housing in Southern Nevada. The housing market in Southern Nevada has been hit particularly hard with the recent economic downturn, with housing prices decreasing by 61.7% from the peak in 2007 to the lowest point in 2012. This has resulted in a record number of foreclosures, high rates of vacancy, and left nearly 60% of homeowners with negative equity. There are fewer owner occupied units in the region when compared to the national average. Median monthly rent prices are higher in Las Vegas than the national average and 53% of renters and 46% of home owners have a housing cost burden. The Southern Nevada Strong Housing task group used this data to develop a number of goals and strategies aimed at creating a healthy and sustainable community as part of the *Southern Nevada Regional Plan for Sustainable Development* (SNvRPSD); a single, integrated and consolidated plan that will promote and guide sustainable regional development in Southern Nevada over the next 20 years.

Introduction

Access to safe and affordable housing is a critical determinant of health (Marmot & Wilkinson, 2006). An understanding of current housing conditions and the overall housing market is important in determining public health needs and priorities surrounding issues related to healthy housing. The housing market in Southern Nevada has experienced many changes over the last two decades, ranging from housing prices increasing so rapidly that many residents could not afford to purchase a home, to a rapid drop in prices leaving many with negative equity and unaffordable mortgage payments. The market instability and

economic downturn have had numerous consequences and are discussed throughout this manuscript.

The purpose of the manuscript is to assess the available data related to housing units, values, affordability, and vacancy rates in Southern Nevada. Data on such existing conditions will be used by members of the Southern Nevada Strong team to set goals and priorities for future development of the region. The overall goal of the Southern Nevada Strong project is to develop the *Southern Nevada Regional Plan for Sustainable Development* (SNvRPSD); a single, integrated and consolidated plan that will promote and guide sustainable regional development in Southern Nevada over the next 20 years.

Methods

Southern Nevada housing data were compiled by accessing the US Census Bureau's 2012 one year estimates. These data were used to understand the current housing stock, vacancy rates, owner occupancy, and affordability. The August 2013 Standard & Poor's/Case-Shiller (S&P/Case-Shiller) home price indices were used to analyze housing prices, market trends, and foreclosure rates; while 2013 data from RealtyTrack was used to aid in describing the region's foreclosure rates. Finally, the 4th Quarter 2011 Report on Housing Market Conditions from the Center for Business and Economic Research-Lied Institute for Real Estate Studies (CBER-LIED) was used to analyze housing prices, market trends, and vacancy rates.

Results

Housing Values, Sales, and Rentals

The foreclosure crisis has been the most significant change in recent economic conditions in Clark County, with over 58,000 foreclosures recorded since 2007. According to the Brookings Institution, Las Vegas has experienced one of the largest decreases in housing prices. Home prices in the Las Vegas Metropolitan Area dropped by more than 60 percent from the peak in 2006 to the lowest point in 2012, more than double the decrease experienced nationally. The inflation in housing prices was much larger in Southern Nevada than in much of the US, increasing by 231 percent between 2000 and 2006 (CBER, 2012). Consequently, the subsequent decline in housing values in Southern Nevada was large as well (S&P/Case-Shiller, 2013).

The housing bubble burst and the resultant economic recession and widespread job losses make it difficult for homeowners to remain in, and maintain their housing, particularly low income households. Accordingly, many homeowners defaulted on mortgage loans and walked away from homes they can no longer afford. In October, 2011 Assembly Bill 284 went into effect which created stricter requirements on the foreclosure process (Office of the Attorney General, 2011). This did slow the rate of foreclosures in NV from about 4,000 to about 1,500 per month. This slowing of foreclosed houses on the market did result in NV relinquishing the title of the national leader in foreclosures and created an increase in housing prices (RealtyTrak, 2013). It is

unclear if this will cause another artificial housing bubble.

Las Vegas housing prices peaked in August 2006 with an average single family home price of \$234,780. The market hit the lowest point in March 2012 with an average housing cost decrease of 61.7 percent; since then the housing prices have gradually increased. As of June, 2013 the average cost of a single family home in Las Vegas was \$117,490, a 50 percent decrease in price from the 2006 peak. The decrease in average home price is significantly higher than the national average of 34.8% (S&P/Case-Shiller, 2013). *Figure 1* shows the average housing costs of the Las Vegas Metro Area compared to the national average.

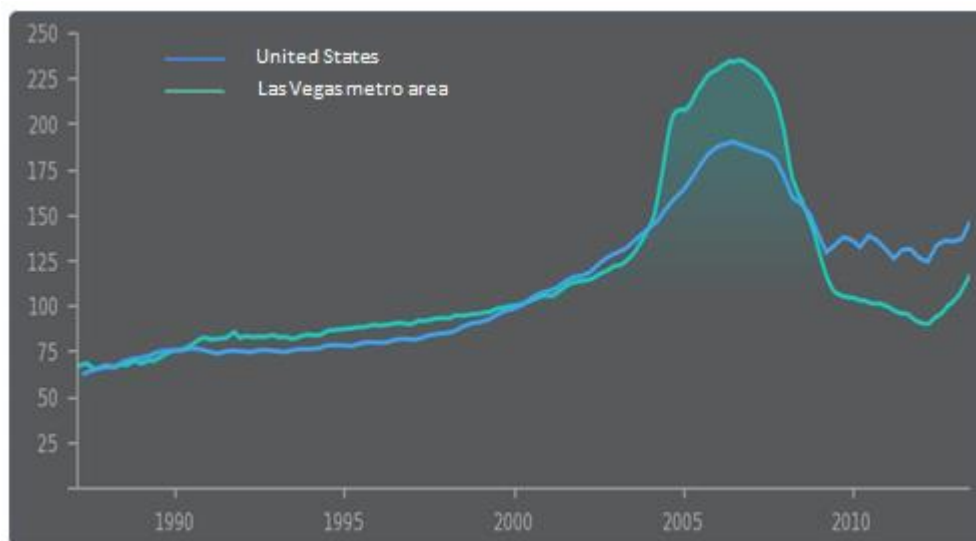


Figure 1. Average housing costs in Las Vegas compared to the national average, June 2013 (S&P/Case-Schiller, 2013).

Fueled by the booming economy, housing prices prior to the bust were increasing so rapidly that many were being priced out of the market. The 2006 recession hit Nevada particularly hard and the market has yet to recover (Shaulis, Fairchild, & Borchard, 2012). Between 2007 and 2011 there were 129,479 foreclosures and 63,858 short sales.

LVMA has been the hardest hit economy in terms of effective home ownership rates (Shaulis, Fairchild, & Borchard, 2012). Effective home ownership rates exclude negative equity households, meaning that the value of the home is currently less than the remaining balance of the loan. As of the second quarter of 2012, nearly 60 percent of homeowners in Nevada had negative equity (CBER, 2012). Such figures are significant in terms of the

resiliency of the LVMA housing market. Research has shown that once individuals are underwater in their homes they are more likely to default on it and walk away (Bhutta, Dokko & Shan, 2010).

The state of Nevada has an average foreclosure rate of 28 percent, much higher than the national average of 1 percent. As of August 2013 one of every 323 homes in Clark County was in foreclosure. *Figure 2* shows the distribution of foreclosed homes in Clark County (RealtyTrac, 2013). These high foreclosure rates are significant for public health. One study examined the health status of individuals undergoing mortgage foreclosures and found them to have significantly higher rates of depression when compared to the general community, with 47% of meeting the

screening criteria for depression (Pollack & Lynch, 2009).

percent of the total housing units were single-family homes. This is followed by multi-unit structures and

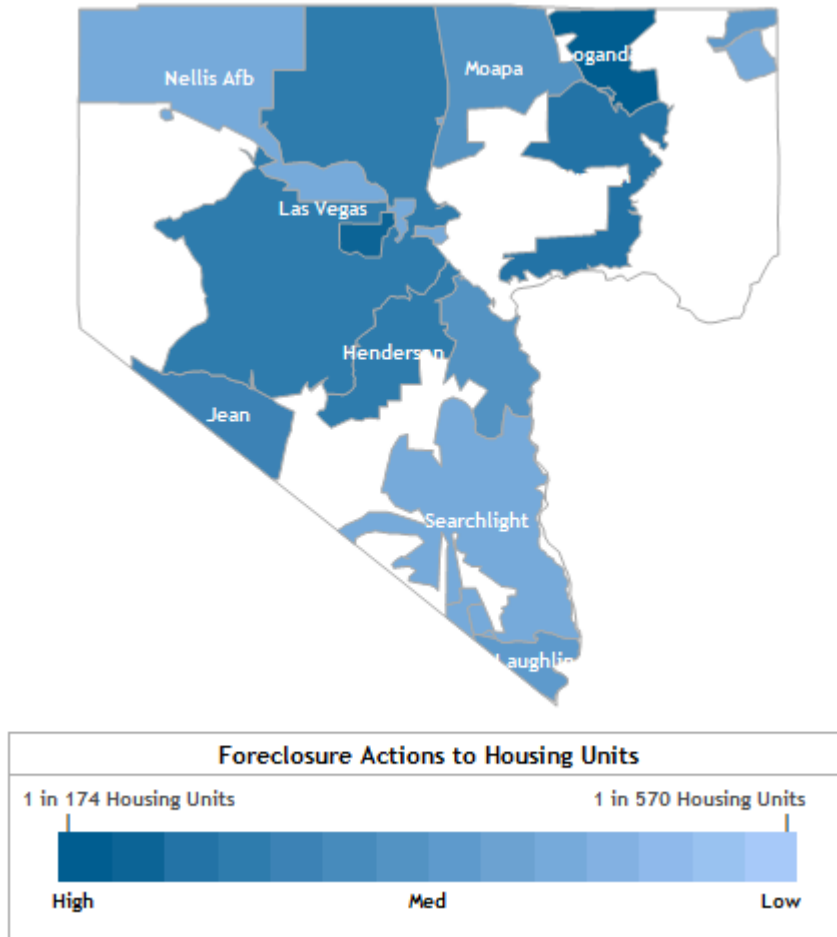


Figure 3. Percent owner occupied housing by census tract in the Las Vegas Metropolitan area. (US Census Bureau, ACS 5-year estimates, 2010)

The median monthly housing cost for renters in LVMA is higher than the national average. The median gross monthly rent for LVMA is \$974, ten percent higher than the median cost nationally of \$884. Gross rent, defined as the amount paid in contractual rent plus the estimated monthly average of utility costs, in Las Vegas Metro Area is higher than other metropolitan areas with similar housing values such as Phoenix (\$912) (US Census, 2009).
Housing Units

mobile homes. The number of single family units is slightly below the national average and the number of multi-unit structures is higher than the national average (US Census, 2012). See Table 1 for comparison figures.

Single family housing units comprise the bulk of the region's housing stock. In 2010 62.8

Table 1
Types of housing units in Clark County, NV compared to the national average, 2012 (US Census Bureau, ACS 1 year estimates, 2012).

Housing units	Las Vegas	Nation
Single family	62.8%	67.4%
Multi-unit structures	33.9%	26.2%
Mobile homes	3.3%	6.4%

The region has a higher than average percentage of vacant housing units. As of 2012 LVMA had a 15.7 percent vacancy rate compared to the national average of 12.4 percent (US Census, 2012). The majority of vacant units are condominiums, followed by apartments, townhouses and single family units (Table 2) (CBER-LIED, 2011). The substantial amount of vacant units is concerning, as vacant units may become vandalized or dilapidated, attract crime, contribute to neighborhood decline, and pose a threat to public safety (GAO, 2011). Additionally, the cost of inspecting vacant units and mitigating unsafe conditions falls on local governments, which are already overburdened in this economic climate.

Table 2
Percentage of vacant units in Clark County, NV compared to the national average.

Vacancy	Las Vegas	Nation
Vacant housing units	16.9%*	13.1%*
Vacant condos	18.2%**	
Vacant apartments	13.1%**	
Vacant townhouses	12.3%**	
Vacant single family units	10.5%**	

There are fewer owner occupied units in the region when compared to the national average. Of the occupied homes in LVMA, 55 percent are owner occupied and 45 percent are renter occupied. Nationally, 65 percent of homes are owner occupied. *Figure 3* shows the distribution of housing tenure by Census tract. The situation in LVMA is different, however, than other predominantly renter markets. Prior to the start of the economic down turn in 2007, housing prices were climbing so rapidly in LVMA that working-class individuals were being priced out of the market (Shaulis, Fairchild, & Borchard, 2012). Given the current economic conditions, the cost of housing relative to income is low. The issue of fewer owner occupied homes stems from the sharp economic downturn, which left many with credit problems that now prevent them from owning a home (Smith, 2012).

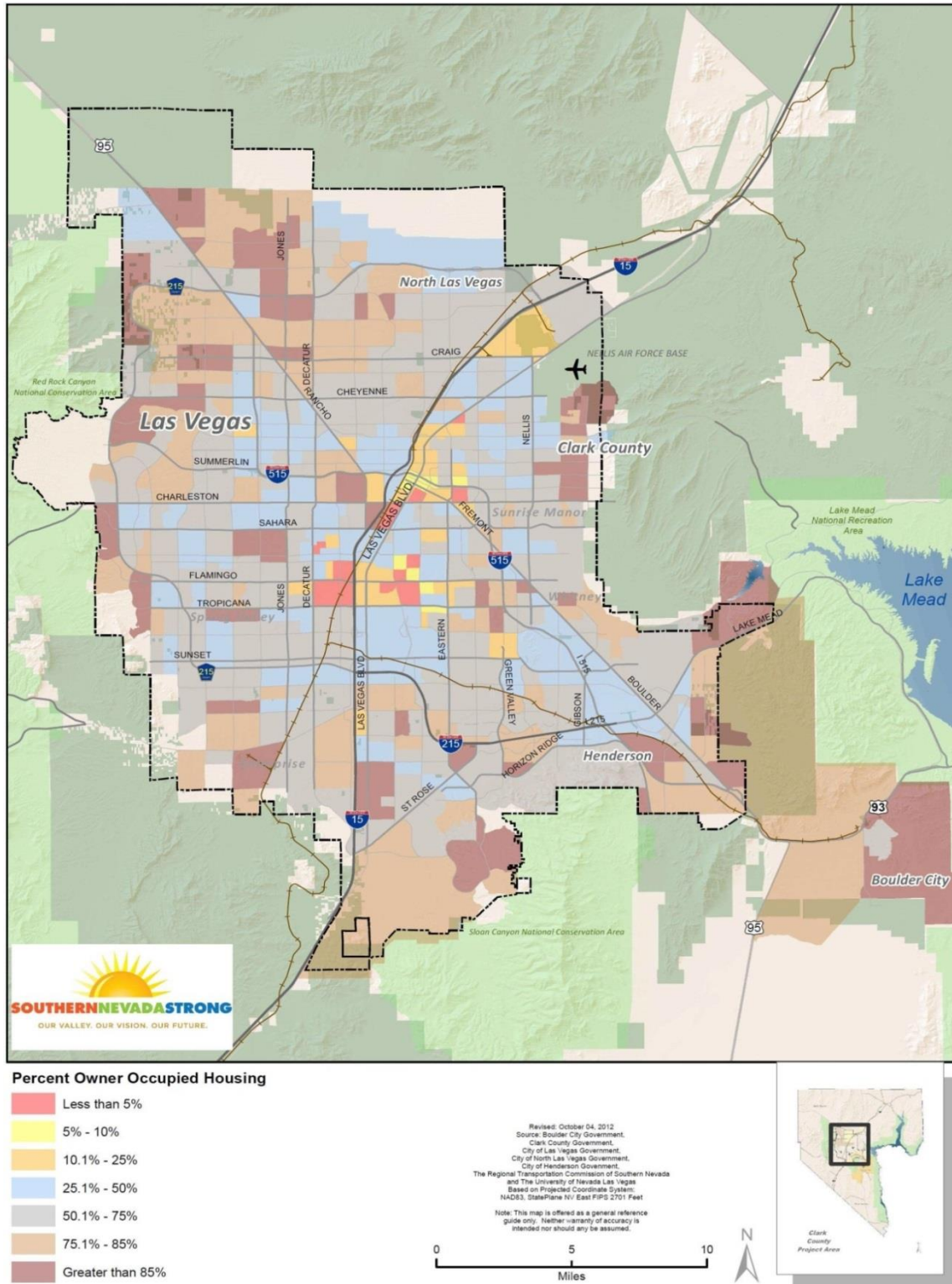


Figure 3. Percent owner occupied housing by census tract in the Las Vegas Metropolitan area. (US Census Bureau, ACS 5-year estimates, 2010)

The region has a relative new housing stock as compared to the national average. The majority of

homes in LVMA were built after 1990 (63 percent); 28 percent were built between 1990 and 2000, 22

percent between 2000 and 2004 and 13 percent in 2005 or later (US Census, 2012). LVMA ranks 7th in the nation in terms of the number of housing units built in 2005 or later (NAHB, 2012). Nationally, only 29 percent of houses were built after 1990. Additionally, only 8 percent of homes in LVMA were built prior to 1970, compared to 41 percent of homes nationally.

Housing Affordability

Housing costs in the region are considered unaffordable for both renters and home owners (see *Figure 4*). Affordable housing costs generally are considered to be less than 30 percent of household income; if housing costs exceed this, that household is said to have a ‘housing cost burden’ (HUD, 2013). LVMA is equivalent to the national figures in which 53 percent of residents spend greater than 30 percent of their household income on rent (US Census, 2012). These figures are concerning, as research shows that those who report a greater strain of meeting their monthly housing costs are more likely to report poorer general and mental health status (Dunn, 2002).

the 2006 recession, housing prices had been inflating at such a rate that middle class families were being priced out of the market. Between 2006 and 2012 Southern Nevada experienced one of the largest decreases in housing values, falling by more than 60 percent (Muro & Fikri, 2012). This rapid change in housing prices coupled with high rates of job loss led to record rates of foreclosure, 28 percent compared to 1 percent nationally (RealtyTrac, 2013). Consequently, the region now has above average vacancy rates and fewer owner-occupied units as compared to national averages.

Low rates of home ownership are of concern, as home ownership has been linked to health benefits. Individuals who own their home are more likely to feel a connection to their neighborhood and be civically engaged (Rohe, Van Zandt, & McCarthy, 2002). When compared to renters, homeowners experience an increase in life satisfaction (Rohe & Stegman, 1994). Additionally, home ownership has been linked to improved psychological and physical health in both children and adults (Rohe, Van Zandt, & McCarthy, 2002). Boyle (2002) found that parental

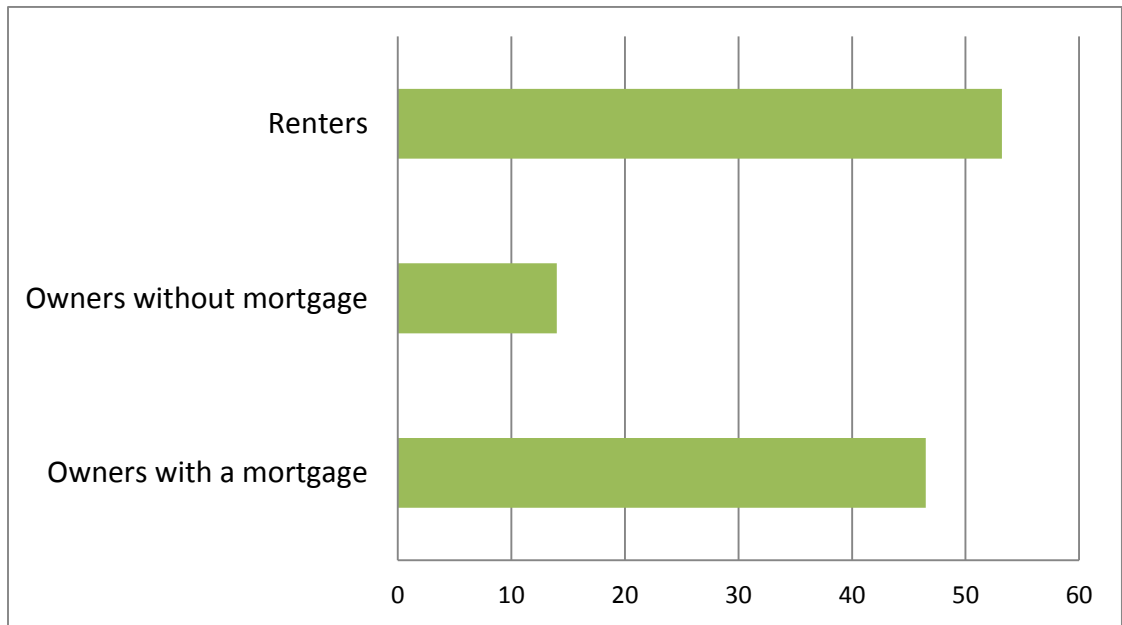


Figure 4. Percent of Clark County Residents with a housing cost burden, 2012 (cost of home is greater than 30% of household income) (US Census Bureau, ACS 1 year estimates, 2012)

Discussion

Southern Nevada is faced with many unique challenges in the housing market. Prior to the start of

home ownership was associated with decreased behavioral-emotional problems in youth.

A large proportion of Southern Nevadans are also faced with housing cost burdens. Access to affordable and healthy housing is critical for the health and sustainability of Southern Nevada. Providing affordable housing has numerous public health benefits. Affordable housing can improve health status by freeing up resources for other health necessities such as nutritional food or healthcare services (Cohen, 2007). Additionally, access to affordable housing increases residential stability. This stability can reduce stress levels and improve mental health outcomes (Lubell, Crain, & Cohen, 2007). Housing stability is especially important for children, as studies have found that children who move more often are more likely to have below average scores in reading and math, are more likely to have to repeat a grade, and more likely to drop out of school (Mueller & Tighe, 2007; U.S. GAO 1994). Public health professionals should be aware of these challenges and collaborate with local housing agencies, healthcare providers, and municipalities to alleviate some of the resulting consequences.

As part of Southern Nevada Strong Sustainable Communities Planning Grant project, six task groups made up of subject matter experts were formed. Subject matter experts came from the public, non-profit and private sectors from across the valley. The task groups included: Healthy Communities, Economic Development and Education, Transportation, Housing, the Environment and Public Engagement and Equity. The Housing Task Group used the above information as well as their experience and expertise to identify goals to be included in the *Southern Nevada Regional Plan for Sustainable Development (SNvRPSD)*. The SNvRPSD will be a single, integrated and consolidated plan that will promote and guide sustainable regional development in Southern Nevada over the next 20 years. Goals and strategies targeting housing related issues aimed at the creation of healthy communities in Southern Nevada are included in the following section.

Housing related goals and policy strategies

Goal 1. Stabilize and strengthen existing neighborhoods through place-making improvements.

Objective 1.1. *Increase neighborhood engagement.*

- Working with local jurisdiction code enforcement and outreach coordinators, develop neighborhood outreach plans to address community issues and provide resources for homeowner investments.
- Continue to reach out to key landowners and developers to gain support for the preferred land use map and to coordinate redevelopment of key sites.
- Foster new relationships between neighborhood leaders and businesses to identify incentives for businesses to support neighborhood identity and commitment.

Objective 1.2. *Develop housing and employment in mixed-use transit-oriented neighborhoods near job centers, schools, and other services.*

- Adopt regional goals and standards that aim to reduce transportation costs and provide increased mobility in neighborhoods to every day amenities such as grocery stores, offices, and schools.
- Develop a toolkit, in collaboration with area economic development and real estate organizations and other institutions, that supports mixed-use development.
- Identify opportunities to implement applicable incentives, including tax credits and other programs to support catalytic mixed-use projects.
- Partner with local healthcare and educational institutions to encourage the development of attractive, high quality housing and supporting businesses and services that support and are supported by higher education, medical, or hospital districts.
- Encourage common licensing and development policies among local governments.

Goal 2. Encourage an adequate supply of housing with a range of price, income, density, ownership, and building types.

Objective 2.1. *Maintain an adequate supply of land with flexible zoning designations to meet the anticipated housing demand.*

- Establish and maintain a regional forecast of housing needs and set periodic goals for housing supply, based on population projections.
- Monitor and disseminate information about regional housing development activity, developable land supply, residential zoning capacity, owner-occupancy rates, and use of zoning waivers to

inform progress toward housing goals and to enable midcourse adjustments.

- Educate elected officials, citizen organizations, and the public on the housing needs and diversity of Southern Nevada's residents and create a plan to provide quality housing for all residents regardless of income.
- Support rural communities to maintain quality of life and ensure long-term economic sustainability.
- Encourage updates to the housing elements of local master plans to align with housing demand.

Objective 2.2. *Develop housing to meet the needs of workers in future industry sectors.*

- Diversify housing options to meet the needs of local talent and the workforce. Increase the supply of high-quality, multi-family (condominium) housing in the region's commercial cores and mixed-use commercial areas.

Objective 2.3. *Design housing to meet the needs of residents with low mobility and/or disabilities.*

- Adopt *universal design* standards that include a mobility assessment for new construction and enhance policies and codes to create a barrier free environment to support independence both inside and outside of the home.
- Adopt visitability design standards for all new construction and enhance policies and codes to create a barrier free environment to expand housing choices for people with mobility issues and remove barriers when entering any home.
- Incentivize rehabilitation of existing housing to meet universal and visitability design standards.
- Support existing boards and committees to evaluate plans, codes, and policies to ensure that the needs of individuals with disabilities are addressed as part of the approval process.

Objective 2.4. *Develop low-income and workforce housing in neighborhoods across the region.*

- Ensure local governments to adopt land use, building codes, and zoning regulations that allow a mix of housing types that serve people at a variety of income levels, including single-family homes, cottage homes, townhomes, condominiums and apartments.
- Work with for-profit and non-profit developers to encourage new mixed-income developments across the region that can provide easy access to employment centers, family support systems,

shopping, public transportation, and recreational facilities.

- Conduct outreach with local businesses to develop Employer Assisted Housing (EAH) programs in which major employers provide incentives for their employees to live nearby.
- Develop funding sources to support affordable housing to reach Energy Efficient and NetZero standards and generate surplus
- Pursue grants and other sources of funding such as HOME Investment Partnership funds to rehabilitate affordable housing for rent or homeownership, including performing energy upgrades on homes to meet local codes and home energy rating improvements.

Objective 2.5. *Educate and inform the population regarding housing choice, needs and rights.*

- Support the findings of the Regional Analysis of Impediments through continued engagement of housing and planning stakeholders and outreach with homeowner associations, multi-family property owners, and residents to provide information on the Fair Housing Act, ADA, and rights of residents. (A Regional Analysis of Impediments is a housing analysis that assesses barriers to fair housing choice.)
- Coordinate support services to interested homebuyers and first-time homeowners to prepare residents to establish credit, become financially stable, purchase homes, help ensure timely mortgage payments, maintenance of structure, and fulfillment of loan requirements.
- Develop new lines of communication with residents to inform them of their rights and how they can deal with housing challenges (e.g., code enforcement, creation of neighborhood associations, contact numbers and offices if they feel there are issues, no retribution options, etc.).

The SNvRPSD is expected to be circulated through the Southern Nevada Regional Planning Coalition (SNRPC), which is the Strategic Planning Authority for local governments in the greater Las Vegas Metropolitan Area region, during the last quarter of 2014. It is expected that the SNRPC members will adopt the regional plan.

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