

NHD APARTMENT FACTS

**An Apartment Report
Of the
Reno/Sparks Area**

**Nevada
Department of Business & Industry
HOUSING DIVISION**

Second Quarter 2001

**The
Nevada
Housing
Division's
Annual
Multi-
Family
Housing
Survey of
the Reno/
Sparks
Area**

**2nd
Quarter
2001**

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From The Administrator

Nevada continues to enjoy unprecedented growth and prosperity. This can be easily seen in the Reno/Sparks Area as this year's apartment survey shows a strong demand for rental housing in this part of the state.



Charles L. Horsey

The Reno/Sparks Area is experiencing strong job growth, exceeding the national average. This growth coupled with the appeal of an abundance of recreational activities, a climate with four distinct seasons, and a "good" quality of life for families continues to fuel the population expansion in the area.

This population growth has resulted in increased demand for housing. Housing prices have escalated over the years, deepening the strain of providing affordable housing for the low- and moderate income, prompting many to pursue multi-family housing.

This year's NHD Apartment Report shows the vacancy rate in the multi-family housing market is a low 3.2%.

During 2000 and 2001, the Housing Division assisted in the financing of 640 multi-family units in the Reno/Sparks Area. Out of the 640 units, 230 were units targeted for families and 410 were units targeted for seniors.

It is with great pleasure that we are able to present the findings of the Division's second quarter 2001 multi-family housing survey.

"The Housing Division assisted in the financing of 44% of new apartment units which were either built or are now under construction in the Reno/Sparks Area during 2000-2001."

**The Nevada Housing Division mission....
to assist and encourage the private sector
and other governmental entities in the crea-
tion and maintenance**

The Survey Goals and Objectives

The Division's goals for the NHD Apartment Report survey is to assist those in the housing profession in their short-term and long-range planning processes.

The Division, through this data collection, documents new multi-family units and tracks vacancies and rental rates for existing multi-family housing units in the Reno/Sparks Area.

The primary reasons the Housing Division continues this task are to:

- Create a comprehensive data base of rental properties;
- Give interested parties planning tools to target funding; and
- Create long-range monitoring devices to identify emerging and changing trends in the rental property market.

*"Reno/Sparks Area has a climate with four distinct seasons
and a "good" quality of life for families."*



Austin Crest, a 268-unit NHD bond/tax credit family housing complex, provides a serene environment in its west-side Reno location.

Reno/Sparks Area Apartment Inventory Study — Key Points

Key findings from the June 2001 survey reflect the following:

- The two-bedroom size apartments are the most popular unit type, representing 49% of the total multi-family rental market.
- There has been a steady increase in the average size of apartment projects over the last 20 years.
- Apartment projects constructed after 1999 are larger in size than in any other time period since the 1970's averaging 216 units per project.
- Multi-family vacancy rates in the Reno/Sparks Area is a low 3.2%.
- Vacancy rates are consistent throughout regardless of the age of the complex excluding new projects undergoing rent up.
- Two zip codes, 89511 and 89513, show unusually high vacancy rates. All other areas of the Reno/Sparks Area show lower than 5% vacancy rates.
- The greatest number of new apartment units constructed in the Reno/Sparks Area was during the years 1975 through 1979.
- Smaller size apartments were more attractive to the rental market during the 1970's. Today's market shows more balance between studio and family units.
- In comparing studio versus three-bedroom size apartments, construction of the three-bedroom size apartment has far outpaced the smaller studio size during the 1990's.
- The distribution of rents show a non-



Diamond Creek is a 288-unit bond/tax credit family housing apartment development.

Lighthouse of the Sierra provides 26 bungalow type housing units for a special needs population.



competitive market in certain configurations with only the two bedroom distribution reflecting close to a normal distribution.

- The mean rental rate distribution of the three bedroom size apartments show the highest degree of non-competitiveness given the lack of aggregation of rates or a lack of 'central tendency'.
- Higher vacancy rates are shown in those zip codes showing higher rental rates, indicating market sensitivity to high end rental rates.
- Zip code 89502 shows the highest number of multi-family units.
- Zip code 89502 correspondingly reflects an area where rental rates are lower than in other parts of the Reno/Sparks Area, thus indicating a more competitive rental environment.
- Zip code 89502 shows a 2.6% vacancy rate.
- Within the Reno/Sparks Area, more than 30% of all multi-family units are located within two zip codes, 89502 and 89509.

Distribution of Apartments by Type of Unit

The split of unit types shows that the two bedroom is clearly the most popular unit type, comprising 49% of the Reno/Sparks Area's apartment units.

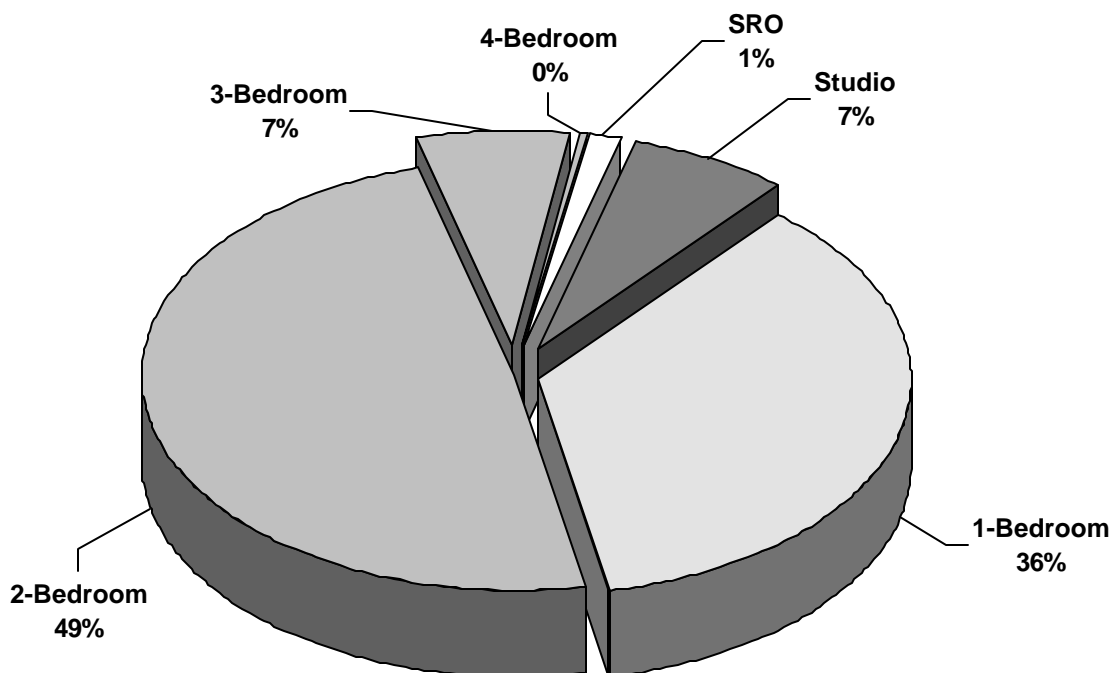
TABLE 1
Number of Apartments by Type of Unit
June 2001

	Total Units in Survey (a)	Units in Completed Survey (b)	SRO	Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
June 2000	25,007	16,556	252	1,090	6,147	8,065	983	19
June 2001	27,619	24,046	335	1,700	8,562	11,757	1,600	92

Notes:

- (a) Total Units includes all units in database where total unit count is known.
- (b) Completed surveys include those that responded to the unit breakdown question.

GRAPH 1
Distribution of Apartment Units by Size
June 2001

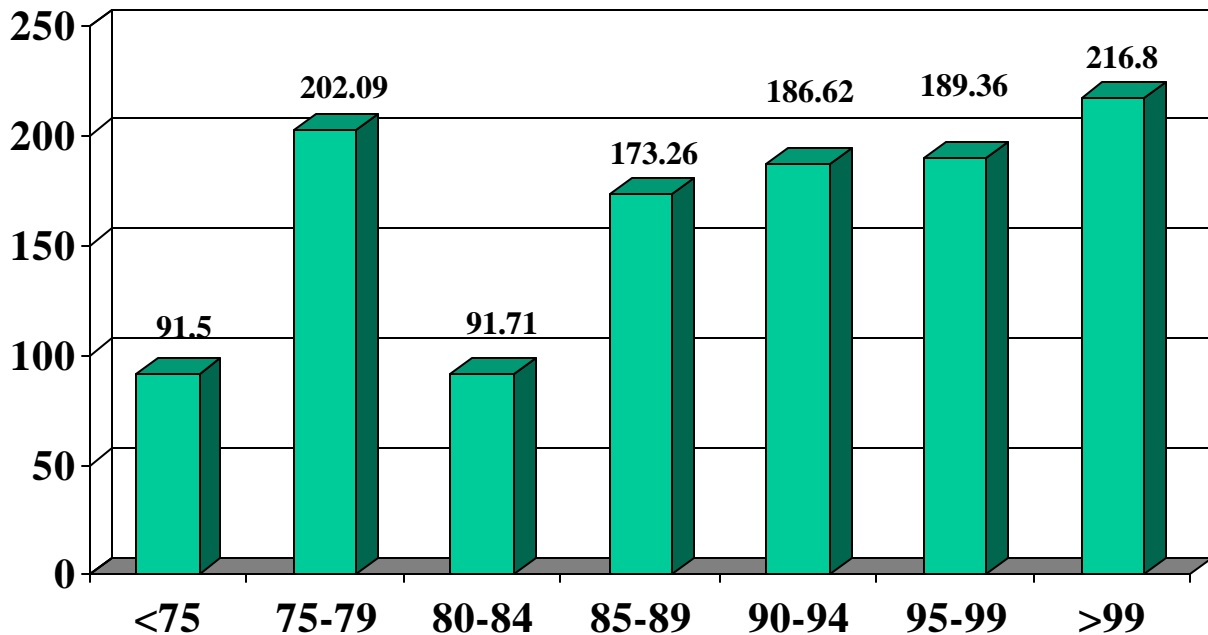


Growth in Average Apartment Project Size

Since the 1960's, there has been a steady increase in the average size of apartment projects. Those apartment projects built between 1975-1979 and after 1999 have shown the largest number of units in their complexes, averaging over 200 units per project.

GRAPH 2
Growth in Average Apartment Project Size
June 2001

Units per Project



Year Built

Vacancy Rates

The vacancy rates reflected in the Division's 2001 point-in-time survey indicate strong demand for rental units in complexes of all ages. The second quarter 2001 survey data show an overall Reno/Sparks Area vacancy rate of 3.2%, indicating a tight rental market.

TABLE 2
Vacancy Rates in the Reno/Sparks Area
 (Data by Year Project was Built)

Date Project Built	Number of Projects	Number of Units	Number of Units Responding to Vacancy Question	Number of Units Vacant	Average Vacancy Rate
2000-2001	6	1,084	787	207	14.2%
1995 to 1999	24	4,166	4,016	176	4.4%
1990 to 1994	8	1,493	1,476	58	3.9%
1985 to 1989	27	3,985	4,090	130	2.7%
1980 to 1984	22	1,284	1,229	22	1.0%
1975 to 1979	40	6,467	6,433	158	2.2%
1970 to 1974	31	3,682	3,568	105	2.7%
Pre-1970	37	1,885	1,766	66	3.3%
Totals	195	24,046	22,578*	715*	3.2%

Notes:

Data for year 2000-2001 units are currently under construction or are in first phase of lease up. Data is not included in the totals nor in determining the Reno/Sparks Area's overall vacancy rate.

Vacancy Rates and Type of Units by Zip Code

The vacancy rate in the Reno/Sparks Area reflects less than a 5% rate, with exception to two zip codes, 89511 and 89513. These tracts reflect significantly higher rates. Census tracts 89511 and 89513 show a 10.6% and 8.3% vacancy rate respectively.

TABLE 3
Vacancies and Units by Zip Code
June 2001

Zip Code	Total # Units	% Vacancy Rate (a)	# SRO	# Studio	# 1-Bedroom	# 2-Bedroom	# 3-Bedroom	# 4-Bedroom
89502	5,059	2.6%	32	374	2,205	2,154	294	
89509	3,821	3.3%		218	1,069	2,321	213	
89511	2,868	10.6%			978	1,459	343	88
89503	2,865	3.1%	143	183	1,226	1,110	203	
89431	2,858	3.4%		373	1,114	1,351	20	
89523	1,925	2.6%			540	1,182	203	
89434	1,646	3.0%			645	905	96	
89512	1,275	2.7%		399	382	490	4	
89506	721	2.5%			130	470	117	4
89501	637	3.1%	160	153	174	125	25	
89436	152	0.0%			32	40	80	
89433	147	4.1%			23	124		
89909	48	2.1%			28	18	2	
89513	24	8.3%			16	8		

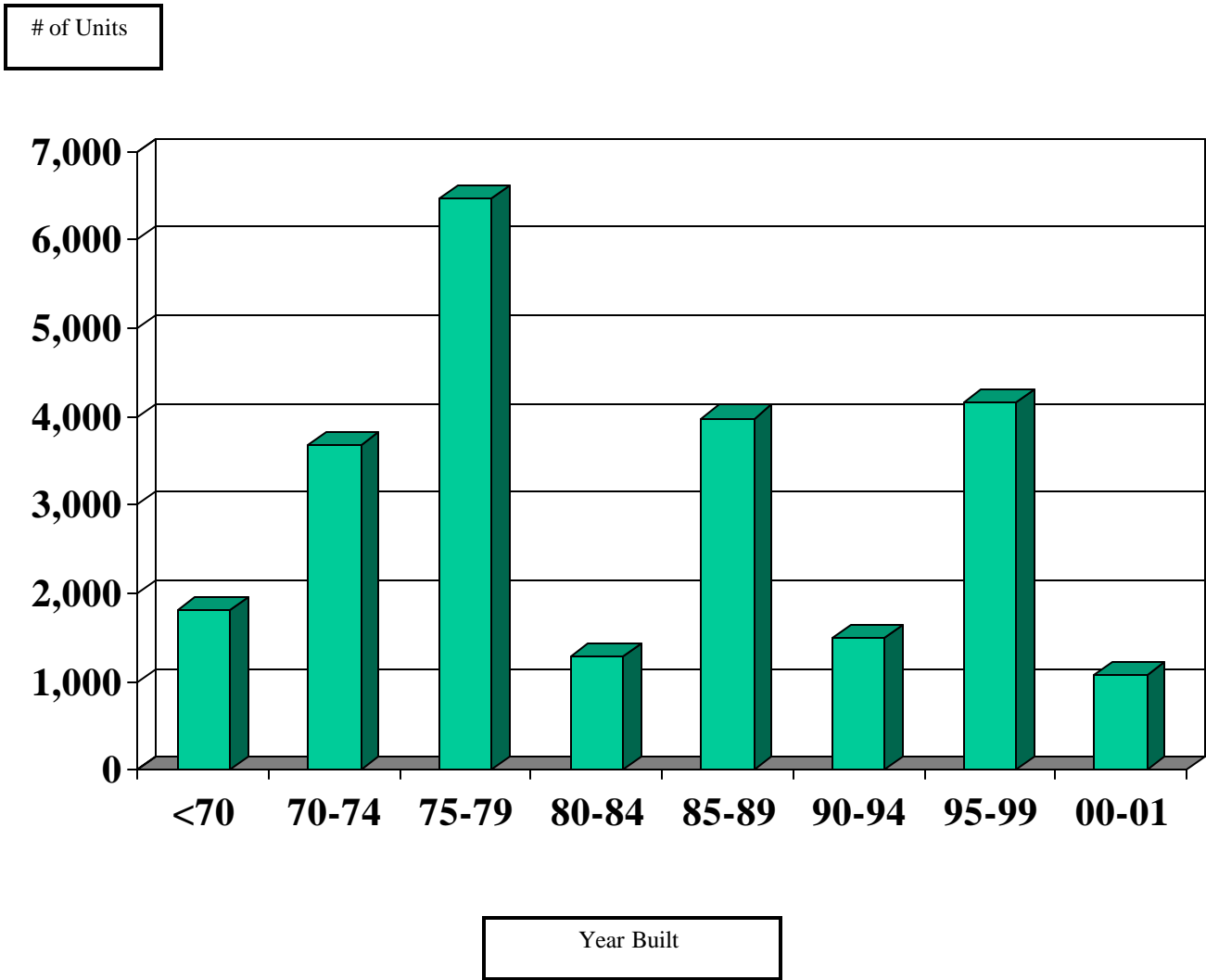
Notes:

(a) Vacancy rate calculated on the total number of units responding to the vacancy question.

Number of Apartment Units By Year Built

The years 1975-79 produced the greatest number of new apartment units in the Reno/Sparks Area, with the 1995-99 period ranking second.

GRAPH 3
Apartments by Year Built
June 2001

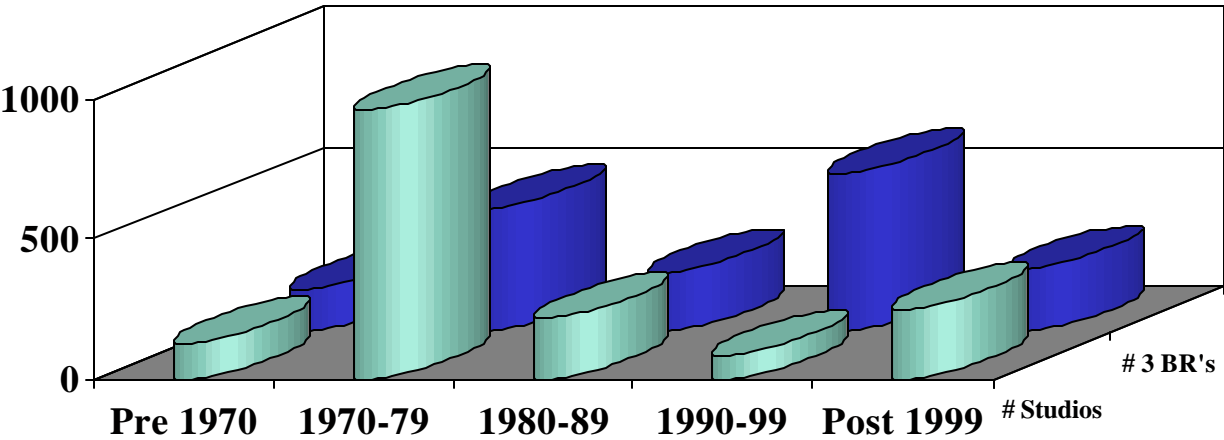


Mix of Apartment Unit Types By Year Built

The 1970's clearly show an emphasis in the construction of studio-size apartments. The 1980's reflect and equal number of studio versus three bedroom size units constructed. The 1990's construction emphasis was on the three-bedroom size units far outpacing the number of smaller studio-size units added to the housing inventory.

GRAPH 4
Apartment Unit Types by Year Built
June 2001

of Units by Type



Year Built

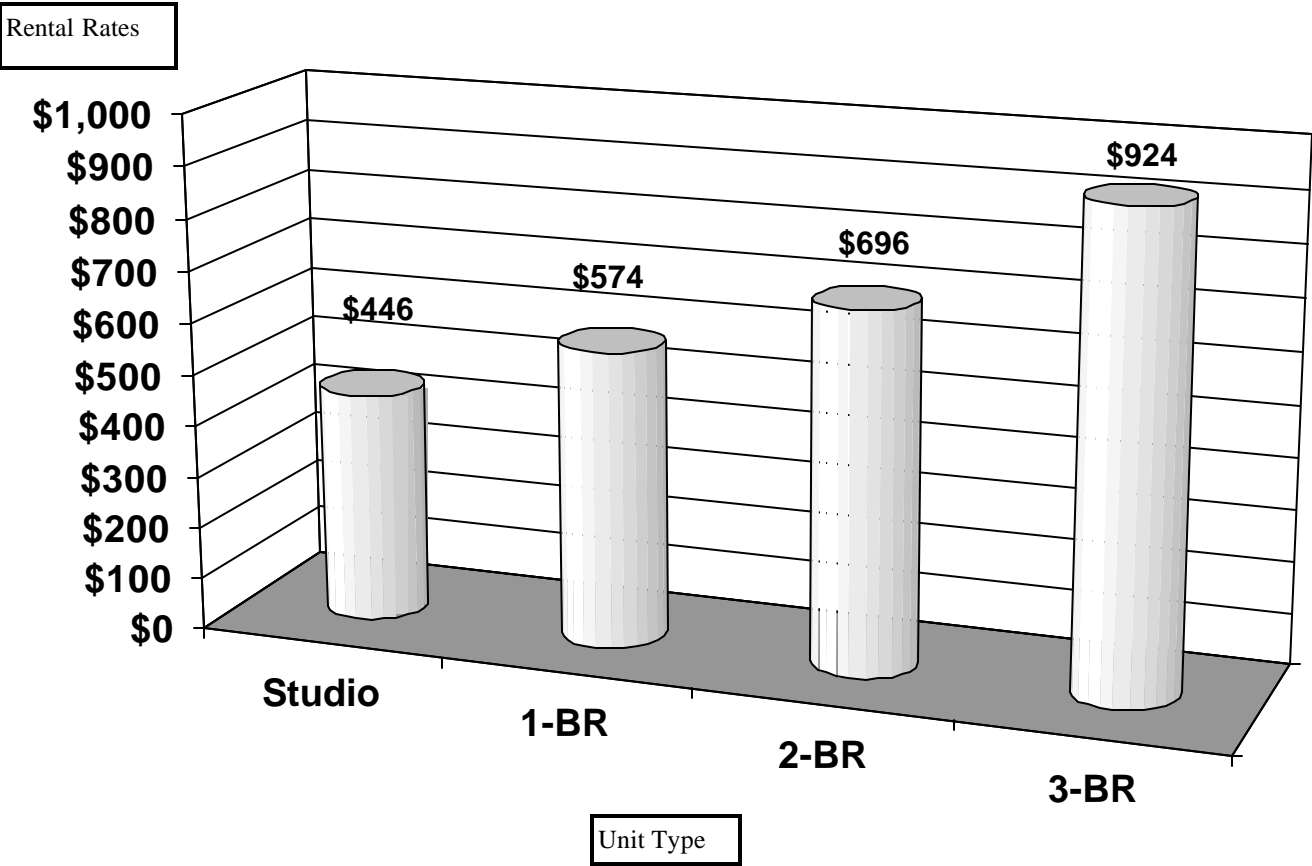
Distribution of Rents by Apartment Size

Table 4
Mean Rental Rates for All Apartment Types
June 2001

Unit Type and Rental Rate

Date	Studio	1-Bedroom	2-Bedroom	3-Bedroom
June 2001	\$446	\$574	\$695.50	\$923.50

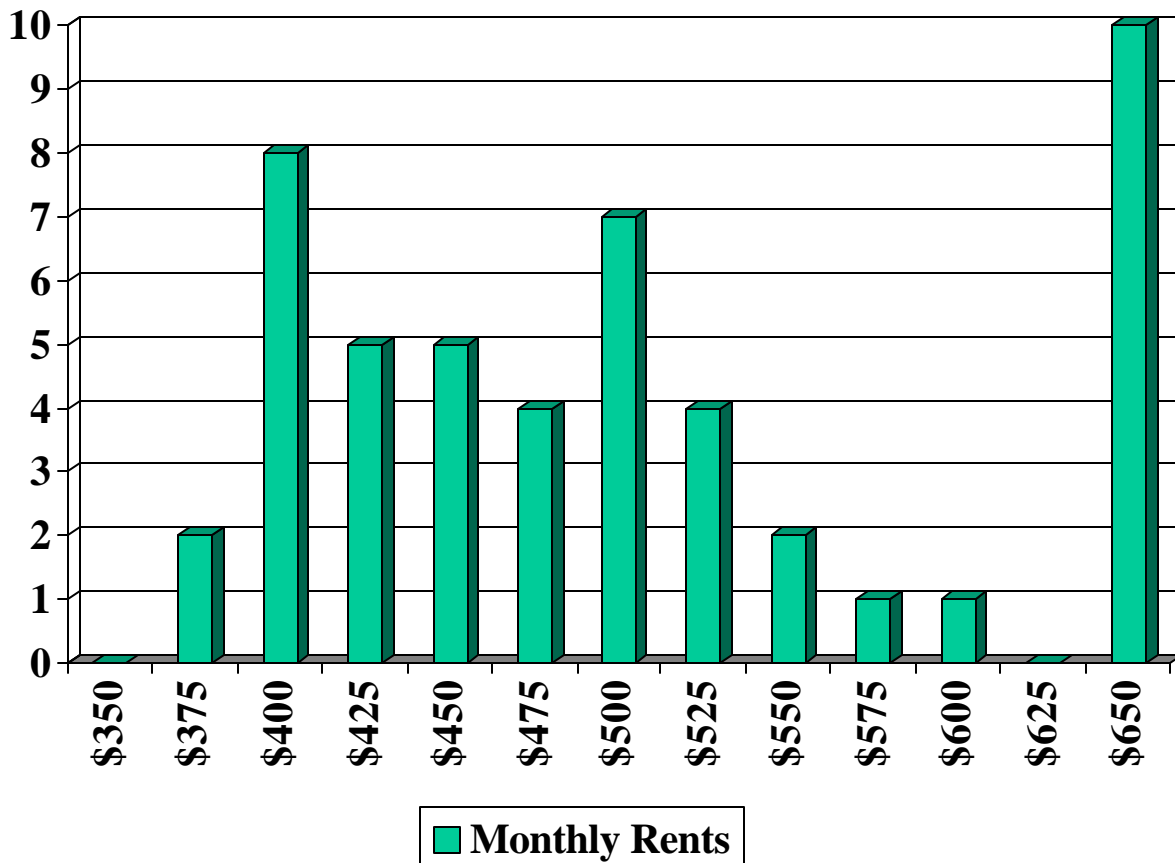
GRAPH 5
Mean Rental Rates for All Apartment Types
June 2001



Distribution of Rents by Apartment Size (continued)

GRAPH 6
Distribution of Rental Rates for Studio Apartments
June 2001

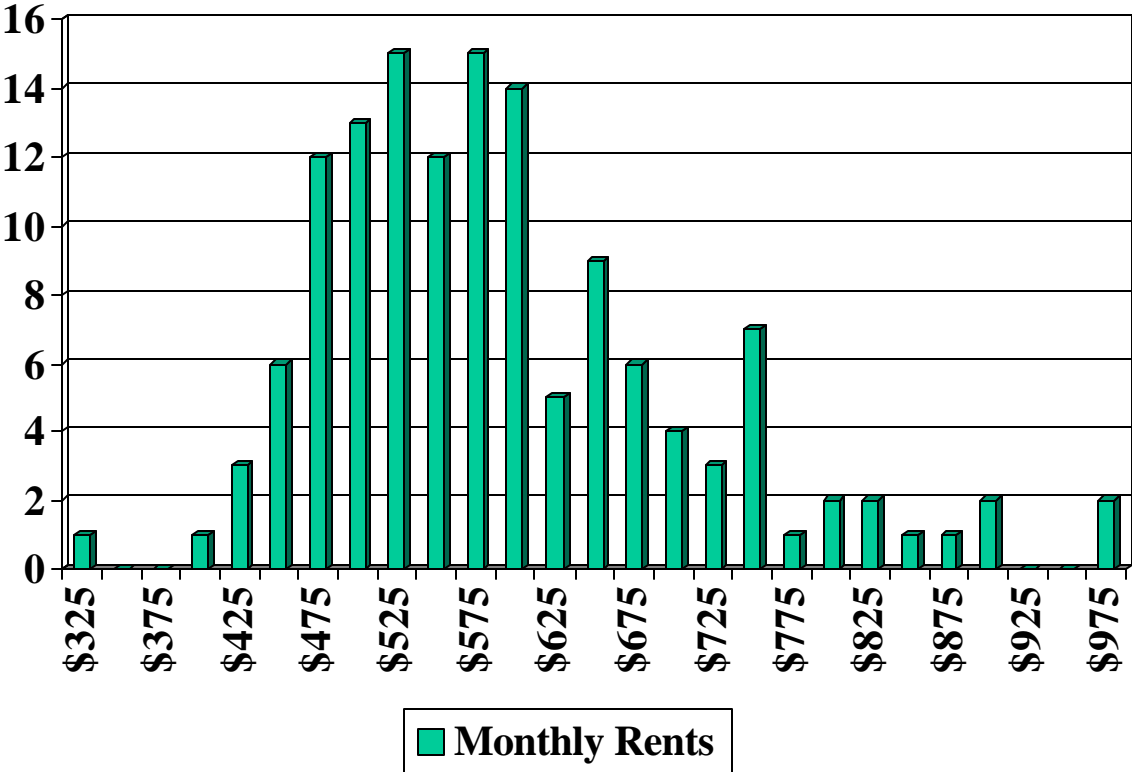
of projects



Distribution of Rents by Apartment Size (continued)

GRAPH 7
Distribution of Rental Rates for 1-Bedroom Apartments
June 2001

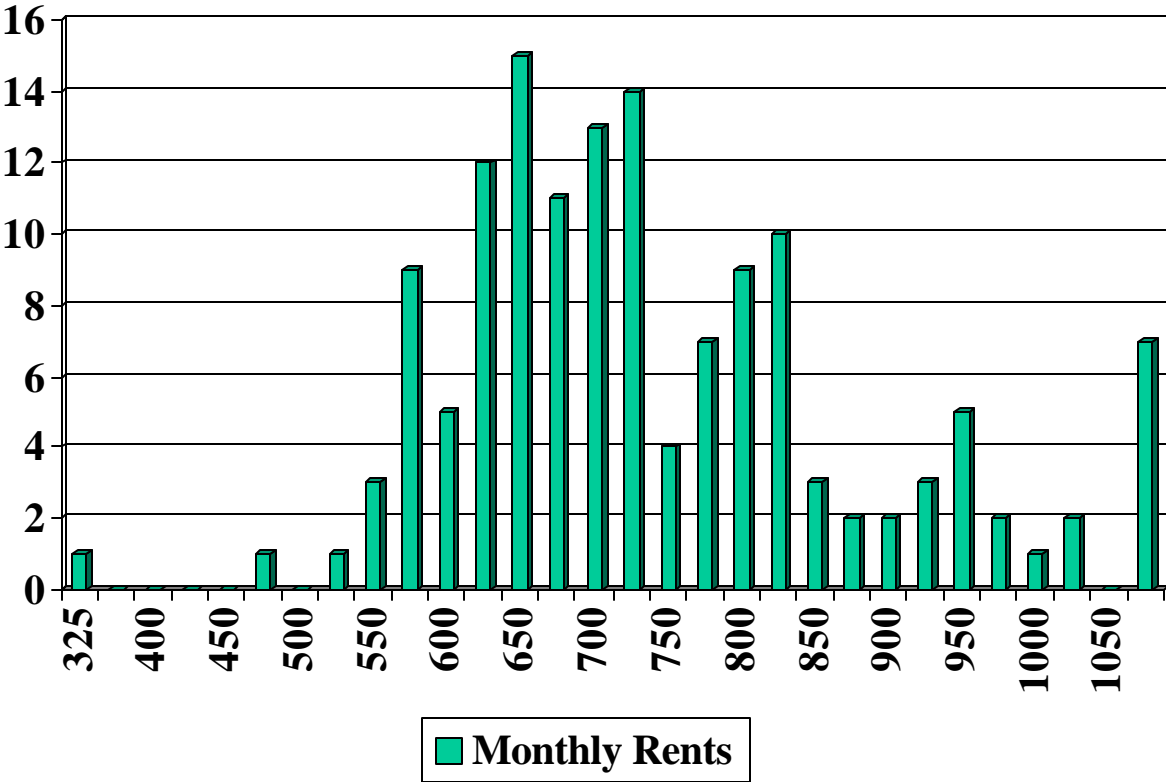
of projects



Distribution of Rents by Apartment Size (continued)

GRAPH 8
Distribution of Rental Rates for 2-Bedroom Apartments
June 2001

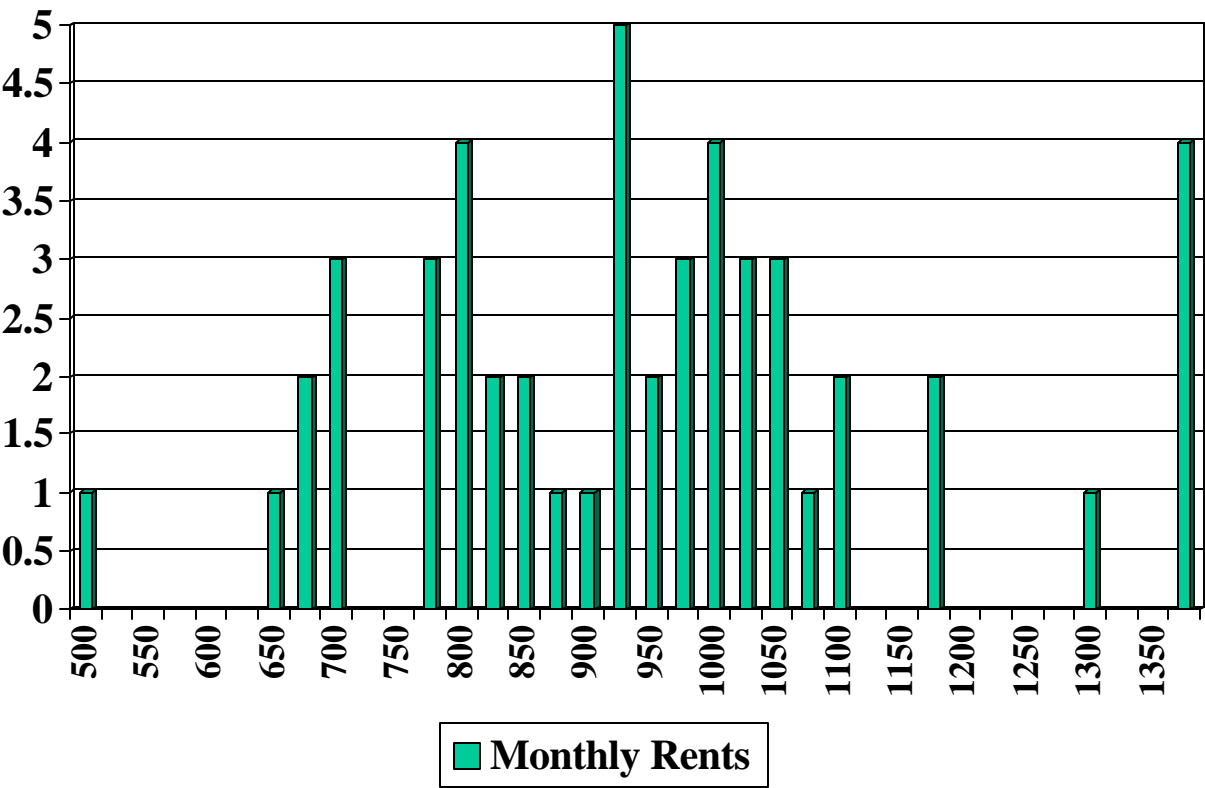
of projects



Distribution of Rents by Apartment Size (continued)

GRAPH 9
Distribution of Rental Rates for 3-Bedroom Apartments
June 2001

of projects



Rental Rates in High-Density Multi-Family Zip Code Areas

In the Reno/Sparks Area 70% of all rental units are located in five zip codes. The following table indicates the lowest, average, and highest reported rental rates for each of the five high density multi-family housing areas.

TABLE 5
Rental Rates by Bedroom Size Within High Density Zip Codes
 June 2001

Area	Rental Rates for SRO			Rental Rates for Studio			Rental Rates for 1-Bedroom		
Zip Code	Low	Avg.	High	Low	Avg.	High	Low	Avg.	High
89502	\$370	\$370	\$370	\$375	\$463	\$550	\$380	\$535	\$690
89509	na	na	na	\$360	\$505	\$650	\$400	\$608	\$815
89431	na	na	na	\$395	\$435	\$475	\$495	\$705	\$915
89511	na	na	na	na	na	na	\$600	\$820	\$1,040
89503	\$385	\$390	\$395	\$375	\$450	\$525	\$375	\$583	\$790

Area	Rental Rates for 2-Bedroom			Rental Rates for 3-Bedroom			Rental Rates for 4-Bedroom		
Zip Code	Low	Avg.	High	Low	Avg.	High	Low	Avg.	High
89502	\$525	\$693	\$860	\$625	\$798	\$971	na	na	na
89509	\$505	\$925	\$1,345	\$685	\$898	\$1,110	na	na	na
89431	\$575	\$755	\$935	\$950	\$1,000	\$1,050	na	na	na
89511	\$690	\$1,020	\$1,350	\$840	\$1,250	\$1,660	\$864	\$914	\$964
89503	\$475	\$693	\$910	\$575	\$843	\$1,110	na	na	na

Notes:

None of the above zip codes contained four bedroom units.

n/a — Not applicable as there was no data on the specific unit types with the zip code.

Distribution of Rental Units by Zip Code

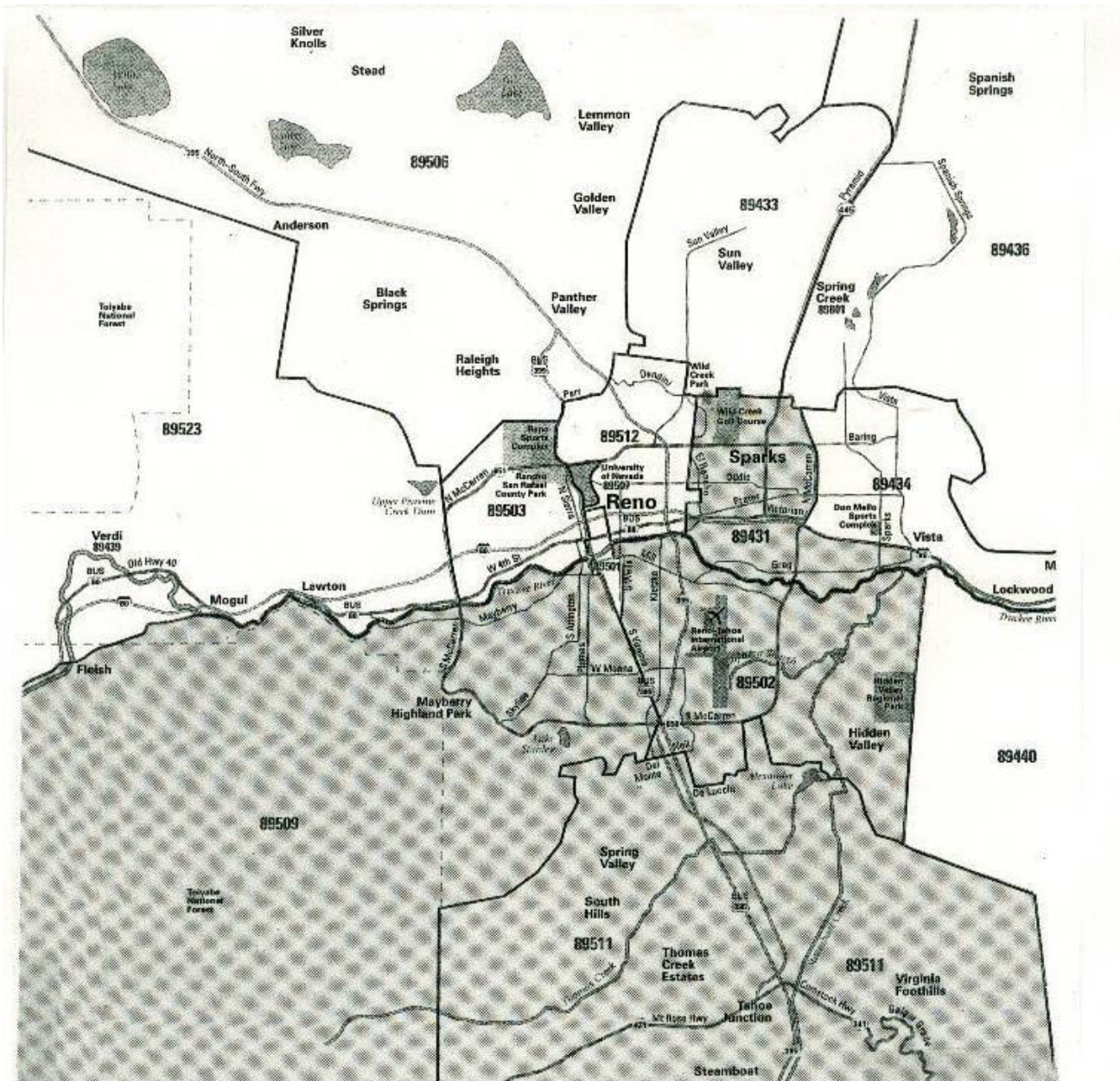
Within the Reno/Sparks area, more than half (59.96%) of all multi-family units are located within four zip codes, 89502, 89509, 89431, and 89511. (See map 1.)

TABLE 6
Total Number of Apartment Units by Zip Code
June 2001

Zip Code	Number of Units	Cumulative Number of Units	Percent of Units	Cumulative Percent
89502	5,864	5,864	21.23	21.23
89509	4,134	9,998	14.97	36.20
89431	3,420	13,418	12.38	48.58
89511	3,144	16,562	11.38	59.96
89503	2,939	19,501	10.64	70.60
89523	2,501	22,002	9.06	79.66
89734	1,852	23,854	6.71	86.37
89512	1,664	25,518	6.02	92.39
89506	1,022	26,540	3.70	96.09
89501	681	27,221	2.47	98.56
89436	152	27,373	.56	99.12
89433	147	27,520	.53	99.65
89505	43	27,563	.15	99.80
89504	32	27,595	.11	99.91
89513	24	27,619	.09	100.00

Zip Code Map of the Reno/Sparks Area

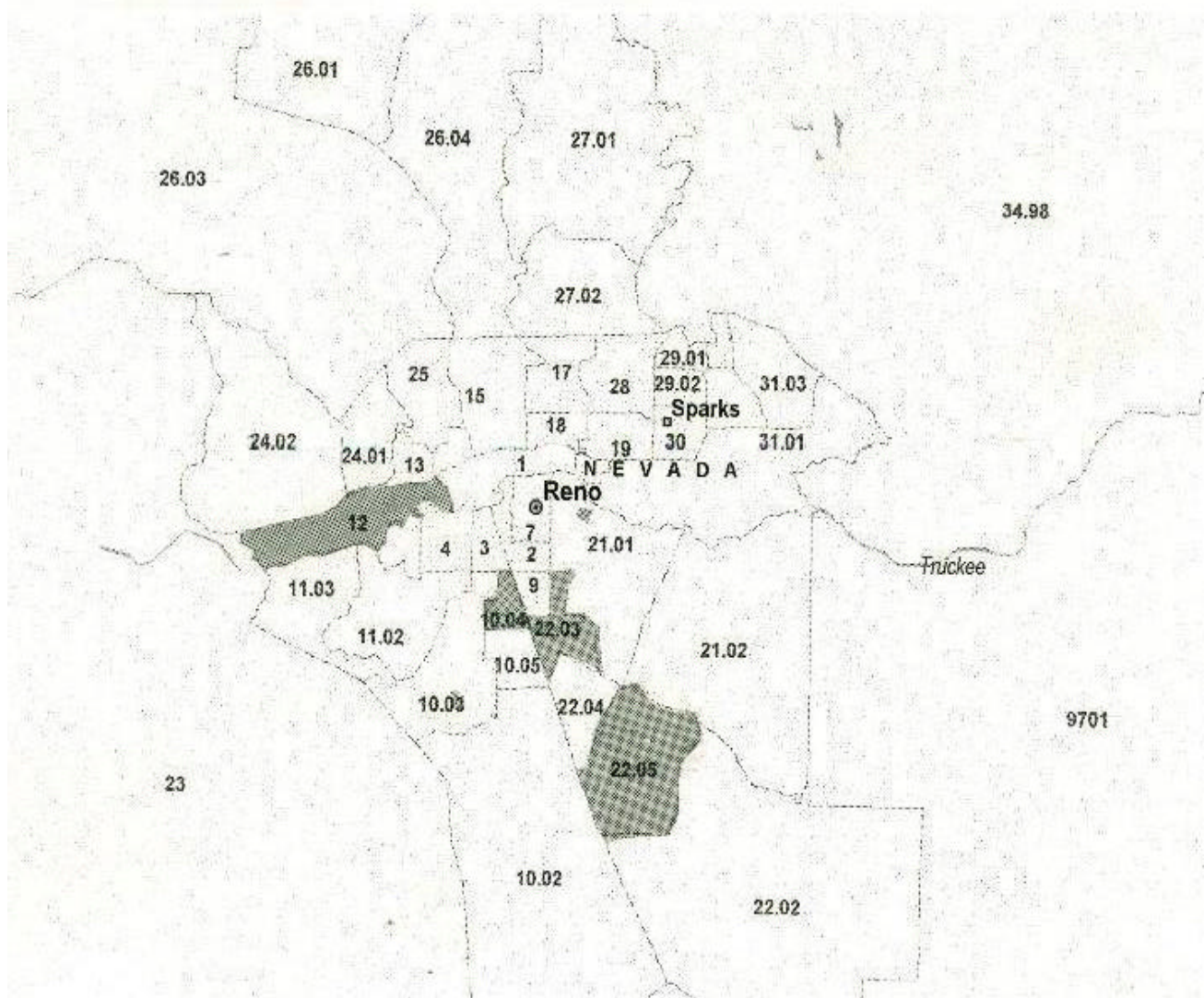
MAP 1
High Density Zip Code Areas for Multi-Family Housing



Due to continuous development activity this map is for reference only.

Census Tract Map of the Reno/Sparks Area

MAP 2
High Density Census Tract Areas for Multi-Family Housing



High concentration of multi-family units

Distribution of Rental Projects by Census Tract

Nearly one-third of the Reno/Sparks Area apartments are located within four census tracts, while nearly two-thirds are located within 11 census tracts.

TABLE 7
Total Number of Apartment Units by Census Tract
June 2001

Census Tract	Number of Units by Census Tract	Percent of Total	Cumulative Percent	
10.04	2,215	9.21	9.21	
12	2,188	9.10	18.31	
22.03	1,895	7.88	26.19	
22.05	1,644	6.84	33.03	2nd Qtr. 01 data show 1/3 of all rental units are located within four census tracts and 2/3 within 11 tracts. (See map 2)
21.02	1,564	6.50	39.53	
31.01	1,350	5.61	45.14	
24.02	1,167	4.85	49.99	
19	1,143	4.75	54.74	
9	919	3.82	58.56	
15	900	3.74	62.30	
10.03	899	3.74	66.04	
22.04	756	3.14	69.18	
28	730	3.04	72.22	
17	643	2.67	74.89	
26.01	547	2.27	77.16	
10.05	515	2.14	79.30	
21.01	488	2.03	81.33	
29.02	456	1.90	83.23	
1	402	1.67	84.90	
2	397	1.65	86.55	
30	376	1.56	88.11	
25	330	1.37	89.48	
4	325	1.35	90.83	
10.02	324	1.35	92.18	
24	308	1.28	93.46	
24.01	266	1.11	94.57	
18	259	1.08	95.65	
14	168	.70	96.35	
34.98	152	.63	96.98	
13	151	.63	97.61	
27.02	147	.61	98.22	
26	144	.60	98.82	
7	129	.54	99.36	
3	119	.50	99.86	
26.03	30	.12	99.98	

Growth Census Tracts

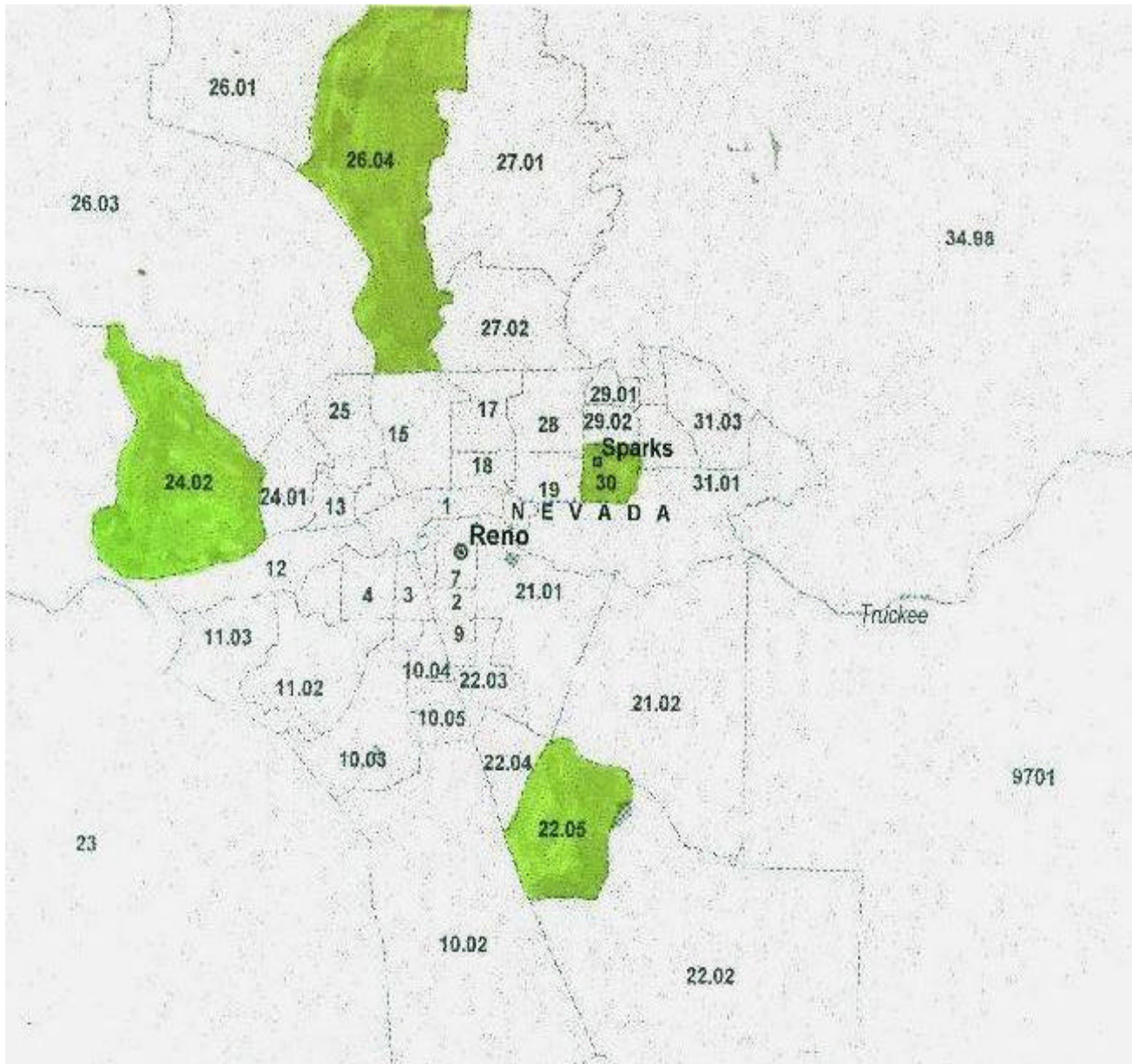
During 2000, four census tracts within the Reno-Sparks Area showed the greatest activity for new construction. Census tract 22.05 reflected the highest rate of construction activity with 60.1% of new units recorded. (See map 3.)

TABLE 8
New Multi-Family Housing Construction
2000

Census Tract	New Units Recorded for Calendar Year 2000	Percent of New Construction
22.05	652	60.1%
30	248	22.9%
26.04	144	13.3%
24.02	40	3.7%
Total	1,084	100.0%

Census Tract Map of the Reno/Sparks Area

Map 3
Multi-Family Growth Areas by Census Tract



Areas of highest new construction activity for 2000-2001

NHD's Multi-Family Programs

Multi-Family Bond Program

Bonds are sold to finance projects that will benefit low- and moderate-income persons and families. Loans are made to projects which provide: (1) at least 20 percent of the total units to persons earning 50 percent or below median income, or (2) at least 40 percent of the total units to persons earning 60 percent or below the area median income.

Low Income Housing Tax Credit Program (LIHTC)

The LIHTC Program provides federal tax credits to sponsors of low-income rental housing projects. Sponsors can use the tax credits directly, or sell them to one or more purchasers and use the proceeds of the sale as equity for their project. Eligible applicants include for-profit and nonprofit organizations.

Investors receive an income tax credit each year for 10 years equal to approximately 4 percent of total eligible project costs for acquisition-rehabilitation projects and 9 percent for substantial rehabilitation and new construction.

To qualify for credits, at least 20 percent of the apartments in a project must be rented by families who earn no more than 50 percent of the area median income or 40 percent must be rented by families who earn no more than 60 percent.

Account for Low-Income Housing Trust Fund

Through this fund, NHD provides loans to expand the supply of housing for low- and very-low-income households. The loans are utilized for new construction, acquisition or rehabilitation of existing structures.

HOME Investment Partnerships Program (HOME)

The HOME Program provides federal housing dollars to expand the supply of affordable housing for low- and very-low-income families, to build state and local nonprofit capacity to carry out affordable housing programs, and to provide coordinated assistance to participants in the development of affordable low-income housing.

Both the Account for Low-Income Housing Trust Fund and HOME Programs' funds can work jointly in support of Tax Credit and Bond Program Multi-Family projects.



Lighthouse of the Sierra is a state of the art 26-unit housing development. The project targets the special needs of alcohol and substance abuse female clients who are undergoing rehabilitation. The project provides housing for these clients and their children while the family is in transition.



Dakota Crest is a 48 unit family complex. Built in 1996, the project received financing from NHD's Tax Credit and HOME Programs. Rental rates for the residents range from 30% to 50% of median income.



Courtyard Apartments, a 240-unit complex, located in downtown Reno offers studio and one-bedroom housing units for Reno's low-income workers and seniors.

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