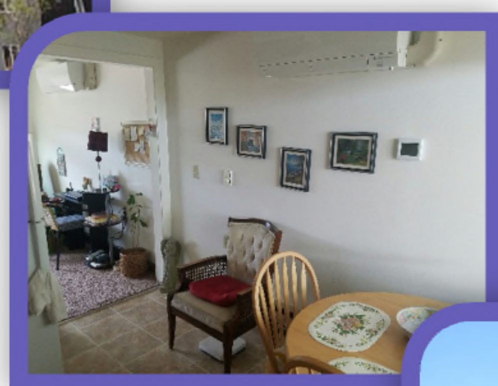
Taking Stock



Nevada Housing Division
2017 Annual Affordable
Apartment Survey
www.housing.nv.gov

From the Administrator

2017 was a banner year for the Nevada Economy, rounding out a seventh straight year of economic growth and recovery. With Manufacturing, Distribution and Technology sectors all leading the way, Nevada's unemployment rate is holding at just under 5% since August of 2017 and remarkably down in every county in the state. This growth leads to an increasing need for affordable housing throughout the State. Home prices continue to set records and grow throughout the State of Nevada with median home prices over $350,000 in the Reno area and $265,000 in the Las Vegas markets.

With economic growth comes challenges. There have been many factors contributing to the economic pressures on the growth of our state and specifically affordable housing. Increasing construction and land costs, loss of skilled construction personnel, compounded by national events, such as hurricanes and fires, continue to be concerns for sustainable growth into the foreseeable future. Additionally, with the onset of rising interest rates and the changes in the Low-Income Housing Tax Credit market, the challenges will continue.

Affordable housing remains a high priority nationally and in the State of Nevada. With private investors and public partnerships earnestly looking for solutions, we remain dedicated to finding sustainable affordable housing solutions. It was wonderful to see over 98% of the proprieties currently receiving some type of Tax Credit assistance respond to this year's Taking Stock survey and the results will provide ways for the Nevada Housing Division to continue to make a difference in affordable housing for the State of Nevada.

With Regards,
Steve Aichroth
Administrator

About Nevada Housing Division

Our mission is to provide affordable housing opportunities and improve the quality of life for Nevada residents. Nevada Housing Division (NHD), a division of the State of Nevada Department of Business and Industry, was created by the Nevada State Legislature in 1975. NHD is committed to making Nevada a better place to live and work. We connect Nevadans with homes by providing financing to developers to build affordable apartment communities, by providing innovative mortgage solutions, and by making more homes energy efficient, thereby lowering utility expenses.

Programs at a Glance

Low Income Housing Tax Credit (LIHTC)

- Since 1986 the LIHTC program has assisted in the financing creating or preserving 12,923 multi-family housing units in the State of Nevada with a total of over $112 million in nine percent housing tax credits allocated.[i]
- The following objectives are identified in the 2017 Qualified Allocation Plan (QAP):
    - Increase the amount of safe and livable affordable rental housing in Nevada.
    - Preserve existing affordable rental housing.
    - Contribute to a vibrant and sustainable economy by supporting and facilitating the construction of affordable workforce housing near employment centers.
    - Increase the availability of housing with supportive services, including veterans housing.
    - Support the housing goals and objectives stated in the State of Nevada Consolidated Plan.

Multifamily Bond Financing

- The Division is the designated issuer of tax exempt housing revenue bonds. This type of financing uses tax exempt and taxable mortgage revenue bonds to fund affordable housing projects. Typically it is used in combination with 4% Low Income Housing Tax Credits.
- Since 1975, over $1.3 billion of bond financing has created over 25,000 multi-family units.

Home Investment Partnership Program (HOME)

- The HOME program is the largest Federal block grant to state and local governments designed exclusively to create affordable housing. Often used in partnership with local nonprofit groups, the program funds a wide range of activities including building, buying, and/or rehabilitating housing for rent or homeownership or providing direct rental assistance to low-income people.
- Since 1992, HOME funds have built or rehabilitated over 2,900 housing units in Nevada.

The Low Income Housing Trust Fund (LIHTF)

- LIHTF is a state funded program whose goal is to expand and improve the supply of both single and multi-family affordable housing.
- Since its inception in 1989, LIHTF funds have served nearly 43,500 households through down payment, provision of emergency housing needs, or rehabilitation assistance. This total includes over 5,500 units that have been constructed or maintained as affordable housing through the LIHTF.

The Emergency Solutions Grant (ESG)

- The ESG grant program focuses on rapid re-housing initiatives and the prevention of homelessness. The emphasis of this program is to provide various relocation and stabilization services to avoid homelessness, while also providing rapid assistance for those who are homeless to quickly obtain permanent housing and stability.
- ESG funds have provided shelter for more than 43,000 at risk Nevadans since 2001.

Neighborhood Stabilization Program (NSP)

- The goal of the program is to stabilize communities through the rehabilitation of vacant homes, and selling or renting those homes to qualified low-income families.
- NSP has served more than 350 households.

Weatherization Assistance Program (WAP)

- The Weatherization Assistance Program serves to reduce energy costs for low-income families, particularly for the elderly, people with disabilities and children by improving the energy efficiency of their homes while ensuring their health and safety. The assistance is provided to eligible clients free of charge.
- The program, established in 1977, has increased energy efficiency for over 28,000 units of low income housing.

NVHousingSearch.org

- This locator service is a free to use resource helping Nevadans find rental homes which fit their needs and budgets.
- There is no cost to property managers, builders and developers to list any type of Nevada rental housing. Nearly 44,000 units are represented in the listings and the site has logged over 56,000 searches in the past year.
- Detailed resource information and Veterans' services links are available. Additionally, a toll free call center can assist not only those looking to find a home, but also help property managers with analytics and other services.

Home is Possible Homebuyer Program

- Home is Possible increases homebuyer purchasing power by offering qualified buyers down payment and closing cost assistance equal up to 5% of the loan amount.
- The Home is Possible for Heroes program offers below market interest rates to honorably discharged veterans, active duty, surviving spouses and National Guard.
- The Home is Possible for Teachers program helps recruit and retain licensed, full-time, K-12 public school teachers by offering below market interest rates and down payment assistance of $7500.
- Since the inception of the program at the end of 2014, the Home is Possible program has helped over 15,000 homebuyers and has generated more than $3 billion in mortgages.

Low Income Housing Database

- The Housing Division is required to create and maintain a statewide low income housing database. As a part of the effort to meet this mandate the Division produces periodical reports on Nevada's low income housing supply and demand. New to the low income housing database program this year is a Low Income Housing Database webpage with maps and some of the most recent reports that have been generated as a part of the database project.

Table 1. Tax Credit and Bond Units Built or Preserved Since Program Inception**

Program	Units Built/Preserved since Inception
Tax Credit (9%)*	12,923
Bond Only	4,982
Bond with 4% tax credit	20,366
Total LIHTC/Bond	**38,271**

*Includes American Reinvestment and Recovery Act Tax Credit Assistance Program and Section 1602 properties.
**All properties currently under construction are included. 1,839 units were counted twice, once for the first round of bonds and/or tax credits and a second time for preservation of the unit with a second round of credits. There were 28 units that were initially financed with bonds and have also received two rounds of tax credits for preservation.

Each day ongoing housing challenges are met by a dedicated staff of professionals at the Division who allocate federal and state funds along with private sector investment dollars to help low to moderate income Nevadans make their housing dreams a reality.

Nevada's LIHTC Housing Stock

2017 New Construction and Preservation

This year, fourteen properties finished construction and lease-up and have a placed in service date that falls in 2017 or late in 2016. Seven new properties with a total of 505 units were added. Four additional properties with USDA Rural Development or public housing rental assistance were renovated bringing 293 additional units into the tax credit inventory. An additional three properties with 351 units received a second round of tax credits for rehabilitation. All but two of the properties were issued 9% tax credits with the remaining two financed through 4% tax credits and tax-exempt bonds. Nine were family properties (908 units) and five were senior, vets or special needs properties (241 units). One hundred and twenty-nine of the units were in rural Nevada, 367 in Washoe County and 653 in Clark County. The properties are listed in Table 2 below.

Table 2. LIHTC Properties Preserved or Created in 2017*

Property	County	# of units	Funding	Type	New or Preserved
Patriot Place	Clark	50	9%	Vets	New
Biegger Estates	Clark	119	9%	Family	Preserved
Boulder Pines	Clark	96	9%	Family	New
Community Gardens	Washoe	181	9%	Family	Preserved
Cordero Pines	Clark	168	Bond/4%	Family	New
Donna Louise	Clark	48	9%	Senior	New
Hillside Meadows	Washoe	44	9%	Special Needs	New
Richards Crossing	Carson City	39	9%	Special Needs	New
Kingsbury Vlg	Douglas	36	9%	Family	Preserved
Minuet II	Clark	60	9%	Senior	New
Southwood	Lyon	26	9%	Family	Preserved
Terracina Reno	Washoe	142	Bond/4%	Family	Preserved
Vera Johnson B	Clark	112	9%	Family	Preserved
Woodhaus	Lander	28	9%	Family	Preserved

*List includes properties that had a placed in service date in 2017 or late 2016. Not all properties had stabilized at the time of the survey so they are not all included in the survey sample described in the following sections.

Patriot Place is a 50-unit supportive housing development that is targeted to homeless and very low-income veterans. This project will target veterans with disabilities and continue to build upon its relationship with the Veterans Administration and other local service providers to provide on-site supportive services. The residence will have a community room, warming kitchen, library, lounge, computer lab and exercise room, to name a few of the extensive amenities. The property will be managed by Accessible Space Incorporated.

Biegger Estates first opened in 1986 and was named in honor of Jack Biegger, former Las Vegas Commissioner. This 119-unit single-story development was recently renovated with new appliances, cabinets, floors and fixtures. It has 87 2-bedroom units, 22 3-bedroom units and 10 4-bedroom units.

The units include evaporative coolers, ample storage space, parking, green areas, playgrounds, and an Economic Opportunity Board WIC (Women Infants and Children) Center.

Boulder Pines Family Apartments on Boulder Highway is a new community for income-qualified individuals and families. The first phase has 96 units. Upon completion the project will have a total of 264 apartments ranging from 1,135 to 1574 square feet, with 2, 3 and 4 bedrooms. A collaborative on-site partnership with the 10,000 square foot Boy & Girls Clubs and Lutheran Social Services will provide much needed services such as food pantry and social services. Amenities include pool, playground, fitness center, BBQ area and covered parking. The property is managed by HAND Property Management Company.

Community Gardens is an existing project constructed in 1971 with 181 units. This property features 1, 2 and 3-bedroom units averaging 625 to 931 square feet. The scope of work on this rehabilitation project included energy analysis and audits to improve unit appliances and interior upgrades as well as exterior siding and stucco improvements. Community Gardens is located in Northeastern Reno and is within walking distance to shopping, schools and public transportation. This property will be managed by PacifiCap Management, Inc.

Cordero Pines provides a smoke-free multi-family community. The first phase is 168 units with 225 brand new units to be completed in total. Rents range from $584 to $918/month, offering 2, 3 and 4-bedroom apartments and all the amenities you would expect. There are washers, dryers and walk-in closets in all units. There is a large clubhouse with programs, services, playground, fitness center BBQ area, computer lab and pool. Setting this community apart from other properties are the dog park and pet accommodations. This community was developed and now managed by Nevada HAND.

Donna Louise is a newly constructed affordable housing project with 48 units, 30 1-bedroom and 18 2-bedroom units. All units have broadband internet access, washer dryer hook-ups, exterior storage, tankless water heaters, and low E windows. Additionally, a Clubhouse has been built with exercise room, high speed internet computer access, library, theater and laundry. Global Property Management Group, Inc. will be managing the community.

Hillside Meadows, is a 100% veteran's preference housing project located in Reno. This affordable housing community features 44 newly built 1 and 2-bedroom units and is located within walking distance to bus routes and shopping centers in central Reno. Hillside Meadows is also partnering with the VA to provide case management and supportive services for qualified Veterans. Amenities include free Wi-Fi internet, central gated courtyard with BBQ, picnic facilities, play equipment and garden along with 24-hour security surveillance, on-site laundry, library, media center and exercise room.

Northern Nevada Community Housing will be managing the day to day needs of this community. The property was also developed by Northern Nevada Community Housing.

Richards Crossing, the first of its kind in Nevada, is a 39-unit housing development for homeless and extremely low-income individuals. This property will provide on-site services such as job training, life skills coaching, and other related supportive services. Each apartment includes a kitchen, living room, bedroom and bath. The property also provides on-site laundry facilities, a game room, library, and consultation rooms for visiting medical and mental health professionals. The project was developed by the Nevada Rural Housing Authority.

Kingsbury Village is a 36-unit renovated property that is managed by Weststates Property Management. Constructed back in 1985, the improvements to the eight two-story buildings include new vinyl flooring, electric tankless water heaters, kitchen cabinets, countertops, Energy Star ranges and refrigerators. Located at the base of the Sierras in Minden, additional improvements have been made to the exterior such as new roofing and stucco, modifications to stairs and railings to the second floor, new windows and front doors.

Minuet II is a 60-unit affordable senior rental community located in northwest Las Vegas and will be professionally managed by Ovation Property Management. Fifty of the 60 units will be LIHTC-eligible and available to seniors at or below 35% and 40% AMI. This three-story newly built community will have one and two-bedroom units, with laundry hook-up. Tenants will be very pleased with the compliment of amenities such as pool and jacuzzi, social gathering and game area, wellness center, hair salon and exercise room. Each unit will provide high efficiency heating and cooling systems and gas hot water heaters.

Southwood Apartments, located in Yerington, contains a total of 26 units built between 1983 and 1993. This acquisition and rehabilitation project addressed major capital improvements to modernize the units with new cabinets, countertops, painting, flooring and appliances. Additionally, site security was updated along with a new computer lab, business center, library and multi-purpose room. This income restricted family and senior residence is managed by Weststates Property Management Company.

Terracina Apartments built in 1994 and recently rehabilitated provides 142 affordable living units ranging from one to three bedrooms. Located in northwest Reno these two-story garden style apartments feature a pool, laundry, play area and community lounge. Both interior and exterior renovations have been made. Hot water heaters, windows, and appliances were replaced. Countertops were resurfaced; stairs and railings were painted, landscaping was replaced and the pool was repaired. Terracina Apartments is managed by USA Properties Fund.

Vera Johnson B, a Nevada HAND managed affordable housing community, operates a total of 112 units near shopping and schools. Located on Lamb Boulevard this renovation project built in 1984 has added a laundry room, computer room and classrooms along with on-site resident services such as community assistance, workforce development, homework assistance and summer education programs. Featuring two and three-bedroom units this project has added many Green Building features to assist its residents in lowering costs, while also not charging for water, sewer or trash services. Some Green Building features include; centralized boiler for hot water, low VOC paint, carpet and pad, new appliances and LED lighting.

Woodhaus Apartments is a 28-unit renovation project for a property built in 1981 which addressed capital improvements to the seven two-story buildings. The scope of work included modernization of interiors and entries, new energy efficient HVAC systems and appliances, site improvements and a new 1,115 square foot community building with managers office, multi-purpose room, computer/business center and library. This property is managed by Weststates Property Management.

Properties that exited the LIHTC system in 2017

The tax credit program requires properties to maintain restrictions on rents and on incomes of tenants for a period of at least 30 years. However, the tax credit benefits end after 10 years and active Internal Revenue Service (IRS) compliance ends after 15 years. After this initial 15 year period, in some cases owners of tax credit properties may request that the Housing Division find a buyer for the property, with the price determined by IRS formula. If no buyer can be found after one year, owners may opt out of the extended affordability period and sell the property. This is called the qualified contract (QC) process. This year one LIHTC property with a total of 120 units exited the system as seen in Table 3. The property was issued 4% tax credits and bonds in 1995, had a placed in service date of approximately 1996 and left through the qualified contract process. It was a family property with a mix of one, two and three bedroom apartments. The City of Henderson reported that the property has so far retained rent and income restrictions but that the property had recently been resold again.

Table 3. LIHTC Properties Exiting the System in 2017

Property	County	TC Issue Year	PIS Year	# of units
Paseo Del Prado	Clark	1995	1996	120

*The PIS date is an approximation since the Placed in Service date actually occurs building by building and may involve more than one year for a large property.

Executive Summary

This report provides an analysis of data collected through the Nevada Housing Division's (NHD) 2017 Affordable Apartment Survey. The survey focused on Low Income Tax Credit Housing (LIHTC) properties. Some notable findings are as follows:

- The majority of LIHTC units (55%) had 60% AMI set asides, that is, they were set aside for families with incomes at or below 60% of area median income. The rest of the units were set aside for lower income levels.
- Twenty-five percent of LIHTC tenant households had either project based or tenant based rental assistance.

- Almost 80% of LIHTC tenant households had an annual income at or below 50% of area median income.
- Overall vacancy rate in the 4th quarter of 2017 for the Nevada LIHTC responding properties was 2.9%, dropping more than a point from 2016.
- LIHTC vacancy rates decreased in all regions.
- Senior or senior/disabled LIHTC properties had overall average vacancy rates 1.3% lower than family properties. The spread between the two types of properties decreased by almost two points as compared to 2016.
- All different types, ages, sizes, regions had lower vacancy rates in LIHTC properties and there was less difference between them.
- On average in 2017 LIHTC properties reported rents increased 2% in Clark and Washoe Counties over 2016 rents.
- On average, 2017 4th quarter market rate rents rose 7% in the Las Vegas region and 12% in Reno/Sparks over 2016 4th quarter.
- In the past five years average 4th quarter market rate rents in Reno/Sparks rose 37% from $860 a month to $1,180 a month. In the same time average 4th quarter Washoe County LIHTC rents rose 15% from $716 to $823 per month.
- In the Las Vegas region, market rate rents rose 29% from 2013 to 2017 fourth quarter from $759 to $979, while LIHTC rents rose 16% from $649 to $750.
- One, two and three bedroom average rents in LIHTC properties ranged from 18% to 33% lower than market rates.
- This year Nevada LIHTC properties reported the lowest average skip rate of the period from 2013 to 2017. Overall, there were an average of 0.85 skips per month per hundred units reported in 2017 as compared to 0.93 in 2016.
- A total of 10,729 households were on waiting lists for tax credit properties. The number was up 13% from last year; however, a large part of the increase was due to a change in methodology.

Introduction

The Division carried out a survey of the Low Income Housing Tax Credit (LIHTC) properties in October and early November of 2017. The survey helps identify affordable housing needs throughout the state. Additionally, the Division is able to work with its partners to make the best use of resources such as tax credit and bond funding in support of fulfilling its mission to provide affordable housing opportunities to individuals and families throughout Nevada.

The LIHTC program is a federal tax incentive program administered by the Internal Revenue Service (IRS) through regulations published under Section 42 of the Internal Revenue Code.[ii] 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.[iii] 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.[iv] It is estimated the LIHTC program is now responsible for 90% of nationwide funding for new affordable housing.[v]

Methodology of Survey

The 2017 Affordable Apartment Survey was focused on Nevada's LIHTC properties. Properties built with either 4% or 9% tax credits are included. A Qualtrics™ internet survey of LIHTC properties was carried out in the fall of 2017. Survey questionnaire links were sent via e-mail to property management offices with a list of the relevant properties. Home offices filled out the questionnaires or distributed them to onsite managers as necessary. Email was used to send out notices of the upcoming survey and several reminders. Follow-up phone calls were used as well to remind property managers who had not returned a survey. In addition, a pilot project that used rent and vacancy data directly from rent roll summaries and pricing sheets submitted by property management groups with large portfolios of tax credit properties was used this year. Data from a much shorter survey and from these rent rolls was merged into the main dataset. Even though it is still a pilot program, using data from rent rolls represented a substantial change in methodology that in some cases effected results. This year's survey elicited information on unit set asides to help compile an inventory. Hard-copy forms of the electronic questionnaires used are included in the Appendices.

Survey Sample Description

The properties surveyed constitute the active LIHTC properties listed on the auditing rolls of NHD as of September 2017. Special use properties and new or renovated properties not yet stabilized were excluded.[vi] The surveyed properties represented 23,645 units. Each year has a slightly different group of participating properties included in the final dataset due to new properties added, properties having exited the system and variations in response rate. This year had a high response rate again. The return rate was 98.7% with 225 of the properties responding. These properties represent 97.3% of the 23,645 units surveyed (see Table 4). Las Vegas and surrounding communities had 111 responses, the Reno-

Sparks region had 49 responses and 65 responses were from the remaining 15 Nevada counties. Sixty-four percent of the units represented in the survey are located in Clark County.

About 2% of the units were market rate units or manager units. About 42% of the units were either senior units or senior/disabled units. Thirteen percent of the units had property based rental assistance available from United States Housing and Urban Development (HUD) programs, United States Department of Agriculture Rural Development programs or other programs.

Table 4. Survey Respondents and Response Rate by Region

Region	Properties Responding	Property Response Rate	Units Represented	% Units Represented
Clark Co.	111	99.1%	14,622	97.6%
Washoe Co.	49	98.0%	5,384	95.6%
Rural Nevada	65	98.5%	2,827	99.2%
Total	**225**	**98.2%**	**22,833**	**97.3%**

Set Asides in Nevada Tax Credit Properties

Set asides determine the maximum rent for LIHTC units

Most tax credit properties must commit to serving families earning either under 60% or 50% area median income as defined by HUD and as required by IRS regulations. However, through the Qualified Allocation Plan (QAP) process, negotiations with the Housing Division or jurisdictions or inclusion of HOME units or National Housing Trust funds, properties may commit to serving even lower income families. Thus there are a variety of these "set-aside" commitments throughout Nevada's tax credit properties.

Table 5. Illustration of 2017 LIHTC Income Limits for Clark County (Median Income $61,900)

Income Category	1 person	2 person	3 person	4 person
60% AMI	$ 26,460	$ 30,240	$ 34,020	$ 37,740
50% AMI	$ 22,050	$ 25,200	$ 28,350	$ 31,450
40% AMI	$ 17,640	$ 20,160	$ 22,680	$ 25,160
30% AMI	$ 13,230	$ 15,120	$ 17,010	$ 18,870

Source: Nevada Housing Division LIHTC Compliance Manuals and Exhibits, 2017 Income Limits and Rents. https://housing.nv.gov/uploadedFiles/housingnvgov/content/programs/LIH/2017%20Income%20Limits.pdf accessed 1-31-2018

Table 6. Illustration of 2017 LIHTC Rent Limits for Clark County

Income Category	Studio	1 bedroom	2 bedroom	3 bedroom
60% AMI	$ 662	$ 709	$ 851	$ 982
50% AMI	$ 551	$ 591	$ 709	$ 818
40% AMI	$ 441	$ 473	$ 567	$ 655
30% AMI	$ 331	$ 354	$ 425	$ 491

Source: Nevada Housing Division LIHTC Compliance Manuals and Exhibits, 2017 Income Limits and Rents. https://housing.nv.gov/uploadedFiles/housingnvgov/content/programs/LIH/2017%20Income%20Limits.pdf accessed 1-31-2018

Income limits are determined by area, year, number of people in the household, what year the property was placed in service and other factors, so can be different on a property by property basis. Table 5 illustrates typical income limits for 2017 LIHTC properties in Clark County. Table 6 illustrates corresponding maximum rent limits. These limits are for illustrative purposes only. For more complete information see the LIHTC compliance webpages: LIHTC Compliance Forms and Exhibits.

Most of Nevada LIHTC units have 60% AMI set asides

Table 7 gives results of an inventory of these units for responding properties. For tax credit properties that have project based rental assistance (PBRA) from other programs such as USDA Rural Development, HUD private rental assistance contracts or public housing, there is typically a combination of set-aside agreements and rental assistance. One hundred and sixty two properties did not have any PBRA, 20 had some but not all units with PBRA while the remaining 35 properties had PBRA for all units. To simplify the inventory, all units with rental assistance were counted only in a PBRA category, regardless of set-aside overlay. If rental assistance did not apply to all units in the property then the remaining units without rental assistance were assigned to the highest set-aside category.

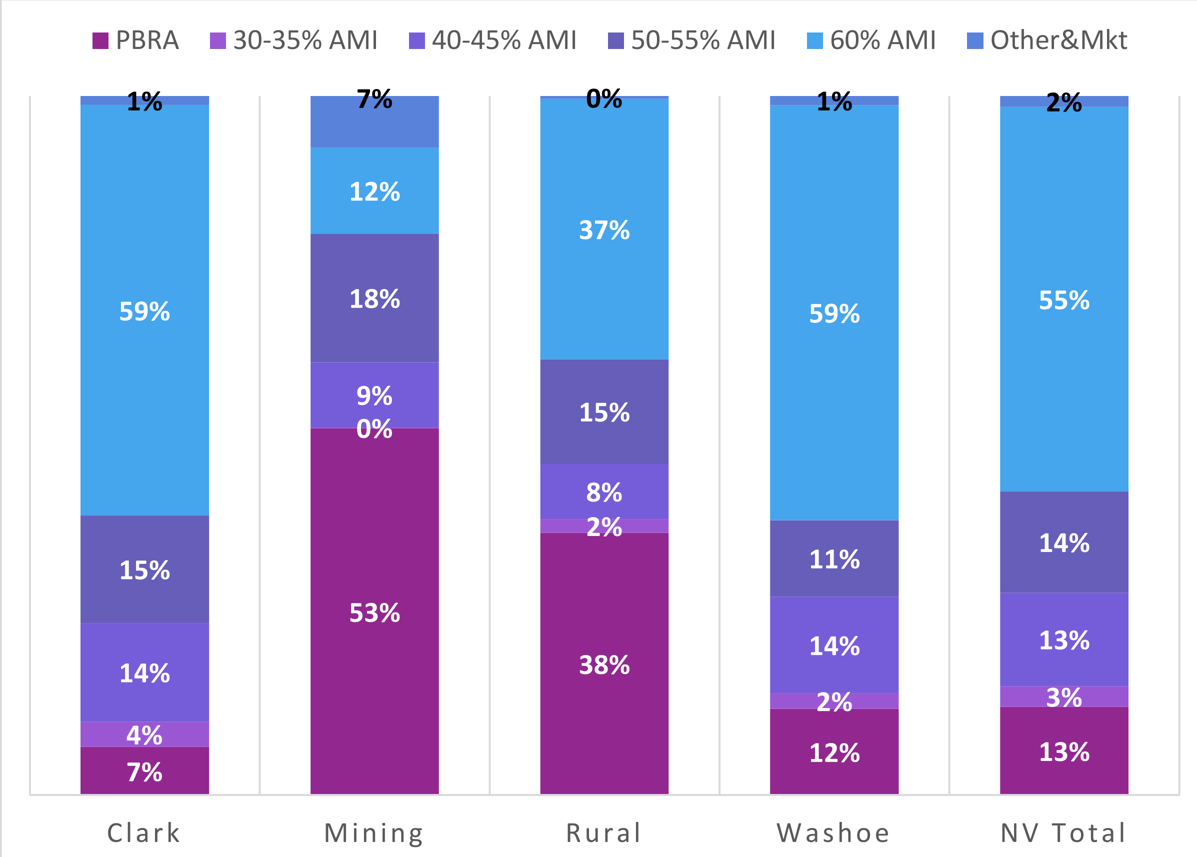
As seen in Table 7, a total of 2,746 Nevada LIHTC units from responding properties had PBRA, which was 13% of total units (Figure 1). These units may be used by households even if they have an income under the poverty level, or even if their income is zero, because of the nature of the sliding scale "deep subsidy" provided by PBRA. Other tax credit units are not affordable to the poorest households with incomes under 30% of area median income unless they incur rent burden or have a Housing Choice Voucher or other assistance. Largely because USDA RD properties are a large part of the rural inventory of tax credit properties, units with PBRA made up a much larger proportion of total LIHTC units in mining (53%) and other rural counties (38%).

The lowest set aside available in Nevada tax credit properties for this group of respondents was 30% of area median income. These units were grouped together with the 35% AMI units and together made up 3% of the total units. Clark County had the largest number of these units and the largest proportion at 4%. A total of 13% of units had 40 to 45% AMI set asides, 14% had 50-55% AMI set asides and the majority of the units (55%) had 60% AMI set asides. A small proportion of the units (2%) were manager units or market rate units in mixed income properties.

Table 7. Set Aside Units for by Region for Survey Respondents

Region	PBRA	30-35% AMI	40-45% AMI	50-55% AMI	60% AMI	Other & Mkt	Grand Total
Clark	962	505	1,964	2,143	8,186	182	13,942
Mining	565	1	100	198	132	80	1,076
Rural	580	30	122	231	575	7	1,545
Washoe	639	114	715	566	3,068	69	5,171
NV Total	**2,746**	**650**	**2,901**	**3,138**	**11,961**	**338**	**21,734**

Figure 1. Percentage of Nevada LIHTC Units by Set Aside



Senior properties were more likely to have lower set asides

Although a greater percentage of family units had TBRA, (Figure 2) senior or senior disabled properties were far more likely to have lower set asides. Sixty-one percent of senior units had set asides lower than 60% AMI or had PBRA while only 31% of family units had them. See Figure 2. Family properties made up 59% of the total units in the sample.

Properties financed with 9% tax credits were more likely to have lower set asides

Because of the richer subsidy from the 9% tax credits and the competition for these credits through the Qualified Application Plan, properties built with 9% tax credits were much more likely to have lower set-asides. In properties built with 9% tax credits only 18% of units had 60% AMI set-asides or were market rate while in properties financed with 4% tax credits and bonds, 84% of the units were at the highest set aside possible for the 60% AMI household. However, 9% tax credits are a set amount per capita allocated annually through the federal government. The 4% tax credit program has been used to build a greater proportion of Nevada's tax credit housing because it does not face a strict limit as does the 9% program. For the properties in this survey, which constitute the vast majority of the total LIHTC units in Nevada, 59% used 4% tax credit and bond financing.

Figure 2. Percentage of Senior and Family LIHTC Units by Set-Aside

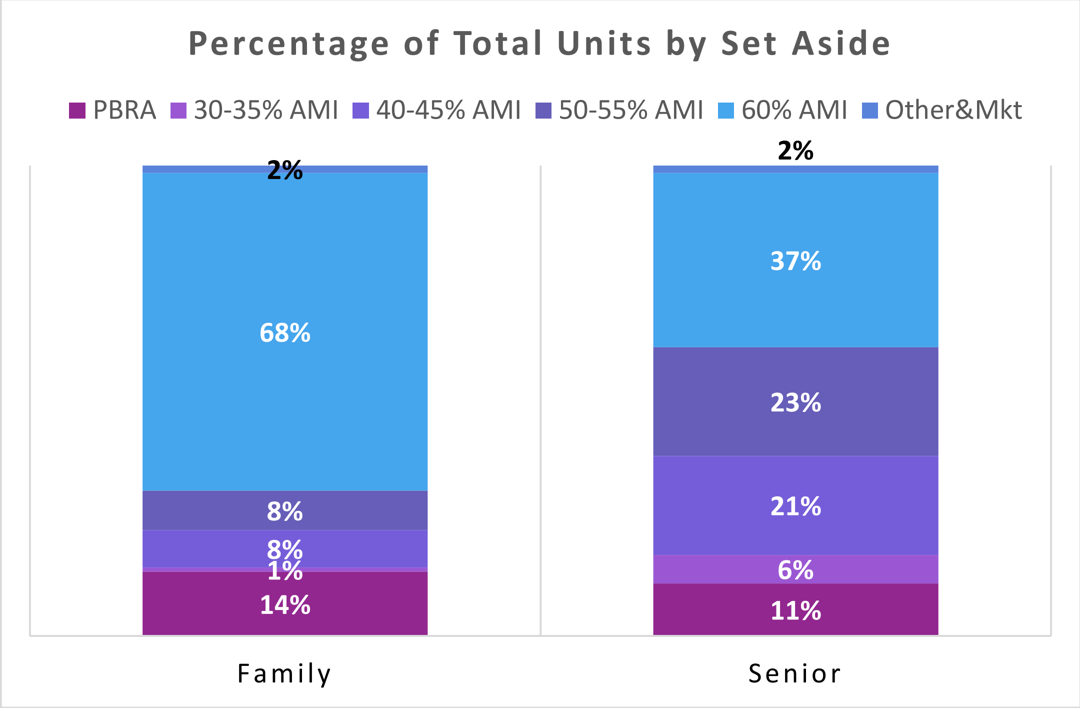


Figure 3. Percentage of LIHTC Units by Set Aside for Type of Tax Credit Funding

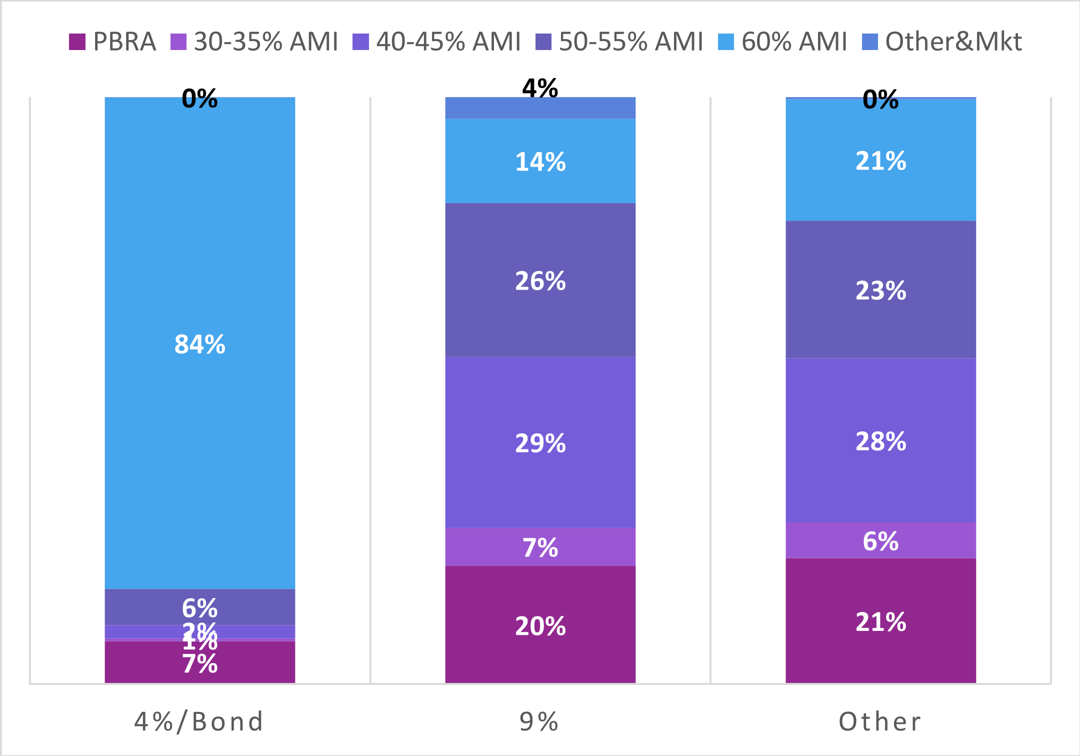
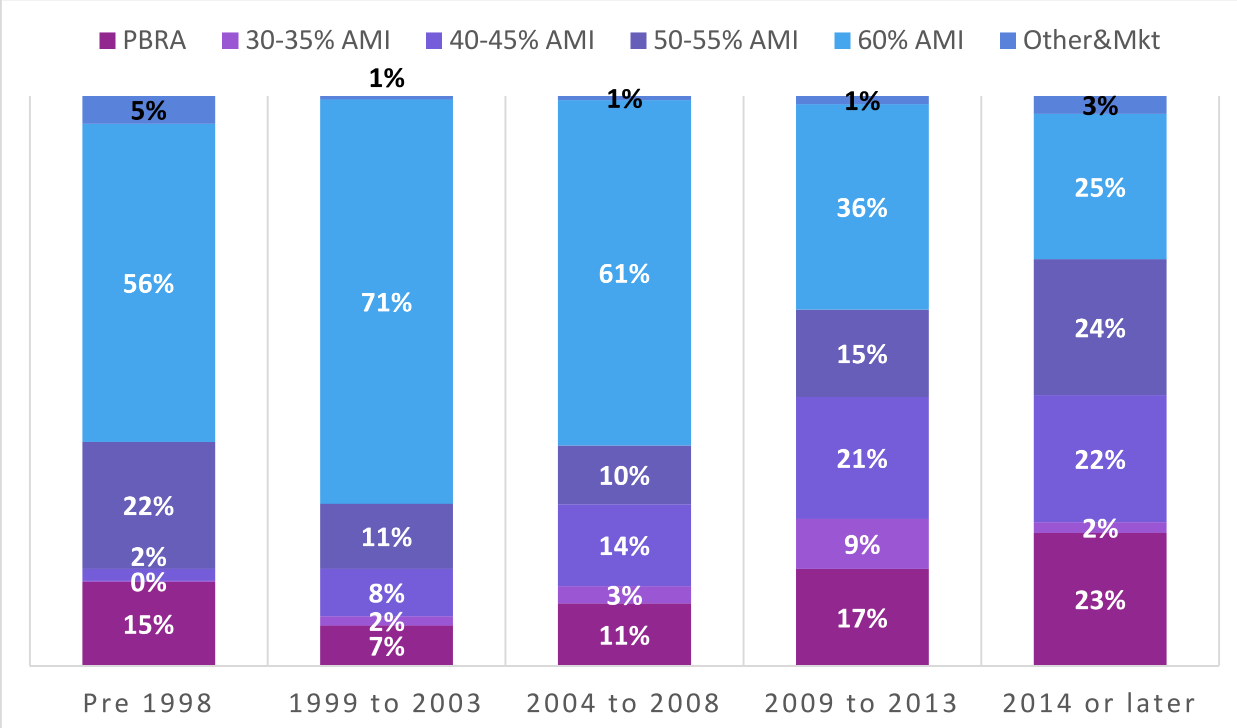


Figure 4. Percentage of LIHTC Units by Set Aside for Placed in Service Date



Recent LIHTC properties were more likely to have lower income set asides

Generally speaking, the more recent a property's placed in service date was, the more likely it was to have lower income set asides (see Figure 4). For example the share of 60% AMI set asides shrank from 71% of total units in the 1999 to 2003 time period to only 25% in the period of 2014 or later. Also visible in Figure 4 is the rising proportion of units with PBRA. These are usually units that are also in other programs such as USDA Rural Development, HUD private multi-family programs or public housing where the programs are using tax credits on older properties for preservation purposes. The history of tax credit set asides is not complete in Figure 4 since it does not account for the entire inventory and since it does not account for properties that were built in earlier time periods but that have exited the tax credit program. Ten percent of the units in the survey sample were placed in service before 1998, a third were placed in service from 1999 to 2003, 29% from 2004 to 2008, 15% from 2009 to 2013 and 14% in 2014 or after.

Most LIHTC tenants were in households making less than 50% of HUD area median income

Demographic information is collected each year for LIHTC tenants. The 2015 report, the most recent available, included information on 18,398 Nevada LIHTC units, 17,606 of which were occupied. The units reporting contained 34,513 people for an average 1.96 people per occupied unit. Thirty percent of the units had at least one household member under 18 years of age and 44% of the units had at least one household member age 62 or older. For 32% of the tenants, no information on race was available. Twenty-seven percent of the tenants reported being white alone and 12% reported being black alone. For ethnicity, 23% of tenants reported being Hispanic of any race. Six percent of the 17,606 units did not have information on disability status and in 11% of the units tenants reported at least one disabled member. Twenty-four percent of the 17,604 reporting income reported receiving some sort of rental assistance (4,282 households), whether project or tenant based.

Despite the barriers to affordability for households below 30% AMI in Nevada's tax credit housing, 35.3% of households (6,212) in LIHTC housing were in this category. Half of these households had rental assistance. The remaining 3,086 households did not have rental assistance and may have been experiencing rent burden since no LIHTC units are affordable to this group without rental assistance. Rent burden occurs when a household pays more than 30% of its income for rent and utilities. An additional 43% of the LIHTC tenant households were in the income group between 30% AMI and 50% AMI. In this group 88% (6,629 households) did not have rental assistance. From Table 7, there are at least 6,689 LIHTC units that are affordable to these income groups if none of the poorer households without rental assistance are occupying these units. If they are then some of this income group may experience some degree of rent burden as well. Finally, only 22% of the LIHTC tenant households were in the income category from 50% to 60% of AMI even though 55% of LIHTC units are set aside for these income groups. The data shows that tax credit properties are housing many families from even the poorest income groups. On the other hand, some of the LIHTC tenants very likely experience some degree of rent burden and show up in counts of households with this type of housing problem. Both the dataset on the tenant incomes and the data on the LIHTC set asides are incomplete and are from different time periods so comparisons are incomplete as well.

Table 8. Nevada LIHTC Tenant Income Summary for 2015

	All Households		Only households without Rental Assistance		Only Households with Rental Assistance	
Income group	**#**	**%**	**#**	**%**	**#**	**%**
0% of AMI	273	1.6%	156	1.2%	117	2.7%
0.1% to 30% AMI	5,939	33.7%	2,930	22.0%	3,009	70.3%
30.1% to 40% AMI	4,049	23.0%	3,361	25.2%	688	16.1%
40.1% to 50% AMI	3,525	20.0%	3,268	24.5%	257	6.0%
50.1% to 60% AMI	2,521	14.3%	2,422	18.2%	99	2.3%
60.1% or greater	1,297	7.4%	1,185	8.9%	112	2.6%
Total	**17,604**	**100.0%**	**13,322**	**100.0%**	**4,282**	**100.0%**

Source: State of Nevada Summary of LIHTC Tenant Information as Reported to HUD for Tenants in LIHTC Units as of December 31, 2015. Nevada Housing Division compliance data.

The majority of tax credit housing units are not affordable to families or individuals under the poverty level when rents are at the maximum allowed unless they are receiving rental assistance. Strictly speaking the majority of tax credit housing units may not be affordable even to households with incomes under 50% AMI without further subsidy when tax credit rents rise to maximum allowable rents. Without a voucher or other rental assistance, the poorest households cannot make use of the majority of tax credit units without incurring rent burden, that is, without spending more than 30% of their income on gross rent. In some cases they would not be eligible to rent a tax credit unit because their income is not high enough to sustain the rent. Sample market analysis income brackets for some recent Nevada tax credit projects for seniors with set asides from 40% AMI to 50% AMI ranged from $14,550 to $30,800. The market for tax credit units does not include the poorest families under these income levels, so vacancy rates should not be interpreted as a general demand for low income housing from all income groups. As one Nevada affordable project developer said, "Tax credit housing is for the middle class of the poor." Never-the-less, Nevada's LIHTC housing is being used primarily to house families and individuals with incomes under 50% of area median income.

Vacancies

Nevada LIHTC overall vacancy rate is 2.9%

The final sample included 217 properties' information on vacancies.[vii] The mosaic plot in Figure 5 illustrates the distribution of the LIHTC units included in this sample. Sixty-four percent of the units were in Clark County, 24% in Washoe County, 5% in rural mining counties (Elko, Eureka, Humboldt, Lander, Nye, Pershing and White Pine) and 7% in the remaining rural counties (these are Douglas, Lyon, Lincoln, Churchill, and Carson City; the counties of Esmeralda, Mineral and Storey do not yet have tax credit properties). Four percent of units reported were studio units, 34% were one bedroom units, 45% were two bedroom, 15% three bedroom and 2% were four or five bedroom units. The majority, about 70% of the units, were either in Washoe or Clark County and were one or two bedroom units.

Overall vacancy rate in the 4th quarter of 2017 for the Nevada LIHTC responding properties was 2.9%, down 1.2 points from last year's rate of 4.1% as reported in Taking Stock 2016. The median vacancy rate reported was 2.0%, meaning that half of all responding properties had a 2.0% vacancy rate or lower. Fifty-nine properties, or 27%, of the responding properties, reported that all units were full, that is, 0% vacancy rate. One hundred and eighty-eight properties (87%) had a vacancy rate of 5% or less. There were nine outlier properties with vacancy rates higher than 10%, the majority of which were rural properties.

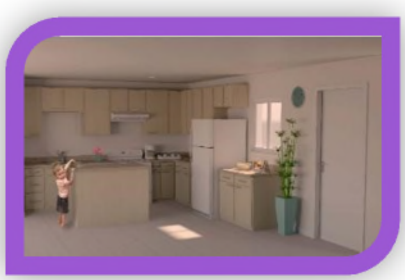
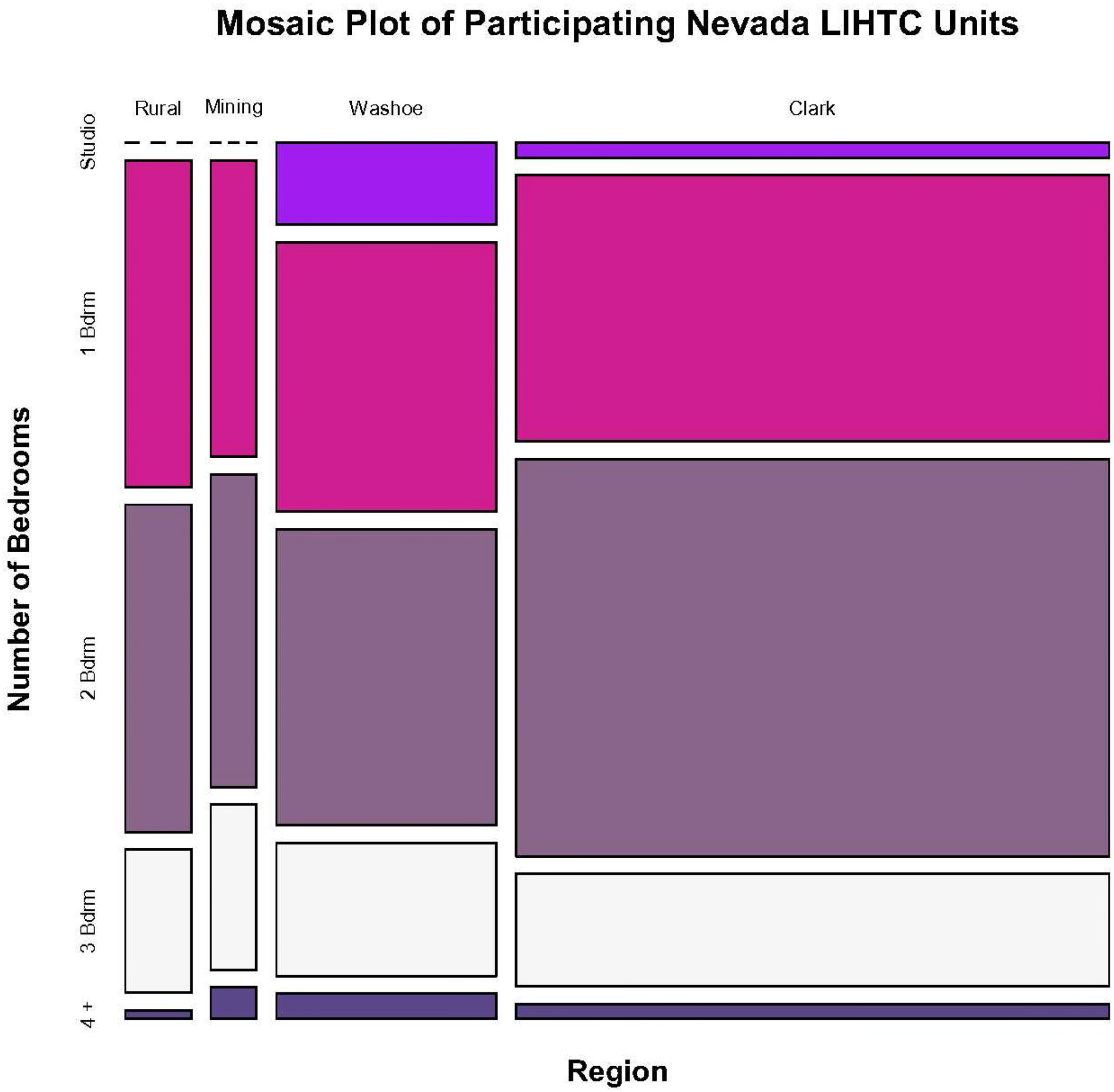


Figure 5. Distribution of Nevada LIHTC Units by Region and Bedroom Size



LIHTC vacancy rates decreased in all regions

Vacancy rates converged in Washoe and Clark County with differences between the two regions much less pronounced than in the last several years. Clark County average LIHTC vacancy rates were actually lower than Washoe County's for two bedroom units and less than half a point higher for studio and one bedrooms. Clark County properties reported a 2.9% overall vacancy rate as compared to 4.4% in the 4th quarter of 2016. Washoe County reported an overall vacancy rate of 2.6% in 4th quarter 2017 as compared to 3.1% in 4th quarter 2016. Mining counties also experienced a decrease in vacancy rates on average from 7.3% to 5.1%, while other rural counties, which include several counties considered to be within the "Tesla effect" zone of influence in northwestern Nevada, experienced a decrease from 3.0% to 2.4%. Note that the smaller number of properties and units in the rural counties will naturally lead to greater variability in vacancy rates for these regions. Vacancy rates were lowest overall for studio apartments and were highest on average for three bedroom units.

Table 9. 4th Quarter 2016 vacancy rate for LIHTC properties by region

Number of Bedrooms	Clark	Mining Counties[viii]	Other Counties	Washoe	Nevada
Studio (0 bdrm)	2.3%	NA	NA	1.7%	1.9%
One bedroom	2.6%	4.0%	1.9%	2.2%	2.5%
Two bedroom	2.6%	6.5%	2.7%	3.1%	2.9%
Three bedroom	4.7%	4.5%	2.6%	2.9%	4.0%
Overall average	**2.9%**	**5.1%**	**2.4%**	**2.6%**	**2.9%**

Tesla Effect for 2017

In northern Nevada much discussion has centered on the "Tesla effect" on the economy. Tesla made a decision in 2014 to build a "gigafactory" in Storey County near Reno. The announcement appeared to encourage other tech and manufacturing businesses to move to the region as well. New jobs are expected to bring a surge in population with accompanying needs for housing. Thus far Nevada demographer population growth rates have been lower than in some periods of past growth, especially the boom years before the Great Recession.[ix]

A "Tesla" region was defined for the LIHTC data as Washoe, Carson City, Lyon and Douglas Counties. The Tesla region had an overall LIHTC vacancy rate that was slightly lower than Washoe County by itself (2.5%). Vacancy rates in the rural Tesla region were lower than in Washoe County by itself for each type of floorplan.

LIHTC vacancy rates decrease more than market rate over the past five years

Average fourth quarter 2017 market vacancy rates for multi-family properties reported in Las Vegas and Reno have increased since 2016, ending a four year downward trend from 2013 to 2016. Las Vegas apartments saw an increase in average vacancies from 6.4% to 7.2% and in Reno-Sparks the rate rose from 2.9% to 3.8% as measured by Johnson and Perkins and from 3.4% to 5.0% as measured by ALN Apartment data.[x] 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. Reno's overall LIHTC vacancy rate (2.6%) was finally lower than the Johnson and Perkin's market vacancy rate (3.8%) and continued to be lower than the ALN market rate (5.0%, see the Table 10 line with Reno market rate 2). Johnson and Perkins survey only properties with 80 or more units that have "competitive management on-site" while ALN uses properties with 50 or more units. The ALN data appears to be more inclusive. ALN data is produced monthly whereas the Johnson and Perkins series is quarterly.

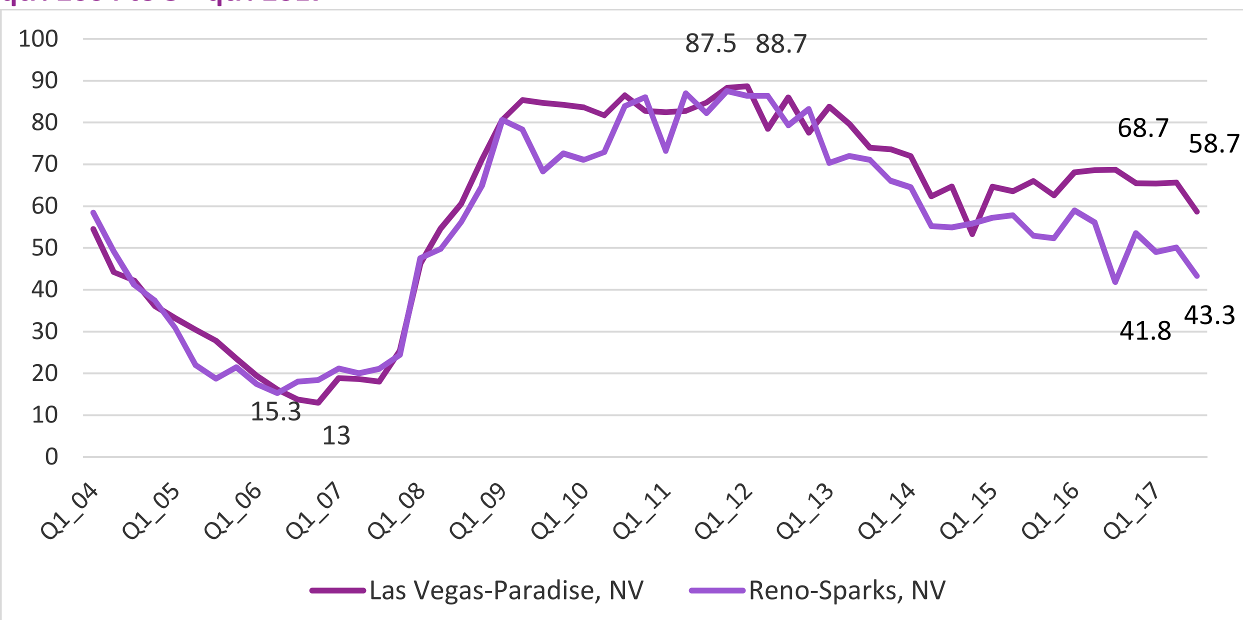
In Clark County, affordable properties' vacancy rates widened the gap between market rate and LIHTC vacancy rates from 2 points lower in 2016 to 3.3 percentage points lower in 2017. As shown in Table 10, for both the Reno and Las Vegas market over the five-year period from 4th quarter 2013 to 4th quarter 2017, the decrease in vacancy rates has been greater for the LIHTC properties, with Las Vegas LIHTC properties experiencing the largest decrease (4.9%).

Table 10. Comparison of 4th quarter market and LIHTC vacancy rates

Region/Type	2013	2014	2015	2016	2017	Change 2013 to 2017
Las Vegas - market rate	9.1%	7.7%	6.8%	6.4%	7.2%	-1.9%
Las Vegas – LIHTC rate	7.8%	5.5%	4.3%	4.4%	2.9%	-4.9%
Reno- market rate 1	4.1%	3.3%	2.9%	2.9%	3.8%	-0.3%
Reno- market rate 2	4.0%	3.9%	4.3%	3.4%	5.0%	1.0%
Reno- LIHTC	5.3%	3.8%	3.5%	3.1%	2.6%	-2.7%

Sources: See endnote 10.

Figure 6. National Association of Home Builders – Wells Fargo Housing Opportunity Index, 1st qtr. 2004 to 3rd qtr. 2017



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 1-17-2018

Economic context: Las Vegas still more affordable for home buyers than Reno but sees a ten point drop in affordability index

The Nevada economy has continued to recover from the Great Recession. For context, Figure 6 gives the housing opportunity index from the National Association of Home Builders. 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. Reno-Sparks experienced a leveling out with a slight increase of 1.5 points in the affordability index from 2016 to 2017 to 43%, while Las Vegas' decreased 10 points to 59%.

Senior and family LIHTC vacancy rates converge

The gap between senior and family LIHTC properties' vacancy rates decreased in 2017 largely due to decreases in family vacancy rates. Last year senior properties had had an overall average vacancy rate 3.0% lower than family properties. The spread between the two types of properties decreased to 1.3 percentage points with overall average vacancy rates at senior properties 2.1% and family rates at 3.4%. Washoe County LIHTC senior/disabled properties reported a vacancy rate of 1.8% for one bedroom units and 3.5% for two bedroom units. As compared to last year all types of senior units in both Clark and Washoe County had slightly lower vacancy rates. Family vacancy rates were dramatically lower in Clark County as compared to 2016 and in Washoe County remained relatively stable.

Table 11. 4th quarter 2017 vacancy rates for LIHTC senior and family properties

Number of Bedrooms	Family	Senior
Studio (0 bdrm)	1.6%	3.4%
One bedroom	3.0%	2.3%
Two bedroom	3.5%	1.8%
Three bedroom	4.0%	NA
Four bedroom	2.1%	NA
Overall average	**3.4%**	**2.1%**

Table 12. 4th quarter 2017 senior and family vacancy rates for properties in Washoe & Clark Co.

	Senior		Family	
	Clark	***Washoe***	***Clark***	***Washoe***
One bedroom	2.4%	1.8%	3.1%	2.7%
Two bedroom	1.7%	3.5%	3.5%	3.0%

Less differentiation between new and old properties in tight LIHTC market

The oldest properties (pre-1993) still reported the highest vacancy rates for both senior and family units. However, the pattern of higher vacancy rates with greater age was not as clear overall (Figure 7). The relationship between age and vacancy rate may be less stable as vacancy rates drop. Tax credit units of all ages are easier to fill.

Figure 7. 4th qtr. 2017 vacancy rate for LIHTC properties by year first built

Relationship between property size and vacancy not clear

The relationship between vacancy rates and size of property was reversed for family properties as compared with 2014 with smaller properties showing a slightly higher vacancy rate than larger ones. For senior properties there was a slightly higher vacancy rate in larger properties. Several years of data have shown that at least under conditions of tighter demand, there is not a clear relationship between property size and vacancy rate.

Figure 8. 4th quarter 2017 LIHTC vacancy rate by property size

Rents

Rents for tax credit properties in Nevada are lowest in Clark County

Rent restrictions are governed by IRS rules with regard to tax credit properties and by agreements developers entered into in the Qualified Application Process when competing for tax credits as well as agreements related to other funding sources such as HOME. The agreements may include promises to restrict rents even more than required by LIHTC tax regulations. In addition, landlords may reduce their rents below the maximum if so desired in order to compete in the market. Property managers were asked to give a "lowest" and "highest" rent for each unit according to number of bedrooms.

Average high rents for studios were lowest in Washoe County, in Clark County for one bedroom and in mining counties for two and three bedroom units. Mining counties are Elko, Eureka, Humboldt, Lander, Nye, Pershing and White Pine. The highest average rent reported for all floorplan types was in Washoe County.

Average lowest rents charged were the lowest in Clark County and highest in Mining counties.

Table 13. Average highest LIHTC rents by region and by number of bedrooms

Number of Bedrooms	Clark	Mining	Other	Washoe	Nevada
Studio (0 bdrm)	$ 634	NA	NA	$ 593	$ 607
One bedroom	$ 646	$ 663	$ 663	$ 716	$ 664
Two bedroom	$ 769	$ 743	$ 760	$ 849	$ 782
Three bedroom	$ 910	$ 788	$ 865	$ 1,049	$ 935
Overall average	**$ 750**	**$ 724**	**$ 738**	**$ 823**	**$ 764**

Table 14. Average lowest LIHTC rents by region and number of bedrooms

Number of Bedrooms	Clark	Mining	Other	Washoe	Nevada
Studio (0 bdrm)	$ 587	NA	NA	$ 589	$ 589
One bedroom	$ 513	$ 646	$ 582	$ 508	$ 525
Two bedroom	$ 621	$ 663	$ 687	$ 681	$ 638
Three bedroom	$ 809	$ 704	$ 814	$ 916	$ 830
Overall average	**$ 616**	**$ 669**	**$ 666**	**$ 658**	**$ 632**

4th quarter LIHTC rents were lower than market rents in 2017 except for studio units

The LIHTC average high rents were compared to market rate rents. As was the case in the past several years, average LIHTC rents were found to be well below average market rents. The one exception was studio rents in Clark County. Average LIHTC studio rents were the same as market rate rents in Clark County. However, one, two and three bedroom average rents in LIHTC properties ranged from 23% to 25% lower than market rates. The spread between average market rate rents and average LIHTC rents was even wider in Washoe County which reported average market rents 18% more than average LIHTC studio rents and 32% to 33% higher market rents for all other floor plan types.

Table 15. Comparison of 4th quarter 2017 market and LIHTC rents in Washoe County

Number of Bedrooms	LIHTC	J & P market*	% lower
Studio (0 bdrm)	$ 593	$ 723	18%
One bedroom	$ 716	$ 1,062	33%
Two bedroom	$ 849	$ 1,245[xi]	32%
Three bedroom	$ 1,049	$ 1,551	32%

***Johnson and Perkins and Associates, Apartment Survey, 4th Quarter 2017, Reno Sparks Metro.**

Table 16. Comparison of 4th quarter 2017 market and LIHTC rents in Clark County*

Number of Bedrooms	LIHTC	ALN Apt. (Oct. 2017) market**	% lower
Studio (0 bdrm)	$ 634	$ 637	0%
One bedroom	$ 646	$ 860	25%
Two bedroom	$ 769	$ 1,024	25%
Three bedroom	$ 910	$ 1,175	23%

***Five percent of LIHTC units are outside of greater Las Vegas.**
****ALN Apartment Data Las Vegas Review Oct. 2017. Email with ALN Analytics Specialist 1-23-2018**

4th quarter 2017 rents higher than 4th quarter 2016 rents

Maximum allowable rents are complex and, since the Housing and Economic Recovery Act reforms, must be calculated on a property by property basis. 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 and other factors.[xii] Any change in utility costs could also influence rent. Gross rents 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.

HUD median income was still 2% lower in Clark County in 2017 than it was in 2013 and in Washoe County it was only 4% higher (see Figure 9). From 2016 to 2017 HUD median income increased 4% in Clark and 2% in Washoe County.[xiii]

Nevada average residential prices for natural gas trended lower from 2016 to 2017 while electricity prices trended upward.[xiv] See Figure 10 and 11 below.

Increases in median income and changes in utility costs could have had a mixed effect on LIHTC rents reported in the 2017 survey. Owners that were not charging maximum rents may have raised rents. In 2016, 75% of LIHTC properties surveyed indicated that they were charging maximum allowable rents. The maximum rent question was not included on this year's survey. 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.

Figure 9. HUD Median Family Income from 2013 to 2017 for Reno-Sparks and Las Vegas-Paradise

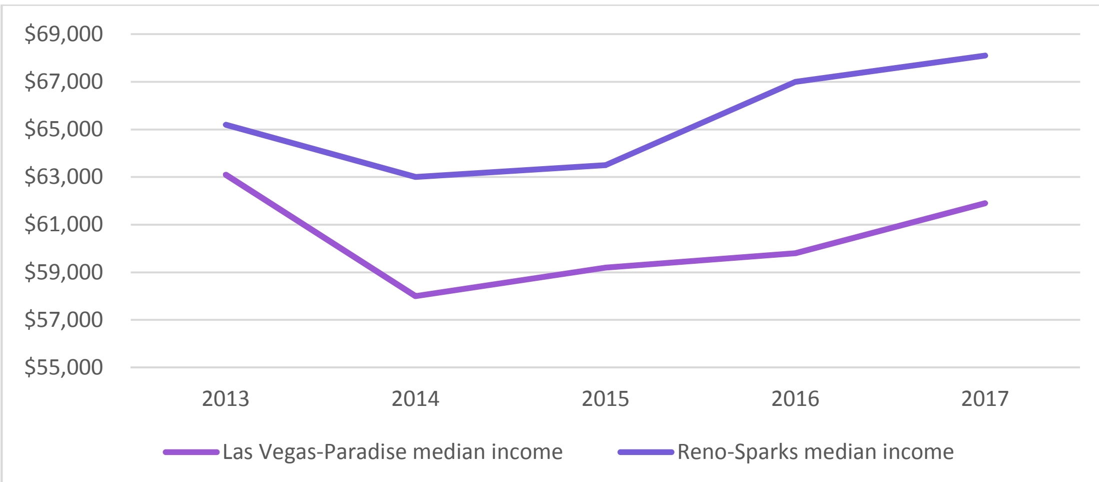


Figure 10. Nevada Residential Price for Electricity (Cents/kWh)

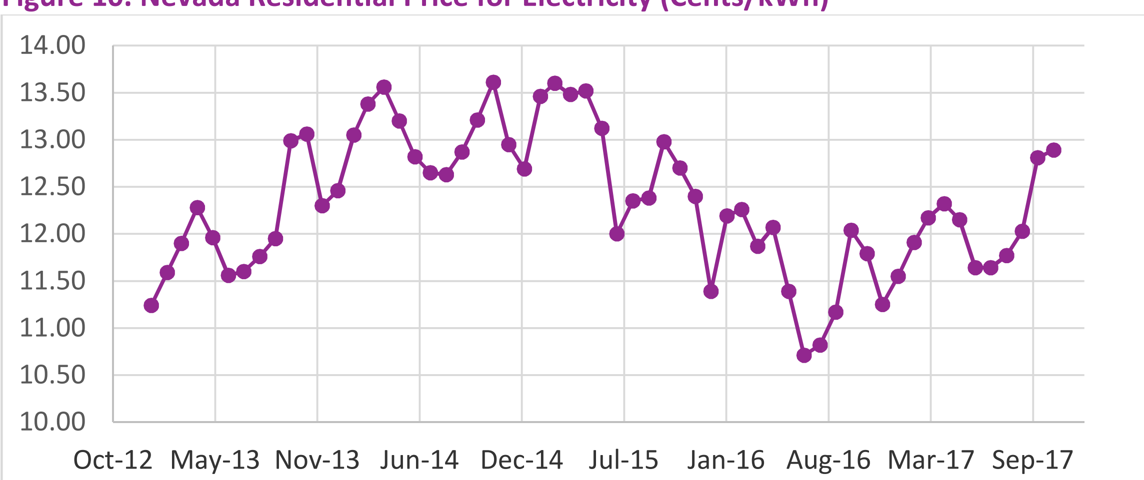


Figure 11. Nevada Price of Natural Gas Delivered to residential Consumers ($/1000 Cubic Ft)

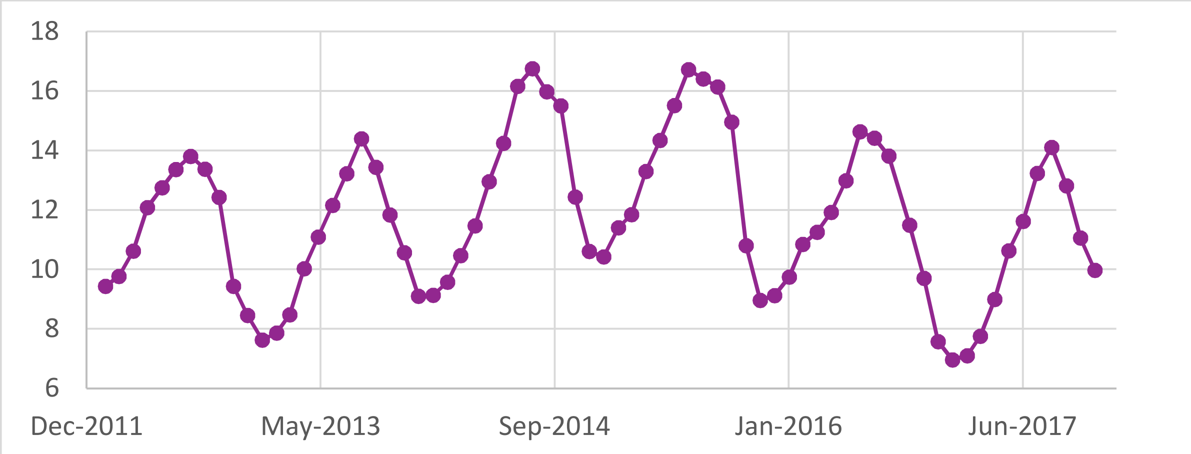


Table 17. Comparison of 4th quarter rents in Washoe County from 2013 to 2017

Type of unit	2013	2014	2015	2016	2017	Increase 2013 to 2017
Studio – J & P mkt. rate	$ 545	$ 555	$ 580	$ 673	$ 723	33%
Studio - LIHTC	$ 544	$ 550	$ 577	$ 572	$ 593	9%
1 bdrm - J & P mkt. rate	$ 717	$ 775	$ 840	$ 939	$ 1,062	48%
1 bdrm - LIHTC	$ 626	$ 665	$ 686	$ 709	$ 716	14%
2 bdrm - J & P mkt. rate	$ 878	$ 918	$ 1,003	$ 1,141	$ 1,245	42%
2 bdrm - LIHTC	$ 699	$ 741	$ 805	$ 819	$ 849	21%
3 bdrm- J & P mkt. rate	$ 1,117	$ 1,176	$ 1,263	$ 1,382	$ 1,551	39%
3 bdrm - LIHTC	$ 929	$ 983	$ 962	$ 1,012	$ 1,049	13%
Overall- J & P mkt. rate	$ 860	$ 868	$ 946	$ 1,066	$ 1,180	37%
Overall - LIHTC	$ 716	$ 755	$ 784	$ 807	$ 823	15%

Table 18. Comparison of 4th quarter rents in Clark County from 2013 to 2017*

Type of unit	2013	2014	2015	2016	2017	Increase 2013 to 2017
Studio – ALN mkt. rate	$ 495	$ 517	$ 571	$ 603	$ 637	29%
Studio - LIHTC	$ 473	$ 486	$ 624	$ 642	$ 634	34%
1 bdrm - ALN mkt. rate	$ 665	$ 701	$ 754	$ 806	$ 860	29%
1 bdrm - LIHTC	$ 572	$ 569	$ 637	$ 635	$ 646	13%
2 bdrm - ALN mkt. rate	$ 798	$ 838	$ 896	$ 955	$ 1,024	28%
2 bdrm - LIHTC	$ 670	$ 688	$ 735	$ 749	$ 769	15%
3 bdrm- ALN mkt. rate	$ 928	$ 971	$ 1,040	$ 1,107	$ 1,175	27%
3 bdrm - LIHTC	$ 756	$ 805	$ 867	$ 866	$ 910	20%
Overall- ALN mkt. rate	$ 759	$ 798	$ 856	$ 913	$ 979	29%
Overall - LIHTC	$ 649	$ 657	$ 724	$ 732	$ 750	16%

***Five percent of Clark County LIHTC units are outside of greater Las Vegas.**

Figure 12. Las Vegas Region Rent Trends 4th quarter 2013 to 4th qtr. 2017

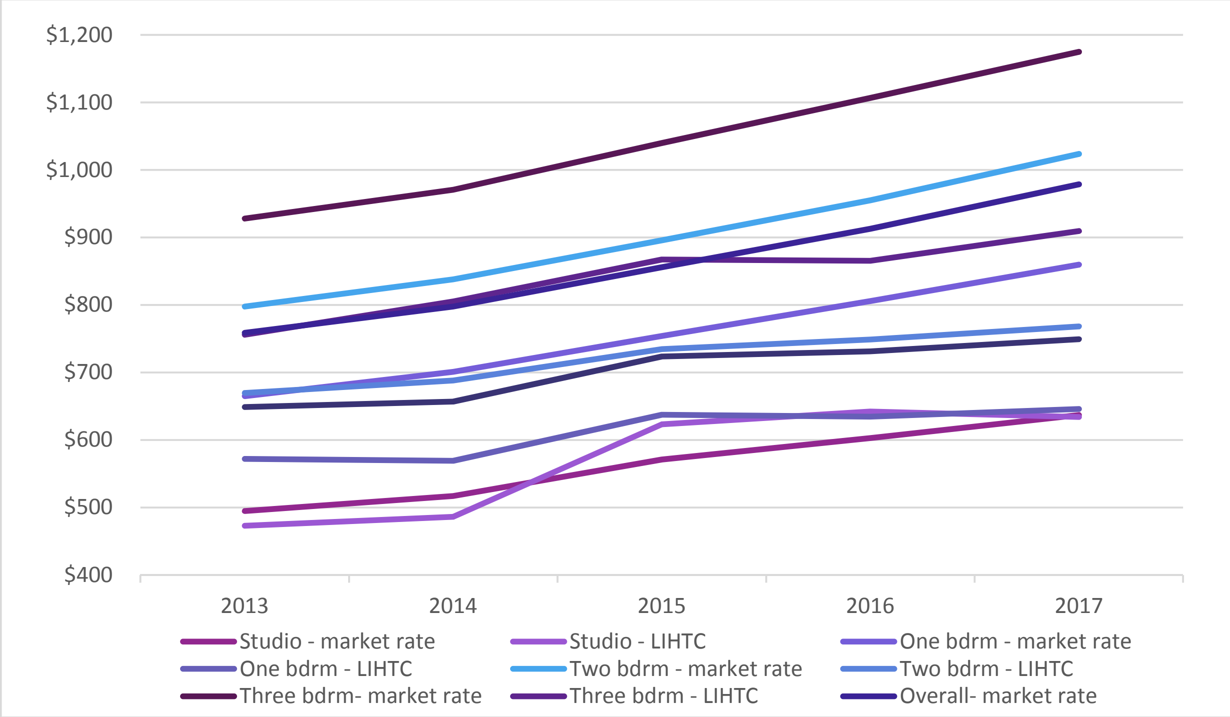
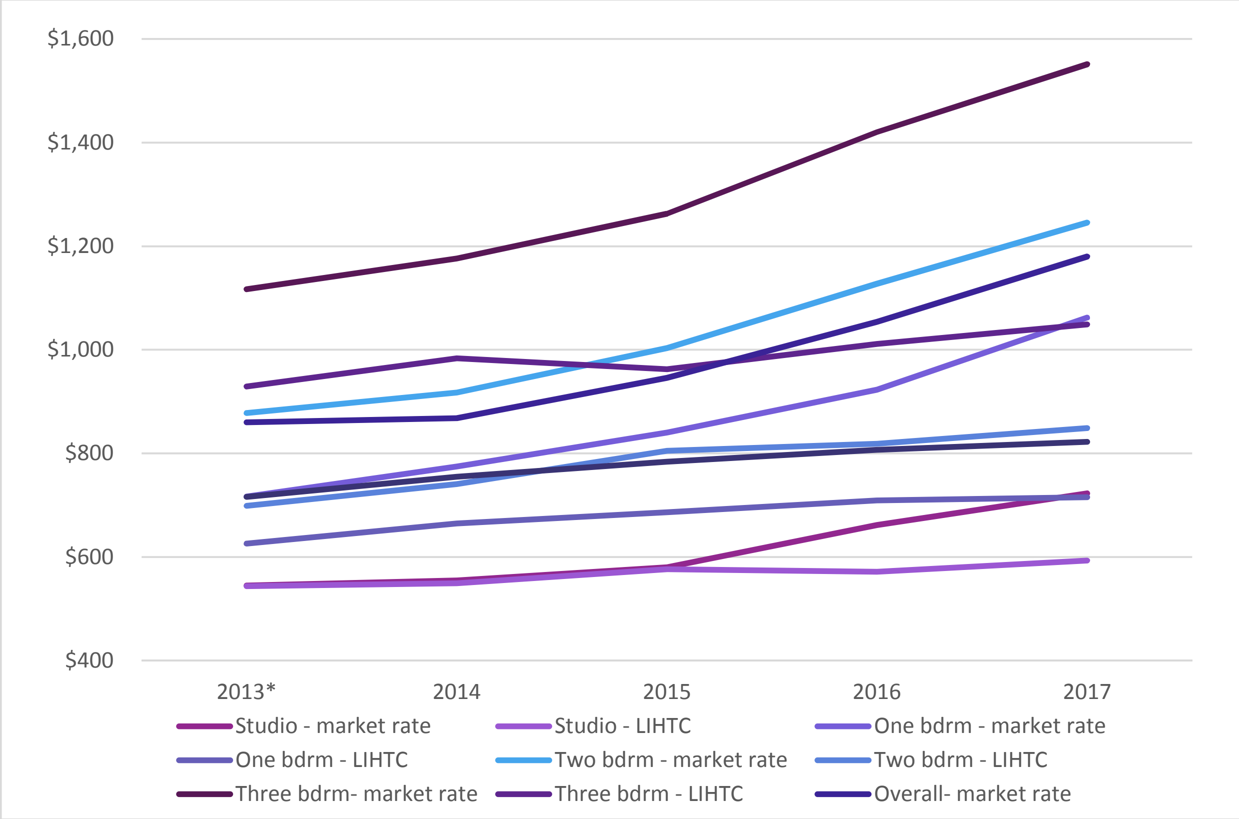


Figure 13. Reno/Sparks Rent Trends 4th quarter 2013 to 4th qtr. 2017



Rent skipping decreased in 2017 continuing a three year trend

LIHTC properties are designed to serve Nevada's moderate to low income families. The rent in LIHTC qualifying units must be under a maximum allowable rent. Only when LIHTC units are combined with other programs can there be a deep subsidy that ensures that a family will pay no more than 30% of their income for rent. Thus some families living in LIHTC properties can suffer rent burden. One sign rent burden may be high enough to be unsustainable is so called rent skipping, that is, when a family leaves before the end of their lease term or is evicted for non-payment. Rent skipping creates costs for property providers, creating "economic vacancy" which reduces the income stream from a property.

In 2017 Nevada LIHTC properties reported the lowest average skip rate of the period from 2013 to 2017, by a small margin, continuing a three year downward trend. Overall, there were an average of 0.85 skips per month per hundred units reported in 2017 as compared to 0.93 in 2016. In family properties, the monthly skip rate per hundred was lower than last year (1.1 as compared to 1.3), while for senior properties the skip rate was slightly higher at 0.5 versus 0.4 in 2016. Skip rates have consistently been reported to be far lower in senior properties as compared to family properties.

Skip rates were again low in Washoe and Clark Counties for senior properties; however, missing data problems on the skip question prevented finding a rate for senior properties in the rural counties. The skip rate on senior properties in Washoe and Clark Counties remained the same as compared to 2016 rates. Family properties in mining counties again reported the highest skip rate at 2.2 skips per month per hundred units.

Figure 14. Skip rate trends for LIHTC properties in 2013 to 2017 (skips per hundred units per month)

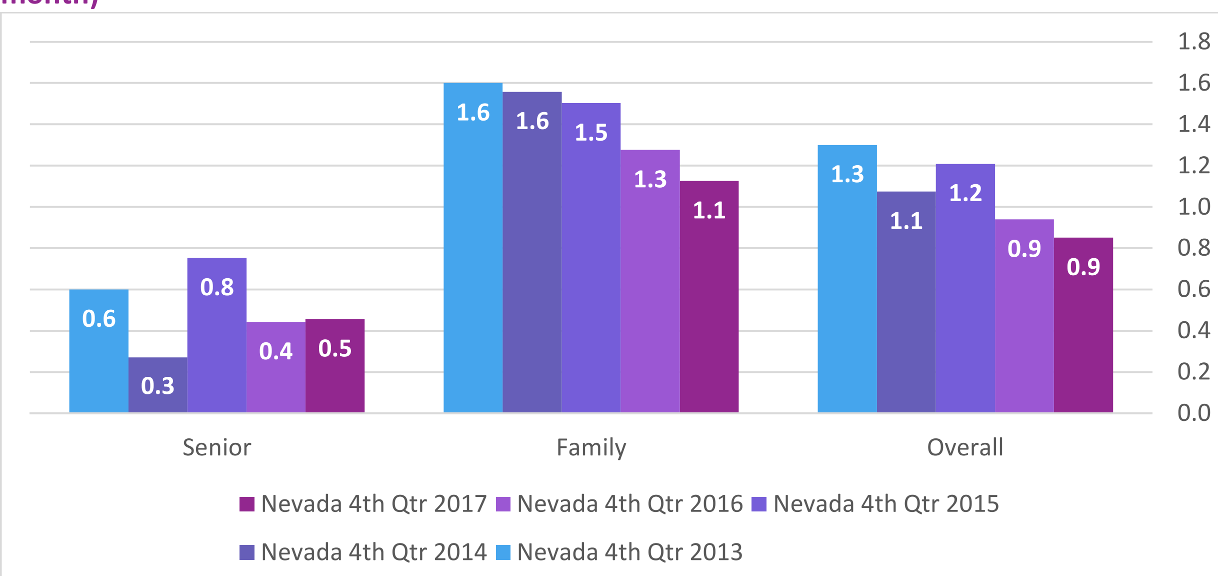
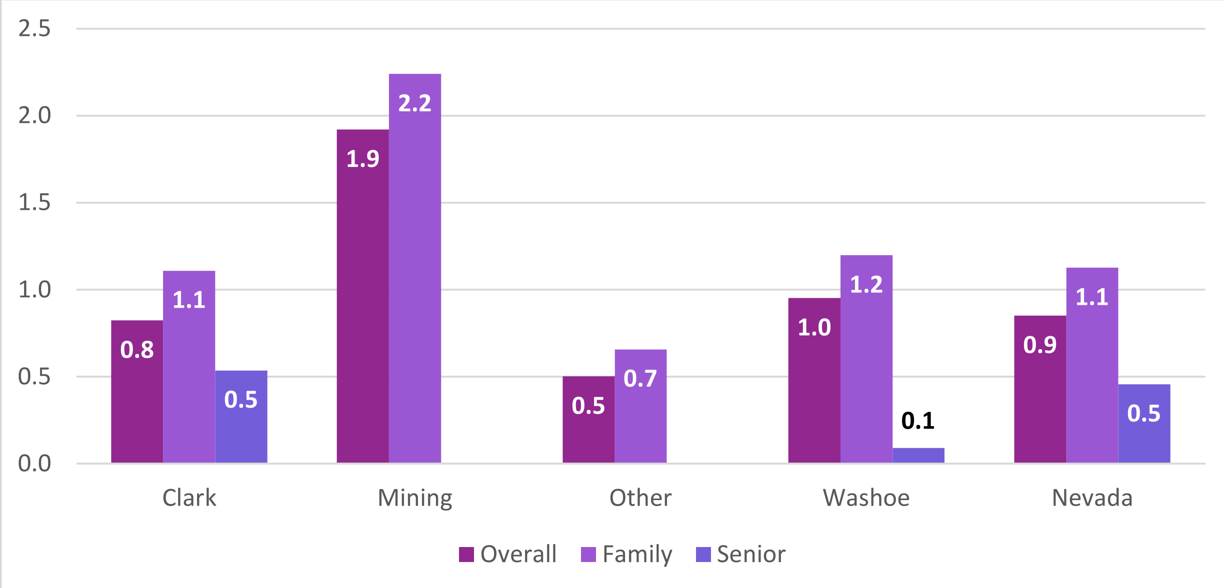


Figure 15. Skip rate per hundred units per month for LIHTC properties by region



Waiting lists are an indicator of demand pressure

Waiting lists are an important indicator of the unmet demand for affordable housing. However, waiting lists require careful interpretation. Households are not necessarily pre-qualified for income levels, background checks, region, age and so forth and many will not, in the final analysis, qualify for the unit. These lists are not unduplicated; households may be on many waiting lists and may already be housed in an affordable unit elsewhere. For these and other reasons, waiting lists cannot be interpreted simply as the number of households with unmet housing needs. Rather they are an indicator of the demand pressure on certain types of affordable and/or assisted housing.

The converse is also true. That is, the lack of a waiting list does not mean that there is no unmet need for low income housing. First of all, waiting lists are so long that they may close, so many who would like to be on a waiting list are not able to get on it. In addition, there may be households in need of housing who cannot afford LIHTC rents without greater subsidies. The long waiting lists for most housing with full rental assistance is one indicator of this need. Statistics on housing problems bear this out as well; for example, according to 2010-2014 CHAS data, 126,000 Nevada households that had incomes under 50% HUD area median income had gross rents that used 50% or more of their household income.[xv] Nationally only one out of four families that qualify for a housing choice voucher receive one.[xvi] In addition, some LIHTC properties without other federal funding avoid having waiting lists because HUD waiting list regulations make it difficult to turn a unit in a timely manner and create significant labor costs. Waiting list data is not comprehensive.

Survey respondents were asked, "Do you currently have a waiting list for any units?" If there was a positive response, survey respondents were asked if the waiting list was for the entire property or for a specific type of unit. If for a specific type of unit, respondents were asked to indicate the number on the waiting list for each floor plan or to describe any additional attributes of units with a waiting list.

Method change drives an increase in number of properties with waiting list

Eighty-one percent of the responding LIHTC properties had waiting lists. This was a large increase in percentage as compared to the 2016 response of 62%. However, the increase is largely due to a change in methods. Some properties that do not keep an official waiting list, but instead track inquirers over the past month, were included this year. Amongst properties reporting 100% occupancy, 91% reported having a waiting list. Amongst properties reporting at least one unit vacant, 76% reported having a waiting list for some type of unit. When asked to describe the attributes of units with waiting lists the characteristics mentioned include ADA accessibility, ground level units, lowest rent units (those with lower set-asides), market rate units, good views, upstairs units, and washer/dryer hookups, in addition to all types of floor plans.

Washoe County waiting lists increase by 25%

A total of 10,729 households were on waiting lists for tax credit properties. The number was up 13% from last year when 9,470 households were reported on waiting lists. However, once again a part of this increase is attributable to the change in method mentioned above. Washoe County waiting lists grew by 25%, an increase of 873 households, while Clark County's grew by 10%, Other Counties' grew by 1% and the Mining region waiting lists decreased by 3%. Washoe County was not affected by the change in methodology. As stated above, the combined lists likely contain many duplicates and households that would not qualify, so the number by itself cannot be read as total number of households in need of affordable units; however, the increase in waiting lists for a second year in a row would seem to be another indication of the tight housing market in northern Nevada.

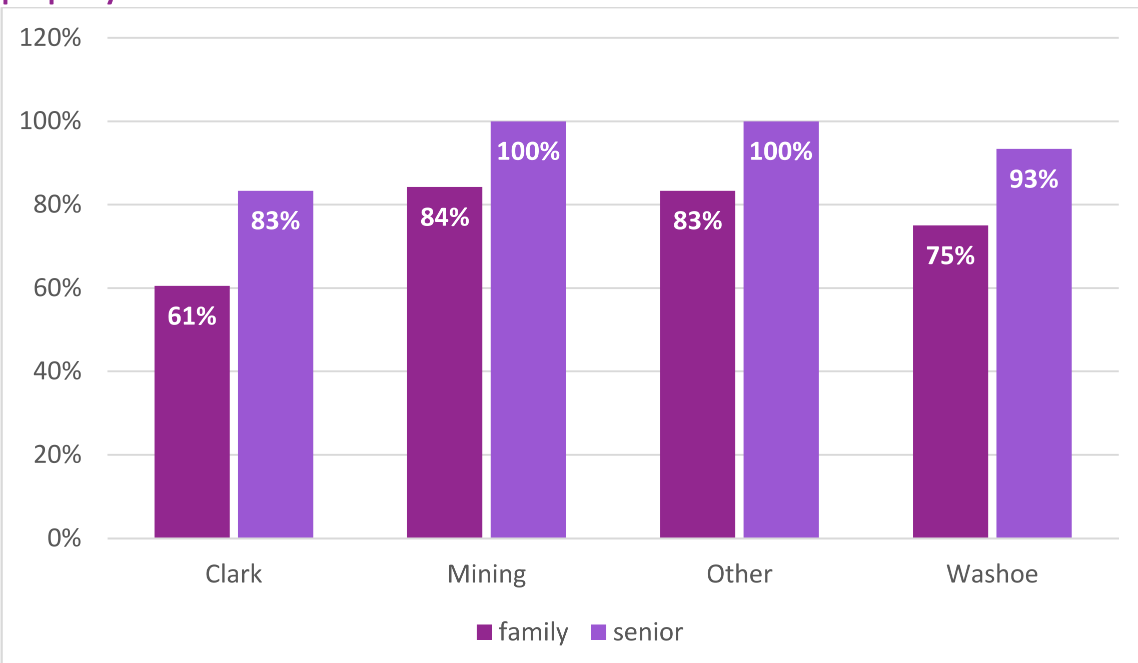
The median length of a waiting list, for those properties that reported having one, was 22 households, down 11 from the median of 33 reported in 2016 and likely also affected by the methods change. Attributes that led to longer waiting lists were rental assistance availability, being a senior property and a recent construction date. The charts below illustrate these points.

Clark County proportion of properties with waiting lists increases due to method changes

Higher proportions of senior or senior/disabled properties in Clark, Mining and Other Counties reported having a waiting list than in 2016. Washoe County was the exception, and was down to 93% of properties with a waiting list from 100% in 2016.

The methodology change increased the percentage of both family and senior properties with a waiting list in Clark County. However, it remained the region with the smallest percentage of LIHTC properties with waiting lists. The percentage of Washoe County family properties reporting a waiting list increased from 58% in 2016 to 75% in 2017; this change was not affected by the new methodology. The proportion of LIHTC properties in mining counties with a waiting list increased somewhat for both senior and family properties. The other rural counties reported a slight decrease in the proportion of family properties with a waiting list and an increase in senior properties with a waiting list. These waiting lists may either be for certain desirable units within a property or for any available unit in a property.

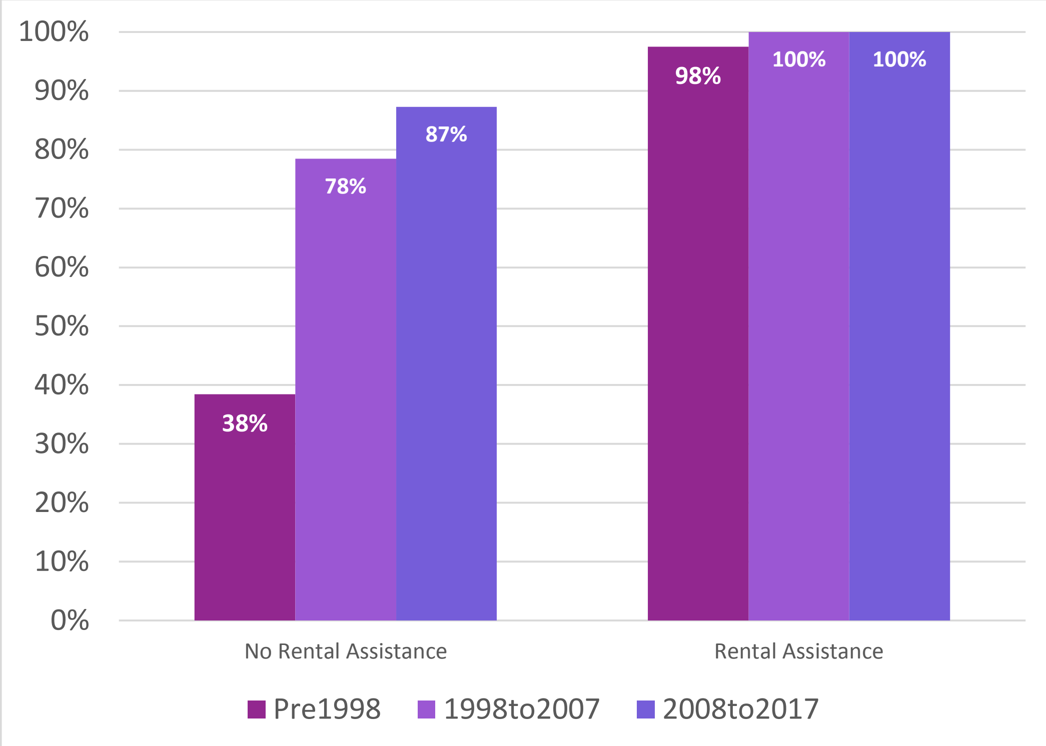
Figure 16. Percent of tax credit properties with a waiting list by region and by type of property



Properties with rental assistance are more likely to have a waiting list.

The shortage of affordable housing seems to be most acute for the lowest income households. Waiting lists reflect a pressure on rental assistance, the deeper sliding scale type subsidies that ensure a household pays no more than 30% of its income in gross rent.[xvii] For the properties with data on waiting lists, about 13%, or 2,755 units had project based rental assistance offering these deeper subsidies. Properties with rental assistance are more likely to have a waiting list than those without rental assistance. Overall, seventy-five percent of properties without rental assistance reported having a waiting list versus 98% of the properties with rental assistance. For properties without rental assistance, the newest properties built since 2008 were most likely to have a waiting list with 87% of LIHTC properties reporting a waiting list.

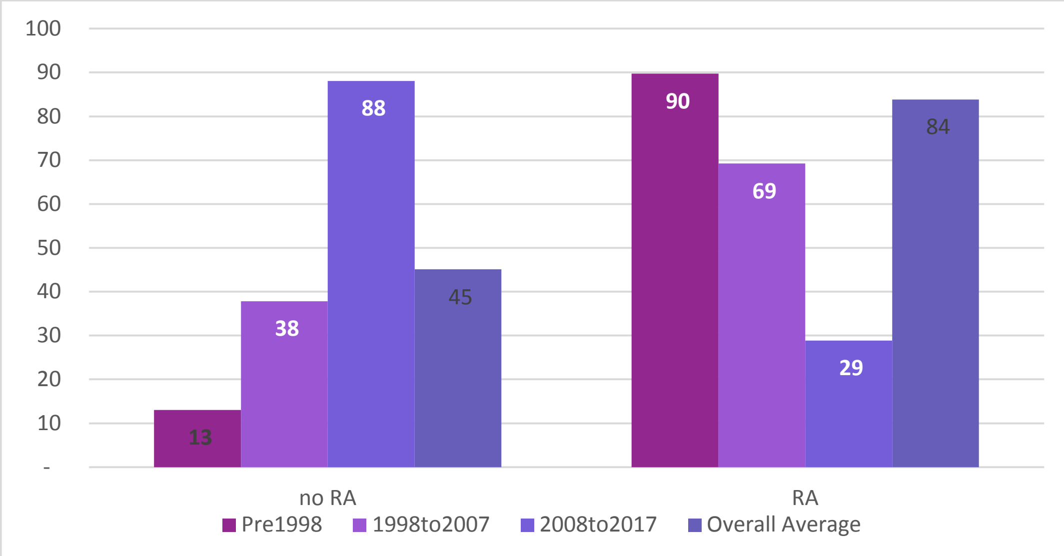
Figure 17. Properties with a waiting list by presence of rental assistance and by year first built



Properties offering rental assistance report waiting lists nearly twice as long

In the chart below, the lengths of the waiting lists are examined. Length of the waiting list is given as number of households on the waiting list for each one hundred units in the property. The average waiting lists for older properties without rental assistance are short, averaging 13 households per 100 units in the property for those built before 1998. But the newest properties built since 2008 had a much higher average waiting list of 88 households per 100 units. In contrast, for properties with rental assistance, the pattern with respect to the age of the property was reversed. However, almost 80% of the LIHTC units with PBRA are in the oldest age category. Most LIHTC properties with rental assistance are older because tax credits are often used to renovate older public housing, USDA RD or HUD properties. Because few properties with rental assistance are in the newer categories these are subject to more variability in waiting list length. Waiting list lengths were higher than last year's on average for properties without rental assistance (45 per hundred units versus 33), lower on average for properties with rental assistance (84 per hundred units versus 117) and higher overall (50 per hundred units versus 43).

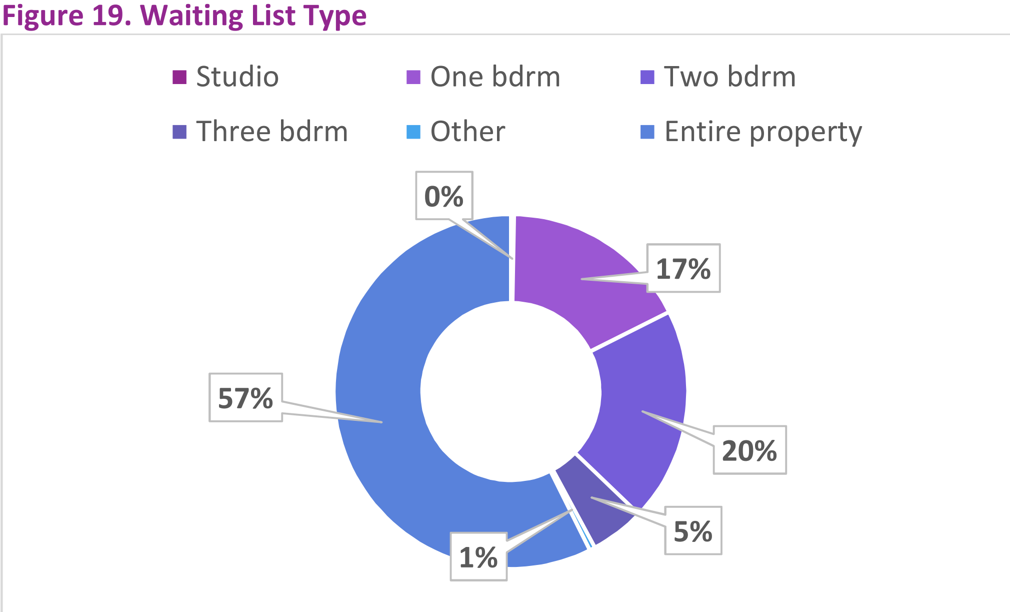
Figure 18. Households on waiting list (per hundred units) by presence of rental assistance and by year first built



Waiting lists by type of unit

Fifty-seven percent of households on waiting lists were on a general waiting list for the entire property, and 43% were on a waiting list for specific types of units. The type of unit with the highest number of households on the waiting list was the two bedroom followed by the one-bedroom unit. In some cases, households were on a waiting list for units with special attributes such as ADA accessibility, ground level units, lowest rent units (those with lower set-asides), market rate units, good views, upstairs units, and washer/dryer hookups. However, a problem with the questionnaire prevented collecting full information on waiting length lists for these types of units.

Figure 19. Waiting List Type



Seven percent of properties offer incentives in 2017

In the 2017 survey, 7% of responding properties (14) offered incentives such as lower first or second month rent, move-in specials, incentives to sign a year lease, or lower application fee. In the 2015 survey, 19% of properties offered incentives. The 2016 survey did not ask survey respondents for incentive information. Amongst those properties that offered incentives and stated a value for the incentives, the average incentive was worth $461, up by 77% from the average reported in 2015. The value of incentive was estimated by the respondent whereas in previous survey years the value was estimated by the report author, a methodology change that may affect these results.

By region, the highest percentage of properties responding that they used incentives was once again in Clark County (10%) and the lowest in non-mining rural counties where no properties reported the use of incentives. Within the group of properties that stated a value for the incentive, the highest average value of incentives were reported in mining counties and the lowest was in Washoe County.

Family properties were more likely to offer incentives. Statewide, 9% of family properties offered incentives while only 4% of senior or senior/disabled properties did. However, the percentage of family and senior properties offering incentives was down from the 2015 percentage. Estimated average value of the incentive was higher for the few senior properties offering incentives at $703 than for family properties at $354.

Table 19. Incentive offerings by region and year.

	% of properties offering incentives			average value of incentive if stated		
	2017	**2015**	**2014**	**2017**	**2015**	**2014**
Clark	10%	24%	36%	$ 503	$ 274	$ 258
Mining	4%	15%	20%	$ 570	$ 70	$ 105
Other	0%	13%	17%	NA	$ 147	$ 325
Washoe	6%	17%	17%	$ 200	$ 290	$ 243
Total	**7%**	**19%**	**26%**	**$ 461**	**$ 260**	**$ 244**

Table 20. Incentive offering by type of property

	% of properties offering incentives			average value of incentive if stated		
	2017	**2015**	**2014**	**2017**	**2015**	**2014**
Family	9%	30%	44%	$ 354	$ 269	$ 254
Senior	4%	9%	9%	$ 703	$ 231	$ 183
Total	**7%**	**19%**	**26%**	**$ 461**	**$ 260**	**$ 244**

Discussion and Conclusion

The 2017 edition of Taking Stock gathered information on LIHTC set asides. Fifty-five percent of the units included in the survey report were set-aside for 60% AMI households. Income data from 2015 on Nevada's LIHTC tenants indicated that nearly 80% of the tenants had household incomes at or below 50% of AMI. Only a minority of these tenants had full rental assistance, whether property based or from housing choice vouchers. This data suggests two things. First, Nevada's tax credit properties are serving primarily very low income and extremely low income households and second, since most units may have rents affordable to households with up to 60% of AMI, there are likely to be households living in tax credit properties that are experiencing some degree of rent burden albeit less than if they had been in market rate housing.

Over the past five years Nevada's economy has recovered from one of the worst economic crises it has ever encountered. As employment has increased, housing prices and rents increased as well. The spread between average rent in the rent restricted LIHTC units and market rate rents has increased: in 2013 average LIHTC rents were 14% (Clark Co.) to 17% (Washoe Co.) lower than market rates whereas in 2017 they were 23 to 30% lower, respectively. Accordingly, average vacancy rates for LIHTC properties have decreased more than market property rates although all have decreased over the five year period. Vacancy rates in tax credit housing now stand at well below the 5% rate many in the multi-family industry term as "natural" in all regions except the mining counties.

NHD would like to thank the management companies and their employees for their outstanding participation in this year's survey. Their efforts to house Nevada's most vulnerable populations amidst difficult economic conditions and demanding regulatory requirements warrant acknowledgement.

This report can be found on Nevada Housing Division website at www.housing.nv.gov. The Division encourages ideas or suggestions for future reports to be emailed to NHDinfo@housing.nv.gov or sent to Nevada Housing Division, attention Perry Faigin, pfaigin@housing.nv.gov, Carson City, NV 89706.

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Appendix A Survey Questionnaire

Below is the 2017 Affordable vacancy and rent long survey. (Qualtrics on-line survey). Because the survey was taken online on computer screens there is no way to present the survey completely on paper. The following version includes logic and code values.

2017 Affordable vacancy and rent survey

Q1 Thank you for your help with the Nevada Housing Division's 2017 rent and vacancy survey. Your participation will allow us to publish timely data and will help us understand more about our state's affordable housing stock. Your responses will be presented in combination with others and will remain confidential. Please contact Betsy Fadali at 775-687-2238 with any questions. We very much appreciate your help.

Q2 Some technical information that may be helpful:
You may use the back button *in the survey form* to return to the previous page. However, it is not recommended to use your browser back arrow. This may cause the survey to close and you will need to start over.
You may enter up to three properties. If you have more properties to enter please use the link sent in your e-mail again to open a new survey form.

Q3 How many properties would you like to enter information for now (you may enter up to three)?

____

End of Block: Start-up Questions

Start of Block: Rest of Survey

Q4 Name of Property:

▼ dropdown list

Q5 If the name of the property was not in the drop down list above or needs corrections fill in below:

____

Q6 Address of Property

▼dropdown list

Q7 If address is not in the drop down list above or needs any corrections please note below:

____

____

Q8 Number of units
Affordable units : _______
Market units : _______
Other units - please describe (e.g. manager units, caretaker units, etc.) : _______
Total : ________

Q9 Which types of units are in your complex? Please check all that apply.

- ☐ Studio
- ☐ One bedroom
- ☐ Two bedrooms
- ☐ Three bedrooms
- ☐ Other ____

Q10 Which area median income (AMI) set aside restrictions apply to your property? Please check all that apply.

- ☐ market rate
- ☐ 30% AMI set aside
- ☐ 35% AMI set aside
- ☐ 40% AMI set aside
- ☐ 45% AMI set aside
- ☐ 50% AMI set aside
- ☐ 55% AMI set aside
- ☐ 60% AMI set aside
- ☐ other AMI set aside ____

Taking Stock 2017

Q11 Please fill out the **total number of units** of each type for your property:

	Loop current: Which area median income (AMI) set aside restrictions apply to your property? Please check all = market rate Market	Loop current: Which area median income (AMI) set aside restrictions apply to your property? Please check all = 30% AMI set aside 30% set aside	Loop current: Which area median income (AMI) set aside restrictions apply to your property? Please check all = 35% AMI set aside 35% set aside	Loop current: Which area median income (AMI) set aside restrictions apply to your property? Please check all = 40% AMI set aside 40% set aside	Loop current: Which area median income (AMI) set aside restrictions apply to your property? Please check all = 45% AMI set aside 45% set aside	Loop current: Which area median income (AMI) set aside restrictions apply to your property? Please check all = 50% AMI set aside 50% set aside	Loop current: Which area median income (AMI) set aside restrictions apply to your property? Please check all = 55% AMI set aside 55% set aside	Loop current: Which area median income (AMI) set aside restrictions apply to your property? Please check all = 60% AMI set aside 60% set aside	Loop current: Which area median income (AMI) set aside restrictions apply to your property? Please check all = other AMI set aside other set aside
Loop current: Which types of units are in your complex? Please check all that apply. = Studio Studio									
Loop current: Which types of units are in your complex? Please check all that apply. = One bedroom One bedroom									
Loop current: Which types of units are in your complex? Please check all that apply. = Two bedrooms Two bedrooms									
Loop current: Which types of units are in your complex? Please check all that apply. = Three bedrooms Three bedrooms									
Loop current: Which types of units are in your complex? Please check all that apply. = Other Other									