

## The Greatest Challenge of Our New Year

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2017 was another great year for economic development. It started out slow because of the weather but took off in mid-year and has been on fire ever since. We again exceeded our jobs numbers adding 29 new companies to the region but more importantly adding 14 new corporate headquarters and 11 of these new companies had an average wage over \$30 an hour – One of our new metrics. We also adjusted our jobs goal for the new year, **down** from 3,200 to 2,500 with a real emphasis on higher paying technology jobs. However, as we look at the many challenges we face as a region there is one challenge that could not derail our economic success and impact on the quality of life for not only our new residents but for our existing residents as well: that is our growing shortage of housing, especially affordable housing.

**Affordable Housing the Challenge:** Our current problem is nothing new, we identified this as a potential issue almost four years ago and highlighted it as an impending crisis in July 2015. There is no one person or organization to blame and a slew of factors that make this challenge particularly difficult to solve, in fact nearly every major city in the Country has been working on this issue, in some cases for decades, with varying degrees of success. Our problem is exacerbated by two things, our failure to add enough affordable new housing in the region and our reluctance to realize that business as usual and bubble talk will not help us address this challenge. We need to acknowledge this as a substantial challenge that will have significant adverse impacts on our region if we don't **do something** different very soon!

**How bad is it?** The numbers don't lie. The number of available houses on the market below \$350,000 is at a record low; our median home price is at a record high. The number of housing permits pulled in the last three years averaged around 3,000 and even this past year was less than 5,000; **well below the 6,000 units needed to meet the current demand.** The shortage of affordable housing has driven rents through the roof. Rents are at records levels, averaging a 50% increase s to record highs over the past three years, with no relief in sight. Approved housing in the Reno city limits is less than 30% of those planned, 55% in Sparks and 77% in Fernley/Dayton. In fact, the approved housing in Fernley and Dayton is equal to those approved in Reno according to the Center for Strategic Studies at UNR. We remain slow to react, and as a result, our supply continues to decline as the demand continues to rise. Higher housing prices have caused an increase in our homeless population, more urban sprawl and traffic challenges exacerbated by a single access road (I-80) to our growing regional industrial park, TRI.

**Lack of Supply, not growth - is the problem:** Some say, we are growing too fast so let's stop the growth. While our population growth is robust, it is not unusual for our region, in fact, according to the EPIC Report projections we will continue to grow at essentially the same rate over the next 20 years as we have over the past 20. We're just not keeping up with the production of housing (at half the rate of pre-recession construction) and every housing project that gets delayed or every additional fee or requirement that gets tacked on, just drives up the housing prices and makes things worse.

In closing, we are experiencing amazing economic success and as a community making excellent progress on many important issues. However, the growing shortage of affordable housing must be addressed. It will require a public/private solution with support and engagement by the community if we are to continue on this exciting road of revitalization and economic renewal in the years ahead.