



## RENO-SPARKS BY THE NUMBERS

- 9,918:** jobs added to the area in 2018
- 0.21:** new single-family homes built for every new job
- 0.43:** new residential units built for every new job
- \$1,170:** average rent for a one-bedroom unit (Q3 of 2018)
- \$375,000:** median sales price for an existing single-family home (Q4 of 2018)
- 2,000:** families on waiting lists for affordable housing options in the region

Sources: UNR Center for Regional Studies; Johnson Perkins Griffin Real Estate Appraisers; Reno Housing Authority

PHOTO: SHUTTERSTOCK

# Home growing pains

Reno-Sparks struggling to keep up with workforce housing demand amid economic, technology boom

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**T**en thousand. In 2018, that's roughly how many new jobs were added to the Reno-Sparks area, according to the University of Nevada, Reno Center for Regional Studies. In fact, the region has been racking up about 10,000 new jobs at a steady clip for the past three years.

And there's no signs of job growth slowing down in Northern Nevada anytime soon. After all, Reno-Sparks is attracting tech companies from the Bay Area and beyond like clockwork, and Northern Nevada colleges and universities are putting extra emphasis on molding a skilled workforce for the manufacturing industry, the fastest-growing sector in the area (and all of Nevada) with a 20 percent jump in employment last year.

However, the influx of workers, many from California, flooding into Northern Nevada is coming at a cost — in more ways than one. While demand for workforce

housing is incredibly high, the inventory available is exceedingly low.

### 'SUPPLY-AND-DEMAND CHALLENGE'

"It's bad," Mike Kazmierski, president and CEO at the Economic Development Authority of Western Nevada, told the NNBV. "We're not building enough, we're not permitting enough, and we're continuing to grow. It's a supply-and-demand challenge. We have more demand than we have supply, and we're not keeping up."

He's not kidding. To wit: In 2018, for every new job in Washoe County, there were a mere 0.21 new single-family homes and 0.43 new residential units built, according to UNR Center for Regional Studies. In all, the area saw about 3,500 new housing permits in 2018 as of October.

Kazmierski said that's not nearly enough.

"We were building between 5,000-6,000 new housing units of all types before the recession, and we were a much smaller community then," he continued.

"We haven't gotten close to that number in the last 12 years. So even though we've grown, we've continued to lag."

Consequently, with demand so much higher than supply, rental rates are rising. According to Johnson Perkins Griffin Real Estate Appraisers, in Q3 of 2018, the average rent for a one-bedroom apartment in Reno-Sparks was \$1,170. In 2016, it was \$923 — signifying a 27 percent increase over two years.

Zooming in on homes, according to the Reno Sparks Association of Realtors, the median sales price for an existing single-family home across the greater Reno-Sparks region is \$375,000 as of December 2018 — a 9 percent increase from December 2017.

Angelica Reyes, 2019 president to the RSAR board, told the NNBV that the association had roughly 6,000 sales in 2018, a dip of about 800 compared to 2017.

Reyes said Realtors are seeing a lot of first-time home buyers looking at the rural areas like Fernley, where housing is more attainable. Tucked east of Reno-Sparks in Lyon County, Fernley had a median sales price of \$259,000 in Q4 of 2018, according to RSAR.

"We're seeing a lot of buyers



COURTESY PHOTO

RSAR President Angelica Reyes

that may not be able to afford something in town going to the rural areas," Reyes said. "Whereas in previous years, they were purchasing homes here in central Reno and Sparks. With prices going up, we're seeing that those first-time home buyers are going outwards a little bit."

### 'A VICIOUS CYCLE'

What's more, some companies that previously considered relocating to Reno-Sparks are crossing Northern Nevada off their lists due to the lack of housing,



COURTESY PHOTO

EDAWN CEO Mike Kazmierski

said Brian Bonnenfant, project manager for the UNR Center for Regional Studies.

"If you're trying to bring in call centers or distribution warehousing and you only pay \$15 an hour, then you're probably going to pass on the area," Bonnenfant said. "It's going to depend on that wage level of that new job. And that's really forced the hand of EDAWN to start attracting and working with headquarters and hi-tech companies that can pay



# Downtown center sees 1,400 job-seekers a month

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This past October, the American Job Center of Nevada, the first comprehensive workforce development center in Northern Nevada, opened its doors inside the Reno Town Mall.

Roughly three months later, the center is seeing job-seekers file in like clockwork, to the tune of 1,300 to 1,400 people a month, said Adrienne Santiago, program manager at the American Job Center.

"We're super busy, and that's great — we're just trying to reach everyone," Santiago told the NNBV. "We want them figuring out what their barriers are to employment and help them overcome those barriers so we can get them working."

With that, the center provides free employment services and resources to all jobseekers, employers and businesses in one central location. Agencies represented in the center include Nevada JobConnect, JOIN Inc., Northern Nevada Literacy Council, Truckee Meadows Community College Adult Basic Education, among others.

"The American job Center can be that hub to be able to get everybody together, to be able to connect all the dots, and I think that's what's missing," Santiago said. "Without the center, everyone's been kind of doing their own



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**Adrienne Santiago is program manager of the American Job Center of Nevada.**

thing, which is great, but now we can collaborate and attack it together as one, which is awesome, because that's what's going to make our community successful with placement."

## 'REMOVING THE FINANCIAL BARRIERS'

Santiago, who did not have any placement figures yet, said the industries with the most in-demand job openings are industrial, manufacturing, production and distribution, citing the latest Nevada Department of Employment

Training and Rehabilitation information.

"I have the (Nevada) Builders Alliance constantly calling me, asking me for help," she said. "HVAC, (concrete) finishers, drywall ... all of those are such a need. We have a housing shortage going on and they need people to fill those jobs."

With that in mind, Santiago said JOIN Inc., a Reno-based workforce development agency, has been vital in getting people trained to enter those fields.

JOIN Inc. CEO Denise Castle

said having a presence in the American Job Center has led to a significant uptick in inquiries.

"It has really brought awareness to JOIN's program and enabled us to reach more of our community members and serve them better," Castle said. "We're focused on removing the financial barriers to allow someone to get that schooling that allows them to get in a livable wage career path."

## SERVING THE UNDEREMPLOYED

In terms of challenges, the

center is striving to bring in clients that may be underemployed, said Santiago.

"We're trying to get the word out to someone who maybe has been a hostess at Denny's to think, 'Hey, I can enroll in this cybersecurity program and qualify for a scholarship,'" she said. "That's a wonderful opportunity that I think a lot of people just don't know about. We have a workforce need that someone might not be thinking about."

And that applies to high school students, too. She said the center seeks to bring awareness to the trades as an alternative option to going the traditional four-year university route.

"We have the means to get them into higher wages faster," she said. "They can be in a career in 6 to 24 months and be successful and raise a family and not be making \$10-\$11 an hour. That's the message we really want to get out."

After all, Nevada is the fastest growing state in the U.S., growing by 2.1 percent between July 1, 2017 and July 1, 2018, according to the U.S. Census Bureau. What's more, Northern Nevada is seeing a rapid influx of advanced manufacturing and tech companies move to the Reno area.

Added Santiago: "We've got a lot of companies here and we want to have that workforce here for them."

## HOUSING

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better wages, and that certainly will help."

Recent examples include tech companies rfXcel and Figure that have average salaries at around \$100,000 and \$83,000, respectively, according to previous reports.

Notably, a record number of tech companies (11) and corporate headquarters (15) migrated to Reno-Sparks in 2018, according to EDAWN.

"Now we're attracting companies that are paying more, so they come to the region, can pay a higher rent, which then forces people that used to live in that unit when rent was much lower to find other options," Kazmierski said. "So it's causing a ripple effect where ultimately the last person on the chain is not going to be able to find a place to live. And we're going to continue to see more and more of that if we don't, as a community, aggressively embrace all housing solutions as soon as possible."

Further complicating matters, Kazmierski said the rising rent prices are impacting the area's ability to bring in construction companies to build more housing.

"Brycon (Construction) said they could probably build more housing here, but they don't have a place to house their workers," Kazmierski said. "They've put them in hotel rooms, and in the last two years, rates in the rooms have doubled. So they're less able and willing to bring crews here, which then affects the housing (supply). So it's kind of a vicious cycle."

## NEED FOR DENSITY

Kazmierski and Bonnenfant both said adding density is important to solving

the housing issue. Specifically, they said there needs to be more units built on existing land within the McCarran Boulevard loop that encompasses the heart of Reno-Sparks.

Kazmierski pointed to the fact the region's highest in-migration population group are millennials, who typically rent and are attracted to high-density urban areas like Reno's Midtown.

But building vertical apartment buildings creates its own set of problems for construction companies and future residents. The reason, Bonnenfant said, is due to the rising cost of steel. According to Bloomberg, steel prices surged more than 40 percent in 2018.

"The cost of land, the cost of labor, the cost of materials is so high that rents have to be super high," Bonnenfant said. "It doesn't matter what you build and where, the rent prices and sale prices are high because of that."

Bonnenfant said housing projects like Daybreak, which the Reno City Council denied in late November due to environmental concerns, is an example of an infill development that the region needs.

"You've got a good project that's targeted for the missing middle, and they deny it," Bonnenfant said. "And that's because of the flood issues, of course, but there's still inconsistencies in the policies that the local governments are pursuing."

## AHEAD OF CURVE IN THE SIERRA

The Sierra region of Northern Nevada (Carson City, Douglas, Lyon and Storey counties) is a different story. Rob Hooper, president and CEO of the Northern Nevada Development Authority, said the issue

is "not all that bad" and that "a lot of new developments" are being built.

"Is it a concern? Absolutely," Hooper said. "However, watching all the different developers that are coming in, if they can push through with their projects, we'll stay ahead. I'm not going to say get caught up, but we'll stay ahead of the curve. So far, we've stayed ahead of the curve."

This, Hooper said, is especially important for the new companies setting up shop in the Sierra: "I haven't gotten any employers complaining about inability to place employees right now. We've not had that be an issue with the new companies coming in."

Hooper said his biggest concern is the type of inventory. He noted that the majority of homes and units being built are market rate, but workforce housing is lagging.

"The missing middle, that's the big issue," Hooper said. "Basically, we've got folks that are between 17-18 bucks an hour up to \$80,000 a year where the inventory is really not there."

## A COMMUNITY EFFORT

Back in Reno-Sparks, the Reno Housing Authority told the NNBV that the shortage of affordable housing for people with low incomes is especially severe. The RHA provides affordable rental housing for Nevadans in Reno, Sparks and other neighborhoods in Washoe County through several U.S. Department of Housing and Urban Development-funded programs.

"When there's this much pressure on the housing market, that pressure tends to fall upon the people who can least afford it, the people who are making the least amount of money," said Brent Boynton, community

outreach director at the RHA. "You think about when your rent goes up or mine, it's a big inconvenience. But for the people who are already living in about the cheapest place they can find, they don't really have many options of where they can go when their rent goes up."

Further illustrating the point, Boynton said the RHA currently has approximately 2,000 families on its waiting lists, which periodically close when they get too long (currently the case) in order for the RHA to work through them. He added that there are certain priorities for those on the lists.

"Maybe there's a veteran, maybe there's a victim of domestic violence, or they have disabilities ... there are going to be some people who have a greater need that we allow to essentially get in line ahead of others," he explained. "The only way it seems to fair to everyone who's waiting is to occasionally close (the list) and let everybody in the line move up."

Even for those who do receive Section 8 Housing Choice vouchers are not always guaranteed to find a place to rent. Boynton said the RHA has about 200 such families who've been approved for vouchers but haven't found a place that accepts them.

"More landlords need to be more civic-minded and be willing to accept vouchers, and have reasonable rent," he continued. "It's clear that the federal government is not going to solve our problems for us; we are receiving a little less money from the federal government than we did before our need here became so acute."

"Our whole community needs to face this problem and look for creative solutions."