

We have failed to meet the growing need for housing, especially affordable/workforce housing, and we may be approaching the point of no return. In 2015, I wrote about the increasing demand for new housing. At that time, our median housing price was approaching \$300,000, having more than doubled in just three years. In 2017, I again wrote about the growing crisis and offered some ideas that other communities employ to increase their housing. Unfortunately, we failed to respond. The number of permits pulled (a leading indicator for future housing) declined, from 5,120 in 2017 to 3,446 in 2019 - now under 3,000 in 2020. So why are we in this situation, and how bad is it?

**It's bad, really bad!** Our median home prices are nearly \$500,000, up from \$135,000 in just eight years.

**There is no supply in the market!** You will hear that from any real estate agent. There is no move-up market because people can't afford to move-up; they choose renovations instead. And as soon as something does become available, it turns into a bidding war, usually won by an investor or someone with cash at "well over" asking price. A check of the multiple listing service for Reno-Sparks as of February 15<sup>th</sup> shows just 21 homes listed under \$387,000, the price a household earning \$80,000 a year can afford. The majority of these 21 homes are more than 50 years old, in less attractive neighborhoods, and need serious updates. It is nearly impossible for those earning the Washoe County median wage to find housing that falls within their budget.

**How did we get so far behind in meeting our community's housing needs?** Our supply continues to fall well short of the growing demand. Demand that is increasing in part because of the pandemic and remote workers' ability to live in a community like ours. Housing permits pulled this year are at the lowest level in five years, under 3,000, a fraction of the over 5,000 pre-recession levels. The drop off in permits pulled is likely due to the increasing costs associated with "The Five L's" — labor, lumber, lending, lots, and laws. All but "lending" are up significantly. Brian Bonnenfant, director of the Center for Regional Studies at the University of Nevada, Reno, adds one more "L": litigation. Any delay in a project is costly and adds directly to the cost of the housing. **A one-month delay can increase the price of each house by \$800**, and "for every \$1,000 increase in the price of a house, 251 people are priced out," according to Builders Association of Northern Nevada. The housing crisis includes multifamily housing where rents are skyrocketing, up 50% in just five years.

**It is time to do something.** Unfortunately, not everyone will acknowledge there is a significant problem. We continue to conduct "business as usual" and watch (or even contribute to) this train wreck occurring in slow motion. Our community's vulnerable will be hurt the most: minimum wage citizens, the working poor, our elderly, the retired, and our college students. The housing they are now in will soon be gone. Studies have shown that homelessness has a distinct financial tipping point. As soon as the local rent burden reaches a third of their income, the number of people on the streets rises sharply. The lack of housing will also drive urban sprawl (drive to afford), increasing traffic and pollution.

**We must do more.** Our local governments are making an effort, with initiatives like Reno's 1,000 homes in 120 days effort and modernizing local building codes. But then we delay or oppose housing developments, demand fewer homes, or add unnecessary bells and whistles, which directly increase the homes' price. If this were an earthquake or a flood, we would quickly respond with an outpouring of support and compassion for those in need. Yet, since most of us are not directly affected, we turn a blind eye to this growing disaster. The list of things that work in other communities is long. It includes encouraging density and infill, overwhelming support for housing of all types, and innovative ways to promote and even incentivize affordable housing. This is our community, and this crisis affects us all. Let's work together to address and fix this critical issue!