

2022 Reno Sparks MSA/Fernley Workforce Housing Needs

Executive Summary

Workforce Housing Demand

New construction of nearly 6,000 new residential units is needed in 2022 to house the projected amount of workforce households based on regional employment growth trends. The projected total of 5,988 workforce-housing units needed for 2022 *does not include additional housing demand for new non-workforce households that include retirees, students, and others not in the labor force*. As a comparison, over the last five years, Washoe County added an average of 4,032 residential units per year to the tax rolls.

Between 2014 and 2019, before the economic impact of business closures in March 2020, The Reno MSA added 46,112 employees to payrolls at an average annual growth rate of 4.1%. Between 2020 and 2021, Reno MSA payrolls added 11,433 jobs after 12,942 jobs were lost in 2020. Using these trends, combined with projected job growth in Fernley, the region is expected to add 10,777 jobs in 2022.

Table 1. 2022 Employment Projection for Reno-Sparks MSA/Fernley Region

Reno-Sparks MSA	
2014-2019 Avg Annual Job Growth Rate	4.1%
2022 EMPLOYMENT PROJECTION	263,857
NEW JOBS IN 2022	10,494
City of Fernley	
2014-2019 Avg Annual Job Growth Rate	3.2%
2022 EMPLOYMENT PROJECTION	9,218
NEW JOBS IN 2022	283
TOTAL NEW JOBS IN 2022	10,777

The housing demand of 5,988 new units assumes more than one earner per new household. According to the most recent American Community Survey (2019), 85% of Washoe County households contain at least one worker. After excluding households with no workers, households in Washoe County are estimated to contain 1.8 workers per household (41% of households contain two workers). Applying 1.8 workers per household to the 2022 projection of new jobs (10,777) results in a workforce housing demand of 5,988 units.

Table 2. 2022 Workforce Housing Demand for Reno-Sparks MSA/Fernley Region

Workforce Housing Demand	Reno-Sparks MSA & Fernley
Workers per Household¹	1.80
Projected New Jobs in 2022	10,777
Workforce Housing Unit Demand in 2022	5,988
Housing Unit Demand per New Job	0.56

1. 2019 American Community Survey (Washoe County only)

Reno-Sparks MSA

Workforce Wages

According to the most current wage surveys (2nd quarter 2021), average wages in the Reno MSA range between \$28,824 - \$108,037 per year, depending on industry. For the fastest growing industries in the Reno MSA (Logistics, Manufacturing, and Financial Activities), wages range from \$62,327 to \$98,365 per year, respectively. The average wage for all industries in the Reno MSA is \$61,142 per year.

After adjusting for workforce households with 1.8 workers, the wage ranges significantly increase. To estimate wages of a workforce household, wage for persons in each industry is added to the overall average wage (all industries combined) for 0.8 persons. This average-workers per household adjustment increases the average annual wages to between \$65,509 - \$156,950 per year, depending on the industry. *There is a significant difference between what single-earner and multi-earner households can afford in terms of housing.*

Workforce Housing Costs

Within Washoe County, as of 3rd quarter 2021, the median value of single-family homes exceeds \$525,000 for both new and existing product. Townhome prices range in the low \$300,000s for existing product and the high \$300,000s for new. Average rents range from \$1,500 for apartments and attached product to \$2,500 for single-family homes.

Using traditional home-loan parameters, current home prices and interest rates, housing costs at 30% of income, and including additional owner/renter costs, over \$100,000 in household income is required to qualify for a mortgage to afford a single-family home in the Reno MSA, new or existing. For townhomes and condominiums, the amount of qualifying income decreases to \$75,000 for existing product and \$85,000 for new. Renting attached product/multifamily at current median prices requires \$65,000/\$70,000 in income.

Workforce Housing Affordability

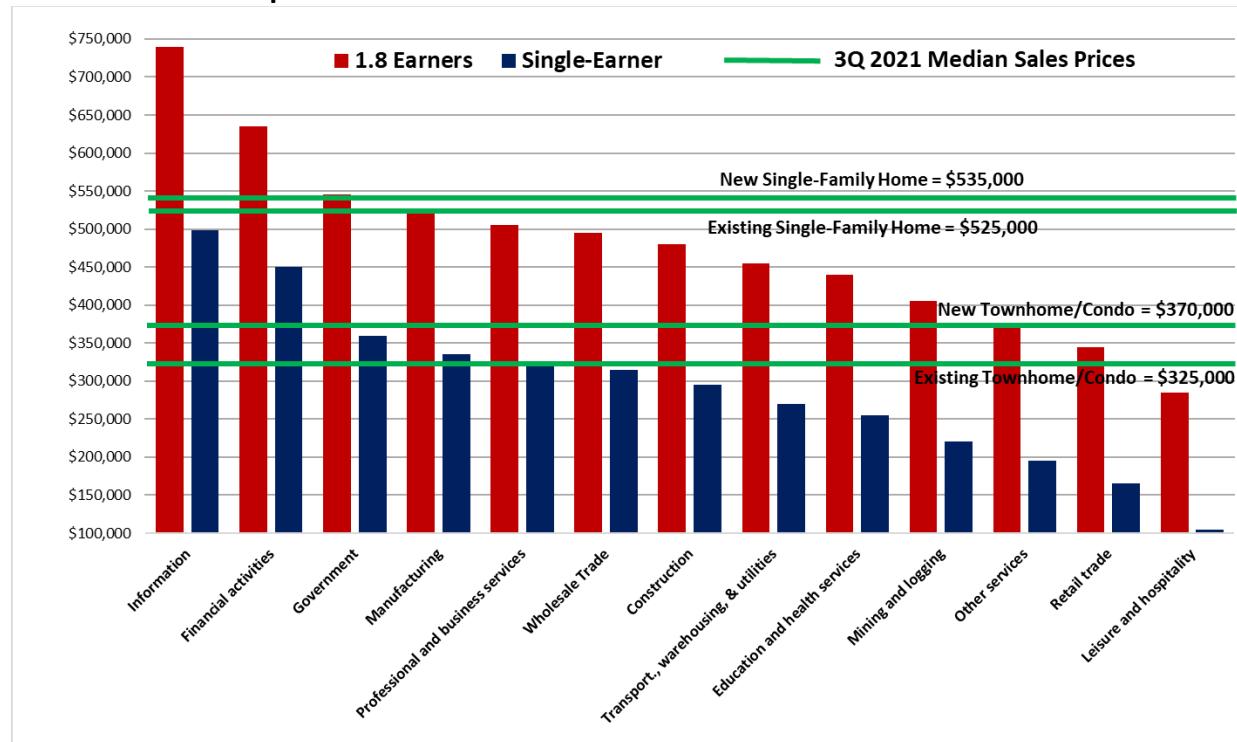
Greater Reno-Sparks serves as the primary housing market for the entire MSA, which includes Tahoe-Reno Industrial Center in Storey County. Depending on industry of employment, single-earner households can afford to purchase a home valued between \$105,000 - \$498,000 in Reno-Sparks. After adjusting household wages with estimated number of workers per household (1.8), the range of affordable home prices increases to \$285,000 - \$740,000, depending on industry of employment.

After aligning current wages by industry with housing costs by type of product, the analysis finds that purchasing a median-priced, single-family home is largely out of reach for single-earners employed in all

Reno MSA industries. For households with 1.8 workers (Reno MSA average), approximately 30% of Reno MSA employees within four industries could afford to purchase a single-family home priced at \$520,000. Only 6% of single-earners can afford a median-priced home at \$635,000.

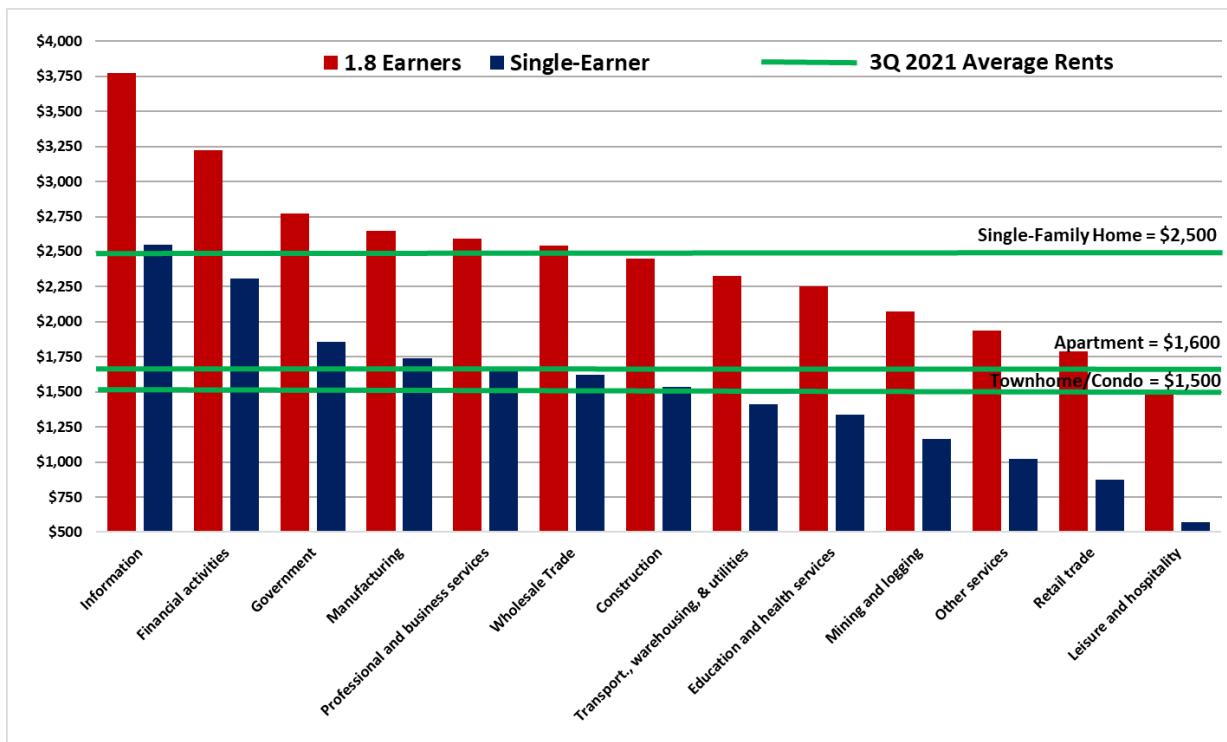
Homeowner affordability increases when analyzing attached, “missing middle” product, which includes townhomes and condominiums. Almost half of single-earners across six industries in the Reno MSA can afford to purchase a \$315,000 unit. *For households with 1.8 workers, almost 90% of Reno MSA employees within 12 out of 13 major industries can afford to purchase an attached home priced at \$345,000.*

Figure 1. Home Price Affordability in the Reno-Sparks MSA by Industry of Employment and Number of Earners per Household



Affordability of rent product for single-earners is the best option, but just slightly. Nearly 55% of single-earners across seven industries in the Reno MSA can afford \$1,535 in monthly rent. The ratio of single-earners that can afford to rent a single-family home at \$2,500 drops to just 1%, however. Affordability of rent product greatly increases when additional earners are added. Reno MSA households with 1.8 earners employed by all industries can afford rent at \$1,485 per month. If a single-family home rental is desired by households with 1.8 earners, almost 55% of Reno MSA’s labor force in seven industries can afford rent at \$2,450.

Figure 2. Rent Affordability in the Reno-Sparks MSA by Industry of Employment and Number of Earners per Household



City of Fernley

Workforce Wages

Second quarter 2021 average wages in Fernley range between \$24,471 and \$117,770 per year, depending on the industry. The average wage for all industries in the Fernley is \$47,734 per year. After adjusting individual wages with average workers per household in Fernley (1.7), workforce wages increase to between \$57,555 and \$150,854 per year, depending on the industry.

Workforce Housing Costs

Within the City of Fernley as of 3rd quarter 2021, single family median home prices exceed \$360,000 for new and existing homes, and average rents for apartments are par with Reno-Sparks (approximately \$1,550 per month). Average rent for single-family homes in Fernley is almost \$2,000. Household income required to purchase or rent a single-family home is approximately \$80,000, and \$68,000 to rent an apartment.

Workforce Housing Affordability

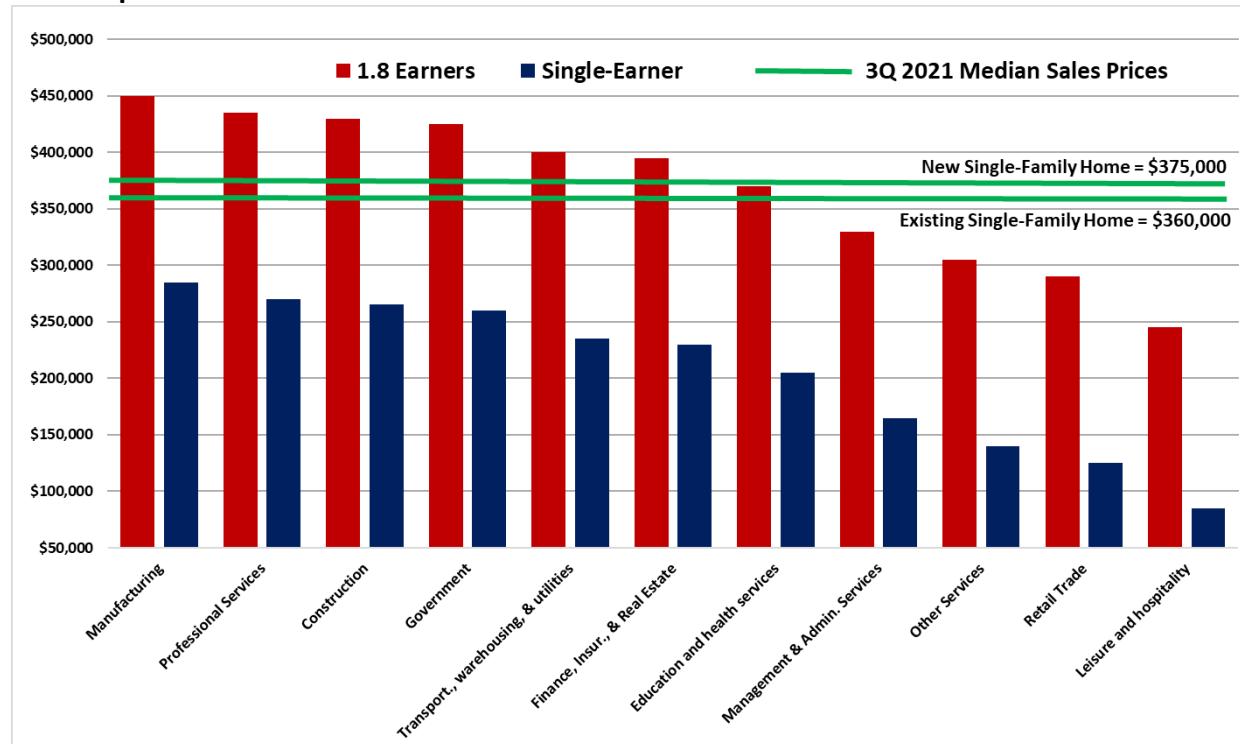
Depending on industry of employment, single-earner households can afford to purchase a home between \$85,000 - \$285,000 in Fernley. After adjusting household wages for estimated number of workers per household (1.7), the range of affordable home prices increases to \$245,000 - \$450,000, depending on industry of employment.

Similar to Reno MSA, purchasing a single-family home is largely out of reach for single-earners employed in all Fernley industries with median home prices exceeding \$325,000 and top wages that can only afford up to \$285,000. For households with 1.7 workers (Fernley average), approximately 60% of

Fernley employees within eight industries can afford to purchase a single-family home priced at \$330,000, and over 40% can afford a \$400,000 home.

There are only 43 attached, single-family homes in Fernley with no recent sales to calculate median sales prices. As Fernley currently expands its economic footprint with industrial development (Victory Logistics District), a balance of residential product will be necessary to house its workforce. A major gap in Fernley's stock of housing is the "missing middle" product, defined as owner-occupied units on less than 0.10 acre lots.

Figure 3. Home Price Affordability in Fernley by Industry of Employment and Number of Earners per Household



Multifamily (apartment) product is also lacking in Fernley, resulting in average rents that are almost equal to Reno-Sparks apartments (\$1,550). As a result, only single-earners employed in manufacturing (24% of total employment) can afford \$1,500 in monthly rent. However, Fernley households with 1.7 earners employed by all industries except Leisure & Hospitality (84% of all jobs) can afford rent at \$1,520 per month.

Figure 4. Rent Affordability in Fernley by Industry of Employment and Number of Earners per Household

