

**COMMUNITY DEVELOPMENT ASSESSMENT
FOR
THE STATE OF NEVADA**

**A GUIDE TO NEVADA'S
COMMUNITY DEVELOPMENT ENVIRONMENT**

COMMUNITY DEVELOPMENT DEPARTMENT
FEDERAL RESERVE BANK OF SAN FRANCISCO

FOREWORD

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The Community Affairs Department of the Federal Reserve Bank of San Francisco has developed a new series of reports for the nine states in the Twelfth District that both detail the demographic, economic, governmental, and institutional underpinnings of each state and provide an analysis of the various community development needs within each state. These reports, which we are calling “Environmental Assessments,” are meant to provide a framework for the array of community development activities that the department undertakes across the District. The hope is that the reports will not only provide a helpful compilation of existing community development needs and resources for each state, but will also allow us to target our time and resources to those areas that both show the greatest need and offer the opportunity for the most meaningful role.

We hope that you will find these Environmental Assessments useful and that the information presented will enhance your understanding of the state of community development in each location.

We look forward to your comments and suggestions.

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TABLE OF CONTENTS

METHODOLOGY 4

CONCLUSIONS 6

COMMUNITY DEVELOPMENT ENVIRONMENT

I. DEMOGRAPHICS 10

II. ECONOMY 14

III. STATE AND LOCAL GOVERNMENT 19

IV. NONPROFITS AND FINANCIAL INSTITUTIONS 22

COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

V. AFFORDABLE HOUSING 25

VI. SMALL BUSINESS 33

VII. POVERTY AND ASSET ACCUMULATION 37

VIII. NATIVE AMERICANS AND IMMIGRANTS 42

METHODOLOGY

In an attempt to provide a framework for performing our own community development work, the Community Affairs Department of the Federal Reserve Bank of San Francisco has produced separate reports entitled “environmental assessments” for each of the nine states which comprise the Federal Reserve’s Twelfth District: Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Washington, and Utah. Each report is divided into two sections: one covering the overall “Community Development Environment” in the state, and the other covering the “Community Development Needs and Resources” in the state. These environmental assessments are intended to bring together available research and information in both of these areas.

Specifically, the chapters in the “Community Development Environment” section cover the demographic, economic, governmental, and institutional underpinnings in each state, providing detail such as each state’s industrial structure, economic outlook, banking system, nonprofit groups, and government departments involved in community development. In the second section, each report delves into four separate areas of “Community Development Needs and Resources:” affordable housing, small business, poverty and asset accumulation, and issues specific to native people and immigrants.

A key resource for both the data and the approach taken in this effort was the *2002 State Asset Development Report Card*, published by an influential research and advocacy organization, CFED (formerly known as the Corporation for Enterprise Development). CFED’s report analyzes a great deal of data on a range of factors affecting asset accumulation and poverty for each state in the nation. The CFED report divides its analysis into separate evaluations of “Asset Outcomes” and “Asset Policies” for each state, producing an overall grade (A, B, C, D, or F) for each. Not only do our reports reference virtually all of the individual rankings which feed into CFED’s two overall grades, but they also follow a somewhat similar approach in dividing each of the community development areas in each state (affordable housing, small business, poverty and asset accumulation, and native people and immigrant issues) between “needs” and “resources” in a manner similar to CFED’s “Asset Outcomes” and “Asset Policies.”

The reports then build on these CFED comparisons by drawing on the considerable resources already produced by a variety of national and local organizations in these subject areas for each state, pulling together their major data, analyses, and conclusions into one single report. The reports were designed by Scott Turner, who managed the project and specifically wrote this Nevada Environmental Assessment. The Nevada Environmental Assessment was also supported by data and material gathering by a former member of the Community Affairs Department’s field staff, Bruce Ito, with additional oversight and editing by Jack Richards. Websites referenced in this report were accessed between September and December of 2004, and we have attempted to provide accurate links to content referenced, although content and/or location may change over time. We should note here that while the Federal Reserve Bank of San Francisco sponsored these environmental assessments, they reflect only the views of the author.

We gratefully acknowledge the community development practitioners in each state who agreed to review drafts of these reports and provide helpful feedback. In addition, we have attempted to ensure there are no errors or omissions in this report, but encourage you to contact us if you believe important changes are warranted. Please contact us by the end of February 2005, and we will be pleased to make appropriate revisions and post an edited version of the reports on our website in March 2005.

CONCLUSIONS

COMMUNITY DEVELOPMENT ENVIRONMENT

1. Demographics

Nevada is the seventh largest state in total area, but only the 35th largest state based on population.¹ However, **Nevada's population is witnessing explosive growth**, with a 12.2% increase between 2000 and 2003 (the strongest growth in the nation) coming on top of a 66.3% increase between 1990 and 2000.² The bulk of the state's population is contained in Clark County (containing Las Vegas), and to a somewhat lesser extent, Washoe County (containing Reno).³ The state's racial and ethnic breakdown follows relatively closely that of the nation, with the exceptions that **the Black/African American population's share is only half that of the nation's**, and **the Hispanic/Latino population's share is almost 60% greater.**⁴

2. Economy

With a small manufacturing base, Nevada's economy is dominated by the service sector, which is responsible for almost one third of the state's economy, as compared to only 23% nationally.⁵ In particular, **the thriving, gaming-driven tourism industry dominates economic activity**, with the leisure and hospitality services sub-sector supplying 28.0% of the jobs in Nevada, compared to only 9.3% in the nation.⁶ **These service jobs tend to pay relatively low wages and limit overall household income levels.** Moreover, while low energy costs and a very low tax burden make the state quite competitive, a severe lack of economic diversity renders the state somewhat vulnerable to a national economic downturn or another tourism-impacting event such as September 11th.⁷ Supported by strong net in-migration, booming construction, and a quick recovery in neighboring California,⁸ **Nevada's economy easily weathered the recent recession and is rebounding strongly, with the state now leading the nation in job creation.**⁹ These same factors should continue to underpin strong economic growth going forward.

3. Governmental and Financial Sectors

Nevada enjoys solid credit ratings.¹⁰ The state's tax structure relies heavily on sales and other taxes that fall heavily on tourists, thereby allowing the state to export a large

¹ Netstate.com, *The Geography of Nevada*: http://www.netstate.com/states/geography/nv_geography.htm

² U.S. Census Bureau, *Statistical Abstract of the United States: 2003*, <http://www.census.gov/statab/www/ranks.html>.

³ U.S. Census Bureau, Census 2000 Data, <http://www.census.gov/main/www/cen2000.html>.

⁴ U.S. Census Bureau, *Nevada Quickfacts*, <http://quickfacts.census.gov/qfd/>.

⁵ Bureau of Economic Analysis, *2001 Gross State Product*, <http://www.bea.doc.gov/bea/regional/data.htm>.

⁶ Economy.com, *Nevada State Profile*, October 2004.

⁷ Ibid.

⁸ Ibid.

⁹ FDIC, *Nevada State Profile*, Fall 2004.

¹⁰ California State Treasurer's Office, Comparison of Other States' General Obligation Bond Ratings, December 2004.

portion of its tax burden. However, this tax system is criticized for its regressive impact on lower-income residents, and its limited nature constrains overall state finances. In the financial sector, there are 52 separately chartered insured depository institutions with combined deposits in the state of \$40.7 billion,¹¹ many of which have aggressively added branches in the state in recent years.¹² These banks are augmented by 29 credit unions.¹³ Finally, the state has four certified Community Development Financial Institutions,¹⁴ which together had \$5.8 million in financing outstanding to their more than 500 mostly low-income customers at the end of FY 2002.¹⁵

COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

1. Affordable Housing

Affordable housing had long been one of the key ingredients driving Nevada's explosive growth, but recent rapid price appreciation has eroded that advantage and in turn has put pressure on the state's supply of affordable rental housing. Overall, despite recent gains, the state still ranks quite low for its homeownership rate. On the rental side, the state ranks only average in its overall rental housing affordability, with recent data showing that more than one fifth of the renters in the state pay more than 50% of their household income on housing.¹⁶ Nevada is specifically lauded by CFED for its housing trust fund and its large devotion of its private-activity bond authority to mortgage revenue bonds,¹⁷ but strong expected growth in the future and increasingly limited land in Clark County only further underscore the importance of affordable housing assistance for the state's low- and moderate-income community.

2. Small Business

Small businesses and entrepreneurs comprise a smaller part of the Nevada economy than in any other state. Specifically, **the state ranks last in the nation in both its level of entrepreneurship and the share of employment in small businesses** (firms with fewer than 10 employees). **Nevada is also ranked relatively low in the level of private finance provided to small businesses.** Finally, the state fails on virtually every CFED measure of small business policy.¹⁸ While the usual array of SBA and other programs is augmented with a few local rural and microenterprise programs, clearly this segment of the state's economy could benefit from additional support.

¹¹ FDIC Deposit Market Share Report: Nevada, June 2004.

¹² Katie Kuehner-Hebert, American Banker, *Nevada Branch Showdown: As Taxes Kick In, Banks Threaten Pullback*, June 16, 2004.

¹³ Nevada Credit Union League, *Credit Union Fact Sheet*, http://www.cuna.org/download/nevada_fs.pdf.

¹⁴ CDFI Fund, U.S. Department of the Treasury, *Certified CDFI's – Alphabetical by State and County*, November 2004.

¹⁵ CDFI Coalition, *CDFIs in Nevada: 2004 Fact Sheet*, <http://www.cdfi.org/states/Nevada2004.pdf>.

¹⁶ U.S. Census Bureau, 2003 American Community Survey Data, <http://www.census.gov/acs/www/>.

¹⁷ CFED, *State Asset Development Report Card (SADRC)*, 2002, pp. 129-133.

¹⁸ *Ibid*, pp. 143-149.

3. Poverty and Asset Accumulation

Nevada enjoys a relatively good ranking for the percentage of its residents who fall below the poverty level. However, the state fares worse on measures of the “near-poor,” with some 37% of its residents falling under the level of 200% of poverty.¹⁹ At the same time, **Nevada has one of the worst personal bankruptcy rates in the nation**, indicating severe financial stress. **The state is ranked near the bottom in the percentage of households with zero or negative net worth**, and CFED gives the state a failing grade in terms of overall asset outcomes.²⁰ At the same time, CFED also gives Nevada a failing grade for its asset policies, citing its lack of any legislation or support for IDA programs as well as an array of other deficiencies in this area.²¹ However, a group of bankers has recently assembled a funding collaborative with the goal of increasing IDA programs in the state.

4. Native Americans and Immigrants

Nevada’s overall population of Native Americans is fairly small, only the 21st highest in the nation, though Native Americans are more significant as a share of the state’s population. This group **has a much higher poverty rate than the state**, lower education levels, and a lower rate of homeownership.²² While an array of federal programs is available, the usage of the primary Native American homeownership program is quite limited, and further assistance to address the needs of the native population is needed. In contrast, **Nevada’s immigrant population is significant, with one of the highest rankings in terms of its share of the total population.** Moreover, **this population has grown quickly**, and while some have found quick success in the Las Vegas economy, overall, **immigrants are poorer and face greater difficulties in housing.**²³

¹⁹ Henry J. Kaiser Family Foundation. *Distribution of Total Population by Federal Poverty Level, State Data 2002-2003, U.S. 2003*, <http://www.statehealthfacts.kff.org>.

²⁰ CFED, *SADRC*, p. 59.

²¹ *Ibid*, pp. 59, 122-169.

²² U.S. Census Bureau, Census 2000 Data.

²³ *Ibid*.

STATE OF NEVADA
SELECTED COMMUNITY DEVELOPMENT INDICATORS

Affordable Housing	Rate	State Rank
Homeownership Rate ²⁴	65.5%	44 th
Rental Affordability Rate ²⁵	--	23 rd
Severely Cost-Burdened Renter Households ²⁶	20.4%	12 th
<i>Small Business</i>		
Small Business Employment Rate ²⁷	8.5%	50 th
Entrepreneurship Rate ²⁸	9.3%	50 th
Level of Private Loans to Small Businesses ²⁹	--	38 th
<i>Poverty and Asset Accumulation</i>		
Poverty Rate ³⁰	9.0%	9 th
Households with Zero Net Worth ³¹	22.0%	48 th
Personal Bankruptcy Rate ³²	23.3	47 th
<i>Native Americans and Immigrants</i>		
Native American Population ³³	1.3%	11 th
Native American Poverty Rate ³⁴	18.7%	--
Foreign-Born Population ³⁵	15.8%	6 th
Foreign-Born Poverty Rate ³⁶	15.1%	--

²⁴ U.S. Census Bureau, *U.S. Statistical Abstract 2003*; represents the percentage of housing units that are occupied by owners, ranked from highest percentage (1st)

²⁵ NLIHC; rank is calculated based on a weighted average of the state's median gross rent, renter market affordability ratio, and percent of severely cost-burdened renters, ranked from most affordable (1st)

²⁶ NLIHC; *Up Against a Wall*, November 2004; represents the percentage of renter households in the state spending more than 50% of their income on rent in 2003, ranked from lowest percentage (1st)

²⁷ U.S. Census Bureau, *County Business Patterns 2001*; represents the share of total state employment attributable to firms with fewer than 10 employees, ranked from highest share (1st)

²⁸ CFED, *SADRC*; represents the percentage of the labor force that owns employer and non-employer firms as of 2000, ranked from highest percentage (1st)

²⁹ Ibid; represents the dollar amount of private business loans under \$1 million per worker, ranked from highest amount (1st)

³⁰ U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2003*; represents the average percent of people living below the federal poverty level during the period from 2001 to 2003, ranked from lowest percentage (1st)

³¹ CFED, *SADRC*; represents the percentage of households with zero or negative net worth, ranked from lowest percentage (1st)

³² American Bankruptcy Institute; represents personal bankruptcy filings in 2003 per thousand households in the state, ranked from fewest filings (1st)

³³ U.S. Census Bureau, *Census 2000*; represents the percentage of the state's population composed of Native Americans and Alaska Natives (only), ranked from highest percentage (1st)

³⁴ Ibid; represents the percentage of Native American/Alaska Native (only) individuals living below the federal poverty level at any time in 1999

³⁵ Ibid; represents the percentage of the state's population composed of foreign-born individuals, ranked from highest percentage (1st)

³⁶ Ibid; represents the percentage of foreign-born individuals living below the federal poverty level at any time in 1999

I. DEMOGRAPHICS

1. Geography

Located just east of California, south of portions of Oregon and Idaho, west of Utah, and northwest of Arizona, Nevada's landscape consists of sandy deserts as well as forest- and snow-covered mountains. The state is almost entirely located within the Great Basin, a desert area that reaches into six states. With a total landmass of 110,567 square miles, **Nevada is the seventh largest state in size.**³⁷ However, a large portion of Nevada's land (including an estimated 89% in Clark County) is owned by the federal government.³⁸



Source: Infoplease.com

³⁷ Netstate.com, *The Geography of Nevada*: http://www.netstate.com/states/geography/nv_geography.htm.

³⁸ United Way of Southern Nevada/Nevada Community Foundation, *Southern Nevada Community Assessment 2003*, September 2003.

2. Population

Nevada's small population of 2,241,154 makes it only the **35th largest state in the country by population.**³⁹ However, the state's population grew at a rate of **66.3% between 1990 and 2000**, and increased **another 12.2% between 2000 and 2003**—the **highest growth rate in the country.**⁴⁰ Nevada's small population and large landmass yield an overall figure of persons per square mile of only 18.2 for the state, compared to 79.6 in the nation.⁴¹

As the table below shows, **Nevada's population is actually extremely concentrated** and urbanized, with **68.8% of the people living in Clark County** in the southern part of the state (containing the City of Las Vegas) and **another 17.0% in Washoe County** in the northern part of the state (containing the City of Reno). Following well behind are only five additional counties with populations of more than 25,000, including the counties of Carson City (which includes the state capital of the same name), Douglas, Elko, Lyon, and Nye Counties. The total population of these five counties represents just 10.3% of the total state population. The remaining ten small counties contain just 3.9% of the state's population.⁴²

By far, the most rapid growth between 1990 and 2000 occurred in **Clark County**, which posted an 85.5% increase, and which **was responsible for about 80% of the state's total population increase over the decade.** As one observer put it, the Las Vegas metropolitan area is "the eye of a population storm that has transformed the American desert from forlorn frontier to chosen land over the last three decades."⁴³ The only other large percentage increases over that period were in Douglas County (49.3%), Lyon County (72.5%), and Pershing County (54.5%), although Pershing County's increase was from a very small base.⁴⁴

1990 and 2000 Population by County

<i>County</i>	<i>1990 Population</i>	<i>2000 Population</i>	<i>% Change</i>
Statewide	1,201,833	1,998,257	66.3%
Churchill	17,938	23,982	33.7%
Clark	741,459	1,375,765	85.5%
Douglas	27,637	41,259	49.3%
Elko	33,530	45,291	35.1%
Esmeralda	1,344	971	-27.8%
Eureka	1,547	1,651	6.7%
Humboldt	12,844	16,106	25.4%
Lander	6,266	5,794	-7.5%
Lincoln	3,775	4,165	10.3%
Lyon	20,001	34,501	72.5%
Mineral	6,475	5,071	-21.7%

³⁹ U.S. Census Bureau, *Statistical Abstract of the United States: 2003*.

⁴⁰ Ibid.

⁴¹ U.S. Census Bureau, *Nevada Quickfacts*.

⁴² U.S. Census Bureau, Census 1990 and 2000 Data.

⁴³ Dean E. Murphy, New York Times, *Desert's Promised Land: Long Odds for Las Vegas Newcomer*, May 30, 2004.

⁴⁴ Ibid.

Nye	17,781	32,485	82.7%
Pershing	4,336	6,693	54.4%
Storey	2,526	3,399	34.6%
Washoe	254,667	339,486	33.3%
White Pine	9,264	9,181	-0.9%
Carson City*	40,443	52,457	29.7%

Source: U.S. Census Bureau, Census 1990 and 2000 Data.

*not a county or within a county

The state is expected to continue its strong rate of growth, with roughly another 800,000 people expected to be added to the Nevada population by the year 2022. Most of this increase is again expected in Clark County.⁴⁵ According to A. Somer Hollingsworth, president of the Nevada Development Authority, “the rule of thumb is that one-third of the people coming here are retirees, one-third come with a job lined up, and one-third are looking for a job.”⁴⁶ In fact, while the age distribution of Nevada residents is roughly the same as for the nation, between 1990 and 2003 the state led the nation in the growth of the over-65 population, with this group nearly doubling in size in the state over this period.⁴⁷

3. Metropolitan Statistical Areas

Nevada gained one new MSA as a result of the 2000 Census, the *Carson City, NV MSA*, containing the County of Carson City. Added to the two existing MSAs, the *Las Vegas-Paradise, NV MSA*, containing Clark County, and the *Reno-Sparks, NV MSA*, containing the counties of Storey and Washoe, Nevada’s new MSA brings the total number of MSAs in the state to three.⁴⁸

4. Race and Ethnicity

As the table on the following page shows, **the population of Nevada is predominately White** (and almost exactly the same share as in the nation as a whole), **with a sizeable population in the category of Black or African American** (though at only about half the rate as the nation). Asians are also well-represented at 4.5% of the total—a rate higher than the nation—and there are also larger percentages in the categories of “some other race” or “two or more races” than the nation. In addition, **19.7% of Nevadans reported themselves of Hispanic or Latino origin** (compared to only 12.5% in the nation).⁴⁹

⁴⁵ Nevada State Business Development Center, *State of Nevada Demographer*.

⁴⁶ Dean E. Murphy, New York Times, *Desert’s Promised Land: Long Odds for Las Vegas Newcomer*, May 30, 2004.

⁴⁷ Los Angeles Times, *Retirees Cite New Adage: ‘Go West, Old Man,’* November 21, 2004.

⁴⁸ White House Office of Management and Budget, *OMB Bulletin 03-04 Attachment: Metropolitan Statistical Areas, Micropolitan Statistical Areas, Combined Statistical Areas, New England City and Town Areas, and Combined New England City and Town Areas -2003*, http://www.whitehouse.gov/omb/bulletins/b03-04_attach.pdf.

⁴⁹ U.S. Census Bureau, *Nevada Quickfacts*.

Race and Ethnicity in Nevada

<i>Race</i>	<i>Number in Nevada Population</i>	<i>% of Nevada Population</i>	<i>% of U.S. Population</i>
White (only)	1,501,886	75.2%	75.1%
Black/African American (only)	135,477	6.8%	12.3%
Asian (only)	90,266	4.5%	3.6%
American Indian/Native Alaskan (only)	26,420	1.3%	0.9%
Native Hawaiian/Pacific Islander (only)	8,426	0.4%	0.1%
Some other race (only)	159,354	8.0%	5.5%
Two or more races	76,428	3.8%	2.4%
Persons of Hispanic or Latino Origin*	393,970	19.7%	12.5%

Source: U.S. Census Bureau, Census 2000 Data

*Persons of Hispanic or Latino Origin may be of any race

5. Educational Attainment

Nevada adults have roughly the same level of achievement in terms of a high school education as the nation, with some 80.7% having a diploma (or equivalent) vs. 80.4% nationally. However, probably reflecting the lower level of job skills necessary for its tourism-dependent economy, Nevadans **have a significantly lower level of college education than the nation** as a whole, with only 18.2% having a bachelor's degree or higher compared to 24.4% nationally.⁵⁰

⁵⁰ Ibid.

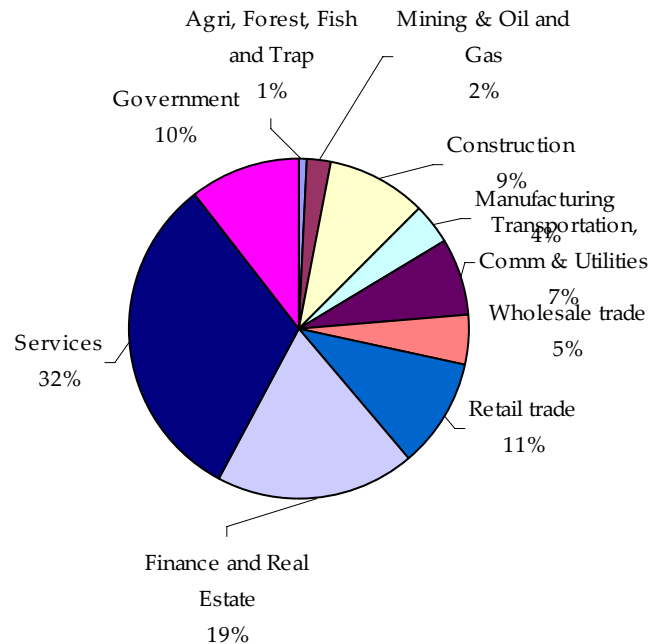
II. ECONOMY

A. ECONOMIC STRUCTURE

1. Major Industries

Gross state product (GSP) is one of the most-frequently used comprehensive measures of an economy. It is defined as the value added in production by the labor and property located in a state, and is derived as the sum of the GSP originating in all industries in the state. The Bureau of Economic Analysis reports gross state product estimates approximately 18 months after the end of each year. Nevada's GSP for 2003, the most recent year available, was \$87.7 billion, ranking the state 32nd in the nation. **The state's per capita GSP** for the same year was \$39,144, 7.6% higher than the U.S. average, which **ranks** the state quite high at **14th in the U.S.** on that measure.⁵¹

Nevada Gross State Product in 2001



The **most significant differences** in Nevada's overall GSP vis-à-vis the nation **are its large construction sector**, which, not surprisingly given the state's explosive growth, contributed 9% of the state economy compared to 5% nationally, **its small manufacturing sector**, which contributes only 4% in the state compared to 14% nationally, **and its large services sector**, contributing almost a third of the state economy

⁵¹ Bureau of Economic Analysis (BEA), *2003 and 2001 Gross State Product*, <http://www.bea.doc.gov/bea/regional/data.htm>.

compared to 23% nationally.⁵² The latter is driven in large part by Nevada's large and thriving gaming business, which brings some 36 million tourists to Las Vegas each year.

In August, taxable gaming revenue on the Las Vegas Strip rose 7% and is set to make 2004 a banner year for Las Vegas. Reno, however, remains under pressure from the rise of Indian casinos in California. Fortunately for Reno, two propositions on the ballot in California in November that would have expanded gaming in the state failed to pass. However, according to Standard and Poor's, during 2003, Native American casino revenues represented 35% of all gaming receipts nationally, a large increase from the 26% share posted in 2000 and, for the first time, exceeding the estimated 24% share of all Nevada casinos.⁵³ As an example of the declining importance of gaming in Reno, employment in that sector currently accounts for about 12% of jobs there, a significant decline from its peak of 25% in the 1970's.⁵⁴

2. Economic Competitiveness and Diversity

Nevada is competitive in a number of ways with other states, most importantly California, from which it is actively and somewhat successfully trying to lure businesses. **Nevada has significantly lower energy costs and a much lower tax burden**, due to its lack of a personal or corporate income tax, as well as the fact that it has no franchise or capital gains taxes. On the other hand, **the state economy lacks diversity**, with Nevada receiving an "industrial diversity score" of only 0.26 (on a scale of 0 to 1, with 1 being most diverse) on Economy.com's industrial diversity index. The state's dependence on tourism and gambling makes it especially vulnerable to shocks such as September 11th, which resulted in a decline in tourism and an estimated 15,000 layoffs immediately following the incident.⁵⁵

3. Labor Force and Employment

As of 2000, Nevada had 1,003,293 residents in its labor force, with more than 99% of those in the civilian labor force and the remainder in the armed services. Men outnumber women in the Nevada labor force, accounting for 55.2% of all workers. As of 1999, median earnings for male full-time, year-round workers were \$35,794 and for female full-time, year-round workers, \$27,029.⁵⁶

As shown below, employment in Nevada differs from the U.S. in several significant ways. The construction sector, which employs 9.2% of the Nevada workforce, employs just 5.2% nationally, and manufacturing, which provides only 4.0% of employment in Nevada, supplies 11.2% of the jobs nationally. Additionally, the education and health services sector employs only 6.9% of the workforce in the state, about half the national level and, at 12.4% compared to 16.6% nationally, the government sector is significantly

⁵² Ibid.

⁵³ FDIC, *Nevada State Profile*, Spring 2004.

⁵⁴ Daniel S. Levine, S.F. Business Times, *California's Casino Jackpot Deals Reno Out*, June 25, 2004.

⁵⁵ United Way of Southern Nevada, <http://www.uwaysn.org/>.

⁵⁶ U.S. Census Bureau, Census 2000 Data.

smaller in the state than across the country.⁵⁷ Most significantly, **the leisure and hospitality services sector supplies more than a quarter of the jobs in Nevada (28.0%), compared to only 9.3% in the nation.**

Industry Employment (% of total employment, 2003)

<i>Sector</i>	<i>% of NV Employment</i>	<i>% of US Employment</i>
Construction	9.2%	5.2%
Manufacturing	4.0%	11.2%
Transport/Utilities	3.8%	3.7%
Wholesale Trade	3.2%	4.3%
Retail Trade	11.0%	11.5%
Information	1.5%	2.5%
Financial Activities	5.4%	6.1%
Professional & Business Services	11.1%	12.3%
Education & Health Services	6.9%	12.8%
Leisure & Hosp. Services	28.0%	9.3%
Other Services	2.8%	4.2%
Government	12.4%	16.6%

Source: Economy.com, *Nevada State Profile*, October 2004.

Four out of five of Nevada's largest employers are hotel/casinos, including the Bellagio Hotel and Casino, Mandalay Bay Resort and Casino, the MGM Grand Hotel, Inc., and the Mirage Casino-Hotel, all of which employ more than 5,000 workers. Nellis Air Force Base rounds out the top five employers, but **15 of the 20 largest employers in the state are hotel/casinos.**⁵⁸

Some argue that the state's heavy reliance on service and retail jobs prevents workers from earning sufficient income, with an estimate that roughly one-third of all Southern Nevadans earn less than a living wage. Overall, only 17.1% of all workers in Nevada are represented by unions.⁵⁹ However, a major union, the Culinary Local 226, deemed one of the most successful union locals for its "spectacular job catapulting thousands of dishwashers, hotel maids, and other unskilled workers into the middle class,"⁶⁰ provides its members with some of the highest wages and guaranteed hours in the nation. More than 90% of the hotel workers on the Las Vegas Strip belong to the union (its membership has tripled from a total of 18,000 in the late 1980's) and one in ten people in all of Las Vegas are covered by its health plan.⁶¹

⁵⁷ Economy.com, *Nevada State Profile*, October 2004.

⁵⁸ Ibid.

⁵⁹ United Way of Southern Nevada.

⁶⁰ Steven Greenhouse, New York Times, *Local 226, 'the Culinary,' Makes Las Vegas the Land of the Living Wage*, June 3, 2004.

⁶¹ Ibid.

B. ECONOMIC PERFORMANCE

1. Historic Economic Performance

Nevada benefited greatly from a national increase in the share of consumption devoted to casino gambling, and hotels, which grew strongly throughout the 1990's. **From 1985 to 2000, real household income in the state grew faster than the U.S. average**, in turn bringing real household income in Nevada from just below 95% of the U.S. average to more than 105% of the national average over the 15-year period.⁶²

2. Recent Economic Performance

Nevada suffered the effects of the recession in 2001 (as well as the negative impact on tourism from September 11th), **but its rebound has been stronger than after its previous economic downturn in 1991**. Specifically, employment had risen in the state by 1.5% 12 months after the economic trough in 2001, compared to just 0.4% growth twelve months after the 1999 trough, with a smaller but still positive differential between the two recessions 24 months out. Several factors were responsible for this better performance, including the boost to construction from low mortgage rates, continued strong net in-migration, and a shallower downturn this time in California. The relative performance of California is important not only because of the state's large role in tourism for Las Vegas and Reno, but also because of Nevada's strong attraction as a low-cost distribution center for businesses wanting to serve the California market.⁶³

However, while the state's overall hotel occupancy, average room rates, gaming revenue, and visitor levels have been improving since 2002, much of this improvement was due to expanding convention business in Las Vegas. The Reno gambling sector, on the other hand, has seen a more sluggish recovery.⁶⁴

Overall, **Nevada continues to lead the nation in job growth**, with a 4.5% increase year-over-year in the second quarter of 2004. Moreover, **the Las Vegas and Reno MSA's ranked first and fourth in job growth among all MSA's nationwide**. Construction helped drive this strong growth, accounting for a quarter of all jobs added in the state, while the professional and business services and retail trade sectors also supported this expansion.⁶⁵ In fact, in October 2004, the state's unemployment rate fell to 3.6%, which is the lowest rate since the current estimating methodology was implemented in 1978, well below the roughly 5% rate of a year previous, and significantly below the 6.6% rate reached in the months following September 11th.⁶⁶

⁶² Economy.com, *Nevada State Profile*, December 2003.

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ FDIC, *Nevada State Profile*, Fall 2004.

⁶⁶ Nevada Job Connect, *Nevada Economy in Brief*, October 2004.

The Las Vegas metropolitan area was also specifically highlighted by the Milken Institute as the second “best performing” city in the U.S. in 2004, in a study that ranks U.S. metro areas based on their ability to create and sustain jobs.⁶⁷ At the same time, Nevada’s rural areas are benefiting from a resurgence in mining resulting from an increase in the price of gold to a 16-year high of more than \$440 an ounce. Virtually every county in the northern half of the state has at least one mine that is being developed, expanded, or reopened.⁶⁸

The healthy business market is also evidenced by strong commercial loan growth rates, with median year-over-year commercial and industrial loan growth for banks open at least three years up by 20% in June 2004. This high growth rate was led primarily by large business loans (those with original amounts over \$1 million).⁶⁹

3. Economic Outlook

The economic outlook for Nevada is quite favorable, with in-migration expected to continue to underpin strong growth. Specifically, the state is expected to add approximately 75,000 new residents in 2005, an increase of 3.2% over the 2004 population.⁷⁰ Downside risks stem from the state’s heavy reliance on tourism, which could be impacted by either the fragility of the national recovery and/or the impact of the recently high oil prices on travel. Longer term, while efforts to draw new businesses to the state have especially supported the professional and business services sector, the state’s lack of diversity leaves it exposed to business cycle fluctuations.⁷¹

⁶⁷ Ross DeVol and Lorna Wallace, Milken Institute, *Best Performing Cities: Where America’s Jobs are Created and Sustained*, November 2004, p.2.

⁶⁸ Nevada Job Connect.

⁶⁹ Ibid.

⁷⁰ Nevada State Demographer’s Office, *Nevada County Population Projections, 2004 to 2024*.

⁷¹ Economy.com, *Nevada State Profile*, October 2004.

III. STATE AND LOCAL GOVERNMENT

A. STRUCTURE

1. State and Local Governments

As of June 2002, Nevada had 210 active local governments, ranking it only 47th among all the states (with “first” meaning the highest number of local governments), significantly below its population ranking of 35th in the country. The state has 16 county governments, each governed by a board of county commissioners, plus the municipality of Carson City, which is not encompassed by a county government. There are also 19 municipal governments, which fall under the following classes: a) first class, for those with more than 50,000 inhabitants; b) second class, for between 5,000 and 50,000; and c) third class, for those under 5,000 (but above the 250 minimum to incorporation). Nevada statutes authorize the creation of a variety of special districts such as airport authorities and water authorities, and there are 158 of these in the state. Finally, each of the 16 counties and Carson City constitute a school district government, and each of these is administered by an elected board of trustees. The board of county commissioners, after voter approval, may levy school taxes, and the district trustees may issue general obligation bonds, also only with voter approval.⁷²

Regional governance is also assisted by entities such as the **Southern Nevada Regional Planning Coalition**, which works toward regional collaboration and planning efforts for Clark County, the cities of Boulder City, Henderson, Las Vegas, and North Las Vegas, and the Clark County School District.⁷³

The Nevada Legislature is biennial. The 2003 Session ran from February 3, 2003 to June 3, 2003, though short Special Sessions were called twice later that month and again in November, 2004. The 2005 Session begins on February 7, 2005.

2. Educational System

Each county (plus Carson City) is also a school district in Nevada, and these districts have a combined student population of 376,000 elementary and secondary students.⁷⁴ There are also 20 charter schools in Nevada, which combined serve 4,500 students.⁷⁵ Given the explosive growth in Southern Nevada, the Clark County School District is the fastest-growing school district in the country. The district hired more than 2,000 teachers in 2003, with another 1,600 more in the pipeline as of summer 2004, with some 70% of these new recruits coming from out of state. Another great challenge is that 35% of the county’s students move away before the school year ends, with the rate as high as 75%

⁷² U.S. Census Bureau, 2002 Census of Governments, *Preliminary Profile of Nevada*.

⁷³ Southern Nevada Regional Planning Council, <http://www.snrpc.org>.

⁷⁴ Nevada Job Connect, *Nevada Economy in Brief*, September 2004.

⁷⁵ U.S. Charter Schools, *State by State Numbers*, <http://www.uscharterschools.org/cs/sp/query/q/1595>.

for some schools.⁷⁶ Finally, of people aged 16 to 19 in Nevada, 10% are high-school drop-outs, meaning they are not enrolled in school and have not graduated from high school.⁷⁷

The University and Community College System of Nevada (UCCSN) operates a range of institutions of higher education, including community colleges, a state college, and most importantly, the University of Nevada, Las Vegas, and the University of Nevada, Reno. UCCSN has a current headcount of 93,000 and is the third fastest growing system in the country. Moreover, Nevada's number of high school graduates is growing at the fastest rate of any state.⁷⁸

B. GOVERNMENT FINANCES

According to a 2002 report from the Governor's Task Force on Tax Policy in Nevada, **the state derives the overwhelming majority of its tax receipts from various sales and gross receipts taxes**, which contribute 86% of total own-source revenue, **more than double the national average**. The other states make up the difference through a personal income tax, which is absent in Nevada. **Much of Nevada's tax burden is exported**, with an estimated 50% or more of its general fund collections coming from gaming, casino entertainment tax, and visitor contributions to sales tax collections. In fiscal year 1999-2000, Nevada generated \$5,700 per capita in total state revenues, placing it 44th among the 50 states. Nevada also ranks low in total state spending per capita at 47th in the country.⁷⁹

The state's tax policies have their critics. A study by "Governing Magazine" said **the state's "regressive and dysfunctional" tax system put it behind every other state in revenue generation, fairness to taxpayers and overall fiscal management**.⁸⁰ Another study described Nevada's tax system as the "most regressive in the nation," with the top 1% of the population paying only 1.8% of their income in taxes and the bottom 20% paying 8.9% of their income in taxes.⁸¹ Heavy dependence on sales tax revenue also specifically creates vulnerabilities such as the budget cuts forced after September 11th.

In part because of the impact of September 11th on state revenues, the State Legislature passed a revenue package that is expected to generate in excess of \$800 million in new revenue for the 2005-2007 Executive Budget, with three-quarters of this revenue deriving from new sources such as the modified business and live entertainment taxes.⁸² Despite

⁷⁶ Patricia Leigh Brown, New York Times, *New Teachers, New Pupils, and Schools with Revolving Doors*, May 31, 2004.

⁷⁷ Nevada Job Connect.

⁷⁸ University and Community College System of Nevada, *Headcount Enrollment Growth*, 2003, <http://system.nevada.edu/News/Publicatio/2003-Repor/Headcount-Enrollment.pdf>.

⁷⁹ Governor's Task Force on Tax Policy in Nevada, *Analysis of Fiscal Policy in Nevada*, Section 5: A State-to-State Comparison, November 15, 2002, pp. 4, 9 & 14.

⁸⁰ United Way of Southern Nevada.

⁸¹ Progressive Leadership Alliance of Nevada, *PLAN's Two Plus Two Proposal*, 2002, <http://www.planevada.org/edu0402.htm>.

⁸² Office of the Governor, State of Nevada, <http://gov.state.nv.us/>.

these issues, the **state enjoys solid credit ratings of Aa2 and AA** from Moody's and Standard and Poor's, respectively.⁸³

C. MAJOR GOVERNMENT AGENCIES INVOLVED IN COMMUNITY DEVELOPMENT

The Department of Business and Industry is a very large state agency charged with encouraging and promoting the “growth, development and lawful operation of business and industry” in Nevada. To undertake its work, the Department utilizes 12 regulatory and licensing agencies (e.g., the Insurance Division and the Real Estate Division) and four business and specialized service agencies (e.g., Business Finance and Planning and the Housing Division). Included in the Department's activities and programs are bond issuance, regulatory actions, and the enforcement of consumer protection and labor relation laws. Within the Department is **the Housing Division**, which is charged with assisting the private sector and other government agencies in the creation and maintenance of affordable housing in the state.⁸⁴

The Nevada Commission on Economic Development seeks to bring high-wage primary jobs to Nevada by both attracting new companies and expanding companies already in the state. The Commission is headed by an executive director appointed by the governor and works through a network of Development Authorities such as the Elko County Economic Diversification Authority and the Nevada Development Authority.⁸⁵ Of these, **the Nevada Development Authority** is Southern Nevada's largest economic development agency. The nonprofit organization attempts to attract new companies and assist local companies in expansion projects and is supported primarily by its membership.⁸⁶

The Rural Community Assistance Corporation is a nonprofit organization dedicated to improving rural communities through partnerships, technical assistance, and access to other resources.⁸⁷

⁸³ California State Treasurer's Office.

⁸⁴ Department of Business and Industry, State of Nevada, <http://budget.state.nv.us/fr04/fr04bi.htm>.

⁸⁵ Ibid.

⁸⁶ Nevada Development Authority, <http://www.nevadadevelopment.org/objectives.cfm>.

⁸⁷ Rural Community Assistance Corporation, <http://www.rcac.org/corpinfo/annualreport/states/nevada.html>.

IV. NONPROFITS AND FINANCIAL INSTITUTIONS

A. NONPROFITS

In a study of Nevada nonprofits based on IRS filings (generally required for nonprofits with minimum revenue of \$25,000), **327 nonprofits, or 38% of the total nonprofits which filed, were human service providers.** Of these, 80% were in Las Vegas or Reno, and client and user fees were their most important source of income (31%), followed by private philanthropy (26%) and government support (21%). Seventy percent of these human service nonprofits posted positive net income, with older organizations (those that have been in existence 10 to 20 years), more likely to be financially healthy.⁸⁸

On the philanthropy funding side, a scan in 2003 found that approximately 60 funders—both foundations and corporate giving programs—“form the backbone” of philanthropic funding in the state. These institutions have collective assets of more than \$2.5 billion and typically grant in the range of almost \$300 million annually. **Almost 90% of these funders report placing a priority on youth and education, although 59% provide funding for a range of community needs.**⁸⁹

The state ranks quite low on various measures of charitable giving. For example, *the Chronicle of Philanthropy* reported that Las Vegas was tied for fifth-least generous city in the nation. The United Way of America ranked Nevada 45th in its *State of Caring* index in 2000 (a decline from 39th in 1990). Finally, the state is ranked 40th in *the Catalogue of Philanthropy's “Generosity Index,”* and 50th in a 1999 survey by the New Tithing group.⁹⁰

B. FINANCIAL INSTITUTIONS

CFED measures two aspects of bank access: the percentage of households with non-interest bearing checking accounts, and the percentage of households with interest-bearing checking, savings, or money market accounts. For checking accounts, Nevada ranks highly at 14th; for savings accounts, it ranks low at 38th.⁹¹

As of June 2004, Nevada was served by 52 FDIC-insured banks and thrifts, which together held \$40.7 billion in deposits in the state.⁹² More than half of the deposits were controlled by three banks: Bank of America, Wells Fargo, and Citibank.⁹³

⁸⁸ Carol J. De Vita and Eric C. Twombly, The Center for Nonprofits and Philanthropy, The Urban Institute, *A Comparison of the Nonprofit Sectors in Arkansas, Nevada, and Oklahoma*, 2002, http://www.urban.org/UploadedPDF/410581_ReynoldsFR.pdf.

⁸⁹ United Way of Southern Nevada/Nevada Community Foundation, Southern Nevada Community Assessment 2003, *Southern Nevada Funders Scan*, July 2003, p. 75.

⁹⁰ United Way of Southern Nevada, p.76.

⁹¹ CFED, *SADRC*, pp. 114 -115.

⁹² FDIC, *Deposit Market Share Report: Nevada*, June 2004.

⁹³ *Ibid.*

Of these 52 institutions, 36 institutions were headquartered in the state as of June 2004, an increase of only four since 2000. The majority of banks headquartered in the state are state banks that are not members of the Federal Reserve System. Similarly, 24 of the 36 banks are relatively new, having been in the state less than nine years. The combined assets of these institutions totals \$53.4 billion, a 45% increase over 2000. In addition, 25 of the 36 banks headquartered in the state are based in the Las Vegas, NV MSA, seven are based in the Reno MSA, and four are based outside of Nevada's MSAs.⁹⁴

Nevada has also recently emerged as a “hotbed” of branching, with a net gain of 32 branches between June 2000 and June 2003, a higher percentage increase than in all but one other state. However, some banks are said to be scaling back plans for further branching as a result of the imposition of a tax of 2% on banks' payrolls (compared to 0.75% for other businesses) as well as a \$7,000 excise tax on each branch, by far the highest in the country.⁹⁵

One source of competition for Nevada's banks and thrifts is the 29 credit unions in the state, which together control 6.2% of the state's combined credit union/bank assets, roughly the same share as for the nation.⁹⁶

C. CDFI's

Nevada has five organizations that have been certified by the Community Development Financial Institutions Fund (CDFI Fund) as of November 2004: **the Nevada Microenterprise Development Corporation** in Reno, **the Pahrnagat Valley Federal Credit Union** in Alamo, **the Rural Nevada Development Corporation** in Ely, **Valley Credit Association** in Owyhee, and **the Rural Community Assistance Corporation** in Reno.⁹⁷ The state is also served by **the Idaho Nevada Community Development Financial Institution** based in neighboring Idaho.⁹⁸ Nevada CDFIs serve both urban and rural markets in the state, and as of fiscal year 2002, had over \$5.8 million in financing outstanding to over 500 customers, two thirds of whom are low-income.⁹⁹

Certification as a CDFI also enables entities to apply for various awards from the CDFI Fund. Recent awardees in Nevada include the following:

- **Nevada Commerce Bank** received an \$11,000 BEA award in 2002 to support a CDFI, City First Bank of D.C., N.A.; and

⁹⁴ FDIC, *Nevada State Profile*, Fall 2004.

⁹⁵ Katie Kuehner-Hebert, American Banker, *Nevada Branch Showdown: As Taxes Kick In, Banks Threaten Pullback*, June 16, 2004.

⁹⁶ Nevada Credit Union League, *Credit Union Fact Sheet*, http://www.cuna.org/download/nevada_fs.pdf.

⁹⁷ CDFI Fund, U.S. Department of the Treasury, *Certified CDFI's – Alphabetical by State and County*, November 2004.

⁹⁸ CDFI Fund, website: cdfifund.org, search for Nevada.

⁹⁹ CDFI Coalition, *CDFIs in Nevada: 2004 Fact Sheet*, <http://www.cdfi.org/states/Nevada2004.pdf>.

- **Nevada Microenterprise Development Corporation** received a \$175,000 SECA award in 2001 to assist the organization in its entrepreneurial training and microenterprise technical assistance.¹⁰⁰

¹⁰⁰ CDFI Fund, *Awardee Profiles by State - Nevada*,
<http://www.cdfifund.gov/awardees/pdf/states/nevada.pdf>.

V. AFFORDABLE HOUSING

Affordable housing had long been one of the key ingredients driving Nevada's explosive growth, but recent rapid price appreciation has eroded that advantage and in turn put pressure on the state's supply of affordable rental housing. Overall, despite recent large increases in homeownership, **the state still ranks quite low at 44th in the nation for its 65.5% homeownership rate.** More favorable is the state's top ranking in terms of the differential in homeownership rates by gender, indicating relatively good homeownership opportunities for women. **On the rental side, the state ranks about in the middle of the nation in terms of overall affordability,** though recent data shows that just over one fifth of the renters in the state pay more than 50% of their household income on housing.

Nevada implements all of the usual HUD and other federal housing programs, and is specifically lauded by CFED for having its own trust fund and for its large devotion of its private-activity bond authority to mortgage revenue bonds. However, **strong expected growth in the future and increasingly limited land in Clark County will only further underscore the importance of affordable housing assistance for the state's low- and moderate-income community.**

A. AFFORDABLE HOUSING NEEDS

1. Overall Housing Market

Nevada has a total of 936,000 housing units, of which 10.9% were vacant as of 2003. The majority, 60%, were in single-unit structures, although one third were in multi-unit structures and 8% were in mobile homes. Nearly half (44%) of the state's total housing stock has been built since 1990.¹⁰¹

Of Nevada's occupied housing units, 62% were owner occupied and 38% were occupied by renters. The median monthly housing cost for mortgaged owners was \$1,279, for nonmortgaged owners, \$332, and for renters, \$771. Finally, 37% of owners with mortgages, 13% of owners without mortgages, and **47% of renters spent more than 30% of their household income on housing.**¹⁰² Clark County, home to 649,000 housing units, or almost 70% of state's total housing stock, had fewer mobile homes (only 5% of the county's total stock) and a slightly higher proportion of renters than the state (40% vs. 38%).¹⁰³

The median value for owner-occupied housing units in Nevada in 2003 was \$170,333, only 15.6% higher than the national median. **However, though historically quite inexpensive, house prices in the state have increased 23% over the past four quarters compared to a 9% increase nationally.**¹⁰⁴ Office of Federal Housing Enterprise Oversight (OFHEA) data indicates that the Las Vegas and Reno MSAs posted

¹⁰¹ U.S. Census Bureau, 2003 American Community Survey Data.

¹⁰² Ibid.

¹⁰³ Ibid.

¹⁰⁴ Economy.com, *Nevada State Profile*, October 2004.

25% and 20% year-over-year growth rates in the second quarter of 2004, respectively, in their existing single-family home median sales prices, compared to only 9% nationally. These price increases are occurring despite the fact that residential construction is booming, with Nevada issuing 19 new residential building permits per thousand residents in 2003, a faster rate than anywhere else in the nation, and three times the U.S. average.¹⁰⁵ Clark County officials describe the emergence of a real affordable housing crisis, saying that virtually all the available land—especially big tracks—has now been sold. As another observer put it, for more than three decades, Las Vegas and its suburbs have been a housing bargain, but now houses here cost roughly the same as in Chicago, Denver, or Baltimore.¹⁰⁶

On the rental side, **the rapid population gains, only moderate construction activity, and some conversion of rental apartments to condominiums have led to a sizeable tightening of the Las Vegas market, and a decrease in the vacancy rates** to as low as 5% for Class A properties and from 5% to 7% for older buildings.¹⁰⁷

2. National Low Income Housing Coalition's Analyses of Rental Housing Affordability

The National Low Income Housing Coalition (NLIHC) has for several years produced a report entitled *Out of Reach* that analyzes the country's wage-rent disparity. Specifically, the NLIHC calculates the amount of money a household must earn in order to afford a rental unit of a range of sizes at the area's Fair Market Rent (FMR), based on the generally-accepted limit of paying no more than 30% of income for housing costs. The required income is then compared to the Area Median Income (AMI), the minimum wage, and the incomes of extremely low income households (less than 30% of AMI).¹⁰⁸

In Nevada, the "housing wage" is \$16.92, which is the amount a full time (40 hours per week) worker must earn in order to afford a two-bedroom unit at the area's FMR. This is more than triple the state's minimum wage of \$5.15 per hour. Put differently, based on the FMR, a minimum wage worker must work 131 hours per week in order to afford a two-bedroom unit in Nevada.¹⁰⁹ Comparing the FMR to wages in Nevada, in 2003 an estimated **46% of renters were unable to afford the two bedroom FMR**. Moreover, this situation is even worse in **Las Vegas, where 49% of the renter households were unable to afford the two bedroom FMR in 2003**¹¹⁰

In addition, in 2004, the NLIHC released a report entitled *Up Against a Wall: Housing Affordability for Renters*, analyzing rental-housing related data from the 2003 American Community Survey. Using an index that takes into account the state's median gross rent,

¹⁰⁵ FDIC, *Nevada State Profile*, Fall 2004.

¹⁰⁶ Dean E. Murphy, *As for the Myth of Unlimited Cheap Housing, the Mortgage Has Come Due*, New York Times, May 29, 2004.

¹⁰⁷ U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *U.S. Housing Market Conditions, 2nd Quarter 2004*, August 2004.

¹⁰⁸ National Low Income Housing Coalition, *Out of Reach 2004*, 2004, <http://nlihc.org/oor2004/>.

¹⁰⁹ NLIHC, *Out of Reach 2004*.

¹¹⁰ NLIHC, *Out of Reach 2003*.

a ratio of rental costs to incomes, and the percentage of renter households in the state spending more than 50% of income on rent, **the NLIHC ranked Nevada roughly in the middle of the nation, at 23rd best, in terms of the affordability of its rental housing.** Looking at the individual measures, Nevada's median gross rent in 2003 was \$771, ranking the state as the eighth-most expensive state, but its renter affordability ratio rank was lower, at 19th-least affordable. And, slightly more than one fifth of renters in the state spend more than 50% of their income on rent, ranking the state 12th best in the country on that measure.¹¹¹

3. Homeownership Statistics

Nevada ranks poorly, at 44th in the nation, on its rate of homeownership, which was 65.5% in 2002.¹¹² However, the state's current rate is a large increase of almost five percentage points since 2000, when it was only 60.9%.¹¹³ In breaking down the homeownership data to look for major differences by category of people, Nevada's CFED rankings put the state solidly in the middle in terms of comparative homeownership rates by either income or race, with rankings of 29th and 23rd respectively. However, **Nevada ranks first in the nation in exhibiting the least differential in the nation** between the homeownership rates of male-headed vs. female-headed households.¹¹⁴

4. Various Local Government Estimates of Affordable Housing Need

a. Clark County

In 1998, the Clark County Affordable Housing Committee employed the Center for Business and Economic Research, (CBER) at the University of Nevada, Las Vegas to prepare a set of projections of housing needs based on estimates of future growth in Las Vegas. The report was authored by Keith Schwer, and while based on 1990 Census data, contains 'worst case' affordable housing needs forecasts, which have proven to date to be conservative according to County officials. The primary conclusions of the study were that some 80,000 southern Nevada households with incomes less than 80% of area median faced a housing-cost burden in 1996 (defined as housing costs in excess of 30% of gross income). With expected future growth, **this "affordable housing gap" could grow to some 128,000 households by 2010.** Moreover, the report listed a host of both positive and negative factors influencing affordable housing in Clark County, with **"pro-growth attitude," "large parcels of land available in core urban areas," and a "strong housing market"** topping the list on the positive side, and **"NIMBY," "cost of land in high growth areas of the Las Vegas Valley," and "expiration of Section 8 contracts" on the negative side.**¹¹⁵

¹¹¹ NLIHC, *Up Against A Wall: Housing Affordability for Renters*, Ranking Tables, 2003 ACS Renter Affordability Measures, November 2004, <http://nlihc.org/pubs/uaw04/newrankingtables.pdf>.

¹¹² U.S. Census Bureau, *Statistical Abstract of the United States: 2003*.

¹¹³ U.S. Census Bureau, Census 2000 Data.

¹¹⁴ CFED, *SADRC*, pp. 93-97.

¹¹⁵ R. Keith Schwer, PhD, Director, Center for Business and Economic Research (CBER), University of Nevada, Las Vegas, *Affordable Housing Needs in Clark County, 1996-2010*, June 1, 1998, pp. vi, xii, 75.

As part of its application process for various housing and community development programs, HUD requires localities to submit five-year plans, with the most recent plans covering the years 2000-2004. In the Clark County Consortium's Consolidated Plan for this period (covering the entire County except the City of Henderson), the primary conclusions were that:

- elderly renter households are the most cost burdened, with 53% paying more than 30% of their incomes in rent;
- over 18,000 renter households in the area were living in overcrowded conditions;
- there were 26,000 persons with special needs and a supply of only 7,603 units designed to meet them; and
- over 4,000 families were on waiting lists for public or Section 8 housing.¹¹⁶

More recent estimates by Clark County officials show that **17% of all renters in the county have a cost burden of 50% or more**, meaning that **almost 35,000 renter households** in the County are "severely cost burdened." Moreover, about two-thirds (21,600 households) of all extremely low-income renter households are severely cost-burdened.¹¹⁷

For the City of Henderson, although the city's median household income was 19% higher than the Las Vegas MSA median, it has several low-income concentrations, with over 1,000 households on the public housing waiting list.¹¹⁸

b. Washoe County

In the Consolidated Plan for the Cities of Reno and Sparks and Washoe County, it was estimated that over 43,000 households in Washoe County had one or more housing problems, with a need for total housing assistance for: 9,122 extremely low-income households; 10,261 low-income households; 12,996 moderate-income households; and 3,974 middle-income households.¹¹⁹

c. Non-Entitlement Areas

Finally, the Consolidated Plan detailing the community development and housing needs of non-entitled (for CDBG) jurisdictions in Nevada, which includes fifteen counties and eleven rural incorporated cities, was prepared by the Nevada Commission on Economic Development, Rural Community Development (RCD), working closely with the Nevada Rural Housing Authority, the Western Nevada HOME Consortium, and several other

¹¹⁶ Clark County Community Resources Management Division, Housing and Community Development *Consolidated Plan 2000-2004*, 2000.

¹¹⁷ Statistics supplied by Kristin Cooper, Senior Planner, Clark County Community Resources, November 9, 2004.

¹¹⁸ City of Henderson, *City of Henderson Consolidated Plan, 2000-2004*, 2000.

¹¹⁹ City of Reno, City of Sparks, and Washoe County, *Consolidated Plan 2000-2005*, March 24, 2000.

agencies. In this report, the RCD projected a demand by low- and moderate-income households for about 9,000 new housing units.¹²⁰

B. AFFORDABLE HOUSING RESOURCES

1. CFED's Affordable Homeownership Program Rankings

Nevada fares well in CFED's analysis of its programs to assist affordable housing. For example, **Nevada ranks fifth in the nation in its allocation of private-activity bonds to mortgage revenue bonds.** Nevada also gets credit for **having a state housing trust fund** as well as for having a property tax circuit breaker for elderly owners and renters. However, Nevada utilizes only one of six possible first-time homebuyer assistance programs.¹²¹

2. Federally-Funded Affordable Housing Programs

a. Public Housing and Section 8

There are five separate housing authorities that manage public housing and Section 8 programs for their jurisdictions. **The Housing Authority of the County of Clark** manages 960 public housing units, as well as 391 units in other programs and 573 mobile home park spaces, and also manages the Section 8 Choice Voucher Program.¹²² **The Las Vegas Housing Authority** manages 2,077 public housing units as well as 4,161 Section 8 vouchers. **The Housing Authority of the City of Reno** manages 764 units of public housing and provides direct rental assistance to over 2,500 families.¹²³ **The Housing Authority of the City of North Las Vegas** manages two apartment complexes in that city as well as the Section 8 program.¹²⁴ Finally, **the Nevada Rural Housing Authority** serves all areas of Nevada except Clark County and Washoe County, has seven facilities with a total of 246 units, and also provides about 1,200 units through its Section 8 certificate and voucher program.¹²⁵

b. HUD Programs

Like all states, the State of Nevada and the specific entitlement communities apply for and receive a variety of federal funds for housing. In addition to CDBG funds, **the specific housing funds provided through HUD include the HOME program, the ESG program, and the HOPWA program.** For fiscal year 2002, the following formula allocations for these programs were made to various jurisdictions in the state:

- Clark County: \$4.1 million in HOME funds and \$165,000 in ESG;

¹²⁰ Nevada Commission on Economic Development, Rural Community Development, *Consolidated Plan 2000-2005*, 2000.

¹²¹ CFED, *SADRC*, pp. 129-133.

¹²² Housing Authority of the County of Clark, <http://www.haccnv.org>.

¹²³ Housing Authority of the City of Reno, <http://www.renoha.org>.

¹²⁴ Housing Authority of the City of North Las Vegas, <http://www.nlvha.com>.

¹²⁵ State of Nevada Consolidated Plan.

- Las Vegas: \$144,000 in ESG and \$891,000 in HOPWA;
- CNSRT-Lyon County: \$519,000 in HOME funds; and
- Reno: \$1.4 million in HOME funds.

The **U.S. Department of Agriculture Rural Development (USDA-RD)** also offers a number of affordable housing programs in Nevada focused on rural areas, including loans, grants, and loan guarantees.¹²⁶

c. **Low Income Housing Tax Credit Program**

Like all states, Nevada benefits from federal Low Income Housing Tax Credits (LIHTC) and **utilized \$4.8 million in 9% credits for thirteen projects in 2004.**¹²⁷ However, like most other states, the funding requests exceeded the available credits (in Nevada's case, by some \$600,000).¹²⁸ In the application process, the 71% set-aside for Clark County was the most competitive jurisdiction.¹²⁹ In 2005, Nevada's LIHTC authority is projected to be \$4.7 million, including the return of one 2004 credit.¹³⁰

3. **State-Funded Affordable Housing Programs**

The Nevada Department of Business and Industry's **Nevada Housing Division (NHD)** was created by the Nevada Legislature in 1975 and given the responsibility for affordable housing for the low- and moderate-income community. Its **primary function is to provide low-market interest rate mortgage capital through the sale of tax-exempt bonds.** The NHD had awarded \$153 million in bond financing to six housing projects in 2004 as of late in the year. An estimated \$240 million is expected in 2005 private-activity tax-exempt bond authority for the state, of which only some \$90 to \$100 million is likely to be reserved for housing, according to a state official, as **increasing land costs are precluding marginal deals.** Specifically, land sold by the federal Bureau of Land Management has almost quadrupled in price, from \$64,000 per acre almost three years ago to \$254,000 per acre recently.¹³¹

The NHD also administers the HOME program for jurisdictions outside of Clark County, the City of Reno, and the various counties covered by the Western Nevada Development District, and develops the annual Tax Credit Allocation Plan for the LIHTC program.¹³²

Finally, as mentioned above in the CFED section, Nevada has also created a **Trust Fund** called the **Account for Low-Income Housing.** The Trust Fund monies are allocated by

¹²⁶ U.S. Department of Agriculture (USDA) – Rural Development, Rural Development Nevada, newsletter, April 2003.

¹²⁷ Affordable Housing Finance, *Tax Credits and Tax-Exempt Bonds: State-by-State Preview*, December 2004.

¹²⁸ Nevada Department of Business and Industry Housing Division, *NHD Reporter*, Spring 2004.

¹²⁹ *Tax Credits & Tax-Exempt Bonds: State by State Preview*, Affordable Housing Finance, December 2004.

¹³⁰ Ibid.

¹³¹ Ibid.

¹³² Nevada Housing Division, <http://www.nvhousing.state.nv.us>.

formula to participating jurisdictions to expand and improve the supply of affordable rental housing through both new construction and rehabilitation. Funds may also be used for down payment assistance and homeowner rehabilitation as well as emergency assistance for families in danger of becoming homeless. The Trust Fund is supported by a real property transfer tax of ten cents for each \$500 of value, and all funds must benefit those below 60% of the area median income.¹³³

4. Other Resources

In the area of housing and down payment assistance, which includes services such as homebuyer education and pre-purchase counseling, HUD lists the following organizations as resources:

- Economic Opportunity Board of Clark County;
- Habitat for Humanity Las Vegas;
- North Las Vegas Neighborhood Housing Services (Home Programs);
- Women's Development Center;
- Living Word AMEZ;
- Consumer Credit Counseling Service of Southern Nevada; and
- Community Development Program Center of Nevada.

The **Federal Home Loan Bank of San Francisco (FHLB)** also contributes to affordable housing in Nevada through several programs, including its **Access to Housing and Economic Assistance for Development Program (AHEAD), Community Investment Program (CIP), and Affordable Housing Program (AHP)**.¹³⁴

The AHEAD Program provides grants to support economic development and housing projects during the conception and early development stages. The new recoverable grant program will fund projects that provide housing, services, or other benefits to low- to moderate-income households, that result in the creation or retention of jobs in the community, or that facilitate public or private infrastructure projects. Lists of recent grant recipients are at http://www.fhlbsf.com/ci/grant/ahead/gp_recipients.asp.¹³⁵

The CIP provides FHLB members with lower-cost funding for a variety of uses, including first-time homebuyer programs, small business loans, community and economic development loans, and affordable housing. CIP is designed to support FHLB members' efforts to undertake community-oriented mortgage lending and economic development in the communities they serve.¹³⁶

The AHP provides competitive grants and subsidized loans to create affordable rental and homeownership opportunities. The Bank holds AHP funding competitions twice a year,

¹³³ Ibid.

¹³⁴ The Federal Home Loan Bank of San Francisco (FHLBSF), *Community Investment*, <http://www.fhlbsf.com/ci/default.asp>.

¹³⁵ Ibid.

¹³⁶ Ibid.

with deadlines in April and October. Grants are often used to fill a gap in available financing. AHP funds may also be used to provide downpayment or closing cost assistance or to cover the cost of homebuyer pre- or post-purchase counseling. Lists of recent grant recipients are at <http://www.fhlbsf.com/ci/grant/ahp/grantrecipients.asp>.¹³⁷

¹³⁷ Ibid.

VI. SMALL BUSINESS

Small businesses and entrepreneurs comprise a smaller part of the Nevada economy than in any other state, with the state ranking last in the nation in both its level of entrepreneurship and the share of employment in small businesses (firms with less than ten employees). Nevada is also ranked quite low, at 38th in the nation, in the level of private finance provided to small businesses. **The state also fails on virtually every CFED measure of small business policy.** On the other hand, Nevada ranks highly in a ranking of states based on how “entrepreneur-friendly” their policy environments are. Nevertheless, while the usual array of SBA and other programs is augmented with a few local rural and microenterprise programs, this segment of the state’s economy could benefit from additional support.

A. SMALL BUSINESS NEEDS

1. General Background

In Nevada, 72.4% of the 40,744 employer firms in the state had fewer than ten employees, and **these small businesses provided just 8.5% jobs in the state**, significantly less than the nation, where the contribution is 10.7%, and **ranking the state last in the nation in terms of this measure of small business.**¹³⁸

Overall in 2003, the state had the highest rate of increase in employer firm formations in the country (20.6%) as well as the highest rate of firm terminations (18.9%).¹³⁹ Between 2001 and 2002, the state also had the highest rate of increase in the nation of non-employer firms, with a 7.4% increase compared to only 3.9% nationally.¹⁴⁰ Finally, business bankruptcies also declined 30.5% in 2003, the lowest rate of increase in the country, after posting increases the previous two years.¹⁴¹

2. CFED’s Entrepreneurship Data from their Asset Development Report Card

Nevada ranks last in the nation in its entrepreneurship rate, with only 9.3% of its labor force owning firms (compared to about 20% in top-rated Montana). Not surprisingly, **the level of lending to small businesses is also low in Nevada, with a ranking of 38th in the country.** Breaking the data down by race and gender reveals some interesting differences. Minority entrepreneurship is above average in Nevada, with a ranking for the state of **19th in the nation** in terms of **the relative share of minority business ownership**; however, Nevada’s ranking for the average ownership value for minority-owned businesses is only 38th, indicating a small size for such firms. By gender, Nevada also ranks low **at 40th** in terms of its **women’s business ownership**

¹³⁸ U.S. Census Bureau, *Statistics of U.S. Businesses (SUSB)*, 2000.

¹³⁹ SBA, *Small Business Economic Indicators for 2003*, August 2004, <http://www.sba.gov/advo/stats/sbei03.pdf>, pp. 15 & 17.

¹⁴⁰ U.S. Census Bureau, press release, *Number of Small Businesses Continues to Grow: Nevada and Georgia Lead the Way*, November 30, 2004, http://www.census.gov/Press-Release/www/releases/archives/economic_surveys/003102.

¹⁴¹ SBA, *Small Business Economic Indicators for 2003*.

rate; however, in this case, the value of women-owned firms is high, with Nevada **ranking third** in the country in the average sales and receipts for female-owned firms.¹⁴²

3. CFED's Data from their Development Report Card for the States

CFED's other report that ranks the 50 states, the *Development Report Card for the States 2004*, examines each state's Performance, Business Vitality, and Development Capacity. While not explicitly focused on small business, this report does provide insight into the health and vitality of the overall business sector in the state. **Nevada received mixed grades on these measures.** Specifically, Nevada's grade in the area of Performance, which focuses on such things as employment and equity in income (where Nevada did well), and quality of life (where Nevada did not do well), improved to a "B" this year. However, in Business Vitality, the state received a grade of "D," primarily reflecting the lack of economic diversity, and Nevada's Development Capacity grade was an "F," primarily reflecting failing scores in "natural capital" (e.g., the costs of energy and urban housing) and "innovation assets" (e.g., higher education levels).¹⁴³

4. Progressive Policy Institute's 2002 State New Economy Index

Another report, the *2002 State New Economy Index* released by the Progressive Policy Institute, attempts to use a relatively new set of economic indicators to measure the transformation of a state from a traditional manufacturing economy to a newly emerging economy based on ideas, innovation and technology. The index is composed of 17 economic indicators summarized under five primary categories: Knowledge Jobs, Globalization, Economic Dynamism and Competition, the Transformation to a Digital Economy, and Technological Innovation Capacity. In the Progressive Policy Institute's index, **Nevada ranks only 32nd, reflecting low scores in the share of professional and tech jobs in the state economy, low levels of educational attainment, and low internet penetration of manufacturing.**¹⁴⁴

5. Small Business Survival Index

Each year, the Small Business & Entrepreneurship Council publishes its *Small Business Survival Index*, which ranks each state on its policy environment for entrepreneurship. In the most recent report, released in October 2004, **Nevada ranked at the top among the states, judged to have the second-most entrepreneur-friendly policy environment.** On individual categories provided in the appendices to the report, Nevada's rankings were as follows:¹⁴⁵

- Top personal income tax rate: tied for best
- Top capital gains tax rate: tied for best

¹⁴² CFED, *SADRC*, pp. 107-112.

¹⁴³ CFED, *2004 Development Report Card for the States*, <http://drc.cfed.org/grades/nevada.html>.

¹⁴⁴ Robert Atkinson, Progressive Policy Institute, *The 2002 State New Economy Index*, June 2002, <http://www.neweconomyindex.org/states/2002/>.

¹⁴⁵ Small Business & Entrepreneurship Council, *Small Business Survival Index 2004*, http://www.sbsc.org/Media/pdf/SBSI_2004.pdf.

- Top corporate income tax rate: tied for best
- Property tax as a share of personal income: 15th best
- Sales, gross receipts, and excise tax: 3rd worst
- Adjusted unemployment tax rate: 14th worst
- Per capita health care spending: 4th best
- Electric utility costs: 11th worst
- Workers compensation premiums: 9th worst
- Crime rate: 16th worst
- Number of state and local government employees: best in the country
- State gas tax: 18th worst

6. **Idaho-Nevada CDFI Study**

According to a study undertaken by the Idaho-Nevada CDFI, adequate financing for the small business sector will continue to be the biggest economic policy challenge in the coming decade. Specifically, they estimate a demand for small business lending in the state of 12,000 loans totaling \$500-600 million.¹⁴⁶

B. **SMALL BUSINESS RESOURCES**

1. **CFED's Small Business Development Policy Rankings**

Nevada fails on virtually every CFED measure of small business policy, including: a) a low score of 39th in the nation in SBIC funding; b) no capital access program; c) no microenterprise policy; d) no state CDFI program; e) no self-employment option for unemployment insurance; and f) no employee ownership legislation.¹⁴⁷

2. **The Commission on Economic Development**

The Commission on Economic Development seeks to bring high-wage primary jobs to Nevada by both attracting new companies and by expanding companies already in the state. For example, in recent trade shows the Commission has targeted medical manufacturing, electronics, and plastics. The Commission also supports the **Small Business Innovative Research Program (SBIR)** which brings together business, academia, and government to support research & development and education.¹⁴⁸

3. **U.S. Small Business Administration**

The SBA district office in Las Vegas aids, counsels, and assists small businesses in the five "territories" of the state. Like elsewhere in the country, the SBA helps small businesses obtain loans to start, operate, and expand operations, working through participating lenders in the state, utilizing programs such as the basic 7(a) loan guaranty,

¹⁴⁶ Information supplied by Chuck Prince, Idaho-Nevada CDFI, December 2004.

¹⁴⁷ CFED, *SADRC*, pp. 143-149.

¹⁴⁸ Nevada Commission on Economic Development, <http://www.expand2nevada.com>.

the 504 loan program, and the 7(m) loan program. The SBA also offers a Business Information Center adjacent to the office.¹⁴⁹

4. **The Nevada Small Business Development Center (NSBDC) Network**

The Nevada Small Business Development Center operates a network of facilities providing services, expertise, and training in starting, growing, and developing a business. They have 12 locations throughout the state, and work in partnership with several federal and state agencies and local universities.¹⁵⁰

5. **SCORE**

The Service Corps of Retired Executives (SCORE), with offices in both Las Vegas and Reno, provides free counseling service for new small businesses and individuals interested in starting new businesses.¹⁵¹

6. **Other Resources**

The Community Business Resource Center (CBRC), based in Carson City, serves as a comprehensive source of information on business-related services for existing and potential businesses in rural Nevada. The CBRC also collaborates with several non-profit organizations that make small loans to small businesses and projects, and this collaborative has funded over 70 loans in a wide array of businesses in rural Nevada (including its own administration of the CDBG Nevada Revolving Loan Fund).¹⁵²

Another source of small business assistance is **the Nevada Microenterprise Initiative (NMI)**, but referred to as the Nevada Microenterprise Development Corporation in the CDFI section of Chapter IV), which operates out of three locations: Las Vegas, Reno, and Carson City. NMI makes small loans itself, or works with banks and other community lenders to participate in multiparty financing up to \$105,000.¹⁵³

While not aimed at small business specifically, some other business resources in Nevada include the **Dandini Research Park**, which is a multidisciplinary research facility that promotes university-industry partnerships, the **Las Vegas Technology Center**, dedicated to high-tech, and back-office industries and services, and **the Nevada Innovation Center**, designed to assist entrepreneurs with business planning and marketing.¹⁵⁴

¹⁴⁹ SBA, *Business Information Center*, Nevada District Office.

¹⁵⁰ Nevada Small Business Development Center, <http://www.nsbdc.org/about/>.

¹⁵¹ SCORE, <http://www.score.org/findscore/localinks.html>.

¹⁵² Community Business Resource Center, <http://www.cbrc.org/resourcesearch.asp>.

¹⁵³ Nevada Microenterprise Initiative, <http://www.4microbiz.org/about/faqs.asp>.

¹⁵⁴ Ibid.

VII. POVERTY AND ASSET ACCUMULATION

With a poverty rate of only 9.0%, **Nevada is tied for ninth best (lowest) in the nation** in the percentage of its **residents who fall below the poverty level**. However, the state **fares worse on measures of the “near-poor,”** with some 37% of its residents falling under the level of 200% of poverty. At the same time, Nevada has the **fourth-worst personal bankruptcy rate** in the nation, indicating severe financial stress for many residents. The state is ranked close to worst in the percentage of households with zero net worth, and **CFED gives the state a grade of “F” for overall asset outcomes**. At the same time, **CFED also gives Nevada a failing grade for its asset policies**, citing its lack of any legislation or support for IDA programs as well as an array of other deficiencies in this area. The state’s fledgling IDA programs will provide important assistance to the few Nevadans they reach.

A. POVERTY AND ASSET ACCUMULATION NEEDS

1. Poverty Statistics

Using a three-year average for 2001-2003, **Nevada’s poverty rate is 9.0%**, well below the national figure of 12.1%, and the state **is tied for having the ninth lowest percentage of residents at or below the poverty level in the U.S.**¹⁵⁵ However, some 410,000 Nevada residents, or **18.3%** (using a three year average for 2001-2003) **of Nevada residents lack health insurance**, compared to 15.1% nationally, and ranking the state **sixth worst in the nation** on this measure.¹⁵⁶

Breaking down the 2000 Census data on poverty by age, 19% of Nevada children 18 and under were in poverty (compared to 23% nationally), 12% of adults 19-64 were in poverty (compared to 15% nationally), and 12% of the elderly (65 and older) were in poverty (compared to 14% nationally).¹⁵⁷

If low-income individuals are defined as those living below 200% of the Federal Poverty Level (FPL), estimates by the Urban Institute and Kaiser Commission on Medicaid and the Uninsured suggest that a **total of 37% of Nevada’s population would have qualified as low income** during 2002-2003.¹⁵⁸

¹⁵⁵ U.S. Census Bureau, *Income, Poverty, and Health Insurance Coverage in the United States: 2003*, pp. 23, 25, 68-69.

¹⁵⁶ Ibid.

¹⁵⁷ The Henry J. Kaiser Family Foundation, State Health Facts Online.

¹⁵⁸ Henry J. Kaiser Family Foundation. *Distribution of Total Population by Federal Poverty Level, State Data 2002-2003, U.S. 2003*, <http://www.statehealthfacts.kff.org>.

2. Personal Bankruptcy

At 23.3 personal bankruptcy filings per thousand households for the year ending in March, 2003, **Nevada has the fourth highest bankruptcy rate in the nation.**¹⁵⁹ At the same time, the state's quarterly foreclosure start rate declined to an average of 0.44%, only slightly above the national average of 0.42%.¹⁶⁰

3. CFED Asset Outcome Ranking

a. **CFED's Net Worth and Asset Poverty Statistics**

In CFED's *State Asset Development Report Card*, **Nevada received a grade of "F" for overall asset policy outcomes**, reflecting not only the low levels of business capital discussed previously, but very low scores in areas of asset poverty as well. Specifically on the latter, the CFED ranking for overall net worth for Nevadans is not bad, with the state ranking relatively average at 23rd best, but **Nevada fares worse on a measure of "asset poverty,"** the percentage of the population without sufficient net worth to subsist at the poverty level for three months without other support, **ranking 16th worst on this measure.** Moreover, with **22% of Nevada residents having zero (or negative) net worth, the state is ranked at the bottom, at 48th (third worst) in the nation, on this measure.**¹⁶¹

b. **CFED's Human Capital and Insurance-Related Statistics**

Nevada's rankings are also quite low in the areas of human capital, which CFED also considers in its overall asset outcomes grade. The state ranks extremely low, at 45th, in terms of the percentage of children in poverty who are served by a Head Start program. Its rankings for reading and math proficiency for fourth graders are low at 35th and 32nd. Additionally, its ranking in terms of the percentage of the population with an associate's degree is also low, at 37th, as is its ranking in the percentage of households heads with at least four years of college of 36th. However, Nevada does exhibit more equality when comparing the differences in college attainment by race, income and gender, with rankings of 20th, 20th, and 14th, respectively.¹⁶²

CFED also examines **several rankings on health insurance coverage** to augment its overall asset outcomes rankings in order to factor in the protection provided by such policies to loss or depletion of household assets from large medical costs. Again, **Nevada ranks poorly in these measures.** The state is 34th in the nation in terms of the percentage of the non-elderly population covered by employer-based health plans, 44th in the percentage of low-income parents living without health insurance, and 49th in the

¹⁵⁹ American Bankruptcy Institute, *Households Per Filing, Rank During the 12 Month Period Ended March 31, 2004*, <http://www.abiworld.org/statcharts/HouseRank.htm>.

¹⁶⁰ FDIC, *Nevada State Profile*, Summer 2004.

¹⁶¹ CFED, *SADRC*, pp. 85-91.

¹⁶² *Ibid*, pp. 99-105.

percentage of low-income children living without health insurance (with first being the best).¹⁶³

4. The Asset Development Institute’s Asset Index

In September 2002, the Asset Development Institute at Brandeis University published a report entitled *The Asset Index: Measuring The Progress Of States In Promoting Economic Security And Opportunity*. The report presents state-by-state data on individual outcomes for job-based and related income assets, human capital, and financial assets. These outcomes are the primary indicators of the economic security people have and the opportunity they enjoy. For each of these three categories, the report presents a cluster of indicators that point to important related asset-based outcomes and provides the numerical outcome for residents on each indicator as well as a national rank on each indicator (for all indicators, 1st is “best” and 50th is “worst”).

For Nevada, the research indicates that the state ranks among the top 10 best states for none of the 39 measured indicators, but ranks among the worst 10 states on 19 of the indicators—almost half of the total. The state’s worst rankings are in the areas of housing insecurity, post-secondary education, and various measures of financial asset inequality. The study’s authors conclude that Nevada residents “have had very much less success in accumulating financial assets, much less in building human capital, and mixed success in acquiring job-based and related income assets.”¹⁶⁴

B. POVERTY AND ASSET ACCUMULATION RESOURCES

1. State Income Support Programs

Nevada’s income support system is its Temporary Assistance for Needy Families (TANF) program, created as a result of the elimination of the federal AFDC program in 1996, and administered by the Nevada Department of Human Resources’ Welfare Division. The state’s TANF caseload began increasing with the onset of the national recession in 2001, and ultimately peaked at about 35,000 recipients in May 2002—almost double the originally-budgeted caseload. State officials have managed to drive the caseload down, but as of early 2004, this caseload was still some 29% higher than its pre-September 11th levels.¹⁶⁵

Critics of Nevada’s TANF program say that the state has not increased its TANF maximum monthly cash stipend for needy adults and their children since 1992, and that in 2001, the state ranked 42nd in the nation in combined federal and state TANF spending on cash assistance for low-income families with children.¹⁶⁶

¹⁶³ Ibid, pp. 117-119.

¹⁶⁴ The Asset Development Institute, *The Asset Index: Measuring The Progress Of States In Promoting Economic Security And Opportunity*, September 2002, <http://www.centeronhunger.org/pdf/ASSETINDEX.pdf>.

¹⁶⁵ Nevada State Welfare Division, *Caseload Projections, State Fiscal Years 2004 and 2005*.

¹⁶⁶ United Way of Southern Nevada.

2. CFED's Asset Policy Rankings

CFED gives Nevada **an overall grade for asset policies of “F”**. A few positive policies are highlighted by CFED, such as the affordable homeownership policies mentioned earlier. However, in most other policy areas—including human capital, wage protection, and IDA policies (discussed below)—the state ranks poorly compared to the rest of the nation.¹⁶⁷

a. IDA Policy

Nevada is criticized for not having a state IDA program or appropriating any state funds to support IDA's, as well as for not incorporating IDA's into the state TANF plan.¹⁶⁸

b. Other CFED Financial Asset Building Policy Rankings

Lacking a state income tax, Nevada has no income tax policies to criticize, but the state is cited for lacking a minimum wage higher than the federal level, similar to several other western states. Also weighing down Nevada's overall grade are several features of its TANF policies, including its asset limits and exclusion of the value of vehicles.¹⁶⁹

c. CFED's Human Capital Development Policy Rankings

Nevada fails to provide any supplementary funds for Head Start and lacks a state-funded pre-kindergarten program or a college savings plan. The state has a ranking of 31st in its need-based financial aid for undergraduates, and is **ranked very low** at 42nd in its **K-12 education expenditures** and even lower at 43rd for its **funding for customized job training**. The only bright spot in human capital policies is in its **school spending equalization**—a measurement of the amount needed to achieve equity for pupils below the median compared to the amount actually spent—where it **enjoys a top ranking of second in the nation**.¹⁷⁰

d. CFED's Wage Protection Policy Rankings

Nevada's rankings on wage protection policies are strangely mixed. The state **ranks first in the percentage of employees covered by workers' compensation**, but then **ranks last in the level of workers' compensation benefits**. Its ranking on unemployment insurance benefits is right in the middle at 27th, and the state receives some credit for having a couple of reforms in its unemployment insurance and family leave policies.¹⁷¹

¹⁶⁷ CFED, *SADRC*, p. 59.

¹⁶⁸ *Ibid.*, p. 122.

¹⁶⁹ *Ibid.*, pp. 124-127.

¹⁷⁰ *Ibid.*, pp. 135-141.

¹⁷¹ *Ibid.*, pp. 154-160.

e. CFED’s Health Insurance Policy Rankings

Nevada’s health insurance policy rankings are generally below average. The state is criticized for providing only 12 months of transitional medical assistance, but ranks 18th best in the eligibility level for publicly-provided health insurance. However, the lack of an expansion of Medicaid for low-income adults without children, and the lack of additional funds for small business health care coverage negatively impact the state’s grade.¹⁷²

f. CFED’s Property Protection Policy

Finally, CFED finds two property protection policies absent in Nevada: a) anti-predatory lending legislation; and b) a state disclosure requirement for property insurers to guard against redlining.¹⁷³

3. IDA Programs

CFED’s website lists only one active IDA program, operated by the **Community Services Agency and Development Corporation (CSADC)**, based in Reno. The organization is reported to have two active IDA programs, serving 133 active accountholders, with six accounts closed to date with a successful asset purchase.¹⁷⁴ However, other IDA providers in the state include Consumer Credit Counseling Services (described below) and the Nevada Fair Housing Center.

In 2004, a group of CRA officers from Nevada banks formed **the Nevada IDA Collaborative** in order to solicit and pool funds and then distribute them through an RFP process to existing and potential IDA providers in the state. The collaborative partnered with the Nevada Community Foundation to administer the funds. To date, the Collaborative has raised more than \$60,000 from 18 institutions and recently awarded most of those funds to the following organizations: Richard Allen Community Outreach, Inc., Community Services Agency and Development Corporation, Consumer Credit Counseling Services, and Yerington Paiute Tribal Housing Authority.¹⁷⁵

4. Consumer Credit Counseling of Southern and Northern Nevada

To help address Nevada’s serious consumer credit and bankruptcy standing, Consumer Credit Counseling, with offices in both Las Vegas and Reno, offers free financial consumer credit counseling and education in the areas of cash management counseling and debt management planning. CCC is also a HUD-certified counseling agency and provides information to renters, owners, and first-time homebuyers.¹⁷⁶

¹⁷² Ibid, pp. 162-165.

¹⁷³ Ibid, pp. 167-169.

¹⁷⁴ CFED IDA Network, <http://www.idanetwork.cfed.org>.

¹⁷⁵ Information provided via email from the Nevada Community Foundation, December 2004.

¹⁷⁶ Consumer Credit Counseling Services, <http://www.cccsnevada.org>.

VIII. NATIVE AMERICANS AND IMMIGRANTS

Nevada's overall population of Native Americans is fairly small, only the 21st highest in the nation, though as a share of the state's population, the state has a higher ranking of 11th. This group **has a much higher poverty rate** than the state's overall poverty rate (15.1% vs. 9.0%), **lower education levels**, and **a lower rate of homeownership**. While an array of federal programs is available, the usage of the primary homeownership program is quite limited, and further assistance to address the needs of the Native population would be welcome.

In contrast, Nevada's immigrant population is significant, with the 15.8% share that this foreign-born population comprises giving the state a ranking of **sixth highest in the nation**. Moreover, this population has grown rapidly, and while some have found quick success in the Las Vegas economy, overall **immigrants are poorer and face greater difficulties in housing**.

A. NATIVE AMERICAN NEEDS

1. Statistics on Native Americans

Nevada ranks only 21st in the nation in total Native American/Alaska Native population, with a total of 26,420 as of 2000.¹⁷⁷ However, Native Americans make up 1.3% of the state's population, ranking the state as **11th in the nation in terms of the percentage contribution**.¹⁷⁸

Compared to the overall Nevada population, Nevada's Native Americans **have a higher poverty rate of 15.1%** (compared to 9.0% for all Nevadans), **have lower education levels** (only 75.2% with a high school education or higher, and only 8.6% with a bachelor's degree or higher compared to 80.7% and 18.2%, respectively, for the state as a whole), and **have a lower rate of homeownership** (55.1% compared to 60.9% for the state in 2000).¹⁷⁹

B. NATIVE AMERICAN RESOURCES

The federal government provides many more services specifically targeted towards the Native American community than does the state. The Bureau of Indian Affairs maintains a comprehensive list, and most major domestically-oriented federal agencies offer specialized programs.

¹⁷⁷ U.S. Census Bureau, Census 2000 Data.

¹⁷⁸ Ibid.

¹⁷⁹ Ibid.

1. **Department of Health and Human Services**

Under 1996's welfare reform law, federally recognized Indian tribes, or consortia of such tribes, were granted authority to operate their own Temporary Assistance for Needy Families (TANF) programs. The final tribal TANF regulations hold tribes accountable for moving families to self-sufficiency while encouraging and supporting flexibility and innovation.

The Indian Health Service serves Nevada tribes from its office in Phoenix. All members of federally recognized Indian tribes and their descendants are eligible for services provided by the Indian Health Service (IHS). IHS operates a comprehensive health service delivery system for 1.6 million of the nation's estimated 2.6 million American Indians and Alaska Natives. Its annual appropriation is approximately \$3.5 billion. The IHS strives for maximum tribal involvement in meeting the needs of its service population.

2. **Department of Housing and Urban Development**

Several Nevada tribes are active participants in HUD's Section 184 Indian Housing Loan Guarantee program, which provides loan guarantees for home ownership, property rehabilitation, and new construction opportunities for eligible tribes, and Native Americans seeking to own a home on their native lands. HUD lists three Nevada tribes as eligible participants as of October 2004, and three participating lenders as of November 2004. As of year end 2004, Nevada had only three Section 184 loans.¹⁸⁰ In addition to the Native eDGE program, HUD also hosts an interagency news site, *Code Talk*, designed specifically to deliver electronic information from government agencies and other organizations to Native American communities.¹⁸¹

3. **Department of Labor**

The Department of Labor offers culturally-sensitive job training and employment programs through its Office of Indian and Native American Programs.¹⁸²

4. **U.S. Small Business Administration**

The task of the Office of Native Affairs is to improve awareness of SBA programs and the access of AIAN entrepreneurs to the business services offered by the SBA.¹⁸³

¹⁸⁰ HUD Office of Native American Programs, *Section 184 Loans Across the Nation*, http://www.codetalk.fed.us/OLG_184_stats.htm.

¹⁸¹ U.S. Department of Housing and Urban Development, Office of Native American Programs, *Codetalk*, <http://www.codetalk.fed.us/>.

¹⁸² U.S. Department of Labor, *Division of Indian and Native American Programs*, <http://www.doleta.gov/DINAP/>.

¹⁸³ SBA, *Office of Native American Affairs*, <http://www.sba.gov/naa/>.

5. U.S. Department of Agriculture

The USDA American Indian Council (AIC) is an employee organization, formed to give a voice to the American Indian and Alaska Native community and culture within the US Department of Agriculture. The AIC seeks to support the USDA Secretary's diversity initiatives and works to promote cultural awareness among USDA employees. The USDA also provides a Guide to Programs for American Indians and Alaska Natives¹⁸⁴ which catalogues seven major types of assistance available to these communities: environment, agriculture, rural development, nutrition, food safety, economic research, and marketing.¹⁸⁵

6. USDA-Rural Development

All of the USDA-Rural Development's resources can be used on reservations and for Native American homeowners, homebuyers, and entrepreneurs.¹⁸⁶

7. Inter-Tribal Council of Nevada

The Inter-Tribal Council of Nevada, incorporated in 1966, serves its member reservations and colonies in Nevada as a political body and plays a major role in promoting health, education, social, and economic programs, including the management of certain government programs such as Head Start and Native American Workforce programs.¹⁸⁷

C. IMMIGRANT NEEDS

1. Immigrant Totals

According to the 2000 Census, **15.8% of Nevada's population is foreign born**, or roughly 104,828 of its residents. This **ranks the state sixth in the nation in the share of foreign born**, and is well above the national percentage of 11.1%.¹⁸⁸

This foreign born population **doubled between 1990 and 2000**, compared to a 57.4% increase in the nation during the same time period, and its share in the population increased to the 15.8% level from only 8.7% in 1990. A total of 36.9% of the foreign born population are naturalized citizens, and 44.0% entered the country between 1990 and 2000 (both similar percentage to the nation).¹⁸⁹

¹⁸⁴ USDA.

¹⁸⁵ USDA, *USDA American Indian Council*, <http://www.usda.gov/da/employ/AICHomePage.htm>.

¹⁸⁶ USDA Rural Development, www.rurdev.usda.gov.

¹⁸⁷ Inter Tribal Council of Nevada, <http://itcn.org>.

¹⁸⁸ U.S. Census Bureau, Census 2000 Data.

¹⁸⁹ Ibid.

2. Origin and Language Skills of Immigrants

Of Nevada's total immigrant population, **61.4% were from Latin America**, 22.9% were from Asia, and 10.2% were from Europe. The top three countries of origin were Mexico (48.6%), the Philippines (9.9%), and El Salvador (3.8%). In language skills, **85% of Nevada immigrants speak a language other than English at home**, and of these, 23.8% speak English "not well," and 11.3% "not at all" (similar to the comparable national figures, which are 22.9% and 12.2%).¹⁹⁰ This language barrier is evident in local areas within Nevada; for example, Hispanics specifically account for 30% of Clark County's total students, but 87% of their "English as a Second Language" students.¹⁹¹

3. Poverty Levels and Other Social Indicators for Immigrants

According to the 2000 Census, **15.1% of Nevada immigrants are in poverty**, a lower level than immigrants in the nation as a whole (17.9%), though much higher than the overall state rate of 9.0%. This was further divided between foreign-born citizens in Nevada, who only had 8.4% in poverty, and foreign-born non-citizens in the state, who had 18.9% in poverty.¹⁹² Some observers point to immigrant success stories in Nevada, saying that "in Las Vegas, not only do these workers often obtain the emblems of middle-class life—a house and a car or two, good health insurance and a pension—but they have the opportunity to climb ever higher."¹⁹³ However, not only are the poverty rates for immigrants higher, but Hispanic households report a higher percentage of housing problems than other owners, and Hispanic renters consistently have a higher percentage of housing problems compared to either Black or White renters.¹⁹⁴

D. IMMIGRANT RESOURCES

1. Chambers of Commerce

There are two Chambers of Commerce advancing the interests of Hispanic and Latino businesses in the state. **The Hispanic Chamber of Commerce, Northern Nevada**, is based in Reno, and works on Hispanic workforce and business issues.¹⁹⁵ **The Latin Chamber of Commerce** in Las Vegas produces material and sponsors workshops and educational programs for Hispanic business owners in Southern Nevada.¹⁹⁶

¹⁹⁰ Ibid.

¹⁹¹ Emily Richmond, Las Vegas Sun, *More Funds Needed To Reach Immigrant Kids, Experts Say*, January 31, 2003.

¹⁹² Ibid.

¹⁹³ Steven Greenhouse, New York Times, *Crossing the Border Into the Middle Class*, June 3, 2004.

¹⁹⁴ Statistics supplied by Kristin Cooper, Senior Planner, Clark County Community Resources, November 9, 2004.

¹⁹⁵ Hispanic Chamber of Commerce, Northern Nevada, <http://www.hccnn.org>.

¹⁹⁶ Latin Chamber of Commerce, <http://www.lasvegaslatincc.com>.

2. Other Organizations Serving the Hispanic and Latino Populations

Other organizations in Nevada serving the Hispanic and Latino populations include the **Nevada Association of Latin Americans** in Las Vegas, which encourages the economic and educational development of Latin Americans, and is affiliated with the National Council of La Raza. In Reno, **Nevada Hispanic Services** works to improve access for Hispanics in Northern Nevada to available community services.¹⁹⁷

¹⁹⁷ Nevada Hispanic Services, <http://www.hispaniconline.com>.