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Gambling with Housing in the Silver State: How Las Vegas Families are at Risk for Homelessness

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Executive Summary

Low-income families in Las Vegas, Nevada are living through the consequences of an unstable housing market. With lower-income and higher housing costs, there is a quicker pipeline from having a shelter to none at all. On any given night in Las Vegas, 342 individuals in families are experiencing homelessness.¹ In Southern Nevada, there are several causes for homelessness, including unemployment, substance abuse, mental health concerns, eviction, and health concerns.²

Public and private entities intensify these causes when creating systemic barriers for families to attain housing security, even more so during the COVID-19 pandemic. The quick onset of the pandemic has made it harder for low-income families to prepare for the consequences of a lost job or reduction in pay.³ The Consolidated Appropriations Act, 2021 (CAA, 2021) that went into effect on December 27, 2020 extended the eviction moratorium through January 2021.⁴ Families will face housing uncertainty due to the lack of COVID-19 relief available after

January. Each level of government can play a role in addressing these systemic barriers. A few recommendations from leaders in Las Vegas are outlined in this paper, including increasing federal assistance, creating non-congregate shelters, and further research.

Background

History of Nevada's Housing Market

In the early 2000s, cities like Las Vegas saw a spike in housing prices due to an increase in demand for housing.⁵ The 2007-2009 economic crisis heavily impacted the city because many invested in the housing market before it crashed.⁶ Many individuals lost their homes due to unreasonable loans and mortgages, with some families even resorting to bankruptcy in an attempt to fix their credit.⁷ In Las Vegas, 25 percent of homeowners owed more to the bank than their home was worth, compared to the national rate of 9.1 percent.⁸ It was not uncommon to see individuals sell their homes to avoid entering financial ruin. The housing crisis also impacted renters who were unaware their landlords stopped paying their mortgages until they

received foreclosure notices at their front door.⁹

Since the housing crisis, the housing and rental market in Southern Nevada has become more stable due to the growing economy.¹⁰ Even so, 86 percent of low-income households in Las Vegas are earning \$24,300 or less per year, making it harder to attain affordable housing.¹¹ Las Vegas has limited affordable housing compared to the number of low-income renters in the city.¹² The national average is 35 available units per 100 low-income families, whereas Las Vegas has 15 units per 100 families.¹³ These barriers increase the risk of homelessness in low-income families.

Barriers Low-Income Families Experience in Las Vegas

The poverty rate in Nevada went from 15.9 percent in 2011 to 13.7 percent in 2018.¹⁴ This decrease can be seen as an improvement, but the poverty rate has not returned to the level it was before the great recession in 2007 (10.8 percent), suggesting that many families have not recovered.¹⁵ The COVID-19 pandemic worsened the impact which is felt most by low-income families, who in the

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short-term will experience low paying jobs and in the long-term may experience unemployment and eviction.¹⁶ Las Vegas is a city that runs on the hospitality industry, with approximately 24 percent of its workforce composed of hospitality jobs.¹⁷ These workers will now have to get by with lower paychecks or unemployment. Employees that were used to making anywhere from \$2,628 to \$1,999 per month are now having to get by with unemployment checks ranging from \$1,262 to \$960 per month.¹⁸ Families surviving off these checks will have a harder time paying their rent. In Nevada the median rent is \$1,656.¹⁹

Another barrier is the increase in house prices in Las Vegas, with the supply of affordable housing remaining very low.²⁰ In 2020, 8,731 units were available in Las Vegas to buy for the average cost of \$354,750.²¹ Only a year prior, there were 9,354 units in the city available with the average cost of a home being \$320,968. Available housing units are decreasing while the prices of these houses continue to increase. Increases in housing prices can explain why U.S. households will look towards renting instead of homeownership.²²

Low-income families are less likely to own one of these homes, especially if they pay more than 32 percent of their income on their rent or mortgage.²³ This can lead to low-income families pursuing affordable alternatives, such as doubling up.²⁴ Doubling up, or two or more families living in

the same unit, is a concept that disproportionately impacts Latino/Hispanic, Black, and Asian communities.²⁵ In other cases, families experience homelessness due to the increase in rent as the household income remains stagnant.²⁶

Problem Analysis

The Pathway From Housing to Homelessness

Families in Las Vegas cite several reasons for entering homelessness, including losing a job, getting divorced or separated, getting kicked out, and complications with landlords.²⁷ Forty-seven percent of individuals who participated in a 2020 point-in-count report stated that they were experiencing homelessness for the first time because they could no longer afford housing, compared to the rate of 45 percent the previous year.²⁸ Of the individuals who responded in 2020, five percent were families with children.²⁹ This percentage includes 270 individuals in families with children experiencing homelessness in Southern Nevada on any given night.³⁰ In Southern Nevada, a single-earner family has to earn an hourly wage of \$18.85 to afford a two-bedroom apartment, which is over two times the \$9.00 minimum wage families typically earn in Nevada.³¹ Taking this statistic into consideration, there is a need to create more affordable housing in Las Vegas. Research shows that the cost of homelessness and loss of productivity is more expensive than creating sustainable housing.³² It would be more cost effective to invest in preventative measures

against homelessness, rather than spending tax dollars to assist these individuals once they are involved with the criminal justice or healthcare system.³³ If this problem persists, it can have overwhelming consequences for homeless shelters in Las Vegas.

Lack of Non-Congregate Shelters

At the beginning of the pandemic, Las Vegas had to create a safe shelter space after a local shelter found that one of their clients tested positive for the coronavirus.³⁷ With the virus spreading as quickly as it did, Las Vegas had to find a solution fast and ended up preparing floor space in the parking lot of the Las Vegas Cashman Center.³⁸ With the lack of non-congregate shelters in Las Vegas, it will be harder for homeless service providers to follow the Center for Disease Control and Prevention (CDC) isolation guidelines.³⁹ In Las Vegas, there are currently an estimated 4,644 unsheltered individuals that will require the creation of 5,582 units to shelter.⁴⁰

How COVID-19 Factors into the Problem

On top of these factors, COVID-19 also impacted housing for low-income families in Las Vegas. Originally, Nevada Governor Steve Sisolak put in place a state moratorium that ended in the month of August.⁴¹ At that time, Sisolak extended the moratorium through October 14, 2020.⁴² It wasn't until December 14, 2020 that Sisolak released Emergency Directive 036 describing the new

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moratorium.⁴³ Unlike the previous moratoriums, this one did not stop eviction hearings and families had to meet income requirements and demonstrate impact from COVID-19.⁴⁴ Before the implementation of the CAA, 2021, the CDC's moratorium ended on December 31st, 2020.⁴⁵ Tenants will still be responsible for paying back rent and fees after the moratorium is over which will put many at risk of losing their dwelling units.⁴⁶ Before the pandemic, the eviction rate in Nevada was 3.4 percent compared to the national rate of 2.34 percent.⁴⁷ The Las Vegas area had the highest rate of evictions ranging from 3.69 percent to more than 14.72 percent in some communities.⁴⁸ Researchers at the Nevada Guinn Center expect to see an increase with the aftermath of COVID-19.⁴⁹

In addition to the increased risk of evictions, low-income families also witnessed changes in their employment and income due to the pandemic. The industries that were hit the hardest in Las Vegas include service, retail, gaming, and hospitality.⁵⁰ Las Vegas' economy heavily relies on the hospitality industry, which has struggled tremendously on a global scale. North America has witnessed a 13 percent decrease in tourism arrivals in 2020 due to the pandemic.⁵¹ With this decrease in tourism, the hospitality industry experienced its worst economic performance since the 1950s.⁵² This includes the tourist city of Las Vegas.

Congress passed the CARES Act to provide assistance to Americans.⁵³ Communities across the country

needed the CARES Act to get by, but the financial resources available are limited compared to the need of families.⁵⁴ Evidence indicates that low-income families were more likely to experience a delay in their Economic Impact Payments from the CARES Act compared to other families for a few reasons.⁵⁵ One reason is because families with limited internet access will not have exposure to the resources they need.⁵⁶ In December 2020 Congress passed CAA, 2021, the second stimulus bill, which provided states with \$25 billion dollars for rental assistance and extended the eviction moratorium until January 31, 2021.⁵⁷ As jurisdictions across the United States use these funds in different capacities, it is still unknown if families will run into concerns like they did with the CARES Act.

Recommendations

The following recommendations can be applied at a federal, state, or local level; however, some of these may be more applicable to the Las Vegas metropolitan area. These recommendations come from local leaders in the Las Vegas area who work in homeless services.⁵⁸

Further Research on Families at Risk for Homelessness in Las Vegas

The research discussed in this issue brief is mainly relevant to the city of Las Vegas, Nevada. Nevada-specific research centers, such as the Guinn Center, continue to research state issues, but there is a need for further research in the

Las Vegas area. Further research needs to be done on low-income families in Las Vegas so all municipal governments involved with the land (e.g. Clark County, City of Las Vegas, City of North Las Vegas and, the City of Henderson) can prioritize funds based on the findings of the research completed. The evidence presented in this brief is a good first step in presenting these governments with evidence-based information.

Funding Non-Congregate Shelters

If eviction rates are expected to increase in Las Vegas due to the multiple contributions mentioned in previous sections, creating non-congregate shelters could save many families that would end up in the streets. By creating these shelters, low-income families will have a safe and more dignified space to stay as case managers and homeless services workers can connect them to affordable housing. The cost of creating new quarantine units in Las Vegas would be approximately \$19,562,400, which municipal governments can work towards appropriating together or the state can work on making that funding available during the next legislative session.⁵⁹

Increasing Federal Assistance

The CARES Act provides funds for cities like Las Vegas to help low-income families make rental and mortgage payments during the COVID-19 pandemic. Even so, the CARES Act funds are only available through December 31,

2020.⁶⁰ There are still many funds that have gone unused due to a lack of awareness from the general public.⁶¹ The Biden Administration signed the American Rescue Plan Act of 2021 into law on March 11, 2021.⁶² This legislation includes over \$21.5 billion in emergency rental assistance meant to provide immediate relief to low-income families across the country.⁶³ As the Biden Administration works to implement their American Jobs Plan and any other legislation moving forward, it's imperative that Congressmembers, their staff, and advocates continue to fight for long-term solutions to prevent a future housing crisis among low-income families in the United States.⁶⁴

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