

Final Report

**2011 Analysis of Impediments
to Fair Housing Choice**

State of Nevada



Final Report

April 11, 2011

**2011 Analysis of Impediments
to Fair Housing Choice**

Prepared for

Nevada Commission on Economic Development
Community Development Block Grant Program
808 West Nye Lane
Carson City, Nevada 89703

Nevada Housing Division
1535 Old Hot Springs Road, #50
Carson City, Nevada 89706

Prepared by

BBC Research & Consulting
3773 Cherry Creek N. Drive, Suite 850
Denver, Colorado 80209-3868
303.321.2547 fax 303.399.0448
www.bbcresearch.com
bbc@bbcresearch.com

Table of Contents

I. Introduction

Fair Housing Acts.....	I-1
Geographic Level of Analysis	I-2
How the Analysis Was Funded.....	I-3
Methodology	I-3

II. Community and Housing Profile

Population.....	II-1
Race and Ethnicity	II-3
Household Characteristics	II-7
Income.....	II-10
Housing Market.....	II-11
Employment.....	II-14

III. Resident Survey

Geographic Coverage of the Survey	III-1
Findings	III-2
Socioeconomic Characteristics of Survey Respondents	III-2
Understanding of Fair Housing Law	III-6
Support of Fair Housing Law	III-12
Experience with Housing Discrimination and Actions Taken	III-13

IV. Lending Analysis

Summary Findings	IV-1
Introduction to HMDA Data	IV-1
Lending Analysis.....	IV-3
Community Reinvestment Act (CRA)	IV-12

V. Complaint and Legal Analysis

Fair Housing Complaints	V-1
Legal Cases.....	V-4

Table of Contents

VI. Land Use and Zoning Analysis

1. Introduction	VI-1
2. General Guidance.....	VI-2
3. Sample Review from Douglas County Regulations	VI-4
4. Sample Review of Elko County Regulations	VI-10
5. Summary and Recommendations.....	VI-14

VII. Impediments to Fair Housing Choice

The State of Fair Housing in Nevada	VII-1
Fair Housing Activities	VII-2
Fair Housing Impediments.....	VII-3
Fair Housing Action Plan.....	VII-5

APPENDICES

- A. County Demographic and Housing Data Sheets

SECTION I.
Introduction

SECTION I.

Introduction

In 2010, the State of Nevada (State), Commission on Economic Development and Nevada Housing Division, engaged BBC Research & Consulting (BBC) to complete an Analysis of Impediments to Fair Housing Choice (AI). The AI is a report required by the U.S. Department of Housing and Urban Development (HUD) in order for the state to receive federal housing and community development funding. The AI complies with the State of Nevada's certification in its Five-year Consolidated Plans and One-year Action Plans to affirmatively further fair housing through fair housing planning (FHP).

According to HUD, impediments to fair housing choice are:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices.
- Any actions, omissions, or decisions which have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin.

AIs are intended to:

- Serve as the substantive, logical basis for Fair Housing Planning;
- Provide essential and detailed information to policy makers, administrative staff, housing providers, lenders, and fair housing advocates; and
- Assist in building public support for fair housing efforts.

Fair Housing Acts

The Federal Fair Housing Act, passed in 1968 and amended in 1988, prohibits discrimination in housing on the basis of race, color, national origin, religion, gender, familial status or disability. The Fair Housing Act covers most types of housing including rental housing, home sales, mortgage and home improvement lending, and land use and zoning. In some circumstances, the Act exempts owner-occupied buildings with no more than four units; single family housing sold or rented without the use of a real estate agent or broker; housing operated by organizations and private clubs that limit occupancy to members; and housing for older persons.¹

HUD has the primary authority for enforcing the Fair Housing Act. HUD investigates the complaints it receives and determines if there is a "reasonable cause" to believe that discrimination occurred. If reasonable cause is established, HUD brings the complaint before an Administrative Law Judge. Parties to the action can also elect to have the trial held in a federal court (in which case the Department of Justice brings the claim on behalf of the plaintiff).²

¹ This is a very general description of the Fair Housing Act and the actions and properties covered by the Act. For more detailed information on the Fair Housing Act, please see the full text, which can be found on the U.S. Department of Justice's website, www.usdoj.gov/crt/housing/title8.htm.

² "How Much Do We Know? Public Awareness of the Nation's Fair Housing Laws", The U.S. Department of Housing and Urban Development, Office of Policy and Research, April 2002.

The State of Nevada has a fair housing law that essentially mirrors the Federal Fair Housing Act (www.leg.state.nv.us/nrs). The law also has specific provisions related to landlords refusing to rent dwellings to persons with disabilities who have service animals (NRS 118.105), in addition to disclosure requirements for property taxes passed on to tenants (NRS 118.165) and rules governing abandonment of rental property by tenants.

Nevada residents who feel that they might have experienced a violation of the Fair Housing Act can contact one or more of the following organizations: HUD’s Office of Fair Housing and Opportunity (FHEO), the Silver State Fair Housing Council and the Nevada Equal Rights Commission (NERC). NERC refers housing discrimination complaints to HUD.

Geographic Level of Analysis

Information contained in this report pertains principally to rural, or HUD-designated “nonentitlement” areas, in Nevada. Local jurisdictions which receive HUD funds directly are responsible for preparing their own Analysis of Impediments studies. A map of the areas included in this study is shown in Exhibit I-1.

Exhibit I-1. Geographic Areas Covered by the AI

Source:
BBC Research & Consulting, 2011.



How the Analysis Was Funded

The State of Nevada AI was funded through a combination of CDBG and HOME dollars.

Methodology

The State of Nevada AI involved many different tasks necessary to examine the variety of potential fair housing impediments. These included:

- An analysis of socioeconomic and housing market conditions focusing on the availability of affordable housing, as well as concentrations of households by race, ethnicity and income;
- An examination of mortgage lending activities in the state during 2008, including disparities in loan originations and subprime lending by race and ethnicity;
- A review of land use and zoning practices to identify barriers to housing choice and development of best practices conducted by the Denver planning firm Clarion Associates;
- Stakeholder surveys to identify fair housing violations of HOAs, appraisers, brokers, real estate agents and others in the practice of real estate transactions;
- A statistically significant survey of residents to test their knowledge, awareness and support for fair housing laws; and
- Identification of fair housing impediments and development of a Fair Housing Action Plan to address the impediments.

SECTION II.
Community and Housing Profile

SECTION II.

Community and Housing Profile

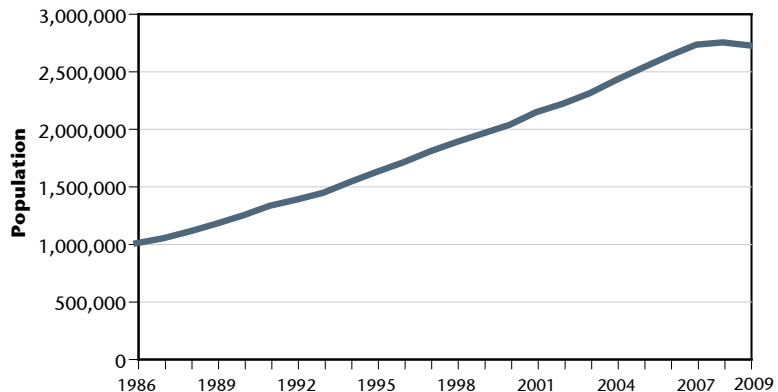
This section presents the demographic, housing and economic characteristics of the counties and cities included in the State of Nevada AI. In addition to this section, Appendix A contains stand-alone demographic, housing affordability and employment information for each county and city covered in this AI.

Population

The Nevada State Demographer's Office estimated the July 2009 population for the State of Nevada at 2.7 million. The state has experienced dramatic growth in population during the past 25 years, as demonstrated in Exhibit II-1.

Exhibit II-1. Population Change, State of Nevada, 1986 to 2009

Source:
Nevada State Demographer.



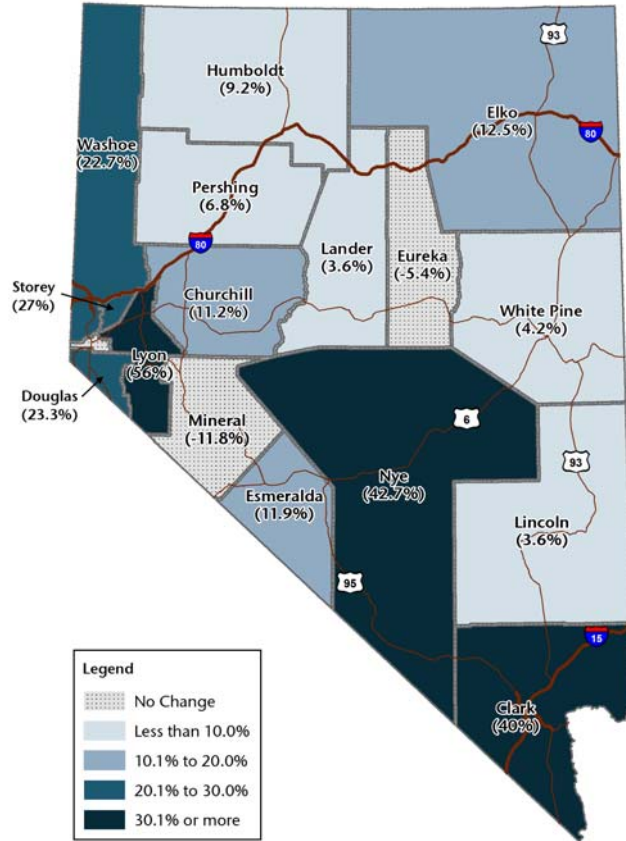
In 1986, the state's population was just shy of 1 million people. By 2007, the state's population had grown to 2.72 million—an increase of 173 percent—before stabilizing and then declining.

On average, the state experienced an annual population growth rate of 4.5 percent. The year of the largest percentage increase was 1994 (6.6 percent annual growth); the largest growth in terms of numbers was in 2004 at 114,000 people.

Exhibit II-2 shows the change in population by county for the state from 2000 through 2009. As the map demonstrates, population growth has varied considerably, with the state's mid-size counties growing the fastest (Nye, Lyon, Douglas), in addition to the metro-area counties of Clark and Washoe. Storey County (population 4,300) also experienced solid growth during the current decade. Population changes in other counties were either modest or declining.

**Exhibit II-2.
Population Change,
by County, State of Nevada,
2000 to 2009**

Source:
Nevada State Demographer.

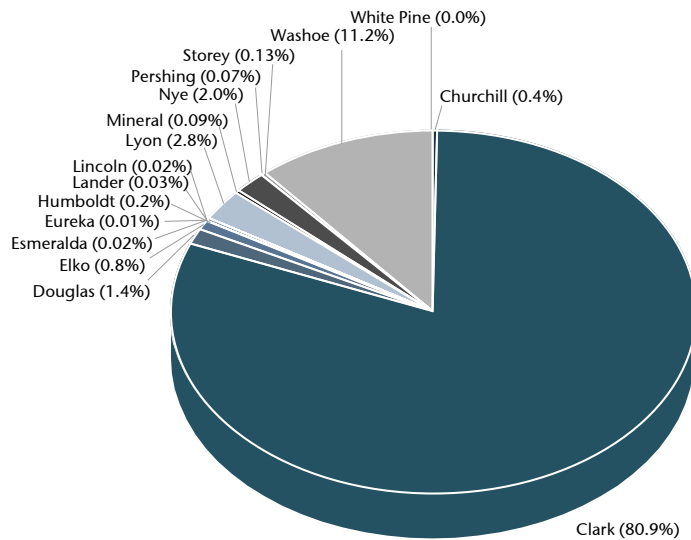


Clark County was the primary reason behind the State of Nevada’s population growth from 2000 to 2009. The county alone made up 81 percent of the state’s total growth during this period. The next largest contributor was Washoe County at 11 percent, as shown in the following graphic.

**Exhibit II-3.
County Contribution to
State of Nevada Population
Growth, 2000 to 2009**

Note:
Carson City, which is not located in any county,
made up 0.5 percent.

Source:
Nevada State Demographer.



Race and Ethnicity

The 2008 American Community Survey (ACS) published by the U.S. Census Bureau estimates that 77 percent of the state’s population reports their racial category to be White. This is followed by 7 percent African American/Black and 6 percent Asian. Twenty-six percent of the state’s population reports that they are of Hispanic descent.

Exhibit II-4. Race and Ethnicity, State of Nevada, 2008

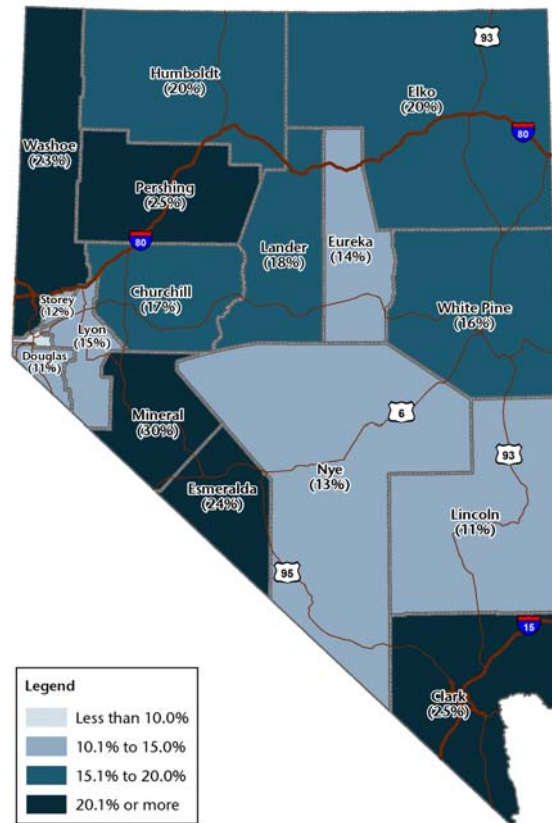
Source:
U.S. Census Bureau, American Community Survey, 2008.

	Percent of Population
American Indian and Alaska Native alone	1.3%
Asian alone	6.0%
Black or African American alone	7.4%
Native Hawaiian and Other Pacific Islander alone	0.4%
Some other race alone	4.3%
White alone	77.3%
Two or more races	3.2%
Hispanic/Latino	25.7%

The Las Vegas metropolitan statistical area (MSA) is home to about 72 percent of the state’s population overall, as well as most of the state’s minority population. A disproportionate percentage of the state’s minority population lives in the MSA: 93 percent of the state’s African American/Black population; 85 percent of its Asian population; and 79 percent of the state’s Hispanic population live in the Las Vegas MSA.

However, this does not mean that the rest of the state is not racially or ethnically diverse. Indeed, as shown in Exhibit II-5a and II-5b, most of the state’s rural areas have some racial and ethnic diversity, although their populations are small in numbers relative to metro areas’. For example, in addition to Clark and Washoe, in the counties of Pershing, Mineral and Esmeralda about one-fourth of residents are minorities. Hispanic populations are highest in the counties of Humboldt, Elko and Pershing, as well as Clark and Washoe counties.

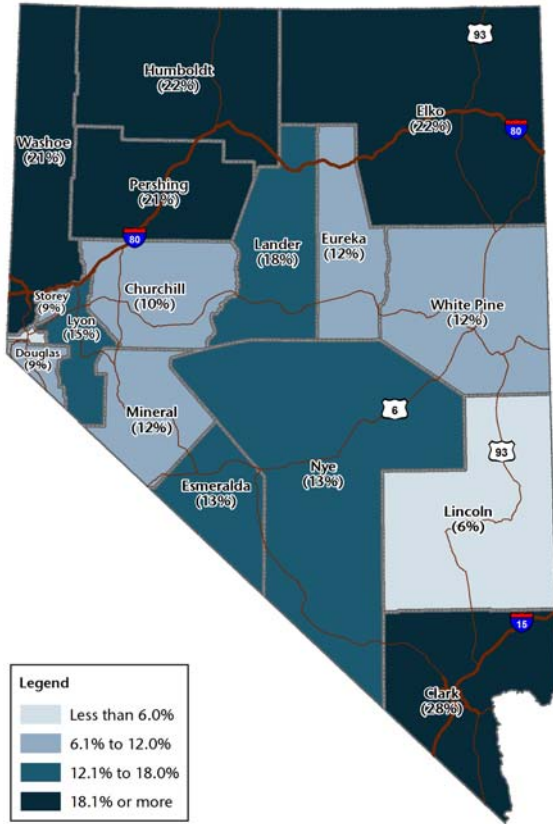
Exhibit II-5a. Percent of Population that is Non-White, by County, 2009



Source: BBC Research & Consulting and Claritas, 2009.

**Exhibit II-5b.
Percent of Population that is
Hispanic, by County, State of Nevada,
2009**

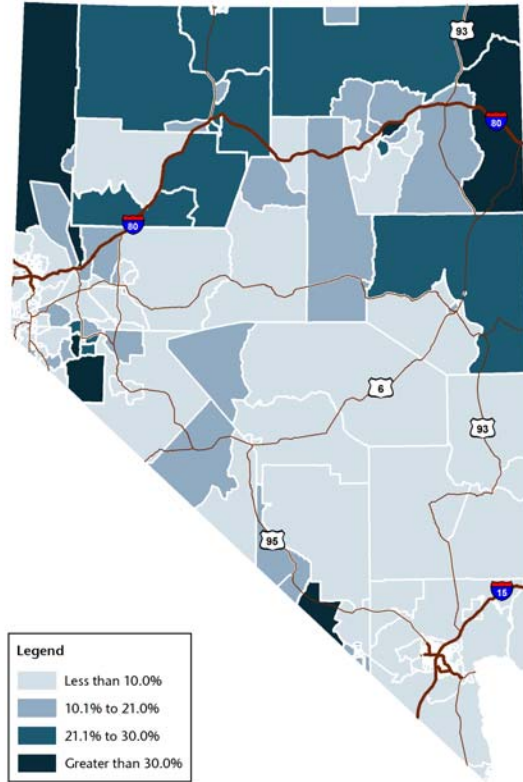
Source:
BBC Research & Consulting and Claritas, 2009.



Exhibits II-6 through II-10 show 2009 concentrations of **block groups** by race and ethnicity in Nevada. For these maps, “areas of concentration” by block group occur when the proportion of a minority group is 10 percentage points higher or more than the percentage for the state overall.

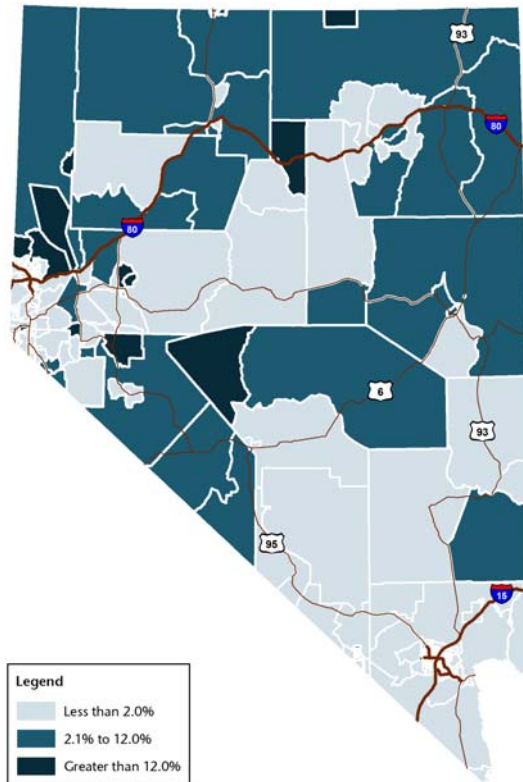
**Exhibit II-6.
Concentrations of Hispanic
Population, by Block Group,
State of Nevada, 2009**

Source:
BBC Research & Consulting and Claritas, 2009.



**Exhibit II-7.
Concentrations of the Indian and
Alaska Native Population, by
Block Group, State of Nevada,
2009**

Source:
BBC Research & Consulting and Claritas, 2009.



**Exhibit II-8.
Concentration of the Asian
Population, by Block Group, State
of Nevada, 2009**

Source:
BBC Research & Consulting and Claritas, 2009.



**Exhibit II-9.
Concentrations of Two or More
Races Population, by Block Group,
State of Nevada, 2009**

Source:
BBC Research & Consulting and Claritas, 2009.



**Exhibit II-10.
Concentrations of African
American, by Block Group, State
of Nevada, 2009**

Source:
BBC Research & Consulting and Claritas, 2009.



Household Characteristics

This section examines the percentage of the state’s residents who have a disability, as well as the family composition of the state’s households overall. Both persons with disabilities and familial status are included as protected classes in federal and state fair housing laws, in addition to race/color and national origin, which are examined in the prior section.

According to the Census’ ACS, 10 percent of Nevada’s population had a disability in 2008. This totaled about 258,000 residents. About 68 percent of these residents reside in Clark County, compared to 74 percent of the overall population, indicating that the state’s rural areas have slightly disproportionately more residents with disabilities.¹ This is likely because rural areas have higher proportions of seniors, who have much higher rates of disability than younger persons.

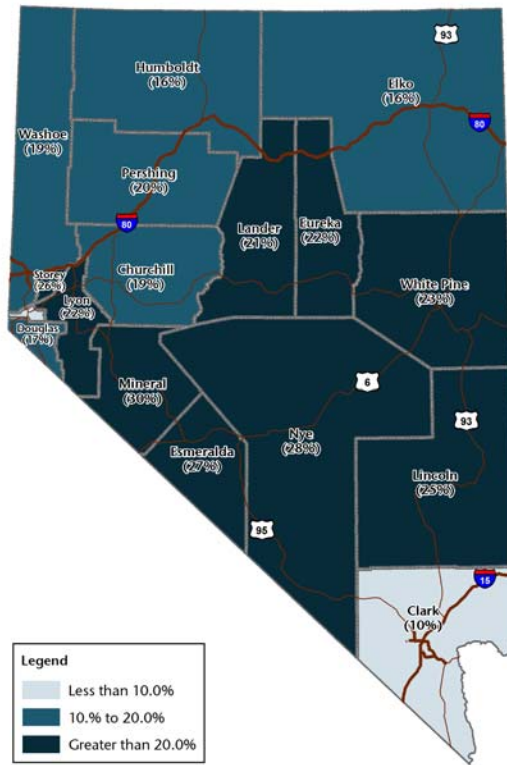
¹ According to the Census, the proportion of persons with disabilities—16 percent—in Washoe County was identical to the county’s share of the state’s total population. Claritas, a commercial data provider, reports the disability percentage as a slightly higher 19 percent.

Exhibit II-11 shows the percentage of each county's population that is disabled. As the table demonstrates, the percentages of persons with disabilities are much higher in the state's rural areas than in Clark County and for the state overall.

Since rural areas typically have fewer resources and housing choices than metro areas, it is important that the state support housing activities which enable aging and disabled residents to remain in their homes as they grow older—e.g., home accessibility modification grants.

Exhibit II-11.
Percent of Population that is Disabled, by County, State of Nevada, 2009

Source:
BBC Research & Consulting and Claritas, 2009.



The Census predicts that there were 660,000 children in Nevada living with family members in 2008 (about 6,000 lived with unrelated persons). Of these children, the majority, 67 percent, lived in two-parent, married couple households. Nine percent lived with single fathers. Almost one-quarter—23 percent—of the state’s children lived with single mothers.

Most of the state’s children living with single parents (75 percent) lived in Clark County. On average, in the state’s rural counties, about 9 percent of households were made up of single parents with children, as shown in the following map.

**Exhibit II-12.
Percent of Single Parent
Households, by County,
State of Nevada, 2009**

Source:
BBC Research & Consulting and Claritas, 2009.



Income

Nevada's median household income in 2009 was \$56,361. In 2000, the median household income for the state was \$44,581. Between 2000 and 2009, income increased by \$11,780, or by 26 percent—an average of 3.3 percent per year.

Exhibit II-13 shows, by county and for the state overall, median household income in 2000 and 2009, in addition to the percent of each county's households earning less than \$25,000.

Nevada's highest income county in the state in 2009 was Douglas, with a median household income of \$65,311. The lowest income county was Mineral, with a median household income of \$36,846. Mineral, Lincoln and Esmeralda counties have the highest proportions of lower income households (earning less than \$25,000 per year).

Most of Nevada counties experienced solid income growth during the past decade. Mineral is the exception: in this county, the average annual income growth was 1 percent, compared to 3 percent for the state overall.

Exhibit II-13.
Median Income and Percent Low Income, by County, State of Nevada, 2009

	HUD Median Income (2010)	Median Income (2009)	Percent of Population Earning Less Than \$15,000 (2009)	Median Income (2000)	Change in Median Income (2000-2009)	Annual Average Growth
State of Nevada	\$66,300	\$56,361	17.6%	\$44,581	26.4%	2.9%
Churchill	\$60,800	\$54,108	9.0%	\$40,808	32.6%	3.6%
Douglas	\$73,000	\$65,311	8.0%	\$51,849	26.0%	2.9%
Elko	\$72,900	\$60,751	9.0%	\$48,383	25.6%	2.8%
Esmeralda	\$53,600	\$44,194	19.0%	\$33,203	33.1%	3.7%
Eureka	\$64,500	\$51,684	16.0%	\$41,417	24.8%	2.8%
Humboldt	\$68,000	\$58,392	9.0%	\$47,147	23.9%	2.7%
Lander	\$67,200	\$58,777	11.0%	\$46,067	27.6%	3.1%
Lincoln	\$59,500	\$42,966	20.0%	\$31,979	34.4%	3.8%
Lyon	\$58,000	\$51,586	10.0%	\$40,699	26.8%	3.0%
Mineral	\$51,500	\$36,846	20.0%	\$32,891	12.0%	1.3%
Nye	\$53,800	\$43,757	15.0%	\$36,024	21.5%	2.4%
Pershing	\$60,400	\$50,622	13.0%	\$40,670	24.5%	2.7%
Storey	\$71,200	\$58,178	9.0%	\$45,490	27.9%	3.1%
Washoe	\$71,200	\$56,277	9.0%	\$45,815	22.8%	2.5%
White Pine	\$57,600	\$50,375	14.0%	\$36,688	37.3%	4.1%

Source: BBC Research & Consulting, HUD and Claritas, 2009.

Housing Market

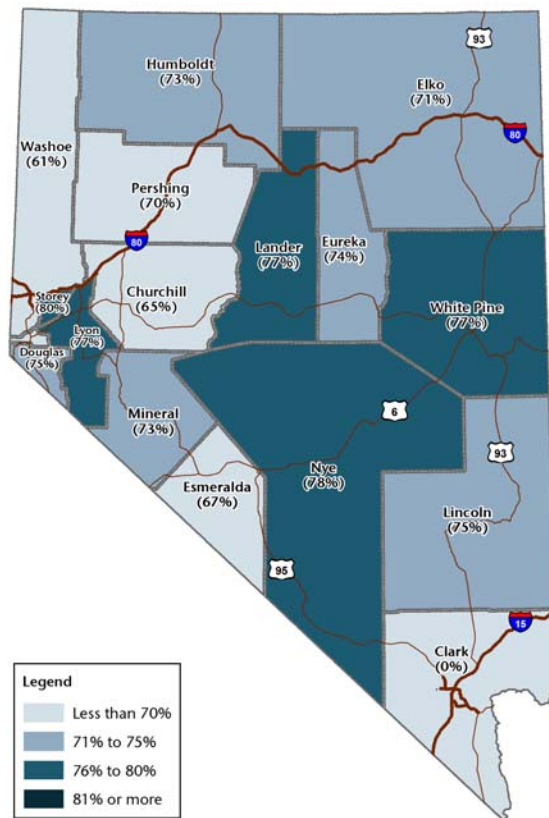
Lack of affordable housing can create a fair housing impediment if it affects members of protected classes. In essence, fair housing means that persons of similar incomes should have the same housing choices available regardless of their race, color, religion, sex, disability, familial status or national origin. This section provides key indicators of housing supply and affordability to identify those counties where affordability is a concern.

Nevada's counties vary in their affordability and in how housing affordability has changed since 2000. In the state's fastest growing counties, housing prices rose quickly as demand for housing increased. These counties are much less affordable than they were in 2000 and, for most of the counties, increases in household income during the decade did not keep pace with increases in home prices.

Homeownership. Affordability of housing, as well as household income levels, affects homeownership rates. Exhibit II-14 shows the estimated homeownership rate by county for 2009. The lowest homeownership rate was in Clark County at 57 percent; the highest was in Storey at 80 percent (Nye, Lander, Lyon and White Pine and Douglas also had very high rates).

Exhibit II-14.
Homeownership Rate, by
County, State of Nevada, 2009

Source:
BBC Research & Consulting and Claritas, 2009.



Housing affordability. Exhibit II-15 shows the estimated median home values for 2009, estimated rents, and how affordable each county is when household incomes are compared to median values. As the exhibit demonstrates, affordability ranges widely in Nevada, with Douglas County the least affordable county in which to buy (just 38 percent of households can afford the median-valued home), and Mineral and Esmeralda counties being the most affordable.

Updated rental data is not available except for the state’s largest counties. In general, rental prices have increased much more slowly than prices of homes for sale during the past decade. In most communities, renters pay about the same in 2009 as they did in 2000, accounting for income growth.

Exhibit II-15.
Affordability, by County, State of Nevada, 2008 and 2009

	Median Home Value (2009)	Income Needed to Buy Median-Value Home	Percent of County Population Who Can Afford to Buy	HUD Median Rent (2009)	Income Needed to Rent Median-Priced Unit	Percent of County Population Who Can Afford to Rent
Churchill	\$177,800	\$40,381	65%	\$814	\$32,560	66%
Douglas	\$347,290	\$78,875	38%	\$1,011	\$40,440	74%
Elko	\$163,463	\$37,125	71%	\$822	\$32,880	70%
Esmeralda	\$86,897	\$19,736	77%	\$747	\$29,880	56%
Eureka	\$116,892	\$26,548	71%	\$747	\$29,880	61%
Lander	\$105,235	\$23,901	81%	\$747	\$29,880	70%
Lincoln	\$127,388	\$28,932	60%	\$747	\$29,880	51%
Lyon	\$187,394	\$42,560	61%	\$792	\$31,680	65%
Mineral	\$70,180	\$15,939	80%	\$747	\$29,880	47%
Pershing	\$114,669	\$26,043	75%	\$747	\$29,880	61%
Storey	\$233,614	\$53,057	57%	\$967	\$38,680	72%
Washoe	\$276,407	\$62,776	45%	\$967	\$38,680	68%
White Pine	\$100,742	\$22,880	76%	\$747	\$29,880	62%

Source: BBC Research & Consulting and Claritas, 2009.

Although a detailed analysis of each county’s housing market is beyond the scope of this study, the data collected and analyzed suggest that homeownership is a challenge in Douglas, Nye, Storey and Washoe counties, which currently have some of the highest homeownership rates in the state. To maintain high homeownership rates, the counties will need to work on diversifying their housing stock in terms of affordability to ensure that residents and workers of varying incomes can afford to buy homes.

Although the state’s most metropolitan counties also have relatively low rates of home purchase affordability, these counties have a much larger supply of rental homes that can accommodate would-be-homeowners as they explore their homeownership options and work to increase their purchasing power.

Some of the state’s rural counties appear to be lacking in affordability based on the percentage of the population that can buy, even though their median home price is quite low. In these counties, economic development that can bring higher-paying jobs to residents is more important than increasing the availability of housing stock.

Assisted housing. Exhibit II-16 shows the location of the state’s assisted and affordable rental housing units not located in metropolitan areas. As the map demonstrates, the assisted rental units are distributed throughout the state, with some concentration in the western portion of state. Most are near major transportation corridors.

**Exhibit II-16.
Assisted Rental Housing
Locations, State of
Nevada Non-metro Areas**

Source:
State of Nevada Division of Housing and HUD.



Low income citizens in rural Nevada are also served by the Nevada Rural Housing Authority. The mission of the housing authority is to “promote adequate and affordable housing, economic opportunity and a suitable living environment free from discrimination.” The housing authority is a “high performing” public housing authority.

The Nevada Rural Housing Authority administers housing choice (Section 8) vouchers to 1,543 households living in housing that is privately owned. The housing authority also administers vouchers with Veterans Administrative Supportive Housing funds.

A review of the housing authority’s policies did not raise any concerns. The housing authority allows extensions from the 60-day time period that households have to find a housing unit once they receive a voucher. Extensions are granted in “extenuating circumstances such as a hospitalization or family emergency, which has affected the family’s ability to find a unit in the 60-day period. Verification is required.” Exceptions may also be granted if a family has made a reasonable effort to locate a unit but could not and if a family member is disabled and cannot find an accessible unit or a large (4 bedroom) unit.

Wait list preferences are granted for families living in housing authority jurisdictional areas, families displaced from housing authority properties or because of federal disasters and families that meet “family unification” qualifications. Given the low support by residents for fair housing protections for familial status (see Section III of this report), it is important that the housing authority maintain family preferences. The housing authority should consider giving persons with disabilities preferences, particularly due to the relatively high proportions of persons with disabilities and seniors in the state’s rural areas.

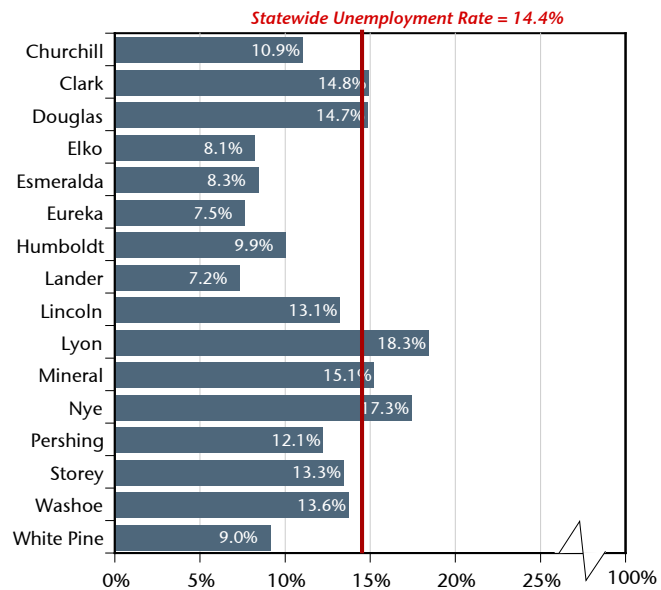
Employment

The Nevada Department of Employment, Training and Rehabilitation maintains data and statistics related to the state’s workforce and employment opportunities. As of July 2010, the state reported 1.166 million workers statewide. About 71 percent of this employment was located in the Las Vegas MSA (833,000 people); the Reno MSA had an additional 193,000 workers; and Carson City, 25,000 workers. The rural areas in the state employ about 10 percent of the statewide workforce, or 115,000 workers.

The unemployment rate for the state overall was 14.4 percent in July 2010. Many of the state’s rural counties had much lower rates of unemployment, but others exceeded the statewide rate, as shown in the following exhibit.

Exhibit II-17.
Unemployment Rate,
by County, State of
Nevada, July 2010

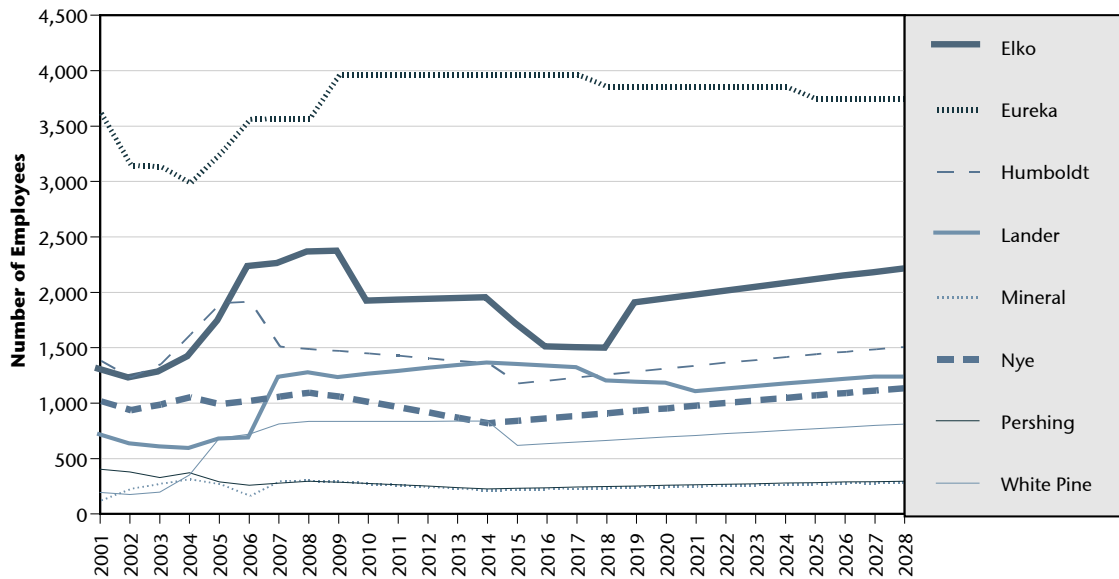
Source:
 Nevada Department of Employment, Training
 and Rehabilitation.



Major employment industries. In the state’s rural counties, the industries that employ the most people include Trade, Transportation and Utilities, Leisure and Hospitality (tourism), Natural Resources and Mining, and Education and Health Services. Financial services, information technology and professional services and, to a lesser extent, Construction and Manufacturing, employ far fewer people in rural economies. Although these professions are typically higher paying than the more traditional industries found in the state’s rural areas (with the exception of mining), they have been some of the most vulnerable employment industries in the current economic downturn.

The Nevada State Demographer includes an analysis of mining employment in Nevada as part of its population projections. As the demographer notes, mining is a very important part of employment in many rural Nevada counties. Exhibit II-18 shows historic and anticipated mining employment in Nevada’s counties where mining is an important industry.

Exhibit II-18.
Historic and Anticipated Mining Employment, State of Nevada, 2001 to 2028



Source: Nevada State Demographer.

Projected employment growth. Statewide, the Department of Employment, Training and Rehabilitation projects the strongest short term employment growth in the Health Care industry— jobs ranging from doctors to home health aids to health care technologists. The numbers are modest, however, with only about 2,000 job openings occurring during 2010. The Department also reports that during the past two years, the state’s rural employment markets lost 1,680 jobs, 300 of which are expected to return due to short-term employment growth. Given these very modest employment growth projections, immediate population growth is likely to be very slow.

Summary. In sum, employment in the state’s rural areas is less diverse than in its metropolitan areas. Stable industries like government are an important part of the employment base. Although rural employment industries are often lower paying than those that dominate urban markets, they can be less susceptible to market fluctuations. However, a homogenous employment base makes the rural economy more vulnerable to large economic shocks if predominant industries retract. Although historically high, the state’s rural counties mostly have lower unemployment rates than the state overall—but their employment markets may recover more slowly because of lack of diversity.

SECTION III.
Resident Survey

SECTION III. Resident Survey

As part of the Nevada AI, a telephone survey was conducted of residents living in nonentitlement areas in the state. Residents were surveyed during the months of September and October 2010.

Participants in the survey were asked about their awareness and knowledge of fair housing laws; their opinions about fair housing laws; if they had been discriminated against or know someone who had; and what their course of action would be if they were faced with discrimination.

Geographic Coverage of the Survey

Approximately 40 surveys were conducted for each county in Nevada, except for Esmeralda, Eureka, Clark County and the parts of Washoe County that are entitlement areas (e.g., City of Reno)¹ for a total of 545 responses in the region. The survey specifically excluded entitlement, or urban, areas of the state that are not covered by the statewide AI. The map below shows the zip codes in which the survey respondents lived at the time the survey was conducted. The survey was conducted by random digit dial of both land and cell phone lines.

Exhibit III-1. Zip Codes Covered by Resident Telephone Survey

Telephone Survey Zipcode	Telephone Survey Zipcode	Telephone Survey Zipcode	Telephone Survey Zipcode
89001	89318	89433	89511
89008	89403	89434	89512
89013	89406	89436	89519
89042	89408	89440	89521
89043	89410	89441	89523
89047	89413	89444	89704
89048	89415	89445	89705
89060	89418	89446	89706
89061	89419	89447	89801
89301	89423	89460	89802
89310	89427	89503	89815
89315	89429	89506	89820
89316	89431	89509	89821

■ Zipcodes of Survey Respondents



Source: BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

¹ Clark County and parts of Washoe County were excluded because they are entitlement areas and conduct independent fair housing studies. Esmeralda and Eureka Counties were too small in population to generate 40 responses per county.

Findings

- According to the Resident telephone survey, 11 percent of residents in Nevada’s nonentitlement areas have experienced housing discrimination. Residents who have experienced discrimination are most likely to look for another place to live or move or “do nothing” about the discrimination. More than 1 in 5 residents (22 percent) took some type of action to resolve the discrimination.
- The telephone survey data suggest that residents believe they are most commonly discriminated against because they have children, their age and because of their race/ethnicity.
- Residents’ knowledge of fair housing law is lowest for violations related to familial status and steering by real estate agents. Residents are most knowledgeable about fair lending protections.
- Lander and Storey Counties, overall, exhibited the greatest level of **knowledge** of fair housing law, while Lincoln exhibited the least. Residents in Lander and Storey counties had the correct answer to the fair housing survey questions 58 and 57 percent of the time, compared with 43 percent for Lincoln residents. Except for Lincoln, in all of the counties included in the study, at least 50 percent of residents gave correct answers to the fair housing knowledge survey questions.²
- The greatest level of **support** for fair housing law overall was found in Churchill and Lander Counties, while the lowest support from residents overall was found in Nye and Humboldt Counties (49 percent). It should be noted that support in these counties (58 percent at the highest level; 49 percent at the lowest) was not far from the median level of support (54 percent) among all counties. In sum, there was not a great variation in support.
- Only 55 percent of residents in Nevada’s nonentitlement areas said they support laws to protect a woman with a child from being discriminated against by landlords. Residents’ support for the other types of fair housing protections averaged around 70 percent (except for lending discrimination, which showed the highest level of support at 96 percent).
- If faced with housing discrimination, residents who said they would seek help are most likely to contact Silver State Fair Housing and a housing authority.
- Residents showed a relatively high level of recognition for Silver State Fair Housing: 24 percent of all respondents to the survey said they would contact the organization if they or someone they knew felt discriminated against. These are very high rates of recognition, especially since the respondents were not asked about Silver State Fair Housing directly.

Socioeconomic Characteristics of Survey Respondents

This section provides background on the socioeconomic characteristics of the Nevada residents who responded to the fair housing telephone survey for the AI in September and October 2010.

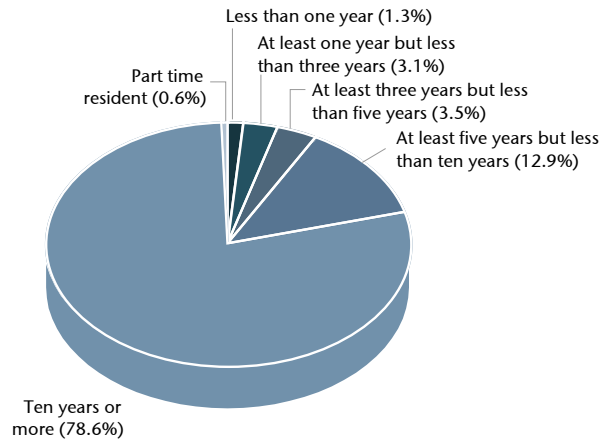
² These percentages exclude the lending discrimination scenario. Since the proportions in this scenario were almost 100 percent for all counties, they skew the overall knowledge averages.

Years lived in Nevada. The vast majority of survey respondents had lived in Nevada for more than 10 years. Exhibit III-2 shows the distribution of how long survey respondents have called Nevada home.

**Exhibit III-2.
Years lived in Nevada**

Note:
n=542; three respondents refused to answer this question.

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

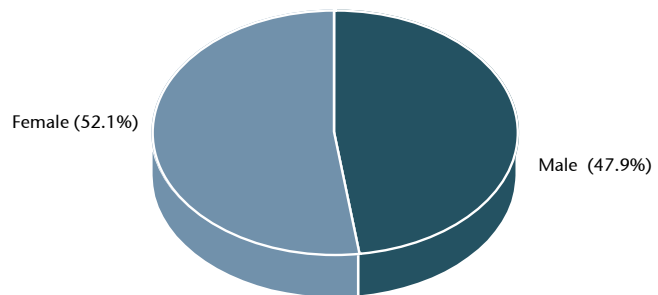


Gender. A slight majority of survey respondents were female, as shown in Exhibit III-3.

**Exhibit III-3.
Gender of Survey Respondents**

Note:
n=545

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

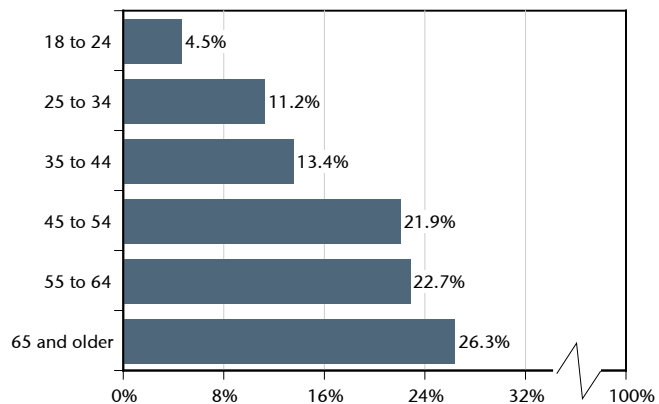


Age. The largest age group represented among survey respondents was the 65 and older age group at 26 percent of all survey respondents. Overall, respondents tended to be older as 71 percent of all respondents were older than 45. Exhibit III-4 displays the percentage of respondents by age group.

**Exhibit III-4.
Age of Survey Respondents**

Note:
n=529; 16 survey respondents refused to answer this question.

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

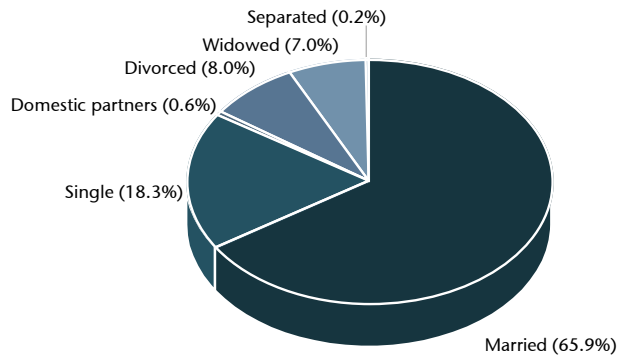


Marital status. The majority survey respondents (66 percent) are married. Slightly more than half of non married respondents (18 percent) are single. Exhibit III-5 displays the percentage of respondents by marital status.

**Exhibit III-5.
Marital Status of Survey Respondents**

Note:
n=540; 5 survey respondents refused to answer this question.

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

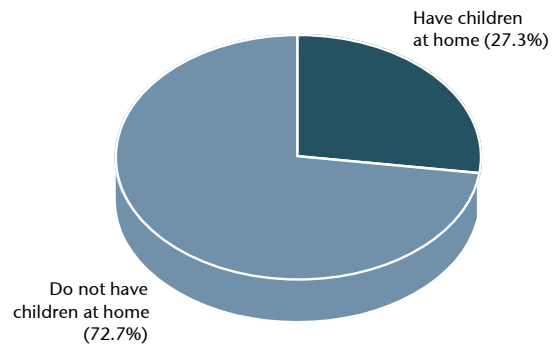


Children Under Age 18. Exhibit III-6 displays the percentage of respondents who have children under 18 in the home. The majority of respondents do not have children under the age of 18 living in their household.

**Exhibit III-6.
Children Under Age 18, Survey Respondents**

Note:
n=543; 2 respondents refused to answer this question.

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

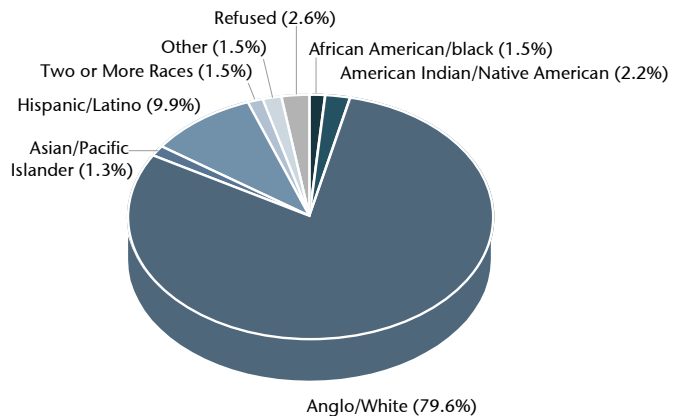


Race/ethnicity. Exhibit III-7 displays the percentage of respondents by race or ethnicity. Approximately 80 percent of respondents were White. The next largest reported ethnicity was Hispanic or Latino (10 percent).

**Exhibit III-7.
Race/Ethnicity of Survey Respondents**

Note:
n=545

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

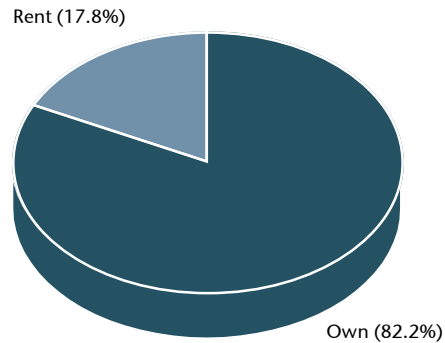


Homeownership and type of home. Approximately four out of five respondents reported owning their home. Exhibit III-8 displays the homeownership rate among survey respondents.

**Exhibit III-8.
Homeownership,
Survey Respondents**

Note:
n=538; 7 survey respondents refused to answer this question.

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

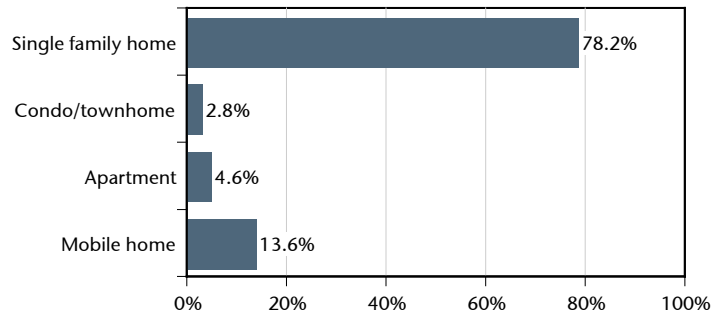


The survey respondents mostly lived in single family homes, as shown in Exhibit III-9.

**Exhibit III-9.
Housing Type,
Survey Respondents**

Note:
n=545.

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

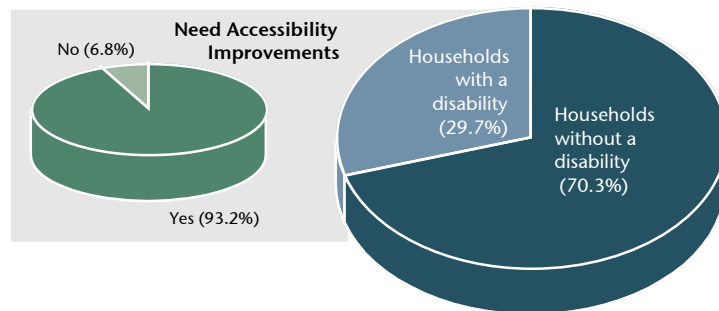


Disability and accessibility needs. Thirty percent of survey respondents reported having some type of disability or a household member with a disability. These respondents were asked if their current home met their needs. A little over 6 percent said they need accessibility improvements to their current home to meet their needs.

**Exhibit III-10.
Disability, Survey
Respondents**

Note:
n=545.

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

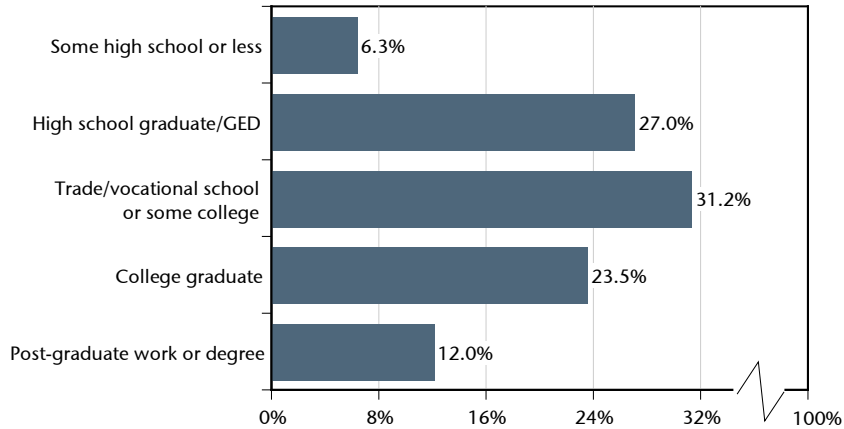


Educational attainment. As shown in Exhibit III-11, respondents were most likely to have completed at least some trade/vocational school or college (about one third of respondents). Another third reported having obtained either a college degree or some post graduate work/degree. Only 6 percent of respondents did not complete high school.

**Exhibit III-11.
Education of Survey
Respondents**

Note:
n=541; 4 survey respondents
refused to answer this question.

Source:
BBC Research & Consulting, Nevada
Analysis of Impediments Resident
Survey, September and October
2010.

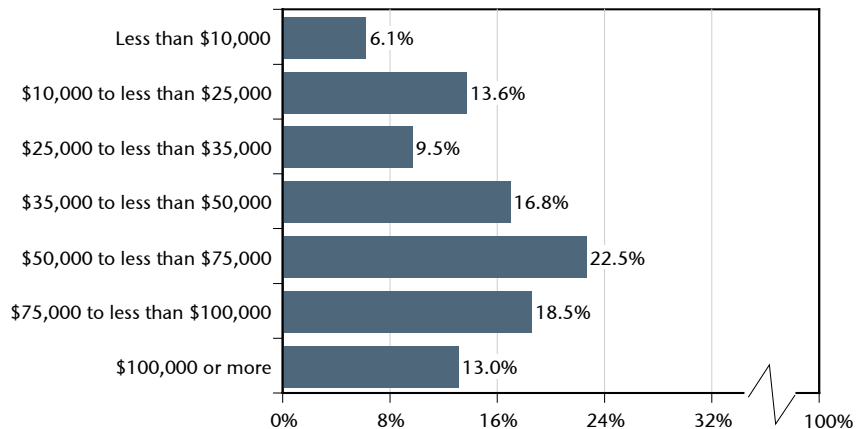


Household income. Exhibit III-12 displays the reported household income among survey respondents. Households earning between \$50,000 and \$75,000 per year represented the largest share of survey respondents at 23 percent.

**Exhibit III-12.
Household Income
of Survey
Respondents**

Note:
n=493; 52 survey respondents
refused to answer this question.

Source:
BBC Research & Consulting, Nevada
Analysis of Impediments Resident
Survey, September and October
2010.



Understanding of Fair Housing Law

This section contains the results of survey questions that tested residents’ knowledge and awareness of fair housing law. Respondents were presented with five scenarios and were asked whether the action taken in each scenario is legal or illegal—and then whether they thought the action *should* be legal.

The survey questions were read in random order to minimize bias in the order of presentation of the scenarios.

This section reports the results of these survey questions for the nonentitlement sample overall, in addition to comparing residents’ understanding and opinions about fair housing law by county. The findings include comparisons of the results across counties.

Scenario One — Familial Status

“A single mother of a 13 year old made an appointment to look at an apartment for rent. The landlord met her and her child at the apartment. When he discovered that she had a child, he told her he doesn’t allow children in his apartment complex.

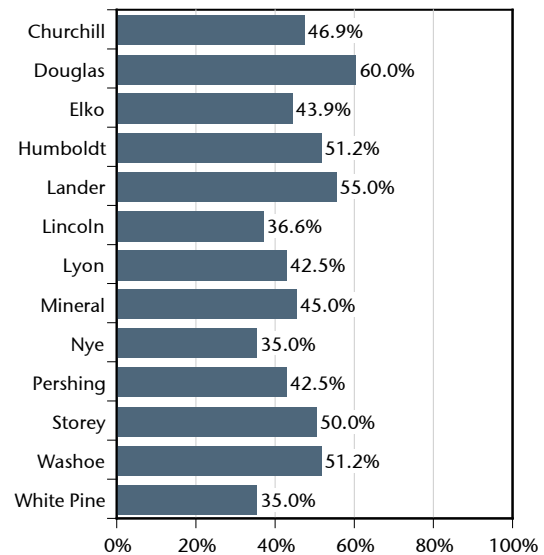
Is the landlord’s refusal to rent to the woman and child legal or illegal?”

Correct response. The landlord’s refusal to rent to the woman and child is illegal. Both state and federal law prohibit discrimination on the basis of familial status, which includes families with children and pregnant women.³

Survey responses. Overall, less than half of respondents—45 percent—answered correctly. Residents in the counties of Douglas and Lander were most likely to answer this question correctly; Humboldt, Storey and Washoe residents also had some of the highest rates of correct response. Residents in Nye, White Pine, and Lincoln were least likely to answer correctly.

Exhibit III-13.
Scenario One — Familial Status
Percent of Respondents Who Answered Correctly

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey,
September and October 2010.



Who answered correctly? In 5 of the 13 counties about half of residents know that this scenario violates fair housing law.

³ Housing that is designated for seniors-only is exempt from this aspect of the law. In the Federal Fair Housing Act, it is also legal to refuse to rent or sell to families with children in a building containing four or fewer units if the owner lives in one unit or in a single family home sold or rented by the owner and if the owner owns no more than three homes and does not use the services of a rental or sales agent.

Scenario Two — Steering

“A Hispanic family wants to buy a house and finds a real estate agent to show them houses in their price range. The real estate agent is also Hispanic. Their agent only shows them houses in Hispanic areas of town, even though there are houses they could afford in other neighborhoods, because she thinks they will be more comfortable in the Hispanic neighborhood.

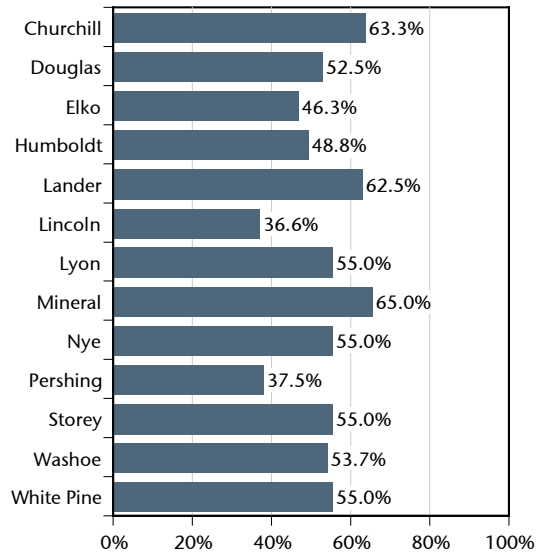
Is the real estate agent’s decision to only show the family homes in Hispanic parts of town legal or illegal?”

Correct response. The real estate agent’s decision is illegal. Steering individuals toward certain neighborhoods based on their race or ethnicity is discriminatory and prohibited by both state and federal law.

Survey responses. Overall, 53 percent answered correctly. Residents in the counties of Mineral, Churchill, Lander and Mineral were most likely to answer correctly, while Lincoln and Pershing County residents were least likely to answer correctly.

Exhibit III-14.
Scenario Two — Steering
Percent of Respondents Who Answered Correctly

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.



Who answered correctly? In 9 of the 13 counties, more than half of residents know that this scenario violates fair housing law. Residents with lower levels of education were more likely than those with higher educational levels to answer this question correctly: nearly 80 percent of residents with a high school education and less answered correctly, compared to about 55 percent of more highly educated residents. Minorities were also more likely than Whites to answer this question correctly.

Scenario Three — Race and Lending

“An African American couple applies for a mortgage loan at a local bank and their application is approved. The loan officer who makes the loan decides to charge them a higher interest rate than he did a white couple he made a loan to the day before, even though their credit was just as good. He does this because he believes that African Americans are more likely to default on their loans than Whites.

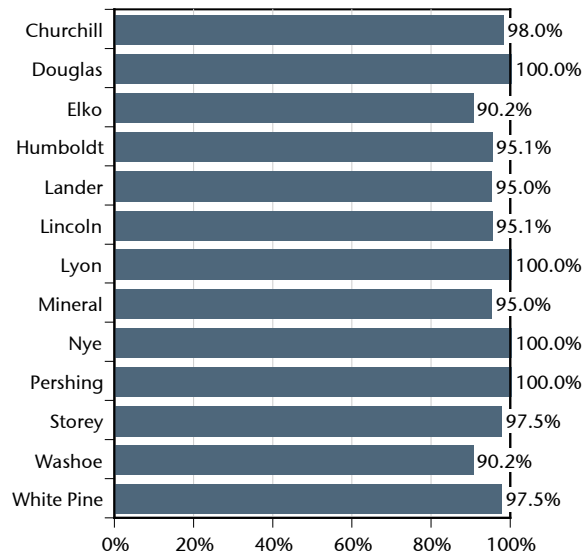
Is the loan officer’s decision to charge borrowers different interest rates based on their race legal or illegal?”

Correct response. The loan officer’s decision is illegal. Treating applicants differently because of their race is a violation of state and federal fair housing law.

Survey responses. Overall, 97 percent answered correctly. Every survey respondent from Douglas, Lyon, Nye and Pershing Counties answered this question correctly, while 90 percent of respondents from Washoe County know this scenario is illegal (lowest level of knowledge, although still very high).

Exhibit III-15.
Scenario Three — Race and Lending
Percent of Respondents Who Answered Correctly

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.



Who answered correctly? Knowledge concerning this scenario did not vary considerably among persons with differing socioeconomic characteristics: 92 percent of renters know this scenario is illegal, compared to 97 percent of owners, and 96 percent of White residents know this scenario is illegal compared to 98 percent of minorities.

Scenario Four — Disability Accommodation

“An apartment building owner is renting to someone who uses a wheelchair. The building is old and does not have a wheelchair ramp. The renter asks if he could arrange to have a ramp built so he can get into the building more easily. The renter has offered to pay for the ramp. The owner thinks a ramp will ruin the look of the building, so he refuses to have one built.

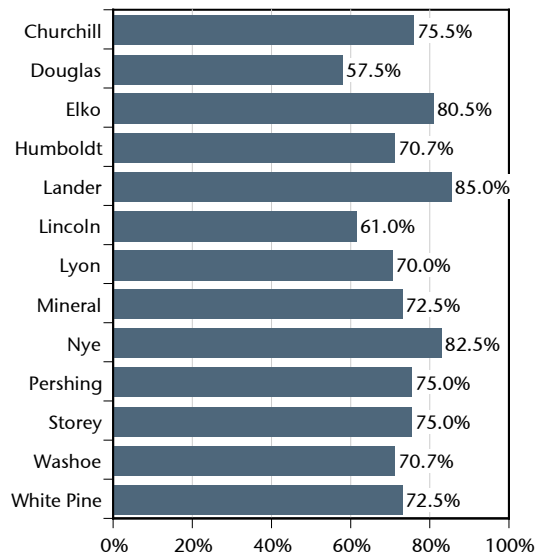
Is the apartment building owner’s decision to refuse to have a ramp built legal or illegal?”

Correct response. The apartment building owner’s decision is illegal. Under state and federal law, owners cannot prohibit modifications to their property that would accommodate and be paid for by tenants with disabilities.

Survey responses. Overall, 73 percent answered correctly. Residents in Lander, Nye and Elko Counties were most likely to answer correctly, while residents in Lincoln and Douglas were least likely to answer correctly.

Exhibit III-16.
Scenario Four — Disability Accommodation
Percent of Respondents Who Answered Correctly

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.



Who answered correctly? The majority of residents in all of the rural counties know that this scenario violates fair housing law. Residents who are White were less knowledgeable about the legality of this scenario than were residents of other races and ethnicities. More than 75 percent of disabled residents know that this scenario is illegal.

Scenario Five — Marital Status

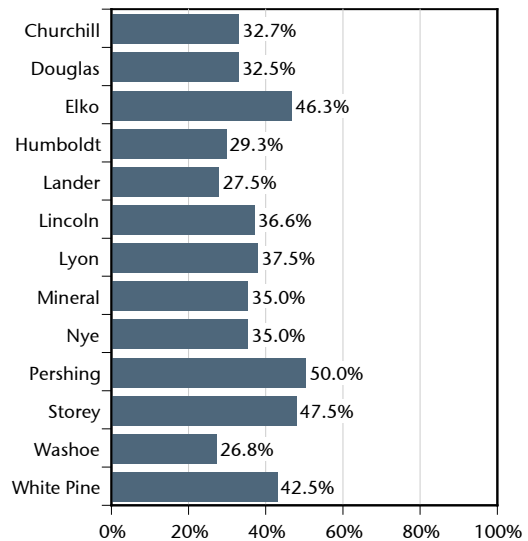
“A property manager runs an ad in a local paper that reads ‘Apartment for rent. No unmarried couples.’ — Is the ad the property manager ran legal or illegal?”

Correct response. The property manager’s ad is legal. Nevada state and federal law do not offer protection to residents solely because of marital status.

Survey responses. Overall, 38 percent of those surveyed answered correctly. Residents most likely to answer this question correctly lived in Elko, Pershing and Storey Counties, while Humboldt, Lander and Washoe residents were least likely to answer correctly.

Exhibit III-17.
Scenario Five — Marital Status
Percent of Respondents Who Answered Correctly

Source:
 BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

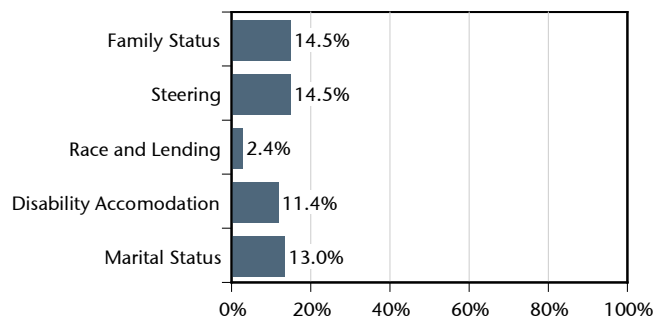


Who answered correctly? In 12 out of 13 counties, less than half of residents know that this scenario does not violate fair housing law.

“Don’t know” responses. The survey gave respondents the option to answer “I don’t know” for each of scenarios presented to them. Exhibit III-18 compares the percent of respondents who said they “don’t know” whether a scenario is legal or illegal. Residents were most confident in their knowledge of the race and lending scenario.

Exhibit III-18.
Percent of Respondents Who Answered “Don’t Know” to Fair Housing Legality Questions, by Scenario

Source:
 BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.



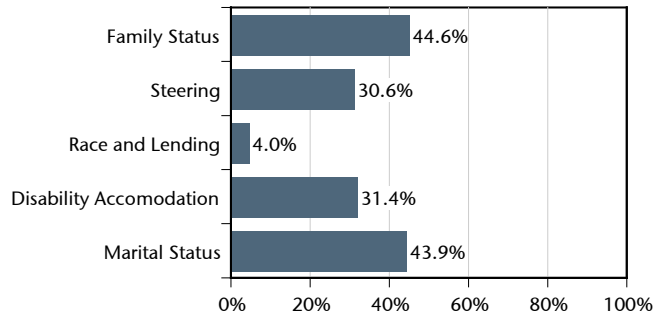
Support of Fair Housing Law

The five scenarios previously presented were also used to identify survey respondents' support of fair housing law. For each scenario, the residents surveyed stated whether they thought the action taken **should** be legal. Results from this exercise are included in this section and, where applicable, are broken down by respondents' socioeconomic characteristics.

Forty four percent of respondents think it should be legal to discriminate on the basis of marital status. Federal and Nevada State fair housing laws do not identify marital status as a protected class. In other words, 44 percent of respondents' opinions aligns with the law.

Exhibit III-19. Percent of Respondents Who Think Each Scenario Should be Legal

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.



The remaining four scenarios pertain to classes that are protected by State and Federal laws. Nearly one third of respondents think that denying disability accommodations and steering a Hispanic family towards Hispanic parts of town should be legal, although the law states that these types of housing discrimination are illegal. Approximately 45 percent of respondents think that discrimination on the basis of family status should be legal although the law states that it is illegal.

The greatest support for fair housing law is in the race and lending scenario. Only 4 percent of respondents think that it should be legal to charge borrowers different rates based on their race.

Differences between knowledge and support. Exhibit III-20 provides a comparison of residents' knowledge of fair housing law in each scenario and support for the legality of each scenario. Among the scenarios that violate fair housing law, knowledge and support are lowest in the marital status scenario. Only 38 percent of the general population knows this type of discrimination was legal and 39 percent thought it should be legal.

Exhibit III-20. Percent of General Population Respondents, Knowledge and Support of Fair Housing Law

Source:
BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

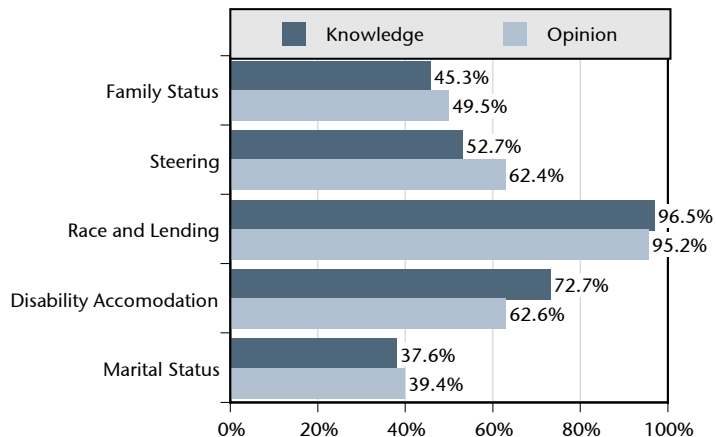


Exhibit III-20 reveals where public opinion differs from knowledge. In three out of five scenarios, the percentage of respondents who correctly identified the legality of a scenario (knowledge) is lower than the percentage of the people who had the correct **opinion** regarding legality of the scenario. For example, 53 percent of all respondents know it is illegal to steer a Hispanic family towards the “Hispanic” parts of town while 62 percent of all respondents think that this activity should be illegal. In the two remaining scenarios—disability accommodation and race and lending—there were a larger percentage of respondents who correctly identified the legality of each scenario than the percentage of respondents who had the correct **opinion** regarding legality of the scenario. For example, approximately 73 percent of respondents know that refusing to reasonably accommodate disabled residents is illegal while only about 63 percent of residents think that refusing reasonable accommodations should be illegal.

Summary by county.

- In sum, the counties where residents have the **strongest** knowledge of fair housing law are: Lander and Storey.
- The county where knowledge of fair housing law is the **weakest** is: Lincoln.
- The counties with the **strongest** support of fair housing laws are: Churchill and Lander.
- Those counties where support of fair housing law is the **weakest** include: Nye and Humboldt.⁴

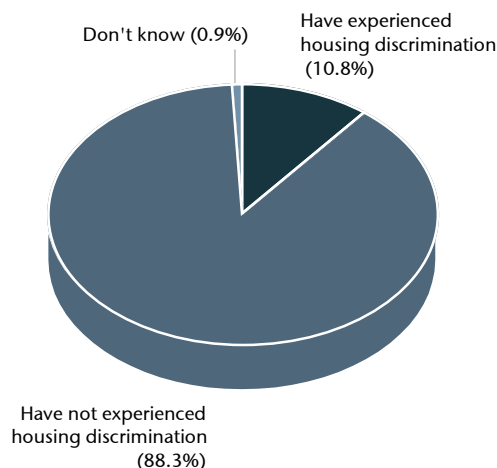
Experience with Housing Discrimination and Actions Taken

As part of the survey, residents were asked about their personal experiences with housing discrimination, the experiences of people they know, and how they responded or would respond to experiencing housing discrimination.

Prevalence of discrimination in Rural Nevada. As shown in Exhibit III-26, about 11 percent of survey respondents living in nonentitlement areas reported that they had experienced housing discrimination at some point in the past.

**Exhibit III-26.
Survey Respondents’ Experience
with Housing Discrimination**

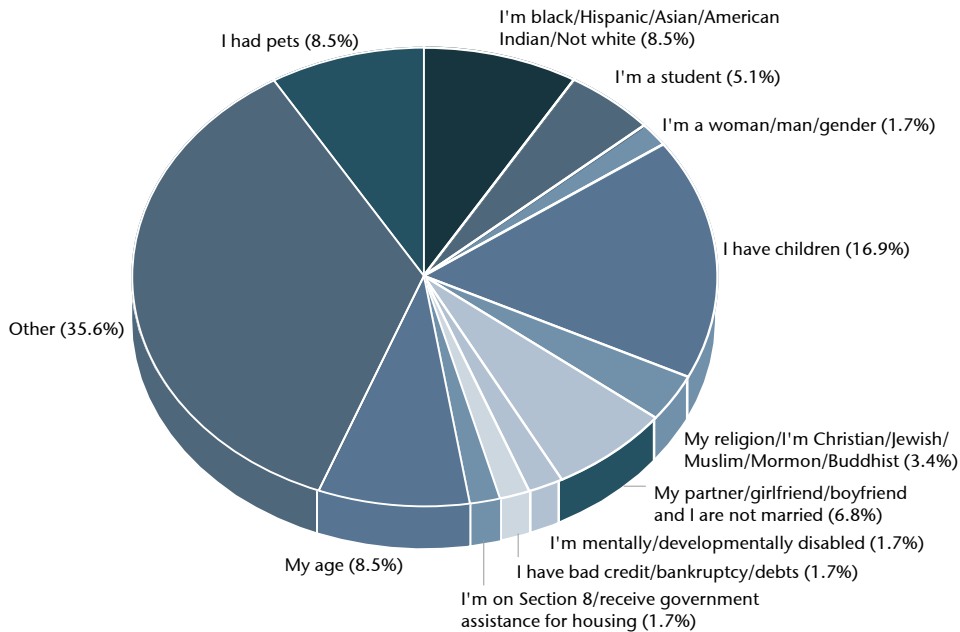
Source:
BBC Research & Consulting, Nevada Analysis of Impediments
Resident Survey, September and October 2010.



⁴ 58 percent of residents in these counties, on average support fair housing law among the scenarios. The median of all counties was 64 percent.

Residents who said they have experienced discrimination were asked why they thought they had been discriminated against. The most common reason for being discriminated against among respondents was “other” (36 percent) followed by having children (17 percent).

**Exhibit III-27.
What Was the Reason You Were Discriminated Against?**



Source: BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

Those who responded that they were discriminated against for an “other” reason provided a variety of reasons. Most commonly, respondents said that they were discriminated against because they are White, their marital status, they are in the military, or because they are pregnant.

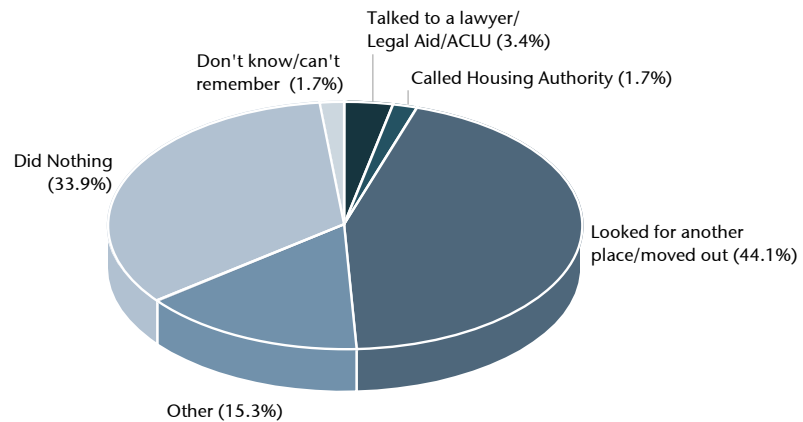
A review of the socioeconomic characteristics of residents who said they had experienced discrimination indicated that they are generally similar to the survey population overall. Some characteristics differ however, from the general population of respondents. These differences include: 60 percent are female (compared to 52 percent overall), 50 percent are disabled or have a disabled member in their household (compared to 30 percent overall), 81 percent do not have children (compared to 73 percent overall), 30 percent are not White (compared to 20 percent overall). In addition, those who said they had experienced discrimination are slightly more likely to be married and live in a mobile home.

Reporting housing discrimination. As part of the survey effort, residents were asked a series of questions to identify how they responded or would respond if they encountered housing discrimination. These questions are important because they help policymakers better target information and education campaigns to residents whose knowledge and awareness of fair housing rights is low.

Residents who had experienced discrimination and were asked what they did about the discrimination. As Exhibit III-28 shows, the most common course of action was “looked for another place to live/moved out” and “did nothing.”

**Exhibit III-28.
Course of Action Taken
after Experiencing
Discrimination**

Source:
BBC Research & Consulting, Nevada
Analysis of Impediments Resident Survey,
September and October 2010.



To test the awareness of the organizations in Nevada that investigate housing discrimination, all residents responding to the survey were presented with the following question: “Suppose you or someone you know thought they’d been discriminated against in trying to find a place to rent or a house to buy. What would you do or recommend?”

The responses to this question are shown in Exhibit III-29. It should be noted that the responses are “top-of-mind;” i.e., residents were not prompted to give a particular response. As shown below, when if Nevada residents feel they have experienced housing discrimination, they are most likely to call/see Silver State Fair Housing (24 percent). Sixteen percent said they did not know what they would do or recommend.

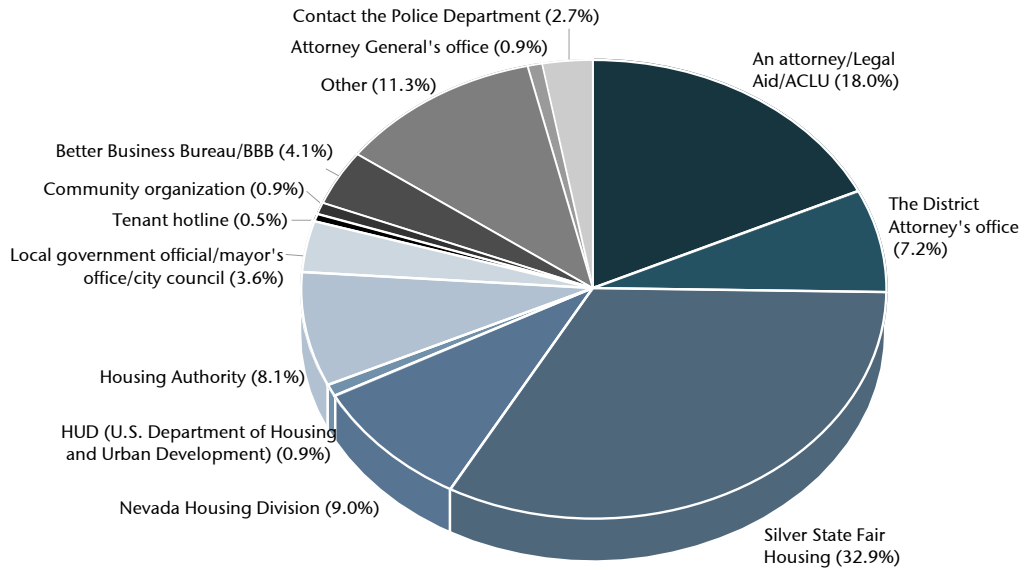
**Exhibit III-29.
What Would You
Do or Recommend
if You or Someone
You Know
Experienced
Housing
Discrimination?**

Source:
BBC Research & Consulting, Nevada
Analysis of Impediments Resident
Survey, September and October 2010.

	Percent of Respondents
Call/see Silver State Fair Housing	24.4%
I don't know	16.3%
Call/see the Housing Authority	9.7%
File a complaint	9.4%
Call/see/get a lawyer	8.3%
Move to another house/apartment	8.1%
Call/see Legal Aid	5.9%
Other	5.0%
Call/see the Nevada Housing Division	3.1%
Call/see the District Attorney	2.8%
Call/see the Better Business Bureau	2.0%
Contact Realtor's Board/Report it to Realtor/Search for new Realtor	1.5%
Nothing	1.3%
Call Local/State Gov't officials/Contact Gov't Agency (non-specific)	1.1%
Resolve issue with Landlord/Property Manager	0.7%
Research laws/situation on the Internet	0.6%

Residents were asked a follow up question about whom they would contact if they experienced discrimination. About 40 percent of residents said they know whom to contact if they wanted to report experiencing housing discrimination. The most common people or organizations they said they would contact included Silver State Fair Housing (33 percent) and an attorney/Legal Aid/ACLU (18 percent). Again, these were “top of mind” answers and provided without the surveyor giving examples.

Exhibit III-30.
If You Ever Felt You Were Discriminated Against, Do You Know Who You Would Contact?



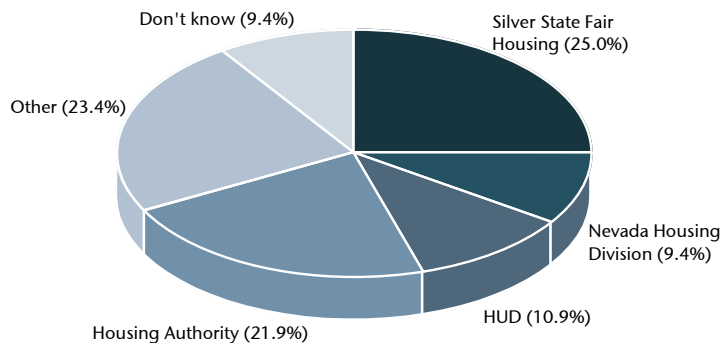
Note: Multiple responses were allowed to this question.

Source: BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

The survey also asked if respondents know who investigates housing discrimination in Nevada. Approximately 12 percent of survey respondents said they know who investigates housing discrimination in Nevada (Exhibit III-31). Of those who said they knew who investigates housing discrimination, the most common organizations they identified were a Silver State Fair Housing (25 percent), “other” (23 percent) and a Housing Authority (22 percent).

Exhibit III-31.
Do You Know Who Investigates Housing Discrimination in Nevada?

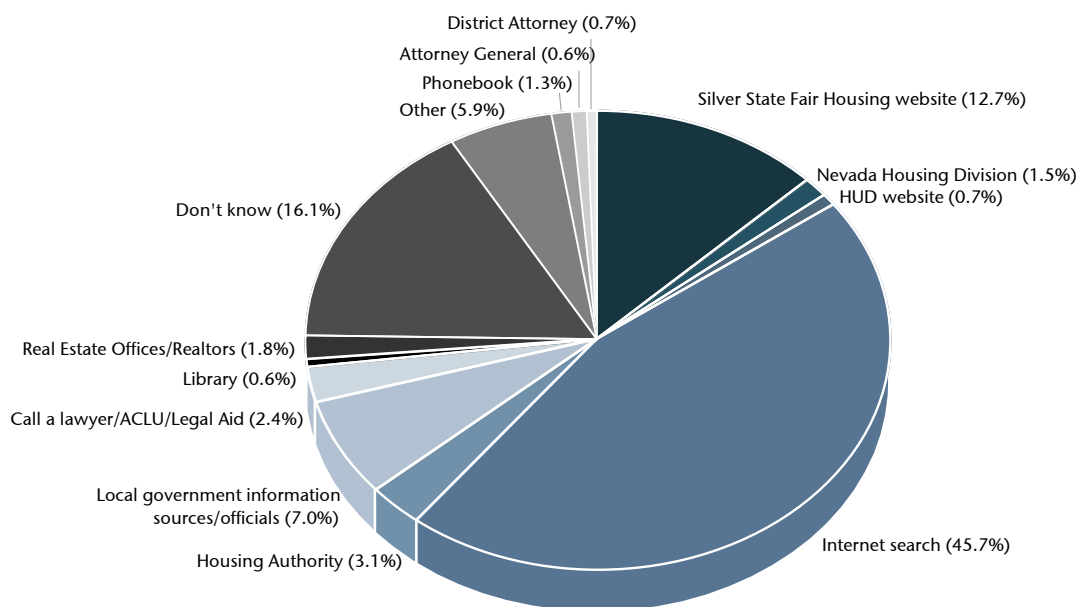
Source:
 BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.



Accessing fair housing information. The last set of questions was related to how residents would access information about their fair housing rights if they wanted to.

Residents were asked “If you wanted to know more about your fair housing rights, how you would get information?” The most common response was to conduct an Internet search (46 percent). The second most common response (albeit a much lower percentage) was to go to the Silver State Fair Housing Website (13 percent). Sixteen percent of respondents said they do not know where to find information about fair housing rights.

Exhibit III-32.
How would you get information about your fair housing rights?



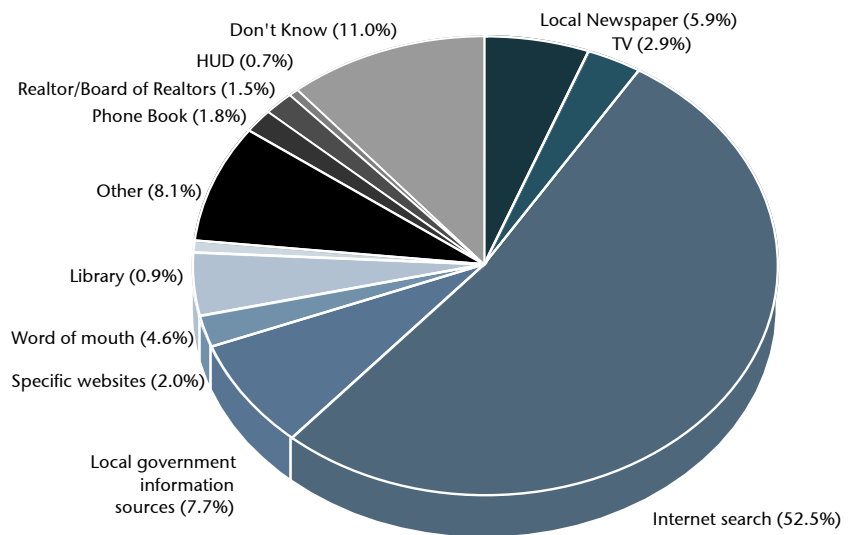
Source: BBC Research & Consulting, Nevada Analysis of Impediments Resident Survey, September and October 2010.

Residents were also asked about the sources they consult when they want to learn more about “housing or government issues” in Nevada. The responses to this question are shown in Exhibit III-33. Again, an Internet search was the most common way residents seek out information (53 percent).

Exhibit III-33.
How do you get information about “public issues” in Nevada?

Note:
Specialty Publication and Radio were available answer choices; however, no respondents receive their information through these mediums.

Source:
BBC Research & Consulting, Nevada
Analysis of Impediments Resident
Survey, September and October 2010.



SECTION IV.
Lending Analysis

SECTION IV.

Lending Analysis

This section analyzes Home Mortgage Disclosure Act (HMDA) data to reveal any practices of unfair lending in the nonentitlement areas of Nevada. The analysis also includes a review of subprime loan activity and concludes with an analysis of Community Reinvestment Act (CRA) examination ratings of Nevada banks.

Summary Findings

Our analysis of mortgage loan transactions in Nevada counties during 2008 revealed the following:

- During 2008, American Indians/Alaskan Natives, Blacks/African Americans, Native Hawaiians/Pacific Islanders and Hispanic applicants faced higher rates of mortgage loan denials and lower rates of loan originations than did Whites. The difference was most pronounced for American Indian/Alaskan Native borrowers (a gap of about 22 percentage points). In the counties of Douglas, Storey and White Pine, the differences in denials by race and ethnicity were the greatest.
- Subprime mortgage lending during the year was relatively modest. For those borrowers who did receive subprime loans, the rates were not too far above prime rates.
- Overall in Nevada, American Indians, African Americans, Native Hawaiians/Pacific Islanders and Hispanics received higher proportions of subprime loans than Whites and Asians. Subprime rates were highest for Hispanic borrowers: Hispanics received subprime loans about 12.5 percent of the time, compared to 7 percent for all borrowers during 2008.
- The counties with the highest subprime mortgage lending rate in 2008 included Lander and Mineral (21 percent of all loans originated); Pershing (18 percent); and Elko (16 percent).

Introduction to HMDA Data

The Home Mortgage Disclosure Act (HMDA) requires financial institutions to maintain and disclose data on loan applications for home purchases, home improvements and mortgage refinances. In general, HMDA applies to lending institutions above an annually adjusted asset threshold that have offices in metropolitan areas. HMDA was originally enacted in 1975 in response to the practice of “redlining”—the systematic exclusion of neighborhoods with high concentrations of minorities in home mortgage lending.

HMDA data are widely used to detect evidence of discrimination in mortgage lending. The variables contained in the HMDA dataset have expanded over time, allowing for more comprehensive analyses and better results. However, despite expansions in the data reported, HMDA analyses remain limited because of the information that is *not* reported.

As such, studies of lending disparities that use HMDA data carry a similar caveat: HMDA data can be used to determine disparities in loan originations and interest rates among borrowers of different races, ethnicities and genders, as well as the location of the property they hope to own. The data can also be used to explain many of the reasons for any lending disparities (e.g., poor credit history). Yet HMDA data do not contain all of the factors that are evaluated by lending institutions when they decide to make a loan to a borrower. Basically, the data provide **a lot** of information about the lending decision—but **not all** of the information. Still, HMDA data remain the best and most comprehensive source of mortgage lending transactions available for fair lending analysis.

This section of the State of Nevada AI examines mortgage lending transactions in the state from 2008 to detect concerns about lending to protected classes.

Types of loans in HMDA. HMDA data report several types of loans: home purchase, home improvement and refinancing.

The HMDA data are separated into two primary loan categories: conventional loans and government-guaranteed loans. Government-guaranteed loans are those insured by the Federal Housing Administration (FHA) and Veterans Administration (VA).

“Subprime” loans. For the purposes of HMDA reporting, lenders are required to disclose the interest rate on loans when the annual percentage rate (APR) on the loan exceeds the yield on Treasury securities of comparable maturity by 3 percentage points for first liens and 5 percentage points for junior liens.

The federal requirement to report the interest rates on high-cost loans was directly linked to the growth in the subprime loan market and concerns about discrimination in pricing. The objective of the Federal Reserve Board in requiring pricing disclosure was that pricing on most subprime loans **would be** reported and pricing on most prime loans **would not**.¹

For the purposes of this report, we define “subprime” as a loan with an APR of more than 3 percentage points above comparable Treasuries for first liens, and 5 percentage points for second liens. This is consistent with the intent of the Federal Reserve.

During 2008, 3,678 subprime loans were made to Nevada residents. These loans had interest rates ranging from 3.0 to 13.49 percent above the yield on Treasury securities of comparable maturity. The 30-year Treasury had an average yield of 4.3 during 2008. Therefore, for our report, subprime loans average APRs of 7.3 percent and higher.

Race/ethnicity categorization. Federal regulations require separate racial and ethnic designations for Census purposes. Race includes the designations of White, Black, Asian, American Indian and Hawaiian, while ethnicity includes the designation Hispanic and non-Hispanic. Therefore, an individual may be White Hispanic, White non-Hispanic, Black-Hispanic, etc.

¹ The reported APR on an adjustable rate mortgages (ARMs) considers both the initial “teaser” rate and the adjustment rate, assuming that Treasury interest rate to which the loan is indexed stays fixed.

Lending Analysis

This section uses the analysis of HMDA data to determine:

- How often Nevada residents were denied mortgage loans, home improvement loans and loans to refinance existing mortgage debt;
- The geographic areas in Nevada where loan application denials and high-cost lending are concentrated; and
- Disparities in high-cost lending and mortgage loan denials across different racial and ethnic groups, for the state overall and by county.

Loan approval and denials. The 2008 HMDA dataset contains records for about 112,000 mortgage loan applications that were submitted by Nevada residents. These include loans to purchase homes, refinance loans and home improvement loan applications. Exhibit IV-1 shows where the loan applications occurred geographically.

Exhibit IV-1. Mortgage Loan Applications by County, State of Nevada, 2008

Source:
Home Mortgage Disclosure Act, FFIEC,
2008 and BBC Research & Consulting.

	Total Loans	Percent		Total Loans	Percent
Churchill	1,065	4%	Lyon	2,857	11%
Douglas	2,253	8%	Mineral	109	0%
Elko	2,299	9%	Nye	2,104	8%
Esmeralda	14	0%	Pershing	206	1%
Eureka	48	0%	Storey	253	1%
Humboldt	721	3%	Washoe	16,949	63%
Lander	237	1%	White Pine	317	1%
Lincoln	160	1%	Total	26,735	

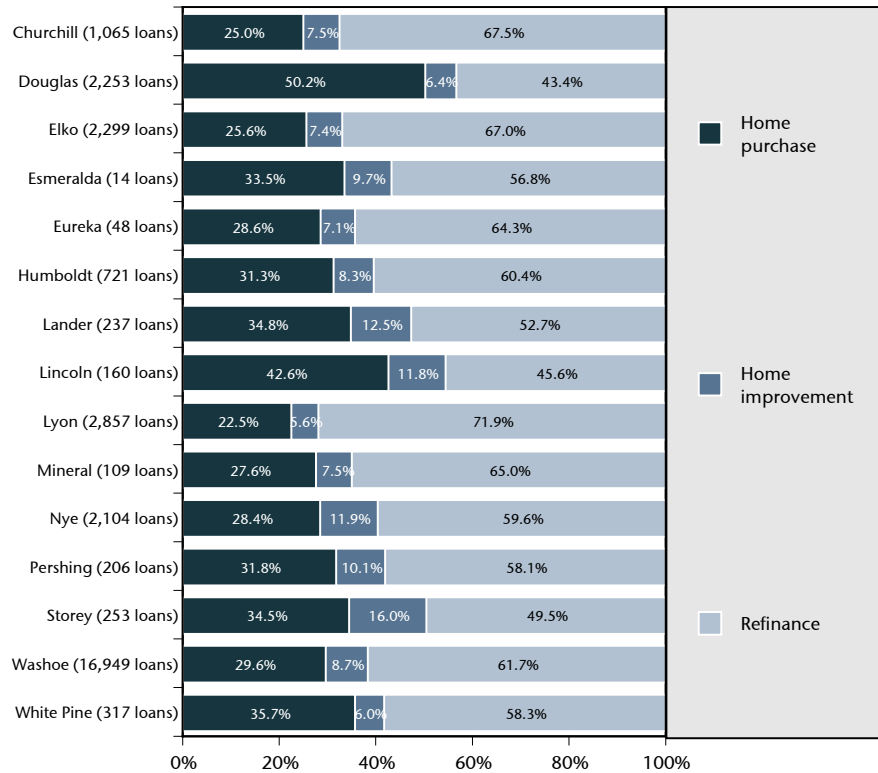
As the above exhibit demonstrates, 54 percent of the loan applications were in Washoe County. The next highest volume counties for loan applications included Lyon, Douglas, Churchill and Nye. These counties all had approximately 2,000 residents seek mortgage loan products during 2008.

Of these applications, the majority (68 percent) were for conventional loans; 28 percent were for government guaranteed loans (FHA or VA loans).

About half of the loan applications were refinances; another half was for home purchases. Only 7 percent were for home improvement loans. The following exhibit shows loan applications by type for each county.

**Exhibit IV-2.
Mortgage Loan
Applications by Type
and County, State of
Nevada, 2008**

Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.



In most counties, the applications were primarily for mortgage loan refinancing, followed by home purchases.

Denials by race. Exhibit IV-3 on the following page shows the percentage of loan applications by county and race that were: 1) originated; 2) approved and not accepted by the applicant; 3) denied; and 4) withdrawn by the applicant.

The shaded areas show when the denial rate for non-White borrowers is more than 10 percentage points higher than White borrowers. This situation occurs most often with American Indian/Alaskan Native and Black/African American borrowers. The largest disparities occur in the counties of Douglas, Storey and White Pine.

**Exhibit IV-3.
Loan Application Originations and Denials by Race, by County, State of Nevada, 2008**

County	American Indian/Alaskan Native	Asian	Black/African American	Hawaiian/Pacific Islander	White	County	American Indian/Alaskan Native	Asian	Black/African American	Hawaiian/Pacific Islander	White	County	American Indian/Alaskan Native	Asian	Black/African American	Hawaiian/Pacific Islander	White
Churchill						Humboldt						Nye					
Loan originated	50%	33%	60%	27%	45%	Loan originated	52%	50%	100%	0%	53%	Loan originated	31%	27%	25%	40%	43%
Application approved, not accepted	7%	13%	0%	18%	6%	Application approved, not accepted	5%	0%	0%	0%	7%	Application approved, not accepted	4%	0%	11%	0%	7%
Application denied	43%	47%	40%	45%	36%	Application denied	43%	0%	0%	0%	28%	Application denied	38%	69%	50%	47%	39%
Application withdrawn	0%	7%	0%	9%	13%	Application withdrawn	0%	50%	0%	100%	12%	Application withdrawn	27%	4%	14%	13%	11%
Total	100%	100%	100%	100%	100%	Total	100%	100%	100%	100%	100%	Total	100%	100%	100%	100%	100%
Douglas						Lander						Pershing					
Loan originated	21%	35%	20%	73%	56%	Loan originated	40%	—	—	—	45%	Loan originated	33%	33%	—	—	42%
Application approved, not accepted	7%	10%	0%	9%	8%	Application approved, not accepted	0%	—	—	—	4%	Application approved, not accepted	0%	0%	—	—	7%
Application denied	71%	50%	80%	9%	30%	Application denied	20%	—	—	—	39%	Application denied	67%	0%	—	—	39%
Application withdrawn	0%	5%	0%	9%	7%	Application withdrawn	40%	—	—	—	12%	Application withdrawn	0%	67%	—	—	12%
Total	100%	100%	100%	100%	100%	Total	100%	0%	0%	0%	100%	Total	100%	100%	0%	0%	100%
Elko						Lincoln						Storey					
Loan originated	31%	56%	62%	33%	55%	Loan originated	33%	0%	—	0%	47%	Loan originated	0%	43%	—	0%	38%
Application approved, not accepted	3%	13%	0%	0%	5%	Application approved, not accepted	0%	0%	—	0%	5%	Application approved, not accepted	0%	14%	—	0%	6%
Application denied	50%	25%	0%	33%	25%	Application denied	33%	100%	—	100%	31%	Application denied	100%	43%	—	100%	44%
Application withdrawn	16%	6%	38%	33%	15%	Application withdrawn	33%	0%	—	0%	17%	Application withdrawn	0%	0%	—	0%	12%
Total	100%	100%	100%	100%	100%	Total	100%	100%	0%	100%	100%	Total	100%	100%	0%	100%	100%
Esmeralda						Lyon						Washoe					
Loan originated	0%	—	—	—	17%	Loan originated	24%	23%	36%	29%	42%	Loan originated	31%	42%	35%	39%	50%
Application denied	100%	—	—	—	75%	Application approved, not accepted	7%	9%	7%	5%	6%	Application approved, not accepted	8%	8%	4%	6%	7%
Application withdrawn	0%	—	—	—	8%	Application denied	59%	46%	50%	48%	38%	Application denied	54%	36%	47%	42%	29%
Total	100%	0%	0%	0%	100%	Application withdrawn	9%	23%	7%	19%	14%	Application withdrawn	7%	14%	14%	12%	13%
Eureka						Mineral						White Pine					
Loan originated	—	—	—	—	54%	Loan originated	50%	—	25%	—	34%	Loan originated	17%	100%	—	100%	55%
Application approved, not accepted	—	—	—	—	3%	Application approved, not accepted	0%	—	0%	—	6%	Application approved, not accepted	0%	0%	—	0%	5%
Application denied	—	—	—	—	35%	Application denied	50%	—	75%	—	47%	Application denied	67%	0%	—	0%	26%
Application withdrawn	—	—	—	—	8%	Application withdrawn	0%	—	0%	—	13%	Application withdrawn	17%	0%	—	0%	13%
Total	0%	0%	0%	0%	100%	Total	100%	0%	100%	0%	100%	Total	100%	100%	0%	100%	100%

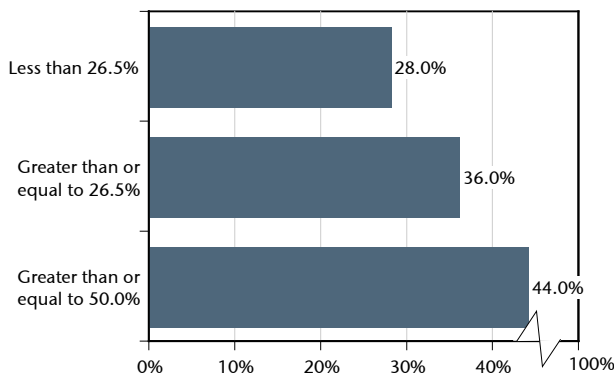
Note: The shaded areas show when the denial rate for non-White borrowers is more than 10 percentage points higher than White borrowers.

Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.

Denials by ethnicity. Exhibit IV-4 page 7 shows how Hispanic and Non-Hispanic borrowers fared in the lending decision by county. The percentage of borrowers who had a loan originated or denied is shown, along with the percentage whose loan was approved (but not accepted by the borrower) or withdrawn.

A negative number on the “originated” line means that Hispanics had lower rates of application approvals than Non-Hispanics. A positive number on the “denial” line means that Hispanics had higher rates of denials than Non-Hispanics. The larger the number, the bigger the disparity in approvals or denials.

**Exhibit IV-5.
Loans Denied by Percentage of Minorities
in Census Tract, State of Nevada, 2008**



Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.

For the most part, the percentage differences are small. In Lincoln and Pershing Counties, Hispanics fared better than Non-Hispanics, In Storey, White Pine and, to a lesser extent, Douglas and Washoe, Hispanics fared worse.

In addition to the above analysis, denial rates were compared among Census Tracts with varying minority percentages. As IV-5 shows, as minority populations grew, so did denial rates.

Subprime lending. There were 3,674 subprime mortgage loans made to individuals in Nevada in 2008. These loans had interest rates ranging from 3.0 to 13.49 percent above the yield on Treasury securities of comparable maturity—meaning they had actual interest rates of between 7.3 and 17.69 percent.

Of these subprime loans, 359 loans were made in Washoe County. The balance—692 subprime loans—was made in the State’s other, largely rural counties.

Exhibit IV-6 shows the number and percentage of subprime loans by county.

The majority of the subprime loans had relatively low interest rates for subprime loans: 75 percent had rates less than 8.3 percent, on average, during 2008.

**Exhibit IV-6.
Subprime Loans by County, 2008**

County	Number of Loans	Percent of All Subprime Loans
Churchill	47	4.6%
Douglas	66	6.5%
Elko	186	18.4%
Esmeralda	-	0.0%
Eureka	3	0.3%
Humboldt	47	4.6%
Lander	22	2.2%
Lincoln	9	0.9%
Lyon	100	9.9%
Mineral	8	0.8%
Nye	125	12.3%
Pershing	14	1.4%
Storey	8	0.8%
Washoe	359	35.4%
White Pine	19	1.9%
Total	1,013	100%

Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.

**Exhibit IV-4.
Loan Application Originations and Denials by Ethnicity, by County, State of Nevada, 2008**

County	Hispanic	Non-Hispanic	Disparity (originations and denials only)	County	Hispanic	Non-Hispanic	Disparity (originations and denials only)	County	Hispanic	Non-Hispanic	Disparity (originations and denials only)
Churchill				Humboldt				Nye			
Loan originated	44%	46%	-4%	Loan originated	48%	54%	-5%	Loan originated	38%	42%	-6%
Application approved, not accepted	2%	6%		Application approved, not accepted	4%	8%		Application approved, not accepted	8%	6%	
Application denied	38%	37%	-1%	Application denied	35%	27%	7%	Application denied	40%	40%	-1%
Application withdrawn	17%	11%		Application withdrawn	13%	11%		Application withdrawn	15%	12%	
Total	100%	100%		Total	100%	100%		Total	100%	100%	
Douglas				Lander				Pershing			
Loan originated	43%	50%	-8%	Loan originated	52%	49%	5%	Loan originated	60%	40%	17%
Application approved, not accepted	3%	7%		Application approved, not accepted	4%	5%		Application approved, not accepted	0%	8%	
Application denied	39%	27%	11%	Application denied	40%	42%	0%	Application denied	27%	40%	-14%
Application withdrawn	15%	16%		Application withdrawn	4%	3%		Application withdrawn	13%	13%	
Total	100%	100%		Total	100%	100%		Total	100%	100%	
Elko				Lincoln				Storey			
Loan originated	50%	55%	-5%	Loan originated	80%	44%	37%	Loan originated	17%	38%	-20%
Application approved, not accepted	5%	6%		Application approved, not accepted	0%	5%		Application approved, not accepted	0%	6%	
Application denied	28%	25%	3%	Application denied	20%	34%	-13%	Application denied	67%	44%	24%
Application withdrawn	17%	15%		Application withdrawn	0%	17%		Application withdrawn	17%	12%	
Total	100%	100%		Total	100%	100%		Total	100%	100%	
Esmeralda				Lyon				Washoe			
Loan originated	—	15%	N/A	Loan originated	33%	42%	-9%	Loan originated	40%	51%	-11%
Application denied	—	77%	N/A	Application approved, not accepted	7%	6%		Application approved, not accepted	6%	7%	
Application withdrawn	—	8%	N/A	Application denied	46%	38%	7%	Application denied	40%	29%	10%
Total	—	100%		Application withdrawn	14%	14%		Application withdrawn	14%	13%	
Eureka				Total	100%	100%		Total	100%	100%	
Loan originated	0%	56%	N/A	Mineral				White Pine			
Application approved, not accepted	0%	3%		Loan originated	29%	34%	-5%	Loan originated	33%	56%	-22%
Application denied	50%	33%	17%	Application approved, not accepted	14%	4%		Application approved, not accepted	0%	6%	
Application withdrawn	50%	8%		Application denied	57%	48%	9%	Application denied	56%	25%	31%
Total	100%	100%		Application withdrawn	0%	13%		Application withdrawn	11%	13%	
				Total	100%	100%		Total	100%	100%	

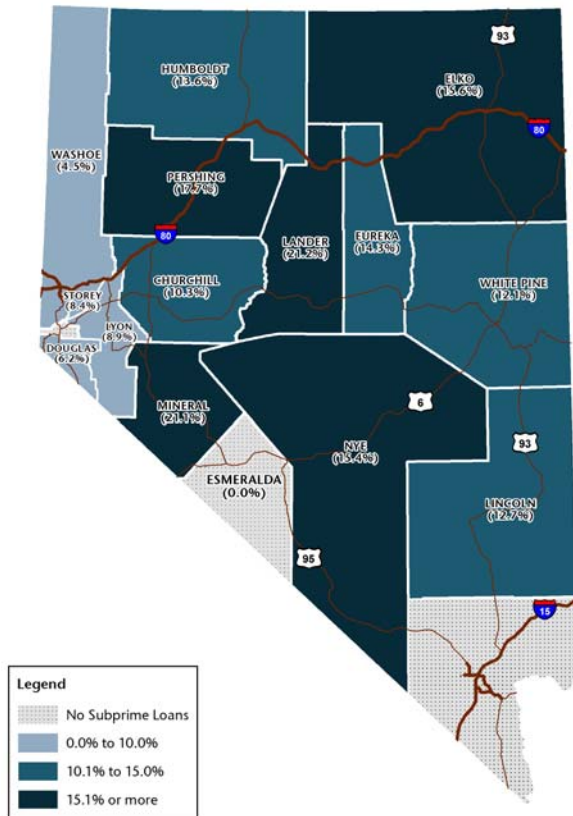
Note: Yellow highlighted proportions are those where the difference is 10 percentage points and more.

Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.

Exhibit IV-7 shows the proportion of each county's mortgage loans in 2008 that were subprime. For the state overall, 7 percent of the mortgage loans in 2008 were subprime. The counties with the highest subprime lending rate included Lander and Mineral (21 percent); Pershing (18 percent); and Elko (16 percent).

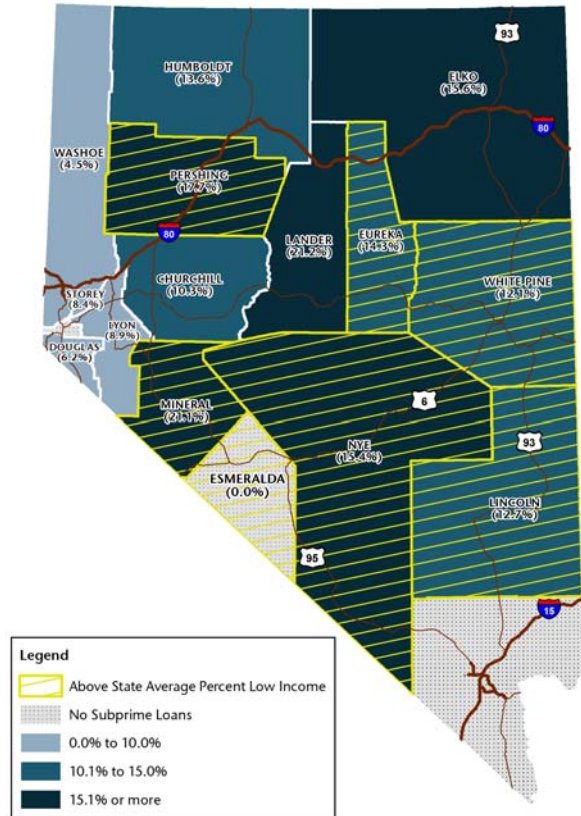
The Nevada counties with the highest rates of subprime lending were *not* consistently also counties with above average proportions of low income populations, as shown in Exhibit IV-8.

Exhibit IV-7.
Percent of Loans that were Subprime by County, State of Nevada, 2008



Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.

Exhibit IV-8.
Percent of Loans that were Subprime by Low-Income Percentage by County, State of Nevada, 2008



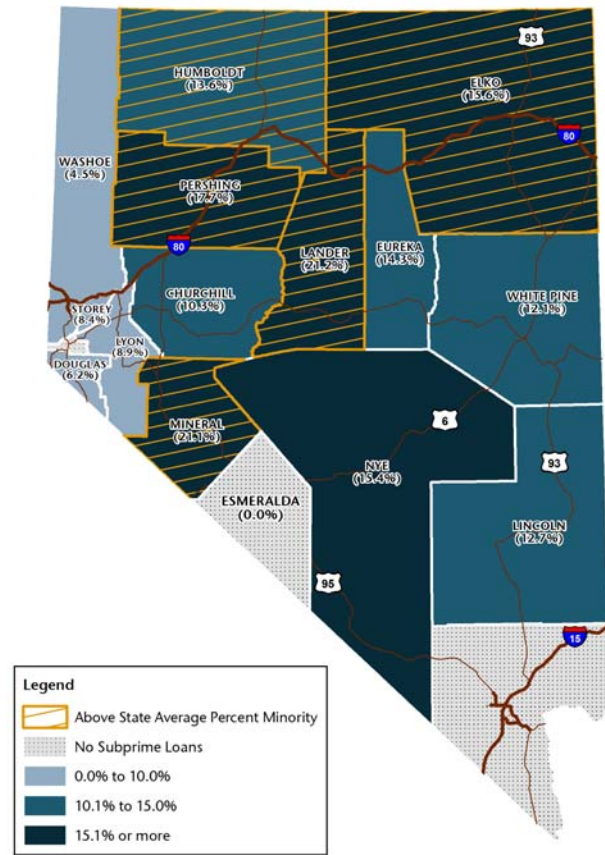
Note: For the purpose of this map, "low income percentage" means the percent of households earning less than \$25,000/year.

Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.

However, the Nevada counties with higher-than-average minority populations had some of the highest rates of subprime lending activity (except for Esmeralda County). The counties of Elko, Lander, Mineral and Pershing all had the highest proportions of subprime loans *and* higher than average minority populations, as shown in Exhibit IV-9.

Overall in Nevada, American Indians, African Americans, Native Hawaiians/Pacific Islanders and Hispanics received higher proportions of subprime loans than Whites and Asians. Subprime rates were highest for Hispanic borrowers: Hispanics received subprime loans about 12.5 percent of the time, compared to 7 percent for all borrowers during 2008. This is demonstrated in Exhibit IV-10.

Exhibit IV-9.
Percent of Loans that were Subprime by Minority Percentage by County, State of Nevada, 2008



Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.

Exhibit IV-10.
Subprime Lending Comparison by Race/Ethnicity, All Counties, 2008

Note: Highlighted percentages represent greater than statewide subprime percentage.

Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.

Race/Ethnicity	Distribution of All Subprime Loans	Distribution of All Loans	Percent Subprime
American Indian/Alaskan Native	1.2%	0.9%	9.2%
Asian	4.4%	6.4%	5.0%
Black/African American	5.5%	4.3%	9.3%
Hawaiian/Pacific Islander	2.3%	1.5%	10.6%
White	86.5%	86.9%	7.1%
Total	100%	100%	7.1%
Hispanic	27.9%	15.9%	12.5%
Non-Hispanic	72.1%	84.1%	6.1%
Total	100%	100%	7.2%

Exhibit IV-11 presents the subprime loan data by race for all counties (both nonentitlement and urban areas). In the state's largest, urban counties, the difference in subprime lending across various races and ethnicities is very small.

Exhibit IV-11.
Subprime Loans by Race and County, State of Nevada, 2008

County	Subprime Loans	All Loans	Percent Subprime by Race	County	Subprime Loans	All Loans	Percent Subprime by Race	County	Subprime Loans	All Loans	Percent Subprime by Race
Churchill				Humboldt				Nye			
American Indian/Alaskan Native	2	14	14.3%	Black/African American	1	2	50.0%	American Indian/Alaskan Native	1	34	2.9%
Asian	1	16	6.3%	White	43	610	7.0%	Black/African American	2	46	4.3%
Black/African American	2	10	20.0%	Total Subprime Loans	44	612	7.2%	Native Hawaiian/Pacific Islander	1	15	6.7%
White	40	918	4.4%	Lander				White	107	1,722	6.2%
Total Subprime Loans	45	958	4.7%	White	19	199	9.5%	Total Subprime Loans	111	1,817	6.1%
Douglas				Lincoln				Pershing			
American Indian/Alaskan Native	1	19	5.3%	White	8	136	5.9%	American Indian/Alaskan Native	2	6	33.3%
Native Hawaiian/Pacific Islander	1	10	10.0%	Total Subprime Loans	8	136	5.9%	White	11	183	6.0%
White	58	1,903	3.0%	Lyon				Total Subprime Loans	13	189	6.9%
Total Subprime Loans	60	1,932	3.1%	American Indian/Alaskan Native	1	54	1.9%	Storey			
Elko				American Indian/Alaskan Native	1	54	1.9%	White	8	223	3.6%
American Indian/Alaskan Native	1	35	2.9%	Asian	1	35	2.9%	Total Subprime Loans			
Asian	1	16	6.3%	Black/African American	1	15	6.7%	Washoe			
Black/African American	3	14	21.4%	White	88	2,424	3.6%	American Indian/Alaskan Native	12	168	7.1%
Native Hawaiian/Pacific Islander	1	3	33.3%	Total Subprime Loans	91	2,528	3.6%	Asian	12	658	1.8%
White	167	2,015	8.3%	Mineral				Black/African American	5	215	2.3%
Total Subprime Loans	173	2,083	8.3%	Black/African American	1	4	25.0%	Native Hawaiian/Pacific Islander	4	165	2.4%
Eureka				White	6	89	6.7%	White	290	13,767	2.1%
White	3	42	7.1%	Total Subprime Loans	7	93	7.5%	Total Subprime Loans	323	14,973	2.2%
Total Subprime Loans	19	199	9.5%					White Pine			
								White	14	260	5.4%
								Total Subprime Loans	14	260	5.4%

Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.

In most of the rural counties, the number of loans made to non-White borrowers was so small that there is not enough data to draw strong conclusions about lending patterns. However, it should be noted that in six counties—Churchill, Douglas, Elko, Humboldt, Mineral and Pershing—minority borrowers experienced much higher rates of subprime lending, especially compared to White borrowers.

Exhibit IV-12 presents the same analysis, but for ethnicity (Hispanic/Non-Hispanic). Similar to Exhibit IV-11, a handful of counties have Hispanic/Non-Hispanic subprime lending disparities that are quite large, but are based on a small number of loans for Hispanics. These counties include Elko, Lander, Mineral, Pershing and White Pine.

**Exhibit IV-12.
Subprime Loans by Ethnicity and County, State of Nevada, 2008**

County	Subprime Loans	All Loans	Percent Subprime by Race	County	Subprime Loans	All Loans	Percent Subprime by Race
Churchill				Mineral			
Hispanic	2	52	3.8%	Hispanic	1	7	14.3%
Non-Hispanic	43	917	4.7%	Non-Hispanic	6	89	6.7%
Total Subprime Loans	45	969	4.6%	Total Subprime Loans	7	96	7.3%
Douglas				Nye			
Hispanic	1	98	1.0%	Hispanic	10	156	6.4%
Non-Hispanic	58	1,881	3.1%	Non-Hispanic	103	1,623	6.3%
Total Subprime Loans	59	1,979	3.0%	Total Subprime Loans	113	1,779	6.4%
Elko				Pershing			
Hispanic	33	229	14.4%	Hispanic	3	16	18.8%
Non-Hispanic	146	1,875	7.8%	Non-Hispanic	10	175	5.7%
Total Subprime Loans	179	2,104	8.5%	Total Subprime Loans	13	191	6.8%
Humboldt				Storey			
Non-Hispanic	3	40	7.5%	Non-Hispanic	8	226	3.5%
Total Subprime Loans	3	40	7.5%	Total Subprime Loans	8	226	3.5%
Lander				Washoe			
Hispanic	6	27	22.2%	Hispanic	50	2,045	2.4%
Non-Hispanic	14	178	7.9%	Non-Hispanic	274	13,051	2.1%
Total Subprime Loans	20	205	9.8%	Total Subprime Loans	324	15,096	2.1%
Lincoln				White Pine			
Non-Hispanic	8	138	5.8%	Hispanic	3	18	16.7%
Total Subprime Loans	8	138	5.8%	Non-Hispanic	13	258	5.0%
Lyon				Total Subprime Loans			
Hispanic	4	237	1.7%	16	276	5.8%	
Non-Hispanic	87	2,318	3.8%				
Total Subprime Loans	91	2,555	3.6%				

Note: There were no subprime loans made to Hispanic residents in Esmeralda or Eureka County.

Source: Home Mortgage Disclosure Act, FFIEC, 2008 and BBC Research & Consulting.

Community Reinvestment Act (CRA)

The Community Reinvestment Act or CRA was enacted by Congress in 1977. The purpose of the legislation is to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound banking operations.

The CRA requires that each insured depository institution's record in helping meet the credit needs of its entire community be evaluated periodically. That record—or rating on the CRA exam— is taken into account when regulators evaluate financial institutions' applications for mergers and acquisitions. CRA exams are conducted by the federal agencies that are responsible for supervising depository institutions. These include the the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS).

During the past five years in Nevada, CRA exams were conducted in 36 banks. Most of the banks were located in the Las Vegas metropolitan area, although these banks likely serve a much broader market, including other areas in the State of Nevada. As shown in the following exhibit, all of the banks examined received CRA ratings of "Satisfactory" or "Outstanding." No banks in the state received CRA ratings of concern from 2006 to mid-2010.

**Exhibit IV-13.
Community
Reinvestment
Ratings, Nevada
Banks, 2006
through mid-
2010**

Source:
Community Reinvestment Act,
FFIEC at www.ffiec.gov, and
BBC Research & Consulting.

Bank Name	City	Exam Date	CRA Rating
Bank Of George	Las Vegas	3/1/2010	Satisfactory
1st Commerce Bank	North Las Vegas	9/1/2009	Satisfactory
Bank Of Las Vegas	Las Vegas	1/1/2010	Satisfactory
Bank Of Nevada	Las Vegas	5/1/2010	Outstanding
Bank Of North Las Vegas	North Las Vegas	1/7/2008	Satisfactory
Beal Bank Nevada	Las Vegas	5/1/2010	Satisfactory
Black Mountain Community Bank	Henderson	10/1/2007	Outstanding
Carson River Community Bank	Carson City	2/1/2010	Satisfactory
Charles Schwab Bank, N.A.	Reno	4/3/2006	Satisfactory
Community Bk Of Nv	Las Vegas	9/29/2008	Satisfactory
Credit One Bank, N.A.	Las Vegas	3/31/2007	Outstanding
Desert Community Bank	Las Vegas	2/1/2007	Satisfactory
Eaglemark Savings Bank	Carson City	3/1/2010	Satisfactory
Farm Bureau Bank, Fsb	Sparks	8/29/2008	Satisfactory
First Asian Bank	Las Vegas	3/1/2010	Satisfactory
First Independent Bank Of Nevada	Reno	4/1/2010	Satisfactory
First Security Bank Of Nevada	Las Vegas	9/1/2009	Satisfactory
Heritage Bank Of Nevada	Reno	6/1/2009	Satisfactory
M & I Bank Fsb	Las Vegas	12/11/2008	Satisfactory
Nevada Bank And Trust Company	Caliente	1/1/2007	Satisfactory
Nevada Commerce Bank	Las Vegas	11/1/2007	Satisfactory
Nevada National Bank	Las Vegas	1/19/2010	Satisfactory
Nevada State Bank	Las Vegas	1/7/2008	Outstanding
Red Rock Community Bank	Las Vegas	9/1/2007	Satisfactory
Security Savings Bank	Henderson	12/5/2008	Satisfactory
Service1st Bank Of Nevada	Las Vegas	9/1/2009	Satisfactory
Southwestusa Bank	Las Vegas	7/5/2008	Satisfactory
Sun West Bank	Las Vegas	11/1/2009	Satisfactory
The First National Bank Of Ely	Ely	6/23/2008	Satisfactory
Town & Country Bank	Las Vegas	3/1/2007	Satisfactory
Town North Bank Nevada, N.A.	Henderson	11/3/2008	Satisfactory
Toyota Financial Savings Bank	Henderson	9/1/2006	Outstanding
Usaa Savings Bank	Las Vegas	9/5/2008	Outstanding
Valley Bank	Henderson	1/1/2006	Satisfactory
Washington Mutual Bank	Henderson	11/7/2006	Outstanding
Wells Fargo Financial Nb	Las Vegas	6/30/2006	Outstanding

SECTION V.
Complaint and Legal Analysis

SECTION V.

Complaint and Legal Analysis

This section of the State of Nevada AI examines complaint data and legal cases related to fair housing violations. The purpose of the section is to identify historical and current trends in fair housing in the rural areas of Nevada.

Fair Housing Complaints

When a resident of Nevada feels that they might have experienced a violation of the fair housing act, they can contact one or more of the following organizations: HUD's Office of Fair Housing and Opportunity (FHEO), the Silver State Fair Housing Council and the Nevada Equal Rights Commission (NERC). NERC refers housing discrimination complaints to HUD.

Complaints filed with HUD. Housing discrimination complaints filed with HUD may be done online at (<http://www.hud.gov/complaints/housediscrim.cfm>), toll free at 1-800-669-9777, or by contacting the Office of Fair Housing and Equal Opportunity in Washington D.C. or HUD's Fair Housing HUB, which serves Nevada residents and is located in San Francisco, California.

According to HUD, when a complaint is received, HUD will notify the person who filed the complaint along with the alleged violator and allow that person to submit a response. The complaint will then be investigated to determine whether there has been a violation of the Fair Housing Act.

A complaint may be resolved in a number of ways. First, HUD will try to reach an agreement between the two parties involved. A conciliation agreement must protect the filer of the complaint and public interest. If an agreement is signed, HUD will take no further action unless the agreement has been breached. If an agreement is breached, HUD will recommend that the Attorney General file suit.

If HUD has determined that a state or local agency has the same housing powers ("substantial equivalency") as HUD, they will refer the complaint to that agency and will notify the complainant of the referral. The agency must begin work on the complaint within 30 days or HUD may take it back. If during the investigative, review, and legal process HUD finds that discrimination has occurred, the case will be heard in an administrative hearing within 120 days, unless either party prefers the case to be heard in Federal district court.

HUD complaint trends. As part of the State of Nevada Rural AI, we obtained complaint data from HUD from 2006 through mid-2009. During this period, 37 complaints were filed in the counties and cities covered by this AI. Exhibit V-1 shows the geographic areas in which the complaints were received. Most complaints were received from residents in Elko, followed by Fallon and Sun Valley.

**Exhibit V-1.
Geographic Areas Where Complaints
Were Filed, 2006 -mid-2010**

Source:
U.S. Department of Housing & Urban Development, San Francisco FHEO.

	Number of Complaints Filed	Percent of Total
Battle Mountain	2	5%
Dyer	2	5%
Elko	6	16%
Fallon	4	11%
Fernley	1	3%
Gardnerville	3	8%
Jackpot	1	3%
Minden	3	8%
Overton	1	3%
Pahrump	2	5%
Stateline	2	5%
Sun Valley	4	11%
Verdi	1	3%
Wadsworth	1	3%
Wendover	1	3%
Winnemucca	2	5%
Yerington	1	3%
Total	37	100%

Exhibit V-2 shows the basis for the complaint—that is, the type of protected class whose rights were allegedly violated. The pie shows the number of complaints by type. The largest number of complaints—a little more than half—were related to discrimination on the basis of disability.

**Exhibit V-2.
Reasons for Filed Complaints
(Protected Class Involved)**

Source:
U.S. Department of Housing & Urban Development,
San Francisco FHEO.

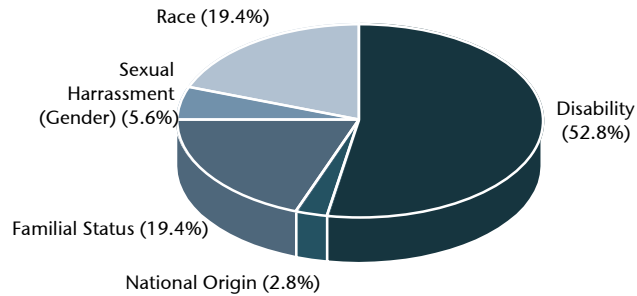
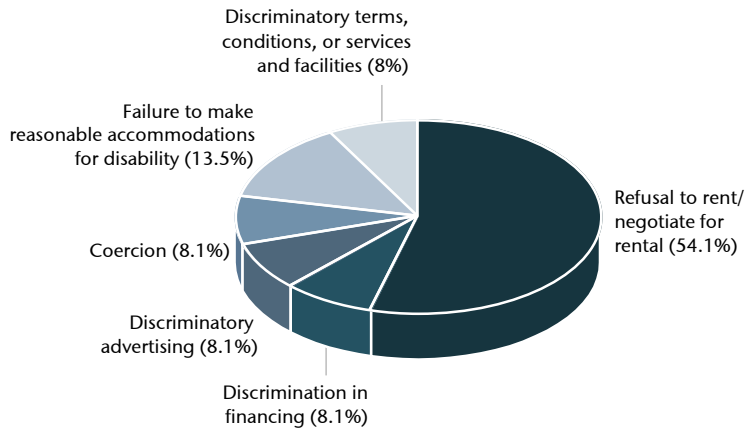


Exhibit V-3 shows the activities that were alleged in the complaints. Most were related to rental transactions, followed by failure to make reasonable accommodations for persons with disabilities.

**Exhibit V-3.
Types of Fair Housing
Activities Alleged in
Complaints**

Source:
U.S. Department of Housing & Urban
Development, San Francisco FHEO.



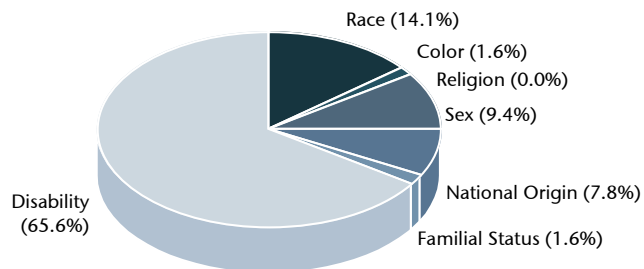
Of the 37 complaints filed, 9 (24 percent) were successfully resolved with HUD’s assistance. Another 10 were found to have no cause, and in the remainder, the investigation did not proceed because the complaint was withdrawn or the complainant did not cooperate.

Silver State Fair Housing Complaint Trends. The Silver State Fair Housing Council also provided us with fair housing intakes/complaints that the organization received and investigated from 2006 through 2009. Of these, 34 were HUD complaints.

The vast majority of the intakes alleged discrimination based on disability, as shown in Exhibit V-4.

**Exhibit V-4.
Total Intakes, Silver State
Fair Housing, 2006 to
2009**

Source:
Silver State Fair Housing Council.



Exhibits V-5a. and 5b. show the number and basis of the intakes and HUD complaints by year.

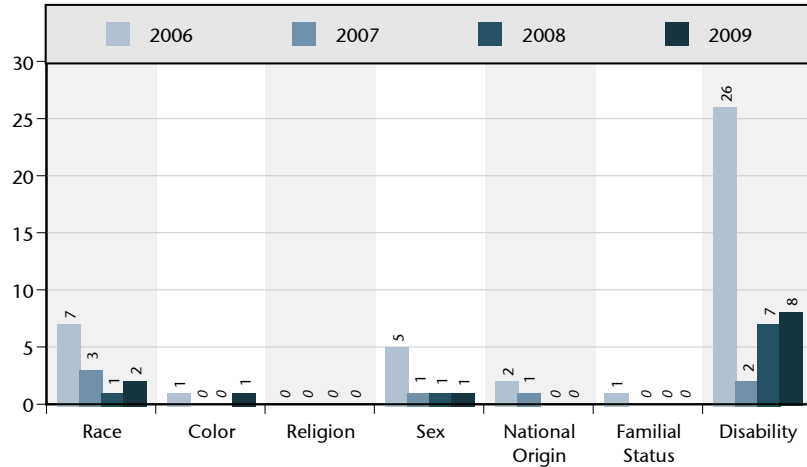
**Exhibit V-5a.
Intakes by Year**

Source:
Silver State Fair Housing Council.

	Race	Color	Religion	Sex	National Origin	Familial Status	Disability
2006	3	0	0	3	2	1	15
2007	3	0	0	1	1	0	6
2008	1	0	0	1	2	0	13
2009	2	1	0	1	0	0	8

**Exhibit V-5b.
HUD Complaints
by Year**

Source:
Silver State Fair Housing Council.



Of the intakes and complaints, the vast majority was filed by renters; harassment issues were the second most common reason for filing. Filings because of zoning issues were minimal.

Legal Cases

As part of the AI, recent legal cases were reviewed to determine trends in discriminatory behavior. The vast majority of fair housing legal cases in the State of Nevada occurred in Las Vegas and were related to developers, builders, engineers and/or architects failing to comply with the accessibility requirements of the federal Fair Housing Act and the Americans with Disabilities Act (ADA).

The cases that are summarized below highlight the most common legal trends in fair housing case in rural Nevada.

United States v. Lee Enterprises, Inc./ Lee Publications, Inc., d/b/a Elko Daily Free Press (D. Nev.). On November 2, 2009 the United States filed a complaint alleging that the publishers of the Elko Daily Free Press violated the Fair Housing Act by publishing rental ads that contained the phrase "No kids," thereby printing or publishing an advertisement that indicated a preference, limitation, or discrimination on the basis of familial status. The case was referred to the Division after the HUD received a complaint, conducted an investigation, and issued a charge of discrimination.

HUD charge against Nevada homebuilder. In 2004, HUD charged the Nevada-based corporation Perma-Bilt Corporation with violating the Fair Housing Act by discriminating against a couple ("Evans family") because of their children's disabilities. In this investigation, HUD found that the Evans family's children suffered from severe respiratory ailments and are hypersensitive to mold. Before entering into a contract to have their home built, the family shared their concerns about their children and mold with the Perma-Bilt agent. After entering into a purchase agreement to have a home built by Perma-Bilt, the family visited their new home site, during which they noticed what appeared to be mold growing on two studs in the middle of the property. The family informed the builder about the apparent mold, explained her children's health condition and past exposure to mold and requested that the studs be tested for mold. The family was told by a Perma-Bilt representative that the home was going to be built "as is" without being tested for mold. This same representative told the family that the home could be tested for mold only after it was completed and offered to refund the money if they wanted to cancel the contract.

Perma-Bilt then cancelled their contract with the family, stating in writing “Perma-Bilt did not contemplate being required to build a completely mold-free or sterile home to accommodate the hypersensitivity of the children.” The family tried to negotiate with the developer to have the mold tested, even offering to pay the \$1,000 cost to test and treat the studs. Perma-Bilt refused to engage in any further dialogue and stood by the contract cancellation.

SECTION VI.
Land Use and Zoning Analysis

Land Use Regulations as Barriers to Affordable Housing

1. Introduction

The ability of private real estate markets to meet affordable housing needs is strongly affected by zoning, subdivision, and land development regulations adopted by local governments, as well as by the system of fees or development charges imposed on land and building development by those local governments. In many cases, local regulations that are intentionally or unintentionally exclusionary can offset the impact of affordable housing subsidies or increase the amount of subsidies necessary for the market to meet affordable housing needs.¹ In *Zoned Out*, analyst Jonathan Levine recently documented the impact of zoning regulations on the supply of affordable housing, and his findings confirm the conclusions of several earlier studies.

For example, a 1998 study of regulatory barriers to affordable housing in Colorado identified five separate types of barriers, including zoning and subdivision controls.² The other areas were development processing and permitting (which overlaps zoning), infrastructure financing mechanisms, building codes, and environmental and cultural resource protection tools. In the area of zoning and subdivision, the Colorado study identified four specific types of barriers:

- Minimum house size, lot size, or yard size requirements;
- Prohibitions on accessory dwelling units;
- Restrictions on land zoned and available for multifamily and manufactured housing; and
- Excessive subdivision improvement standards.

Similarly, in 2007, a nationwide study prepared by the National Association of Home Builders for the U.S. Department of Housing and Urban Development documented which types of subdivision regulations have the greatest impacts on housing costs.³ After establishing benchmark standards representing the minimums necessary to protect public health and safety and the cost of constructing single family housing with those standards, the study compared actual housing costs to that theoretical baseline and concluded that:

- 65 percent of the added costs were caused by minimum lot size requirements; and
- 9 percent of the added costs were caused by lot width requirements.

A third contributor was minimum house size requirements. Although only eight percent of local governments impose those controls, they were responsible for 17 percent of the added costs in those cities and counties that use them. Using 2004 data, the study concluded that subdivision regulations exceeding baselines for public health and safety added an average of \$11,910 (4.8%) to the price of a new home.

In addition, in *U.S. ex. rel. Anti-discrimination Center v. Westchester County*⁴, a U.S. District Court confirmed that local government eligibility for federal Community Development Block Grant Funds requires certification that the city or county is in compliance with the federal Fair Housing Act Amendments of 1988. That, in turn, requires that the local government (a) conduct an analysis of impediments to fair housing, (b) take actions to address the effects of those impediments, and (c) maintain records of the analysis and the steps taken. In addition to barriers based on income, the analysis cannot ignore issues of racial segregation or the role of public resistance in perpetuating economic or racial segregation.

¹ Levine, Jonathan, *Zoned Out* (RFF Press, Washington, D.C., 2006).

² Colorado Department of Local Affairs, *Reducing Housing Costs through Regulatory Reform* (Denver: Colorado Department of Local Affairs, 1998).

³ *Study of Subdivision Requirements as a Regulatory Barrier*. EcoNorthwest, for National Association of Homebuilders Research Center, 2007.

⁴ 495 F.Supp.2nd 375 (S.D.N.Y. 2007).

For all of these reasons, it is important that local governments review their zoning, subdivision and land development regulations to ensure that they do not create barriers to private production of affordable housing, and that they include appropriate tools that could spur private production of affordable housing to fill identified gaps in housing supply.

Because it is not possible to review all Nevada land use regulations within the scope of this study, we have reviewed the regulations of Douglas and Elko Counties as samples for the potential barriers that may be present in other Nevada local governments. We emphasize that these two sets of regulations were not reviewed because they are particularly good or bad examples of pro-affordability regulations, but to provide samples that other Nevada cities and counties can use in reviewing any similar regulations in their own zoning and subdivision codes.

2. General Guidance

Because the character, development patterns, and future plans of each county are different, their zoning, subdivision, and development controls will also differ. No two county codes could or should read alike. However, there are several land use practices that can help reduce barriers to housing choice, and counties should review their regulations to ensure that they do not include unintentional barriers in these areas. In some cases, the most appropriate areas for some of these tools to be implemented may be in existing urbanized areas or near incorporated towns and cities.

County land use regulations that promote housing choice should include as many of the following tools as is consistent with the county's future development plans. While it is not necessary that each county code include all of these types of provisions, including more of them will further reduce barriers to housing choice.

- **Purpose Statement.** The code should reflect the county's purpose to provide housing choice for its residents and to comply with applicable federal and state law regarding housing choice.
- **Small Lots.** At least one zone district (or overlay district, or permit system) that allows small lots for single family detached housing in some locations. While the appropriate minimum lot size will vary with the character of the county, a zone allowing minimum lot sizes in the 3,000-6,000 square foot range would be appropriate for more urbanized areas of many counties. In addition, lot width requirements should be reasonable and consistent with minimum lot sizes; while some codes require minimum lot widths of 70 feet or more, small homes can be constructed on lots as narrow as 40 feet (or even less). Minimum lot size requirements are the type of regulation most responsible for increasing housing costs.
- **Multi-family Parcels.** At least one zone district (or overlay district, or permit system) that allows the construction of multi-family housing, and mapping enough land into this district to allow a reasonable chance that some multi-family housing will be developed. In many rural counties, these mapped areas may be close to incorporated or urbanized areas. Maximum heights should be reasonable and consistent with the maximum density permitted; avoid mapping areas for multi-family densities and then imposing height restrictions that prohibit efficient development at those densities. Failure to provide opportunities for multi-family development has been identified as one of the four leading regulatory causes of increased housing costs.
- **Manufactured Homes.** Manufactured housing meeting HUD safety standards should be allowed somewhere (per the federal Manufactured Housing Act of 1974). While restricting these homes to manufactured home parks is common, the better practice is to allow them in at least one residential zone where the size and configuration matches the scale and character of the area.

- **Minimum House Sizes.** The zoning and subdivision regulations should not establish minimum house or dwelling unit sizes (beyond those in the building code). Minimum house size requirements have also been identified as a significant cause of increased housing price in those communities where they are in place.
- **Group Housing.** The code should clarify that housing for groups protected by the Fair Housing Act Amendments of 1988 are treated as residential uses, and should generally allow those group housing uses in at least one residential district. While some communities require a special permit for these uses, others find that they can be allowed by right provided that they comply with standards limiting scale, character, and parking. Failure to provide for these uses in the code could subject the county to a developer's request for "reasonable accommodation" under the Act, and failure to provide "reasonable accommodation" could be a violation of federal law. In light of the aging of the American population, the code should also provide areas where congregate care, nursing home, and assisted living facilities may be constructed.
- **Accessory Dwelling Units.** The code should allow accessory dwelling units in at least one zone district – either as an additional unit within an existing home structure or in an accessory building on the same lot. While some communities require a special permit for these uses, others find that they can be allowed by right provided that they comply with standards limiting scale, character, and parking.
- **Mixed Use.** In order to promote affordability, housing should be allowed near businesses that employ workers, particularly moderate and lower income employees. To do that the code should permit residential units in at least one commercial zone district or should map some lands for multi-family development in close proximity to commercial districts.
- **Lower Parking Standards.** Although the traditional standard of two parking spaces per dwelling unit may be reasonable for many areas of a county, a lower standard can and generally should be used for affordable housing, multi-family housing, group housing, and special needs housing.
- **Flexibility on Nonconforming Structures.** Although zoning codes generally require that nonconforming structures damaged or destroyed through fire or natural causes can only be rebuilt in compliance with the zoning code, an increasing number of codes are exempting affordable housing from this requirement. Often the most affordable housing in a community is located on lots that are too small or narrow for the district where they are located, or in multi-family buildings that have too many units for the district where they are located. If forced to replat with larger lots or to reduce density following a disaster, those affordable units may be lost, and allowing rebuilding with the same number of units as before may be the most efficient way to preserve these units in the housing stock.
- **Incentives.** In order to encourage the development of affordable housing, the code should recognize the difficult economics involved and should offer incentives. Common incentives include smaller lots, increased density in multi-family areas, reduced parking requirements, or waivers or reductions of application fees or development impact fees. Some communities provide additional incentives for housing that is restricted for occupancy at lower percentages of the Area Median Income (AMI). For example, developments restricted for households earning less than 50% of AMI could receive more generous incentives than those for households earning less than 80% of AMI. While zoning and subdivision incentives alone are often not enough to make development for lower levels of AMI economically feasible, they can be part of a broader package of incentives (for example, including financial incentives or land contributions) that make those project feasible. Any incentives offered should be updated as new housing studies are completed and new information about specific affordable housing needs is obtained.

- **Growth Management Exemptions.** Most communities that operate a growth management system exempt affordable housing or allow it to compete for a separate pool of development rights in order to encourage this type of housing.

3. Sample Review from Douglas County Regulations

3.1. Purpose Statement

Section 20.01.020 includes the Purpose Statement for the full consolidated development code, but does not mention affordable housing as one of the guiding principles. While not a barrier to affordable housing, the lack of reference to this planning and development goal may make it harder to defend the code if its pro-affordability measures are challenged.

3.2. Affordable Housing Incentives

Section 20.440 provides for consideration of density bonuses and affordable housing agreements for the purposes authorized by Nevada Revised Statutes. Bonuses or agreements are available for development projects with 10 or more units (before any increase). A maximum 25% density bonus may be granted for projects where:

- 20% of the units are affordable to households earning 51-80% of median income; or
- 15% of the units are affordable to households earning up to 50.9% of median income; or
- 20% of the units are single family homes affordable for sale to households earning up to 100% of median household income.

These affordability requirements run with the land, must be reflected in recorded covenants, and the developer must ensure the continued affordability at these levels for 30 years in rental projects and 15 years in for sale projects. The county retains a first right of refusal to purchase affordable units constructed to earn the bonus at fair market value.

These incentive provisions are commendable – both in terms of the median income levels listed and the percentage of housing required to be affordable, and we recommend that local governments consider including these types of incentives. While some larger local governments provide an automatic bonus for affordable housing without a discretionary decision of the governing body, the norm in smaller jurisdictions is to require a hearing and an individualized decision on each bonus application. This opens the door to community opposition, however, so the real test is not whether the bonus is on the books but whether the local government awards them.

3.3. Growth Management Exemption

Section 20.560 of the Douglas County Code contains a growth management/building permit allocation system for areas outside of the Tahoe Basin. The regulations of that section define a permanently affordable unit as “A dwelling unit that is deed restricted for a period of not less than 30 years for lease to households whose combined annual income from all sources is 80 percent or less than the County’s median income or a dwelling unit that is deed restricted for not less than 15 years for individual sale to households whose combined annual income from all sources is 110 percent or less than the County’s median income, or as otherwise defined by state law”. Units that meet that standard are exempted from the building permit allocation. This represents good affordability practice; almost all jurisdictions that allocate building permits exempt defined affordable units where a covenant ensuring continued affordability has been recorded.

3.4. Single Family Residential

Basic single family residential zoning districts in the county include the following:

- SFR-T 3,000 (3,000 sq. ft. minimum – traditional town setting – attached and detached);
- SFR-T 4,000 (4,000 sq. ft. minimum – traditional town setting – detached);
- SFR-T 6,000 (6,000 sq. ft. minimum – traditional town setting – detached);
- SFR-T 8,000 (8,000 sq. ft. minimum – traditional town setting – detached);
- SFR-8,000 (8,000 sq. ft. minimum – suburban setting – detached);
- SFR-12,000 (12,000 sq. ft. minimum – suburban setting – detached);
- SFR-1/2 (1/2 acre minimum – suburban setting – detached);
- SFR-1 (1 acre minimum – suburban and rural setting – detached);
- SFR-2 (2 acre minimum – suburban and rural setting – detached);
- RA-5 (5 acre minimum – rural setting – detached); and
- RA-10 (10 acre minimum – rural setting – detached).

While the upper end of this size range is fairly typical for a western county, the inclusion of zones allowing 3,000 and 4,000 square foot lots is unusual and commendable. The titles to these two districts suggest that they were designed for use in established towns (where the county administers zoning and the town councils serve as the advisory board). However, section 20.656.010.6 states that “no project proposing attached housing or establishment of single-family residential–traditional 3,000 or 4,000 zoning districts is allowed in the Towns of Minden and Gardnerville unless the project is a planned development.” The effectiveness of this pro-affordability zoning tool depends on how much land is zoned into these categories, whether the towns approve these types of planned developments, and whether that amount of land covered by such zoning and/or planned developments is adequate to meet demand for smaller lot single family housing.

Section 20.656.010 lists dimensional standards for the smaller single-family districts, and they are reasonable: 30 ft. in the SFR-T 3,000 district, 40 ft. in the SFR-T 4,000 district, and 60 ft. in the SFR-T 6,000 district. While some communities are now adopting 25 foot minimum lot widths in their highest density single family districts (and attached homes could be built on even narrower lots), these figures do not create significant barriers to affordability. Nevertheless, local governments could permit narrower lots in some other zone districts (for example, 30 ft. in a 4,000 or 5,000 sq. ft. zone) for affordable housing projects.

3.5. Manufactured Housing

While manufactured housing is disfavored in many rural counties and towns, it remains a powerful tool to promote housing affordability. The manufactured housing industry continues to expand the variety of housing available, and many communities that previously tried to remove manufactured housing have now begun to see it as a source of long-term affordable housing that can fit in with community character.

Douglas County addresses manufactured housing as a form of housing that can be located in a single family district subject to an MH overlay district and compliance with specific standards in sections 20.664.100, 20.664.110 and 20.674. An MH overlay district can be applied to individual lots in a single-family residential district, or to an entire manufactured home park. Like most communities, Douglas County requires that all manufactured homes meet the requirements of the National Mobile Home Construction and Safety Standards Act of 1974, which sets minimum safety standards that are binding on local government and requires that manufactured housing be treated as a residential use.

However, the Douglas County approach includes some provisions that could discourage this type of housing. More specifically:

- By requiring that all MH overlay districts comply with the requirements of the underlying zone district, some of the land use efficiency inherent in manufactured homes is lost. At best, that would impose a 3,000 square foot lot size requirement, while some well-designed manufactured housing developments achieve lower lot sizes.
- By requiring a rezoning to the MH overlay district, the system tends to politicize the use of manufactured housing, which can allow community opposition to thwart even developments that comply with the county standards. In contrast, an increasing number of communities simply designate manufactured housing that complies with federal safety standards as a form of single family home that can be placed in some single-family residential zones without special approval. Some cities impose minimum width, minimum roof pitch, foundation quality, or front entry requirements to ensure that the manufactured housing “fits in” with the surrounding area (like those in Douglas County Code section 20.690.030.Z) and then delete the requirement for individual rezonings or approvals.

3.6. Multi-Family Residential

Multi-family residential housing is often disfavored by county citizens, who may view this as an “urban” use. However, numerous studies have documented affordability challenges in rural areas and confirmed that many current and future county residents do not and will not earn incomes high enough to permit them to buy single family homes. Adequate provision for multi-family housing zoning (including zoning of lands where that use is permitted) is a key factor in most affordable housing strategies.

In Douglas County, multi-family housing is allowed in the “MFR” (Multi-Family Residential, section 20.664.120) and “MUC” (Mixed Use Commercial-section 20.664.125) districts. Key parameters in these two districts are summarized in the following table.

Standard	MFR	MUC
Lot size	Min. 9,000 sq. ft.	
Density	Max. 16 du./ac.	Max 16 du./ac.
Height	N/A	Max 35 - 50 ft. depending on layout and area
Bonus	N/A	Projects > 45 ft. tall may apply for affordable housing bonus
Commercial space	N/A	50-75% of floor area
Usable open space	Min. 25% of site	Min. 10% of site
Ground floor patio/balcony	Min. 150 sq. ft. or 25% of du size	
Upper floor balcony	Min. 75 sq. ft.	
Enclosed storage space	Min. 150 sq. ft./du	Min.150 sq. ft./du
Washer/dryer or common laundry	Required	Required
Parking	Min. 1.5 space/du	Min 1.5 space/du
Recreational amenities	Sliding scale – up to 4 based on # of units	Sliding Scale – up to 6 based on number of units
Design review (section 20.614)	Required	Required

These are fairly rigorous standards for a county code, and some elements may act as barriers to affordable housing. In particular:

- The maximum density of 16 du/ac is fairly low (barely above densities achievable with townhouse development),
- The maximum height of 50 ft. does not allow multi-family housing builders to achieve some of the building economies possible under the International Fire Code (which requires more expensive construction above about 75 ft.)
- The sliding scale of required amenities is somewhat unusual, particularly for affordable housing developments.
- The minimum parking requirement may be higher than that required to serve affordable housing occupants.

While these requirements are reasonable for the scale and character of rural and low-density counties, local governments with similar controls should consider allowing adjustments where the project provides a significant amount of affordable housing. In the real estate market, affordable housing projects must compete with market rate projects for the same supply of land. Since market rate projects generally provide more development profit per unit, local governments interested in promoting affordable housing need to consider allowing more units per acre in order to allow those projects to compete for land. Adjusting maximum densities, maximum heights, and parking standards for affordable housing developments would go far towards allowing competition in this area. In addition, local governments could consider lowering or waiving the balcony, patio, and amenity requirements, since many cities and counties consider the provision of affordable housing to provide an equivalent value to the community.

3.7. Non-Residential Districts

Section 20.658 addresses the county's non-residential districts. The MUC zone allows multi-family residential development (along with commercial), and has no minimum lot area and minimal building setbacks. However, the maximum Floor Area Ratio is .35 or .50 (or .75 if all other provisions of the code are met). Maximum heights are 35 ft. in general and 45 ft. for tourist commercial hotels. These are fairly low density standards, and do not allow builders to take advantage of economies and potential internal cross-subsidies for affordable housing that could occur if minimum densities and maximum heights were raised. Counties with similar standards might consider allowing developments with significant amounts of affordable multi-family housing to achieve the maximums permitted for special types of buildings (for example, allowing mixed-use buildings with affordable housing to use the maximum heights permitted for hotels).

3.8. Group Housing

Boarding Houses are allowed (with design review) in six commercial zones, which promotes supply of this type of housing.

Large Group Care Homes are a special permit use available in four zones -- the Multi-family Residential, Office-Commercial, Mixed Use Commercial, and Public Facilities districts -- which is reasonable. Some of the standards applicable to Large Group Care Homes in sections 20.664.090 and 20.668.070 are fairly restrictive, however -- particularly the maximum density restriction of 3 dwelling units per acre in the OC and MUC districts (a very suburban standard for a medium density use).

Independent Congregate Senior Living Communities are permitted as special permit uses in the Multi-family Residential, Neighborhood Commercial, Office Commercial, and General Commercial districts provided they comply with the standards of the underlying zone district. Some communities would allow these types of facilities in mixed use commercial zones as well. While the standards in sections 20.664.157 and 20.668135 are generally reasonable, it would be useful if the local the county provided some flexibility for facilities that set aside a significant percentage of senior units for low- or moderate-income households.

Nursing, Convalescent, and Residential Care Facilities are permitted as special permit uses in the Multi-family Residential, Neighborhood Commercial, Office-Commercial, Mixed Use Commercial, and Public Facility districts, which is reasonable.

3.9. Accessory Dwelling Units

Douglas County allows accessory dwelling units (ADUs) by right in all non-residential zone districts and in the SFR-½, SFR-1, and SFR-2 zones. While allowing ADUs without a discretionary special use permit is a good tool to promote affordable housing, the list of zone districts is very short, and some local governments allow ADUs on single family lots as small as 6,000 sq. ft. The list of standards for ADUs in sections 20.664.010 and 20.668.010 are reasonable and do not pose additional barriers to affordable housing.

3.10. Off-Street Parking Requirements

Affordable housing builders often mention off-street parking requirements as a key contributor to housing development costs – particularly for multi-family dwellings, and particularly for affordable projects, where studies tend to confirm lower-than-average car ownership. This is an area that requires careful thought, because automobile ownership and use patterns can vary significantly between urban and rural areas (urban standards seldom work well in rural areas), and because many local governments have a tradition of requiring more parking than the market needs or requires to prevent traffic congestion. A review of Douglas County’s parking requirements (section 20.692) shows that:

- Standards for small group care or group homes (.5 spaces per bed), independent congregate senior living community (1 space per unit plus 1 space per 4 units), and accessory dwelling units (1 space per unit) are generally reasonable for rural and low-density communities.
- Standards manufactured home parks and multi-family dwellings (2 spaces per unit) may be high, particularly for small lot and affordable housing developments. While 2 spaces per unit has been the general U.S. standard for the past 50 years, many local governments are concluding that it requires more parking than is needed for special housing types and populations. An increasing number of cities and counties are adopting a 1.5 space per unit standard – or a sliding scale based on the number of bedrooms -- for multi-family housing and affordable single-family housing.
- Similarly, an increasing number of communities are allowing affordable housing developments to use tandem parking arrangements (one car parked behind the other), which Douglas County allows for manufactured housing parks.
- Finally, the code requirement that each residential parking space have minimum dimensions of 9 feet by 20 feet (180 square feet total per space) is higher than many modern codes. Some communities now permit spaces (or a portion of required spaces) with minimum dimensions as small as 7.5 feet by 16 feet.

3.11. Nonconforming Structures and Uses

Traditionally, zoning ordinances have tried to eliminate nonconforming structures and uses (i.e. structures that do not meet the requirements of the zones where they are located) by making it difficult or impossible to change their use, to expand the structure, or to replace the use or structure after destruction or abandonment. However, some communities are rethinking this approach and allowing the limited expansion or replacement of nonconformities for several reasons. First, the continued operation of those uses and structures is often supported by the surrounding community; second, their continued use often contributes to the same types of mixed use that the zoning code is trying to encourage through other zoning tools; and third, land economics would often make it impossible to replace desired uses in ways that meet the current zoning code. For example, an increasing number of cities and counties are allowing the replacement of affordable housing units after damage or destruction with a similar number of affordable units even if the underlying zoning density would not permit the replacement of all those units.

Section 20.698.030 of the Douglas County code allows nonconforming structures to be enlarged or extended, provided that the existing non-conformity is not enlarged or expanded. For example, a multi-family building located too close to one lot line would not be prohibited from expanding in directions away from that non-conformity, as long as the expansion met the requirements of the zone districts. This reflects good current practice.

Section 20.698.040 contains fairly standard provisions that (a) if a structure containing nonconforming use is damaged and repairs will exceed more than 50% of the value of the structure, then it may be reconstructed only for uses permitted in that district (except in the town of Genoa, where damaged structures can always be rebuilt and the nonconforming use can be continued regardless of the extent of damage), and (b) if repair costs are lower than that threshold then the building may be restored and the nonconforming use can continue. Nevada cities and counties with these types of provisions should consider exempting affordable housing and allowing the same number of units to be reconstructed on the same site, because it is usually impossible to construct damaged affordable housing with fewer units in the same structure and still keep them affordable. Some communities provide that as long as residential uses are allowed in the zone, the same number of affordable units may be reconstructed regardless of whether that density would otherwise be permitted under current zoning, provided that the continued affordability of the units is ensured.

3.12. Tahoe Basin Regulations

The Douglas County code also contains detailed specific conditions applicable to areas of the county in the Tahoe Basin and under the jurisdiction of the Tahoe Regional Planning Agency. Those regulations significantly amend the menu of zoning districts and the minimum lot sizes, setbacks, and open spaces required in each. Given the environmentally sensitive nature of the Tahoe Basin and longstanding efforts to manage development in the area, it is not surprising that the Tahoe Basin Regulations generally allow lower levels of development than the base zone regulations they replace. As noted above, those types of regulations can have a significant impact on affordability, but it is not clear that Douglas County would have the authority to enact amendments to promote affordability in the Tahoe Basin. Because the Tahoe area regulations are very complex, and because these issues do not affect most cities and counties in Nevada, they have not been reviewed in detail as part of this analysis.

3.13. Other Regulations

Finally, the Douglas County Code contains additional provisions that could affect affordability.

- Section 20.300.020 provides that “The board shall consider the imposition of impact fees on new development as a potential revenue source for construction or expansion of capital improvements projects in the formation and annual revision of the five-year capital improvement plan.” Most jurisdictions that operate development impact fee systems exempt dedicated affordable housing where continued affordability has been ensured through recorded covenants.
- Sections 20.690.030 contains general standards for design. Subsection C (Design Considerations), subsection E (Exterior Building Walls), and subsection Z (Single-Family Dwelling Design Standards) contain provisions that are generally reasonable but that would have the effect of increasing costs of housing development. While subsection Z explicitly exempts properties in the MH overlay district and accessory dwellings for employees’ quarters, other types of affordable single-family development are not exempt. Standards include the following:
 - Subsection Z.6 requires a minimum roof pitch of 4:12 for at least 75% of the total roof area.
 - Subsection Z.9 requires each unit have a garage or carport with a minimum interior width of 12 feet.
 - Subsection Z.11 provides that “All single-family dwellings shall utilize at least three of the following architectural features: dormers; more than two gables; recessed entries; covered porch/entry; bay window or alcove; building off-set; roof overhang at the eaves of at least 24 inches; roof pitch of at least 6:12; a deck with railing or planters and benches; or other compensating features that would make the dwelling architecturally compatible and harmonious with the surrounding neighborhood, as approved by the director.”

While subsection Z.13 permits the director to vary these standards based through a minor variance process based on specific criteria, those criteria do not mention affordability. While the goal of integrating affordable housing with existing neighborhoods is good, some communities explicitly exempt affordable projects from some design requirements or allow modifications of design standards based on the size of the project and the level of affordability achieved.

4. Sample Review of Elko County Regulations

4.1 Purpose and Intent

Section 4-1-2 of the Elko County Code includes a Purpose and Intent Statement that does not mention affordable housing as one of the guiding principles. While not a barrier to affordable housing, the lack of reference to this planning and development goal may make it harder to defend the code if its pro-affordability measures were challenged.

4.2 Single Family Housing

Section 4.3.2 of the Elko County Code lists the following menu of one- and two-family zone districts available in the county:

- R1-6,000 = 6,000 square feet minimum lot area
- R1-8,000 = 8,000 square feet minimum lot area
- R1-10,000 = 10,000 square feet minimum lot area
- R1-15,000 = 15,000 square feet minimum lot area
- R1-0.5 = One-half acre minimum lot area
- R1-1.0 = One acre minimum lot area
- R3 = Two and one-half acre minimum lot area

While 6,000 square foot lots were once considered the norm for basic single-family zones, many communities now offer districts with smaller lot sizes in order to promote both affordability and walkability. Because land costs often count for 25-40 percent of total housing cost, and because land costs are a “fixed cost” of development, the number of units that can be built on each acre of land is a major contributor to housing affordability. Spreading land costs over more housing units significantly decreases the price of the final product. Communities with a similar menu of zone districts should consider adding zones with smaller minimum lot sizes (if possible, down to 3,000 square feet) for use in appropriate areas (for example, near towns and cities that have small lot development patterns).

The county already permits this type of flexibility in some circumstances. For example, section 4-8-13 states that “the requirements on setbacks and minimum lot size shall not be applicable to those platted lots in the townsites of Mountain City, Midas, Contact, Jarbidge, Lamoille, Montello, Deeth and the Tuscarora townsite area. The minimum lot size for these areas shall be governed by the existing platted lot size. The setback requirements shall be those set forth in the uniform building code with respect to the various types of construction.”

On the positive side, Elko County allows both single-family and two-family homes on its R-1 lots, which allows smaller and more affordable units. If minimum lot sizes are reduced, some of the smaller lots may need to be limited to single-family dwellings. Setbacks are reasonable, and the 20 foot front setback is standard. However, some communities are amending their codes to provide that only the garage portion of the home needs to be set back 20 feet (to allow a car to be parked in the driveway without overhanging the street or sidewalk), and that other portions of the home can be built to within 10 or 15 feet of the front lot line (particularly on small lots).

4.3 Multi-Family Housing

Elko County permits multi-family housing only in its R2 Multi-family Residential district. Section 4-3-3 clarifies that the minimum lot size in this district is 10,000 square feet, minimum lot width is 75 feet, and building setbacks are also minimal, all of which are reasonable for multi-family housing. The maximum height in the R2 districts is 50 feet or 4 stories. As noted earlier, this height does not permit some of the building economies permitted by the building code, which often allow heights of approximately 75 feet before more expensive forms of fire-resistant construction are needed. A taller maximum height for affordable housing projects may be warranted if there are areas of the county where buildings of that height would be compatible with nearby development.

4.4 Non-Residential Zone Districts

Sections 4-4-1 through 4-4-6 of the Elko County Code list four commercial districts (two general commercial, one highway/tourist, and one high rise/tourist district). However none of those districts allow multi-family residential development either alongside or above commercial development. The C2 (highway/tourist) district does allow mobile home parks, but it is the only district that does so. Many cities are now amending their codes to allow a mix of multi-family and commercial districts in at least some of their commercial districts in order to reduce average commuting distances and to enable builders to cross-subsidize housing costs from commercial development revenues. As lower income homes have to drive further to jobs, the amount of income remaining to pay for housing declines, so development patterns that allow for shorter commutes make more of the household's limited income available for housing. Some counties are following this trend by either (a) amending their current zones to add multi-family residential uses in existing districts and/or (b) drafting new mixed use districts.

4.5 Accessory Dwelling Units

Section 4-8-6 of the code includes standard language permitting accessory structures, but includes a provision that “no use shall be deemed to be an accessory use which increases the number of dwelling units on any lot beyond that permitted in the district.” While that language suggests that the county will not permit accessory dwelling units, all of the county’s R1 single-family districts permit both one- and two-family dwellings. If the county interprets this language to allow single-family homes to have an accessory dwelling unit (since two dwelling units a lot do not exceed the two-family maximum for the district) then the limiting language does not constitute a significant barrier to affordable housing. Otherwise, it could constitute a barrier.

4.6 Invalid or Caretaker Secondary Housing

Elko County explicitly permits “a secondary independent living unit on a lot or parcel already developed to the maximum density allowed in the District, for the housing of an invalid family member or a caretaker of an invalid family member residing in the primary residence on the parcel” in all seven of its agricultural/residential, agricultural/recreation, single-family residential, and multi-family residential, and conservation reserve districts, which helps reduce housing barriers for the injured or disabled persons. A conditional use permit is required, and the permit must be reviewed every two years. When the unit is no longer used for an invalid or caretaker, mobile units must be removed and non-moveable units may not be used for rental purposes.

4.7 Off-Street Parking

Elko County requires two parking spaces per dwelling unit in the R1 zones (single- and two-family dwellings) and 1.5 spaces per dwelling unit in the R2 (multi-family) district. As noted above, these are standard provisions in many zoning codes, but do not reflect the generally lower auto ownership rates among affordable housing occupants. Some communities are also using the 1.5 space/unit standard (or an even lower standard, or a sliding scale based on the number of bedrooms) for affordable housing projects.

4.8 Nonconforming Uses and Buildings

Section 4-8-11 of the code addresses buildings and uses that no longer conform to the requirements of the zone district where they are located. Subsection (A) contains traditional provisions prohibiting any enlargement, extension, or structural alteration of a nonconforming building unless the entire building is brought into conformance. However, subsection (B) provides an exception reading “A dwelling in any “R” district which is nonconforming only with respect to a deficiency in yard dimensions or in parking spaces, may be structurally altered or enlarged; provided that any addition or enlargement shall itself be fully conforming and that the number of dwelling units in the structure shall not be increased.” The exception allows conforming exceptions to non-conforming dwellings, which generally supports affordability by allowing minor expansions that can keep older, smaller homes from becoming obsolete or unable to accommodate growing families.

Subsection (D) includes standard language prohibiting reconstruction of any nonconforming building damaged to the extent of 50% or more of the cost of duplicating the entire structure as it existed prior to the damage. As noted earlier, it would be helpful if this language contained an exception including the restoration of damaged affordable housing units where continued affordability has been ensured through the recording of a covenant.

4.9 Mobile Home and Recreational Vehicle Parks

Section 4-11 of the Code contains definitions and development standards for Mobile Home Parks, which many communities are recognizing as a valuable source of affordable housing supply. These development standards include a minimum lot size of 2,500 square feet, minimum lot width of 40 feet, a 50% maximum lot coverage limit, 5 foot setbacks, a minimum off-street parking requirement of 2 spaces per unit, and a minimum parking space size of 9 by 20 feet. These standards are generally reasonable, although the parking requirement and parking space dimensions could be lowered for affordable housing projects for the reasons discussed earlier.

4.10 Subdivision Regulations

Title 5 of the Elko County Code contains the county's subdivision regulations. Some studies have identified subdivision regulations as significant contributors to housing cost inflation. Most of these standards are reasonable, and include the following:

- Agricultural and agricultural-residential zoned subdivision street widths range from 26 to 34 to 50 feet, which are efficient and narrower than the minimums used by some counties.
- Residential zoned subdivision widths range from 40 to 44 to 50 feet, although the county may require a 56 or 70 arterial standard based on traffic flow projections. While these standards match those used in many jurisdictions, some communities are now allowing residential street widths between 30 and 40 feet in order to promote land use efficiency and slow down traffic.
- Minimum rights of way of 60 feet may be wider than needed to accommodate some of the street widths required. While there is a need for right-of-way beyond driving lanes for the installation of utilities, storm water management, and safety margins, it is not clear why an additional 34 feet is needed in those cases where driving lanes only occupy only 26 feet (particularly since section 5-4-5 gives the county authority to require utility easements beyond the right-of-way).
- Provisions allowing the county to require street extensions to provide better access to neighboring developments promote affordability by helping create street systems that allow better walkability and shorter vehicle trips. Similarly, provisions allowing the county to require pedestrian ways or semi-improved trails not less than 5 feet wide helps remove housing barriers by allowing a wider range of residents (i.e. those without ready access to cars or with limited ability to drive) to occupy housing in the subdivision.
- However, standards on block length in section 5-4-3 undermine this interest in walkability and efficient street systems by allowing blocks as long as 1,500 feet (though they do require a 10 foot wide walkway if the block exceeds 1,200 feet long). Blocks that long discourage walking and lengthen required driving trips within the subdivision. Many communities use a lower standard (somewhere in the 600 – 800 foot range, with exceptions permitted if site topography requires an unusual layout). For similar reasons, through-block walkways should be required more often than once every 1,200 feet.
- Provisions allowing for alternate compliance are positive, since they provide the Department of Public Works the flexibility to modify development standards based on “practical difficulties”. However, the criteria for modification could also include “adequacy for the anticipated residents and users of the development”. That would allow the Department to modify standards because of the types of persons anticipated to occupy the housing (i.e. smaller or more elderly households) even if construction pursuant to the adopted standards does not create practical difficulties.

5. Summary and Recommendations

Because each Nevada local government has adopted different zoning controls, subdivision regulations, and development standards, it is important that each city and county review its standards to identify and remove unintended or unnecessary barriers to housing affordability and choice. While many counties in the western U.S. have adopted codes that encourage low-intensity residential development in order to protect rural character and scenic vistas, support for those values should be balanced against a careful analysis of their impacts on lower income or disadvantaged households. In many cases, county plans can identify areas where smaller lots, higher development densities, and less expensive development standards can be adopted in order to meet the housing needs of county residents and workers. As noted above, an effective regulatory review should focus on:

- **Minimum lot sizes.** Are these appropriate for the areas mapped, or are there areas where smaller lots would be acceptable?
- **Maximum development densities and building heights.** Are there zone districts that permit construction of single, attached, and multi-family housing at intensities that allow affordable housing builders to capture the efficiencies inherent in efficient building forms?
- **Accessory dwelling units.** Are these allowed in some of the single-family zone districts?
- **Manufactured housing.** Are the manufactured housing standards up to date, and does the code permit manufactured housing on individual lots in some residential zones (not just in mobile home parks) when the units meet the design character of that zone?
- **Special needs housing.** Does the code permit those types of group, congregate, and senior housing needed to serve the communities existing and anticipated population?
- **Zoning maps.** Are adequate areas mapped in zones that allow smaller lots, multi-family housing, accessory dwelling units, manufactured housing and special needs housing.
- **Off-street parking standards.** Is the old two spaces per unit standard still needed in all zone districts and for all types of housing, or could a lower standards be adopted in some cases?
- **Street and right-of-way widths.** Do the street standards reflect best recent practice in narrowing streets in order to promote land efficiency, storm water management, and traffic slowing/pedestrian safety?
- **Lot and block requirements.** Do the standards promote the level of connectivity needed to provide walking options for those with limited access or abilities to drive, and to promote shorter driving trips to nearby destinations?
- **Affordable housing incentives.** Does the code permit the community to modify or waive development standards for affordable or special needs housing? Does it offer density or other incentives to allow affordable housing builders to compete with market rate builders in the land market? Does it exempt affordable housing projects from growth management allocation formulas?

If barriers are found in these areas, the city or county should consider whether amendments to the zoning, subdivision, or development standards are necessary. In many cases, barriers can be removed by providing different or more flexible standards for those projects willing to commit to ensuring affordability or a particular type of needed housing over time through the recording of restrictive covenants. Those projects unwilling to make those agreements would not be eligible for the modified zoning or development standards.

SECTION VII.
Impediments to Fair Housing Choice

SECTION VII.

Impediments to Fair Housing Choice

This section summarizes the impediments to fair housing choice identified in the State of Nevada AI. These impediments are based on the research conducted for the study and discussed in Sections II through VI of this report.

The State of Fair Housing in Nevada

The current state of fair housing in Nevada's nonentitlement areas can be characterized as positive, although there is some room for improvement. Specifically,

Incidence of housing discrimination is below average. Overall, about one in 10 residents in rural Nevada counties say they have experienced some type of housing discrimination.¹ Based on other similar surveys conducted by BBC Research & Consulting (BBC), the authors of this AI, Nevada's percentage is slightly below-average for Western areas.

Based on the survey conducted for this study, a relatively high proportion of Nevada survey respondents—22 percent—said they would or did take action when faced with what they felt was housing discrimination. Other good news is that almost one-fourth of residents recognize the state's fair housing organization, Silver State Fair Housing. Still, the majority of residents who had experienced discrimination in the state “looked for another apartment or moved” rather than address the housing discrimination through legal action.

Few residents file fair housing complaints. This is evidenced by the small number of fair housing complaints in Nevada. The number of complaints received from HUD by residents in the rural areas of Nevada is minimal: between 2006 and mid-2009 a total of 37 complaints were filed, an average of 10.6 complaints per year. This equates to a rate of complaints of .000032 per resident—far lower than the 11 percent of residents who say they have faced housing discrimination.

The majority of fair housing complaints in Nevada were filed on the basis of disability discrimination (52.8 percent), followed by familial status (19.4 percent). Most complaints involved landlords refusing to rent to persons with disabilities and families with children.

Residents have high knowledge of most fair housing laws. Residents in Nevada have high knowledge about fair housing laws in some areas—e.g., most know that lenders cannot charge borrowers of different interest rates solely because of their race/ethnicity. Almost three-fourths know it is illegal to provide reasonable accommodations for persons with disabilities; this is commonly the least-known protection in most communities. However, less than half of Nevada residents know that families cannot be discriminated against because they have children and only about half know that steering by real estate agents is illegal.

¹ This is better than the rate in the State of Oregon reported in their 2005 AI; 13 percent of residents said they had been discriminated against. Colorado's was also 13 percent (2002 survey).

Few real estate barriers exist. A survey effort conducted of real estate professionals for this study revealed few public and private sector barriers to fair housing in the state². Many respondents commented that residents in the state are “fair, “not polarized like other areas” and “free from bigotry.” Few respondents identified “serious barriers” to housing; however, those that did focused on predatory lending, income levels and poor credit histories of minority borrowers and some land use policies (e.g., lack of land zoned for manufactured homes, high density housing).

Of those respondents who provided open ended comments to the survey, several focused on the lending conditions imposed by the use of government-backed loans, including:

- “Underwriting should be consistent between government agencies (e.g., Fannie Mae and USDA).”
- “Government lenders need to be more flexible in underwriting first-time and low-income homebuyers when they are buying into multifamily properties (*why a 60 percent owner-occupancy requirement?*) In some communities, these units are the only ones affordable.”
- “Government lenders need to clarify the requirements for rural housing loans. They are difficult to interpret and understand by the real estate community.”

Fair Housing Activities

In Nevada’s nonentitlement areas, fair housing activities are largely provided by two organizations: 1) The Nevada Housing Division (government agency) and the 2) Silver State Fair Housing Council (SSFHC) (a nonprofit).

The Nevada Housing Division takes an active role in the education and training of housing providers to ensure awareness of fair housing laws. The Division sponsors training sessions on fair housing in two different locations in the non-entitled areas of the state. One training session focuses on providing fair housing training to local property managers.

The Silver State Fair Housing Council was formed in 1989 with the mission to advocate for equal access to housing for Nevada residents. This is done through the provision of a comprehensive program of outreach, education, and enforcement activities.

As stated above, the Council has good recognition with residents: about 25 percent of those surveyed for this AI mentioned the organization, without prompting, when they were asked who investigates fair housing in Nevada. This is a very positive finding and sets the stage for increased fair housing educational and outreach activities, preferably conducted by this high-profile organization.

² Because the number of responses was low—fewer than 25 surveys—we did not analyze these surveys in a separate section. Overall, the surveys showed few or no barriers.

Fair Housing Impediments

This section identifies the impediments to fair housing choice found through the research conducted for this AI. These impediments are separated between public and private sector impediments.

Under HUD's instruction to the State, an impediment occurs only if it affects a protected class. Where a protected class is not directly affected, we have identified a fair housing observation.

Public sector impediments.

Observation No. 1: Few residents take action when they feel they have been discriminated against. The proportion of residents who file housing discrimination complaints (.000032 percent) is far lower than the percentage of residents who believe they have experienced discrimination (10 percent).

Residents responding to the telephone survey for this study who said they had experienced discrimination mostly looked for another place to live or moved, rather than filing a complaint or seeking out fair housing resources.

Impediment No. 1: Residents have low knowledge and support of some fair housing protections. Almost all residents in the state know that lenders cannot discriminate among borrowers solely based on their race. And, knowledge of reasonable accommodations protection is high. However, only 45 percent of residents know about familial status protections and 53 percent know that steering by real estate agents is illegal.

Impediment No. 2: County governments are unsure what to do when they receive fair housing inquiries. As part of our research, we asked representatives in each of the counties covered in the study how they respond when they get fair housing inquiries from citizens. The counties vary in how they respond to fair housing complaint inquiries from citizens, as shown below.

“If a resident calls your community with a fair housing question, what do you do?”

- Municipal court (1)
- Nevada Fair Housing (1)
- HUD (1)
- Nevada Housing Division (1)

“Are you familiar with the Silver State Fair Housing Council?”

- No (3)
- No response (1)

Impediment No. 3: Barriers to housing development exist because of land use and zoning policies. Although an exhaustive review of land use and zoning codes for the many jurisdictions was beyond the scope of this study, the Denver planning firm Clarion Associates conducted a detailed review of the codes in Douglas and Elko counties to provide the framework for good land use and zoning guidelines. This review found that the counties could improve fair housing by lowering minimum lot sizes, removing density limitations, adding flexibility in mixed-use and manufactured housing permits and introducing incentives for affordable housing (e.g., density bonuses/height allowances, reduced parking standards).

Private sector impediments.

Observation No. 2: Loan denials and subprime lending disparities between Whites and minorities are large in several counties.

- During 2008, American Indians/Alaskan Natives, Blacks/African Americans, Native Hawaiians/Pacific Islanders and Hispanic applicants faced higher rates of mortgage loan denials and lower rates of loan originations than did Whites. The difference was most pronounced for American Indian/Alaskan Native borrowers (a gap of about 22 percentage points). In the counties of Douglas, Storey and White Pine, the differences in denials by race and ethnicity were the greatest.
- Overall in Nevada, American Indians, African Americans, Native Hawaiians/Pacific Islanders and Hispanics received higher proportions of subprime loans than Whites and Asians. Subprime rates were highest for Hispanic borrowers: Hispanics received subprime loans about 12.5 percent of the time, compared to 7 percent for all borrowers during 2008. The counties with the highest subprime mortgage lending rate in 2008 included Lander and Mineral (21 percent of all loans originated); Pershing (18 percent); and Elko (16 percent).

Observation No. 3: Some counties have limited housing affordability. Although a detailed analysis of each county's housing market is beyond the scope of this study, the data collected and analyzed suggest that homeownership is a challenge in Douglas, Storey and Nye counties, which currently have some of the highest homeownership rates in the state. To maintain high homeownership rates, the counties will need to work on diversifying their housing stock in terms of affordability to ensure that residents and workers of varying incomes can afford to buy homes.

Some of the state's rural counties appear to be lacking in affordability based on the percentage of the population that can buy, even though their median home price is quite low. This is because resident incomes are so low. In these counties, economic development that can bring higher-paying jobs to residents is more important than increasing the availability of housing stock. That said, it is critical that these residents have access to government-sponsored home improvement loans to keep the quality of housing stock from declining.

Fair Housing Action Plan

Action Item No. 1: Raise the visibility of fair housing in the State of Nevada. The state is fortunate that knowledge of fair housing law by its residents is quite high and recognition of the state's nonprofit fair housing agency is strong. However, residents seldom seek out fair housing resources, perhaps because they do not have enough information about them.

City and county offices are inconsistent in what they do when residents call with fair housing concerns. In sum, there is no coordinated, systemic method of promoting fair housing resources at the government level.

State agency websites are also inconsistent in the fair housing information they provide. For example, the Nevada Commission on Economic Development's website has a sub-page on fair housing (see http://www.diversifynevada.com/nced/fair_housing/). The Nevada Division of Housing's webpage has many good housing resources on its front page, but nothing related to fair housing (see <http://www.nvhousing.state.nv.us/>).

Task No. 1a. Website visibility. We recommend that all state agencies and local government departments receiving federal assistance have fair housing information that is easy to find on their websites. Almost half of the respondents surveyed for this AI said they would look to the Internet for fair housing information if they wanted to find it.

- ***Information on the websites should include direct instructions for filing a complaint.*** The Arizona Attorney General's Office of Civil Rights Division (ACRD) webpage (http://www.azag.gov/civil_rights/) is a good model for direct and simple presentation of how to file a complaint. Nevada agency/city and county websites should contain specific instructions on how to file a complaint with HUD and the Silver State Fair Housing Council. The webpages should also provide contact information with whom to contact locally with a complaint or to gather information. The Silver State Fair Housing Council has a list from which to work in developing a "fair housing resources" page located at <http://silverstatefairhousing.org/Resources.htm>
- ***All housing authorities' websites should contain fair housing information.*** Of the Nevada residents who said they know who investigates housing discrimination, one of the most answers was "a Housing Authority (22 percent)." As such, it is important that all of the state's public housing authorities have fair housing information on their websites and, at the very least, a link to organizations with which a complaint can be filed (HUD, Silver State Fair Housing Council).
- ***All of the information suggested above should be provided in English and Spanish.***
 - *Timeframe:* By July 2011

Task No. 2a. Fair housing “deputy” contacts. We recommend the state establish a more coordinated and formal approach to the distribution of fair housing information. First, the state should develop a fair housing resource list for distribution to all relevant state agencies, cities, counties and nonprofits.³ Second, the state should identify “deputy” contacts within the agencies/jurisdictions/ organizations and coordinate distribution of fair housing materials with these contacts. These contacts should receive notices of any changes to fair housing laws and other relevant fair housing information and be responsible for disseminating that information to employees who have direct contact with the public.

- *Performance measure:* Develop a state agency contact list; prepare and distribute basic fair housing informational materials (e.g., a quick reference guide) to the contacts, public housing authorities (PHAs) and others with housing activities. At a minimum, the information packet should contain information defining discrimination and advising residents on what they should do about it.

Task No. 3a. Make the AI visible. Make the state rural AI and Annual Action Plan available online to all cities and counties throughout the state. A designated state contact should be available to share information about the State AI, its findings and to assist with mitigating barriers in nonentitlement areas, including land use and zoning laws.

- *Performance measure and Timeframe:* Meetings should occur in conjunction with the training sessions proposed below and in response to requests made after distribution of the AI. The state should conduct meetings with 10 jurisdictions annually.

Task No. 4a. Fund fair housing activities. The state should provide funding to the Silver State Fair Housing Council to educate and inform residents through fair housing training sessions. In the stakeholder survey conducted for this AI, one respondent mentioned a strong need for fair housing education and outreach in Jackpot which “has a lot of unfair housing practices.” This town should be one of the first in which trainings are conducted.

Action Item No. 2: Explore establishing a fair housing hotline for inquiries. Given the very low number of complaints in Nevada and the reluctance of residents to seek out help when they feel they have been faced with discrimination, we recommend exploring the creation of a fair housing hotline. This should be a partnership between the State of Nevada and Silver State Fair Housing.

In Oregon, the state funds a fair housing hotline that is administered by the Fair Housing Council of Oregon (FHCO). This toll-free fair housing hotline screens complaints and tests allegations. When receiving a call, staff determine the best method for assisting the client (interviewing witnesses, conducting a fair housing test, surveying the housing or helping the caller with a request for a reasonable accommodation). The FHCO also refers complainants to the appropriate state and federal agency for taking complaints after determining which would best serve them with their situation.

³ This should include any agency or organization that addresses housing and community development, community development finance or social services.

Action Item No. 3: Review land use and zoning codes for best practices in reducing housing barriers. Every city and county within the state’s nonentitlement areas should review its land use and zoning code for fair housing barriers.

The state may want to consider including a “best practices in land use and zoning to reduce fair housing barriers” workshop in upcoming housing and community development conferences it sponsors.

Recommended review guidelines. Although no city or county codes should read exactly alike, the following land use practices should be considered to reduce barriers to affordable and market rate residential development.

Purpose statement. The code should reflect the county’s purpose to provide housing choice for its residents and to comply with applicable federal and state law regarding housing choice.

Allowance of small lots. At least one zone district (or overlay district, or permit system) that allows small lots for single family detached housing in some locations. While the appropriate minimum lot size will vary with the character of the county, a zone allowing minimum lot sizes in the 3,000-6,000 square foot range would be appropriate for more urbanized areas of many counties. In addition, lot width requirements should be reasonable and consistent with minimum lot sizes; while some codes require minimum lot widths of 70 feet or more, small homes can be constructed on lots as narrow as 40 feet (or even less). Minimum lot size requirements are the type of regulation most responsible for increasing housing costs.

Allowance of multifamily development. At least one zone district (or overlay district, or permit system) that allows the construction of multi-family housing, and mapping enough land into this district to allow a reasonable chance that some multi-family housing will be developed. In many rural counties, these mapped areas may be close to incorporated or urbanized areas. Maximum heights should be reasonable and consistent with the maximum density permitted; avoid mapping areas for multi-family densities and then imposing height restrictions that prohibit efficient development at those densities. Failure to provide opportunities for multi-family development has been identified as one of the four leading regulatory causes of increased housing costs.

Provisions for manufactured homes. Manufactured housing meeting HUD safety standards should be allowed somewhere (per the federal Manufactured Housing Act of 1974). While restricting these homes to manufactured home parks is common, the better practice is to allow them in at least one residential zone where the size and configuration matches the scale and character of the area.

No minimum home sizes. The zoning and subdivision regulations should not establish minimum house or dwelling unit sizes (beyond those in the building code). Minimum house size requirements have also been identified as a significant cause of increased housing price in those communities where they are in place.

Allowance of group housing. The code should clarify that housing for groups protected by the Fair Housing Act Amendments of 1988 are treated as residential uses, and should generally allow those group housing uses in at least one residential district. While some communities require a special permit for these uses, others find that they can be allowed by right provided that they comply with standards limiting scale, character, and parking. Failure to provide for these uses in the code could

subject the county to a developer's request for "reasonable accommodation" under the Act, and failure to provide "reasonable accommodation" could be a violation of federal law. In light of the aging of the American population, the code should also provide areas where congregate care, nursing home, and assisted living facilities may be constructed.

Allowance for accessory dwelling units. The code should allow accessory dwelling units in at least one zone district – either as an additional unit within an existing home structure or in an accessory building on the same lot. While some communities require a special permit for these uses, others find that they can be allowed by right provided that they comply with standards limiting scale, character, and parking.

Permit mixed use development. In order to promote affordability, housing should be allowed near businesses that employ workers, particularly moderate and lower income employees. To do that the code should permit residential units in at least one commercial zone district or should map some lands for multi-family development in close proximity to commercial districts.

Lower parking standards. Although the traditional standard of two parking spaces per dwelling unit may be reasonable for many areas of a county, a lower standard can and generally should be used for affordable housing, multi-family housing, group housing, and special needs housing.

Flexibility on nonconforming structures. Although zoning codes generally require that nonconforming structures damaged or destroyed through fire or natural causes can only be rebuilt in compliance with the zoning code, an increasing number of codes are exempting affordable housing from this requirement. Often the most affordable housing in a community is located on lots that are too small or narrow for the district where they are located, or in multi-family buildings that have too many units for the district where they are located. If forced to replat with larger lots or to reduce density following a disaster, those affordable units may be lost, and allowing rebuilding with the same number of units as before may be the most efficient way to preserve these units in the housing stock.

Development incentives. In order to encourage the development of affordable housing, the code should recognize the difficult economics involved and should offer incentives. Common incentives include smaller lots, increased density in multi-family areas, reduced parking requirements, or waivers or reductions of application fees or development impact fees. Some communities provide additional incentives for housing that is restricted for occupancy at lower percentages of the Area Median Income (AMI). For example, developments restricted for households earning less than 50 percent of AMI could receive more generous incentives than those for households earning less than 80 percent of AMI. While zoning and subdivision incentives alone are often not enough to make development for lower levels of AMI economically feasible, they can be part of a broader package of incentives (for example, including financial incentives or land contributions) that make those project feasible. Any incentives offered should be updated as new housing studies are completed and new information about specific affordable housing needs is obtained.

Growth management exemptions. Most communities that operate a growth management system exempt affordable housing or allow it to compete for a separate pool of development rights in order to encourage this type of housing.