2020 NALHFA Awards of Excellence

Category: HOME Excellence

Nevada Rural Housing Authority

Desert Properties

Desert Properties

GETTING YOU HOME

NEVADA RURAL HOUSING AUTHORITY

- Acquisition and rehabilitation in Tonopah, Nevada
- 56 units
- Research showed dire need for senior-specific housing
- Prolonged the life of valuable housing stock in frontier area

- $9.6 million budget
- Project financing included 9 sources
- Simultaneous rehabilitation of “sister” property, Belmont Apartments, was crucial because of access to labor and shared amenities for all residents

NALHFA's Award of Excellence Program Nomination
Category: HOME Excellence
Project Name: Desert Properties
Submitted By: Nevada Rural Housing Authority

Summary
At the junction of U.S. Routes 6 and 95 – and approximately midway between Las Vegas and Reno – is Tonopah, Nevada. Circa 1900, prospector Jim Butler discovered the area. Legend says he went looking for a burro that had wandered off during the night and sought shelter near a rock outcropping. He named the high-desert community from what is thought to be a Shoshoni language word, pronounced "Toe-nuh-pah," meaning "hidden spring." And while burros and old saloons (Wyatt Earp is said to have opened the Northern Saloon in 1902), have long been replaced by modernities, Tonopah continues to be a fixture in the rural (if not frontier) landscape of Nevada. The Nye County seat, Tonopah has a population of approximately 2,500 people and a median income of $39,000. According to the American Community Survey, up to 42% of Northern Nye households are rent overburdened (paying more than 30% of annual income toward housing costs), indicating a need for affordable housing in the area.

Working with a consortium of public and private partners, including state and federal housing agencies and local community service groups, Nevada Rural Housing Authority administers a variety of successful housing programs, including Housing Choice Voucher rental assistance, a single family mortgage program, weatherization assistance, and affordable rental housing. Collectively, NRHA owns twelve affordable housing developments located throughout rural Nevada. Two of these properties, Belmont and Desert Apartments in Tonopah, were recently acquired and rehabilitated by NRHA. This award submission aims to highlight the acquisition, financing and rehabilitation work done for the Desert property, specifically, as it faced extraordinary challenges – challenges NRHA was ready and willing to tackle head on with innovative strategies.

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Introduction
At the junction of U.S. Routes 6 and 95 – and approximately midway between Las Vegas and Reno – is Tonopah, Nevada. Circa 1900, prospector Jim Butler discovered the area. Legend says he went looking for a burro that had wandered off during the night and sought shelter near a rock outcropping. He named the high-desert community from what is thought to be a Shoshoni language word, pronounced "Toe-nuh-pah," meaning "hidden spring." And while burros and old saloons (Wyatt Earp is said to have opened the Northern Saloon in 1902), have long been replaced by modernities, Tonopah continues to be a fixture in the rural (if not frontier) landscape of Nevada. The Nye County seat, Tonopah has a population of approximately 2,500 people and a median income of $39,000. According to the American Community Survey, up to 42% of Northern Nye households are rent overburdened (paying more than 30% of annual income toward housing costs), indicating a need for affordable housing in the area.

Nevada Rural Housing Authority (NRHA) was established in 1973 under the laws of the State of Nevada to address the housing needs and enhance the quality of life throughout Nevada's 15 rural counties and the rural portions of Clark and Washoe County. As a quasi-governmental agency, NRHA receives no allocation of funds through the State budgeting process, simply the mandate to address rural Nevada's affordable housing needs. NRHA's jurisdiction extends to any Nevada city or town with a population of 150,000 or less.

Working with a consortium of public and private partners, including state and federal housing agencies and local community service groups, NRHA administers a variety of successful housing programs, including Housing Choice Voucher rental assistance, a single family mortgage program, weatherization assistance, and affordable rental housing. Collectively, NRHA owns twelve affordable housing developments located throughout rural Nevada. Two of these properties, Belmont and Desert Apartments in Tonopah, were recently acquired and rehabilitated by NRHA. This award submission aims to highlight the acquisition, financing and rehabilitation work done for the Desert property, specifically, as it faced extraordinary challenges – challenges NRHA was ready and willing to tackle head on with innovative strategies.

Timeline
Project Financing Close: 10/31/2018
Project Initiation: 11/1/2018
Project Finish: 12/18/2019

Project Goals
The Desert Properties project entailed the acquisition and rehabilitation of two adjoining USDA-RD subsidized housing developments totaling 56 units. The Section 515 properties, Desert Family and Desert Elderly, share a parcel and consisted of 14 two-story buildings built in 1982. Fifty-two of the 56 units received Section 515 project-based rental assistance, and continue to do so, post rehab. The properties are adjacent to the USDA Section 515 property Belmont Apartments, which was rehabilitated simultaneously with Desert Family and Desert Elderly Apartments as separate financing. This simultaneous rehabbing was important in the minds of NRHA leadership; the two complexes form a larger community, and ensuring that residents benefited from the rehabilitation equitably and on similar timetables was a priority. The larger plan for both complexes also included a new community building (formerly "Twila's Pack and Tack") and common area laundry facilities constructed between the Desert properties and Belmont, which are now available at both properties through a shared use agreement. Acquisition and rehabilitation of the set of properties allowed for a more cohesive site layout and improvements to parking, site and recreational amenities.

The rehabilitation of The Desert Properties was done with the following goals in mind:

- Address major capital items in order to preserve and extend its life;
- Bring the units up to modern standards with repair and/or replacement of flooring, cabinets, tubs, showers, faucets, toilets, baseboard heaters, paneling, entry and storage doors with new locksets, smoke detectors, and GFI outlets;
- Increase energy efficiency with new range hoods and hot water heaters as needed. New thermostats, LED light fixtures and bulbs and new vinyl windows will also increase efficiency;
- Increase site security and marketability of the development by repairing and/or replacing asphalt, concrete walkways, ADA railings, stairs, fire alarm bell system, building mounted lighting, landscaping, new roofing, new vinyl siding and soffits; and,
- Address site accessibility deficiencies.

Market Demand and Benefit to the Community
NRHA's housing studies provide data on housing demand, inventory, and supporting infrastructure for Nevada's rural communities, including Nye County (and especially the Tonopah area). There were several important findings in this report that indicated a need for the rehabilitation of USDA-RD subsidized housing such as The Desert Properties.

First, the study found a discrepancy between the median household income and housing prices. Between 2010 and 2013, the median household income decreased by 29.6%. Meanwhile, multi-family unit rents in Northern Nye County were an average of $63 per month higher than the rest of rural Nevada. The study also found that the average renter's capacity to achieve new construction rents of $666 per unit per month is insufficient. According to the American Community Survey, up to 42% of Northern Nye households are rent overburdened, indicating a need for affordable housing in the area.

Vacancy rates in the market area are also very low, and rentals in Northern Nye County have a combined occupancy rate of 99.5%. Given the low vacancy rates in the market area, NRHA anticipated that the vacancy rate at The Desert Properties will be 5% or below. In addition, because The Desert Properties was occupied upon project start, NRHA anticipated that many current tenants would return to their newly remodeled units upon construction completion, reducing the need for The Desert Properties to capture many additional tenants (which has been fulfilled post rehabilitation).

Finally, the study found a great need for senior-specific housing: "Between 2013 and 2018, the largest increase among households age groups is projected to be among those between the ages of 65 and 74. Household growth is also occurring at a rapid rate among households age 75 to 84 and 85 and older, indicating an increasing need for senior-specific housing in the market. Not all of these changes, however, translate into a need for new housing units. This is because many of the area's older adults are already housed. Instead, older adults will likely at some future date move into senior-specific housing…"

The rehabilitation of The Desert Properties will prolong the life of these valuable apartments and will renew the USDA-RD subsidy to allow the developments to serve the most at-risk and lowest income residents in Tonopah for an additional 50 years.

Meeting the Needs of Tenants
The Desert Properties were built in 1982 and share a parcel, with approximately 2.00 acres allotted to the elderly property and 2.04 acres allotted to the family property. Desert Elderly contains 20 one-bedroom units (627 SF) in five two-story buildings. Desert Family consists of 12 one-bedroom units (627 SF) and 24 two-bedroom units (797 SF) in nine two-story buildings.

Prior to rehabilitation, the units had extreme deferred maintenance, relatively no improvements or upgrades from when the units were built, basic features such as light covers, faucets and flooring lack consistency and general repairs were in poor quality workmanlike manner such as paint smears/runs, countertops were hand painted as improvements instead of replaced. All units had dark wood or decorative paneling throughout units with varying degrees of damage and patching. All site amenities were worn or damaged by tenants or weather. The general appearance of the properties and common areas included deferred maintenance, worn or damaged areas and a general disregard for upkeep or standards.

There are five buildings on CMU, all of which needed putty, caulking, and paint. The grounds were in need of landscaping and the parking lot was ready for either a repair or replacement. Many of the buildings' stairs were in need of handrail repair and the bottom steps had deteriorated to the point of repair. The property had a history of plumbing issues related to tree roots. A majority of the trees had been removed with the stumps left in the ground. The general overall appearance of the property was tired and a prime target for a rehab tax credit project.

The Desert Properties serve households with incomes at or below 50% of area median income. Thirty-two of the thirty-six units at Desert Family and all twenty units at Desert Elderly receive USDA-RD Section 515 project-based rental assistance. Under the program, households in rental-assisted units pay 30% of their adjusted gross income towards rent and utilities, allowing the development to serve extremely low- and disabled households, including those on SSI/DI. Given this, most units serve tenants with very or extremely low incomes.

Because The Desert Properties are income-restricted and were occupied when the project was initiated, NRHA structured renovation so that there were minimal disturbances to current tenants. All of the units were occupied by residents that are already income-eligible for USDA subsidy. The acquisition and rehabilitation of the property did not create any permanent displacement of tenants. Existing residents were temporarily relocated to other units on site, and some tenants were temporarily relocated off site, depending on the number and availability of vacant units. Once those first buildings were completed, the relocated tenants moved to the fully renovated units in order to free up the next block of units for rehabilitation. Some of the repairs to the exterior of the units – site work, exterior painting, etc. – were carried out with the residents in place. When tenants vacated their current units to relocate temporarily to other units on site or to newly renovated units, proper noticing procedures were followed and relocation assistance was provided to assist tenants with necessary packing supplies. Moving crews assembled to physically move tenant furnishings and personal belongings to their new units. For those tenants who needed to be temporarily relocated off site, proper noticing procedures were followed and relocation assistance was provided. Relocation assistance included packing supplies, moving services and lodging. Meals and incidental costs and storage costs were also covered as required.

Rehabilitated Unit/Complex Features:

- New heating/cooling system (air conditioning totally new to the property)
- New stairs and railings
- New Energy Star, double-glazed windows
- New roofing
- New door/window trim
- New exterior LED lighting
- New fiberglass exterior front doors and storage doors (units)
- New and additional insulation
- New exhaust vents in kitchen and bathroom
- New vinyl plank flooring
- Ceiling fans in living room and master bedroom
- New kitchen/bath cabinets
- New kitchen/bath counters
- New kitchen stainless sinks
- Energy Star refrigerator
- New cooking range
- New garbage disposal
- New dishwasher
- LED lighting upgrading
- New bathroom sink
- New toilets
- New water heaters
- New smoke detectors
- 2 units remodeled to be fully accessible
- Addition of site security cameras

Community features:

- Community building (shared with Belmont Apartments)
    - Computer lab with 4 internet-connected computers
    - Business center
    - Exercise room
    - Library with donated books
- Picnic area
- Playground
- Rec area – shuffle board and horseshoe pits
- Community garden

During construction, NRHA aimed to find opportunities to assist with community improvement beyond the project's property lines – in Tonopah, NRHA donated all usable appliances to the Tonopah Salvation Army. The new units on the properties feature new/upgraded appliances that are energy efficient, helping fulfill NRHA's mission to provide affordable housing opportunities in addition to the cost of rent alone. But the donated appliances were usable and made available to the community.

Development Team
Developer: Nevada Rural Housing Authority
Consultant: Praxis Consulting Group, LLC
General Contractor: B&H Construction
Property Manager: Landmark Group, dba Weststates Property Management
Architect: Integrated Design & Architecture (IDeA)

Project Financing
The project financing for The Desert Properties is key to why this project deserves recognition. The Desert Properties financing included nine sources, and was challenged by a ticking clock and a government shutdown. Additionally, simultaneous acquisition and rehabilitation of the set of properties (Desert and Belmont) allowed for a more cohesive site layout and improvements to parking, site and recreational amenities, including a joint management office. Simultaneous projects also allowed NRHA to be more efficient considering Tonopah's remoteness – Nevada already suffers a shortage of construction labor, and being able to tackle both projects at the same time drove efficiencies and savings that would have otherwise not been possible. NRHA felt it critical to do the two projects at the same time.

The total project budget for both properties was approximately $14 million, with The Desert Properties' development budget coming in at $9.6 million (see full Sources & Uses document attached). The Belmont Properties financing included four sources, including the 9% LIHTC. The Desert Properties financing included nine sources:

Sources	**Amount**
Bond Issuance	$4,628,420
Limited Partner Equity (4% LIHTC)	$2,691,200
USDA 538 Loan	$1,217,170

MPR Funds (deferred)	$1,091,250
MPR (0% loan)	$645,000
USDA 515 Loan deferred	$698,053
Nevada Housing Division HOME Funds	$300,000
Nevada Housing Division TCAP Funds	$65,000
Nevada Housing Division GAHP Funds	$750,000
Federal Home Loan Bank of San Francisco AHP Funds	$560,000

Pre-Rehabilitation Visuals

After Rehabilitation Visuals


972


OFFICE


BELMONT
APARTMENTS

Sources

	Amount	Rate	Amort
USDA 538 Loan	1,217,170	5.45%	40
Sellers Note	1,565,947	3.25%	30
MPR Funds (deferred)	1,091,250	1.00%	50
MPR Funds (0% loan)	645,000	0.00%	50
USDA 515 Loan deferred	698,053	1.00%	50
Transfer of Reserve Acct.	-		
NHD HOME Funds	300,000	0.00%	30
NHD TCAP Funds	65,000	0.00%	30
NHD GAHP Funding	750,000	3.00%	30
FHLBSF AHP funds	560,000	3.75%	30
Repayment of Construction Period Interest	87,704		
Limited Partner Equity	2,691,200	N/A	0.93
Deferred Dev. Fee	1,904	3.00%	15
Total Sources	**9,673,228**		
Total Uses	**9,673,228**		
Check	-		

Dev. Fee Def.	0.2%	
Paid Fee	1,028,096	
DSC Year 1	1.157	
DSC Year 15	1.167	

	Amount	Rate	Amort
Bridge Amount	5,000,000	0.00%	-
Total Bonds Drawn	5,000,000		
Total Bond Issuance Amount	**5,000,000**		
Cash Collateral Funds Available	4,628,420		

Costs of Issuance

Issuer Origination Fee	11,563
Issuer Ongoing Fee	7,863
Issuer Closing Expenses	3,300
Issuer Counsel	6,500
Trustee Closing Fee	3,500
Trustee Ongoing Fee	983
Bond Counsel	57,000
Financial Advisor	38,091
Underwriter (inc. UW Counsel & exp)	44,125
CPA Cashflow Verification	4,000
Bond Rating	5,000
POS/OS Posting	2,000
Total	**183,924**

Uses

Acquisition	Land	197,328	**2,320,000**
	Building	2,122,672	
	Hard Cost--Off-Site Sitework	-	**4,931,054**
	Hard Costs--On-Site Sitework	201,637	
Hard Costs	Hard Costs-Building	3,587,391	
	General Requirements	167,044	
	Insurance	42,000	
	Contractor Overhead & Profit	354,874	
	FF&E	40,000	
	Hard Cost Contingency	538,108	
	Architectural & Engineering	160,089	**1,098,296**
	CNA/Envir/Geotech/Survey	58,000	
Soft Costs	Building Permit/Fees	38,000	
	Market Study / Appraisal	23,000	
	Title & Recording	50,000	
	Developer Legal	100,000	
	Relocation	85,000	
	Marketing / Lease- Up	10,000	
	Insurance During Construction	25,000	
	Accounting & Audit	35,000	
	Short Term Bond Fees & Interest	-	
	USDA 538 Fees and Costs	74,040	
	Costs of Issuance	183,924	
	Construction Period Interest	87,704	
	Development Consultant	70,000	
	NHD Fee	38,539	
	Soft Cost Contingency	60,000	
Fees/Reserves	Operating Reserve	171,000	**1,323,878**
	Replacement Reserve	122,878	
	USDA Conv. Holdback Reserve	-	
	Developer Fee	1,030,000	
		9,673,228	

	Desert Family 36 units	per unit	Desert Elderly 20 units	per unit	Total 56 units	per unit
1. MAINTENENCE AND REPAIRS PAYROLL	14,464	402	8,036	402	22,500	402
2. MAINTENANCE AND REPAIRS SUPPLY	6,429	179	3,571	179	10,000	179
3. MAINTENANCE AND REPAIRS CONTRACT	0	0	0	0	0	0
4. PAINTING AND DECORATING	3,214	89	1,786	89	5,000	89
5. SNOW REMOVAL	1,607	45	893	45	2,500	45
6. ELEVATOR MAINTENANCE/CONTRACT	0	0	0	0	0	0
7. GROUNDS	3,857	107	2,143	107	6,000	107
8. SERVICES	1,286	36	714	36	2,000	36
9. ANNUAL CAPITAL BUDGET (From Part V - Operating)	0	0	0	0	0	0
10. OTHER OPERATING EXPENSES *(Itemize)*	0	0	0	0	0	0
11. SUB-TOTAL MAINT. & OPERATING(1 thru 10)	30,857	857	17,143	857	48,000	857
12. ELECTRICITY	7,714	214	4,286	214	12,000	214
13. WATER	12,857	357	7,143	357	20,000	357
14. SEWER	8,357	232	4,643	232	13,000	232
15. FUEL (Oil/Coal/Gas)	0	0	0	0	0	0
16. GARBAGE & TRASH REMOVAL	2,901	81	1,611	81	4,512	81
17. OTHER UTILITIES	0	0	0	0	0	0
18. SUB-TOTAL UTILITIES (12 thru 17)	31,829	884	17,683	884	49,512	884
19. SITE MANAGEMENT PAYROLL	15,750	438	8,750	438	24,500	438
20. MANAGEMENT FEE	27,216	756	15,120	756	42,336	756
21. PROJECT AUDITING EXPENSE	5,143	143	2,857	143	8,000	143
22. PROJECT BOOKKEEPING/ACCOUNTING	0	0	0	0	0	0
23. LEGAL EXPENSES	450	13	250	13	700	13
24. ADVERTISING	193	5	107	5	300	5
25. TELEPHONE & ANSWERING SERVICE	836	23	464	23	1,300	23
26. OFFICE SUPPLIES	2,571	71	1,429	71	4,000	71
27. OFFICE FURNITURE & EQUIPMENT	1,189	33	661	33	1,850	33
28. TRAINING EXPENSE	643	18	357	18	1,000	18
29. HEALTH INS.& OTHER EMP. BENEFITS	8,409	234	4,671	234	13,080	234
30. PAYROLL TAXES	4,886	136	2,714	136	7,600	136
31. WORKMAN'S COMPENSATION	1,607	45	893	45	2,500	45
32. OTHER ADMINISTRATIVE EXPENSES *(Itemize)*	5,583	155	3,102	155	8,685	155
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	74,476	2,069	41,375	2,069	115,851	2,069
34. REAL ESTATE TAXES	225	6	125	6	350	6
35. SPECIAL ASSESSMENTS	0	0	0	0	0	0
36. OTHER TAXES, LICENSES & PERMITS	0	0	0	0	0	0
37. PROPERTY & LIABILITY INSURANCE	12,857	357	7,143	357	20,000	357
38. FIDELITY COVERAGE INSURANCE	193	5	107	5	300	5
39. OTHER INSURANCE	0	0	0	0	0	0
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39)	13,275	369	7,375	369	20,650	369
41. TOTAL O&M EXPENSES(11+18+33+40)	150,437	4,179	83,576	4,179	234,013	4,179
NHD MONITORING FEES (included in line 32)	0	0	0	0	0	0
INVESTOR SERVICES FEE (paid out of residuals)	0	0	0	0	0	0
TOTAL EXPENSES	150,437	4,179	83,576	4,179	234,013	4,179

Spotlight on Rural Nevada

A Snapshot of the Silver State's Frontier

March 1, 2019 By Doresa Banning — Comments

Nevada's rural areas often get outshone or out-reported by their larger urban counterparts, which is an oversight for at least two reasons. One, the state is primarily rural, defined by statute as cities and towns with a population under 150,000 people. Second, the rural regions warrant mention in their own right regarding business and economic development, as many are doing well despite their inherent limitations, such as smaller size, remoteness and more. That's not to say these communities don't have areas needing improvement; each has its own set on which it's working.

Here are some snapshots of rural Nevada today.

City of Elko

Business and the economy in Elko, which is located in northeastern Nevada, are “strong” but not “red hot,” said Mayor Reece Keener who, with his wife Tammy, owns and operates two small businesses, Print ’N Copy Center and Alliance Document Technologies which sells and services Xerox machines.

“We’re on solid financial footing … with a very high Moody’s rating of AA-,” he added.

In November 2018, Elko’s sales tax revenue, which comprises about two-thirds of the city’s general fund, was 8 percent higher year-over-year, Keener said. Similarly, room tax receipts rose, 7.8 percent. Unemployment is low, and average household income is high.

The top local industry, mining, is faring well, Keener said, as regional gold explorers and developers continue creating jobs. The city, however, keeps working to diversify its economy. One effort is the Elko Regional Sports Complex expansion. Phase 1, slated for an autumn completion, will add three multipurpose ball fields, parking and concessions, allowing the city to host various ball tournaments.

Retail is also growing significantly. Companies are now moving into the long-vacant land off of Exit 298. After extending the water line to that area in 2017, the city is now doing the same with sanitary sewer, both of which are allowing for development.

There, Golden Gate Petroleum opened a truck stop, Komatsu is building a $47 million regional service facility and Coach USA, which transports workers to the regional mines, operates a fleet. Elsewhere, the city is getting, among others, a Kohl’s, Sportsman’s Warehouse and Harbor Freight Tools. New construction and retailers mean additional sales tax revenue for the city.

Regarding tourism, nightly stays are on the rise, and SkyWest, the airplane company that flies into the area, announced that in January, enplanements, were up 18 percent year over year. Elko has more than enough guestrooms at 2,700 and is working on an ordinance that would allow off-highway vehicles on the city streets to access trailheads.

The housing situation is better. There now is a supply of homes and apartments. Affordable housing, though, remains tight, Keener said, in that it’s difficult to find a new home for under $250,000. Builders and developers are addressing that need.

Keener projects a strong rest of 2019 for Elko given minimal headwinds and many positives.

“I’ve operated a business in Elko for the past 24 years, and I’m as optimistic about Elko’s future as I’ve ever been,” he said.

Nye County

The picture of Nye County differs from Elko’s.

“We’re all cautiously, tentatively and slowly recovering from the downturn, when a lot of people left the area,” said Tim Sutton, county manager of Nye County and the town of Pahrump.

This rural region stretches from central to Southern Nevada and encompasses, from north to south, Gabbs, Tonopah, Beatty, Pahrump and more. The top industries are government, retail, accommodation and food services, professional, scientific and technical services and mining.

The population has been slowly regaining those lost residents and new businesses are moving in or expanding. For example, in Pahrump, Spring Mountain Motor Resort and Country Club will add three miles of racetrack this year. Pahrump Valley Winery, which recently finished an expansion, will open a new winery called Artesian Cellars. The Front Sight Firearms Training Institute will double its number of shooting ranges to 50.

The county continues domestic and international marketing efforts and expanding its online presence, which seems to be bearing results. Pahrump visitor counts, for instance, increased about 3 percent from fiscal year 2017 to 2018, town data show, with 492,699 visitors creating a $86.3 million economic impact. Silverton Ranch Hotel and Casino's new facility, construction on which will start in August, will shrink the hotel room shortage.

Nye County boasts affordable land and housing generally and a fertile environment for small business along with the qualities for which people choose to live in a rural location—a sense of community, open space, outdoor recreational opportunities and others.

In contrast, it ranked last out of all Nevada counties in 2018 for health outcomes, length of life and quality of life. The county must improve healthcare, particularly ready access to it, Sutton said, and the newly hired health officer will take that on.

Unemployment remains "disproportionately high," said Sutton, 5.7 percent at the end of calendar year 2018, the highest in Nevada.

Sutton himself plans to tackle the county's somewhat "scattered" problem-solving approach that uses "a lot of resources inappropriately or ineffectively," he said. He intends to gather data over the next year in all areas for which they can be obtained, analyze them for trends and deficiencies, determine areas of future concentration, set policies accordingly and implement them throughout 2020.

With this and other projects in the works, Sutton remains "excited" for the remainder of 2019, he said.

Affordable Housing

While it varies in degree from locale to locale throughout Nevada's rural areas, insufficient affordable housing supply versus demand—fueled by population and jobs growth, for instance—remains an ongoing problem. Bill Brewer described the existing supply as "relatively static." He's the executive director of the Carson City-headquartered Nevada Rural Housing Authority (NRHA), which provides home financing solutions, rental assistance and affordable housing programs for Nevada's rural regions.

By Nevada statute, housing is considered affordable when the renter or buyer spends no more than 30 percent of their income on it and associated utilities.

The most stressed areas, he said, are those in the state's northwest region—Sparks, Fernley and Dayton—where the vacancy rates are "unhealthy," under 1 percent, as opposed to a typical 5 percent. Consequently, some people are resorting to living in recreational vehicles or staying with relatives or friends, and it's happening all over rural Nevada.

"People are struggling," Brewer said. "Families who were able to get along okay a couple of years ago are now finding themselves overburdened substantially with housing costs."

In mid-February, no affordable housing was being built in rural Nevada, Brewer said, mainly because the funds necessary to do so, to reduce the debt burden on a property, are limited.

Primarily, affordable housing financing comes from the federal government's Low-Income Housing Tax Credits, which the state disburses to counties based on population size. In 2018, Clark received $4.3 million, Washoe $892,000 and all others $674,000, the state's "Qualified Allocation Plan" report detailed.

Currently, Nevada doesn't provide any state funds for affordable housing programs, said Brewer. That could change, however, during this year's legislative session. Governor Steve Sisolak noted in his state-of-the-state address he'd support the recommendation to develop a new program offering $10 million of state tax credits for affordable housing creation and preservation.

The NRHA is rehabilitating 80 apartments in Tonopah, built four decades ago under the U.S. Department of Agriculture's affordable housing program, along with a building across the street that will serve as one of the authority's offices. A similar project will follow in Ely. If these buildings aren't kept usable, said Brewer, rural Nevada will lose them as USDA-assisted affordable housing.

Also underway, the NRHA is organizing a coalition to include a cross-section of entities and individuals involved in Nevada's housing industry. A major goal is to use the strength of its numbers to push for legislative changes, like broadening the affordable housing definition to include medium-income individuals and families for whom housing entry assistance programs don't exist.

"Certainly housing is going to be a hot topic at the legislature this session," Brewer said.

Mining

Nevada's mining industry, "the foundation for rural communities," is "holding steady," said Dana Bennett, president, Nevada Mining Association, the Reno-based trade organization for companies involved in the state's mining industry. "We're feeling pretty optimistic."

For much of rural Nevada, mining is a top industry. It provides high-paying careers, job sustainability and local tax revenues, which in turn lead to economic impact and development.

As for some of what's happening, Nevada Copper Corp. plans to start production at its Pumpkin Hollow project in Lyon County by year-end. Lithium Nevada intends to start mining lithium carbonate at Thacker Pass in Humboldt County in 2022. Prophecy Development Co.'s vanadium project Gibellini, in Lander County, is in the permitting phase. Various gold projects are being actively explored while others are being advanced past that stage.

In recent mergers and acquisitions news, Coeur Mining purchased the Sterling mine in Nye County, and silver-focused Hecla Mining acquired Klondex Mines Ltd.'s gold assets in Nevada. Barrick Gold Corp. merged with Randgold Resources, thereby expanding into Africa. Newmont Mining Corp., which operates in Nevada, merged with Goldcorp Inc.

On its way to mining is autonomous technology. The University of Nevada, Reno's (UNR) Computer Science & Engineering department is developing aerial robots to efficiently explore, search and map underground mines and tunnels.

"Those are game changing-type programs," Bennett said.

Further growth of advanced manufacturing and renewable energy production is hugely positive for Nevada's mining industry, said Bennett, as those sectors will need greater quantities of certain metals and minerals.

Looking to the rest of 2019, Bennett said, "I'm optimistic that the industry is going to keep chugging along."

Economic Development

In Nevada's Sierra region—Lyon, Storey and Douglas counties and Carson City—"business is great and growing," mostly in manufacturing, mining, construction, logistics, agriculture and healthcare, said Rob Hooper, director, Northern Nevada Development Authority (NNDA), a Carson City-based, state-designated agency that looks for and effects growth opportunities in the one region. "The growth curve is now starting to move further and further into the deep rurals."

This year should see many new companies move into or existing companies expand in the area, Hooper said. For instance, five such entities applied in January alone for state incentives. Of the hundreds of businesses in the pipeline, about 24 are highly active.

Among current projects, Hooper said, the agency is employing conservation economics, understanding the costs and benefits of sustaining natural ecosystems and then fitting those into economic development.

"We see this region becoming a prototype for the whole Western U.S.," Hooper said.

With four identified Opportunity Zones in the Sierra region, most of Fernley and Silver Springs, all of Storey County and an area in Carson City, the NNDA is collaborating on development of a fund that will enable new company growth and entrepreneurship in those places.

In addition, the NNDA is rolling out a marketing campaign to promote awareness about the Sierra region and the business and development successes there. With the Nevada Department of Transportation, the NNDA is working to establish freight rail in the region, with Fernley as the hub, to foster business development in deep rural Nevada.

One of the authority's many successful, ongoing programs, said Hooper, is the U.S. Environmental Protection Agency Brownfields Grant program, through which brownfield sites are inventoried, characterized, assessed and planned for. Another is the Certified Sites program, which prepares sites for development and certifies them as ready. Both initiatives remove scheduling and predevelopment risks and take on the responsibility and cost of getting these needed tasks done.

Making economic development progress in rural Nevada requires tackling some significant challenges. An ongoing one is the need for a larger workforce with specific skills, such as in mechatronics, a new Western Nevada College program. Insufficient housing is a "big" problem, Hooper said, particularly the further out one goes in the region. Getting needed infrastructure in place is another.

Overall, though, Hooper remains bullish on the Sierra region development this year.

"We see continued growth, and we see innovation," he said.

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