

**Housing Needs Assessment of Winnemucca
and its Surrounding Areas**

Chapter III: Key Informant Interviews

Introduction

In February 2008, Praxis Consulting Group LLC carried out one-on-one interviews and focus groups with individuals knowledgeable about the Winnemucca housing market and its impact on the local community, including realtors, property managers, developers, general contractors, planners, public officials, bankers, social service providers, and local employers. A list of those who took part in the interviews and focus groups is listed in **Table One** below. We would like to thank all of the interviewees for their time and thoughtful responses.

Table 1: Interview and Focus Group Participants

Terry Boyle, Red Lion Inn	Harold Hawkins, Vision West Realty
Michael Bumgartner, Humboldt County School District	Dave Jensen, Humboldt County School District
Lisa Costa-Campbell, Great Basin College	Jackie Kerns, JOIN
Bill Deist, Humboldt County Administrator	Joyce Lacaillade, Regional Planning and Zoning
Mimi Dumosch, Carry-On Trailer Corporation	Dee Larios, Senior Citizens of Humboldt County
Pamela Fabor, Humboldt Realty	Hilmi Mohammad, Developer
Catherine Cole Ferandelli, Realtor	Joyce _____, Winnemucca Farms
Helen Goucher, Weststates Property Management	Chelle Robinson, District Attorney's Office
Pat Gray, Sonoma Realty	Dave Roden, U.S. Bank
Holly Gregory, Weststates Property Management	Red Sheppard, TG Sheppard Construction
Sandy Hammigrin, Regional Planning and Zoning	Annie Vandermeer, Newmont Gold
	Steve West, Winnemucca City Manager

The hour-long interviews and focus groups were organized as follows. First, we asked participants to list what they saw as the greatest housing needs or problems in the Winnemucca area. We also asked them how housing availability and affordability has an impact on the economic health and growth prospects of the community. Interviewees were then asked to identify any barriers to addressing housing need in the Winnemucca area and to recommend strategies for addressing housing need. Twenty-three key informants took part in either an in-person interview or a focus group.

The key informant interviews provide a rich source of qualitative data on local housing needs, and is a complement to the other chapters of this report: the Employer Survey and the analysis of demographic, housing and economic data.

Summary of Findings

Housing Needs—Rental Housing

- All of those we interviewed spoke of the **lack of available rental housing in the community, at any price.**
- **Interviewees said that there are long waiting lists for apartments in the subsidized developments. There is a need for more affordable units on the ground.**
- Interviewees thought that there is also a **need for more market-rate apartments in the community, targeting working households who are above income for subsidized housing, but cannot afford to buy.**
- The high demand for rental housing and limited supply has resulted in **higher rents in the last couple of years.** Participants said that rents are increasingly out of reach of low-income households and service employees. And, what is available is of poor quality.
- **Newcomers and short-term employees have to wait six months to a year to find permanent housing. They are increasingly finding housing in motels in Winnemucca.** One interviewee estimated that about half the motel units in town are currently being used as weekly rentals.
- Employers observed that long-time residents, particularly those in service employment, are often **stuck in their current housing.** They cannot move to a larger unit as their family grows. We heard instances of doubling-up and overcrowding—of young adults forced to move back in with parents, because of limited housing options. We also heard anecdotally of long-time residents leaving the area because of the lack and cost of housing.

- **This lack of affordable and available rental housing has its social costs—children living in motels or overcrowded housing, domestic violence, and crime.** Planners also pointed to the problem of illegal RV hook-ups and tent camping within the City boundaries.

Housing Needs—Ownership Housing

- There appears to be an **adequate supply of ownership housing in the Winnemucca area; but much of the new stock is priced out of reach of first-time homebuyers and middle-income residents.**
- **Interviewees see a need for more housing in the \$160,000 to \$175,000 range, which would be affordable to households at or below 80% of area median income.** They offered a number of suggestions for how to get to this target price, including small lot development, manufactured housing, reduction in development standards, use of free or low cost BLM land, and use of government subsidy to underwrite the cost of housing and/or infrastructure.
- **While rural Nevada has been immune, to date, to the epidemic of foreclosures occurring in Clark and Washoe County, it is now more difficult in Winnemucca to qualify for a mortgage.** Many low- and moderate-income residents of Winnemucca have credit problems that, even in the best of times, would make obtaining a mortgage difficult.

Housing Needs—Manufactured Housing

- According to interviewees, there was **significant overbuilding in the manufactured housing sector during the last economic boom period** in the mid-1990s. Much of this development occurred outside the City in Grass Valley, on large lots with individual wells and septic.
- Respondents said that it is **more difficult to obtain financing for manufactured housing** than it was during the last boom period. Buyers are more wary of investing in this housing type, because of the potential for wild fluctuations in value, as compared with stick-built homes.
- We also heard from interviewees about the **environmental impact of sprawl in the 1990s**, much of it related to the growth in manufactured housing in Humboldt County. They discussed the **need for better land use planning to accommodate future growth.**

Housing Needs—Senior and Disabled Housing

- Key informants pointed to the **need for more housing options for senior and disabled households**. Those who cannot wait for assisted housing, because of long waiting lists, or afford home health care, are forced to move out of county for services—away from familiar surroundings and friends and family.
- Respondents pointed to the lack of **downsizing options in Winnemucca for older adults** living on their own in single-family homes. They also discussed the need for **more barrier-free housing in the community for physically disabled residents and to promote aging in place**.

Impact on Local Economy

- Most of those we interviewed thought **lack of housing made it more difficult to recruit new workers to Winnemucca**, particularly in low- to moderate-wage jobs.
- **Those employers that draw primarily from the local resident population did not see housing as a particular barrier to growth**. Most of their employees seemed to be housed—perhaps struggling with higher rents or overcrowding. The most oft-cited issue facing local employers was the competition for employees with high-paying jobs in the mines.
- Some saw current housing conditions as a **fact of life in eastern Nevada, with its boom / bust economic cycles**. There is no reason to respond with new policies or programs, because the situation will correct itself in time.
- Others thought Winnemucca had reached a watershed. Some interviewees believed that **there is a “steady state” need for more housing in Winnemucca, both rental and ownership housing**. The demand for units, particularly “quality, stick-built housing,” is strong enough to withstand the next economic downturn.

Barriers to Addressing Housing Need / Recommendations

Finally, we asked key informants to identify specific barriers in the Winnemucca area to addressing the housing needs called out above. Here, responses fell into three broad categories: Development Barriers, Financing Barriers, and Public Policy Barriers.

Development Barriers/Recommendations

- **Development barriers included the cost of infrastructure improvements and hook-up fees and the limited pool of skilled trades in Winnemucca**, which contributes to high construction costs.

- Some we interviewed thought that the City and County could **reduce the cost of housing development by relaxing site development standards**—for instance, allowing for a modified (drive over) curb in place of a standard concrete “L” curb or reducing the length of driveway extensions.

Financing Barriers/Recommendations

- Financing barriers raised by interviewees included **credit problems, which prevent low- and moderate-income homebuyers from obtaining a mortgage**, changes in the national economy and housing market, and the general mismatch between the cost to create new housing and the income levels of those in need of housing in Winnemucca.
- Interviewees spoke of the **need for more financial literacy education in the schools, and of credit counseling and homebuyer training for first-time buyers**.
- The direct cost to build and finance new housing exceeds the means of most local residents. **Without some form of public subsidy, some interviewees noted, the market will not be able to address local housing need. Interviewees recommended that the Workforce Housing Committee investigate Federal, state, and local subsidy programs in order to achieve affordability in housing.**

Public Policy Barriers/Recommendations

- **Respondents felt that there is a need for more public education in Humboldt County about who lives in subsidized housing and the link between affordable housing and economic development.** Interviewees thought that by making housing a universal issue—affecting friends, family, and neighbors—it would reduce the stigma associated with multi-family or subsidized housing in rural Nevada.
- Interviewees also thought that **City and County government should take a more pro-active role in promoting affordable and multi-family housing development**, by securing gap financing to make affordable or work force housing projects feasible, identifying infill sites in the downtown appropriate for multi-family housing, examining impact fees as they relate to infill, multi-family projects, and exploring the use of the property tax exemption allowed under NRS 361.082 as one additional tool to leverage new investment in the community.

Please find below a more in-depth record of the interview findings, organized in sections by housing need, community impact, and then barriers and recommendations. The interview instrument can be found at the end of this chapter.

Housing Needs

Rental Housing

All of those we interviewed spoke of the lack of available rental housing in the community, at any price.

Rentals are non-existent around here. Brutal.

Need more rental units than houses for purchase.

Rentals are a huge need for service employees and lower-paid workers...

Service employees—families living in motels: Can afford to rent but can't find a place to rent.

Participants made a number of observations about rental housing. First, they said that there is a lack of supply. There has been no new production of multi-family housing since the beginning of the decade, with the exception of the 42-unit rental development going up north of town.

Much of the existing multi-family rental housing is subsidized, serving very low-income households. Interviewees said that there are long waiting lists for apartments in the subsidized developments. There is a need for more affordable units on the ground.

However, participants observed that there is a sizeable renter population that is above income, and therefore cannot qualify for subsidized housing. Noted one, “those who make \$12 an hour end up living in tents.” Interviewees thought that there is also a need for more market-rate apartment housing in the community, targeting working households who are above income for subsidized housing, but cannot afford to buy.

The high demand for rental housing and limited supply has resulted in higher rents in the last couple of years. Participants said that rents are increasingly out of reach of low-income households and service employees. And, what is available is of poor quality. Respondents said that “nicer” units are very hard to find, and often are leased by word of mouth. “You have to be a detective to find availability for rentals, because owners are reluctant to advertise them to the public,” said one interviewee. Large apartments of three or more bedrooms are in especially short supply.

Employers observed that long-time residents, particularly those in service employment, are often stuck in their current housing. They cannot move to a larger unit as their family grows. We heard instances of doubling-up and overcrowding—of young adults forced to move back in with parents, because of limited housing options. We also heard anecdotally of long-time residents leaving the area because of the lack and cost of housing.

This lack of affordable and available rental housing has its social costs—children living in motels or overcrowded housing, domestic violence, crime. Living in close quarters, observed one social worker, can cause tensions in a family to flare up. There are few housing options locally for domestic violence victims. Many stay put, considering the alternatives in a small town. Planners also pointed to the problem of illegal RV hook-ups and tent camping within the City boundaries.

Newcomers and short-term employees have to wait six months to a year to find permanent housing. They are increasingly finding housing in motels in Winnemucca. One interviewee estimated that about half the motel units in town are currently being used as weekly rentals. We interviewed one person who has been living in a motel room with a hot plate for the last six months, paying \$900 a month. Others cited rents as high as \$1,300 and \$1,750 month for motel living.

Respondents observed that transient employees in the exploration and mining fields, with high hourly wages, can afford the high motel rents. Many come to Winnemucca without families and so don't mind the limited housing options. Some have houses in the communities they left, which they cannot sell, and so could not afford to buy anyway.

Ownership Housing

The biggest need is for middle-income housing. Right now, the only housing being built is for upper-income households.

There appears to be an adequate supply of ownership housing in the Winnemucca area; but much of the new stock is priced out of reach of first-time homebuyers and middle-income residents.

While the Winnemucca housing market did not experience the hyperinflation that occurred in urban Nevada in the mid-2000s, housing prices have gone up. Respondents said that most of the new housing being built is priced above \$300,000, and is not affordable to most local residents. Local homebuilders are said to be very busy, but are only building high-end units.

Interviewees see a need for more housing in the \$160,000 to \$175,000 range, which would be affordable to households at or below 80% of area median income. They offered a number of suggestions for how to get to this target price, including small lot development, manufactured housing, reduction in development standards, use of free or low cost BLM land, and use of government subsidy to underwrite the cost of housing and/or infrastructure.

Several respondents pointed to the TG (“Red”) Sheppard project north of town as a possible solution to the challenge of creating affordable workforce housing. According to Mr. Sheppard, the first five units will come on line this fall. They will be 3 bedroom, 2

bath houses ranging from 1,072 to 1,460 square feet on 6,000 square foot lots. The houses will be priced below \$180,000. Mr. Sheppard said that he is able to achieve this price by building at a higher density, thus spreading the cost of land and infrastructure over multiple units, and by using panelization in the construction. The walls will be framed in a controlled factory setting, shipped to the site, and lifted into place by crane. Panelization typically results in higher quality construction and less spoilage. It also shortens the on-site construction schedule.

One interviewee observed that there are still good values in single family homes in the older parts of the downtown. However, we also heard that these older homes are increasingly being converted from ownership to rental housing to serve the strong rental housing market.

Finally, respondents said that the foreclosure crisis is having an impact on homeownership in Winnemucca. While rural Nevada has been immune to date to the epidemic of foreclosures occurring in Clark and Washoe County, it is now more difficult to qualify for a mortgage. And, many low- and moderate-income residents of Winnemucca have credit problems that, even in the best of times, would make obtaining a mortgage difficult.

Manufactured Housing

In 1997 and 1998, manufactured homes were easy to obtain. Land was cheap. But, when the jobs left, the people left, and there were a lot of foreclosures. Hundreds of manufactured homes sat on the market...Mortgage companies are now a lot more restrictive, and very few new manufactured homes are going in. But, getting a stick-built home requires a one- to two-year wait. We need housing! It's a mess!

According to interviewees, there was significant overbuilding in the manufactured housing sector during the last economic boom period in the mid-1990s. Much of this development occurred outside the City in Grass Valley, on large lots with individual wells and septic. Interviewees discussed the problem of foreclosures and abandonment that followed in the late 1990s, as the population declined.

Today, many of the mobile home parks in Winnemucca are only half full. Respondents said that it is more difficult to obtain financing for manufactured housing than it was during the last boom period. And, buyers are more wary of investing in this housing type, because of the potential for wild fluctuations in value, as compared with stick-built homes.

We also heard from interviewees about the environmental impact of sprawl in the 1990s, much of it related to the growth in manufactured housing in Humboldt County. Several pointed to the recent discovery of nitrates in well water in Grass Valley and of the possibility of a development moratorium until sewer service can be extended to support

the urbanized unincorporated areas—at significant public cost. They discussed the need for better land use planning to accommodate future growth.

Still, manufactured housing makes up almost half of the County's housing stock. It costs significantly less than stick-built, single-family homes. Any affordable housing plan in Humboldt County will need to include manufactured housing as a component.

Housing for Seniors and Disabled Residents

When the local facilities are full, elderly and infirm residents get sent out of County, which is a shame.

More planning for senior housing and aging-in-place [is needed]. Supportive housing is not really available in Winnemucca. Both the nursing home and Beehive have waiting lists.

Need for downsizing options for seniors in Winnemucca. There's nowhere to go if you want to sell your house and downsize in Winnemucca.

Not enough senior housing available. There is a 9-13 month waiting list for our units. How many are forced to live with family when they'd rather be on their own?

People aren't educated on senior housing options.

Finally, key informants pointed to the need for more housing options for senior and disabled households. They noted that the two housing options for infirm residents—Harmony Manor, a nursing home, and the Beehive Homes of Winnemucca, a small, assisted living home—are currently full with long waiting lists. Home health care services are very limited in the community. Those who cannot wait for assisted housing or afford home care, are forced to move out of county for services—away from familiar surroundings and friends and family.

Only three of the seven subsidized housing developments in town, consisting of 68 units, are restricted to elderly and disabled households. These have long waiting lists.

Respondents also pointed to the lack of downsizing options in Winnemucca for older adults living on their own in single family homes. Some thought there might be a market for apartment or condominium living close to services and the downtown.

Interviewees also discussed the need for more barrier-free housing in the community for physically disabled residents and to promote aging in place.

Impact on Local Economy

A couple of new businesses/industries have come into the area, but the wages are lower than the mines. More businesses would be attracted to the area if there was affordable and middle-income housing available.

Housing may be a deterrent for new businesses—hard to own a home.

Need diversification of economic base to keep foreclosures down.

Yes, [housing is] absolutely limiting economic growth of area!

Very difficult to get good trades people (any trades)—no place for them to live. Can't find a place they can afford.

Housing is limiting the diversification of the economy.

Interviewees observed that the availability and affordability of housing has an impact on local economic development. Most of those we interviewed thought lack of housing made it more difficult to recruit new workers to Winnemucca, particularly in low- to moderate-wage jobs.

A common rite of passage upon relocating to Winnemucca for some we interviewed was living in a motel or temporary housing, then waiting six months to a year to buy a house. This might not be a deterrent, if one were relocating to an executive position in town. Interviewees saw the housing market as one of a number of barriers to attracting new businesses to Winnemucca, which also included the isolation of rural Nevada and limited access to retail, cultural, and health care services.

Those employers that draw primarily from the local resident population did not see housing as a particular barrier to growth. Most of their employees seemed to be properly housed—perhaps struggling with higher rents or overcrowding. The most oft-cited issue facing local employers was the competition for employees with high-paying jobs in the mines. As one person noted, “there are more jobs than people right now.” And another, “It’s very competitive to find employees, and mining is at the top of the food chain.”

Some saw current housing conditions as a fact of life in eastern Nevada, with its boom / bust economic cycles. There is no reason to respond with new policies or programs, because the situation will correct itself in time.

Others thought Winnemucca had reached a watershed. They observed that the local economy is more diverse than it was ten years ago, at the last downturn. Mining operations are also structured differently today. The Newmont workforce was observed to be fairly stable, with one mine in closure and reclamation and others ramping up. The

number of Newmont employees is about the same as one year ago. Based on this, some interviewees believed that there is a “steady state” need for more housing in Winnemucca, both rental and ownership housing. The demand for units, particularly “quality, stick-built housing,” is strong enough to withstand the next economic downturn.

Barriers to Addressing Housing Needs / Recommendations

We then asked key informants to identify specific barriers in the Winnemucca area to addressing the housing needs called out above. We also asked for recommendations on addressing housing needs. Here, responses fell into three broad categories:

- Development barriers, such as construction costs, lack of skilled trades, and infrastructure costs;
- Financing barriers, including an unpredictable local economy, lack of subsidies for affordable housing, and poor individual credit histories; and,
- Public policy barriers, including the need for more public education about housing and the lack of pro-active government policies.

Development Barriers

Identified development barriers included the cost of infrastructure improvements and hook-up fees and the limited pool of skilled trades in Winnemucca, which contributes to high construction costs.

Interviewees estimated that it costs about \$20,000 per lot in the City for site work, including grading, roads, utilities, curbs and sidewalks. Hook up fees for sewer and water can add another \$4,000 per lot. Improved lots near the high school run from \$30,000 to \$40,000, which makes it very difficult to deliver a finished house for under \$200,000.

Outside of town, unimproved land is available for \$12,000 to \$18,000 for 5 acres. However, large-lot development outside the urban area may become more difficult in the future because of transportation and water quality issues. One interviewee estimated the cost of extending sewer service to the more populated parts of Grass Valley at \$14 - \$15 million, which would then have to be financed through new assessment districts.

Some we interviewed thought that the City and County could reduce the cost of housing development by relaxing site development standards—for instance, allowing for a modified (drive over) curb in place of a standard concrete “L” curb or reducing the length of driveway extensions. Developers expressed some frustration with new, more restrictive building codes, which result in higher costs.

Still, interviewees conceded that the infrastructure costs and impact fees are not unusually high in Humboldt County when compared to other communities. The City and County are generally seen as “developer friendly.” For instance, the County allows

developers to finance hook-up fees over an extended period, rather than requiring payment at the time of issuance of the building permit.

Interviewees also pointed to a lack of trades workers in the community. Homebuilders rely on contractors from western Nevada and Idaho in many trades. Interviewees expressed frustration that most housing development is focused on the more profitable high-end homes. And even these are being built out in small phases of 2-3 units at a time. There seems to be a high level of caution among developers of overbuilding—perhaps based upon the experiences of the late 1990s or observing the current downturn in the housing markets in Washoe and Lyon County.

Financing Barriers

Most people who earn enough for a \$150,000 house have credit problems. They need help with credit issues—people feel like they're stuck.

People can't sell their homes to come here. Retirees have fallen off from Northern California and Reno. Some came and they decided didn't like the rural lifestyle.

The market for entry level home is \$160,000-\$175,000. For single-family, stick-built housing, you need subsidy to make it happen.

Financing barriers raised by interviewees included credit problems, which prevent low- and moderate-income homebuyers from obtaining a mortgage, changes in the national economy and housing market, and the general mismatch between the cost to create new housing and the income levels of those in need of housing in Winnemucca.

While the local economy is strong, interviewees said the credit crisis and the decline in housing values nationally is having a spillover effect in rural Nevada. Interviewees pointed to a drop in demand for ownership housing in Winnemucca both from miners, who are unable to sell their homes elsewhere, because of the declining housing market, and new retirees from Northern Nevada and California.

Those we interviewed thought it might be more difficult now for developers to raise capital for real estate projects—which might explain the piece-meal phasing on new home projects. Financing for manufactured housing is also more expensive and difficult now to obtain.

The credit crisis is making it more difficult to qualify homebuyers locally. Interviewees spoke of the need for more financial literacy education in the schools, and of credit counseling and homebuyer training for first-time buyers.

Finally, key informants talked about the mismatch between the cost of housing and the income level of those in need of housing in Winnemucca. The economics of housing has

changed in the last five years. The direct cost to build and finance new housing exceeds the means of most local residents. Without some form of public subsidy, some interviewees noted, the market will not be able to address local housing need.

Interviewees recommended that the Workforce Housing Committee investigate Federal, state, and local subsidy programs in order to achieve affordability in housing, including:

- Self-help housing—both the USDA Section 523 and Habitat for Humanity programs;
- Partnering with Nevada Rural Housing Authority, which operates the Housing Choice Voucher rental assistance program in rural Nevada, a single-family mortgage program, and owns Winnemucca Manor, a senior subsidized housing development;
- Free or low-cost land from the Bureau of Land Management, available through the Southern Nevada Public Lands Management Act;
- Monies for infrastructure improvements associated with affordable housing projects;
- Low-Income Housing Tax Credits, HUD HOME funds and state Housing Trust Funds through the Nevada Housing Division; and,
- The property tax exemption allowed under NRS 361.082 for affordable housing projects that include HOME funds in their financing.

Public Policy Barriers

Those who stay in the community may have a job but not earn enough to afford their own place—they often live with parents.

You need to earn \$14-\$15/hour to afford \$800 a month rent.

Housing costs too much for people with low incomes – we're not talking about those who qualify for assistance. Just young people not earning much money.

There isn't anything available people can afford. They want \$1,000 for a 2- to 3-bedroom house.

It's too expensive. My daughter is paying \$575 for 2-bedroom apartment, but it is being raised to \$675.

A third set of barriers to addressing affordable housing that surfaced in our interviews fell into the category of public policy. Respondents felt that there is a need for more public education in Humboldt County about who lives in subsidized housing and the link between affordable housing and economic development. The Housing Needs Assessment Report may be a first step in that education process.

When entire segments of the workforce cannot afford housing, there are repercussions for the entire community. Interviewees thought that by making housing a universal issue—affecting friends, family, and neighbors—it would reduce the stigma associated with multi-family and subsidized housing in rural Nevada. A diverse inventory of housing is part of the basic infrastructure of a healthy community.

Interviewees also thought that City and County government should take a more proactive role in promoting affordable and multi-family housing development. They pointed out that the market is not working properly to provide a range of housing options in the community.

Local government could take a more active role by securing gap financing from the state or Federal level to make affordable or work force housing projects feasible, identifying infill sites in the downtown appropriate for multi-family housing, examining impact fees as they relate to infill, multi-family projects, and exploring the use of the property tax exemption allowed under NRS 361.082 as one additional tool to leverage new investment in the community.