

UNLV | **BROOKINGS MOUNTAIN WEST**

HOUSING-LAS VEGAS AND THE MIDDLE CLASS

Wednesday, November 20, 2019 | 6:00-7:30 pm
Greenspun Hall Auditorium



SHOULD LAS VEGAS BET ON HOMEOWNERSHIP?

November 20th, 2019, UNLV

Jenny Schuetz

Future of the Middle Class Initiative

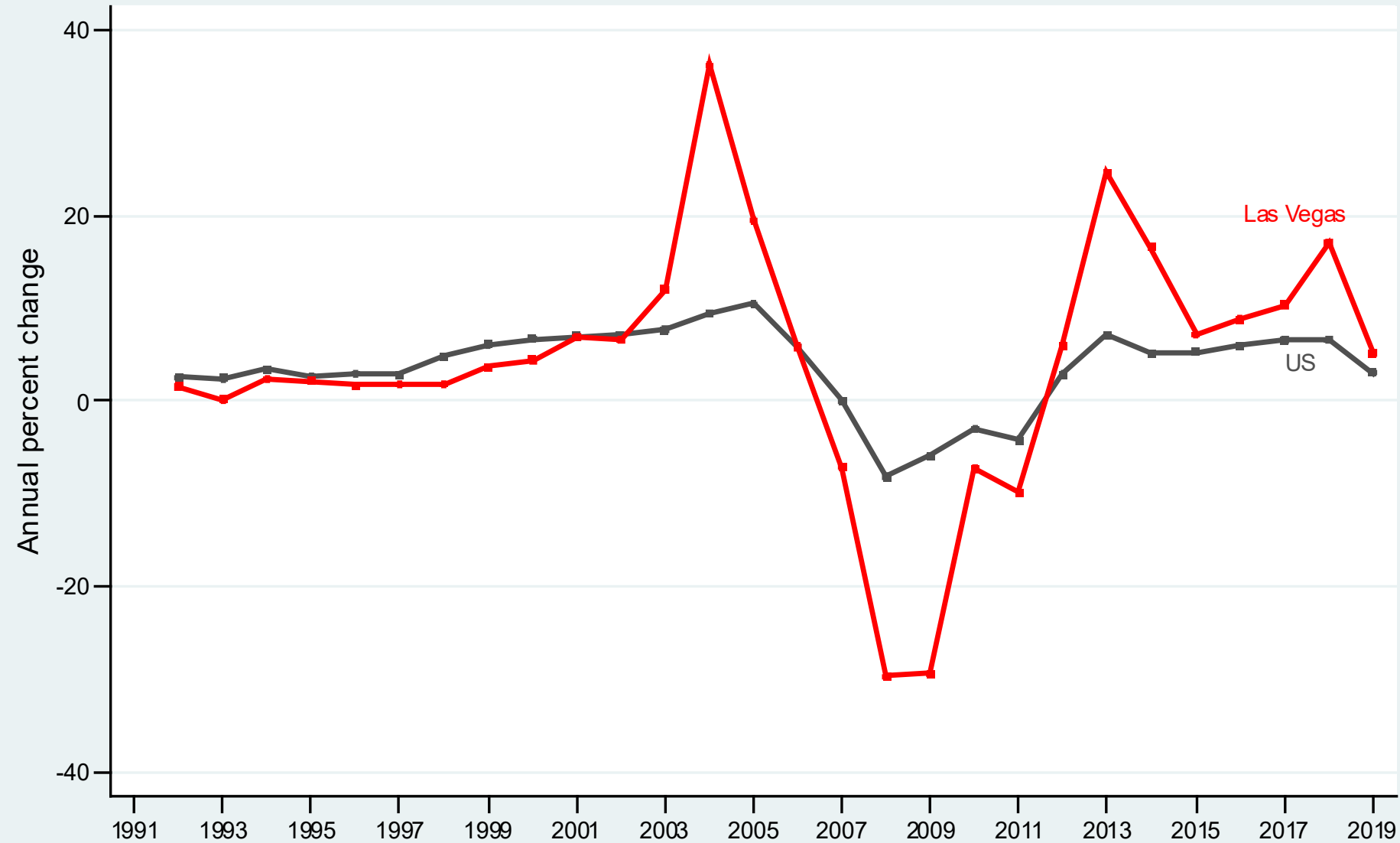
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Housing is critical to financial security

- Housing costs are rising faster than average incomes.
 - Affordability is increasingly challenging for middle-income families, as well as poor families.
 - Stable, decent housing is critical to individual & community well-being.
- Homeownership remains primary wealth-building strategy for US middle class.
 - Homeowners have more predictable housing expenses over time
 - Federal tax policies encourage investing in housing
 - But housing is also risky. Housing prices can—and do—fall.
 - Redlining & mortgage discrimination have limited homeownership access for Black and Hispanic families.
- What are recent trends in housing affordability and homeownership in the Las Vegas metro area?
- What do trends imply for financial security & wealth-building?

Las Vegas housing prices are more volatile than US

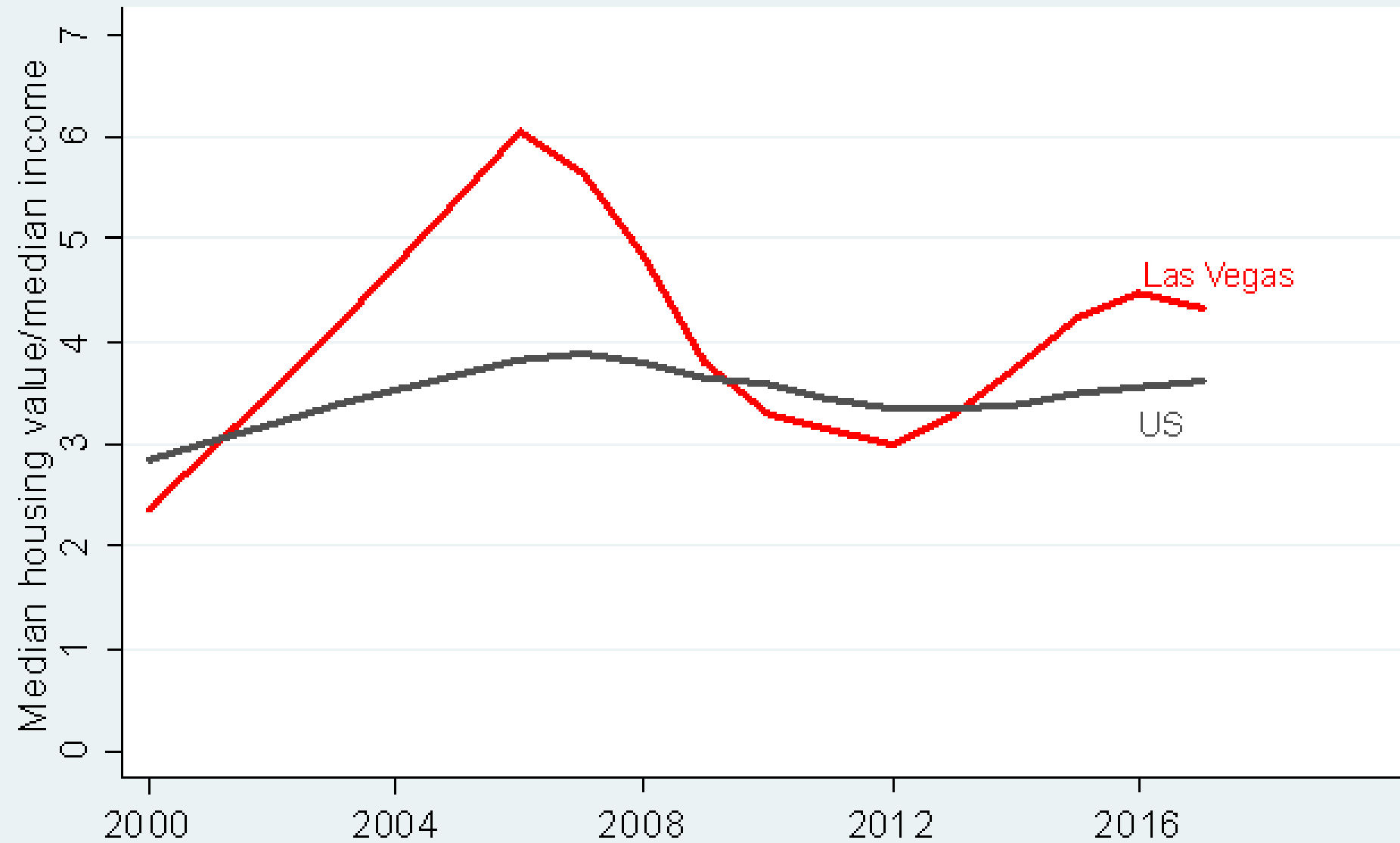
House price changes, 1991-2019



Source: FHFA house price index, seasonally adjusted.

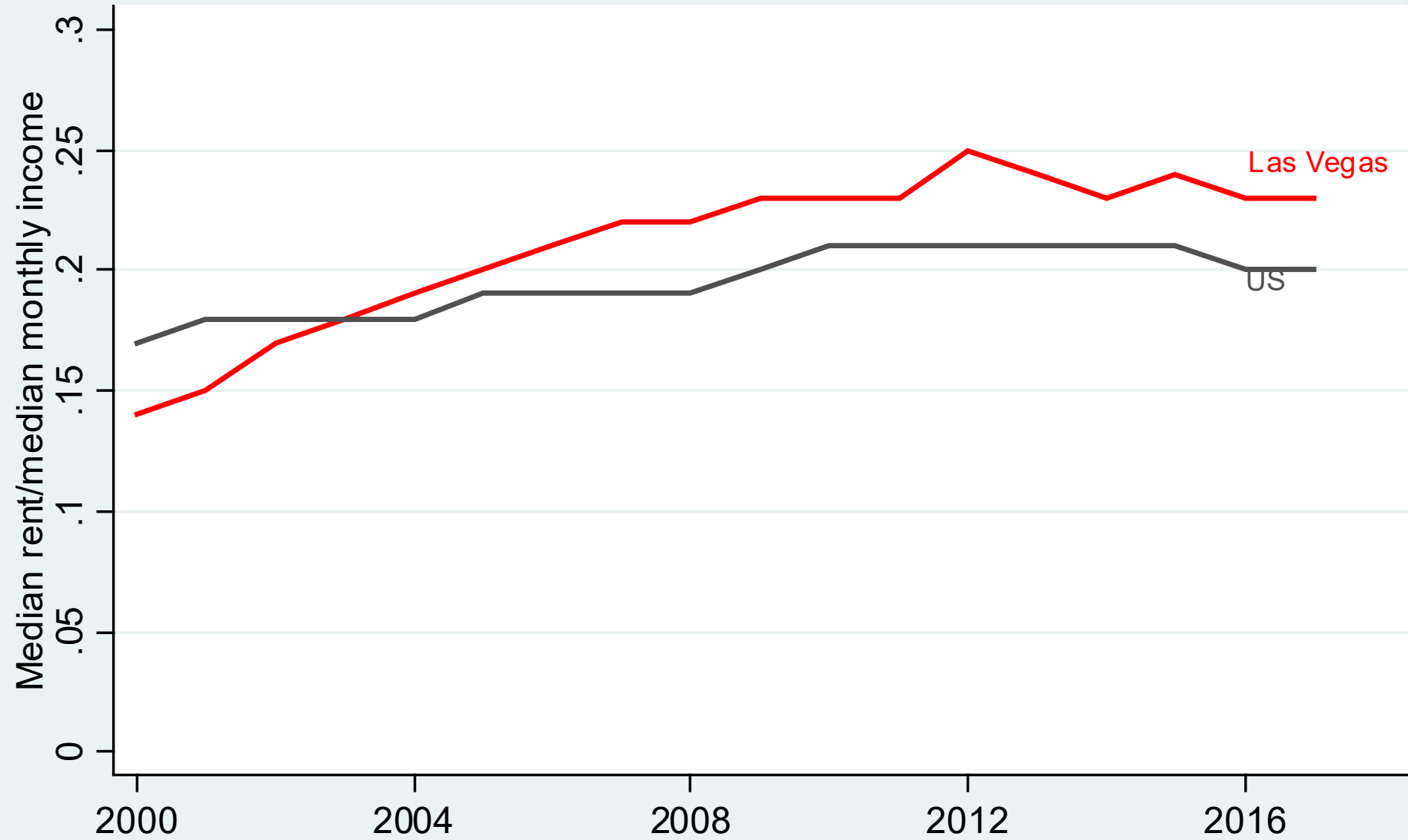
Housing costs are increasing faster than incomes

Housing values/income, 2000-2017



Rents are increasing faster than incomes

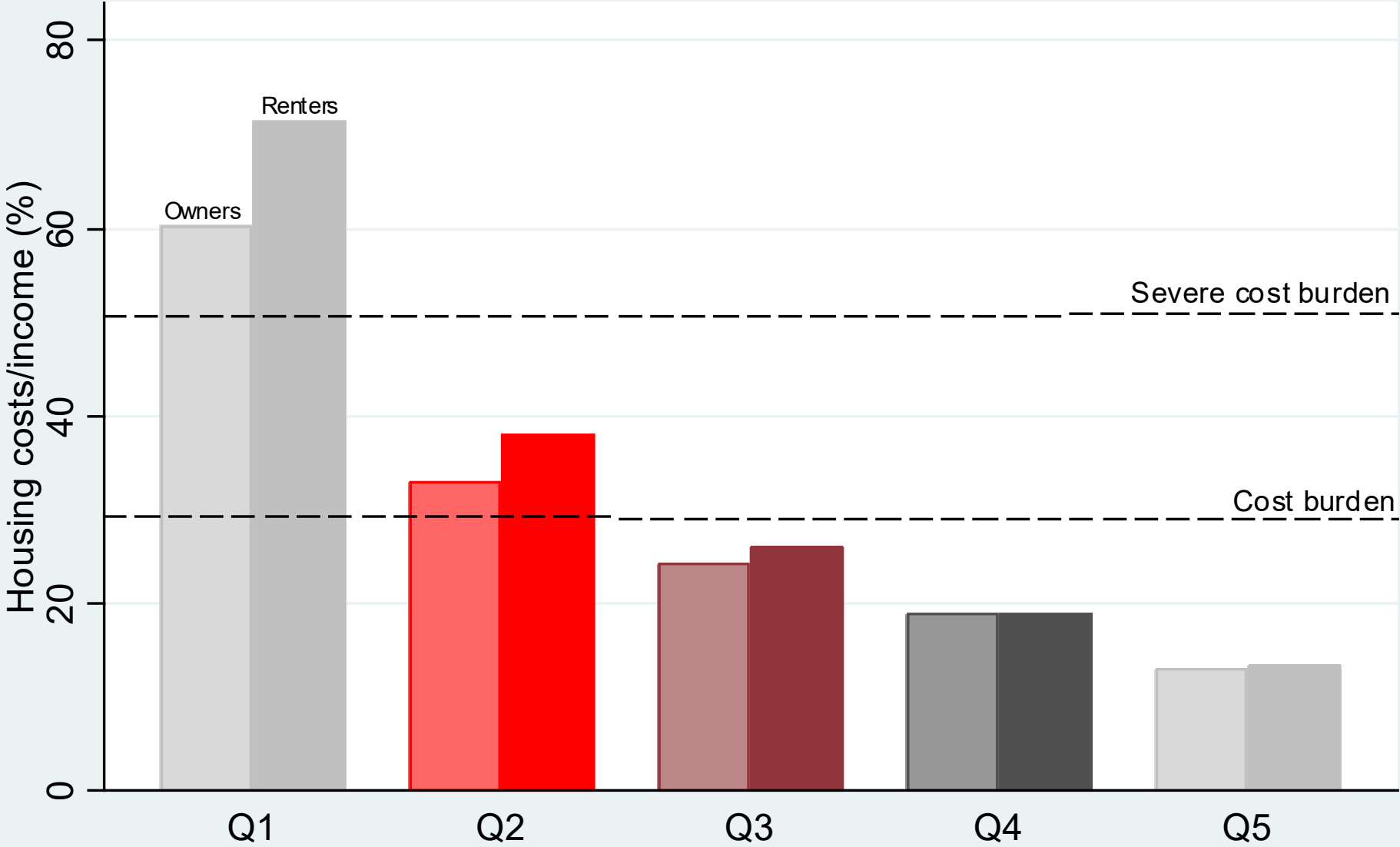
Rent/income, 2000-2017



Source: Census 2000, American Community Survey 2006-2017

Lower-income households spend more on housing

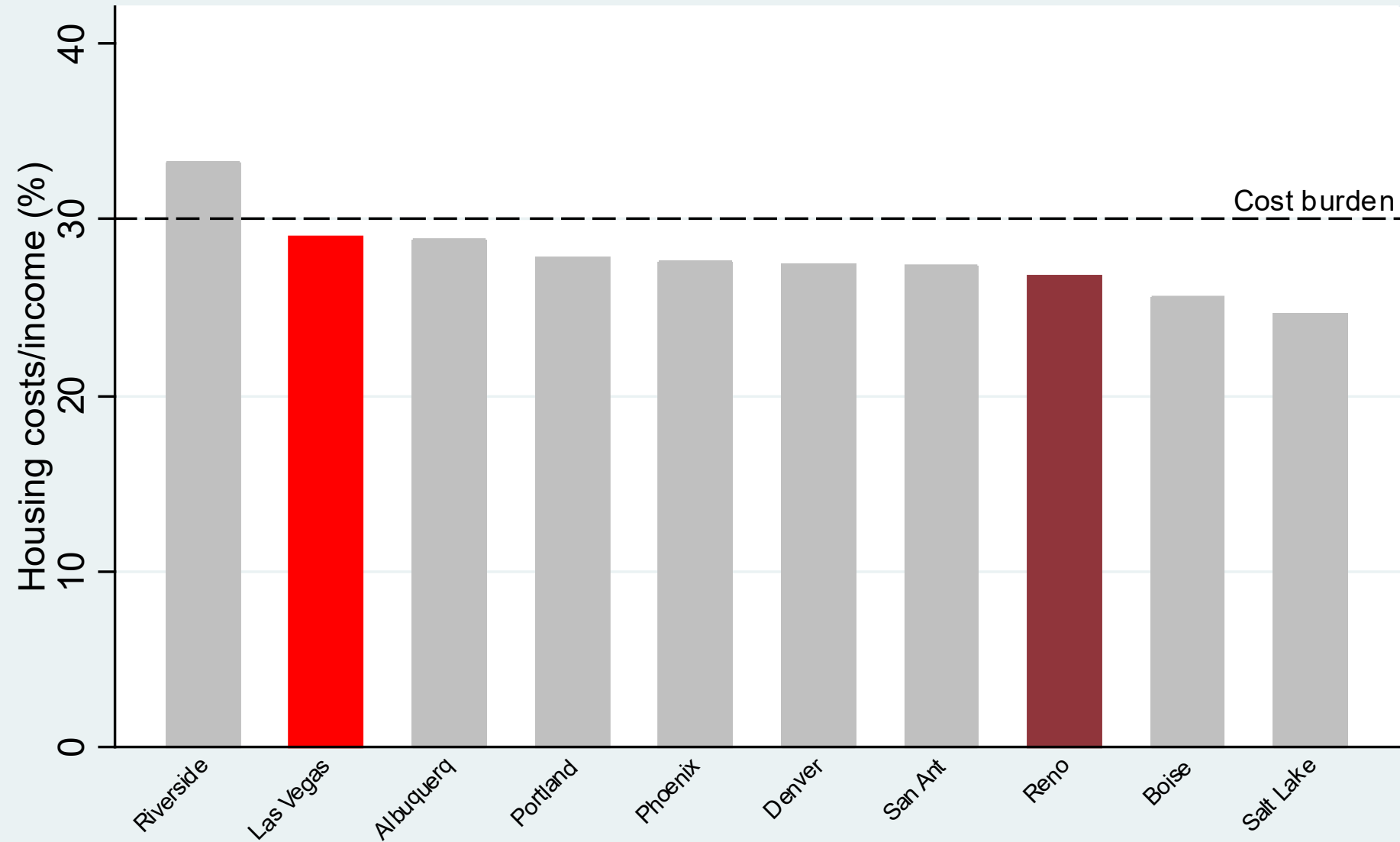
Housing costs as share of income, by income quintile



Source: 2013-2017 American Community Survey IPUMS. Income quintiles defined within Las Vegas metro.

Las Vegas renters have relatively high cost burdens

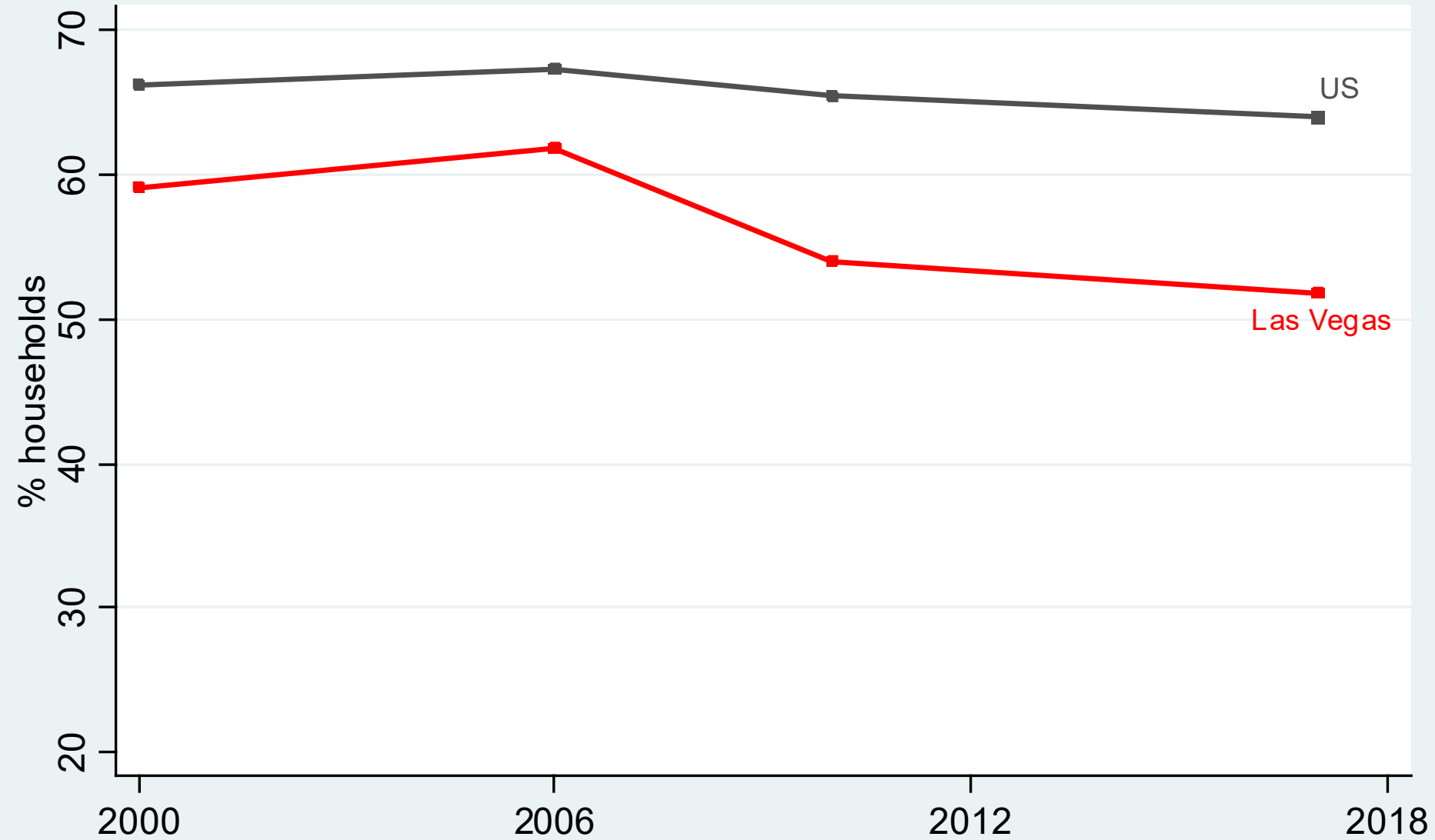
Middle-income renter cost burdens by metro



Source: 2013-2017 American Community Survey IPUMS. Graph shows renters in three middle income quintiles, by metro.

Homeownership rates in Las Vegas are declining

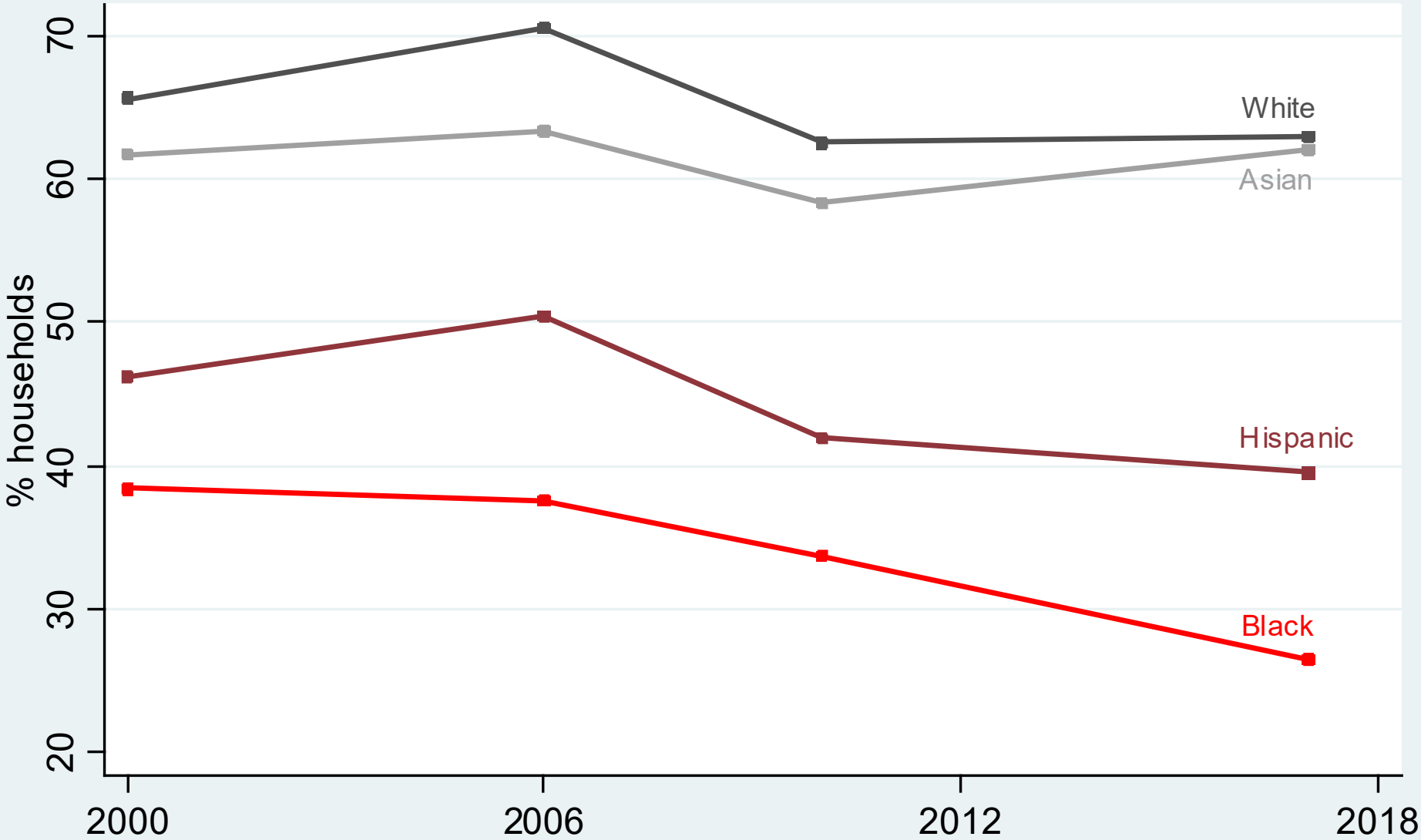
Las Vegas & US homeownership rates, 2000-2017



Source: Census 2000, American Community Survey 2006, 2010, 2017

Black & Hispanic homeownership declined sharply

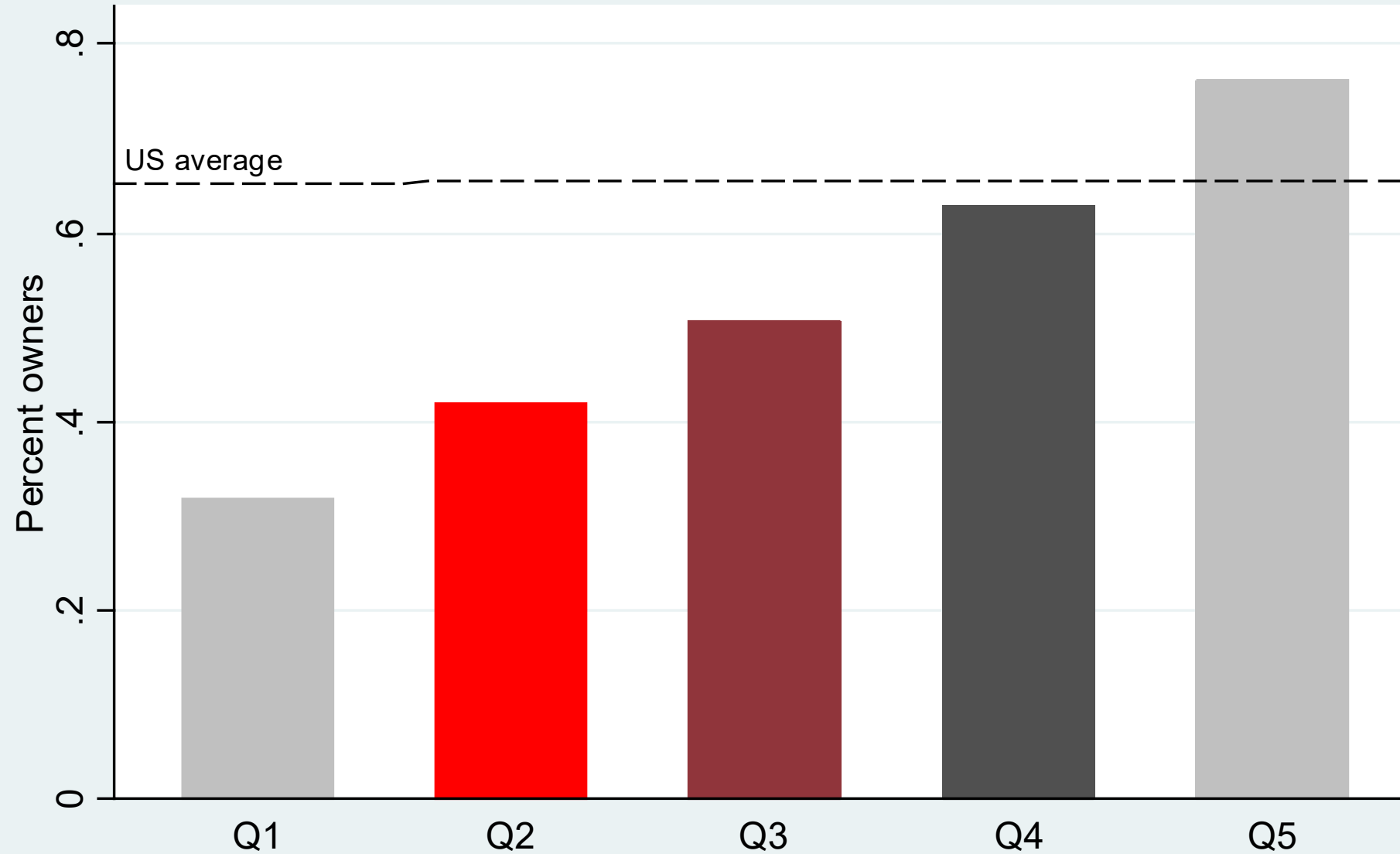
Las Vegas homeownership rates by race, 2000-2017



Source: Census 2000, American Community Survey 2006, 2010, 2017

Higher-income Las Vegans more likely to own homes

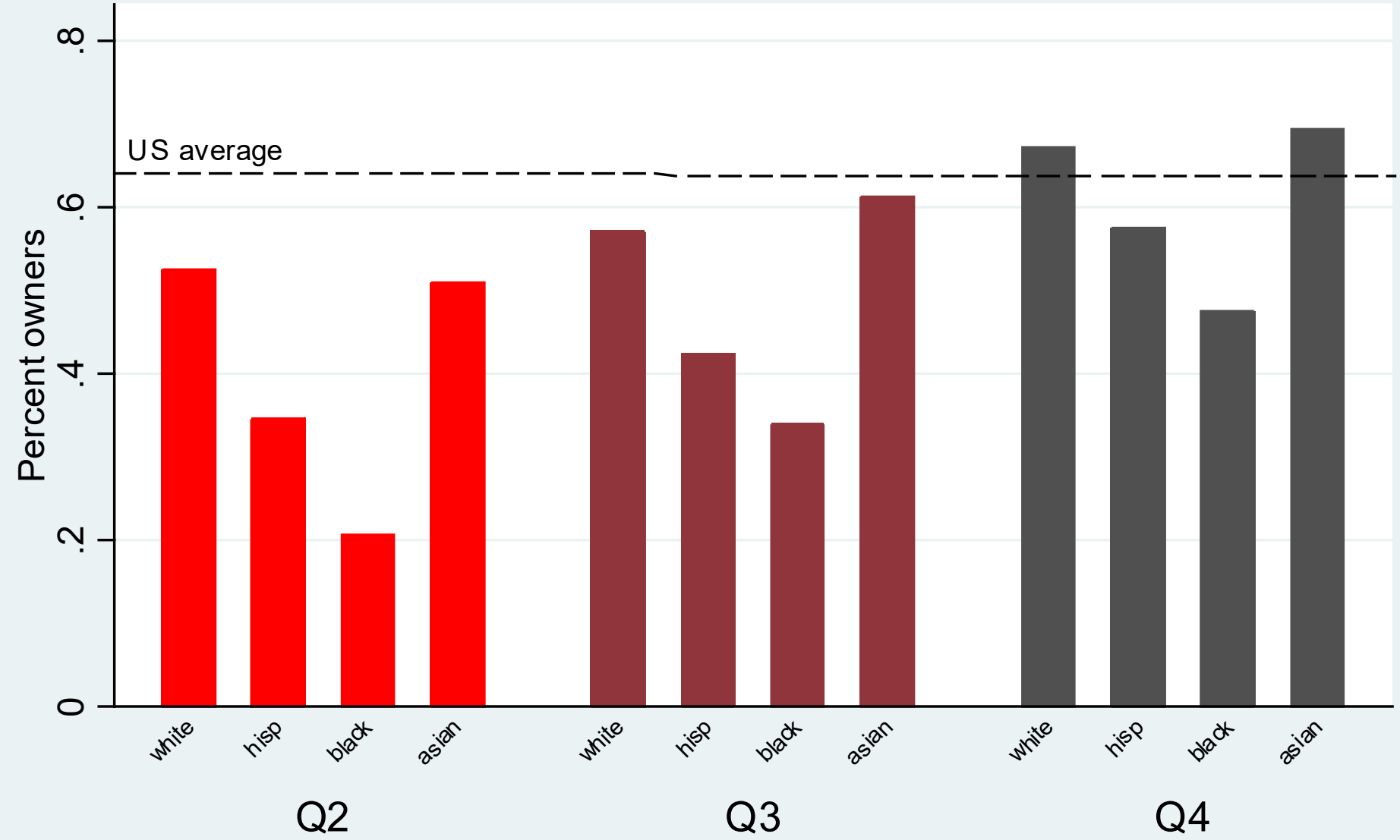
Homeownership rates by income quintile



Source: 2013-2017 American Community Survey IPUMS. Income quintiles defined within Las Vegas metro.

Homeownership rates lag for Blacks & Latinos

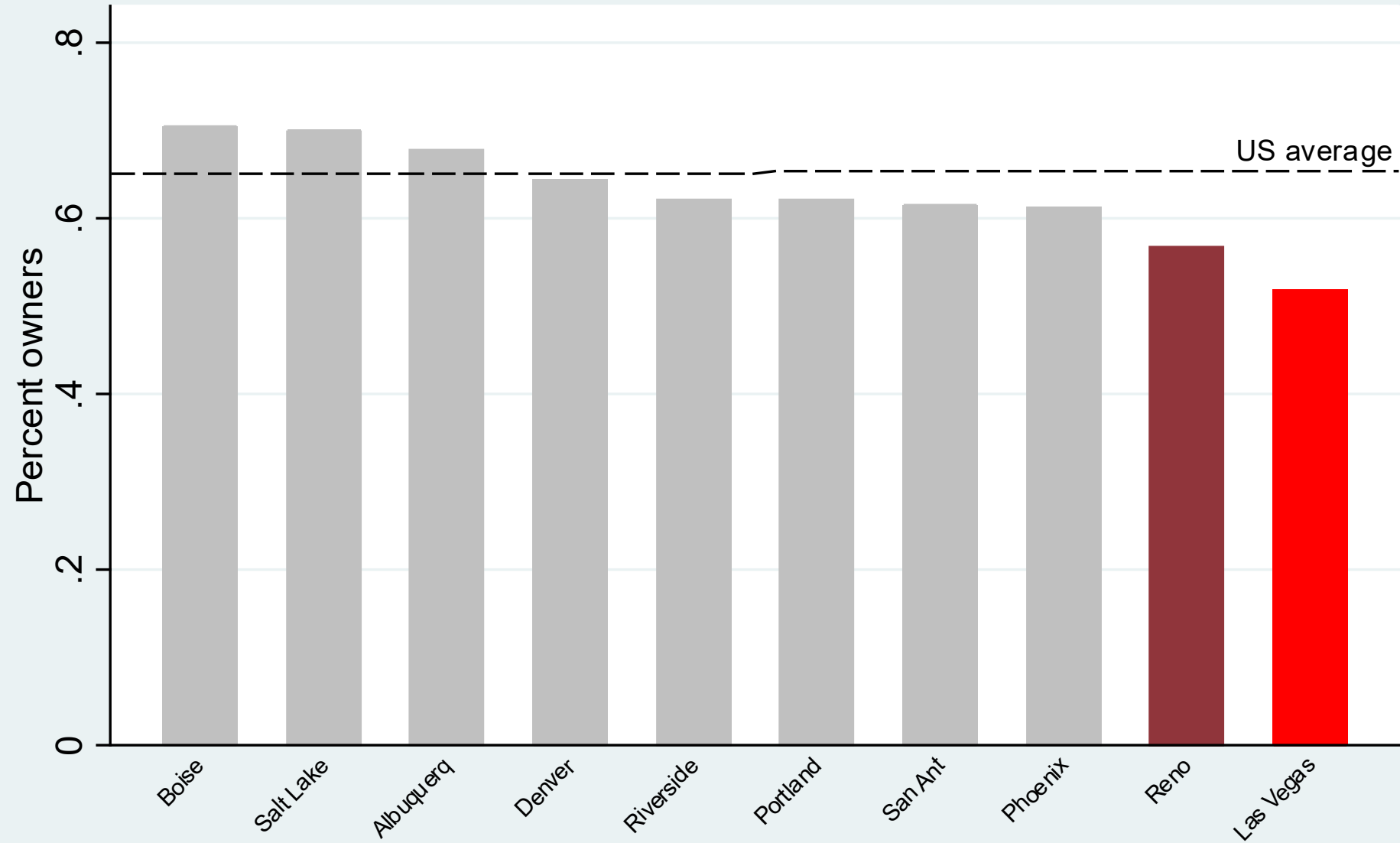
Las Vegas homeownership rates by income & race



Source: 2013-2017 American Community Survey IPUMS. Income quintiles defined within Las Vegas metro area.

Homeownership lags in Las Vegas & Reno

Middle-income homeownership rates, by metro



Source: 2013-2017 American Community Survey IPUMS. Graph shows households in three middle income quintiles, by metro.

Key Findings

- **Housing costs have risen faster than incomes**
 - Renter cost burdens remained high even during Great Recession
 - Low- and moderate-income households face highest cost burdens
- **Homeownership rates in Las Vegas are declining, especially among Black and Hispanic families**
 - Racial homeownership gaps are not explained by differences in income
 - Las Vegas and Reno have lower homeownership than other western metro areas
- **Volatile prices and declining homeownership threaten financial well-being for families & Las Vegas region.**

Policies to improve financial stability

- Improve the stability & quality of renting
 - Long term leases would give renters more stability
 - Enforce housing quality standards & tenant protections
- Both renters & owners would benefit from alternate channels for savings & wealth-building.
 - Low-wage workers face higher income volatility
 - Building up cash reserves guards against eviction, missed mortgage payments, home maintenance costs
 - Federal or state matches to IDAs incentivize saving
 - Employers can offer budgeting & financial planning classes