

SECTION 2

ECONOMIC WELLBEING

The Towns strive to improve the quality of life for residents through careful stewardship of land use, infrastructure, and urban services. Minden and Gardnerville aim to grow responsibly and provide economic opportunities for existing and future businesses that diversify their economies. The Economic Wellbeing Section focuses on goals and policies for fiscal sustainability, attracting new knowledge workers, and matching economic goals with housing.

2.0 BACKGROUND

The Towns have been the traditional economic centers for Carson Valley. They have provided commercial and institutional services for new residents, agriculture, and new industries for many years.

Population and Demographics

The Towns have been the traditional economic centers for Carson Valley. They have provided commercial and institutional services for new residents, agriculture, and new industries.

Population Trends and Growth

The population of Douglas County has continued to increase since 2000, however the rate of growth declined between 2010 and 2016. It is anticipated that Douglas County will continue to grow, attracting retirees from California and or parts of Nevada (e.g. Carson City) who view the valley as an attractive place to live.

The population of Douglas County was 41,259 in 2000 according to the Rural Nevada Housing Needs Assessment 2016 by Vogt Strategic Insights. Between 2000 and 2010 the population within the County increased by 5,738 to a total of 46,997, which represents a 14% increase or annual rate of increase of approximately 1.4%. However, between 2010 and 2016 the population of the County only increased by an estimated 1,238, or 2.6%, to a total of 48,351.

Table 2.1 presents the projected total population for Douglas County to 2030. As indicated the rate of population growth is projected to decline for each five-year time segment between 2016 and 2030.

Table 2.1 Total Population for Douglas County, 2010 to 2030

<u>Year</u>	<u>Total Population</u>	<u>Change from Previous Period</u>	<u>% Change</u>
2010	46,997		
2016	48,351	1,238	2.6%
2021	49,298	1,063	2.2%
2025	49,945	647	1.3%
2030	50,659	714	1.4%

Source: Nevada State Demographer; Nevada Department of Taxation

The current (2017) populations of Minden and Gardnerville are 3,001 and 5,656, respectively, – for a total of 8,657. Projected populations for Minden and Gardnerville could reach 9,250 by 2040 if the projected rates of population growth for Douglas County as a whole are applied.

Age Distribution

Population projections for Douglas County indicate increases among four of eight age segments (Table 2.2). The under 19, 20 to 24, 45 to 54 and 55 to 64 age segments are projected to slightly decline over the period from 2016 to 2021; and projected to continue to decline from 2021 to 2030 according to the Nevada State Demographer and Nevada Department of Taxation.

The most significant population growth for the County is projected to be in the 65 to 74, and 75 and older age segments. Area projections among these two age segments account for an increase of approximately 2,477 from 2016 to 2021. The number of persons within these two age segments is projected to constitute 28.1% of the total County population in 2021, which is an increase from 23.8% in 2016. Therefore, the population is projected to continue to get older over the period from 2021 to 2030.

Table 2.2: Total Population by Age for Douglas County, 2010 to 2030

<u>Age Segments</u>	<u>2010</u>	<u>2016</u>	<u>2021</u>	<u>2025</u>	<u>2030</u>
19 & under	10,480	10,003	9,862	9,090	9,194
20 to 24	1,989	2,205	2,077	2,310	2,307
25 to 34	4,242	4,474	4,733	5,423	5,020
35 to 44	5,093	4,807	4,950	7,087	7,282
45 to 54	7,715	6,793	5,869	5,921	6,701
55 to 64	7,999	8,580	8,384	6,691	6,050
65 to 74	5,635	7,048	8,358	7,578	7,302
75 & over	3,844	4,441	5,608	5,523	6,367
Total	46,997	48,351	49,841	49,945	50,223

Source: Vogt Strategic Insights, 2016; RACESTUDIO

Households

The number of households in Douglas County was 16,401 in 2000 according to the Rural Nevada Housing Needs Assessment 2016 by Vogt Strategic Insights. Households increased 3,237 (19.7%) within the County between 2000 and 2010, and increased by an estimated 834 or 4.2% between 2010 and 2016.

In 2021 it is projected there will be 21,549 total households in Douglas County which represents an increase of 775 households, or 3.8% from 2016. These projections indicate that households headed by persons in the three age segments of 65 to 74, 75 to 84, and 85 and older will experience the largest increase between 2016 and 2021. The growth of these senior households indicates a growing demand for senior housing in the market as the baby boomer generation is now and is becoming of senior age segments.

2.1 FISCAL SUSTAINABILITY

How can the Towns create economic opportunity and maintain their fiscal capacity to deliver urban services?

Financial Sustainability of Towns

Overtime the Towns will continue to grow, and the Town's annual operation and service costs will also continue to increase because future growth and land use development will create a demand for additional services to be provided by the Towns. As the Towns plan for their respective futures it is important for the Towns to view decisions related to growth and land use development in a fiscally responsible manner. The Towns will need to review and evaluate the estimated service cost and projected public tax revenue associated with any future proposed growth and land use development; and more specifically balance the financial implications of such service costs and revenue by land use type (residential, commercial, industrial, etc.).

For purposes of this Plan for Prosperity Update, the Towns prepared information regarding the estimated existing service costs and related public tax revenue associated with the current developed area of the Towns. Specifically, the information addressed the existing number of developed acres within the Town boundaries, the annual public tax revenue generated from the developed portions of the Towns, and the current annual costs the Towns incur in providing services to those developed areas – both overall and by major land use category. The purpose of this effort was to attempt to identify the financial implications of various major categories of land use on the Towns' existing and future fiscal sustainability.

There are approximately 2,186 acres of land within the current town boundaries of both Minden and Gardnerville, of which 1,381 acres (63%) is currently developed (not including vacant land) and are serviced by the Towns. The breakdown of the current developed acreage by land use category is presented in Table 2.3 below. As indicated the largest land use categories by acreage are Single Family Residential, Multi-family Residential and Commercial which constitute 36.1%, 4.9% and 19.3%, respectively, of the total overall acreage.

Table 2.3 presents estimated annual assessed valuation, both by total and per acre, of the developed areas of the Towns by major land use category.

Table 2.3: Estimated Assessed Valuation for Minden and Gardnerville Combined by Major Land Use Category, 2018

<u>Land Use Category</u>	<u>No. of Acres</u>	<u>%</u>	<u>Estimated Assessed Value (in 000s)</u>	<u>Assessed Value Per Acre (Est.)</u>
Single Family Residential	790	36.1%	\$ 234,300	\$ 296,600
Multi-family Residential	107	4.9%	\$ 16,600	\$ 155,100
Commercial	421	19.3%	\$ 65,651	\$ 155,900
Industrial	63	2.9%	\$ 1,926	\$ 30,600
Public Use	95	4.3%	\$ 3,479	\$ 36,600
Vacant	<u>710</u>	<u>32.5%</u>	<u>\$ 10,980</u>	<u>\$ 15,465</u>
Total	2,186	100.0%	\$ 332,936	

Source: Town of Gardnerville; Town of Minden; RACESTUDIO

The principal source of annual operating revenue for the Towns is from the Town's portion of Douglas County ad valorem property tax, State Consolidated Tax (C-Tax), which includes retail sales tax, and State gaming revenue. The Towns receive 0.6677% of the annual Douglas County ad valorem property tax revenue (currently at the State cap rate of 3.66%); an allocation of the C-Tax; and an allocation of annual State gaming revenue based on the gaming activities located within the respective Towns. Table 2.4 presents a summary of estimated annual public tax revenue by major land use category for both the Town of Minden and Town of Gardnerville (combined) for 2018. C-tax and gaming revenue are included in the Commercial land use category.

The portions of the current 2018 annual Towns' budgets for operations, services and related administration costs (not including capital improvements) is approximately \$1,413,000 for the Town of Minden and \$1,348,000 for the Town of Gardnerville. The Town of Minden budget includes services for highways/streets, cultural/recreation and administration. The Town of Gardnerville budget includes services related to public works, parks and administration.

Based on the estimated total developed acreage (not including vacant land) in Table 2.4, the overall annual service cost per acre is approximately \$1,263. However, the service costs are not equally distributed by the major land use categories. Based on information provided by the Town Managers, the subjective "adjusted" annual service costs per acre for the major land use categories are indicated in Table 2.4.

Table 2.4: Estimated Annual Revenue and Service Costs for Minden and Gardnerville Combined by Major Land Use Category, 2018

<u>Land Use Category</u>	<u>Acres</u>	<u>%</u>	<u>Annual Public Tax Revenue Per Acre</u>	<u>Annual Service Cost Per Acre</u>
Single Family Residential	790	36.1%	\$ 1737	\$ 2,761
Multi-family Residential	107	4.9%	\$ 855	\$ 1,103
Commercial	421	19.3%	\$ 2,645	\$ 749
Industrial	63	2.9%	\$ 1,804	\$ 2,235
Public Use	95	4.3%	\$ 0	\$ 62
Vacant	710	32.5%	\$ 99	\$ 0
Total / Average	2,186	100.0%		

Source: Town of Gardnerville; Town of Minden; RACESTUDIO

Comparing annual public tax revenue per acre to annual Towns' service costs per acre by major land use category indicates that:

- The Single Family Residential and Multi-family Residential land use categories generate substantially less annual public tax revenue per acre than the estimated annual costs per acre to service those two land use categories.
- The Commercial land use category generates significantly higher annual public tax revenue per acre than the estimated annual cost per acre to service that land use category

- The Industrial land use category generates less annual public tax revenue per acre than the estimated annual cost to service that land use category combined for both Towns; however, for the Town of Minden the annual public tax revenue per acre exceeds the annual service cost for the Industrial land use category
- The estimated annual revenue per acre and the estimated service cost per acre figures for the Public Use and Vacant land use categories are about equal

ECONOMIC WELLBEING GOAL 1: To growth wealth and maintain fiscal sustainability.

P2.1 PROMOTE TOWNS

Promote Towns as the principal location for commercial services and new employers.

P2.2 SUPPORT NEW INVESTMENT

Provide urban services and infrastructure that supports existing and attracts new desired businesses and employers.

P2.3 MANAGE FISCAL IMPACTS OF LAND USES

Plan for land uses that balance public tax base revenues and urban service costs.

2.2 ECONOMY AND EMPLOYMENT

How can the Towns diversify the local economy by attracting new employers?

Jobs, Employment and Wages

According to the draft Douglas County Master Plan 2016, Economic Development Element there was 18,842 jobs (employed persons) in Douglas County in 2016. Leisure & Hospitality industry was the dominant industry with 6,010 jobs or 32.5% of the total, while the next highest categories were Transportation, Trade & Utilities at 2,735 jobs (14.8%) and Government at 2,278 jobs (12.3%).

The Towns of Minden and Gardnerville play a large part of the overall Douglas County economy, as six of the top ten largest employers within Douglas County in 2016 are located in Minden and Gardnerville. These include: 1) Douglas County School District; 2) Douglas County; 3) Bently Nevada; 4) Carson Valley Inn; 5) Carson Valley Medical Center; and 6) Wal-Mart.

In terms of future growth, the information from Douglas County, RCG Economics and Vogt Strategies indicates that employment (jobs) in Douglas County is projected to increase by approximately 22.4% from 2016 to 2030 – increasing the total number of jobs from 18,472 to 22,615. This equates to a projected annual growth of approximately 1.6%.

The total number of households in the County is projected to increase from 20,472 in 2016 to 22,170 in 2030 – an increase of 8.3% - or approximately 0.5% per year. Therefore, the projected rate of growth of employment is estimated outpace the increase in total households; and the number of jobs per households is projected to increase over the period from 2016 to 2030 as indicated in Table 2.5.

Table 2.5: Estimated Future Employment for Douglas County, 2016 to 2030

<u>No. of Jobs</u>	<u>Total</u>	<u># Change</u>	<u>% Change</u>	<u>No. of Households (HH)</u>	<u>Jobs per HH</u>
2016	18,482			20,472	0.90
2020	19,569	1,087	6.0%	20,979	0.93
2025	21,037	1,468	7.5%	21,567	0.98
2030	22,615	1,578	7.5%	22,170	1.02

Sources: Douglas County; RCG Economics; Vogt Strategies

The reported average annual wage in Douglas County for 2016 was \$44,122, which was up from \$39,033 in 2011 – a 13.0% increase in 5 years. The highest reported annual salary was for the Financial Services category at \$74,109. However, the reported annual salaries for the three largest job categories were \$31,122 (Leisure & Hospitality), \$34,536 (Transportation, Trade & Utilities) and \$48,892 (Government), respectively. These annual salary figures for these three categories of jobs (that constitute 59.6% of the total jobs) are either below or just slightly above the reported average annual salary of \$44,122.

The annual median household income for Douglas County in 2010 was \$60,151 according to the Rural Nevada Housing Needs Assessment 2016 by Vogt Strategic Insights. Between 2010 and 2016 the annual median household income in the County decreased by 2.3% to \$58,767. The decline is attributed to the national recession and reflects an increase in the number of lower income households in the area. Projections indicate that the annual median household income for Douglas County will be \$59,989 by 2021 an increase of 2.1% from 2016, but still below the annual median household income for the County in 2010.

The Minden-Gardnerville area had an estimated annual household income of \$55,377 in 2016, which is lower than the Johnson Lane/Stephanie Lane area (\$69,019) and remainder of the County (\$56,553). The annual median household income for the Minden-Gardnerville area is projected to increase to \$56,491 in 2021, which is still less than the Johnson Lane/Stephanie Way area (\$71,154) and remainder of the County (\$56,957).

Heritage Tourism and Agritourism

Minden and Gardnerville have been the traditional service centers for Carson Valley’s farmers and ranchers. Agrarian landscapes contribute to the lifestyle and visual context valued by the town residents. The towns can benefit from strategies that build upon this heritage by positioning existing and future businesses as destinations for those visitors looking to experience the Valley’s history and agricultural products.

The Carson Valley Agricultural Tourism Assessment, July 2014, provides a comprehensive overview and assessment of the potential opportunities for increasing agricultural-related tourism activity, to further enhance the overall tourist sector, economic vitality with agriculture, and present cultural heritage for communities in the Carson Valley. It outlined a series of strategies and recommendations focused on short-term and long-term product development, marketing, and event planning that the towns can build on supporting local businesses as part of an agritourism and heritage tourism experience.

For example, the new Bently Heritage Distillery in the Minden Mill Complex and existing traditional attractions such as J.T. Basque Restaurant in Gardnerville can be the principle destinations linked to

heritage tourism and agritourism strategies for the Carson Valley. These businesses feature valley grown crops and meats. In addition, heritage tourism and agritourism can help promote: the Towns' parks as venues for special events such as the Eagles and Agriculture event sponsored by the Chamber; increase market interest in new agri-neighborhoods; development of guest facilities associated with valley agriculture on the edges of the towns; and Minden and Gardnerville as the hubs of a regional scenic trains program.

New Employment and Economic Opportunities

In terms of future growth and direction the Douglas County Valley Vision report, September 2013 outlines several economic principles and concepts, which are applicable to the Plan for Prosperity Update. The outlined overall principles include the following:

- 1) Create sustainable economic opportunities through new job creation, recruitment of viable new businesses, and promoting a successful education system and workforce development;
- 2) Support retention and expansion of desired existing industries such as agriculture, tourism services and recreation, and develop new economic clusters such as medical research and wellness, technology businesses, to expand employment opportunities;
- 3) Enhance the Town's centers atmosphere with infill development and public amenities to continue their evolution as the desirable places for residents, visitors and employees; and
- 4) Create a business friendly, growing community that encourages reinvestment and new business growth while maintaining the quality of life of the Valley.

To create sustainable economic growth and prosperity the Towns should build on the successful base of existing industries and create new opportunities by leveraging the Valley's competitive advantages related to lifestyle, business friendly environment, proximity to major markets and planned infrastructure improvements. Specifically, the Douglas County Valley Vision report sets forth certain key new employment and economic opportunities centered around the economic drivers of the Valley which include:

- 1) Enlarge the local food and agriculture production markets by intermixing supporting uses and creating a branding strategy to distinguish Carson Valley products from other areas;
- 2) Recruit, retain and expand employment opportunities through the advancement and expansion of existing technology (science, technology and science) clusters, and by adding health and wellness medical clusters;
- 3) Develop a health and wellness industry with compatible senior active adult communities and services to meet the demands created by the projected demographic trends for Douglas County; and
- 4) Revitalize downtowns with infill development and a mixture of uses and amenities by enhancing the streetscape environment, focusing investment in key districts, restoring/adaptively reusing key historic buildings and higher density infill mixed-use development.

The issue of work force housing needs to be addressed in the context of an overall economic revitalization and development strategy for the County, Gardnerville and Minden. In order to effectively retain desired existing businesses and industries, and to attract new desired businesses and industries (particularly knowledge businesses and employees) the Towns and Douglas County need to collaborate on a plan to develop the number, type, size/scale and variety of housing (both ownership and rental housing), including work force housing needed to accommodate both existing and future employees.

ECONOMIC WELLBEING GOAL 2: To attract new knowledge workers and support existing industries that contribute to the local economy.

P2.4 ATTRACT KNOWLEDGE WORKERS

Diversify the Towns' economic base by attracting employers that provide jobs for knowledge workers.

P2.5 TOWN LOCATIONS FOR NEW INDUSTRIES

Work with stakeholders to identify locations for new employers.

P2.6 MARKET TOWNS' OPPORTUNITY SITES

Promote identified opportunity sites with local and regional partners.

2.3 LIFECYCLE AND WORKFORCE HOUSING

How can the towns provide for the housing needs of families and the future workforce?

Economic Revitalization and Housing

Communities today are attempting to align their profiles of jobs and housing. As part of overall economic revitalization strategies, the communities seek to provide housing to accommodate the workforce of existing and future businesses and industries that are desired to be retained and or attracted by the respective community. Having the appropriate number, type, size/scale and pricing of both ownership and rental housing is an important part of a successful economic revitalization plan and program. This is currently a challenge in both Towns because of the issues outlined below.

- Almost one-half of the renter households and 30% of ownership households in Gardnerville and Minden are spending at 35% or more of their income on housing costs, and therefore are considered financially overburdened;
- The extent of monthly rent (\$1,100) or a unit sale price (\$240,000) that could be supported by average annual salary (\$44,122) of jobs in Douglas County is significantly less than the current average monthly rents or listing sale prices in Gardnerville and Minden;
- Annual increases (existing and projected) in monthly rents and sales prices in both Gardnerville and Minden are outpacing projected annual salary/wage increases for jobs in Douglas County;
- The lack of housing variety (both ownership and rental housing) in Gardnerville and Minden could become a negative factor related to retention/attraction of new desired businesses/industries because of the housing preferences of employees; and
- The lack of existing workforce housing inventory in Gardnerville and Minden priced at rent levels or sale prices affordable to the employees of the largest job categories in Douglas County.

Household Income, Market and Affordability

According to the Rural Nevada Housing Needs Assessment Annual Update 2016, the annual median income for owner households in Douglas County in 2016 was \$69,260 and is projected to increase to \$70,790 in 2021 – an increase of 2.2%. By comparison median renter household annual income was \$21,166 in 2016 and is projected to increase to \$42,930 in 2021 – an increase of only 1.8% which is 22% less growth than owner households.

As of 2016 approximately 35.7% of the Gardnerville-Minden households were renter households, and 64.3% were owner households. Of the estimated 3,583 renter households 46.6% are overburdened –

meaning these households are paying 35% or more of their income for housing related costs. Therefore, almost one-half of the renter households in Gardnerville-Minden are overburdened. By comparison approximately 30.6% of the owner households are considered overburdened, which is less than the figure (33.0%) for Douglas County.

Housing Market

The draft Douglas County Master Plan, Housing Element includes information regarding fair market rents and wages needed to afford such housing. Information from that document is presented in the table below regarding the 2017 fair market rents and the required annual gross salary needed to support such rents for studio, 1-bedroom, 2-bedroom and 3-bedroom rental units in Douglas County.

Table 2.6 2017 Fair Market Rents

	Studio	1-bdr	2-bdr	3-bdr
Market Monthly Rent 2017	\$589	\$705	\$928	\$1,351
Required Annual Salary	\$23,560	\$28,200	\$37,120	\$54,040

Overall fair market rents in Douglas County (and Gardnerville and Minden) continue to increase. According to the Torrey Johnson Market Report, May 2018, the average monthly rent for apartments was \$1,400 in Gardnerville and \$905 in Minden, while the average monthly rent for single-family housing in Gardnerville was \$1,695 and \$1,748 in Minden. Therefore, the employees of the largest job categories continue to be challenged to find affordable rental housing in Douglas County given the comparison of fair market rents and supportable monthly housing costs of those job category annual salaries.

According to the Torrey Johnson Market Report (May 2018), the average listing price for single-family housing in Gardnerville and Minden was \$479,540 and \$524,900, respectively; while for condominiums, the average listing price was \$284,755 in Gardnerville and \$263,995 in Minden. Therefore, financially it would be extremely difficult for employees of the largest job categories to be able to purchase a home in Gardnerville or Minden without significant public financing assistance/subsidy given the comparison of market values and the potentially supportable housing costs using the salaries of those job categories.

Approximately 57.0% of the employed persons that live in Douglas County work outside of Douglas County, and 59.5% of the employed persons that work in Douglas County live outside of Douglas County. Only 43.0% of employed persons both work and live in Douglas County. Part of the reason that such a high percentage of employees working in Douglas County live outside of Douglas County may be the cost of housing (either ownership or rental housing).

The draft 2016 Douglas County Master Plan, Housing Element indicates there are 442 existing units of affordable housing in Douglas County as of 2016. This represents only 2.4% of the total number of County housing units. In Gardnerville there are five existing affordable housing developments that provide 224 units of housing which is 8.2% of the total number of housing units. In Minden there are two existing affordable housing developments that provide 57 units of housing which is 3.6% of the total number of units. Collectively the existing developments in Gardnerville and Minden provide 281 units of affordable housing, which is 6.5% of the total number of housing units in the two Towns.

There are an estimated 3,583 renter households in Gardnerville and Minden. Approximately 46.6% of those are overburdened (meaning these households are paying 35% or more of their income for housing related costs) which equates to approximately 1,670 households. That figure is significantly less than the 281 units of existing affordable housing in the two Towns.

ECONOMIC WELLING BEING GOAL 3: To develop housing that supports economic objectives for the Towns.

P2.7 LIFE-CYCLE APPROACH TO HOUSING

Develop housing for residents' various phases of life including younger workers, growing families, and seniors.

P2.8 HOUSING FOR EXISTING WORKFORCE

Identify housing opportunities sites that support employers' business objectives and the Towns' vitality goals.

P2.9 HOUSING FOR FUTURE WORKFORCE

Provide new housing that will be attractive to knowledge workers and employers that will diversify the Towns' economies.