

Market Value Analysis (MVA): a data and market-based framework for investment

Presentation Made to:

Strategic Data Use to Stabilize Neighborhoods

Federal Reserve Board of Governors &
Federal Reserve Bank of Richmond

Ira Goldstein

The Reinvestment Fund

December 7, 2011



Capital at the point of impact.

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We achieve our mission through:

Capital

- Grants, loans and equity investments

Knowledge

- Information and policy analysis; PolicyMap & Policy Solutions

Innovation

- Products, markets and strategic partnerships

TRF's Lines of Business:

- * Lending
- * PolicyMap.com
- * Housing Development (*TRF Development Partners*)
- * Policy Research (*Policy Solutions*)

Since inception (as of 9/30/11):

- \$1.06 billion in loans, investments and grants
- \$682.8 million in capital under management
- 19,258 housing units created, preserved or renovated (38% homeownership)
- 10,738 full-time equivalent jobs created or retained
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- 32,492 charter school seats created or preserved
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- 4.1 million MWh of energy created or conserved

The Market Value Analysis (MVA) is a tool that assists government officials identify and comprehend the various elements of local real estate markets. It is based fundamentally on local administrative data sources.

By using an MVA, public sector officials can more precisely craft intervention strategies in weak markets and support sustainable growth in stronger market segments.

Who is using the MVA?

TRF has created MVAs in the following cities/regions:

- City of Philadelphia, PA
- City of Wilmington, DE
- Cities of Newark and Camden, NJ
(and an additional 8 regions - more than 20 cities - across the state)
- District of Columbia
- City of Baltimore, MD
- City of San Antonio, TX
- City of Pittsburgh, PA
- City of Detroit, MI
- City of New Orleans, LA
- City of Reading, PA

Our Normative Assumptions When Analyzing Markets

- Public subsidy is scarce and it alone cannot create a market;
 - Public subsidy must be used to leverage, or clear the path, for private investment;
- In distressed markets, invest into strength (e.g., major institution of place, transportation hub, environmental amenities);
- All parts of a city are customers of the services and resources that it has to offer;
- Decisions to invest and/or deploy governmental programs must be based on objectively gathered data and sound quantitative and qualitative analysis.

Preparing the MVA

1. Take all of the data layers and geocode to Census block groups.
2. Inspect and validate those data layers.
3. Using a statistical cluster analysis, identify areas that share a common constellation of characteristics.
4. Map the result.
5. Visually inspect areas of the City for conformity with the statistical/spatial representation.
6. Re-solve and re-inspect until we achieve an accurate representation.

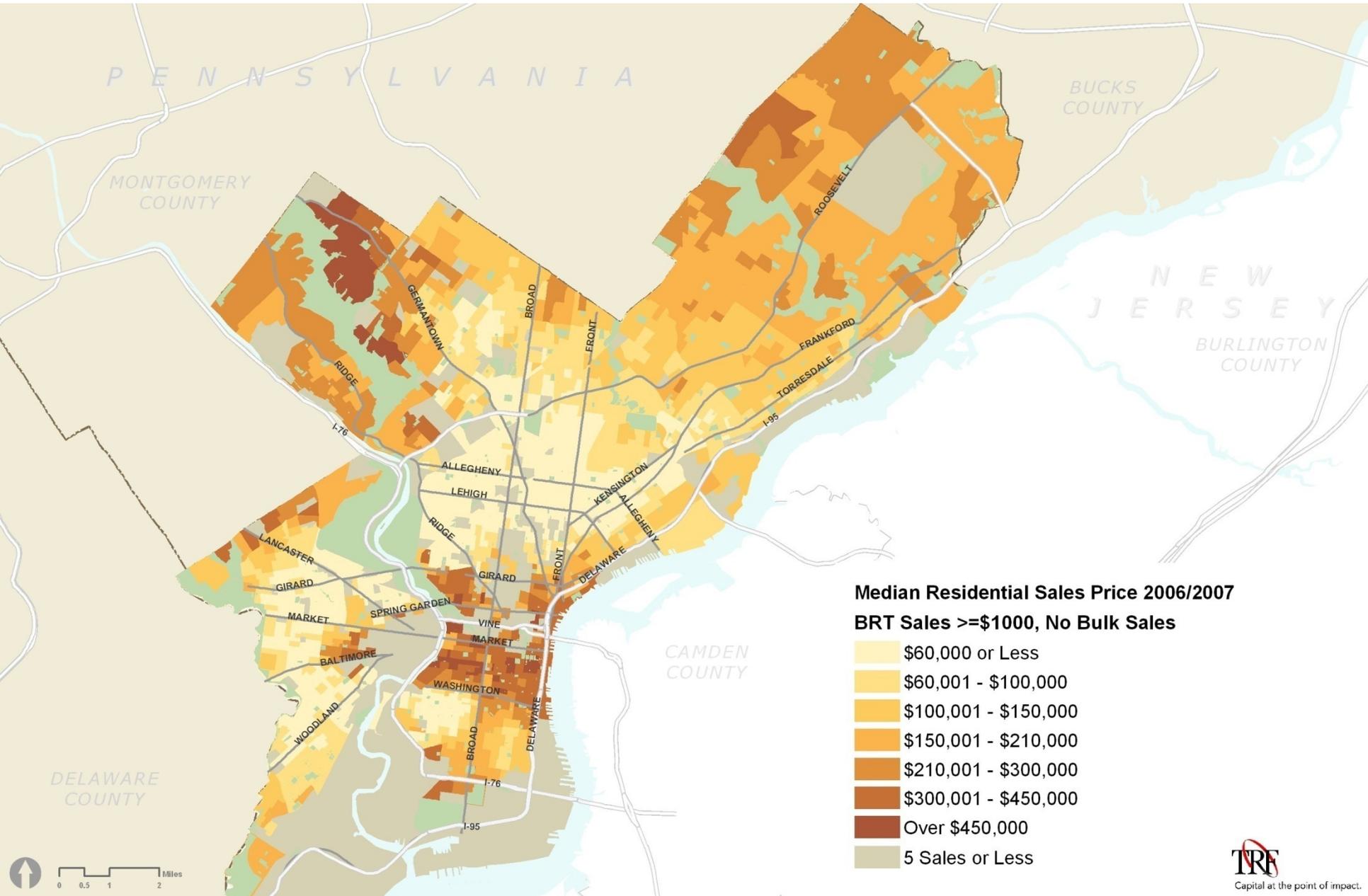
Philadelphia MVA

Market Indicators in the Philadelphia MVA

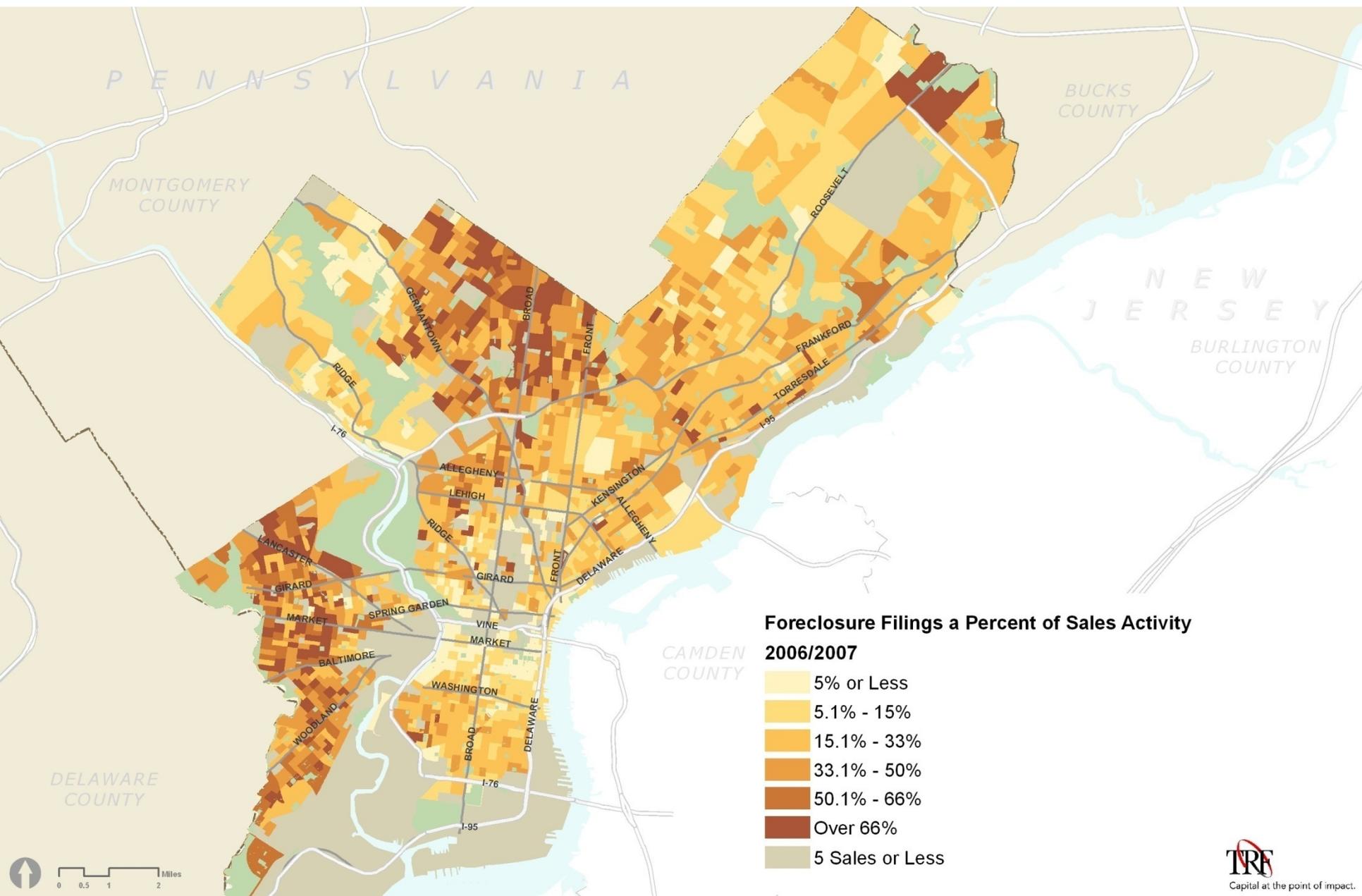
- Median sales price 2006-07
- Coefficient of variance for sales price 2006-07
- Percent of rental stock that is subsidized (developments and project-based section 8)
- Vacancy factor (an index including utility shutoffs, vacant parcels from BRT, mail discontinuation, demolitions)
- Foreclosure as a percent of sales 2006-07
- Percent commercial
- *Percent owner-occupied, 2007*
- Housing units per acre
- New construction (estimated from tax abated inventory and units with a post-2000 construction date in BRT as neither seemed wholly representative)

All of these sources are legally public, however, from city to city we find that they are not all readily available to the public. This is either because the government doesn't have the data or they make it difficult to access.

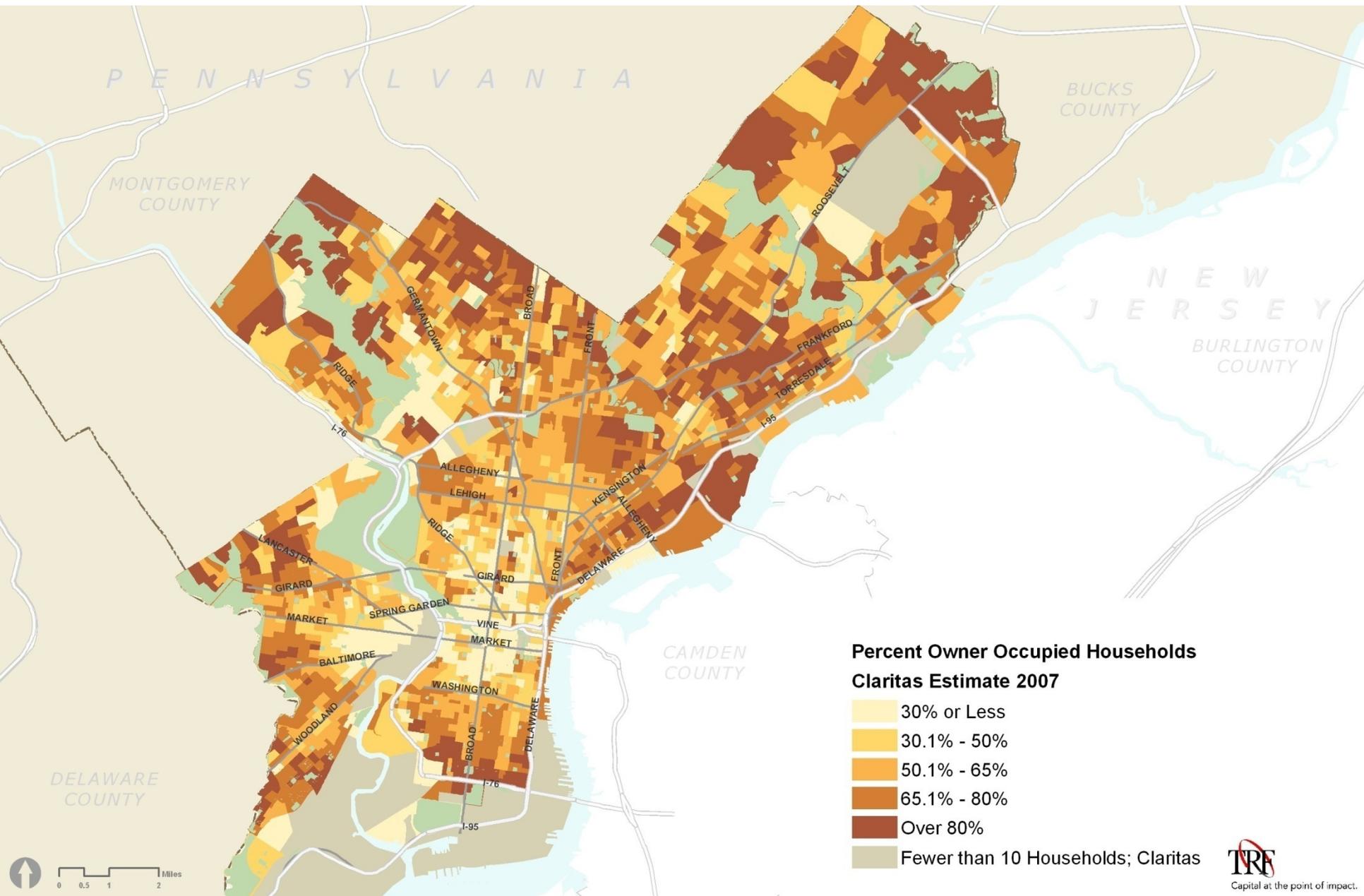
Median Residential Sales Price; 2006/2007



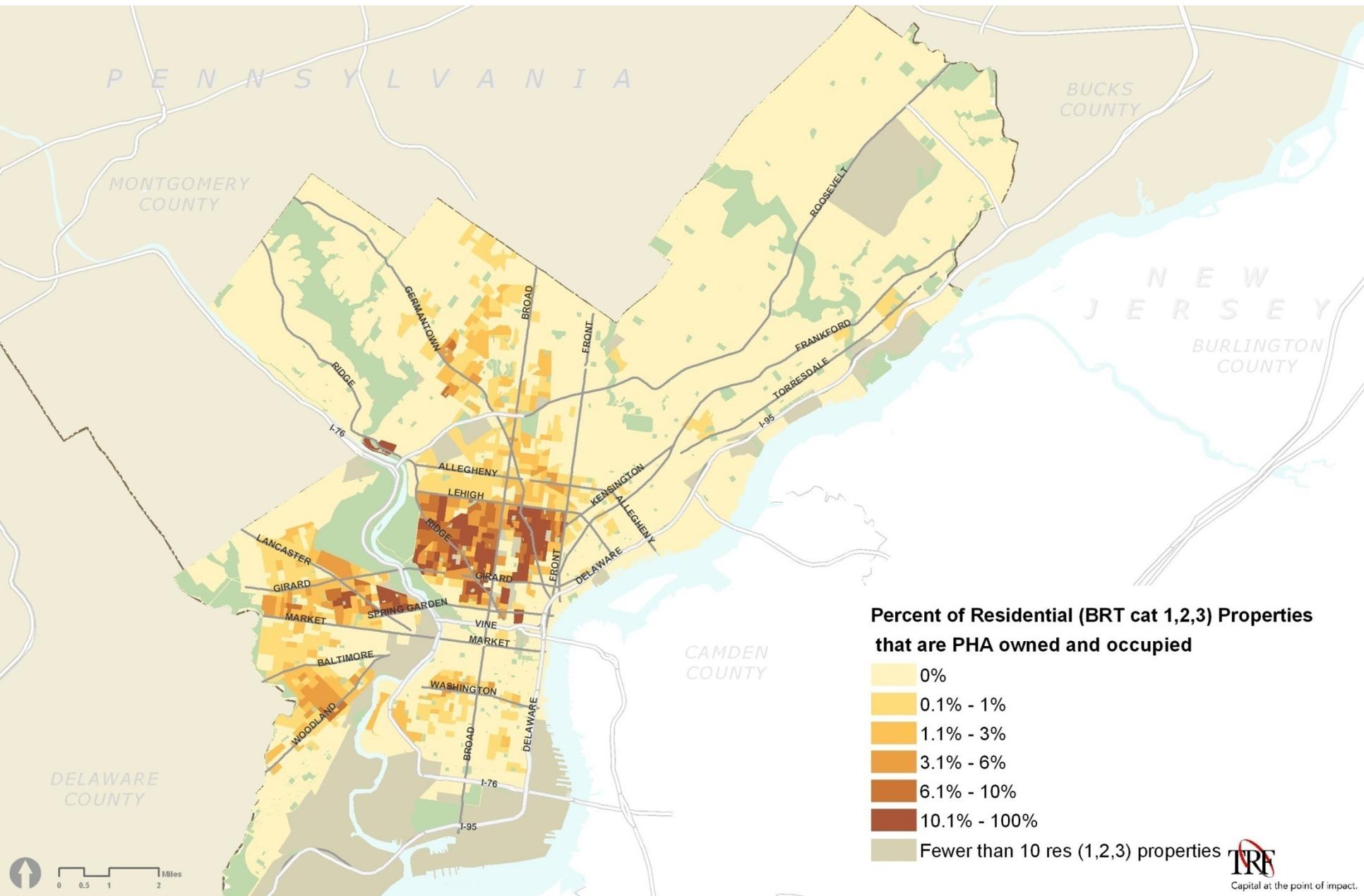
Foreclosures as a Percent of Sales; 2006-2007



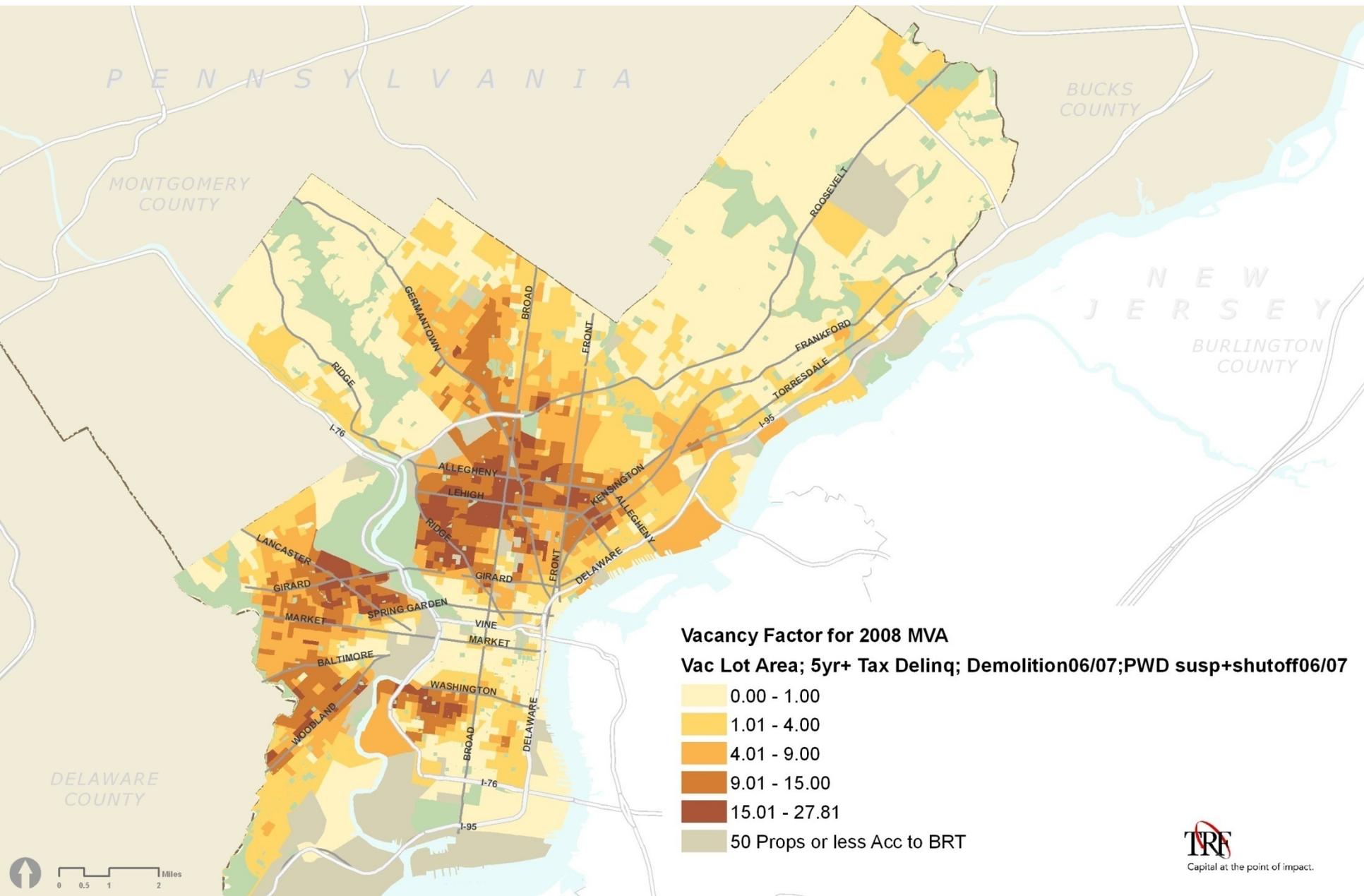
Percent Owner-Occupied; 2007



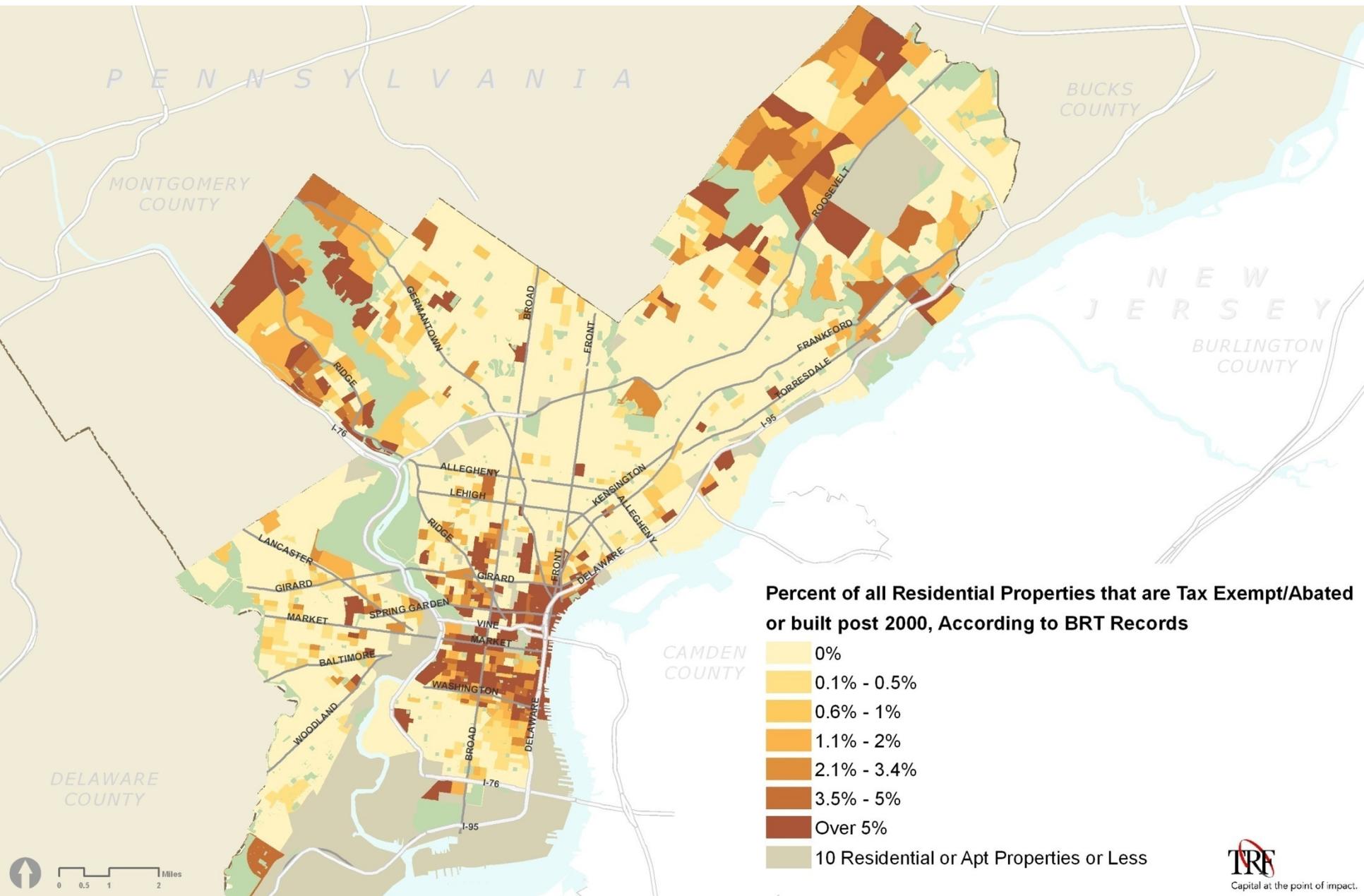
Percent of Properties that are PHA Owned



Composite Vacancy Factor



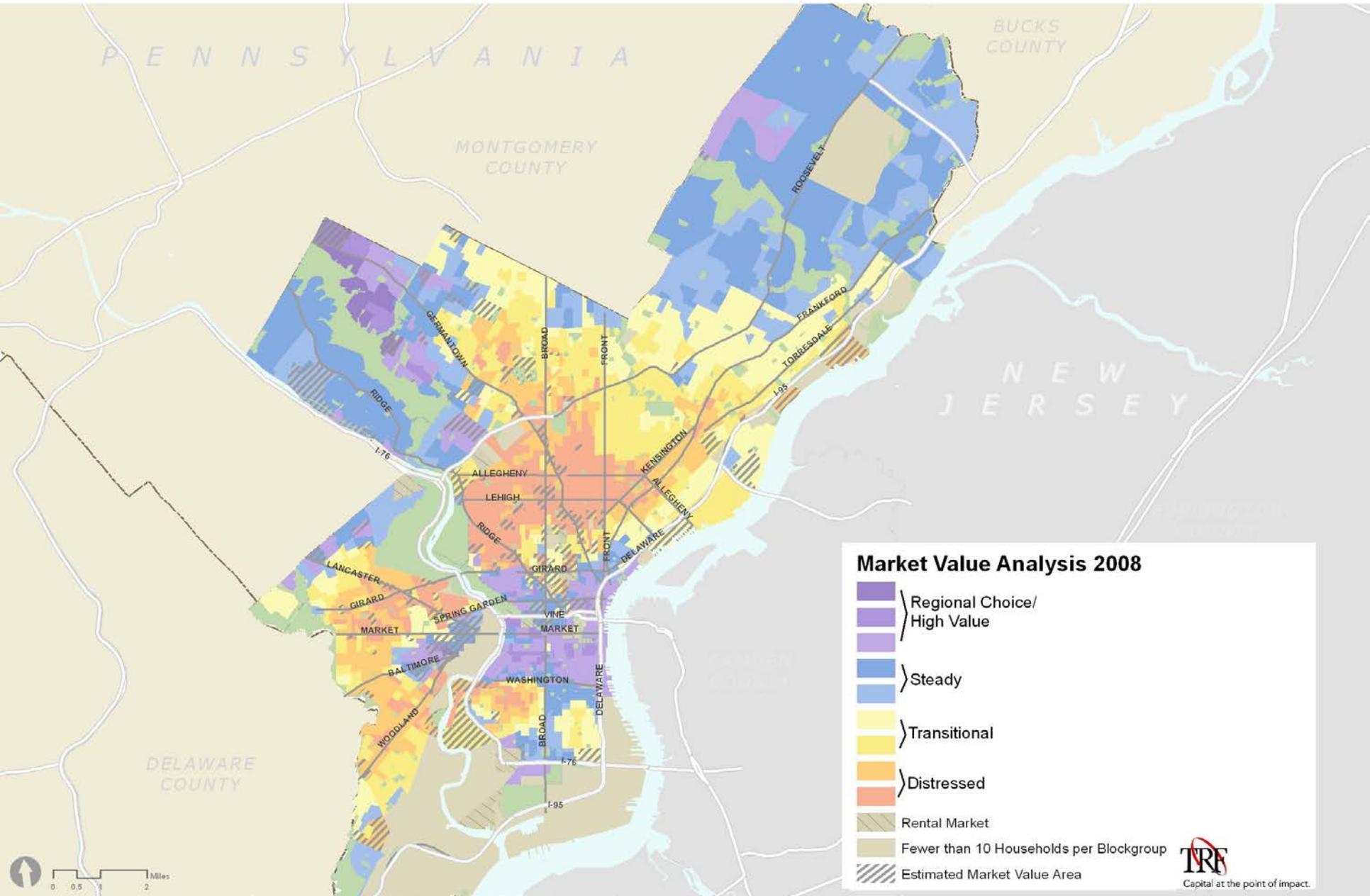
Estimated Percent New Construction



Market Cluster Characteristics

Market Value Analysis 2007/2008			Median sales price 2006-2007	Coefficient of Variance of Sales price 0607	Vacancy factor	Foreclosures as a percent of sales 0607	Percent Owner Occupied 2007; Claritas	Percent Commercial or Stores with Dwellings; (BRT cat 3,4)	Percent of Residential Properties Tax Abated or Built 2000-2008; BRT	Percent of Rental Units that are PHA owned	Housing Units per Acre
Regional Choice/ High Value	Dark Purple	Median	\$ 960,450	0.47	0.4	12.5	90.3	4.4	3.4	0.0	0.8
		Mean	\$ 928,670	0.45	0.5	37.5	74.4	5.4	4.0	0.0	4.3
	Medium Purple	Median	\$ 550,000	0.54	0.3	4.4	29.9	6.1	4.5	0.0	18.9
		Mean	\$ 576,436	0.51	0.6	8.3	34.1	6.9	15.5	0.4	20.7
	Light Purple	Median	\$ 351,250	0.38	0.6	7.7	49.8	4.3	3.7	0.0	13.5
		Mean	\$ 360,387	0.41	1.1	17.2	48.5	7.5	11.5	0.7	17.5
Steady	Dark Blue	Median	\$ 220,000	0.28	0.6	14.6	64.0	3.2	0.7	0.0	8.4
		Mean	\$ 224,727	0.31	1.1	18.9	61.3	6.1	3.9	0.6	10.5
	Light Blue	Median	\$ 171,000	0.28	0.6	29.1	62.5	2.9	0.0	0.0	9.5
		Mean	\$ 179,421	0.32	1.2	39.2	60.4	5.3	1.3	0.5	10.9
Transitional	Light Yellow	Median	\$ 124,000	0.29	1.2	27.4	76.9	2.8	0.0	0.0	12.6
		Mean	\$ 125,974	0.32	1.9	36.0	71.0	4.4	1.0	0.8	12.6
	Dark Yellow	Median	\$ 80,000	0.41	4.3	39.2	68.5	3.4	0.0	0.0	12.7
		Mean	\$ 82,226	0.45	5.0	46.0	63.9	5.3	1.1	2.7	12.5
Distressed	Orange	Median	\$ 49,925	0.55	9.5	45.5	63.6	4.0	0.0	0.9	13.1
		Mean	\$ 50,325	0.56	9.8	52.1	61.0	5.6	0.3	3.2	12.9
	Red	Median	\$ 28,875	0.75	13.8	27.1	55.6	4.0	0.0	3.8	12.1
		Mean	\$ 27,153	0.81	13.7	32.7	52.9	5.6	0.4	10.8	12.5
City Total		Median	\$ 105,900	0.42	2.9	27.5	62.3	3.7	0.0	0.0	11.2
		Mean	\$ 137,701	0.47	5.3	35.5	58.6	6.3	2.3	3.0	12.2

Market Value Analysis; 2007/2008



Ira Goldstein, Director
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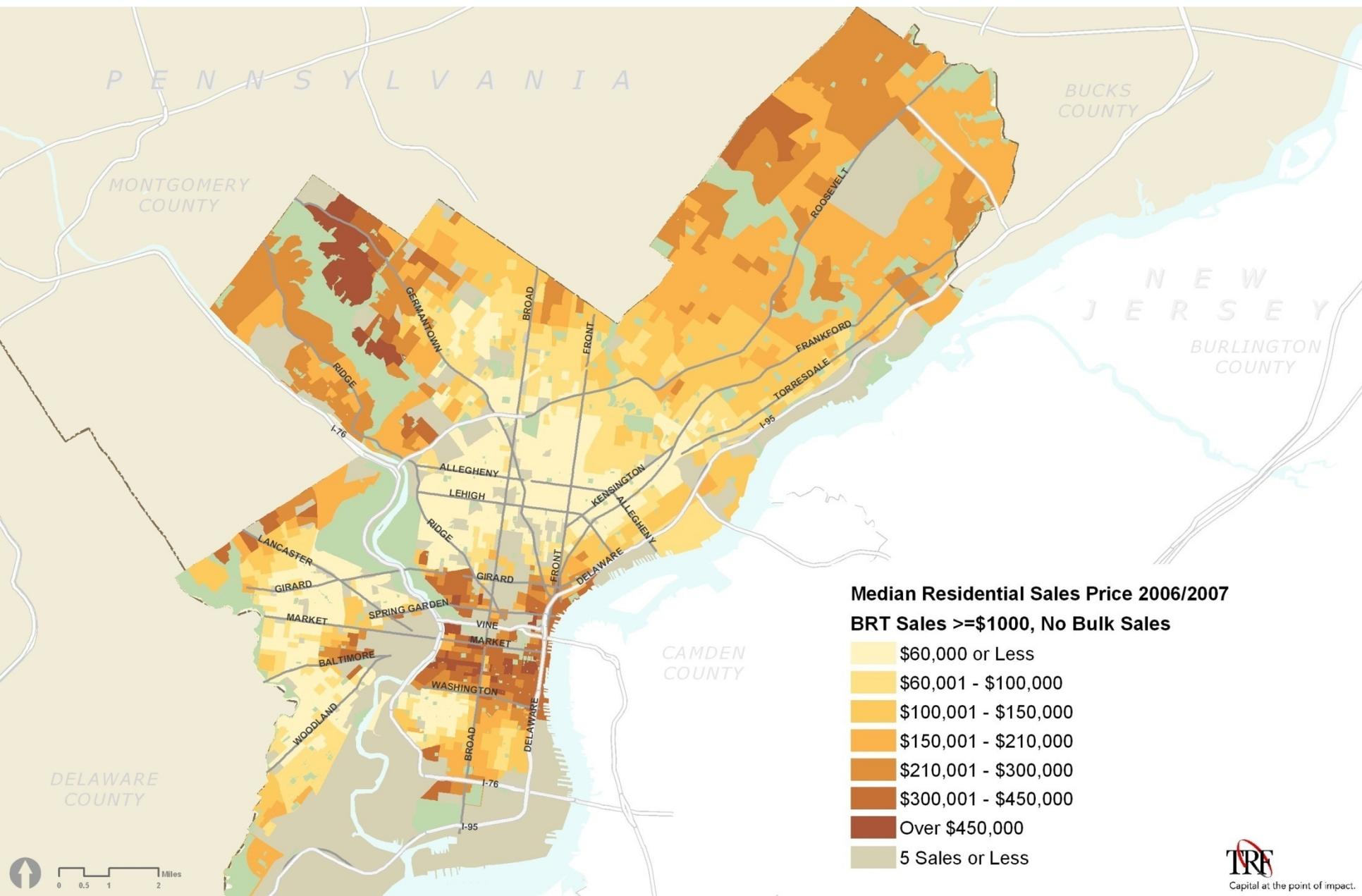
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P E N N S Y L V A N I A

BUCKS COUNTY

MONTGOMERY COUNTY

N E W J E R S E Y

BURLINGTON COUNTY

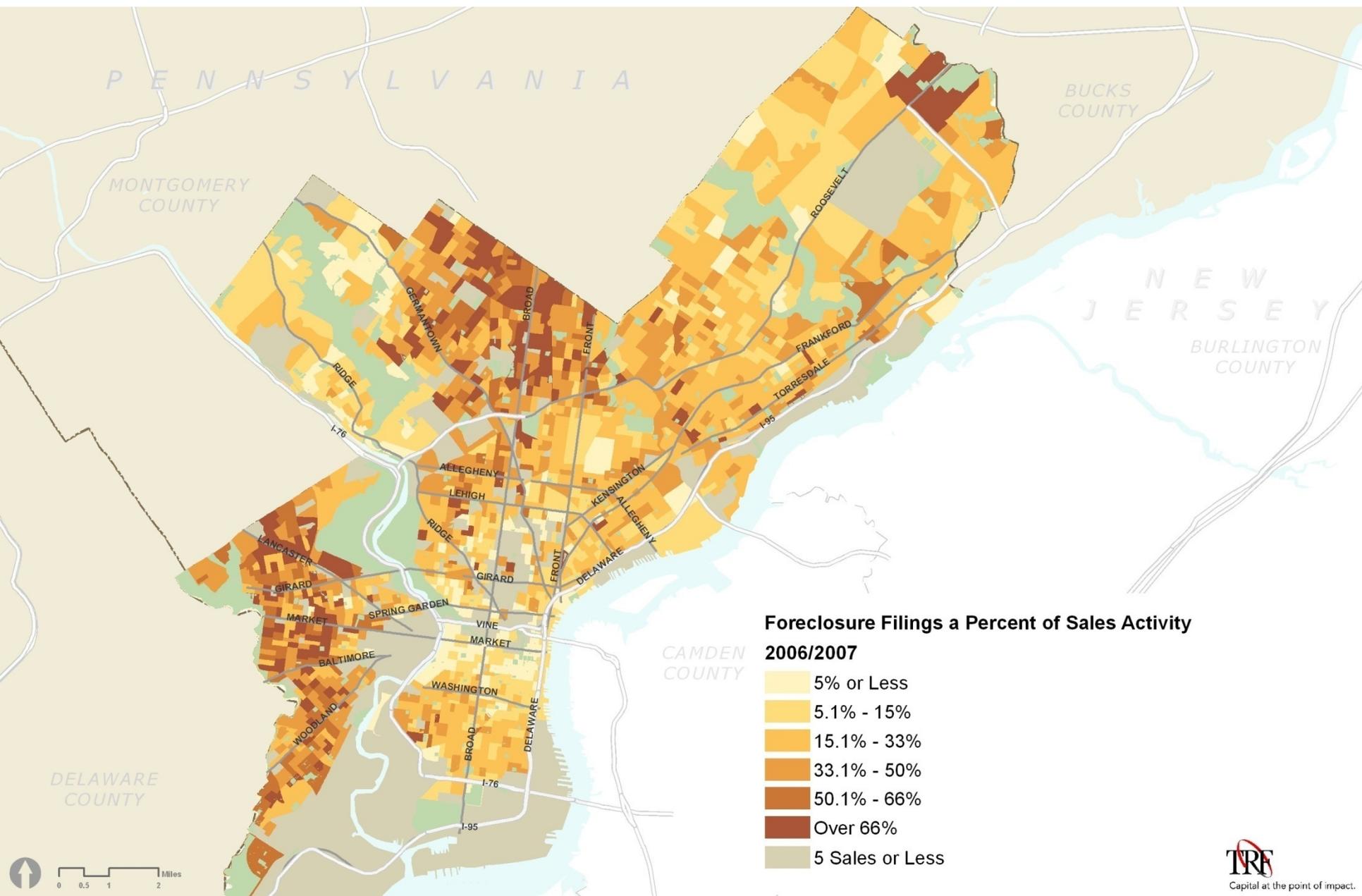
CAMDEN COUNTY

DELAWARE COUNTY

Median Residential Sales Price 2006/2007
BRT Sales >=\$1000, No Bulk Sales

- \$60,000 or Less
- \$60,001 - \$100,000
- \$100,001 - \$150,000
- \$150,001 - \$210,000
- \$210,001 - \$300,000
- \$300,001 - \$450,000
- Over \$450,000
- 5 Sales or Less

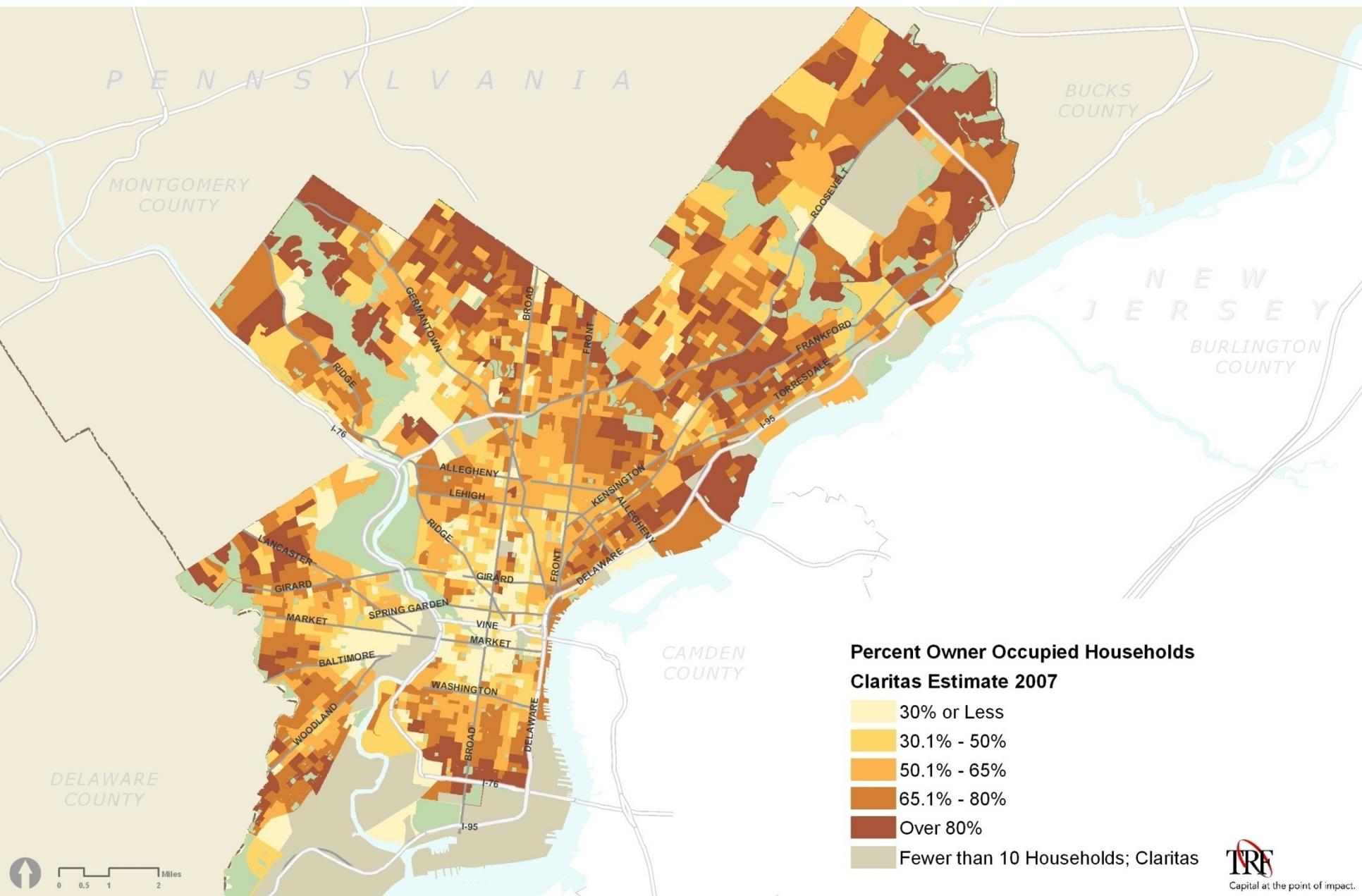




**Foreclosure Filings a Percent of Sales Activity
2006/2007**

- 5% or Less
- 5.1% - 15%
- 15.1% - 33%
- 33.1% - 50%
- 50.1% - 66%
- Over 66%
- 5 Sales or Less





P E N N S Y L V A N I A

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MONTGOMERY COUNTY

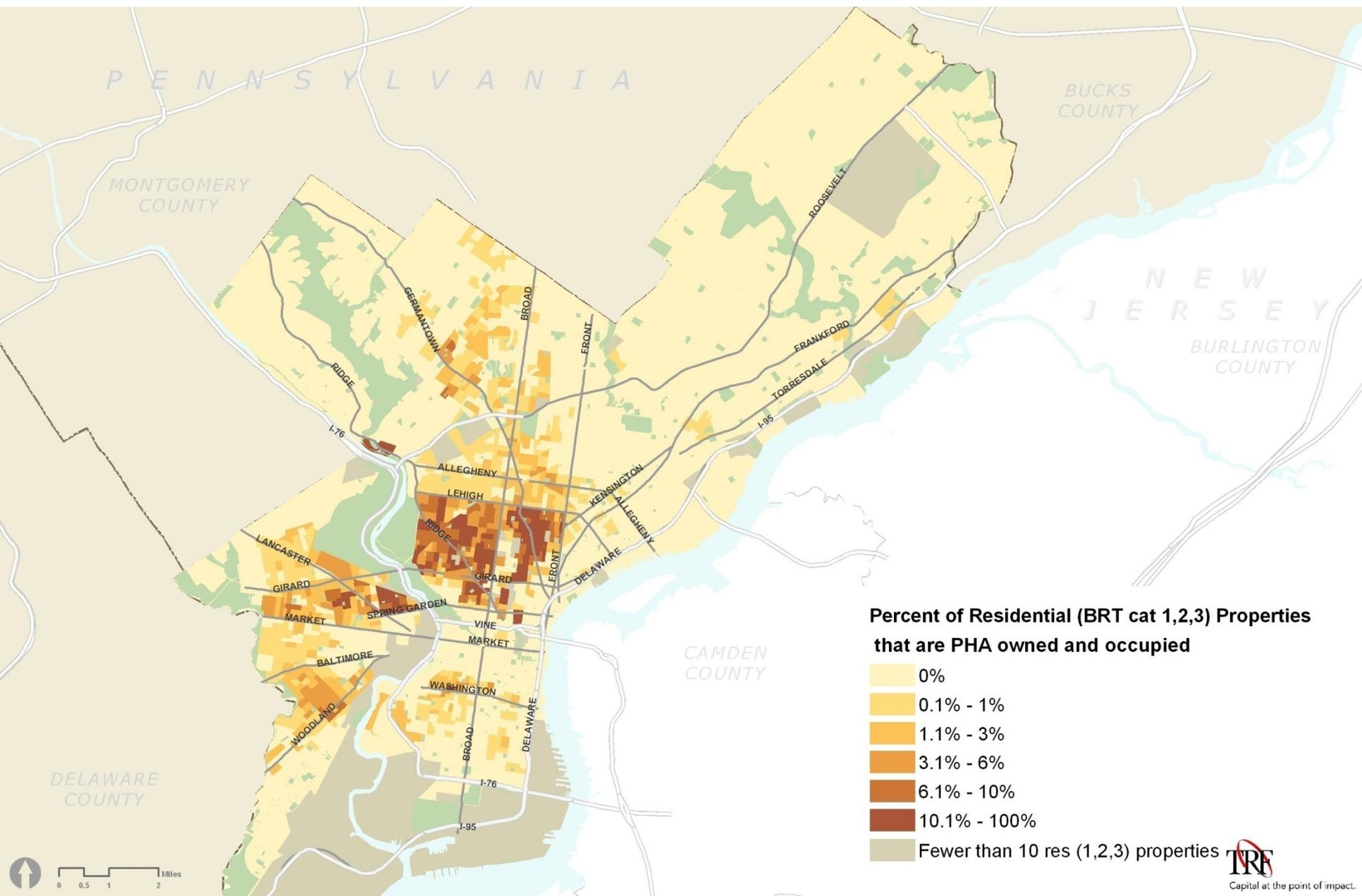
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CAMDEN COUNTY

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DELAWARE COUNTY

MONTGOMERY COUNTY

PENNSYLVANIA

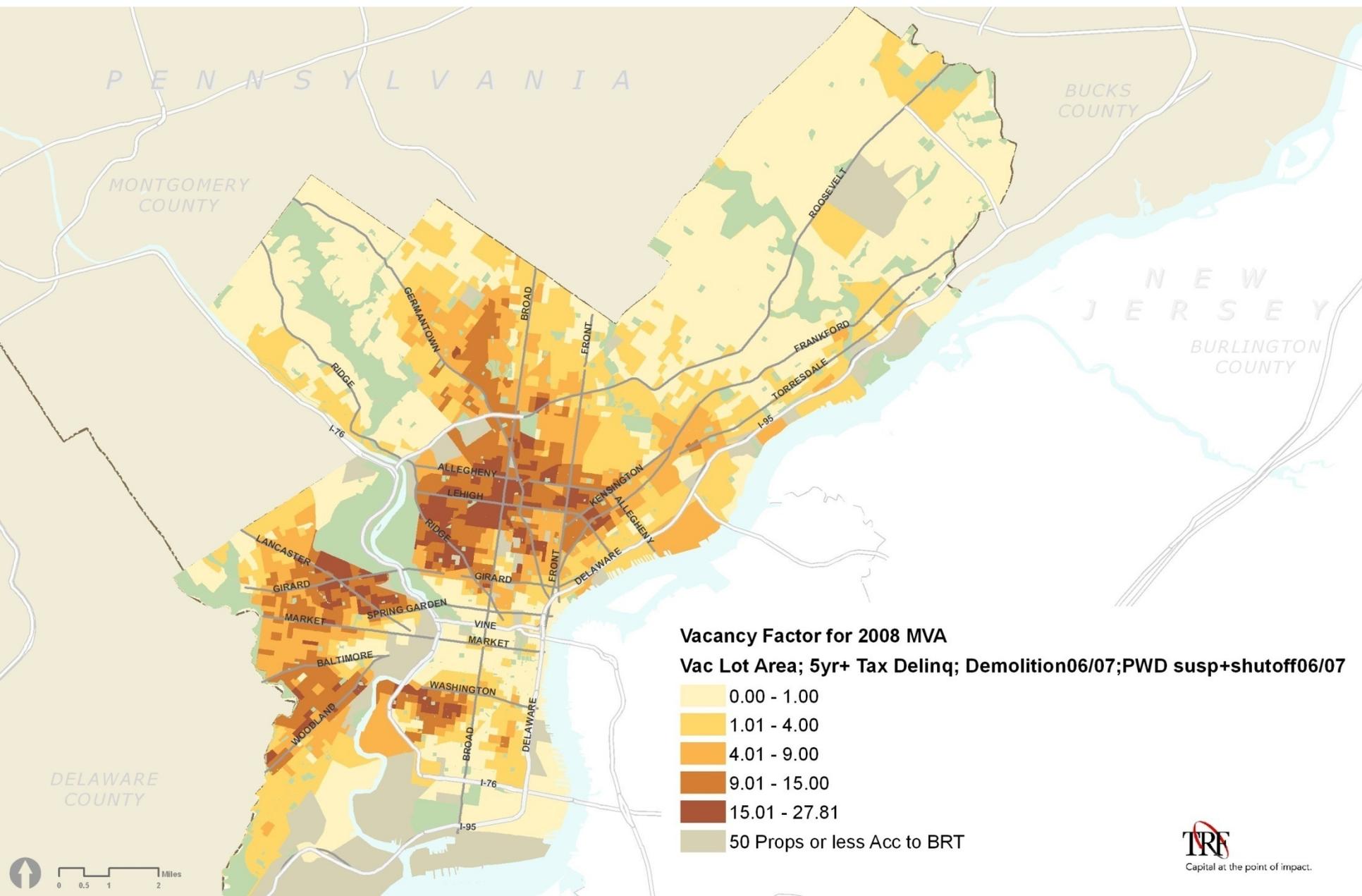
BUCKS COUNTY

NEW JERSEY
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Capital at the point of impact.



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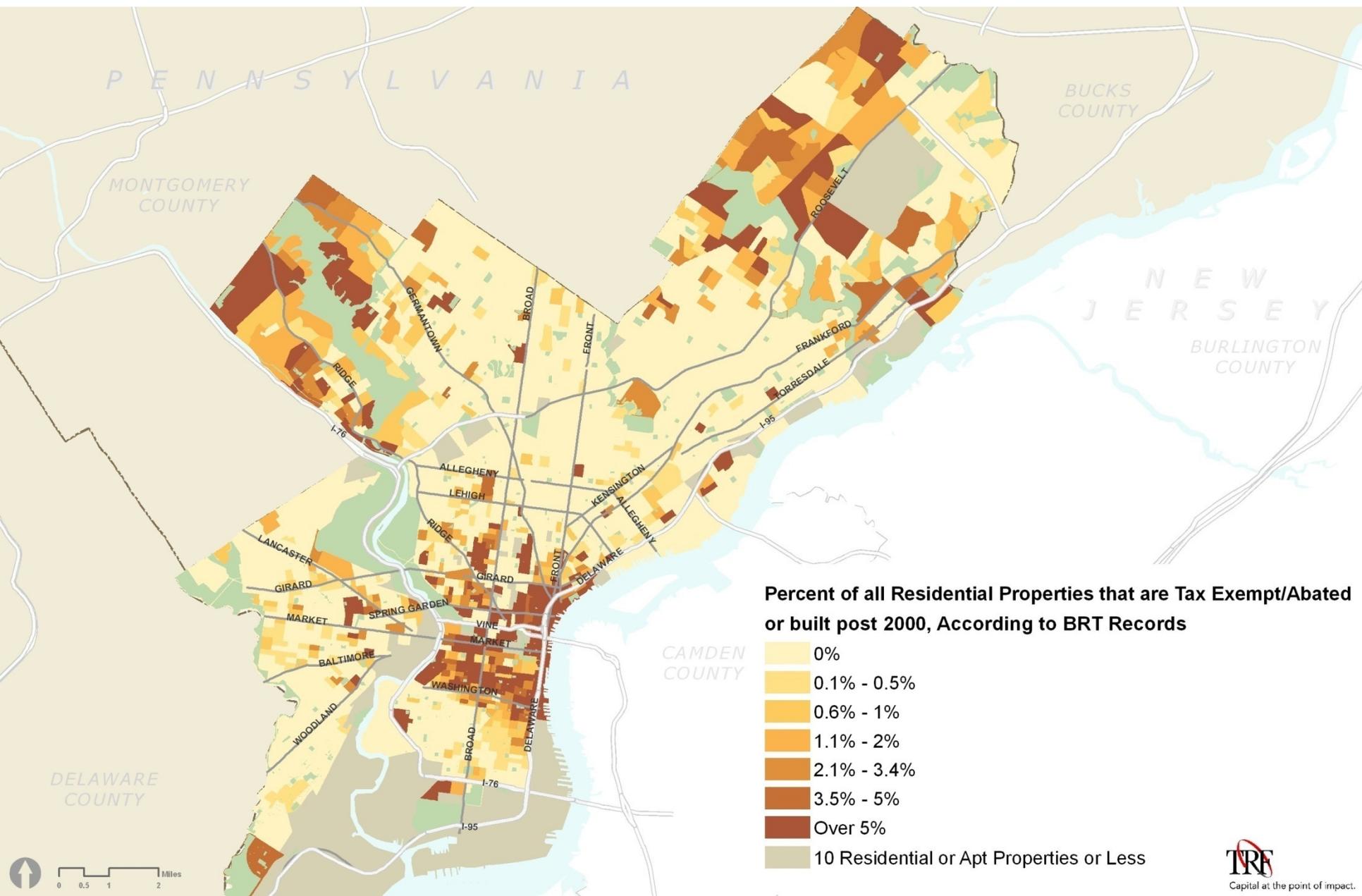
DELAWARE COUNTY

Vacancy Factor for 2008 MVA

Vac Lot Area; 5yr+ Tax Delinq; Demolition06/07;PWD susp+shutoff06/07

- 0.00 - 1.00
- 1.01 - 4.00
- 4.01 - 9.00
- 9.01 - 15.00
- 15.01 - 27.81
- 50 Props or less Acc to BRT





P E N N S Y L V A N I A

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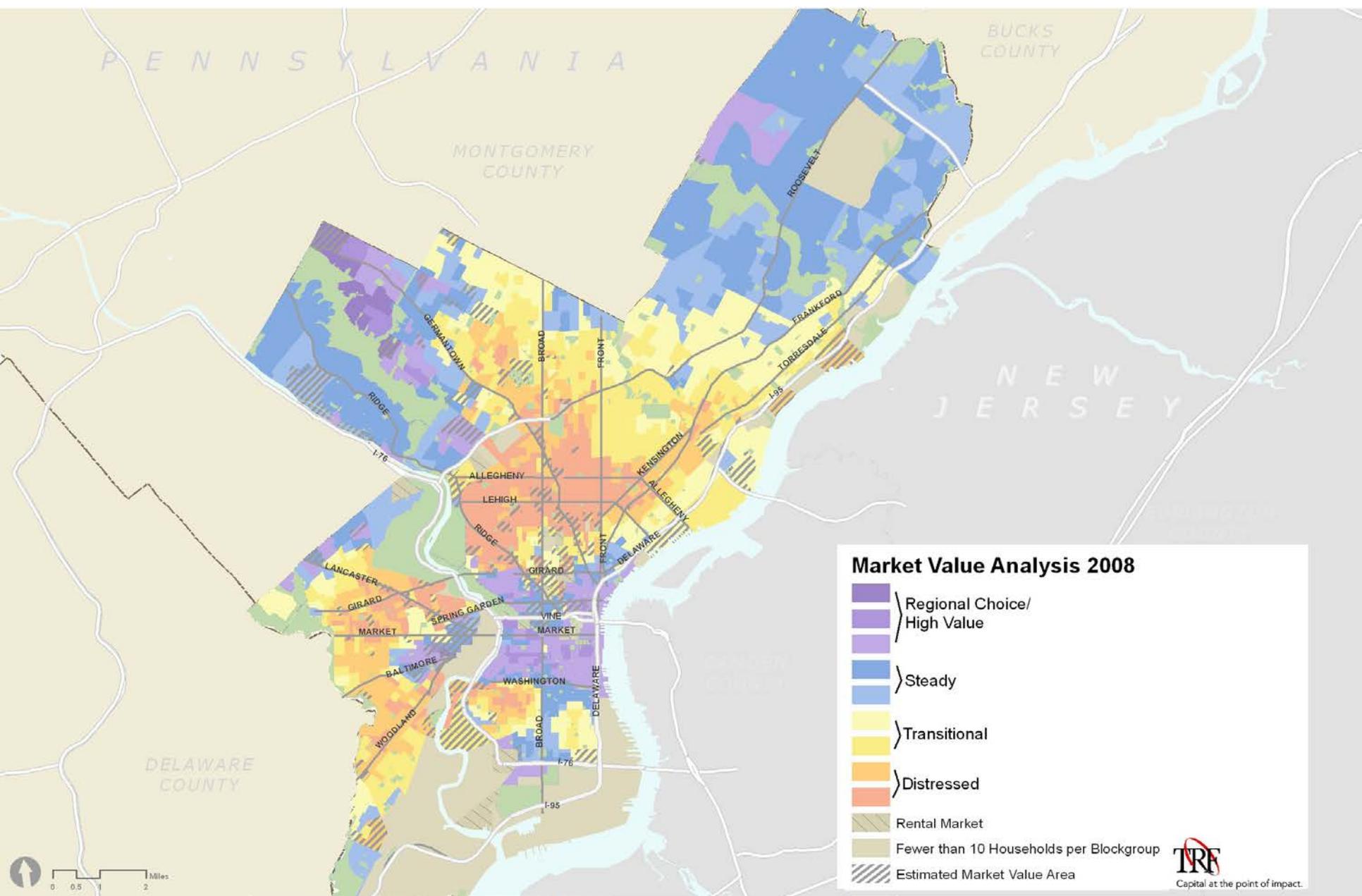
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Market Value Analysis 2008

- } Regional Choice/
High Value
- } Steady
- } Transitional
- } Distressed
- Rental Market
- Fewer than 10 Households per Blockgroup
- Estimated Market Value Area



Capital at the point of impact.



