

Federal Reserve Board Conference

Workshop: Strategic Data Use to Stabilize Neighborhoods

TRF Market Value Analysis (MVA)

December 7, 2011

Baltimore



Capital at the point of impact.

The Reinvestment Fund builds wealth and opportunity for low-wealth communities and low and moderate income individuals through the promotion of socially and environmentally responsible development.

We achieve our mission through:

Capital

- Grants, loans and equity investments

Knowledge

- Information and policy analysis

Innovation

- Products, markets and strategic partnerships

TRF Approach:

- Best decisions are based upon objective data and sound qualitative and quantitative analysis;
- Public subsidy is scarce and it alone cannot create markets;
- Public subsidy used to leverage (or clear the path for) private investment is an efficient use of resources; and
- In distressed markets, invest into strength (e.g., major institutions, transportation hubs, recreational amenities).

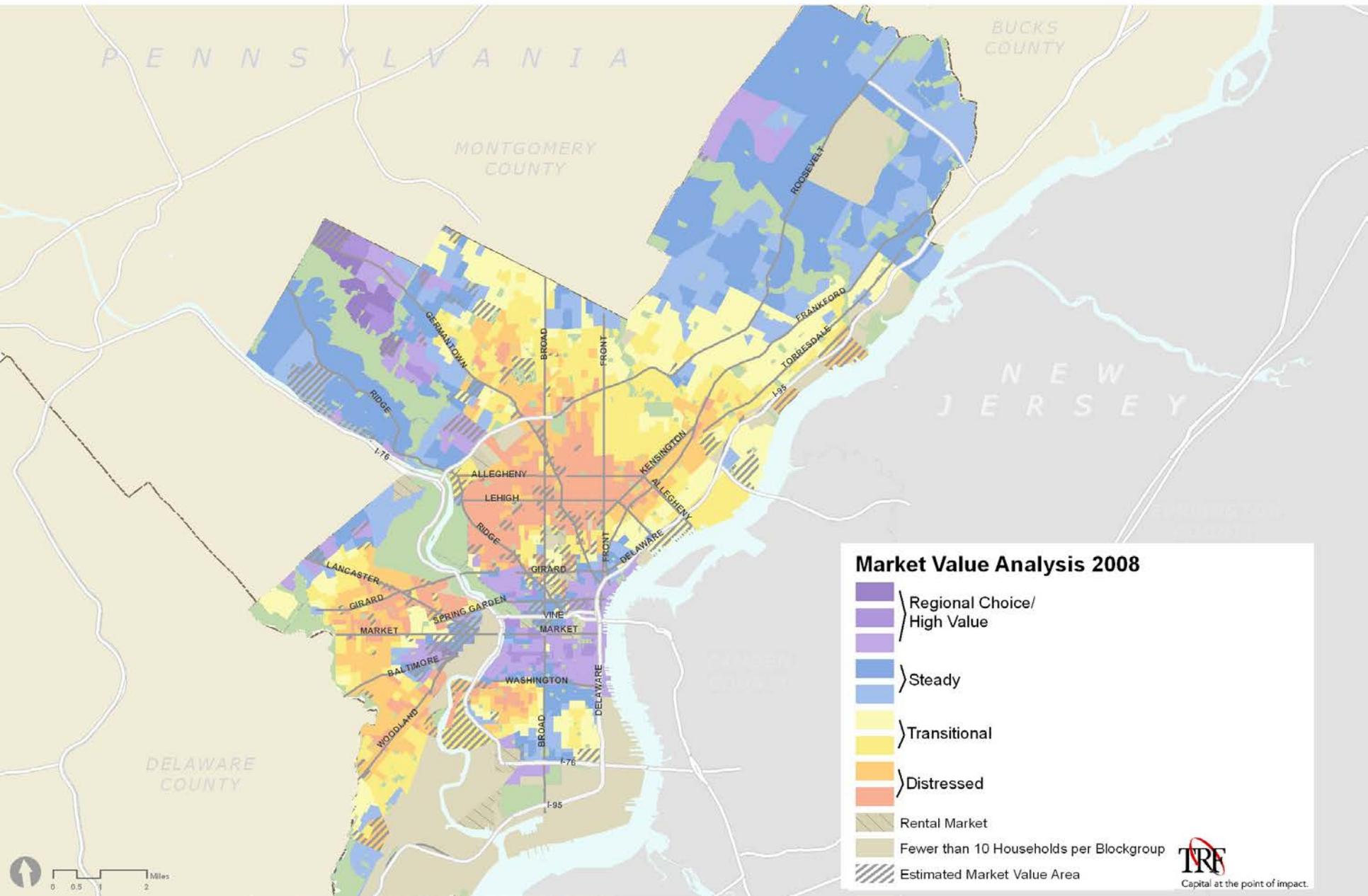
What and Why?

- Assist public and private investors identify and comprehend the various elements of the local real estate market.
- By using a Market Value Analysis, Limited Supermarket Analysis or Foreclosure Study, public sector officials can more precisely craft intervention strategies in weak markets and support sustainable growth in stronger market segments.
- Identify potential opportunities for synergy among the philanthropic community, CDC's, private investors, and CDFI's to rebuild neighborhoods.

What is TRF's Market Value Analysis?

The Market Value Analysis (MVA) is a tool developed by The Reinvestment Fund to assist government officials make decisions about the allocation of financial resources and programmatic interventions.

It is based on a comprehensive set of data detailing local real estate markets at a very fine level of spatial specificity.



Market Value Analysis 2008

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

2008 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 Type

Public Action

Regional Choice
High Value



Asset Promotion

Steady
Transitional



Asset Preservation

Stressed
Distressed



Asset Development

High Value Appreciating Markets

Characterized by:

- High value housing
- Strong price appreciation
- Population stability and in some instances growth

Government Activity:

- Active code enforcement
- Enhance streetscape appeal
- Market neighborhood identity
- Remove barriers to new investment

Government Role:

Facilitate healthy functioning of the private market

Steady Markets

Characterized by:

- Predominantly owner occupied
- Housing prices relatively high and stable
- Homes in good physical condition

Government Activity:

- Active code enforcement
- Undertake capital projects to smooth transitions between market types
- Rapid response to any vacant units or public nuisance
- Invest in public amenities

Government Role:
Carefully respond to
changes in any troubled
sub-market(s)

Transitional Markets

Government Role:
Preserve housing stock and
valued services.

Characterized by:

- Population shifts
- Home to a disproportionate share of the City's aged people
- Dangerous properties are evident

Government Activity:

- Carefully balance market-rate with any subsidized housing
- Invest in schools, recreation centers, commercial corridors
- Programs focused on encouraging home owner investment
- Rapid encapsulation & rehabilitation of all vacant units
- Respond to all broken window symptoms

Distressed Markets

Government Role:
Identify ways to invest in
areas of market strength

Characterized by:

- Elevated vacancies - approx 7% of all housing stock
- Above average level of publicly assisted housing
- Some of the most substantial population losses in the City

Government Activity:

- Facilitate strategic site acquisition and assembly
- Pursue investment partnerships with neighborhood anchors
- Invest in people-crime prevention, youth programs, coordination of social services
- Rapid response encapsulation, acquisition, rehabilitation

Highly Distressed Markets

Characterized by:

- Substantial population loss
- Low property values
- Elevated vacancy rates

Government Activity:

- Large scale site acquisition & parcel marketing
- Invest in people
- Landbank parcels
- Fund projects at critical scale
- Pursue investment partnerships with neighborhood anchors
- Preservation investments on strongest blocks
- Strategic site acquisition and assembly

Government Role:

Create conditions for market rebirth; Build from strength

Other cities...

In Baltimore, MD the MVA is used by the Planning Department:

- to develop their CDGB Comprehensive Plan;
- Assess changes in the market over time; and
- to guide their Capital Budget Plan for the City

In Pittsburgh, PA the MVA is used to evaluate proposed development activities and focus the City's Code Enforcement.

In Wilmington, DE the MVA is used:

- by the Office of Housing to allocate CDGB resources
- by the RDA to evaluate proposals.

In Newark, NJ the MVA highlighted the foreclosure problem in what was otherwise seen as a stable community. Newark then drilled down to further understand the foreclosure data and established a foreclosure taskforce to address the problem.

In New Jersey, PA and Phila., where MVA data was available it was used to drive logic behind where to target each NSP resource type.

Market Value Analysis, MVA

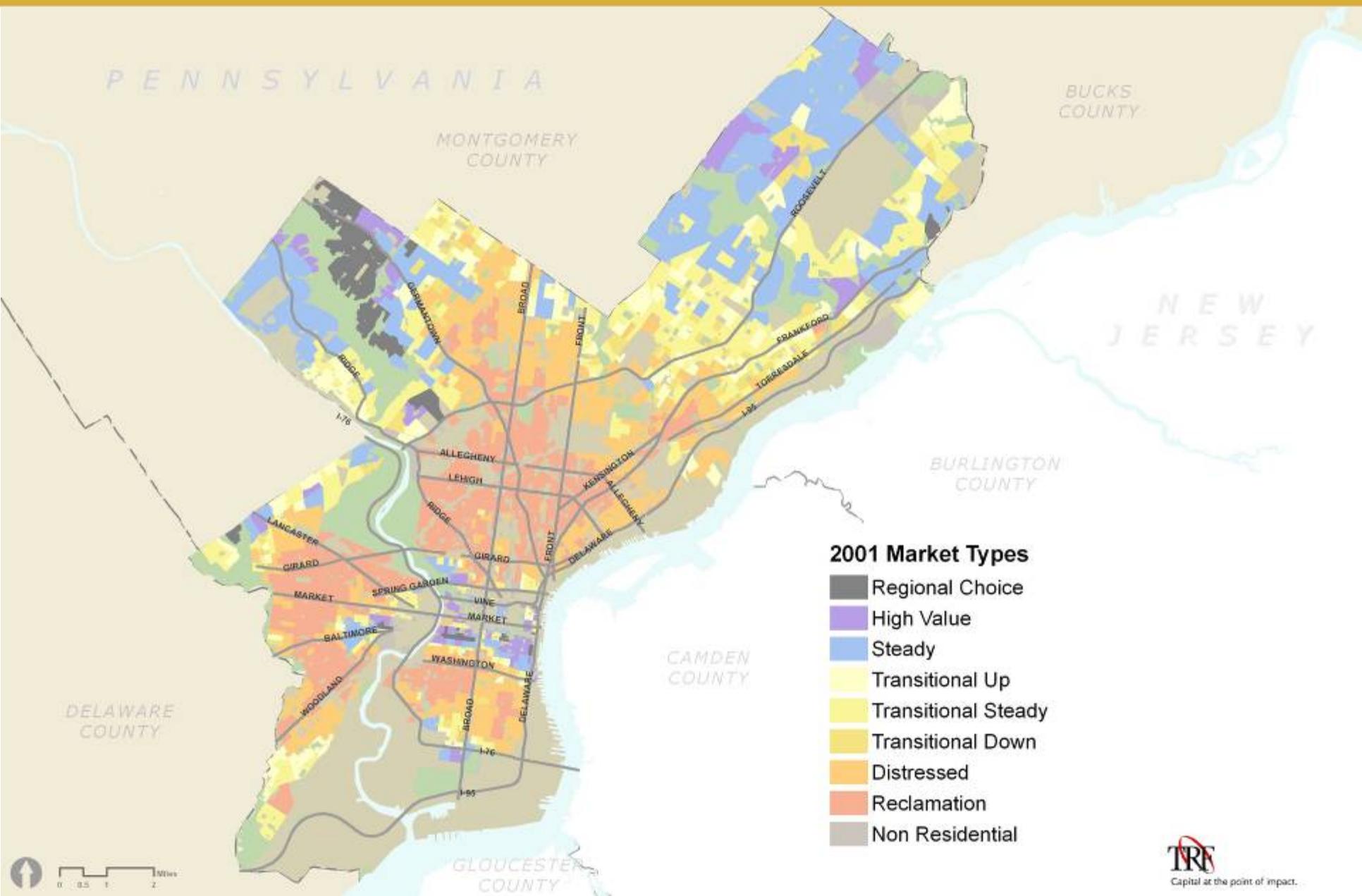
Examples:

Philadelphia, PA

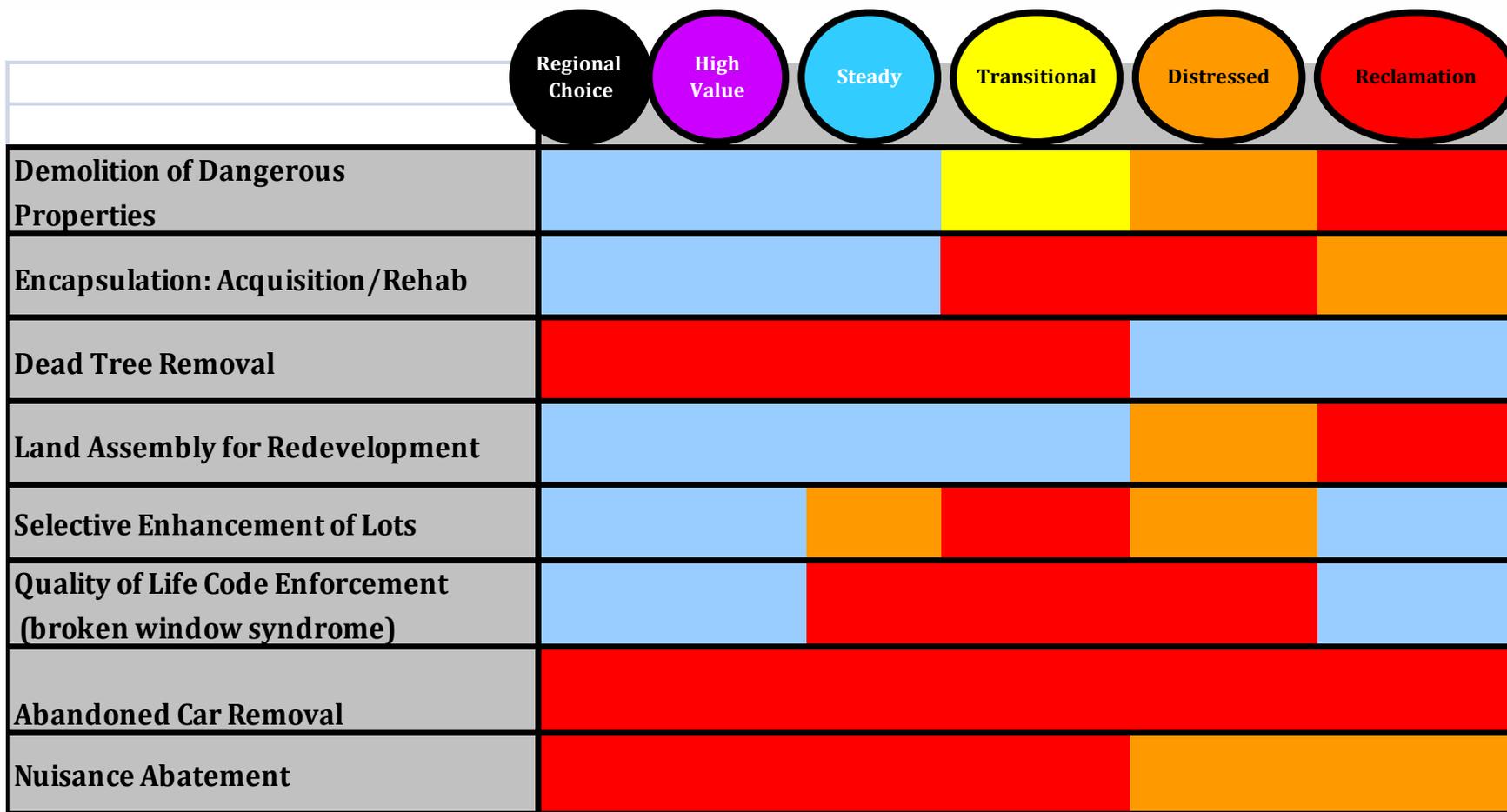
Department of Community Affairs, NJ

Pittsburgh, PA

MVA 2001



Philadelphia 2001 MVA Use*



* These activities were deemed appropriate for the relevant market types when For more information on the Philadelphia MVA, see: <http://www.trfund.com/planning/marketvalue.html>

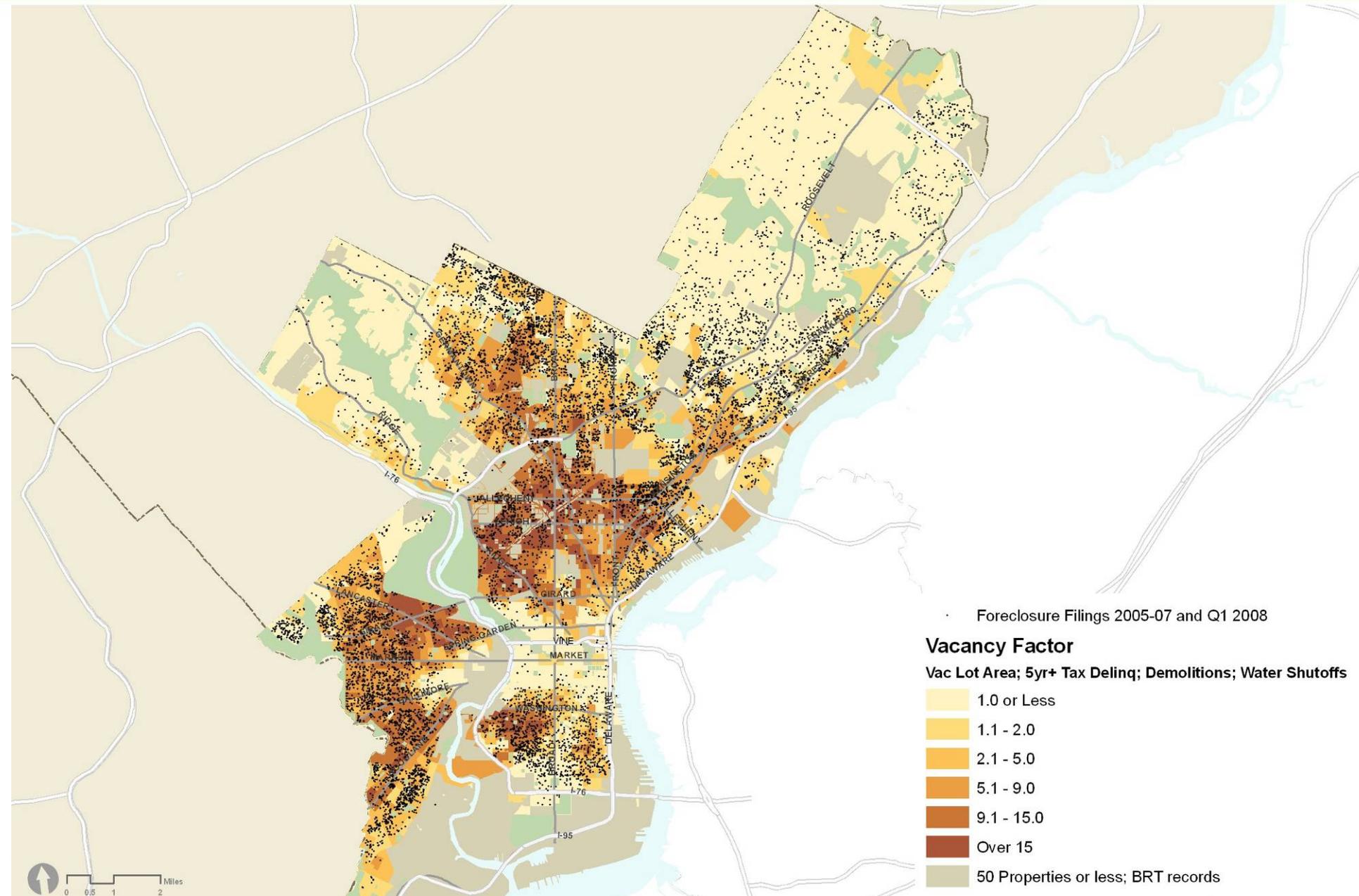
HUD's Neighborhood Stabilization Program (NSP)

- HUD prioritizes those activities “most likely to stabilize a community.”
- Specific attention is paid to the extent that proposed activities address the full extent of the problem.
- Example of one indicator HUD uses in determining NSP grants:

(units acquired & rehabilitated + units demolished)

Total vacant units in target area (USPS data)

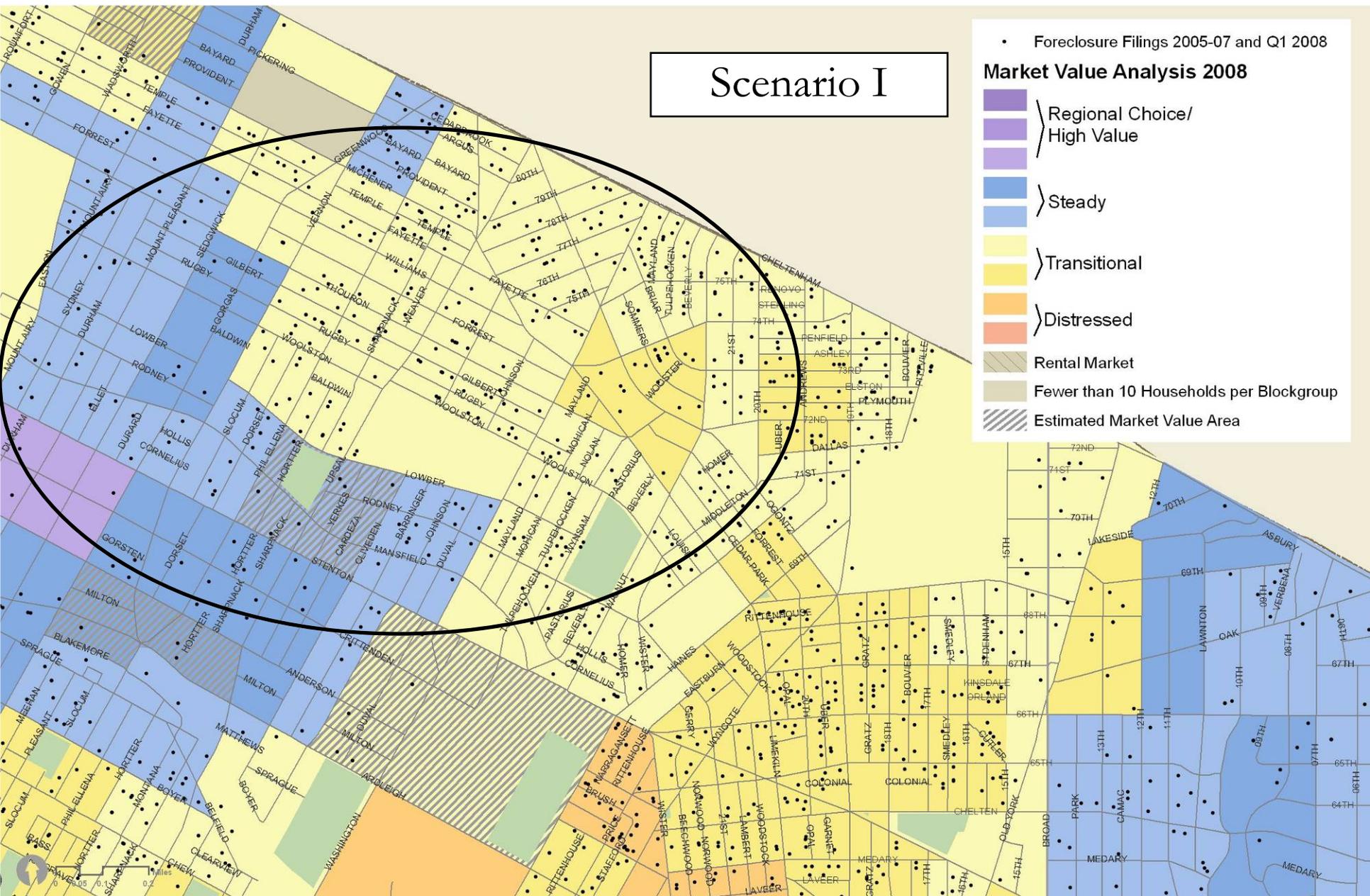
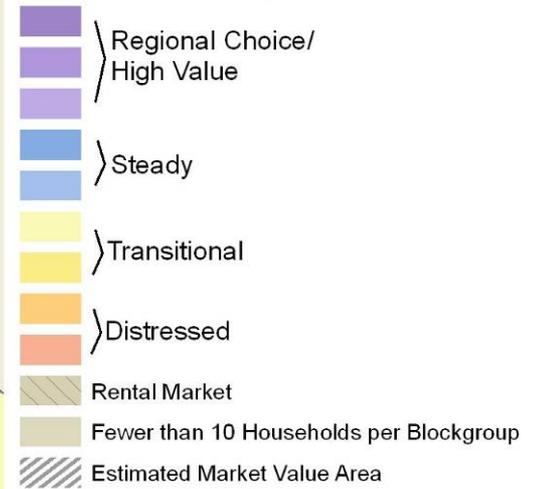
Example: Philadelphia Foreclosure and Vacancy



Scenario I

• Foreclosure Filings 2005-07 and Q1 2008

Market Value Analysis 2008

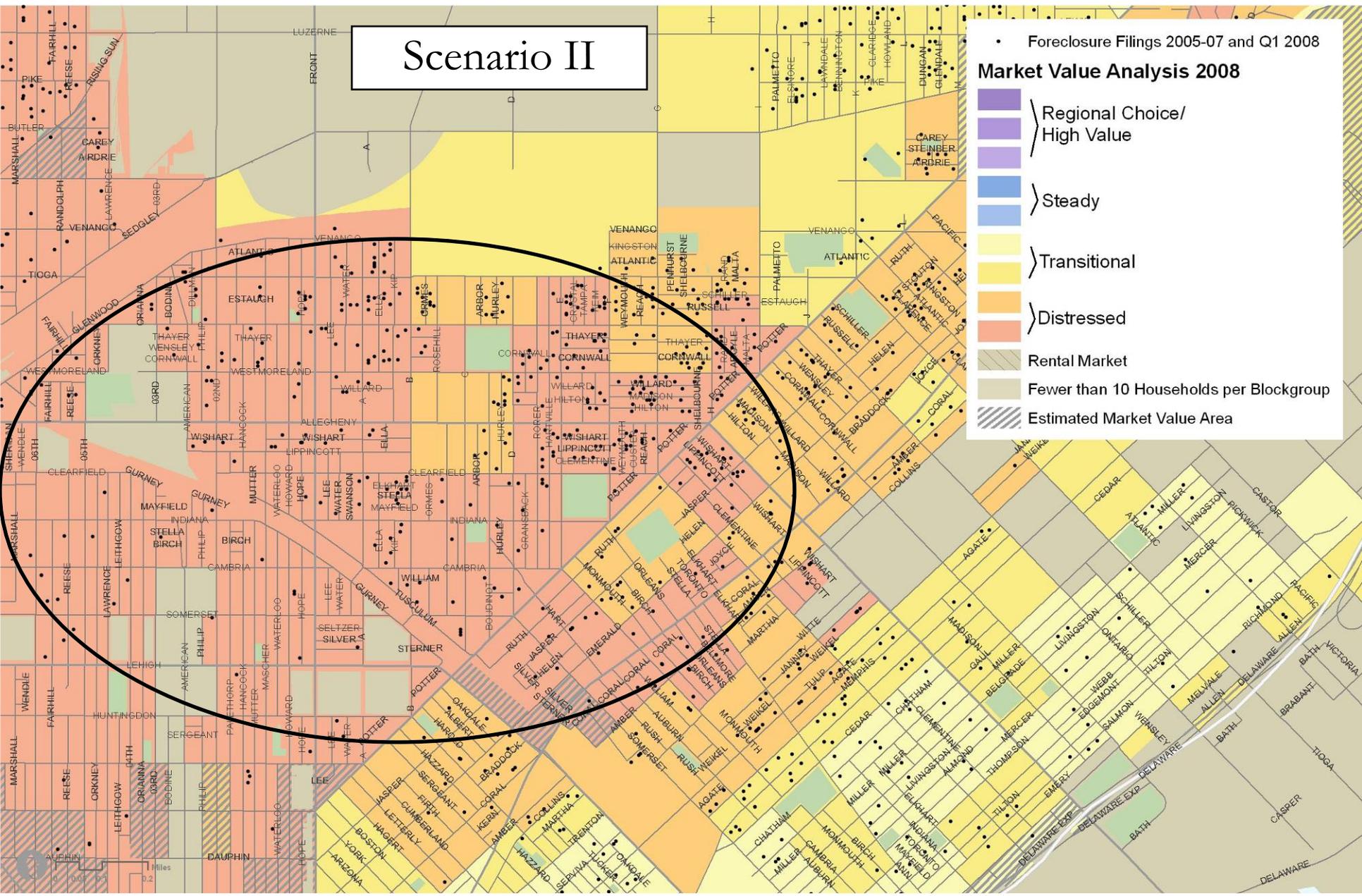


Scenario II

• Foreclosure Filings 2005-07 and Q1 2008

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Scenario II

• Foreclosure Filings 2005-07 and Q1 2008

Vacancy Factor

Vac Lot Area; 5yr+ Tax Delinq; Demolitions; Water Shutoffs

1.0 or Less

1.1 - 2.0

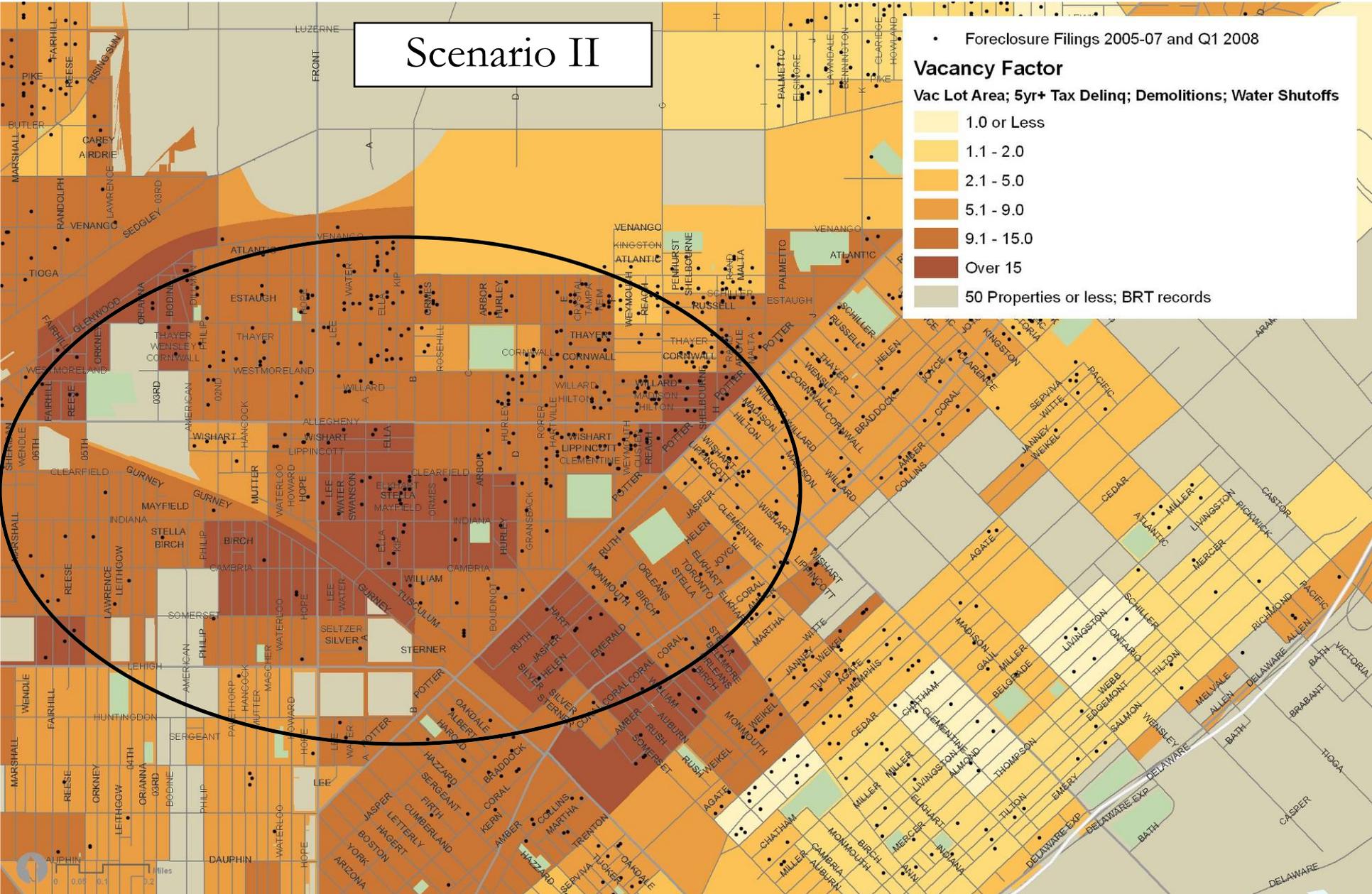
2.1 - 5.0

5.1 - 9.0

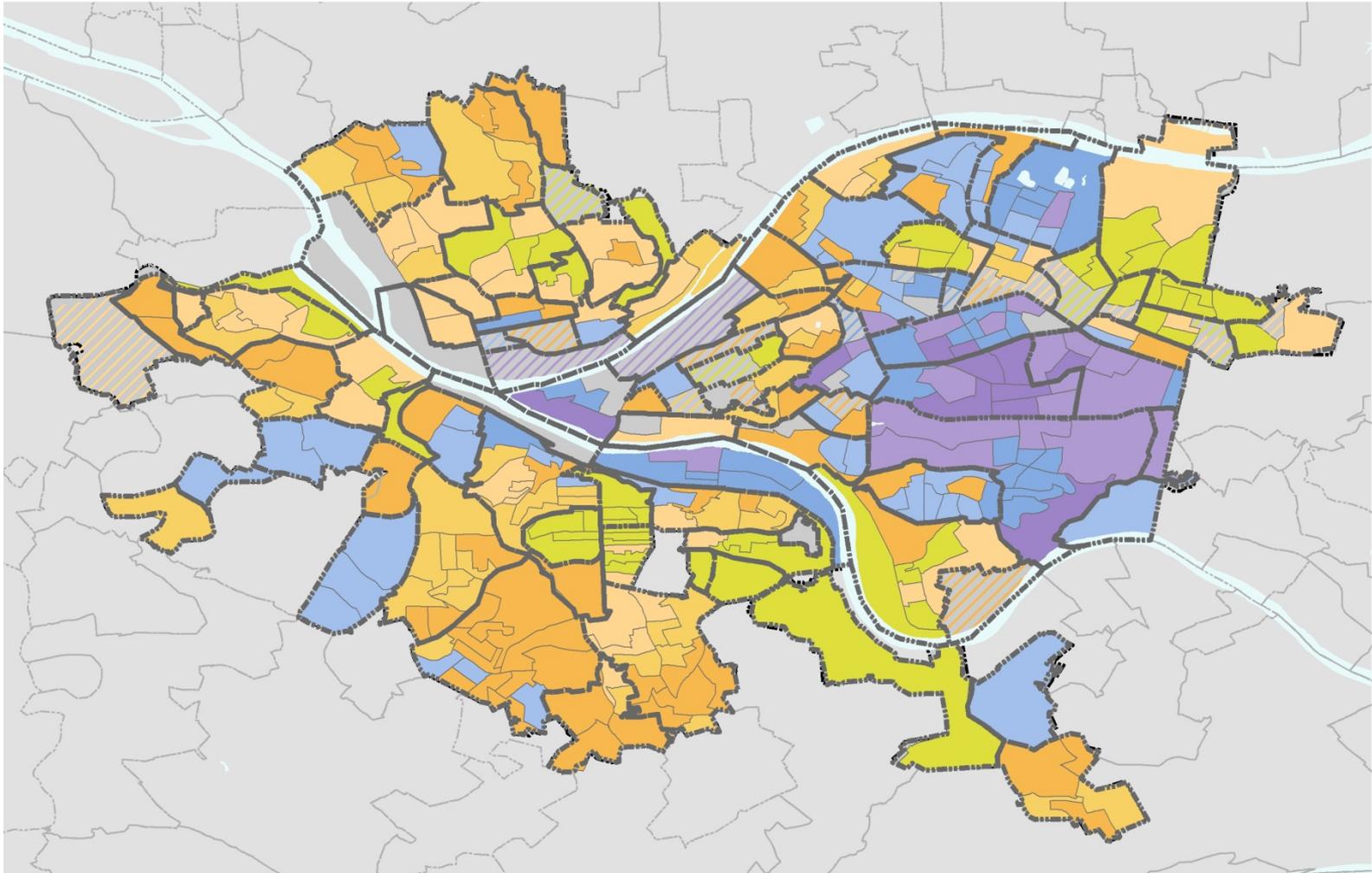
9.1 - 15.0

Over 15

50 Properties or less; BRT records

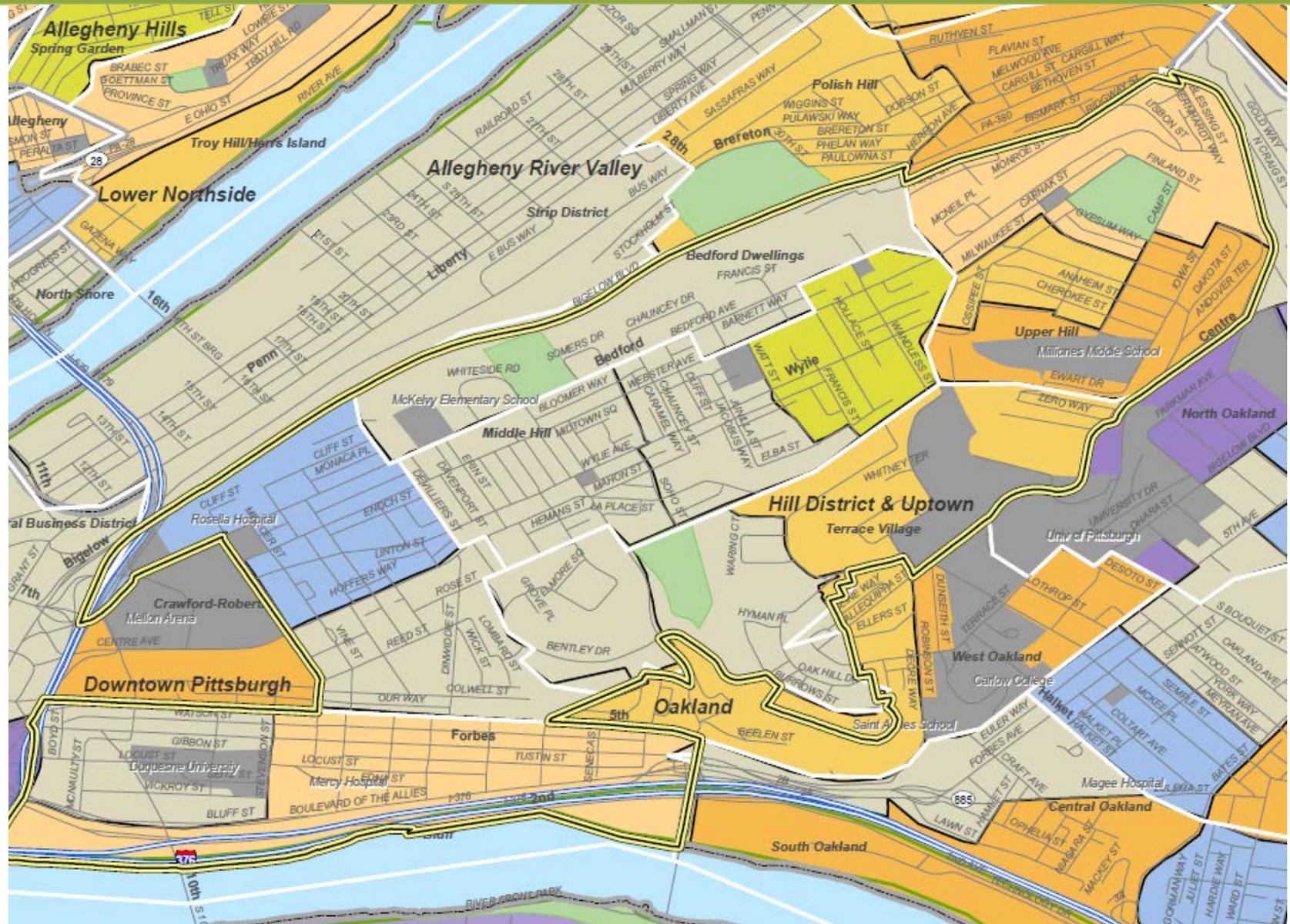


Pittsburgh 2010 Citywide Results



	A	B	C	D	E	F	G	H
Housing units in market type	4,385	11,614	19,199	24,597	27,667	20,759	19,930	18,199
% of all housing units	3.00%	7.94%	13.12%	16.81%	18.90%	14.18%	13.62%	12.44%

Sample Area: Hill District MVA





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