Reading, PA
Market Value Analysis (MVA)
10/24/12

THE REINVESTMENT FUND
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; PolicyMap & Policy Solutions

Innovation

– Products, markets and strategic partnerships

Overview of 2012 MVA
- Process and Results
- Using the Data to Drive Public Action
- Question & Answer

The Market Value Analysis (MVA) is a tool designed to assist the private market and government officials to 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 and private market actors can more precisely craft intervention strategies in weak markets and support sustainable growth in stronger market segments.

TRF has done this work under contract to cities, states and foundations including:

- City of Philadelphia, PA
- City of Wilmington, DE
- City of Newark, NJ (and an additional 8 regions 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 (in process)
- City of Milwaukee, WI (in process)

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) – "**Build from Strength**";

- 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.

- Hospital / University Complex
  - Large employer with a range of employment opportunities ranging from lower to higher skill
  - Committed to place
- Large prior public commitment
- Mix of housing stock and land uses
- Confluence of public transportation
- Natural amenities (public parks, great public spaces)

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.

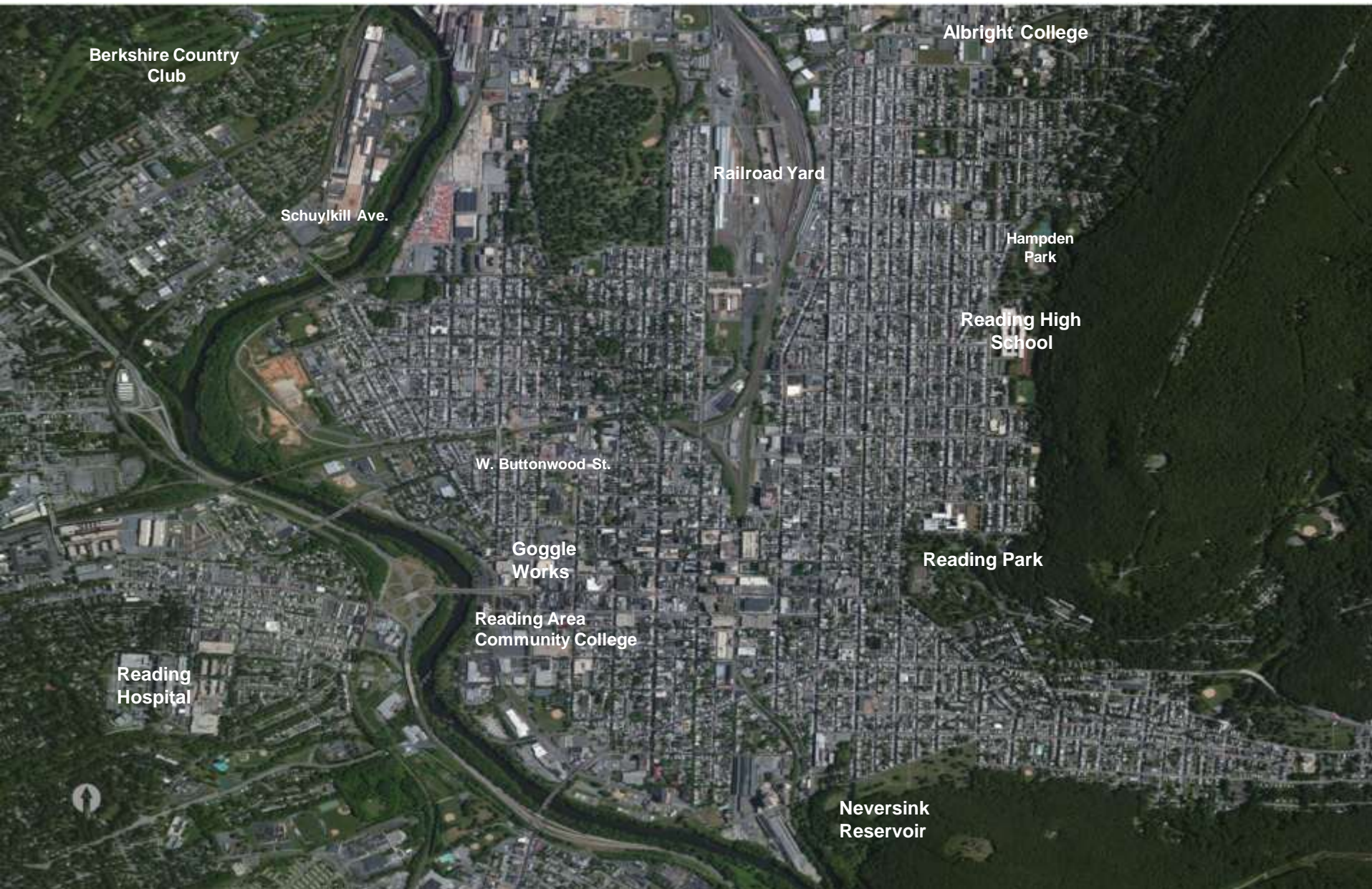6. Re-solve and re-inspect until we achieve an accurate representation.

- Median sales price 2010-2012 (February)
- Coefficient of variance for sales price
- Subsidized rental stock as a % of all rental units
- Vacant housing units as a % of all housing units
- Foreclosure filings as a % of residential parcels
- Ratio of commercial to developed area
- Owner-occupied as a % of all housing units
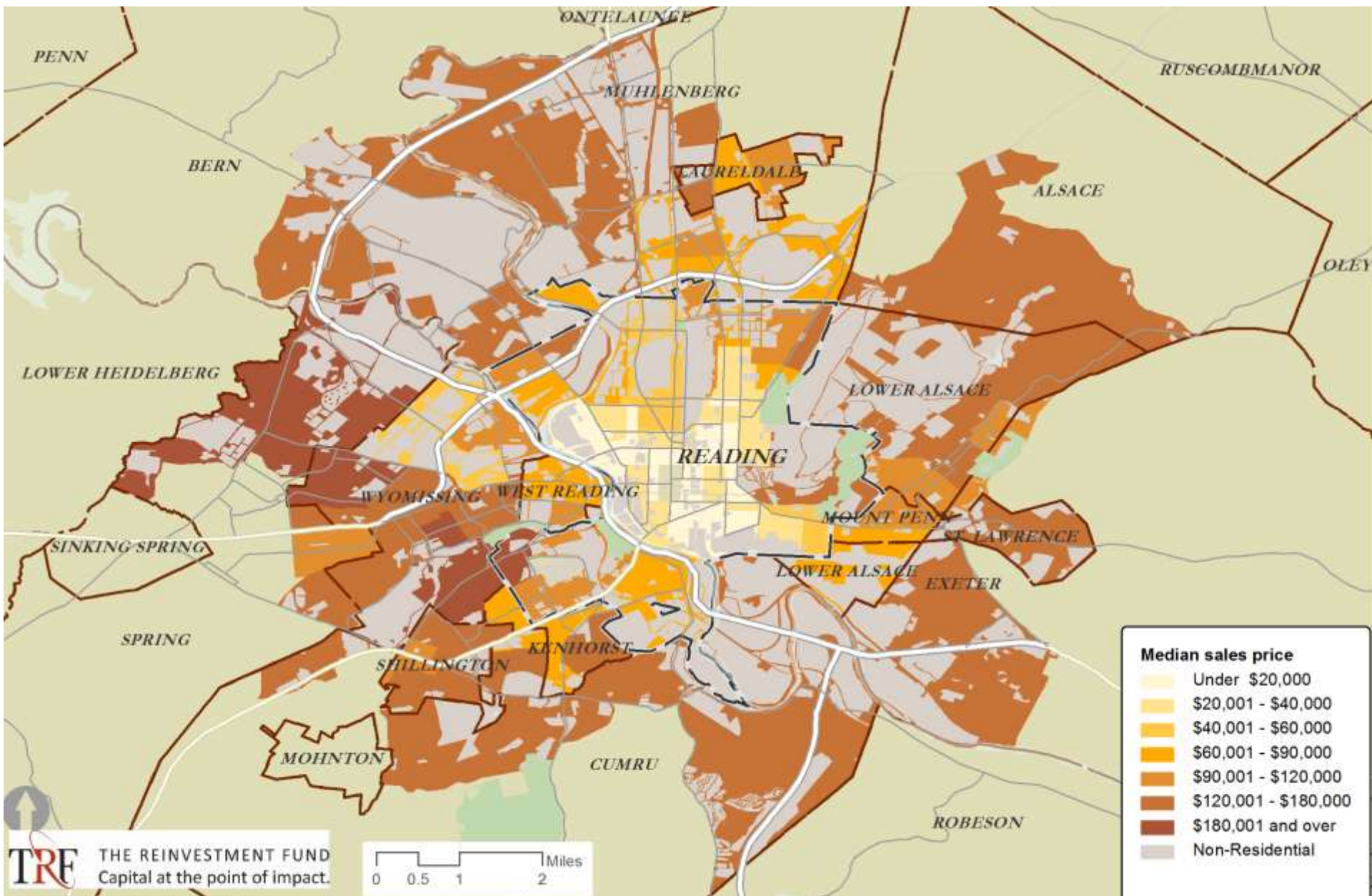- New construction as a % of residential parcels
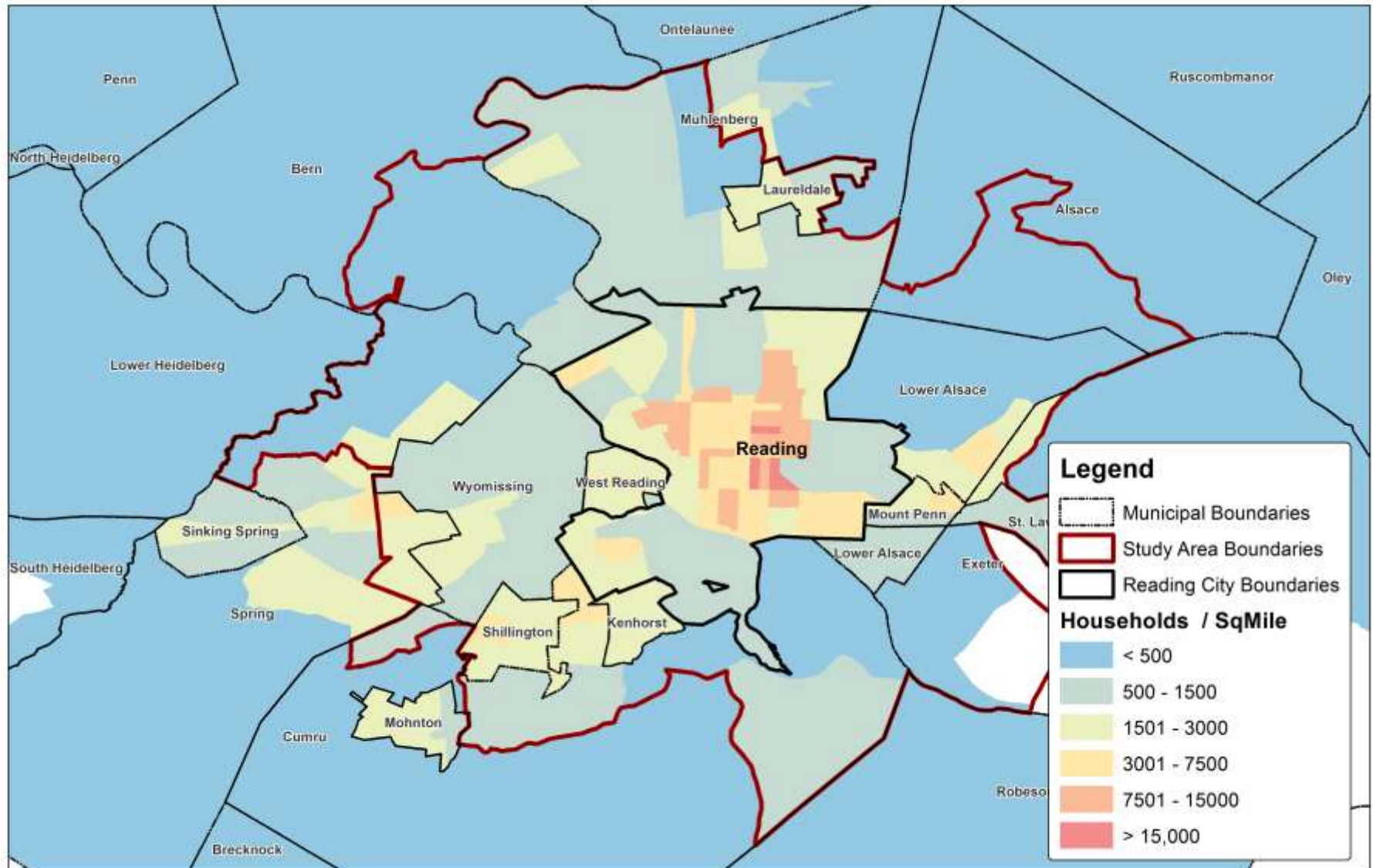
Median sales price

- Under $20,000
- $20,001 - $40,000
- $40,001 - $60,000
- $60,001 - $90,000
- $90,001 - $120,000
- $120,001 - $180,000
- $180,001 and over
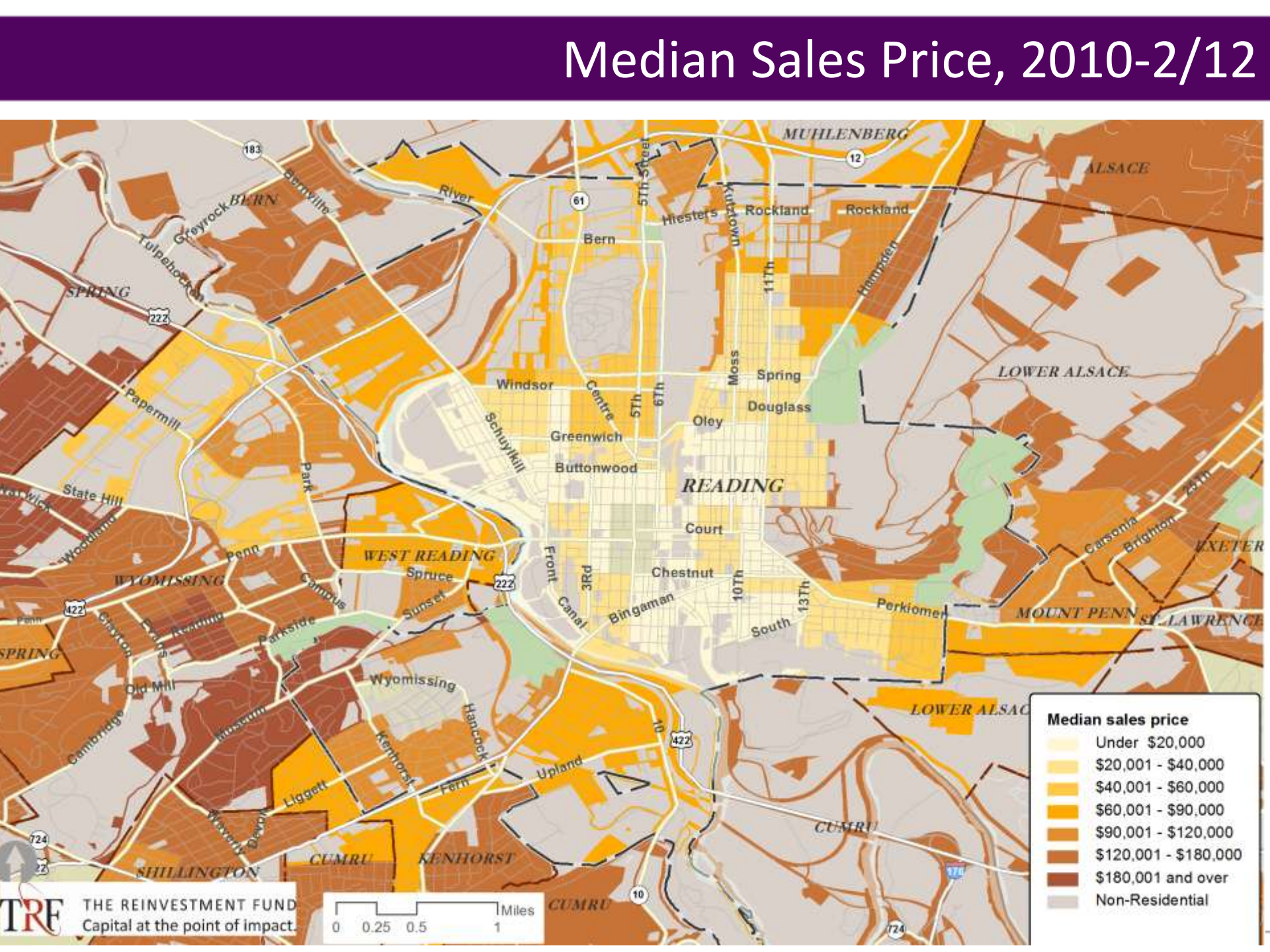- Non-Residential

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Miles
0   0.5   1   2

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- $120,001 - $180,000
- $180,001 and over
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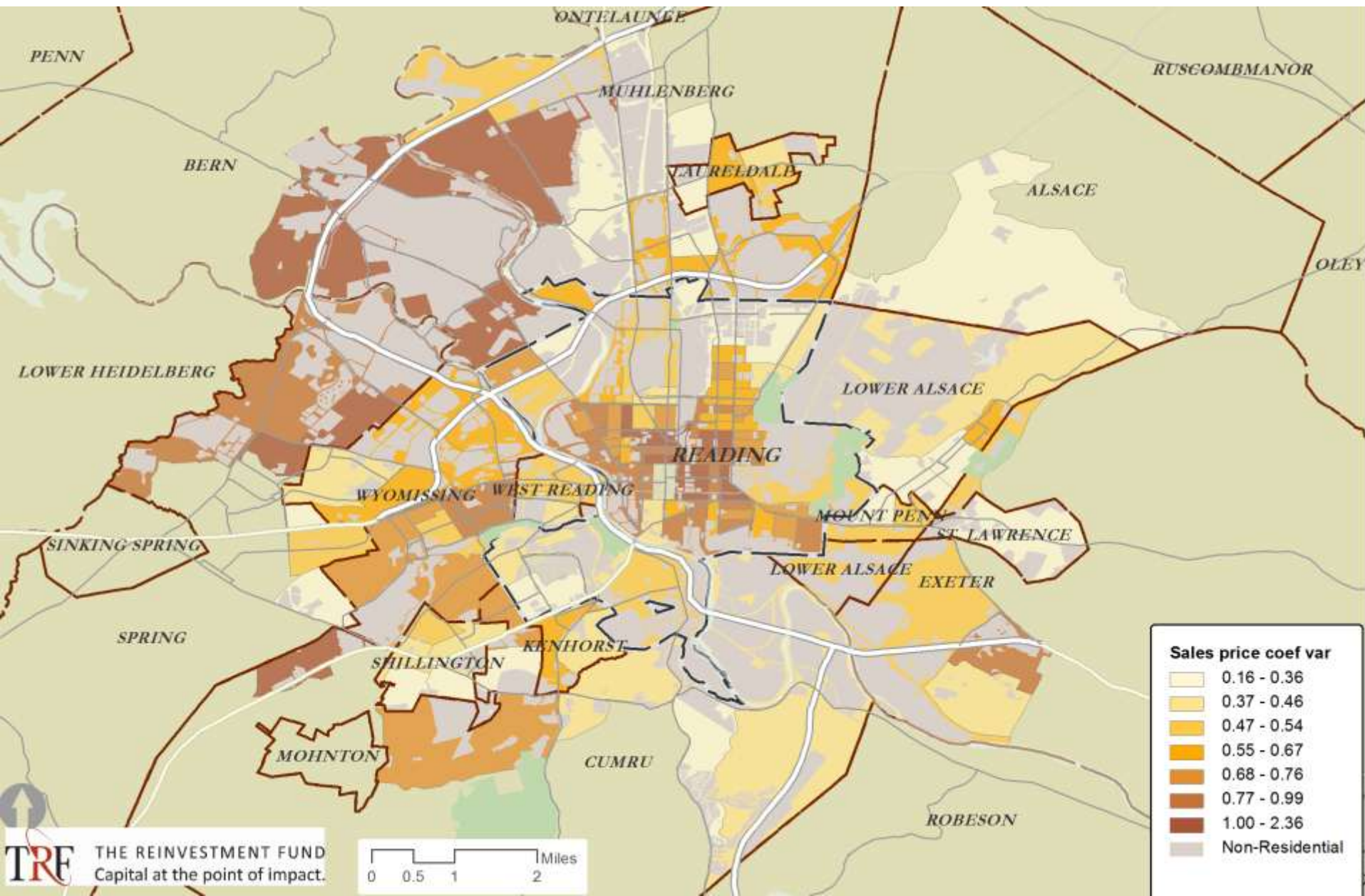
THE REINVESTMENT FUND
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0   0.25   0.5   1   Miles

Sales Price Coefficient of Variation, 2010-2/12
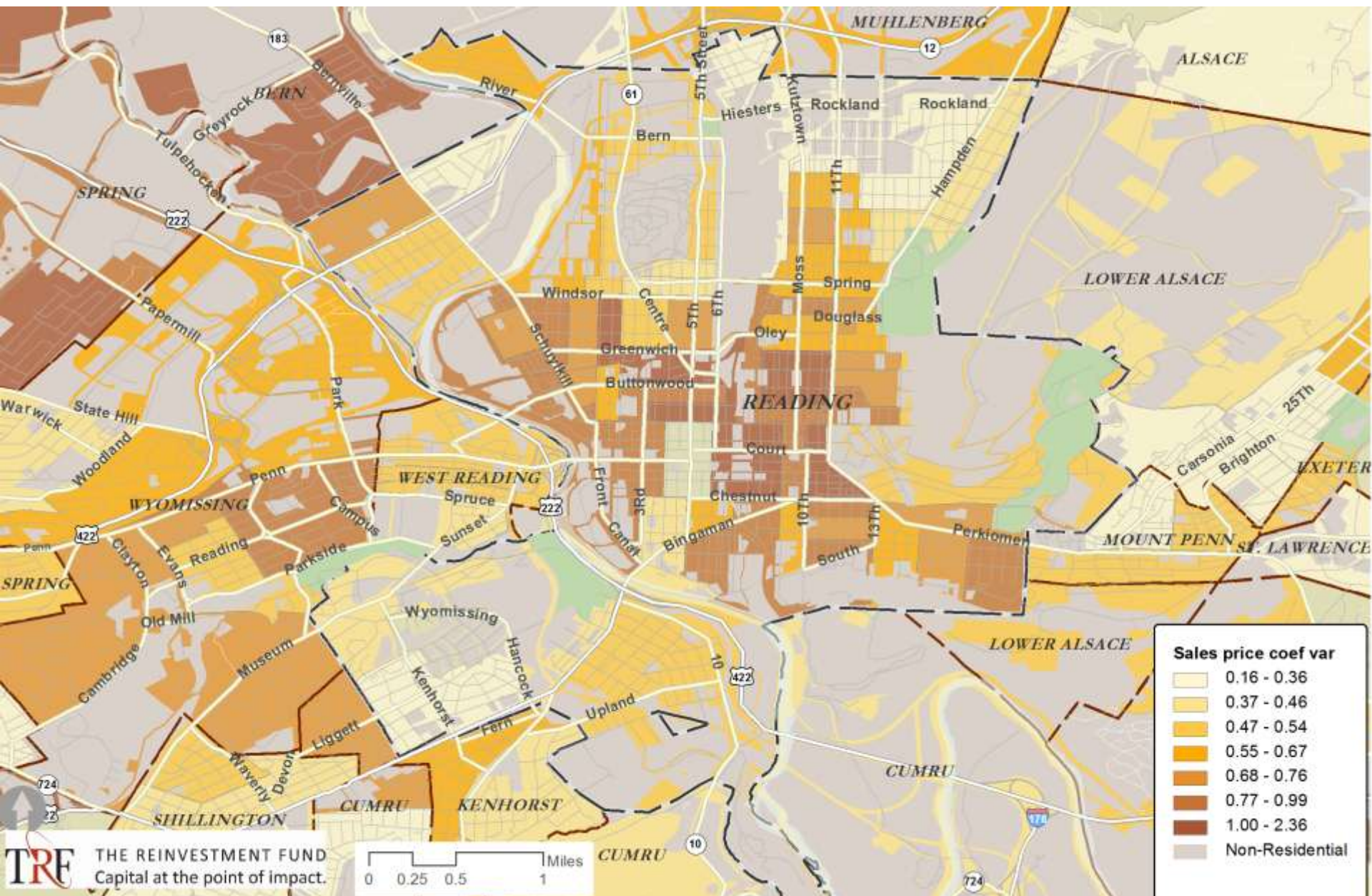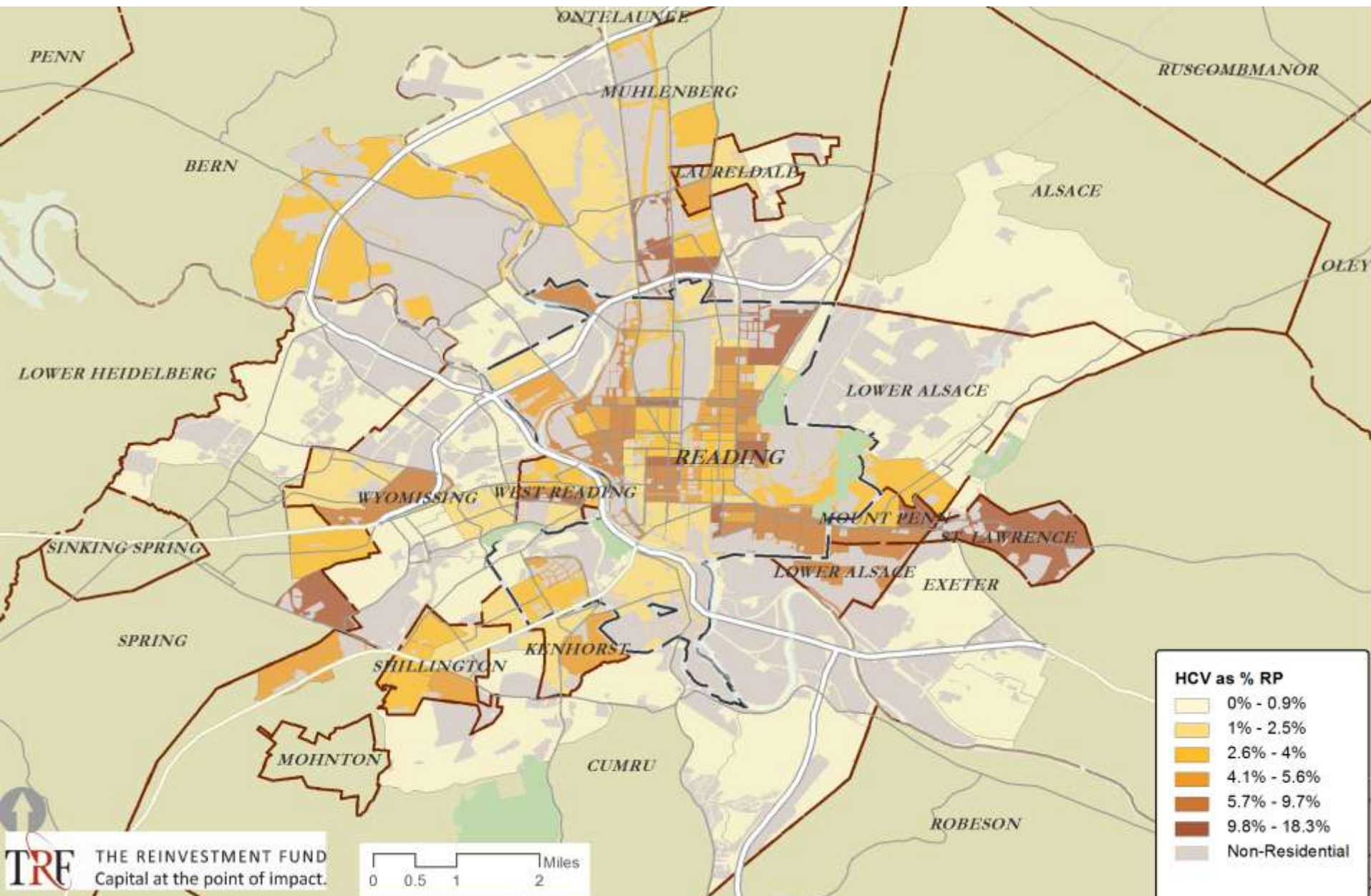
Sales price coef var
- 0.16 - 0.36
- 0.37 - 0.46
- 0.47 - 0.54
- 0.55 - 0.67
- 0.68 - 0.76
- 0.77 - 0.99
- 1.00 - 2.36
- Non-Residential

% Commercial Land
- < 6%
- 6% - 10%
- 10% - 15%
- 15% - 20%
- 20% - 35%
- 35% - 55%
- > 55%
- Non-Residential

VHU as % HU
- 1% - 3%
- 4% - 5%
- 6% - 8%
- 9% - 11%
- 12% - 15%
- 16% - 19%
- 20% - 23%
- Non-Residential

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0 0.5 1 2 Miles

HUOO as % HU
- 4% - 22%
- 23% - 39%
- 40% - 51%
- 52% - 61%
- 62% - 76%
- 77% - 86%
- 87% - 98%
- Non-Residential

THE REINVESTMENT FUND
Capital at the point of impact.

HUOO as % HU
- 4% - 22%
- 23% - 39%
- 40% - 51%
- 52% - 61%
- 62% - 76%
- 77% - 86%
- 87% - 98%
- Non-Residential

New Construction as % RP
- 0%
- 0.01% - 0.22%
- 0.23% - 0.42%
- 0.43% - 0.51%
- 0.52% - 0.72%
- 0.73% - 1.6%
- 1.61% - 3.37%
- 3.38% - 9.99%
- Non-Residential

Market Types	Median Sales Price	Sales Price Variation	% of Rental Stock with HCV	% Commercial Area	% Vacant Housing Units	% of Housing Units OO	% New Construction	% of Residences with Foreclosure Filing
A	$170,538	0.92	0.9%	27.9%	4.2%	81.0%	2.5%	3.3%
B	$145,160	0.40	2.4%	10.3%	4.4%	80.8%	0.2%	2.6%
C	$104,058	0.47	1.6%	32.6%	5.3%	60.1%	0.3%	4.4%
D	$97,560	0.45	14.4%	13.8%	4.7%	76.2%	0.9%	4.2%
E	$56,431	0.56	5.3%	37.7%	10.4%	52.2%	0.1%	6.1%
F	$23,705	0.70	6.4%	11.0%	13.3%	49.7%	0.0%	6.9%
G	$20,310	0.93	3.5%	43.2%	16.0%	24.4%	0.0%	5.4%
H	$12,690	0.88	5.6%	26.0%	19.1%	38.2%	0.0%	4.5%

TRF Capital at the point of impact.
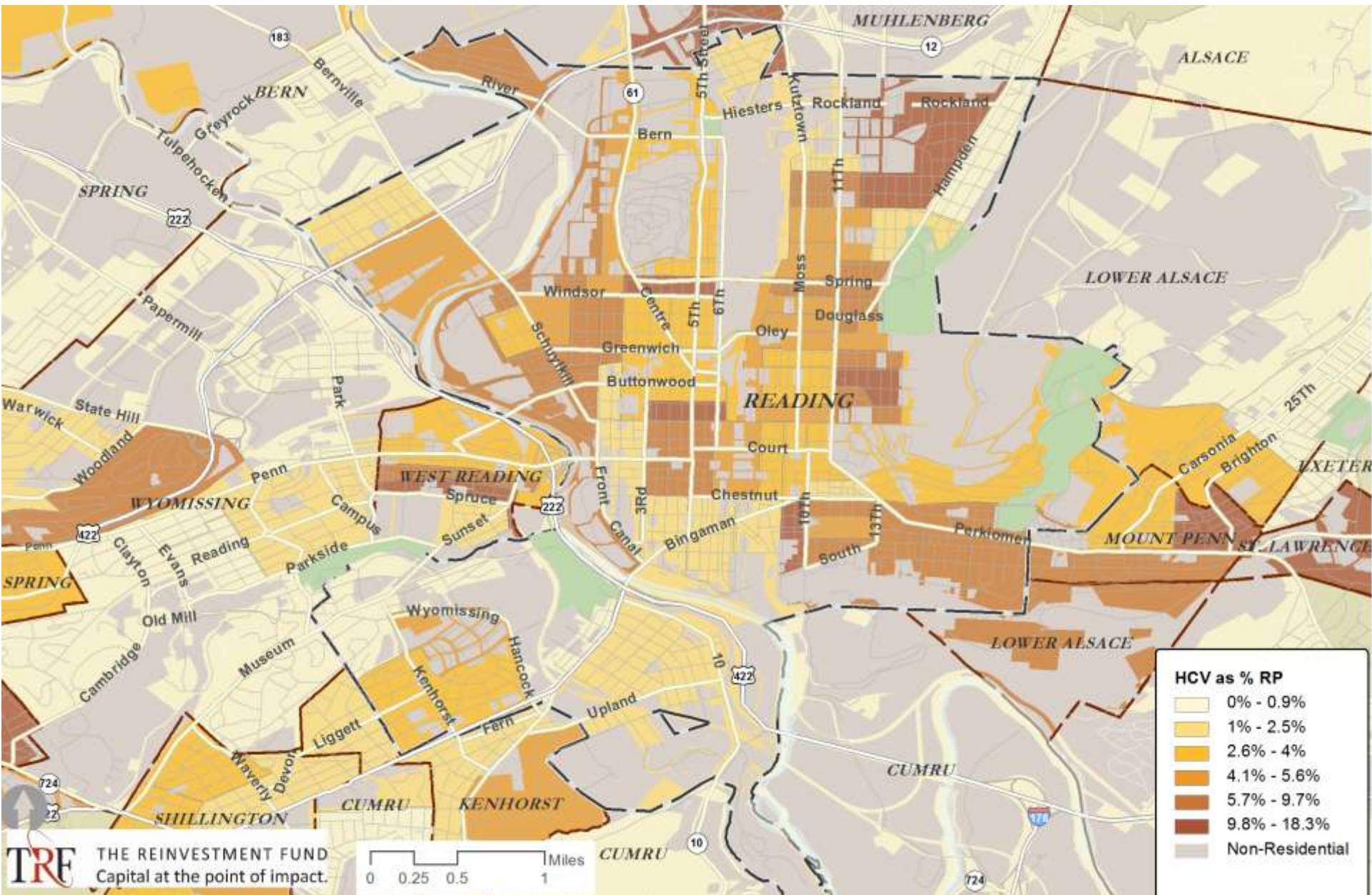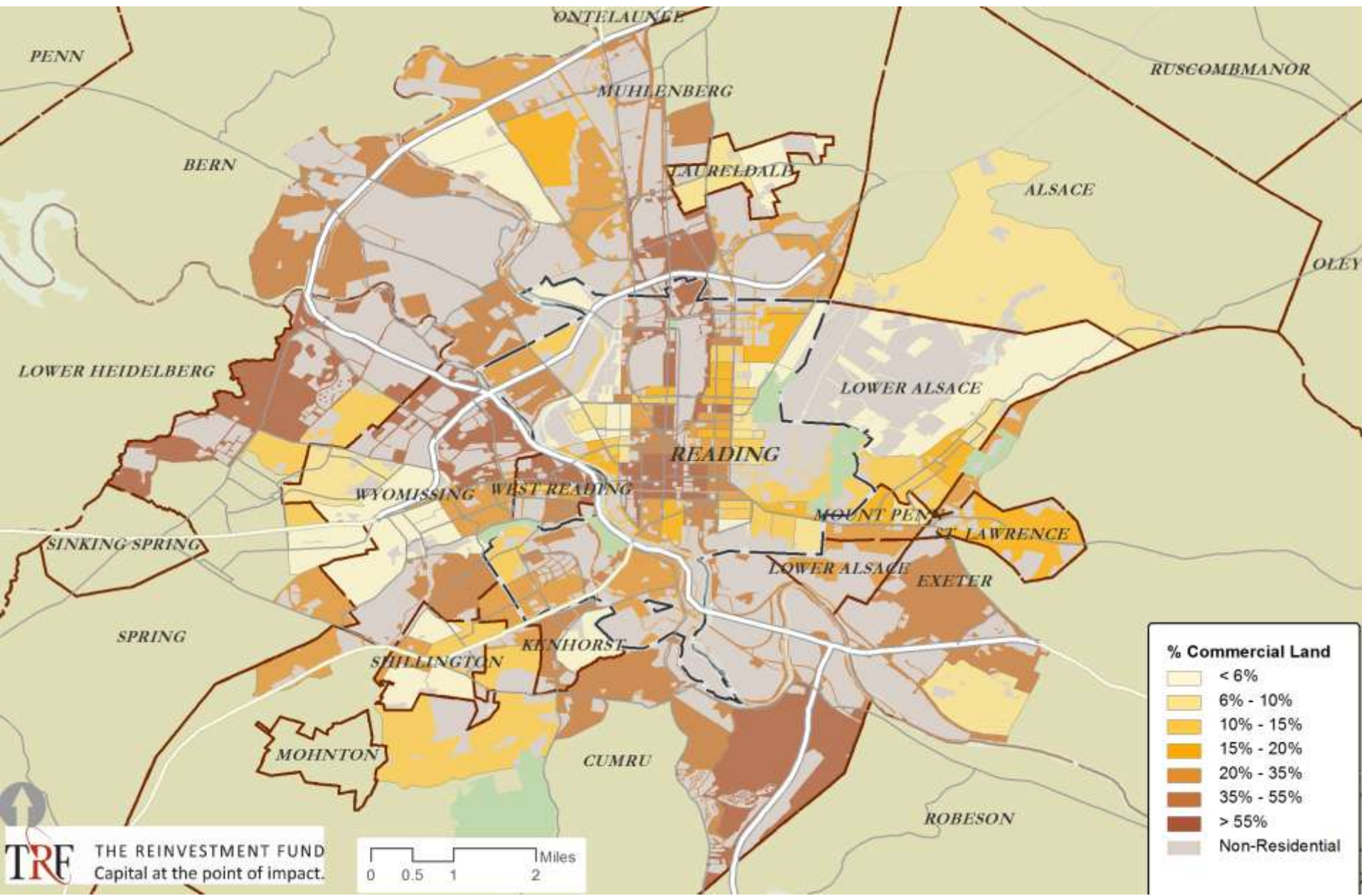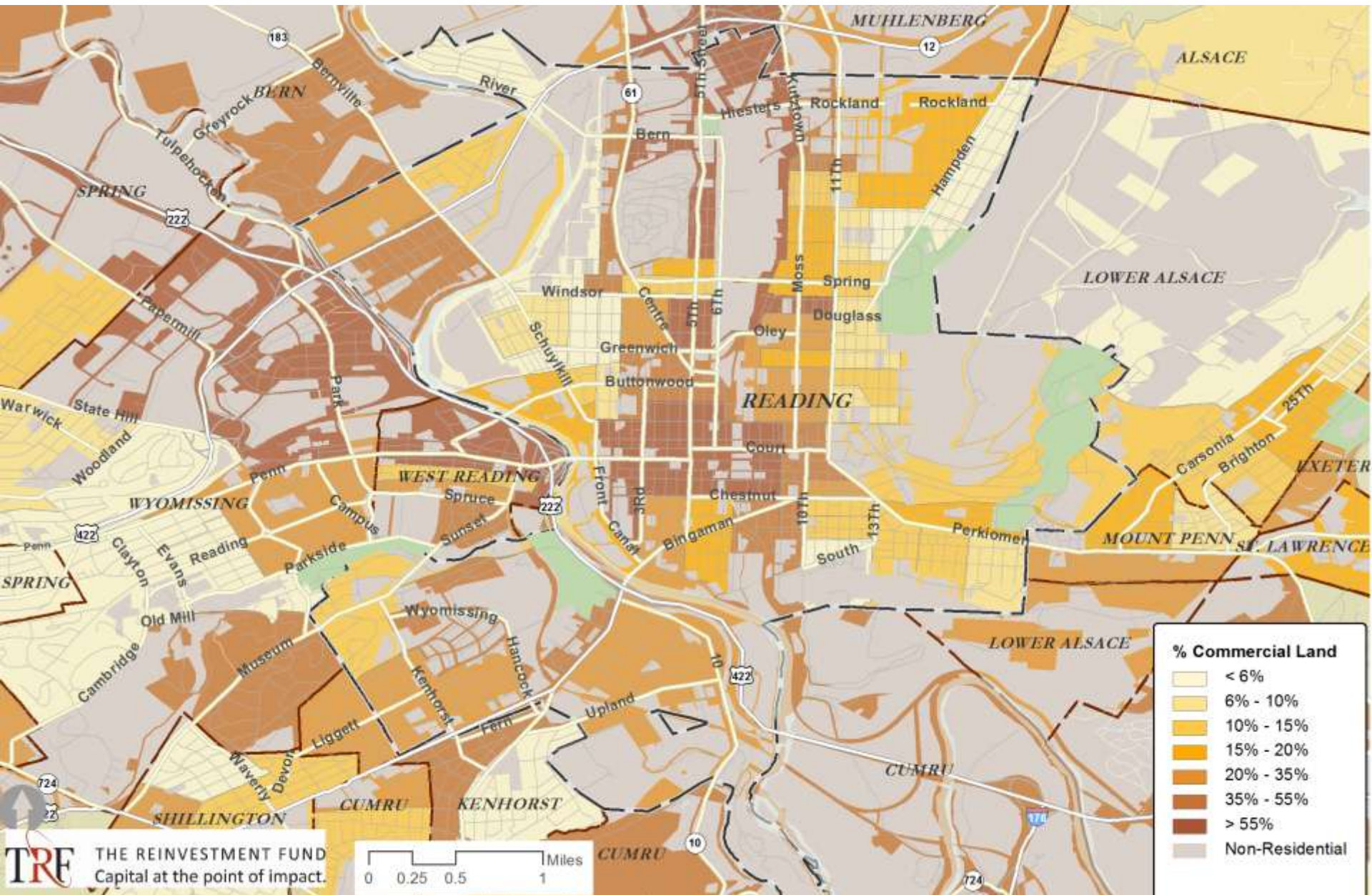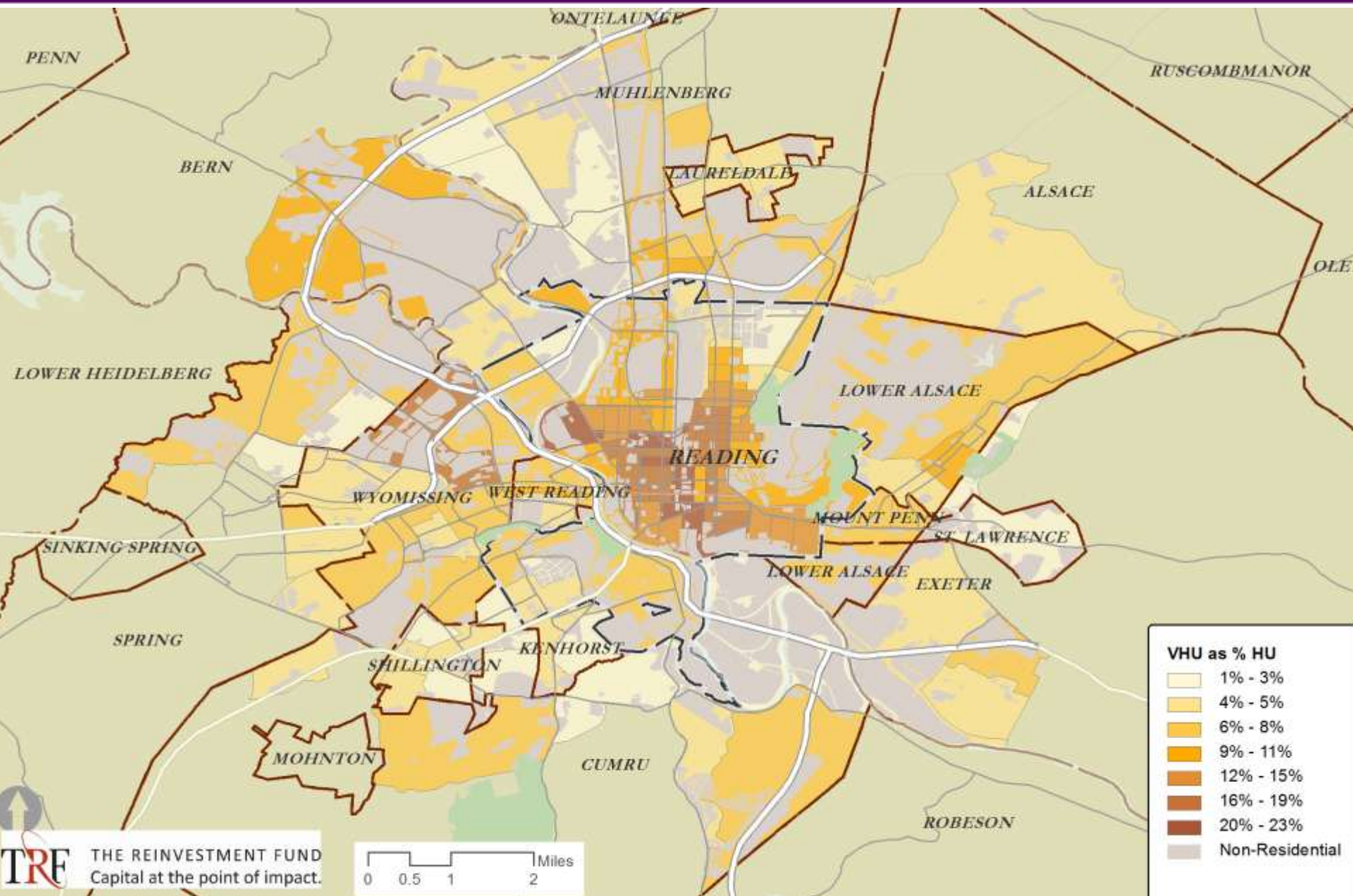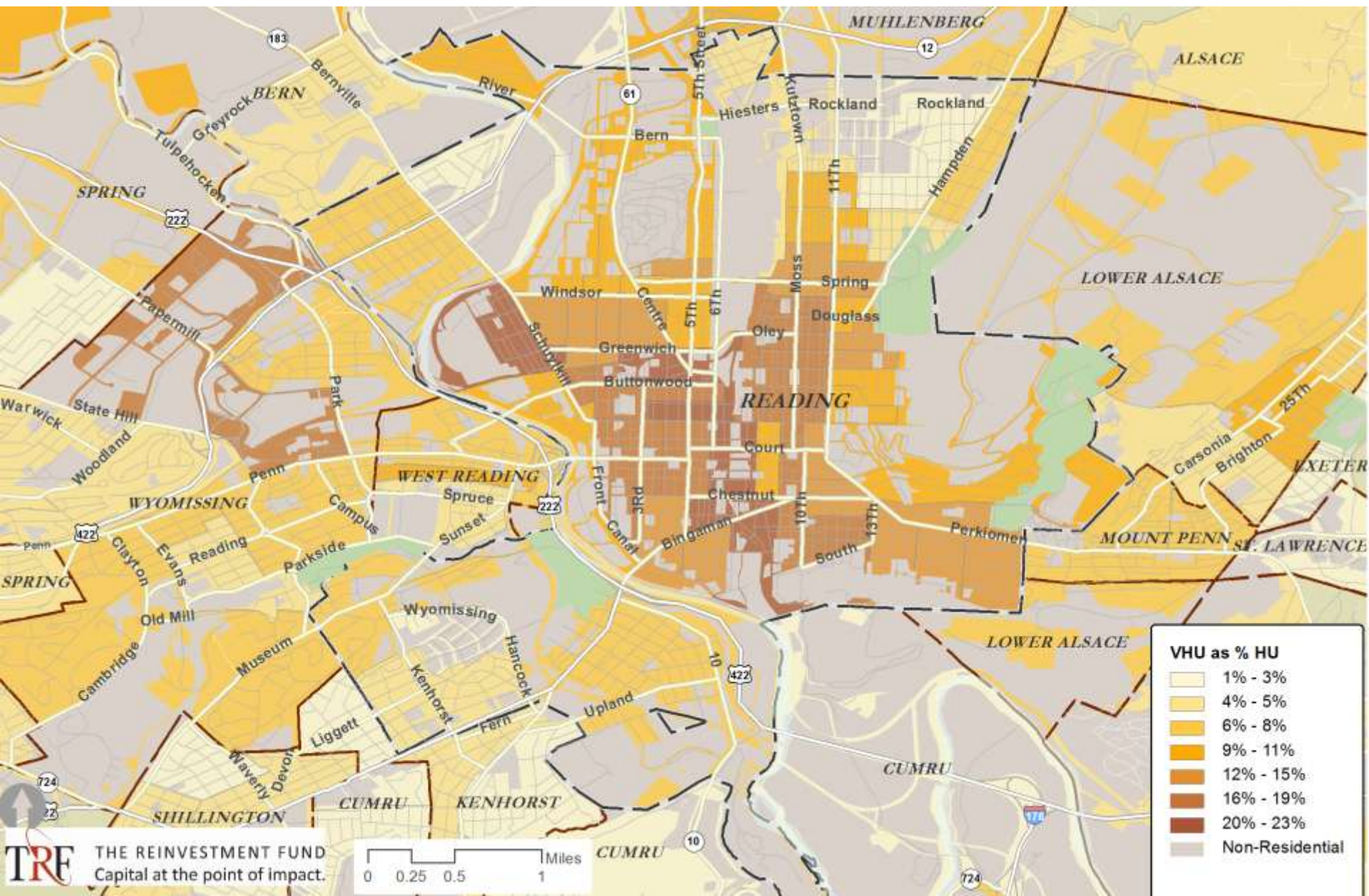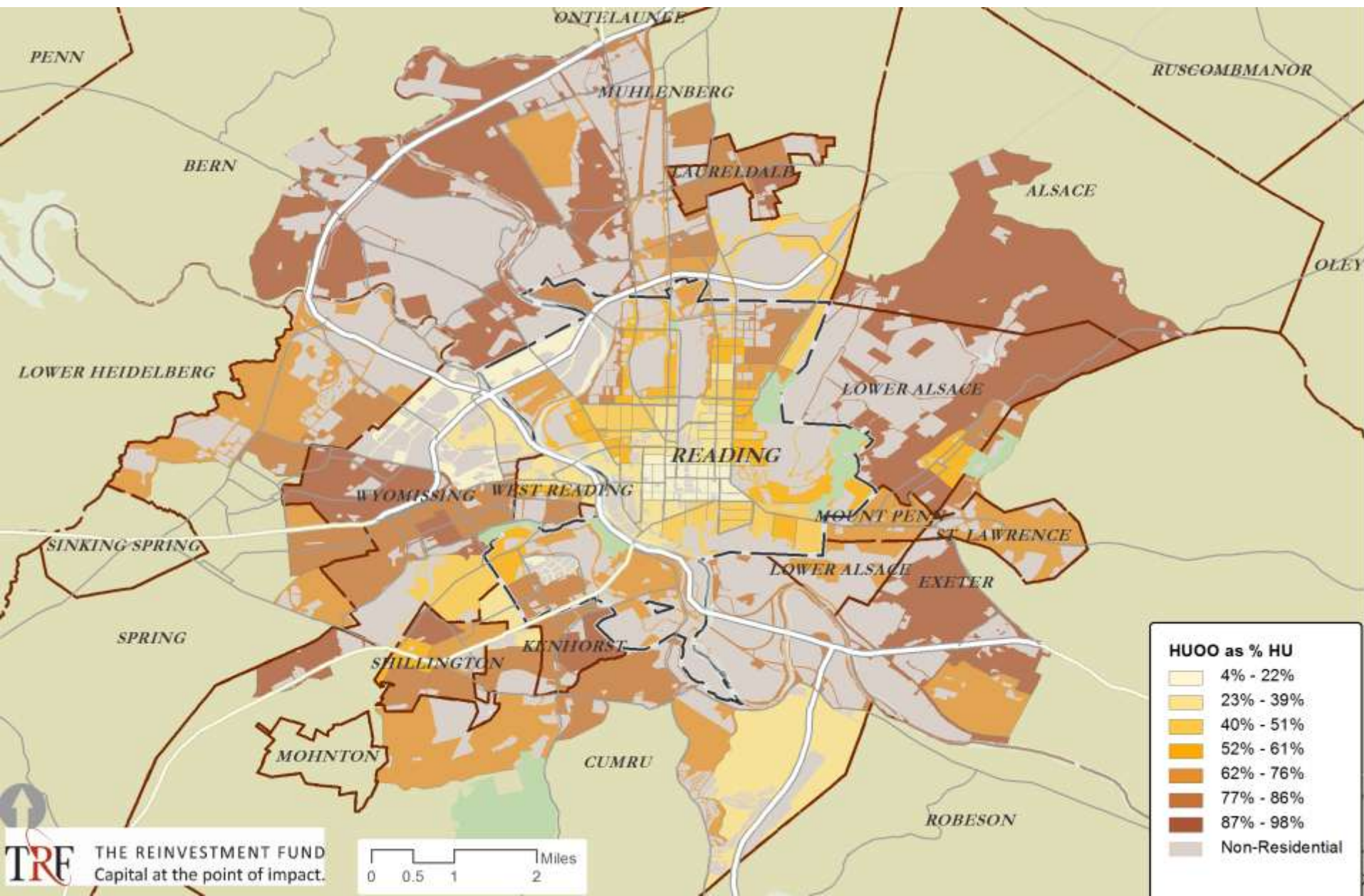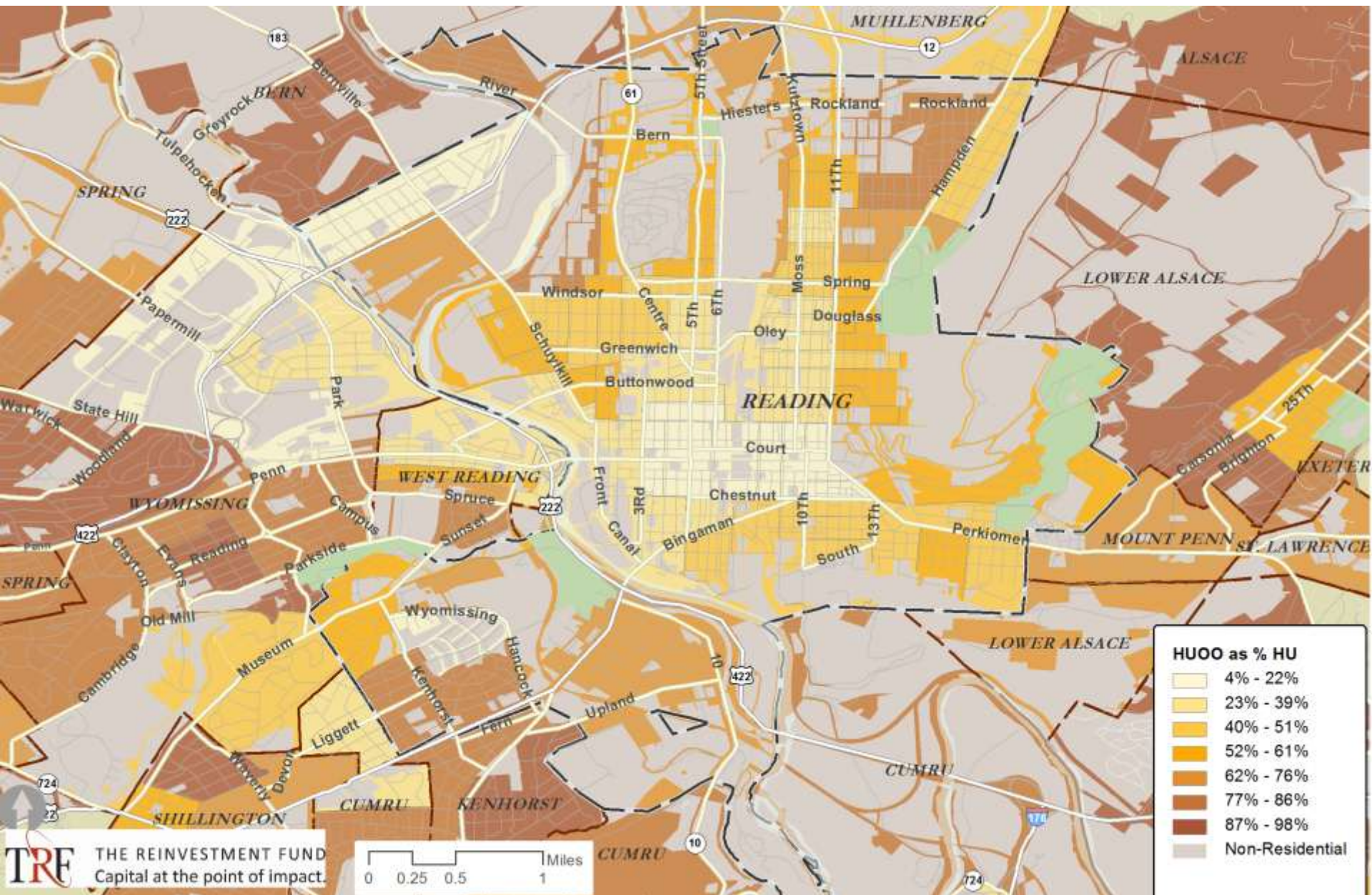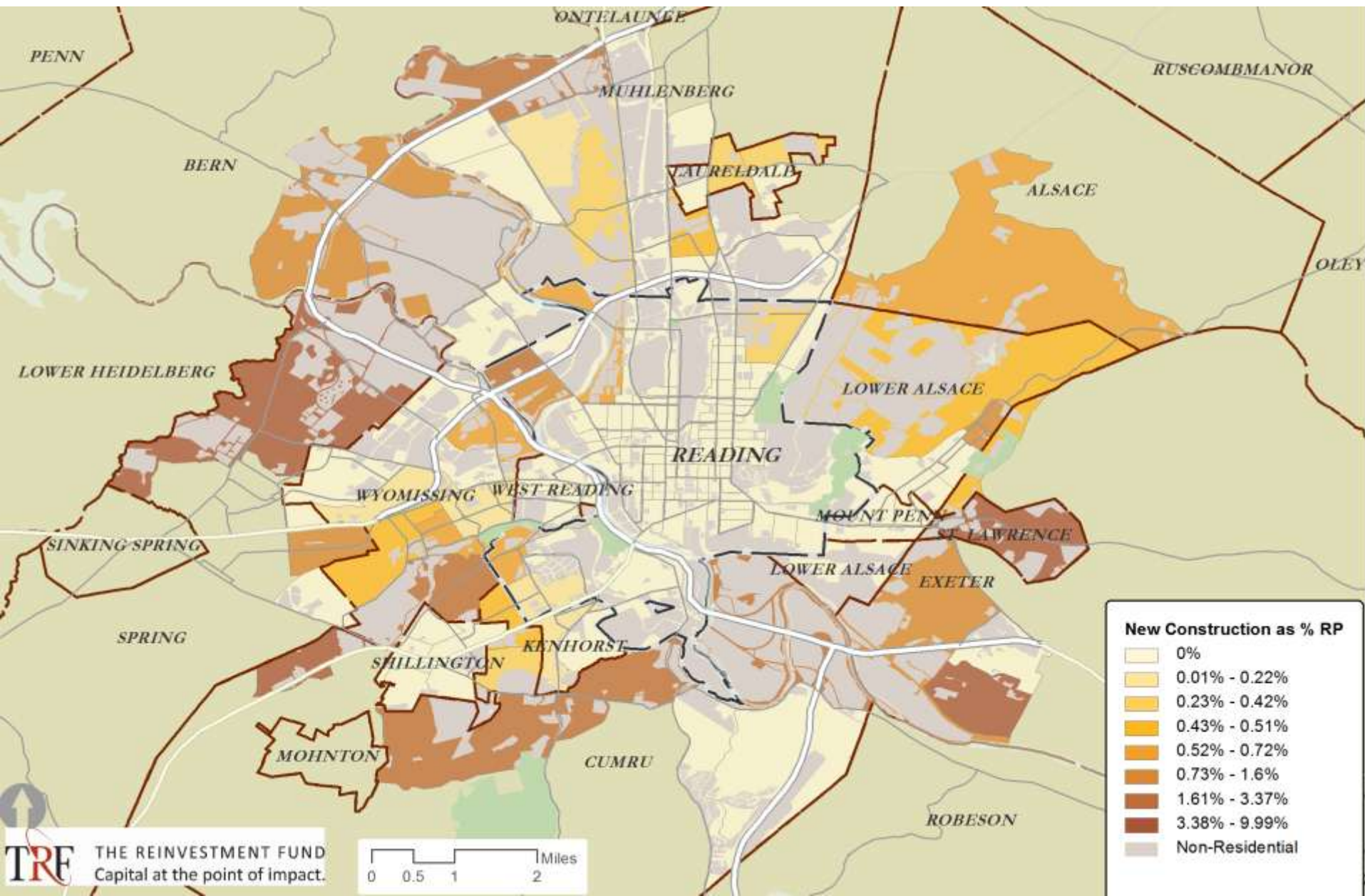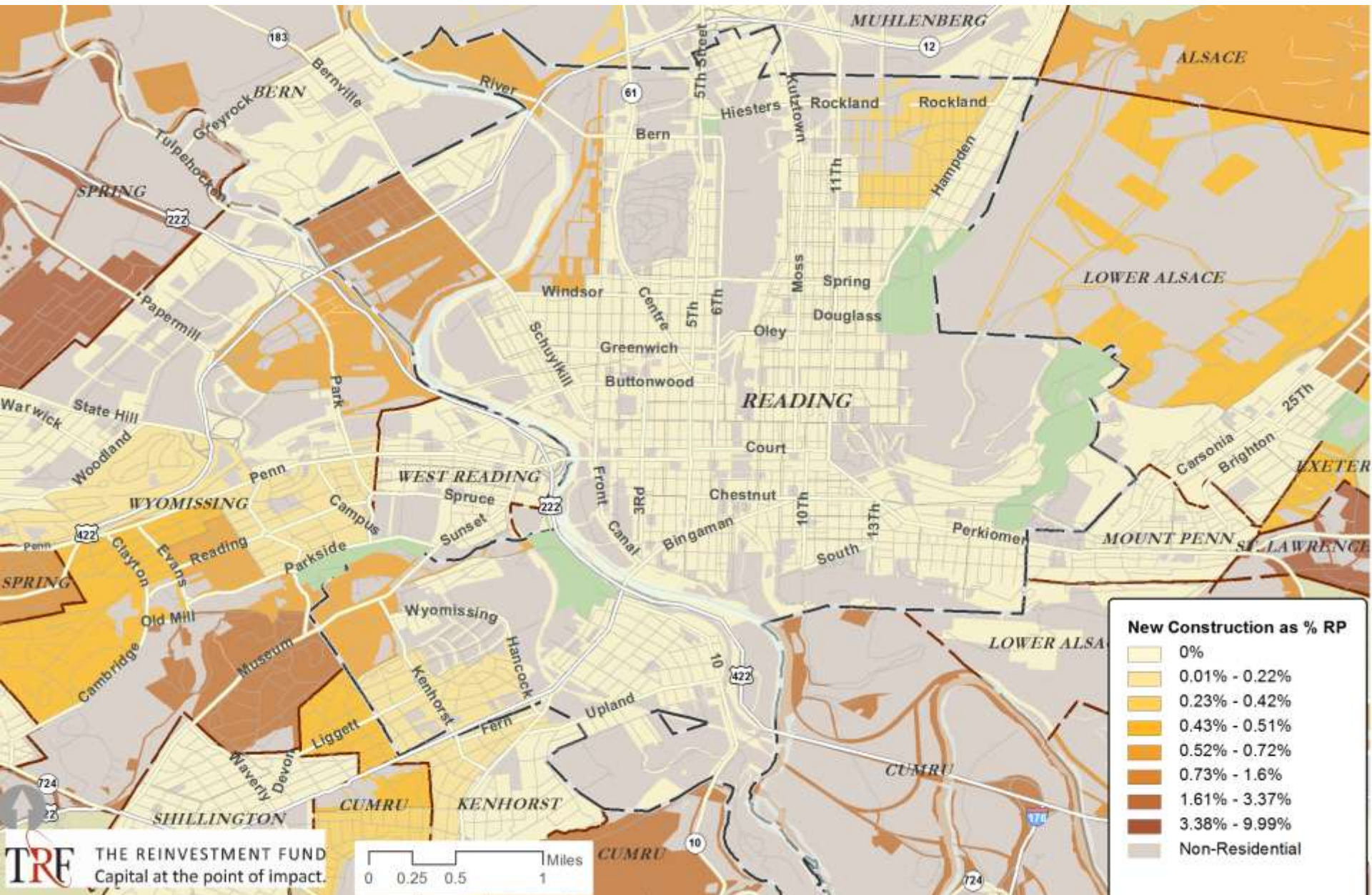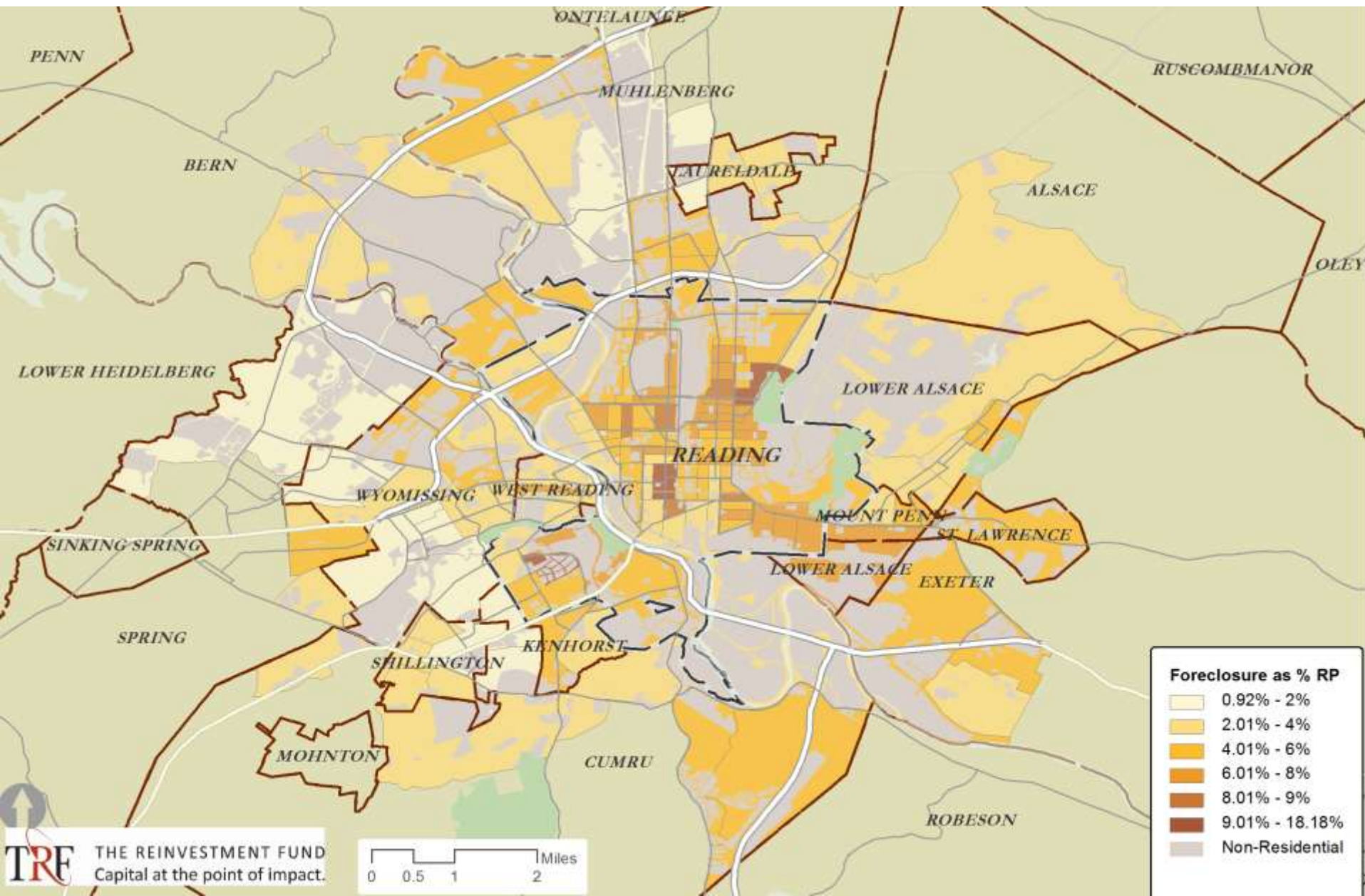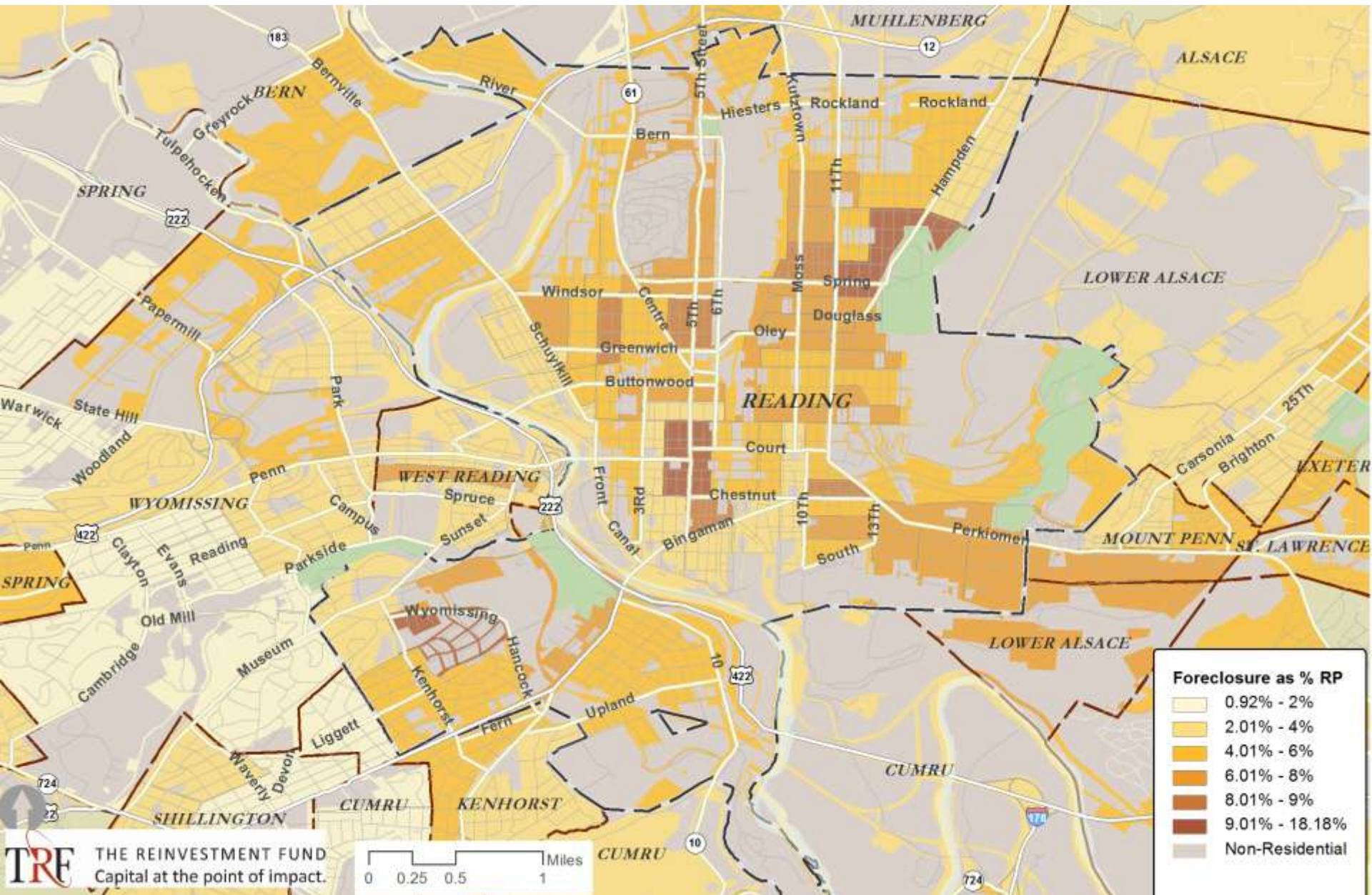
Reading Study Area MVA Characteristics

Market Types	# of Block Groups	# of Block Groups in Reading	# of Housing Units
A	16	0	11,726
B	24	2	12,186
C	22	8	13,024
D	5	2	2,426
E	15	11	7,533
F	19	19	8,859
G	13	13	7,057
H	11	11	4,483

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Market Types	Median Sales Price	Sales Price Variation	% of Rental Stock with HCV	% Commercial Area	% Vacant Housing Units	% of Housing Units OO	% New Construction	% of Residences with FF
A	$170,538	0.92	0.9%	27.9%	4.2%	81.0%	2.5%	3.3%

Market Types	Median Sales Price	Sales Price Variation	% of Rental Stock with HCV	% Commercial Area	% Vacant Housing Units	% of Housing Units OO	% New Construction	% of Residences with FF
B	$145,160	0.40	2.4%	10.3%	4.4%	80.8%	0.2%	2.6%

Market Types	Median Sales Price	Sales Price Variation	% of Rental Stock with HCV	% Commercial Area	% Vacant Housing Units	% of Housing Units OO	% New Construction	% of Residences with FF
C	$104,058	0.47	1.6%	32.6%	5.3%	60.1%	0.3%	4.4%

Market Types	Median Sales Price	Sales Price Variation	% of Rental Stock with HCV	% Commercial Area	% Vacant Housing Units	% of Housing Units OO	% New Construction	% of Residences with FF
D	$97,560	0.45	14.4%	13.8%	4.7%	76.2%	0.9%	4.2%

Market Types	Median Sales Price	Sales Price Variation	% of Rental Stock with HCV	% Commercial Area	% Vacant Housing Units	% of Housing Units OO	% New Construction	% of Residences with FF
E	$56,431	0.56	5.3%	37.7%	10.4%	52.2%	0.1%	6.1%

Market Types	Median Sales Price	Sales Price Variation	% of Rental Stock with HCV	% Commercial Area	% Vacant Housing Units	% of Housing Units OO	% New Construction	% of Residences with FF
F	$23,705	0.70	6.4%	11.0%	13.3%	49.7%	0.0%	6.9%

Market Types	Median Sales Price	Sales Price Variation	% of Rental Stock with Housing Choice Vouchers	% Commercial Area	% Vacant Housing Units	% of Housing Units Owner Occupied	% New Construction	% of Residences with Foreclosure Filings
G	$20,310	0.93	3.5%	43.2%	16.0%	24.4%	0.0%	5.4%

Market Types	Median Sales Price	Sales Price Variation	% of Rental Stock with HCV	% Commercial Area	% Vacant Housing Units	% of Housing Units OO	% New Construction	% of Residences with FF
H	$12,690	0.88	5.6%	26.0%	19.1%	38.2%	0.0%	4.5%

Reading MVA Cluster

- ▨ < 5 sales
- A
- B
- C
- D
- E
- F
- G
- H
- Non-Residential

Estimated

- ▨ G
- ▨ H

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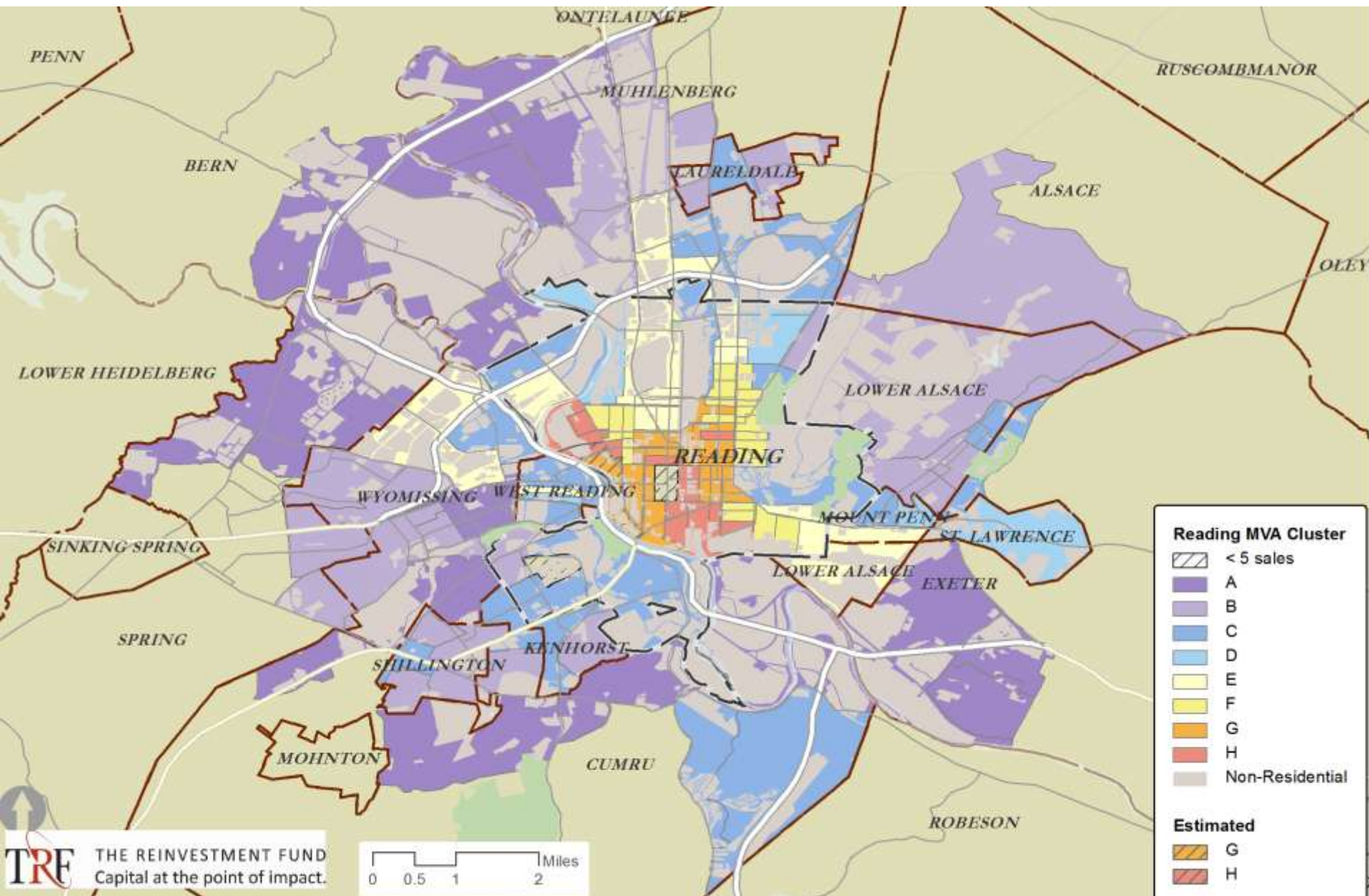
Philadelphia MVA Examples:

- NTI Program

- NSP2 Application Strategy

Match Markets to Interventions

- Understand market types
- Identify market intersection/transition areas
- Establish government role in each market
  - Define activities/interventions
- Assess and evaluate market changes

Philadelphia 2001 MVA Use*

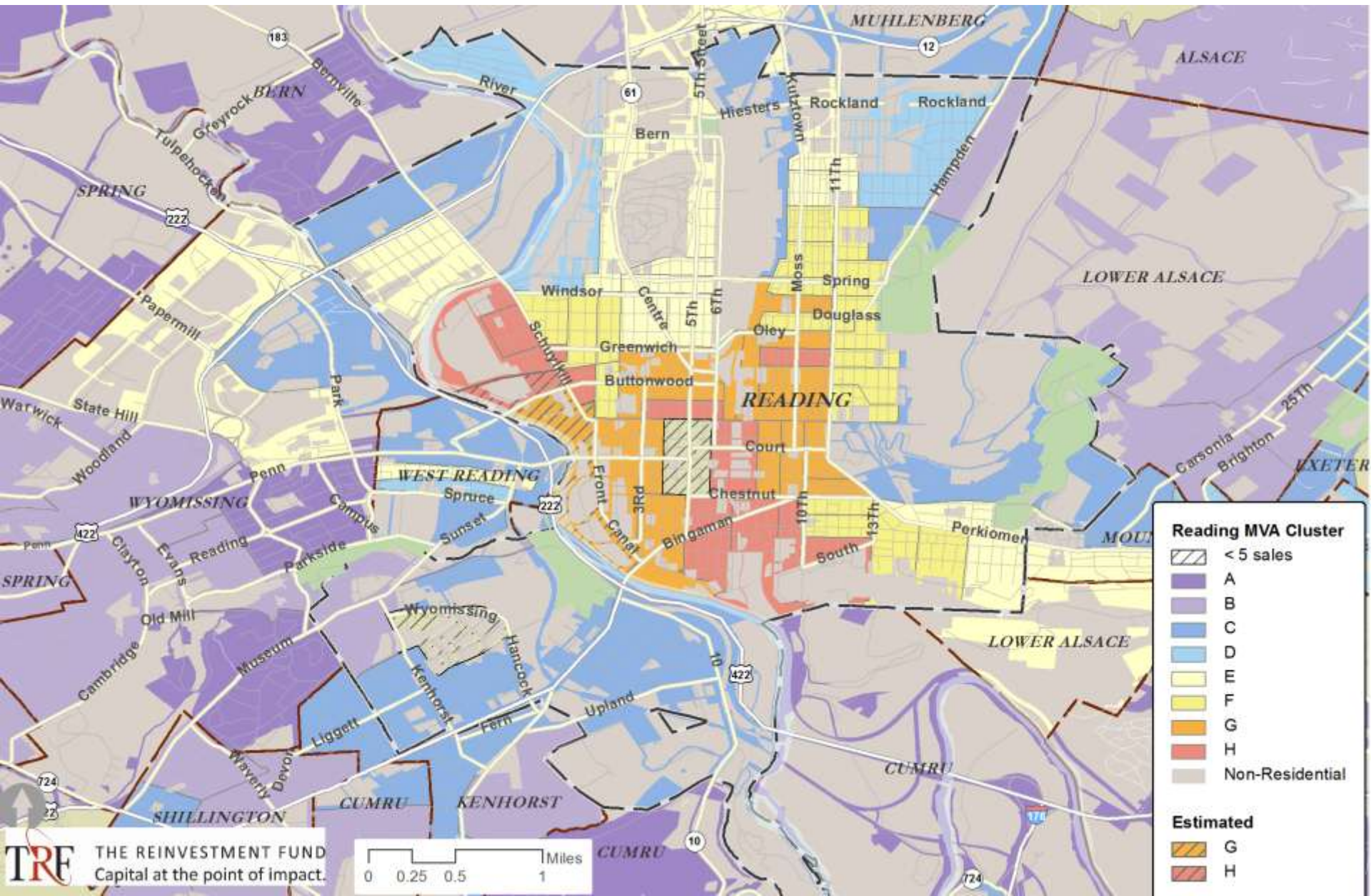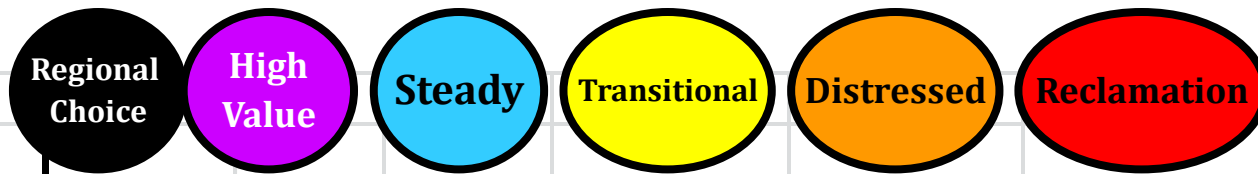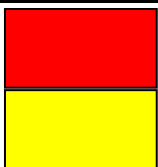|	Regional Choice	High Value	Steady	Transitional	Distressed	Reclamation
Demolition of Dangerous Properties		Some Activity	Some Activity	Low Priority	Medium Priority	High Priority
Encapsulation: Acquisition/Rehab		Some Activity	Some Activity	High Priority	High Priority	Medium Priority
Dead Tree Removal	High Priority	High Priority	High Priority	High Priority	Some Activity	Some Activity
Land Assembly for Redevelopment		Some Activity	Some Activity	Some Activity	Medium Priority	High Priority
Selective Enhancement of Lots		Some Activity	Medium Priority	High Priority	Medium Priority	Some Activity
Quality of Life Code Enforcement (broken window syndrome)		Some Activity	High Priority	High Priority	High Priority	Some Activity
Abandoned Car Removal	High Priority	High Priority	High Priority	High Priority	High Priority	High Priority
Nuisance Abatement	High Priority	High Priority	High Priority	High Priority	Medium Priority	Medium Priority

Legend:
- Red: High Priority
- Orange: Medium Priority
- Yellow: Low Priority
- Blue (light): Some Activity

*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

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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:

$$\frac{\text{(units acquired \& rehabilitated + units demolished)}}{\text{Total vacant units in target area (USPS data)}}$$

Capital at the point of impact.

Table 1
NSP Allocations and Properties These Funds Could "Touch"

Without highly strategic allocation, NSP funds will only be able to touch a tiny fraction of the affected properties in these markets.
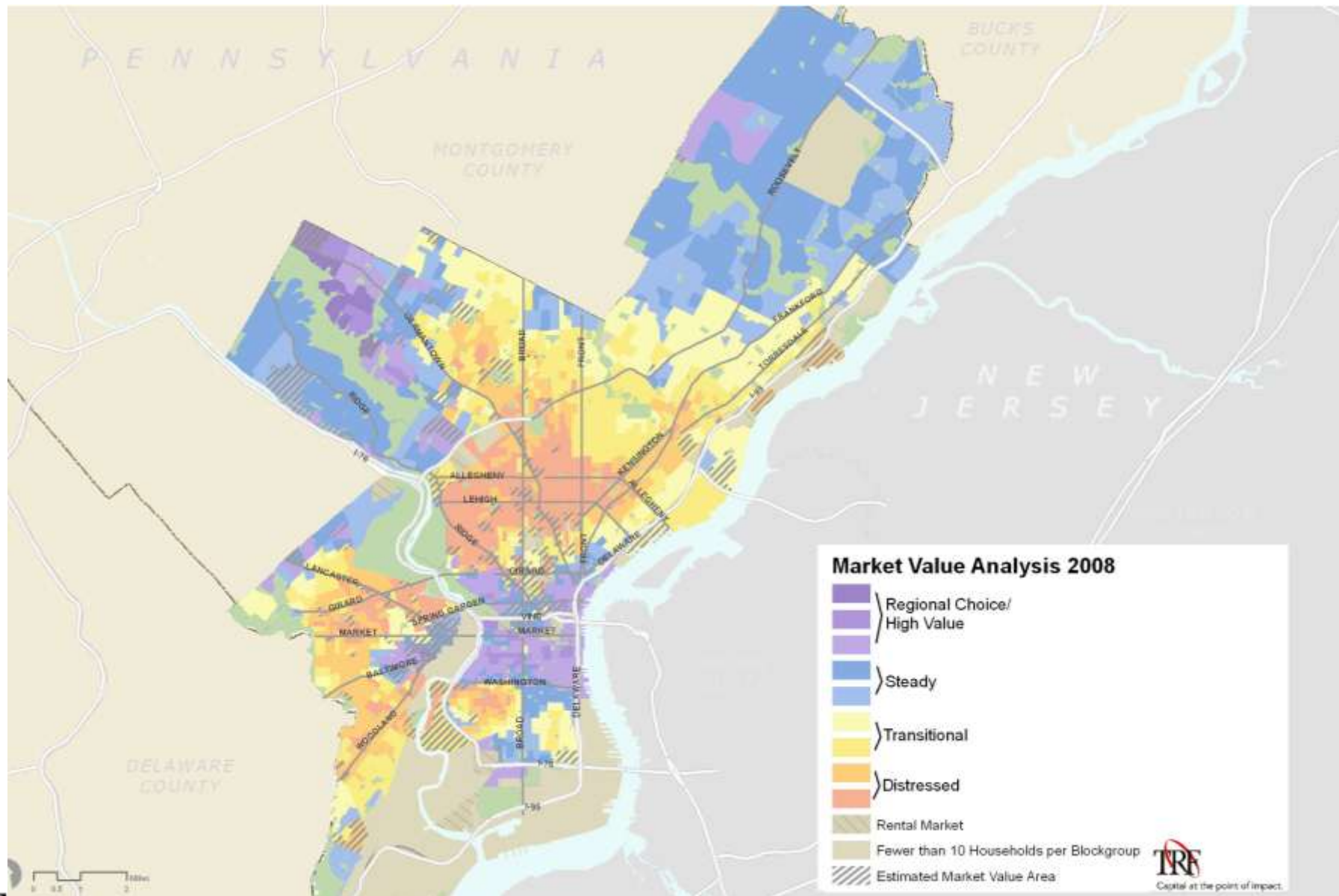
	NSP1 allocation*	NSP1 allocation less 10% admin cost	Median sale price 2008**	80% median sale price 2008	Median sale price 2009 (Q2)**	80% median sale price 2009	Number of properties touched (2008 prices)	Number of properties touched (2009 prices)	USPS vacancies 2009 (Q2)***	Estimated percent touched by NSP1 funds (2009)
Phoenix	$39,478,096	$35,530,286	$150,660	$120,528	$85,500	$68,400	295	519	36,809	1.1%
Sacramento	$18,605,460	$16,744,914	$190,500	$152,400	$164,000	$131,200	110	128	6,214	1.9%
Miami	$12,063,702	$10,857,332	$209,000	$167,200	$140,000	$112,000	65	97	7,227	1.1%
Atlanta	$12,316,082	$11,084,474	$119,000	$95,200	$87,000	$69,600	116	159	15,263	0.9%
Chicago	$55,238,017	$49,714,215	$230,000	$184,000	$185,000	$148,000	270	336	43,563	0.7%
Boston	$4,230,191	$3,807,172	$327,000	$261,600	$315,481	$252,385	15	15	N/A	N/A
Baltimore	$4,112,239	$3,701,015	$230,000	$184,000	$215,000	$172,000	20	22	21,942	0.1%
Detroit	$47,137,690	$42,423,921	$31,875	$25,500	$20,500	$16,400	1664	2587	59,692	3.6%
Las Vegas	$14,775,270	$13,297,743	$175,000	$140,000	$106,000	$84,800	95	157	13,163	1.0%
Cleveland	$16,143,120	$14,528,808	$26,667	$21,334	$25,000	$20,000	681	726	22,084	3.2%
Philadelphia	$16,832,873	$15,149,585	$120,000	$96,000	$105,000	$84,000	158	180	23,745	0.7%

*Source: http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/nsp1.cfm
**Source: Policymap.com
***Source: USPS city-level vacancy estimates from Policymap.com

Market Value Analysis 2008

Regional Choice/ High Value

Steady

Transitional

Distressed

Rental Market

Fewer than 10 Households per Blockgroup

Estimated Market Value Area

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

Foreclosure Filings 2005-07 and Q1 2008

Market Value Analysis 2008

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

Government Role:

Facilitate healthy functioning of the private market

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

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Steady Markets

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

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

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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

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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:

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

Highly Distressed Markets

Government Role:
Create conditions for market rebirth; Build from strength

Characterized by:

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

Government Activity:

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

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