

Executive Summary

Reinvestment Fund designed the MVA in 2001 to support a significant and comprehensive neighborhood revitalization program in the City of Philadelphia. Since that time, Reinvestment Fund has conducted MVAs in places across the U.S. to support government officials at all levels, as well as the private and nonprofit sectors, as they work to implement evidence-based decision-making. Using an MVA, the public, private, and non-profit sectors can more precisely craft intervention strategies in weak markets and support sustainable growth in stronger ones.

The MVA is rooted in several normative assumptions. First, public subsidy is a scarce commodity and cannot, by itself, create a market. Therefore, public subsidy must be used to leverage, or clear the path for, private investment. Second, investments in distressed markets should build on existing areas of strength, such as major institutions, transportation centers, significant public amenities, or adjacent strong real estate markets. This approach has been described as *building from strength*. Third, all residents of a community (in this case, the city of St. Louis) are customers of the services and resources that it has to offer. To retain these residents, public leaders must balance programs and initiatives to preserve and stabilize neighborhoods as well as stimulate growth in distressed areas. Fourth, decisions to invest resources and/or deploy programs must be informed by objectively-gathered data and sound quantitative and qualitative analysis.

Market Indicators Employed in the MVA

In preparing the 2019 Delaware MVA, all market indicators were obtained from the State of Delaware; the City of Wilmington; Kent, New Castle and Sussex counties; the U.S. Census Bureau's American Community Survey; or the U.S. Department of Housing and Urban Development and geocoded to Census block groups within the City of Wilmington and to the Census tract across the rest of the State of Delaware. The data used in the Delaware MVA are:

- Residential Real Estate Sales (2017 – 2019) price and variance from Kent, New Castle, and Sussex county property sales data;
- Foreclosures (2017 – 2Q2019) residential owner-occupied foreclosure filings from the State of Delaware's Department of Justice;
- Residential Vacancy from City of Wilmington (2019) and United States Postal Service property data (Q2-Q4, 2019);
- Residential building permits and development applications from the State of Delaware Office of State Planning and residential building permits from the City of Wilmington. Permit data from the City of Wilmington only included instances where all permitted work was at least \$10,000 value (2017 – 2019);
- Owner Occupancy from 2014 – 2018 American Community Survey data;
- Residences built from 2010 on from 2014 – 2018 American Community Survey data;
- Cost-assisted renter households using housing choice vouchers or living in public housing developments obtained from HUD's Picture of Subsidized Housing (POSH 2018); and
- Mobile homes from 2014 – 2018 American Community Survey data;

- Area with low population density from 2010 Census data and residential permit and development applications from the State of Delaware Office of State Planning and residential building permits from the City of Wilmington (2017-2019);
- Agricultural preservation districts from Delaware Agricultural Lands Preservation program 2019;
- United States Department of Agricultural multi-family housing rental assistance (2019);
- Rent from 2014-2018 American Community Survey data, used to manually classify block groups with fewer than five home sales.

The indicators were then field validated by Reinvestment Fund staff and local subject matter experts. Reinvestment Fund staff drove throughout the State of Delaware twice physically inspecting for agreement between the data collected and the appearance of markets on the ground. After the onset of the COVID-19 pandemic, Reinvestment Fund relied on expertise of local subject matter experts to validate the data. A group of local real estate experts viewed maps and data summaries of each component variable and provided feedback on the project on three occasions.

Methodology for Creating the MVA

Next, a statistical cluster analysis identified areas (i.e. Census tracts for the State of Delaware) that share a common data profile. The cluster analysis segments tracts into clusters (in this case, a total of nine) based on sharing like characteristics on the market indicators listed above. The cluster analysis creates a typology of market types that share characteristics even when geographically located in different places within the State of Delaware. To classify the block groups within the City of Wilmington, Reinvestment Fund used linear discriminant analysis to best sort Wilmington's block groups into the market types identified by the cluster analysis. The results were mapped and subjected to another round of virtual inspection by Reinvestment Fund staff comparing the results to observed conditions on the ground and vetted again by local experts.

Statewide Findings

According to the 2019 Delaware MVA, the median home sales price of Delaware's tracts is about \$228,343. In a typical block group four percent of residential parcels have building permits or development applications and five percent of residences were built after 2010. Delaware's Census tracts are on average 70% owner-occupied. On average, 1 percent of residential buildings are vacant. Statewide, foreclosure sales account for 18 percent of sales. Subsidized rental households make up six percent of the average Census tract's total rental housing stock. USDA multi-family subsidized housing is on average 1 percent of rental units. The typical Census tract is 35 percent low density land, and four percent agricultural preservation land. Mobile homes are on average seven percent of all housing units.

The table and descriptions below present the indicators for the Delaware's MVA. The table is organized so each market type is described by the block group average for each indicator. Note that five Census tracts with insufficient sales data were not classified. The 2014-2018 American Community Survey shows that those 5 areas are home to 1,247 households and 3,881 people – representing less than one percent of the housing units and six percent of the population of the State of Delaware.

Cluster	# Tracts	Median Sales Price 2017-2019	Variance in Sales Price, 2017-2019	% Foreclosures 2017-19, by Sales	% Vacant Housing Units	% Owner Occupied, 2014-18	% Residences Built After 2010, 2014-18	% Subsidized Rental Housing, 2019	% Building Permits & Development Applications, 2017-19	% Mobile Homes, 2014-18	% Land Area with Low Population Density, 2017-19	% Agricultural Preservation Land, 2019	% USDA Rural Subsidy, 2019
A	17	\$ 515,112	0.50	9%	1%	86%	5%	0%	3%	5%	29%	1%	1%
B	23	\$ 299,001	0.52	7%	0%	84%	17%	0%	19%	13%	38%	5%	1%
C	33	\$ 295,393	0.32	14%	0%	80%	3%	1%	1%	3%	12%	0%	0%
D	25	\$ 207,095	0.66	14%	0%	80%	6%	1%	4%	16%	79%	22%	2%
E	45	\$ 191,244	0.38	27%	0%	67%	2%	4%	1%	3%	13%	0%	0%
F	25	\$ 190,212	0.37	27%	0%	51%	3%	8%	1%	2%	55%	1%	0%
G	17	\$ 159,284	0.81	10%	0%	74%	6%	1%	5%	22%	57%	4%	11%
H	16	\$ 96,405	0.60	29%	2%	58%	1%	14%	1%	1%	26%	0%	0%
I	12	\$ 38,850	0.83	26%	3%	35%	2%	46%	0%	0%	34%	0%	0%
Unclassified	5	Insufficient data	Insufficient data	0%	0%	1%	8%	0%	0%	0%	38%	0%	0%
State Avg	218	\$ 228,343	0.50	18%	1%	70%	5%	6%	4%	7%	35%	4%	1%

Statewide Market Characteristics for Each Identified Cluster

- “A” markets have the highest housing values and levels of homeownership, below average levels of foreclosure sales, just below average share of permitting or new development and low levels of sparsely populated areas.
- “B” markets have high housing values and levels homeownership, below average levels of foreclosure sales, the highest levels of permitting and development applications investment and residences built from 2010 on, above average share of mobile homes, very low levels of vacancy and below average levels of distressed or investor sales.
- “C” markets have above average housing values, below average levels of permitted and development application investment, and just below average levels of foreclosure sales.
- “D” markets have below average housing values and high levels of homeownership. They have the second highest share of mobile homes, and highest levels of low-density land and agricultural preservation land.
- “E” markets have below average housing values, high levels of foreclosure sales, below average rates of homeownership, and the lowest levels of low population density tracts.
- “F” markets have housing values below the state average, have below average homeownership rate, above average shares of foreclosure sales, and above average share of low-density land.
- “G” markets have below average housing values, the highest level of mobile homes, below average levels of foreclosure sales, just above average levels of homeownership, and the highest shares of USDA multi-family subsidized renters.

- “H” markets have below average housing values, low levels of permitting activity, below average levels of homeownership, the highest share of foreclosure sales and above average levels of subsidized rental housing.
- “I” markets have the lowest average housing values and lowest levels of permitting activity. They have more renters than owners, the highest share of subsidized renters, and an above average share of foreclosure sales.

Citywide Findings

The median home sales price of Wilmington’s block groups is about \$106,223. In a typical block group two percent of residences were built after 2010, and 12 percent of residences have permits valued at \$10,000 or more. On average, seven percent of residences in Wilmington are vacant and 24 percent of sales are foreclosures. Wilmington block groups on average have slightly fewer owner-occupied households (46 percent) than renters (54 percent). Subsidized rental households make up 29 percent of the average block group’s total rental housing stock. Twenty-six percent of land has low population density.

The table and descriptions below present the indicators used for the MVA within the City of Wilmington. The table is organized so each market type is described by the block group average for each indicator. Note that 10 block groups with insufficient sales data were manually classified by imputing home values from rents and using the other available characteristics. The 2014-2018 American Community Survey shows that those 10 areas are home to 3,686 households and 8,302 people – representing 13 percent of the housing units and 11 percent of the population of the City of Wilmington.

Average Block Group Housing Market Characteristics for 2019 MVA Housing Market Types for the City of Wilmington

Cluster	# Block groups	Median Sales Price 2017-2019	Variance in Sales Price, 2017-2019	% Foreclosures 2017-19, by Sales	% Vacant Housing Units	% Owner Occupied, 2014-18	% Residences Built 2010, 2014-18	% Subsidized Rental Housing, 2019	% Building Permits & Development Applications, 2017-19	% Mobile Homes, 2014-18	% Land Area with Low Population Density, 2017-19	% Agricultural Preservation Land, 2019	% USDA Rural Subsidy, 2019
A	1	\$ 603,088	0.24	20%	0%	82%	2%	0%	32%	0%	18%	0%	0%
B	6	\$ 345,580	0.32	17%	0%	68%	3%	3%	29%	1%	21%	0%	0%
C	2	\$ 298,740	0.38	4%	0%	46%	0%	7%	5%	0%	10%	0%	0%
D	2	\$ 241,250	0.36	6%	2%	59%	1%	0%	24%	0%	62%	0%	0%
E	6	\$ 171,696	0.35	23%	1%	55%	2%	19%	12%	0%	17%	0%	0%
F	2	\$ 259,725	0.21	22%	1%	25%	4%	13%	7%	0%	48%	0%	0%
G													
H	23	\$ 89,498	0.55	33%	4%	53%	1%	24%	14%	0%	19%	0%	0%
Strong I	7	\$ 58,867	0.64	38%	8%	55%	2%	61%	12%	1%	21%	0%	0%
Middle I	16	\$ 33,379	0.76	25%	12%	40%	2%	33%	11%	1%	21%	0%	0%
Weak I	8	\$ 21,458	0.81	17%	18%	35%	4%	36%	10%	0%	34%	0%	0%
Unclassified	10	<i>Insufficient data</i>	<i>Insufficient data</i>	3%	2%	16%	3%	52%	2%	0%	48%	0%	0%
City Avg	83	\$ 106,223	0.62	24%	7%	46%	2%	29%	12%	0%	26%	0%	0%

Citywide Market Characteristics for Each Identified Cluster

- “A” markets have the highest housing values and highest levels of homeownership, lower than average levels of foreclosure and the highest levels of permitting and development applications.
- “B” markets have high housing values, high levels of permitting and development applications investment, very low levels of vacancy and below average levels of foreclosure sales.
- “C” markets have above average housing values, more renters than owners, below average levels of permitted and development application investment and residences built from 2010 on, and the lowest levels of foreclosure sales.
- “D” markets have above average housing values, lower than average levels of residential vacancy, low levels of subsidized renters, above average levels of owner occupants and above average shares of permit and development applications.
- “E” markets have above average housing values, low vacancy, average levels of permitting investment and foreclosures, and more owners than renters.
- “F” markets have housing values above the citywide average, the lowest share of homeowners, average shares of foreclosure sales, and above average share of low-density land.
- There are no “G” markets in the City of Wilmington.
- “H” markets have below average housing values, high levels of foreclosure shares, more owners than renters, below average levels of low-density land.

- “I” markets had the lowest median sales prices in the city, to provide more nuance, I markets were divided into quartiles by median sales price. The upper quartile was designated ‘Strong’, the middle two quartiles designated ‘Middle’ and the bottom quartile designated ‘Weak.’
 - Strong “I” markets had the highest share of foreclosure sales, more owners than renters and the highest share of subsidized renters.
 - Middle “I” markets had just above average share of foreclosure sales, above average vacancy, and more renters than owners.
 - Weak “I” markets have below average share of foreclosure sales, highest vacancy levels, more renters than owners and above average levels of subsidized renters.

For more information on the 2019 Delaware MVA, please contact Ira Goldstein, President, Policy Solutions, Reinvestment Fund at ira.goldstein@reinvestment.com