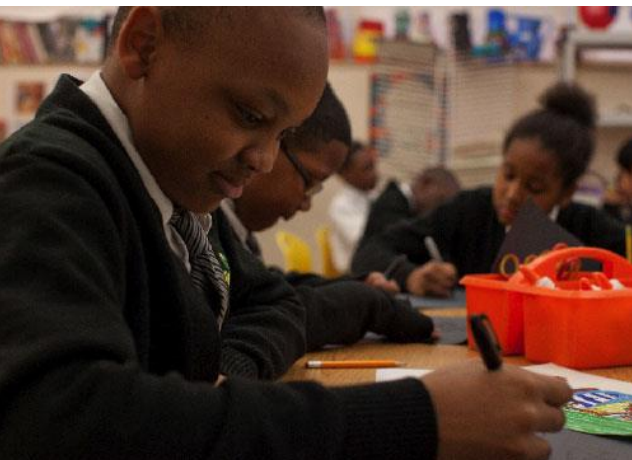




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Market Value Analysis (MVA): City of Wilmington, DE

February 2016

Profile of Reinvestment Fund

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

In general

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.

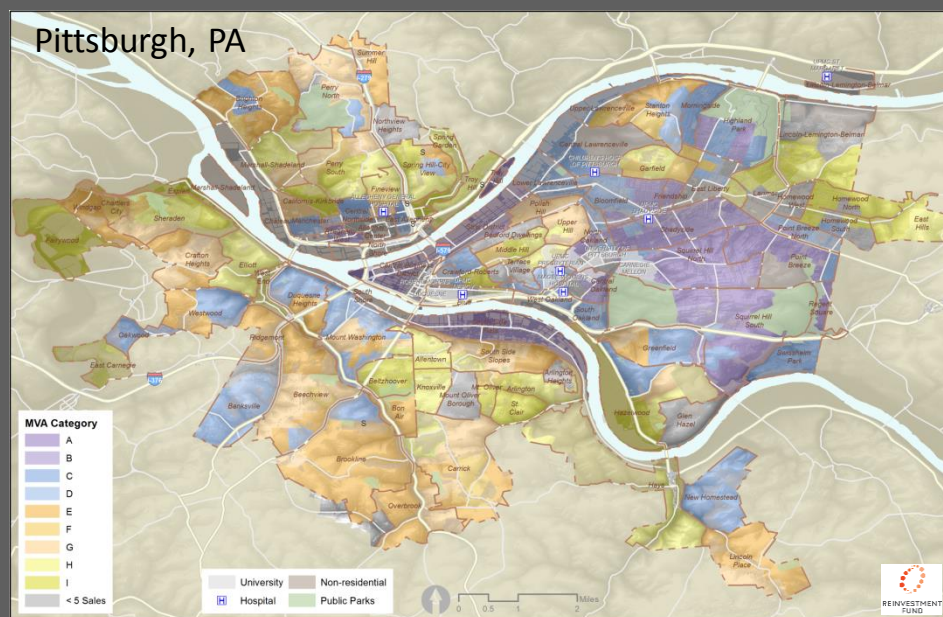
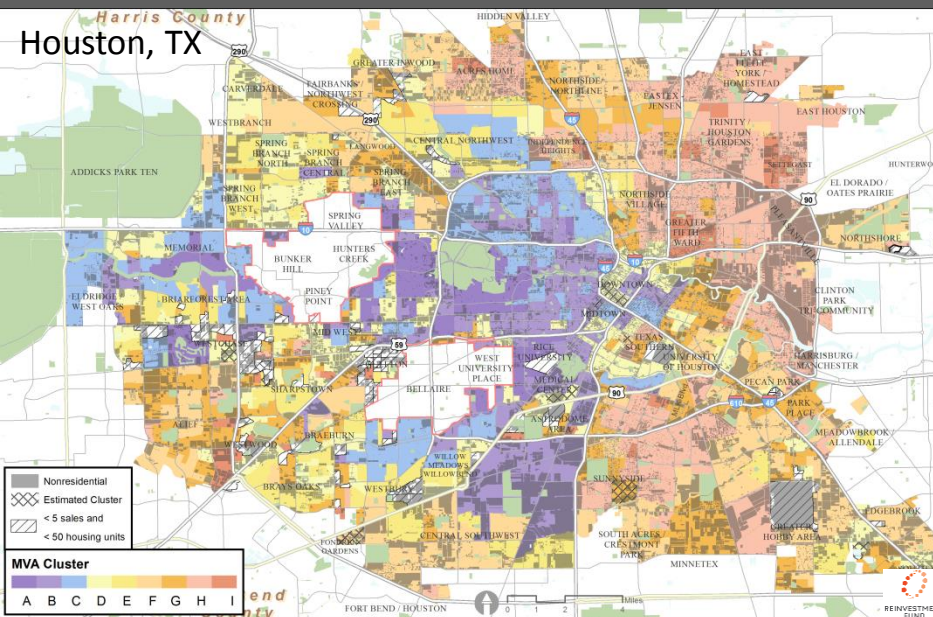
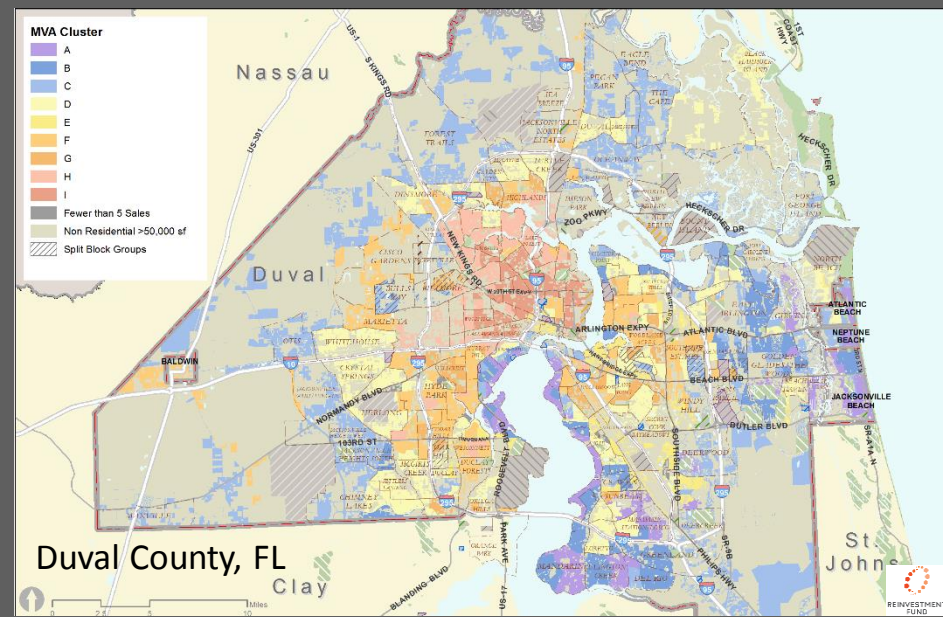
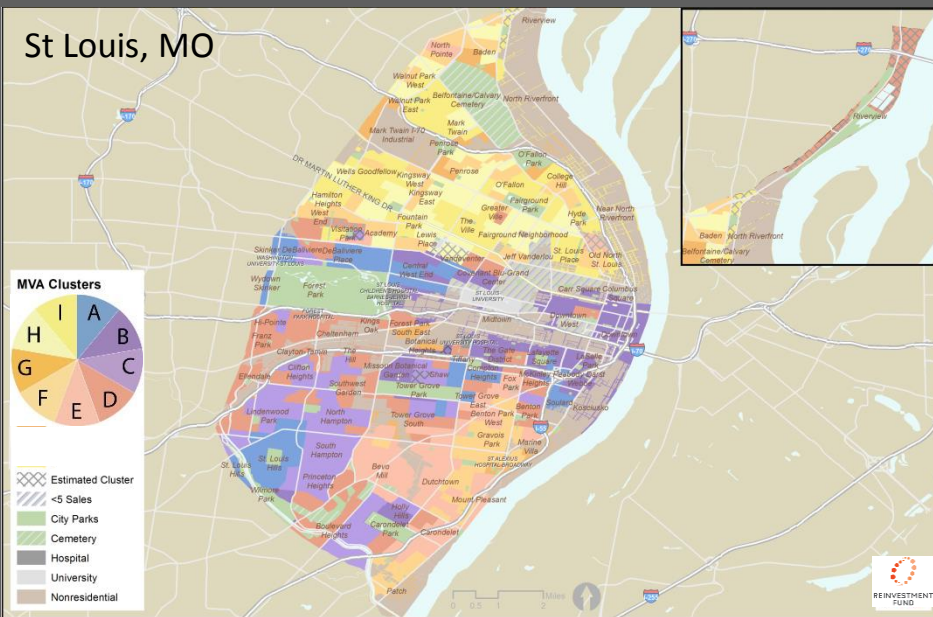
By using an MVA, public sector officials and private market actors can more precisely craft intervention strategies in weak markets and support sustainable growth in stronger market segments.

Who is using the MVA?

MVAs have been funded by government agencies, local foundations, and financial institutions in cities and counties around the country:

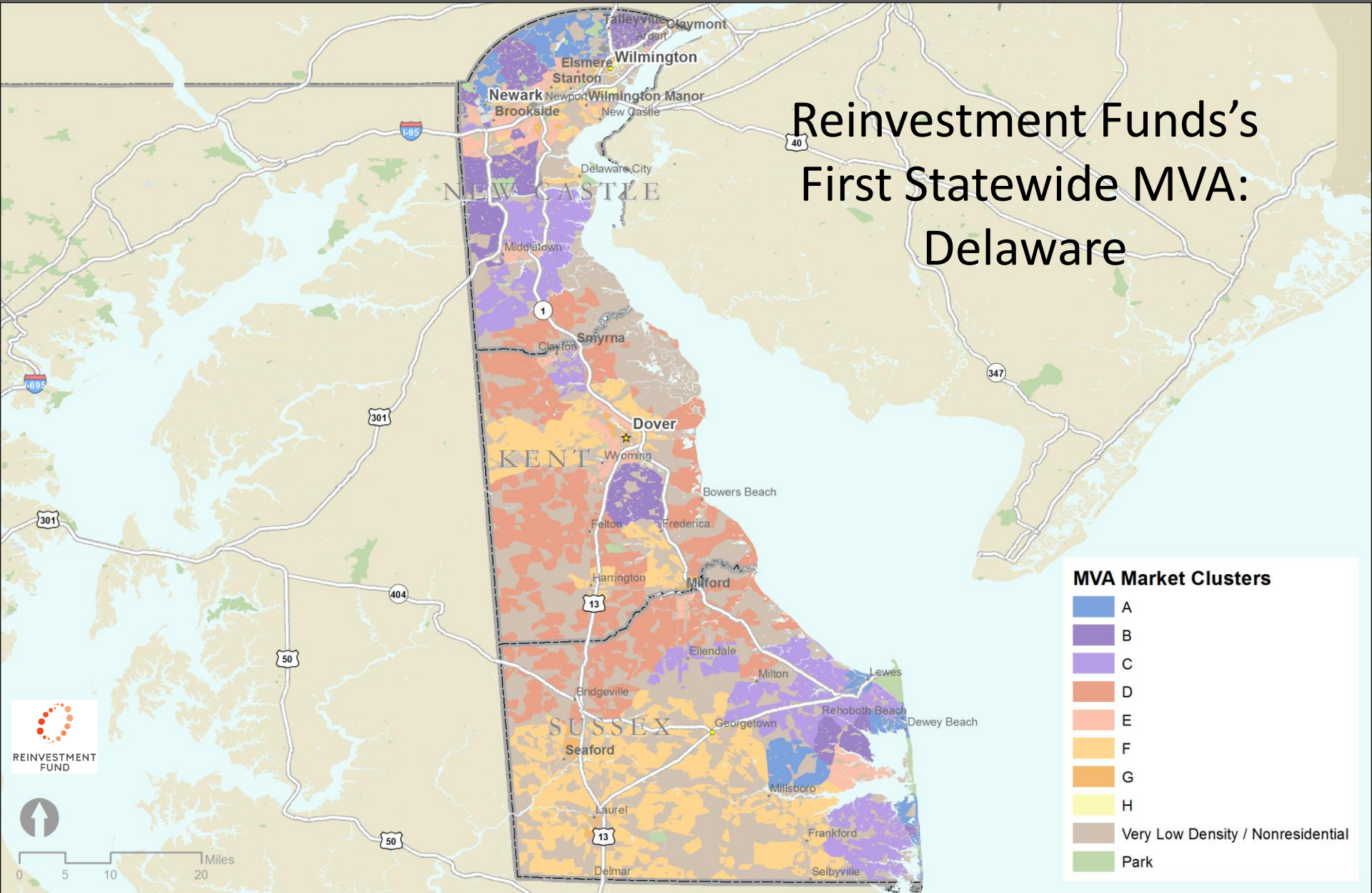
- Philadelphia, PA
- Washington, DC
- Baltimore, MD
- San Antonio, TX
- Camden, NJ
- Newark, NJ
- Selected (8) NJ regions
- Reading Area, PA
- New Orleans, LA
- State of Delaware
- Detroit, MI
- Houston, TX
- Milwaukee, WI
- Pittsburgh, PA
- St. Louis, MO
- Atlantic City, NJ
- Jacksonville, FL
- Wilmington, DE
(in process)
- Prince George's County, MD
(in process)
- Indianapolis, IN
(in process)
- Selma, AL
(in process)

Recently Completed MVAs



Recently Completed MVAs

Reinvestment Funds's
First Statewide MVA:
Delaware

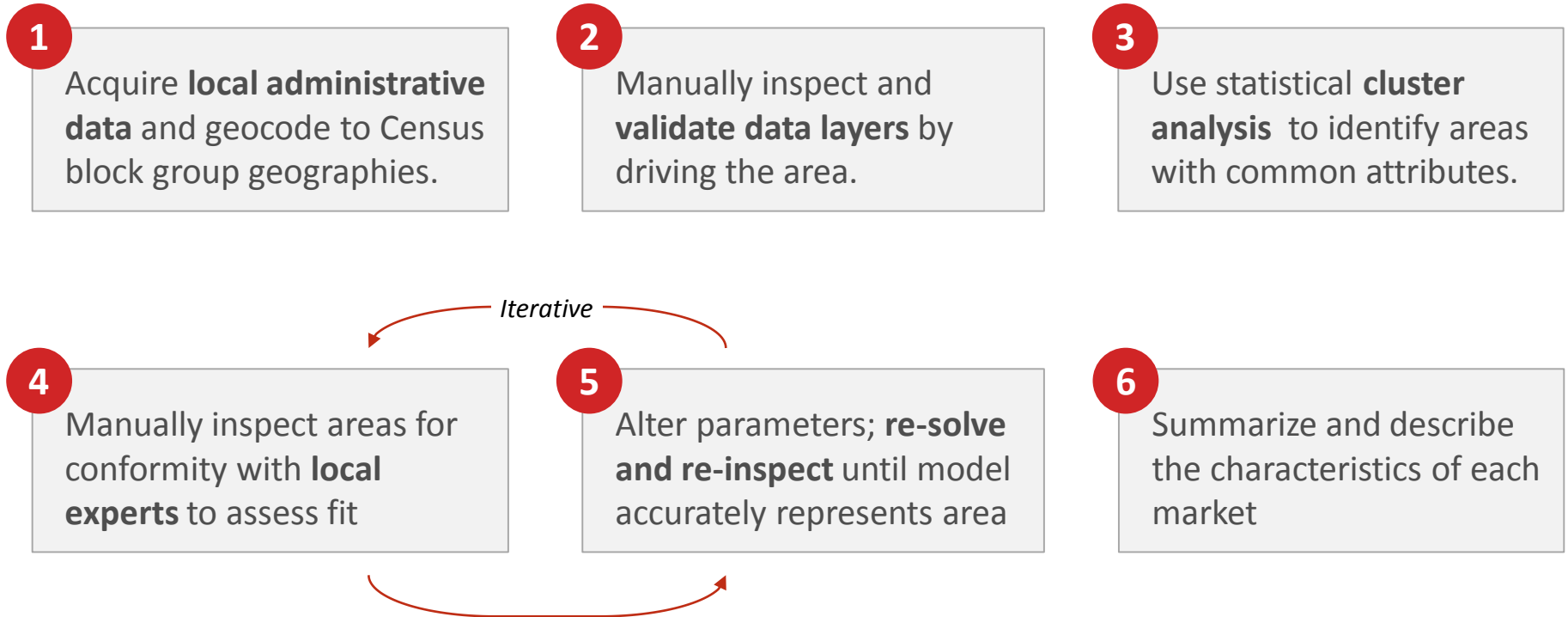


Our Normative Assumptions

When analyzing markets we begin with these principles:

- The best decisions are based on the sound and **objective analysis** of quantitative and qualitative data
- Public **subsidy is scarce**; acting alone subsidies cannot create a market
- Public subsidy must **leverage private investment**
- All **residents are customers** with an expectation of quality public services and amenities
- In distressed markets, **“Build from Strength”**
 - major institution of place
 - transportation hub
 - environmental amenities

Preparing an MVA



Lessons from 15+ years of experience

Validating Data is Critical.

Researchers must visit the city to understand the data.

See **Slide 36** for our validation routes

Geographic Scale Matters.

Census tract and MSA geographies are too large to accurately reflect local markets.

One Size Does Not Fit All.

Measurement scales and the appropriate number of clusters are different in every city.

Integrate Local Knowledge.

The MVA model is tested with local experts to incorporate qualitative feedback from each geography.



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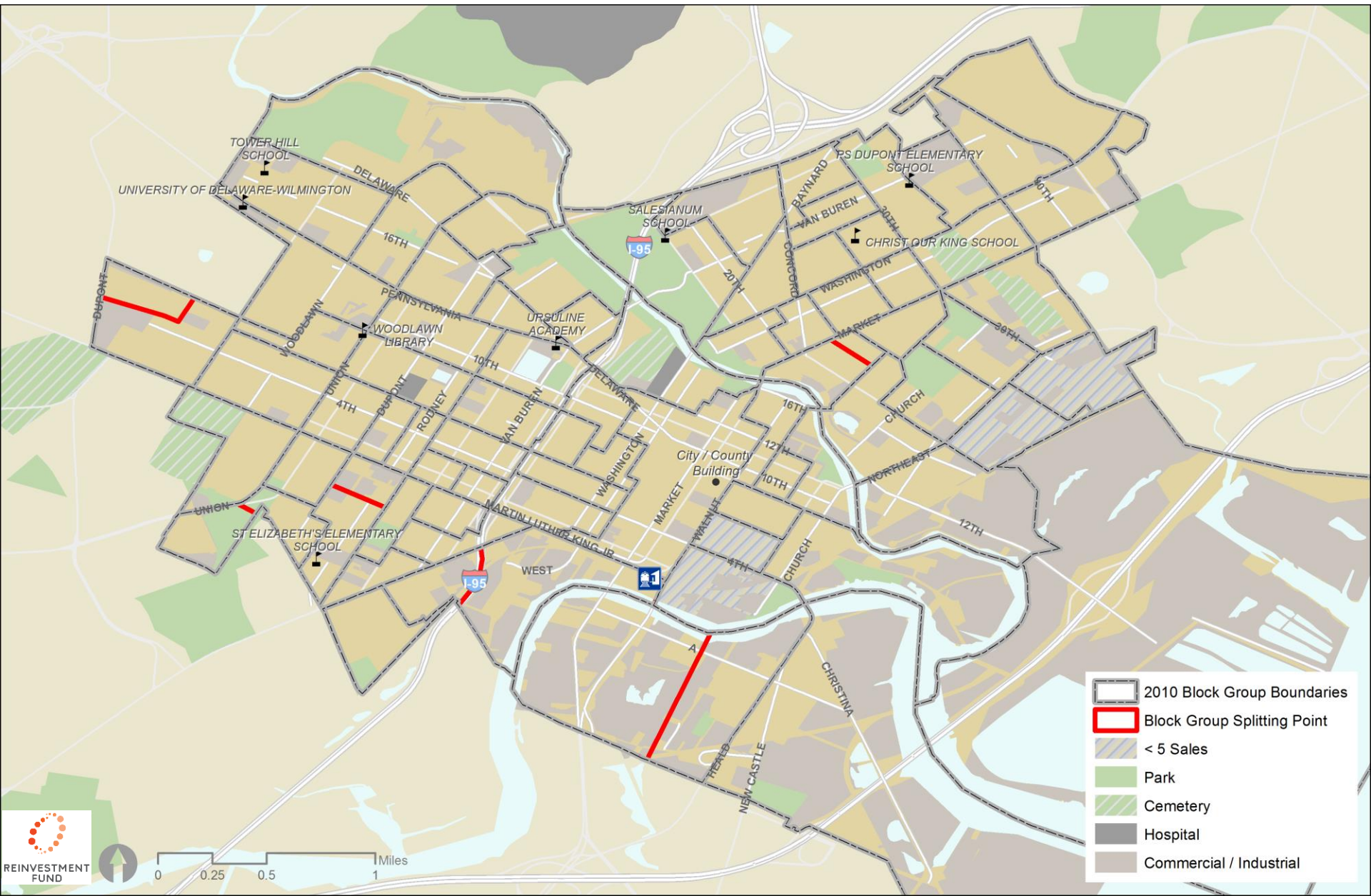
Wilmington MVA Components

Wilmington MVA Components

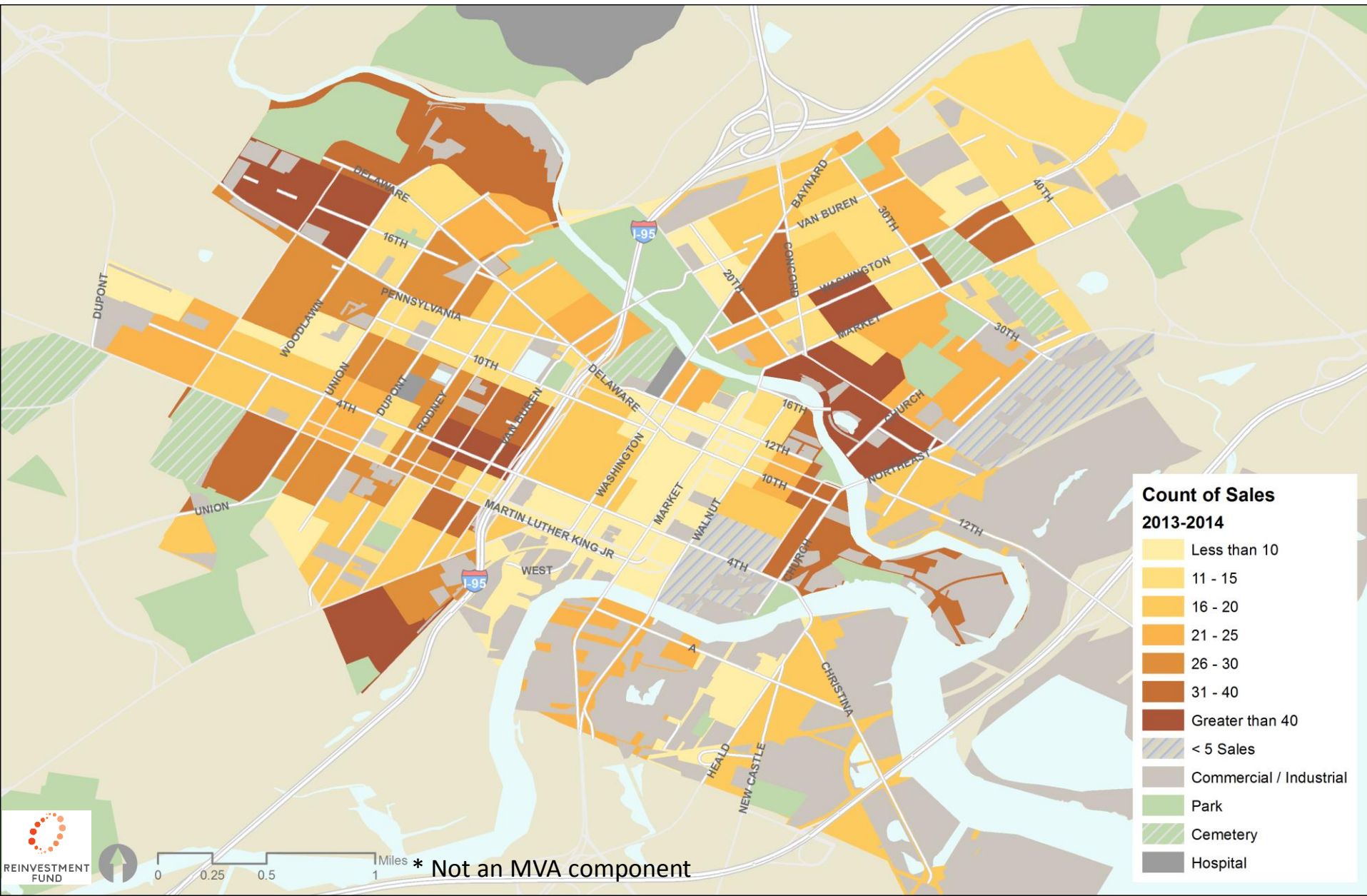
Attributes of Market Conditions:

- Median Sales Price, 2013-14
- Variation in Sales Price, 2013-14
- Foreclosure Filings, 2013-14
- Owner-Occupancy Rate, 2010
- Residential Building Permits Greater Than \$5,000, 2013-14
- Rental Units with Subsidy, 2014
- Vacant Residential Parcels, 2014
- Non-residential Land Area, 2014
- Percent Investor Sales, 2013-14

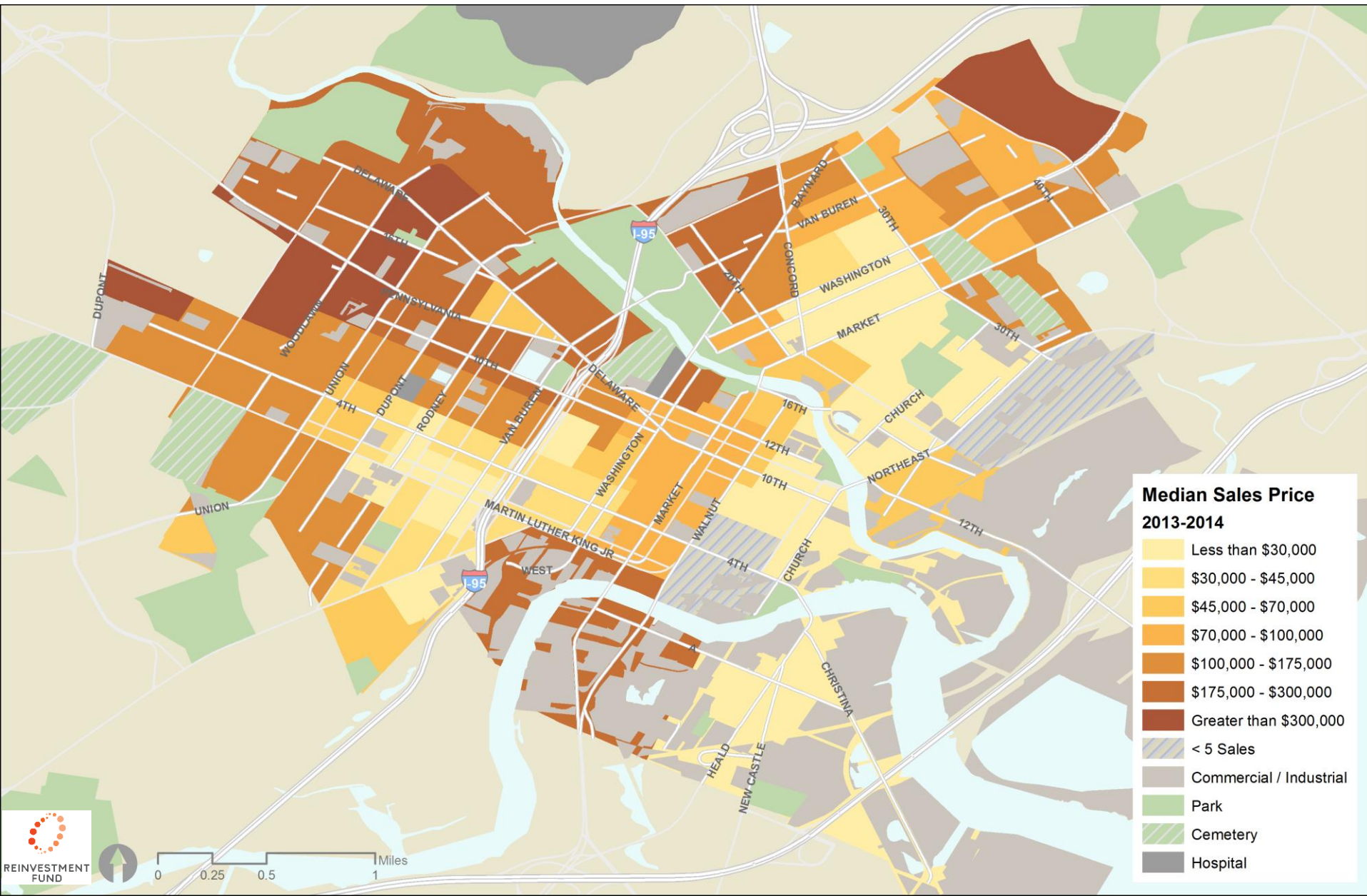
Wilmington Census Block Groups



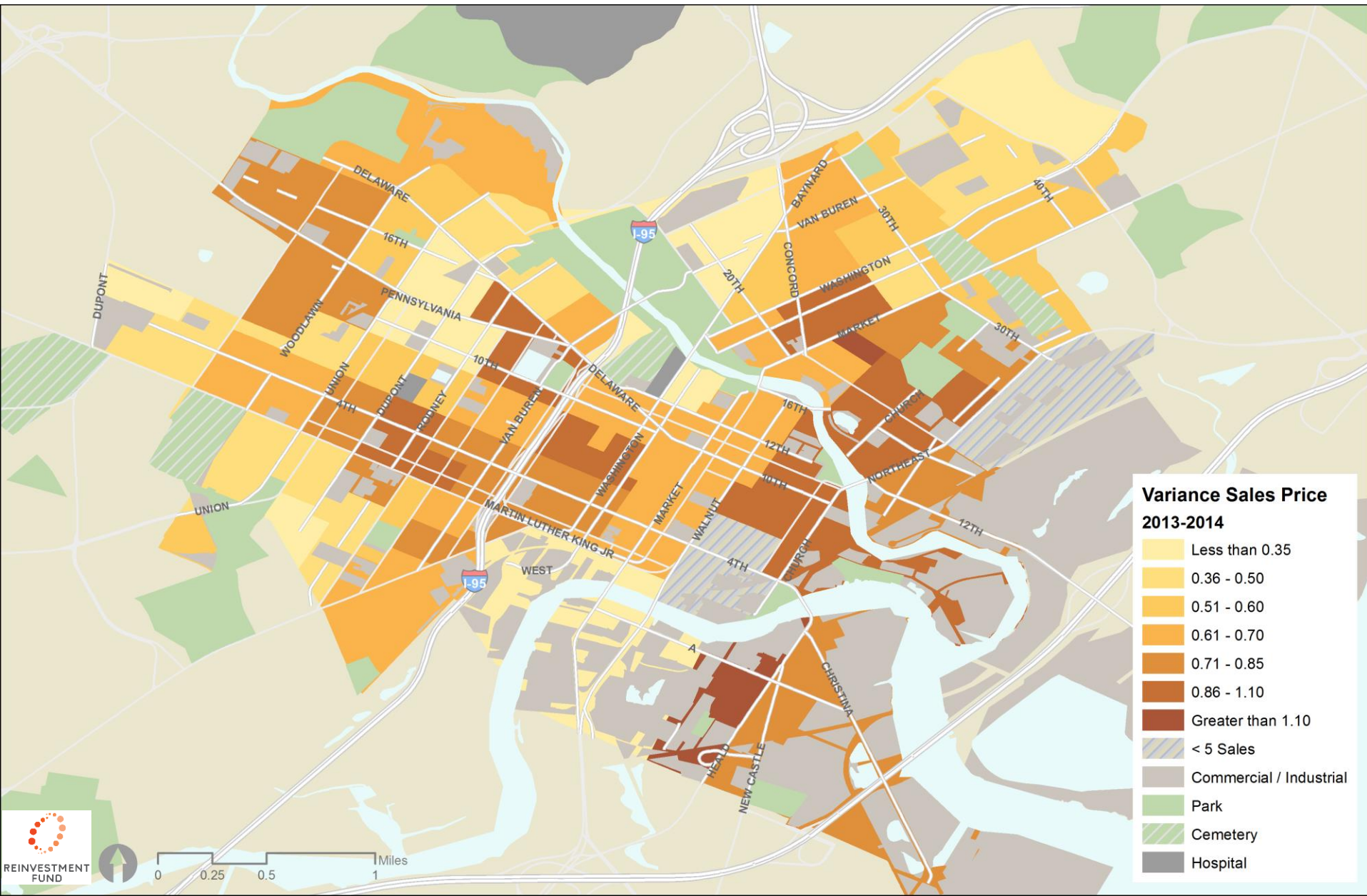
*Number of Residential Sales, 2013-14



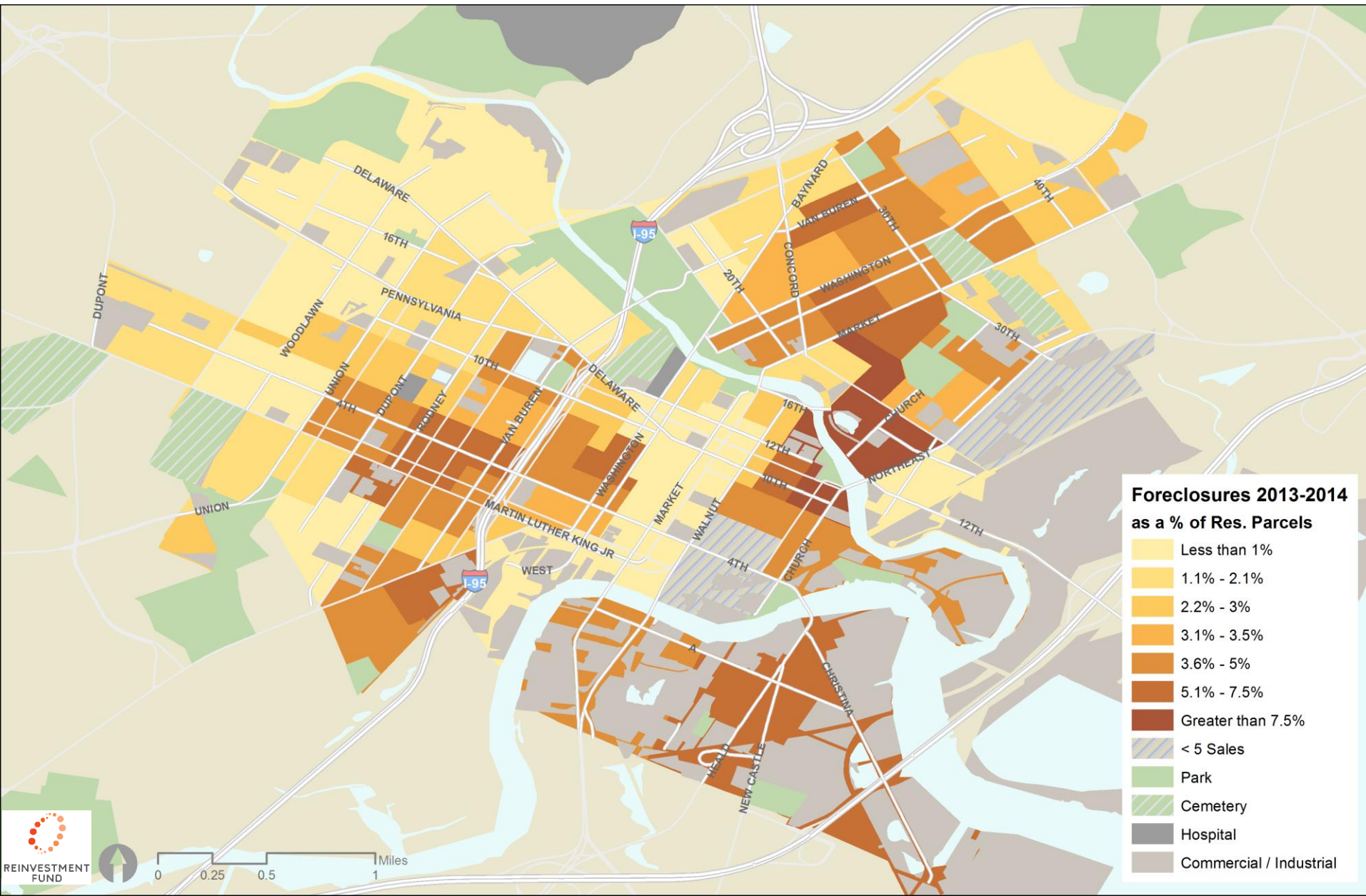
Median Sales Price, 2013-14



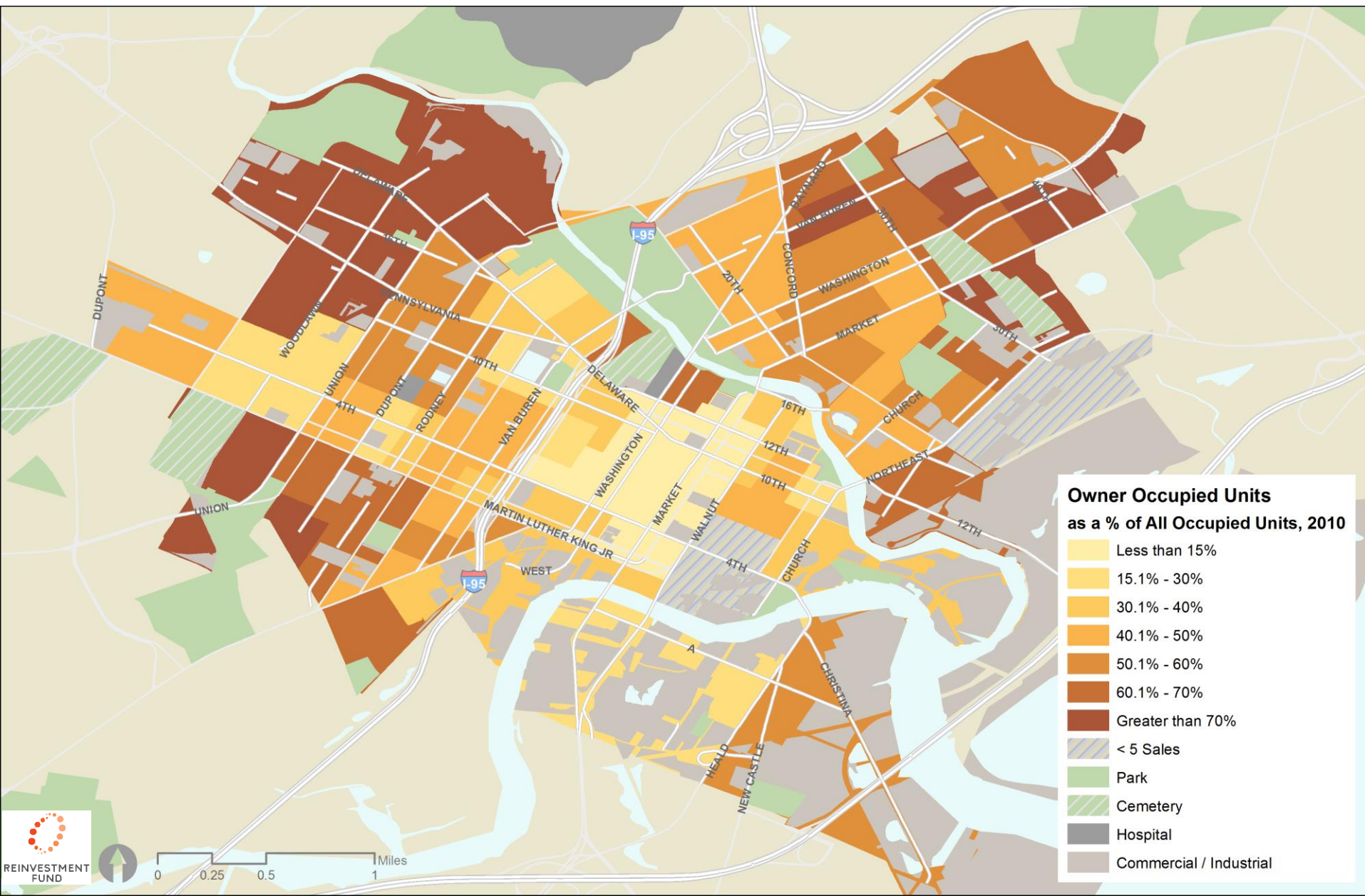
Variation in Sales Price, 2013-14



Foreclosure Filings as a % of Res. Parcels, 2013-14



% Owner Occupied, 2010



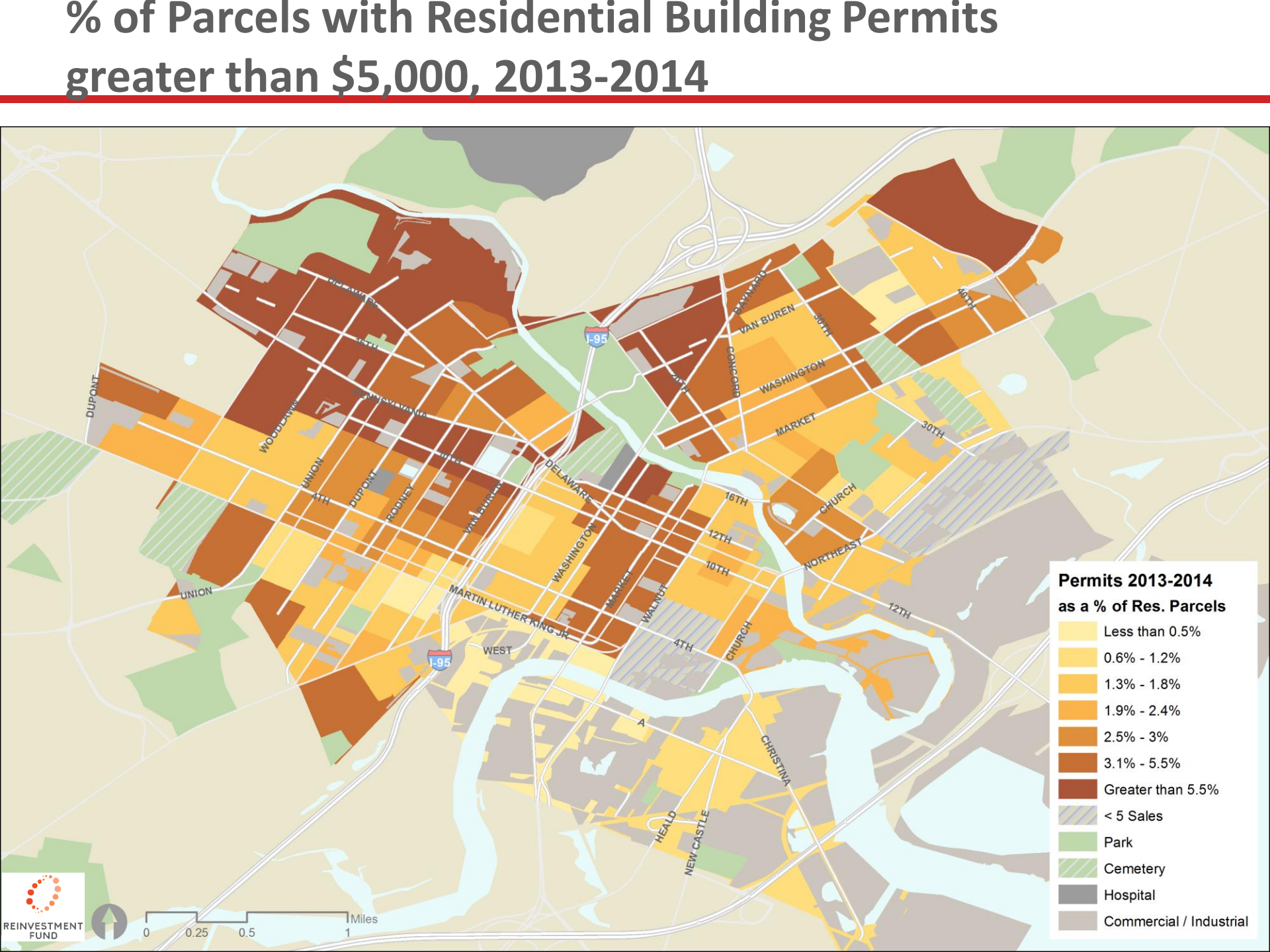
% of Parcels with Residential Building Permits greater than \$5,000, 2013-2014

Permits 2013-2014 as a % of Res. Parcels

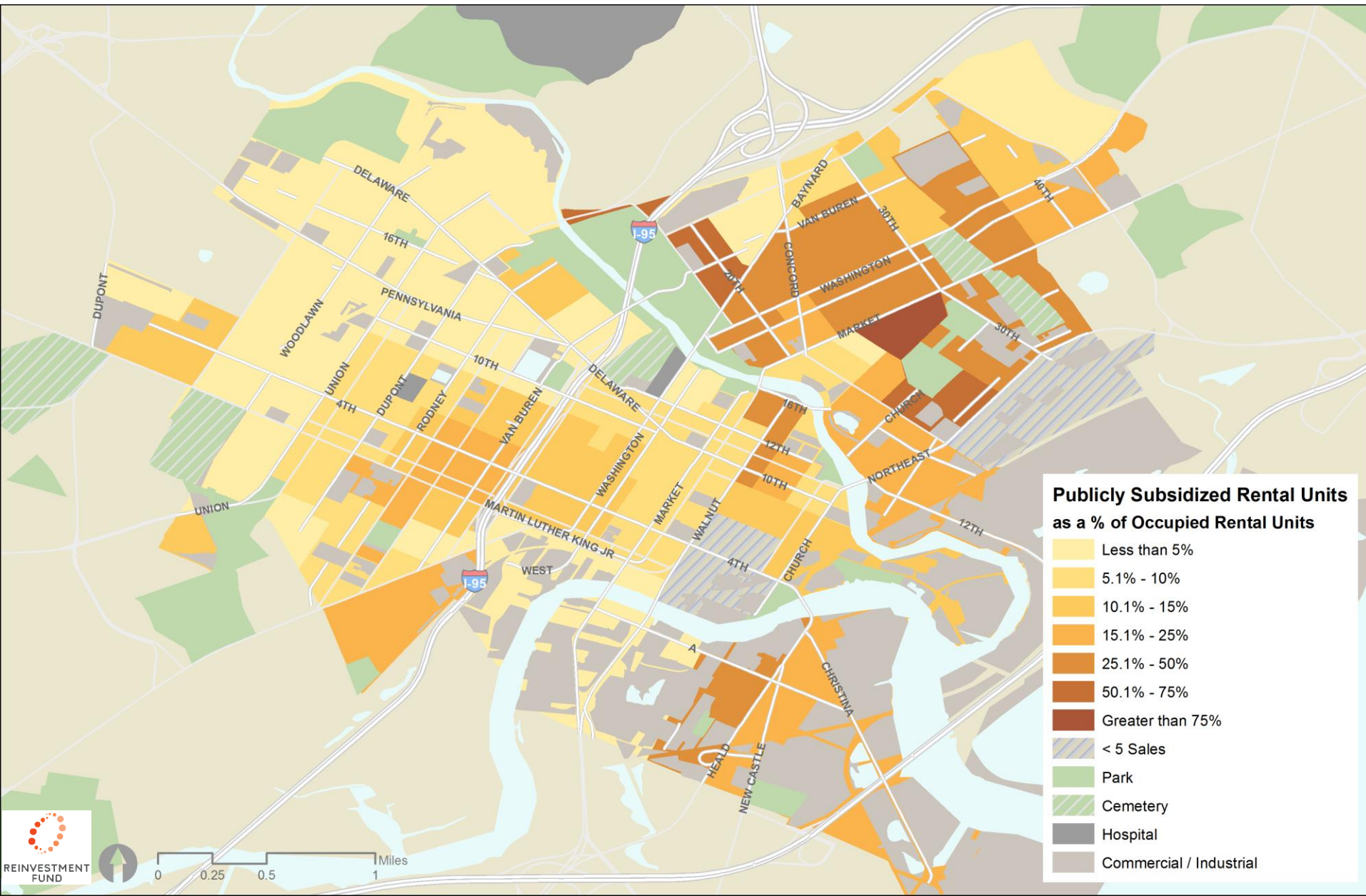
- Less than 0.5%
- 0.6% - 1.2%
- 1.3% - 1.8%
- 1.9% - 2.4%
- 2.5% - 3%
- 3.1% - 5.5%
- Greater than 5.5%
- < 5 Sales
- Park
- Cemetery
- Hospital
- Commercial / Industrial

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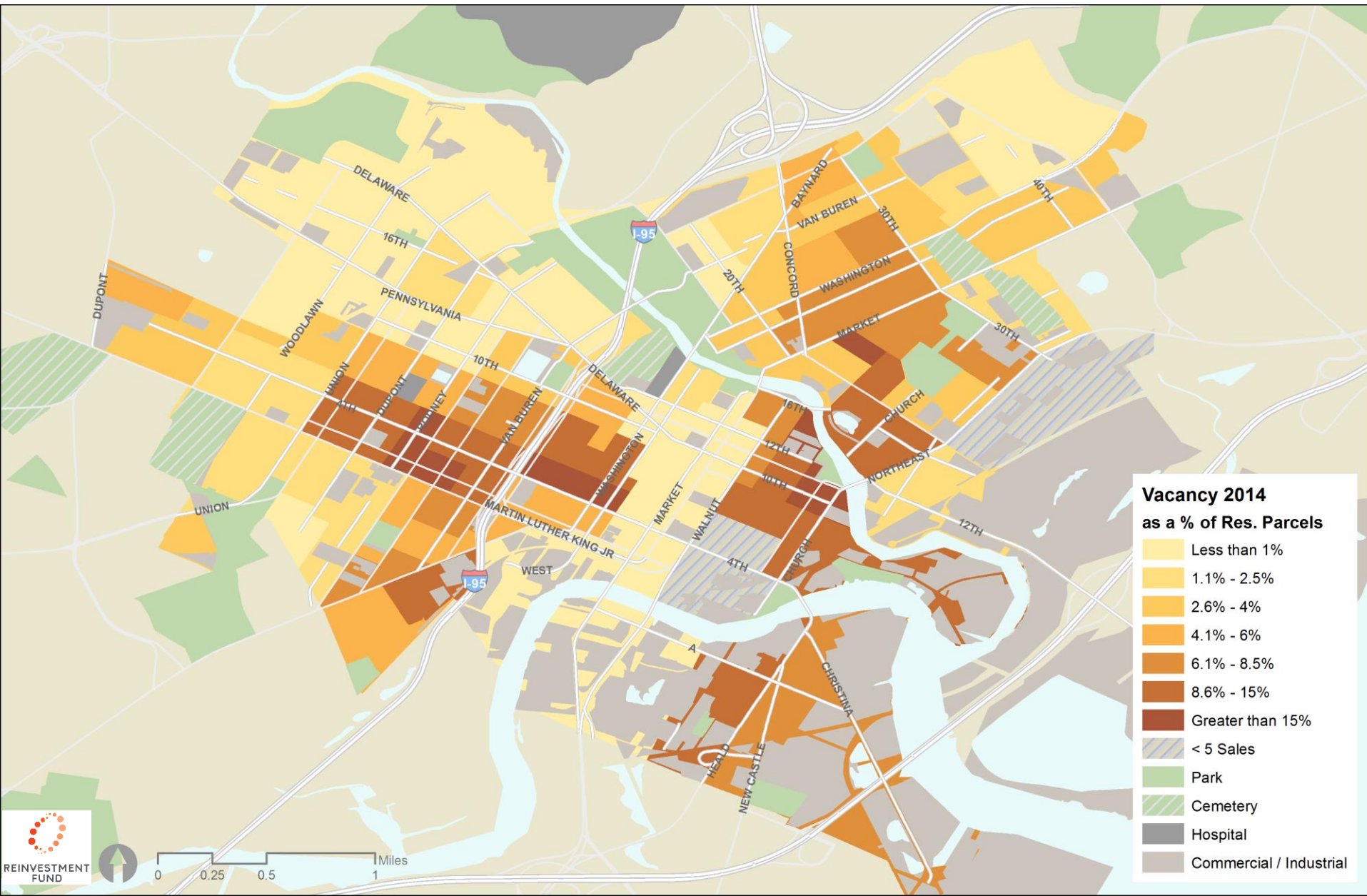
0 0.25 0.5 1 Miles



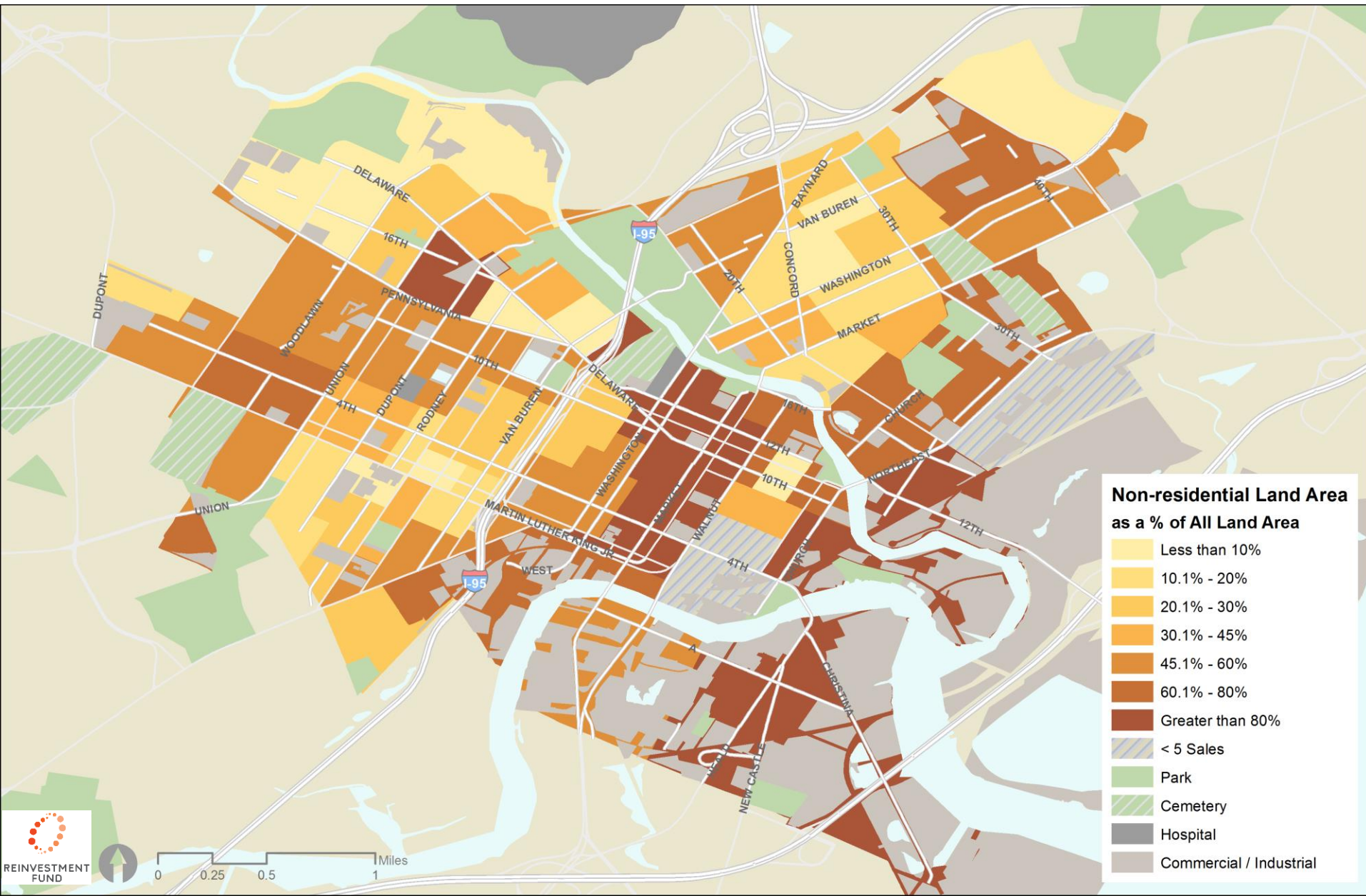
% of Occupied Rental Units with a Subsidy, 2014



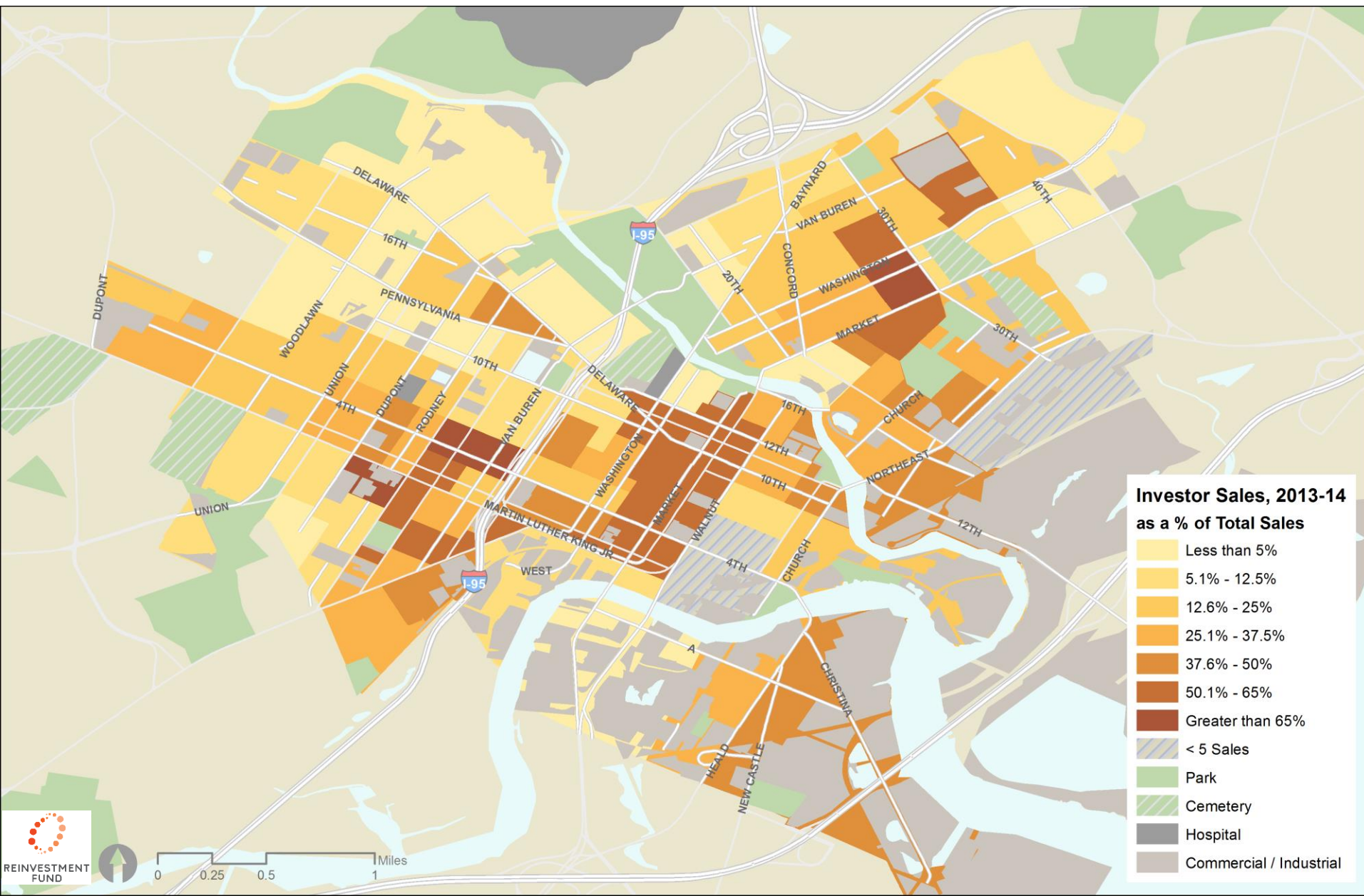
% Vacant Residential Parcels, 2014



% Non-residential Land Area, 2014



% Investor Sales, 2013-2014





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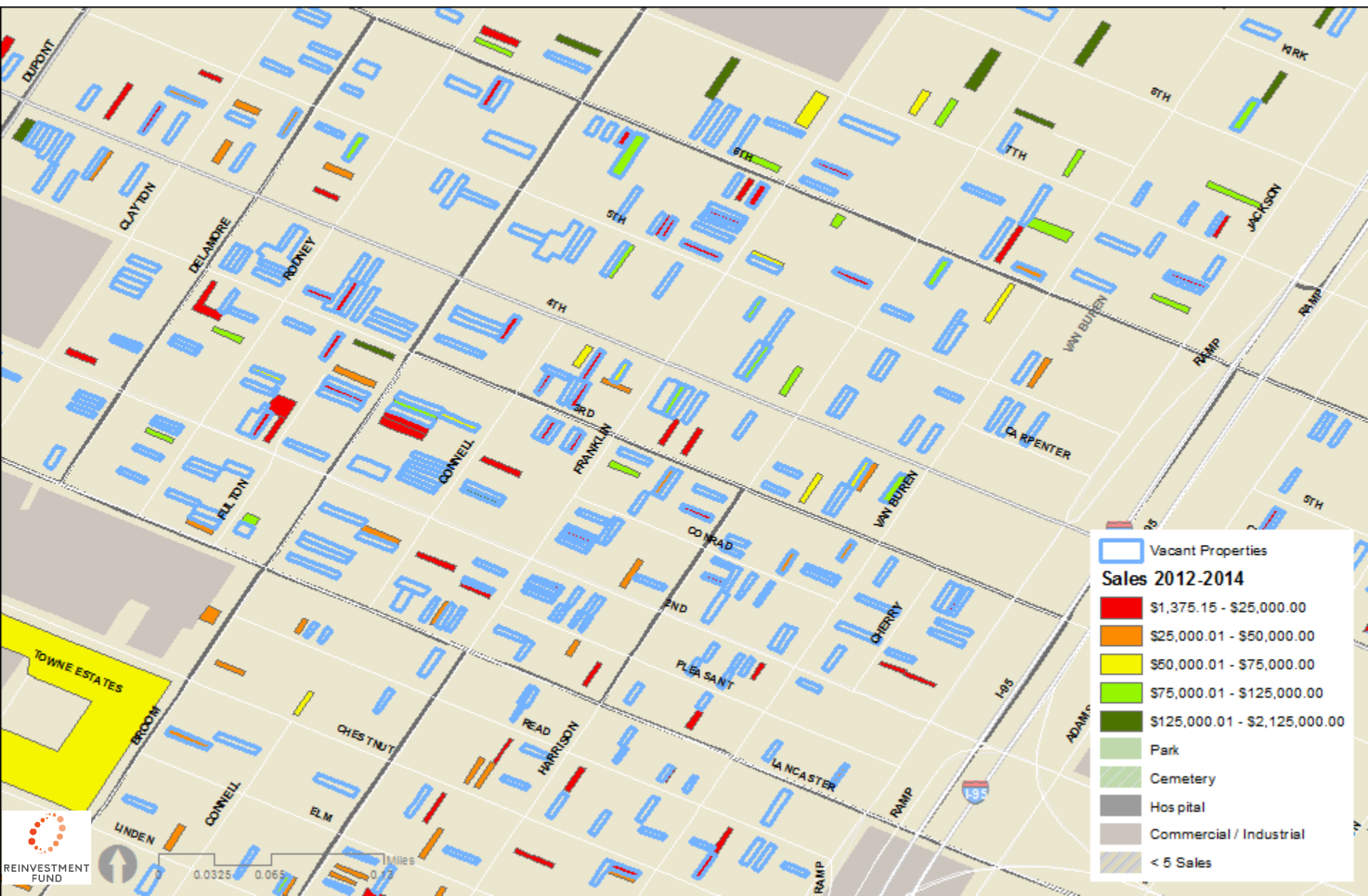
Selected Areas

Close-up of MVA Component Data Items

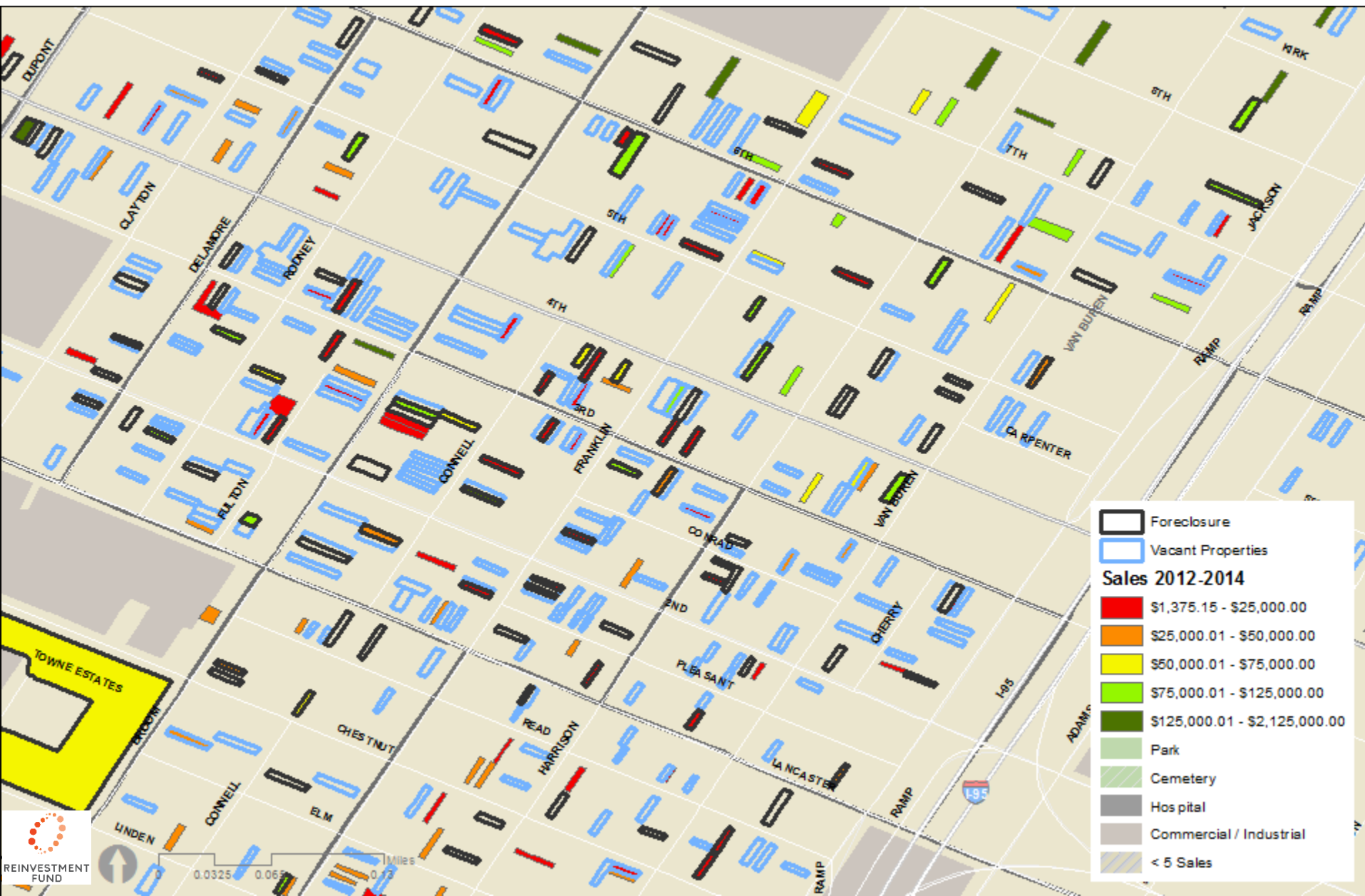
Approximate Area: West of I95, Lancaster to 6th



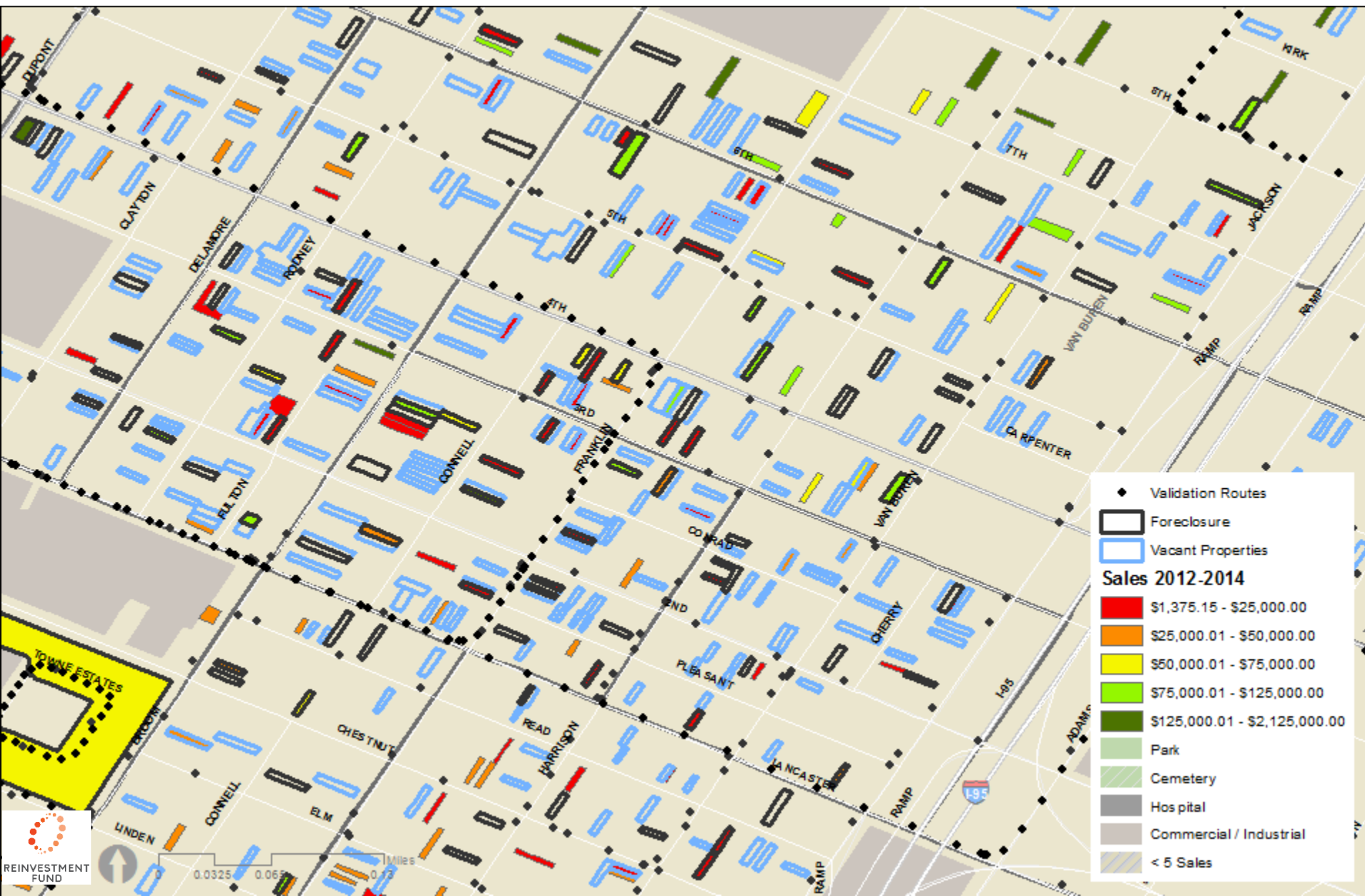
Approximate Area: West of I95, Lancaster to 6th



Approximate Area: West of I95, Lancaster to 6th



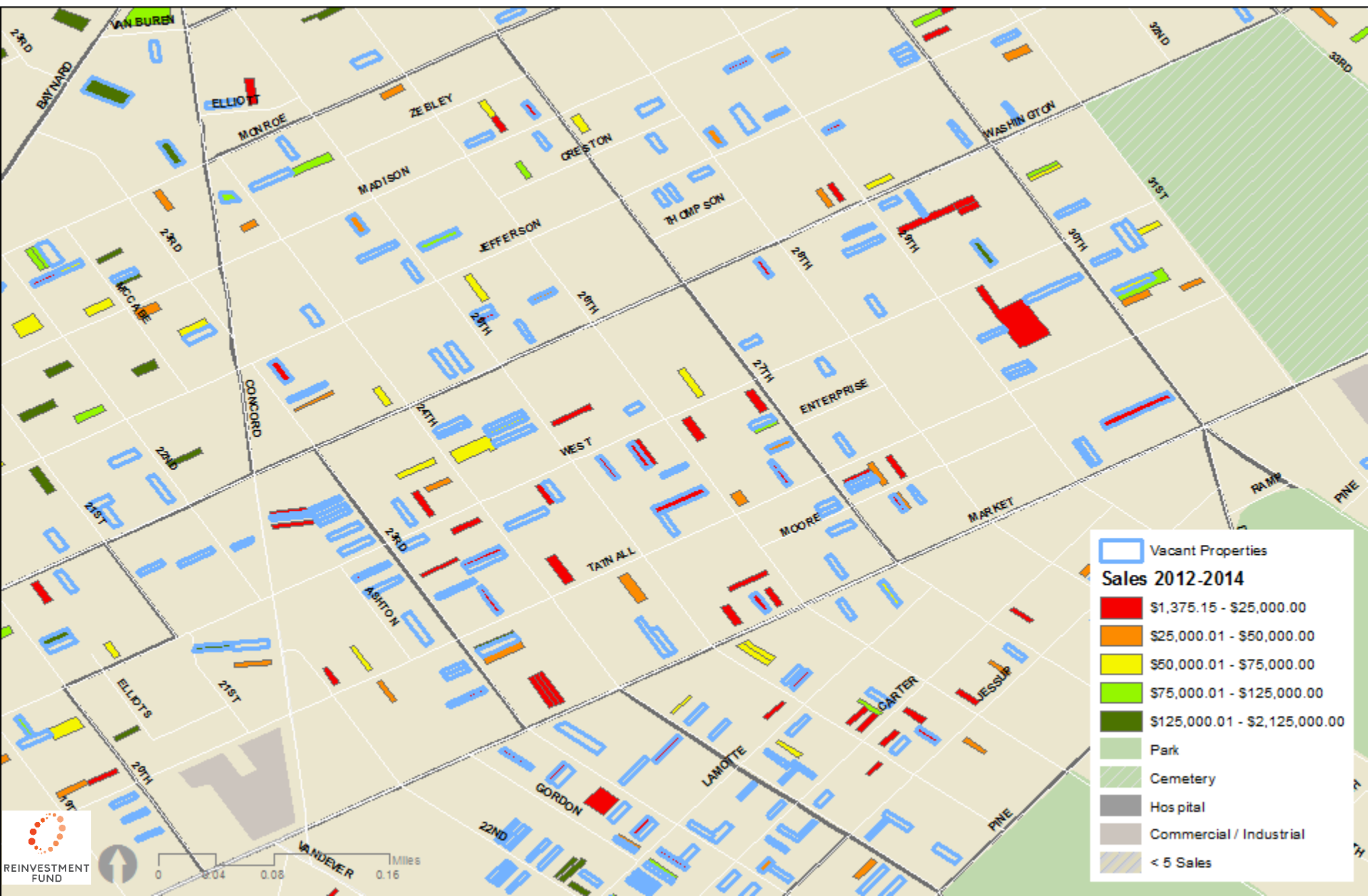
Approximate Area: West of I95, Lancaster to 6th



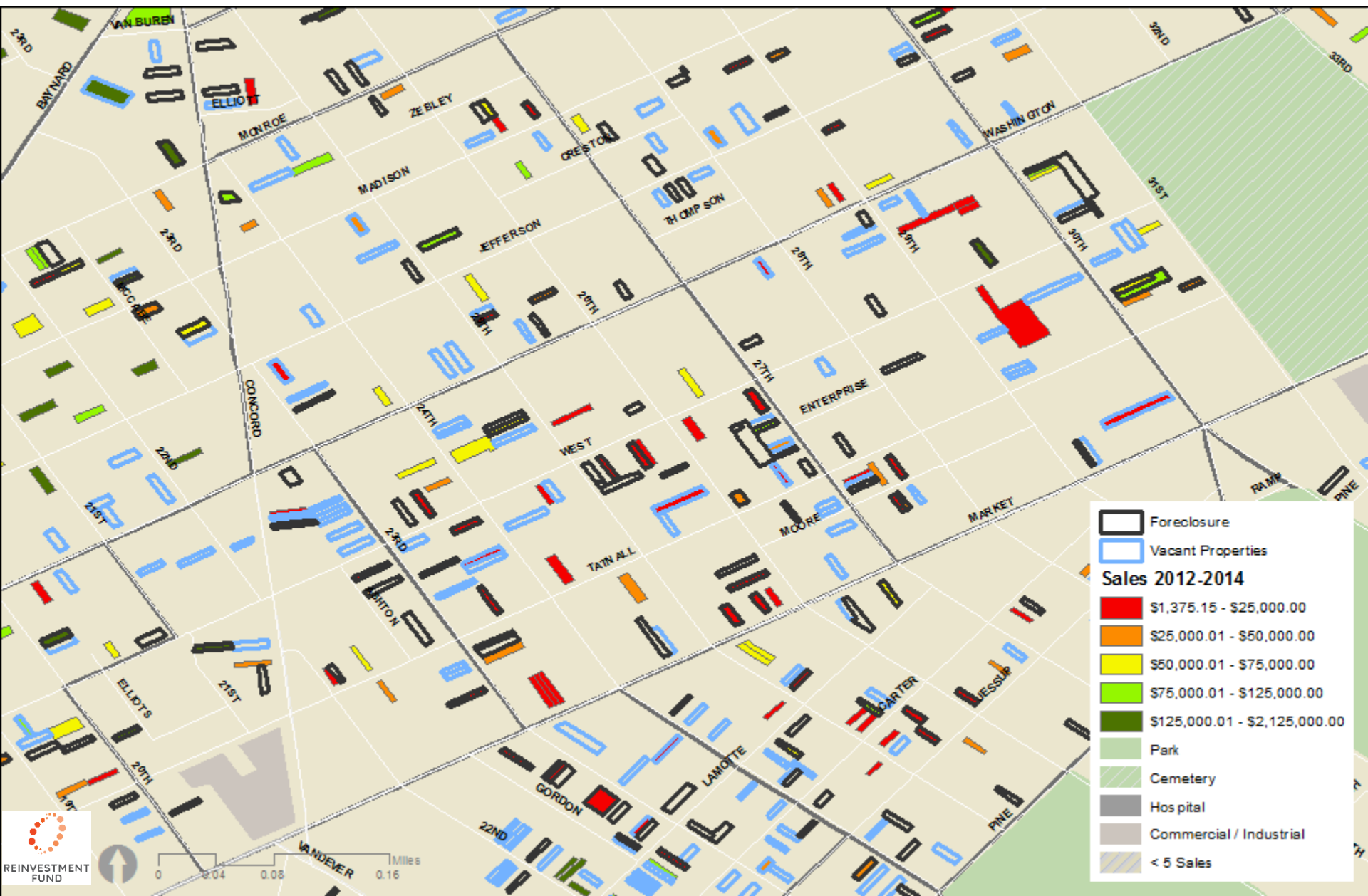
Approximate Area: East of Concord, Jefferson to Market



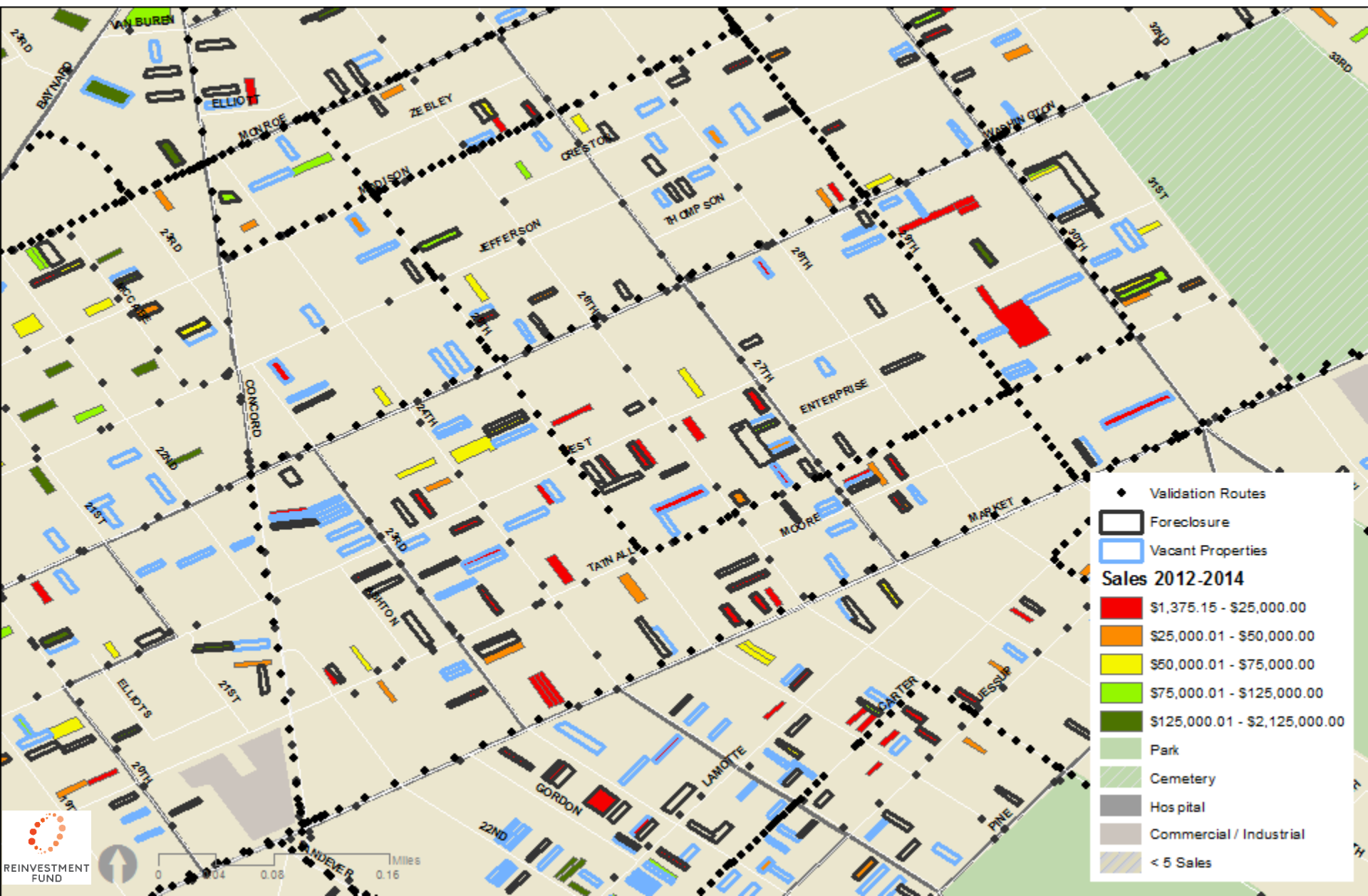
Approximate Area: East of Concord, Jefferson to Market



Approximate Area: East of Concord, Jefferson to Market



Approximate Area: East of Concord, Jefferson to Market

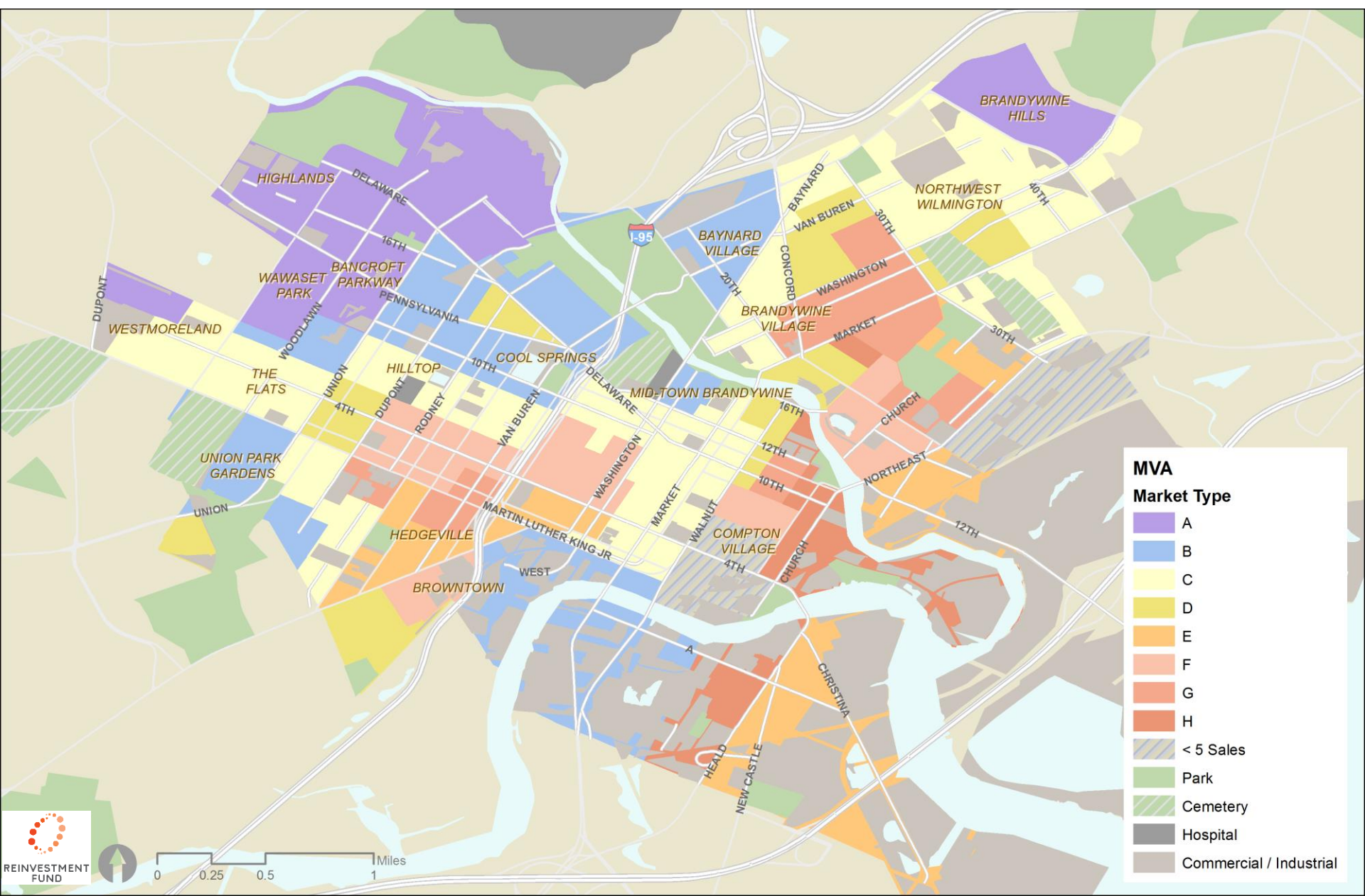




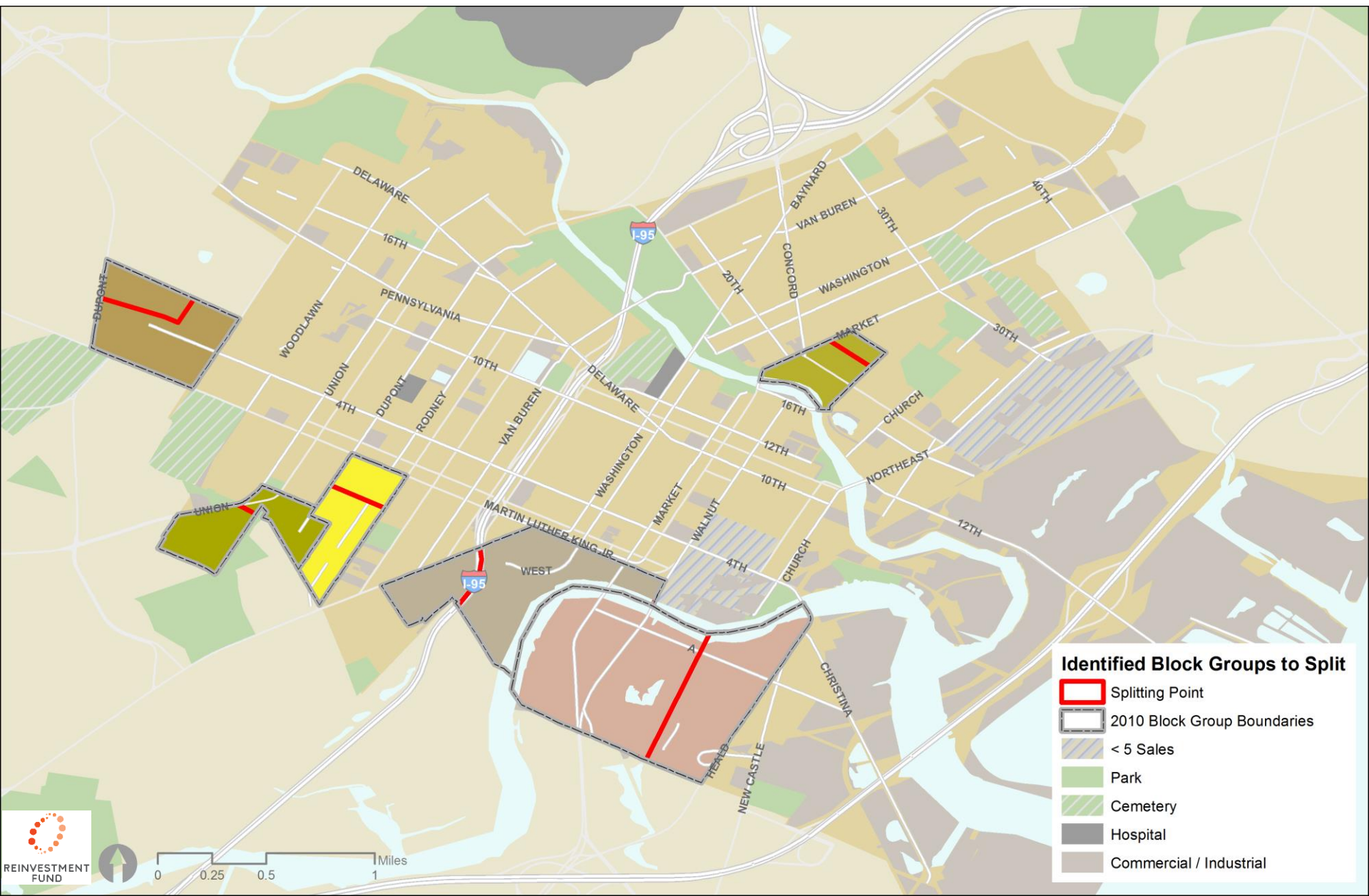
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Wilmington MVA

Wilmington MVA



Identified Block Group Splits



MVA Category Characteristics

MVA Category	# of BGs	Median Sales Price, 2013-2014	Variance Sales Price, 2013-2014	Permits as a % of Res. Parcels, 2013-2014	% Owner Occupied, 2010	Vacancy as a % of Res. Parcels, 2014	Foreclosure Filings as % of Res. Parcels, 2013_2014	Subsidized rental as a % of All Renter Occupied, 2014	% Non-residential Land, 2014	Percent Investor Sales, 2014
A	7	\$ 343,444	0.52	6.8%	74.8%	1.2%	0.6%	0.3%	21.0%	4.0%
B	13	\$ 215,393	0.37	3.9%	47.1%	1.1%	1.5%	7.9%	50.3%	5.9%
C	16	\$ 115,795	0.55	2.6%	54.5%	3.0%	2.2%	16.7%	43.6%	20.3%
D	9	\$ 59,672	0.68	2.3%	57.5%	4.4%	3.3%	22.9%	33.1%	23.0%
E	7	\$ 34,598	0.72	1.4%	55.5%	5.5%	3.7%	18.0%	63.4%	45.2%
F	10	\$ 32,399	0.89	1.9%	32.7%	14.7%	5.9%	15.4%	38.1%	39.2%
G	10	\$ 21,289	0.81	1.7%	49.7%	7.1%	5.0%	35.8%	21.9%	47.9%
H	4	\$ 13,378	1.09	1.6%	35.1%	13.4%	7.1%	16.8%	66.8%	32.8%
Not Classified	4	NULL	NULL	1.3%	8.6%	7.6%	5.2%	74.0%	76.3%	75.0%
Study Area	76	\$ 110,876	0.65	2.8%	51.0%	5.5%	3.3%	16.9%	40.9%	25.7%

Note: 4 block groups were removed due to lack of sales, and 1 block group was removed as non-residential

2010 Census Characteristics

MVA Cluster	Households		Owner Occupied		Renter Occupied		Housing Units		Population		Sales Price 2013-2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Median	Average
A	2,371	8.3%	1,900	13.9%	471	3.1%	2,571	7.8%	4,939	7.0%	\$343,444	\$379,319
B	5,078	17.7%	2,282	16.7%	2,796	18.7%	5,466	16.7%	8,793	12.4%	\$215,393	\$219,827
C	6,181	21.6%	3,009	22.0%	3,172	21.2%	7,033	21.4%	14,711	20.8%	\$115,795	\$122,687
D	2,940	10.3%	1,514	11.1%	1,426	9.5%	3,307	10.1%	6,911	9.8%	\$ 59,672	\$ 75,260
E	2,125	7.4%	1,140	8.3%	985	6.6%	2,377	7.2%	7,396	10.4%	\$ 34,598	\$ 48,716
F	2,719	9.5%	904	6.6%	1,815	12.1%	3,450	10.5%	8,692	12.3%	\$ 32,399	\$ 45,605
G	2,743	9.6%	1,309	9.6%	1,434	9.6%	3,328	10.1%	8,294	11.7%	\$ 21,289	\$ 32,233
H	527	1.8%	158	1.2%	369	2.5%	704	2.1%	1,573	2.2%	\$ 13,378	\$ 29,629
Not Classified	3,931	13.7%	1,440	10.5%	2,491	16.7%	4,584	14.0%	9,542	13.5%	Null	Null
Study Area Total	28,615		13,656		14,959		32,820		70,851		\$110,876	\$123,569

Note: 4 block groups were removed due to lack of sales, and 1 block group was removed as non-residential

Validation Routes

< 5 Sales

Park

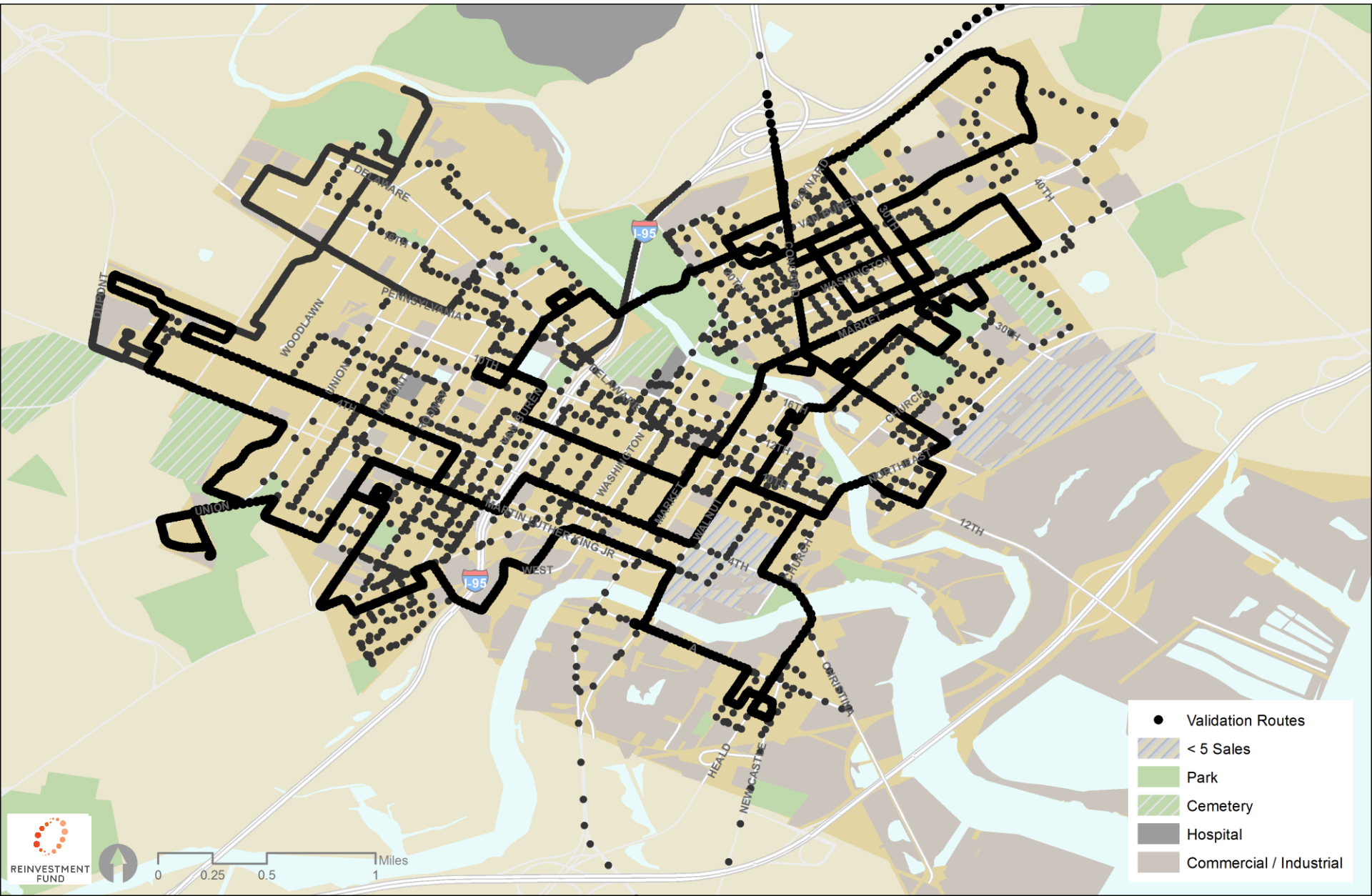
Cemetery

Hospital

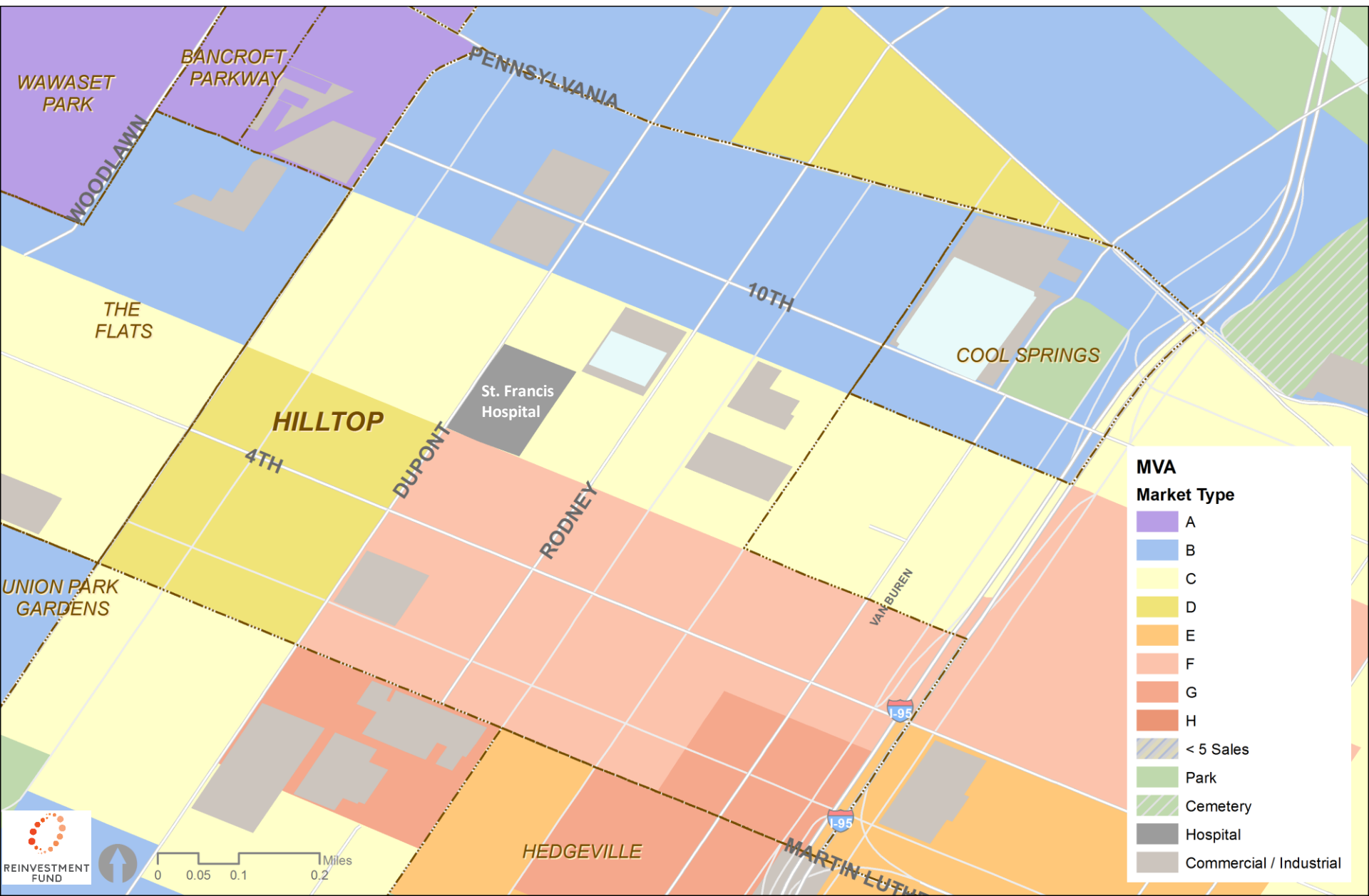
Commercial / Industrial

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0 0.25 0.5 1 Miles



Neighborhood Look-in: Hilltop





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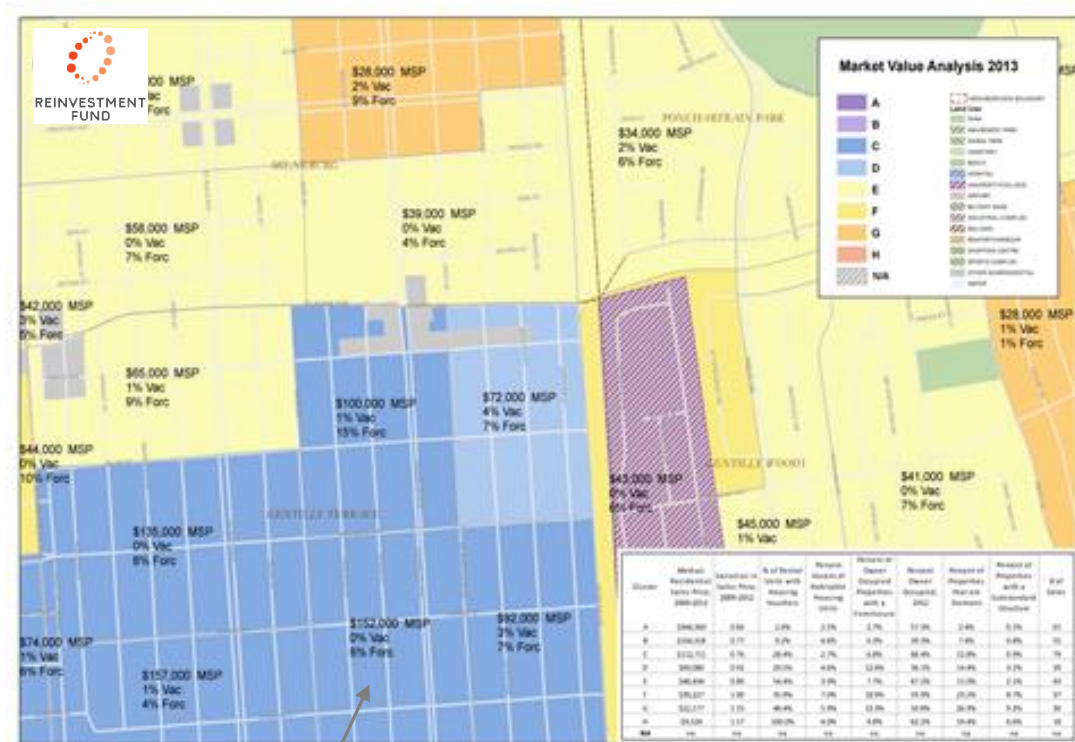
How Others Are Using the MVA

Building local strategies from the MVA...

Consider important block group-specific data as *overlays* to the MVA

Including:

- Demographic (current/trend)
- Economic conditions
- Quality of schools
- Access to transportation
- Proximity to employment opportunities
- Crime rate
- Presence of arts/culture
- Commercial services
- Public & private prior investment into arts, CBOs and open space
- Number of/proximity to anchor institutions



Use block group-specific attributes such as sale prices vacancy and foreclosure rates to inform action.



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Using the MVA: Set Priorities by Market Cluster

MVA Market Types

Sample Activities	A	B	C	D	E	F
Demolition of Dangerous Properties						
Encapsulation: Acquisition/Rehab						
Large Scale Housing Development (e.g., LIHTC)						
Land Assembly for Redevelopment						
Selective Enhancement of Lots						
Quality of Life Code Enforcement (broken window syndrome)						
Nuisance Abatement						
Arts & Culture Programming						
Neighborhood Marketing Campaign						
Enhanced Public Safety Measures						
Support Nutrition Services						
Income Maintenance Programs						

Each activity can be connected to different responsible organizations, including city agencies, commissions, non-profits, etc.

Some activities represent annual **expenses**; others represent **investments** with an expectation of longer term returns beyond the immediate beneficiaries. Some are “universal” while others are best targeted.

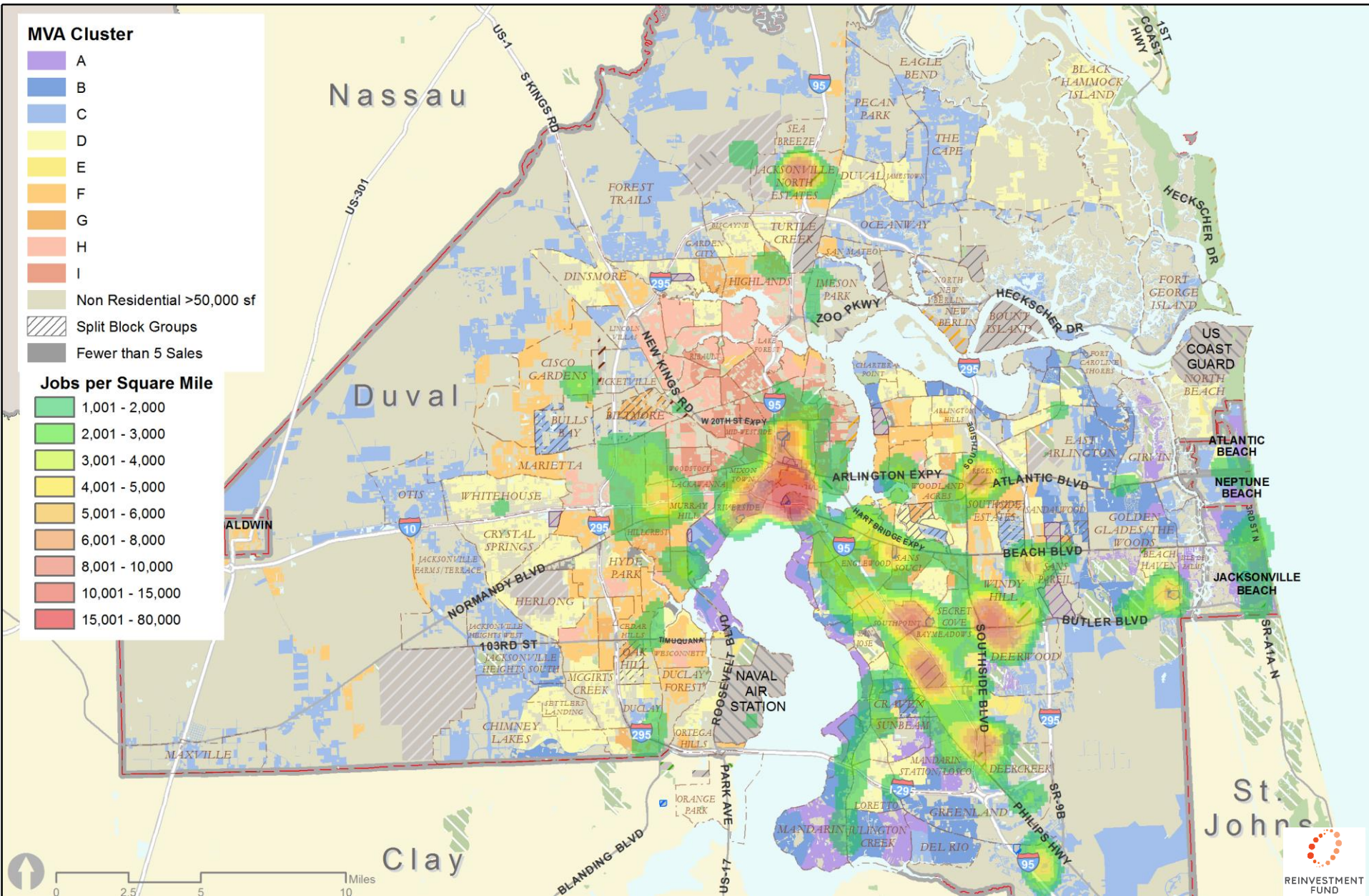
The Market Value Analysis allows for a coordination across organizations, agencies and funding sources (CDBG, CSBG, philanthropic, etc.).

Uses of the MVA



- Assess markets as part of a local land banking strategy (Phila.)
 - Guide capital budget (Detroit)
 - Focus code enforcement (Phila., Baltimore)
 - Benchmark quality of life measures (Phila.)
-
- Target statewide Strong Neighborhoods Revolving Loan Fund (DE/DSHA)
 - Develop CDGB comprehensive plan (Detroit, Wilmington, St. Louis)
 - Assess changes in the market over time (Phila., Baltimore, Pittsburgh)
 - Evaluate development opportunities (Pittsburgh, Phila., Houston, Detroit, St. Louis, cities in NJ)
 - Target demolition and acquisition activities (Baltimore, Phila., Detroit)
 - Select transformative, tipping point projects (Phila., Baltimore, Pittsburgh)
 - Engage partners – philanthropic, non-profit, government – in coordinated efforts to rebuild neighborhoods (Baltimore, Milwaukee)
 - Guide federal Neighborhood Stabilization Program Investment (States of PA & NJ, Houston, Detroit)

Duval County (Jacksonville, FL) Job Centers (Jobs per mi²)

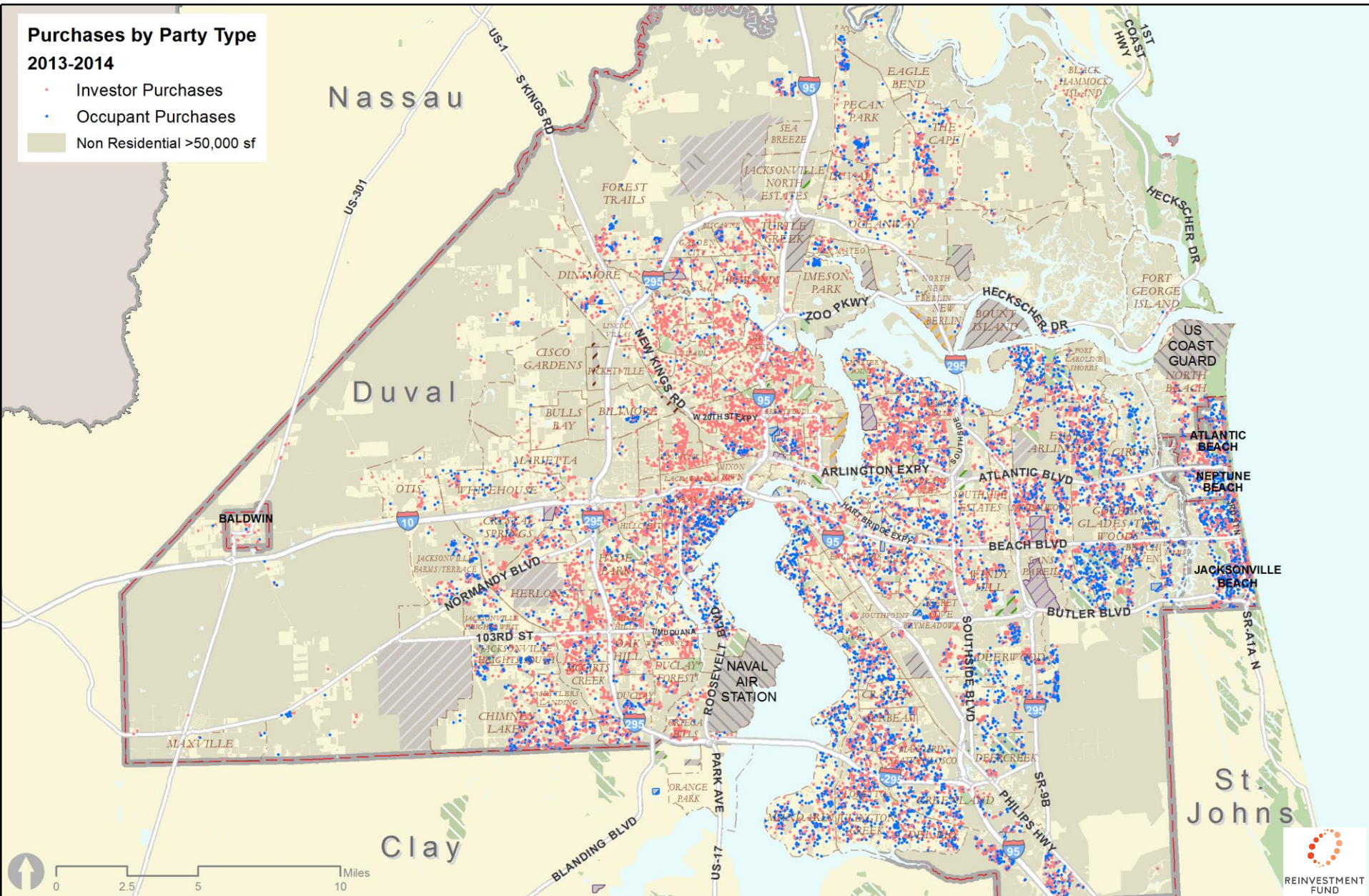


Duval County (Jacksonville, FL) Home Sales by Party Type

Purchases by Party Type

2013-2014

- Investor Purchases
- Occupant Purchases
- Non Residential >50,000 sf



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