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Using Data to Understand Need – The Richmond Area Market Value Analysis

Home Remedies: Connecting Housing and Health for Stronger Communities

Housing Virginia

July 11, 2018

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



Richmond Area Market Value Analysis

Created with the generous support of the Richmond Memorial Health Foundation



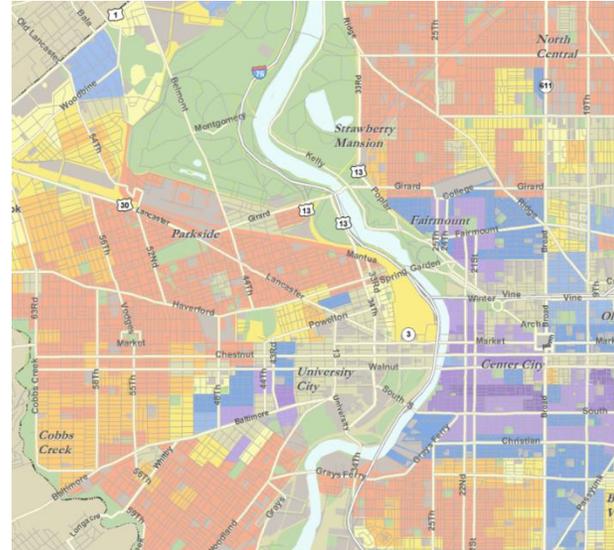
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The Market Value Analysis

The **Market Value Analysis (MVA)** is a tool to assist residents and policymakers to identify and understand the elements of their local real estate markets. It is an objective, data-driven tool built on local administrative data and validated with local experts.

With an MVA, public officials and private actors can more precisely target intervention strategies in weak markets and support sustainable growth in stronger markets.

City of Philadelphia MVA



MVAs in Action: How Cities are Using the MVA



- Component of a local land banking strategy (Phila., NOLA, Pittsburgh, Wilmington)
- Guide capital budget (Detroit)
- Focus code enforcement (Phila., Baltimore, Indianapolis, NOLA)
- Benchmark quality of life measures (Phila.)
- Transportation planning (St. Louis)
- Target statewide Strong Neighborhoods Revolving Loan Fund (DE/DSHA)
- Inform LIHTC QAP (DE/DSHA)
- Develop CDBG ConPlan / Comprehensive plan (Detroit, Wilmington, St. Louis, Richmond)
- Assessment of Fair Housing (Phila., Richmond)
- 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, NOLA)
- Select transformative tipping point projects (Phila., Baltimore, Pittsburgh, NOLA)
- Engage partners – philanthropic, non-profit, government – in coordinated efforts to rebuild neighborhoods (Baltimore, Milwaukee, NOLA)
- Guide federal Neighborhood Stabilization Program Investment (States of PA & NJ, Houston, Detroit)

Incorporating Local Knowledge and Expertise

The **Local Steering Committee** works with the Reinvestment Fund team to help adapt the MVA methodology to the local context, review interim findings, and affirm final results.

Tasks and Responsibilities

Help Team Secure Local Housing Data

Help Validate Models and Methods

Contribute Local Knowledge of Markets

Advise on Data Issues and Limitations

Support Dissemination to the Community

Recommend Strategic Actions for Public & Private Actors

Organizations on the Steering Committee

- Better Housing Coalition
- Bon Secours Richmond Health System
- Bonner Center for Civic Engagement at the University of Richmond
- Chesterfield County Manager's Office
- Federal Reserve Bank of Richmond
- Henrico County Manager's Office
- Henrico County Planning Dept.
- Housing & Development Advisors
- Housing Opportunities Made Equal of Virginia
- Partnership for Housing Affordability
- Richmond Citizens Advisory Board
- Richmond City Health District
- Richmond City Office of Community Wealth Building
- Richmond Dept. of Economic and Community Development
- Richmond Dept. of Planning and Development Review
- Richmond Redevelopment and Housing Authority
- Richmond Regional Planning District Commission
- U.S. Dept. of Housing and Urban Development
- Va. Dept. of Housing and Community Development
- Va. Housing Development Authority
- Va. Local Initiatives Support Corporation

Market Value Analysis Sources and Definitions

	Variable	Definition	Source
Property Values and Investment	Median sales price 2015-2017q1, altered for condominiums	Median Sales prices were calculated both with and without Condominiums and the higher of the two values is used in the model.	Multiple Listing Service data
	Sales price variance 2015-2017q1	The coefficient of variance of homes used in the calculation above (Average Value ÷ Standard Deviation)	Multiple Listing Service data
	Percent of residential properties with building permits	Number of all residential parcels with building permit applications 2015-2017q1 as a percent of all residential parcels	County and Municipal parcel files and permit offices
	Percent of residential properties built/developed 2008-2016	Number of residential parcels with a built date from 2008-2016 as a percentage of all residential parcels	County and Municipal parcel files

Market Value Analysis Sources and Definitions

	Variable	Definition	Source
Blight, Distress, and Vacancy	Average percent of vacant residential properties 2015-2016	Average percent of all residential addresses that were vacant in each quarter 2015-2016. Percentage calculated as the number of residential addresses that were vacant, divided by the total number of valid postal addresses, including vacant and no-stat addresses. Vacant postal addresses are those where mail has not been collected for at least 90 days,	Valassis Lists
	Percent bank sales 2015-2016	Percent of residential properties sold by banks 2015-2017	Multiple Listing Service data
Housing Characteristics	Residential density	Residential housing units per residential land area	County and Municipal parcel files, ACS 2011-2015
	Percent owner occupied households	Percent of households that reported owning their home	ACS 2011-2015
	Percent of Rentals with a Public Subsidy	Percent of all rental units with a subsidy (e.g., Housing Choice Voucher, Public Housing, etc.)	HUD, RRHA & ACS 2011-2015

Summary of Market Characteristics

Average Characteristics for Market Types

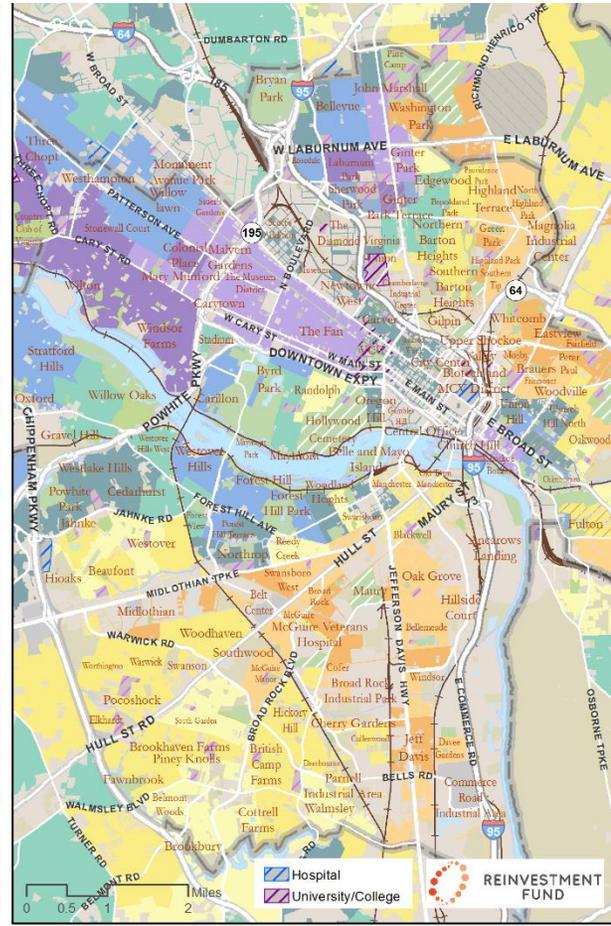
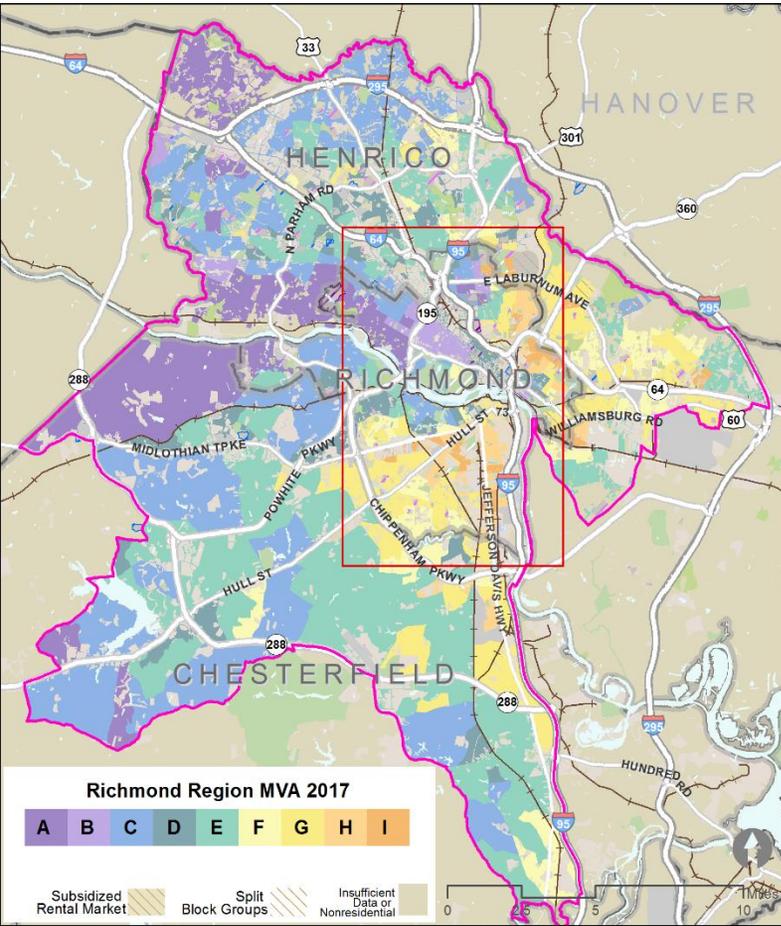
	Number of Block Groups	Median Sales Price 2015-2016	Sales Price Variance	Percent Bank Sales	Owner Occupancy	Percent Subsidized Rental	Percent Vacant Residential	Housing Units per Acre	Percent Residential Parcels Built 2008-up	Percent Residential Parcels with Permits 2015-2016
A	32	\$501,292	0.39	3%	90%	0%	0.4%	1.9	5.9%	11.6%
B	23	\$425,851	0.47	3%	33%	10%	1.5%	17.2	4.7%	5.0%
C	82	\$274,479	0.34	6%	83%	3%	0.6%	3.2	2.7%	7.2%
D	53	\$195,175	0.35	9%	29%	7%	1.2%	9.8	3.4%	5.7%
E	103	\$182,686	0.32	13%	80%	3%	0.9%	2.8	2.6%	5.5%
F	30	\$140,358	0.38	21%	48%	77%	1.8%	4.0	2.5%	4.0%
G	62	\$117,611	0.39	29%	59%	7%	3.0%	4.2	2.7%	4.9%
H	31	\$ 63,465	0.61	33%	41%	12%	8.5%	5.6	1.9%	3.7%
I	18	\$ 53,597	0.60	37%	30%	89%	3.2%	7.2	2.0%	2.0%

Split 10

Non residential or rental 14

Subsidized rental 3

Richmond Region MVA 2017



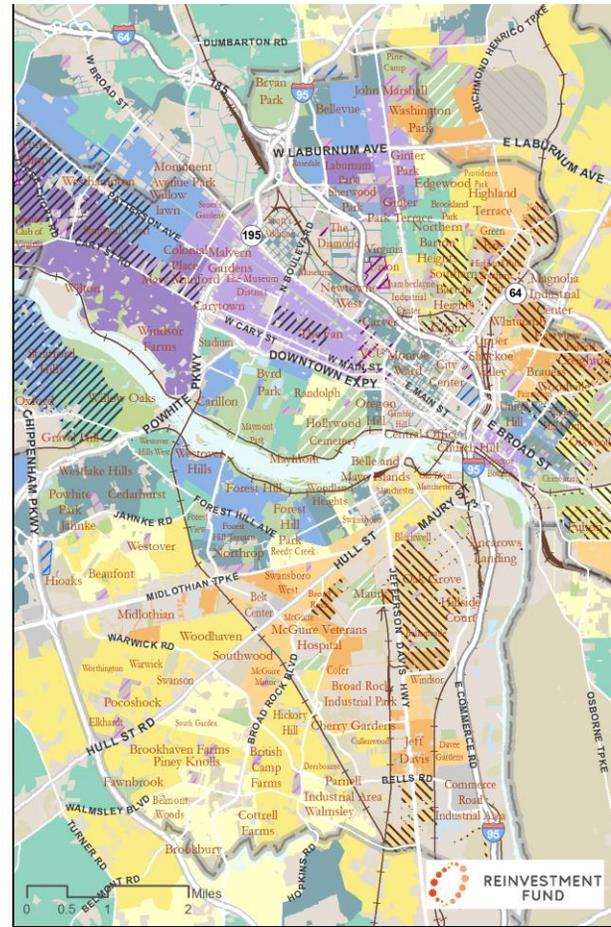
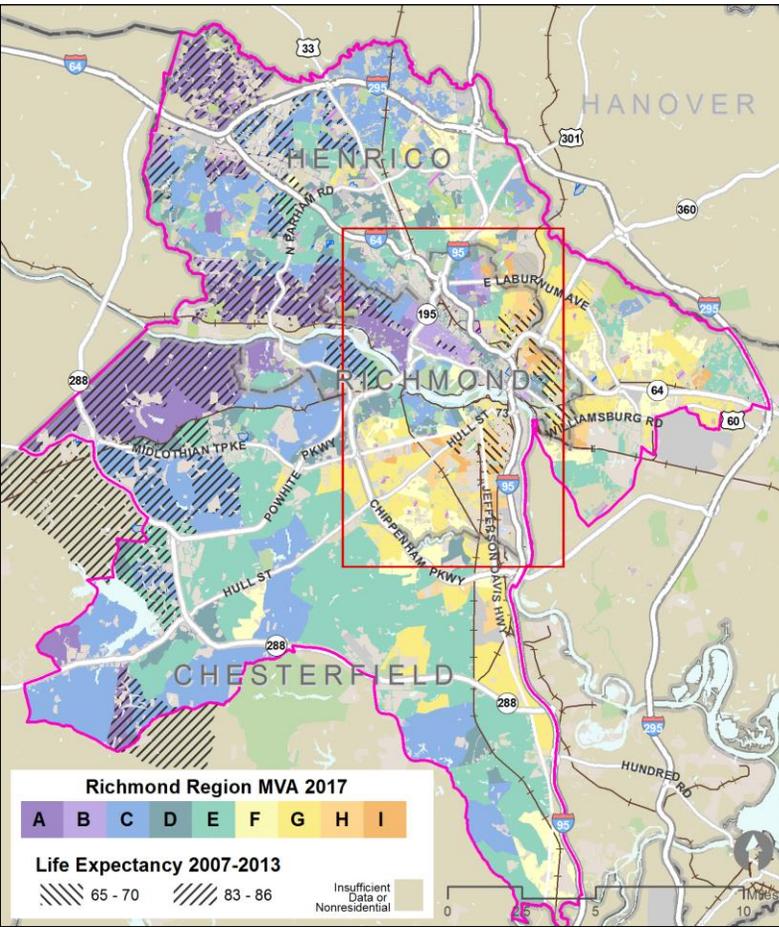
Connecting Other Indicators to the MVA



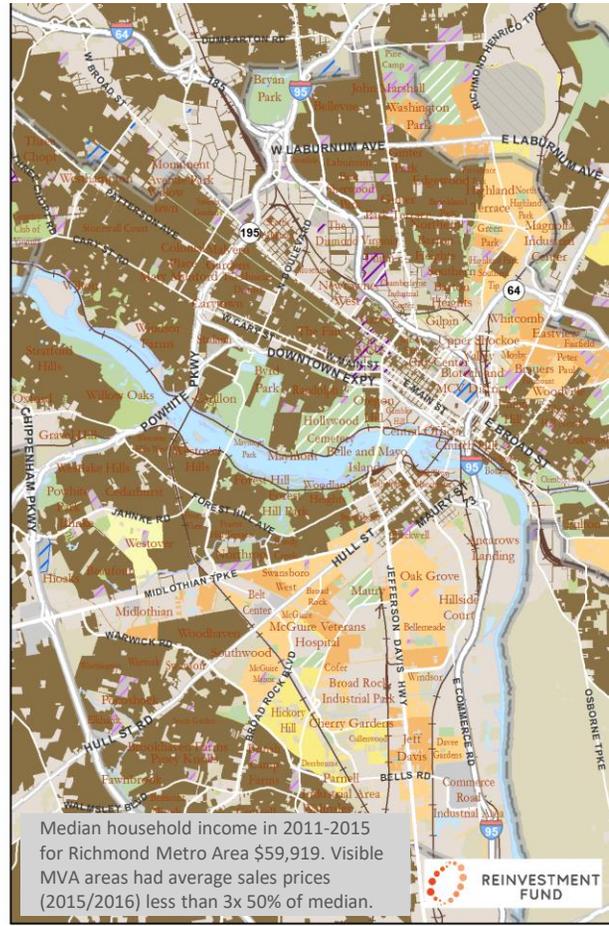
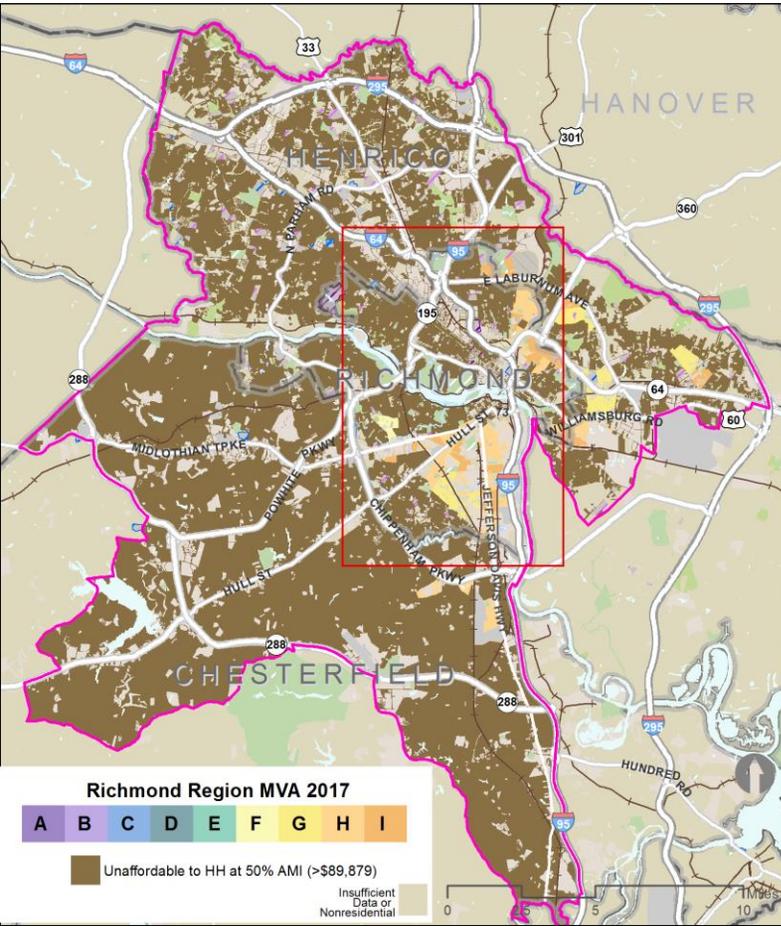
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MVA and Life Expectancy

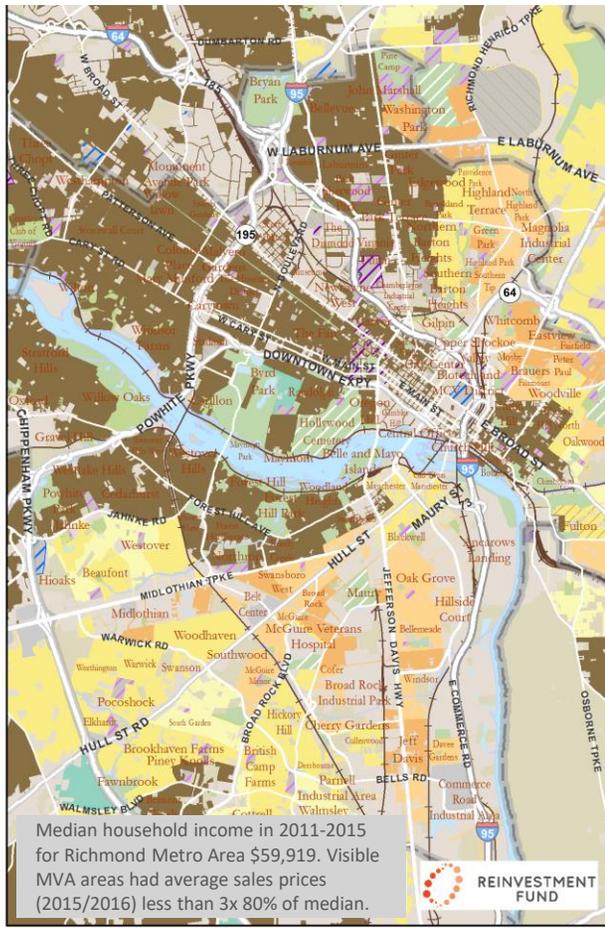
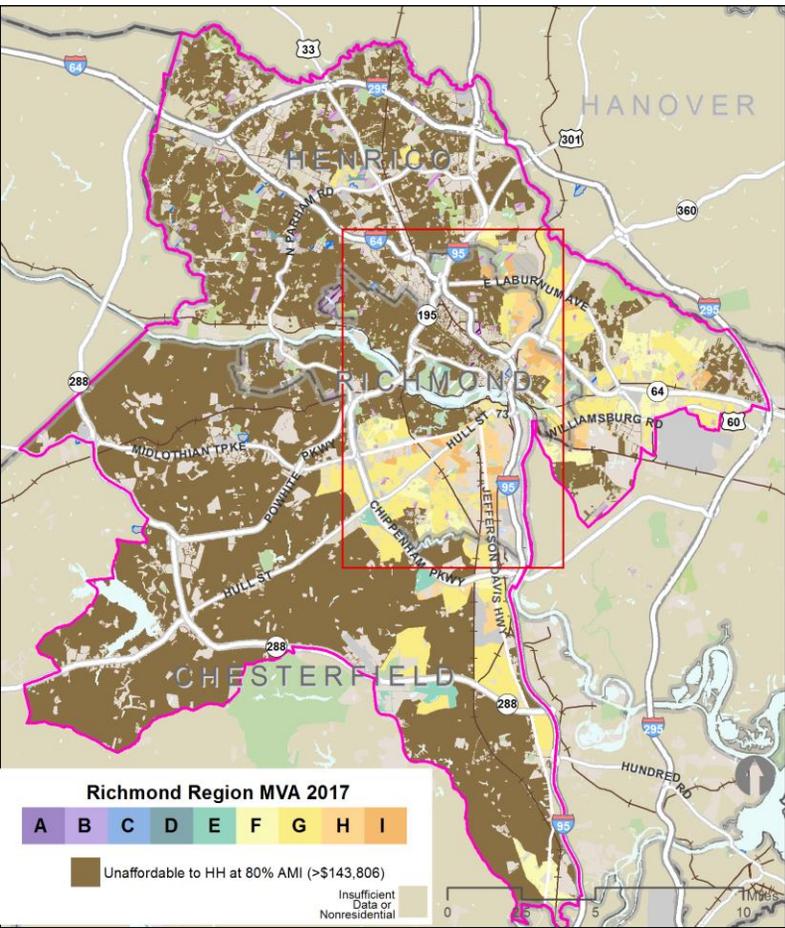
Source of Life Expectancy Data:
VDH's Office of Health Equity and VCU



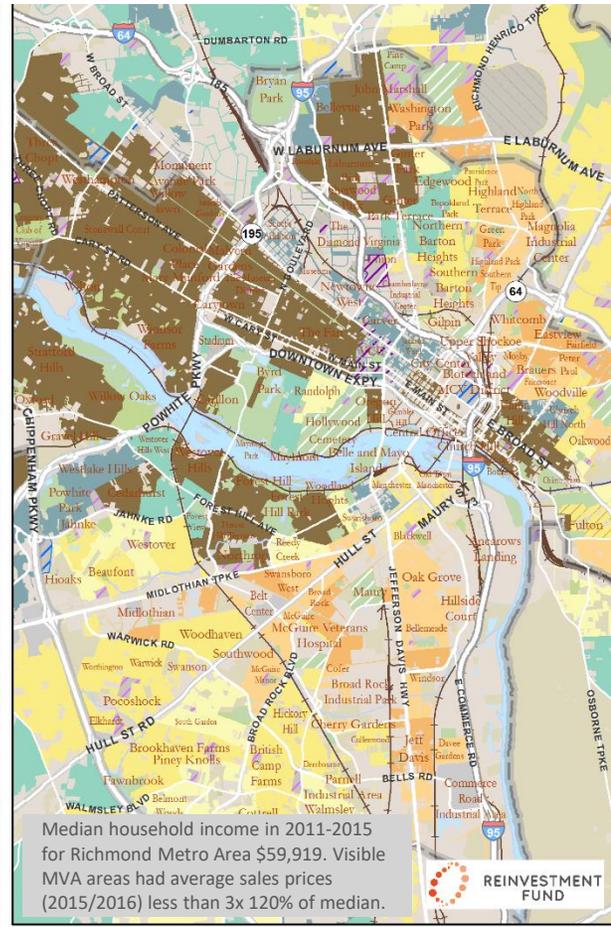
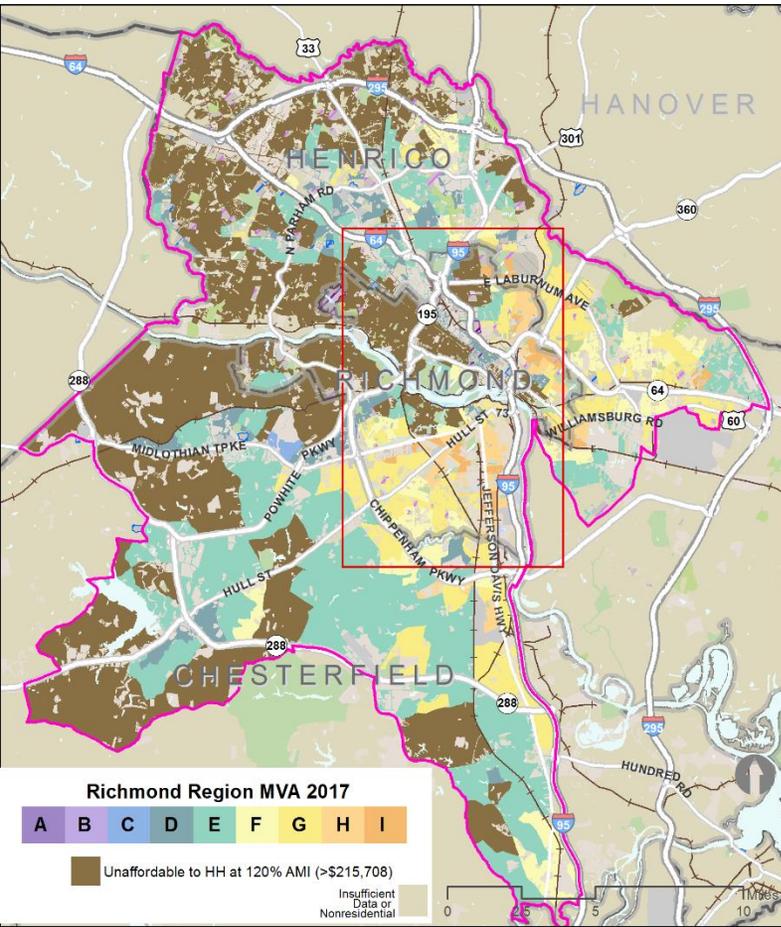
Areas Affordable at up to 50% Median Household Income



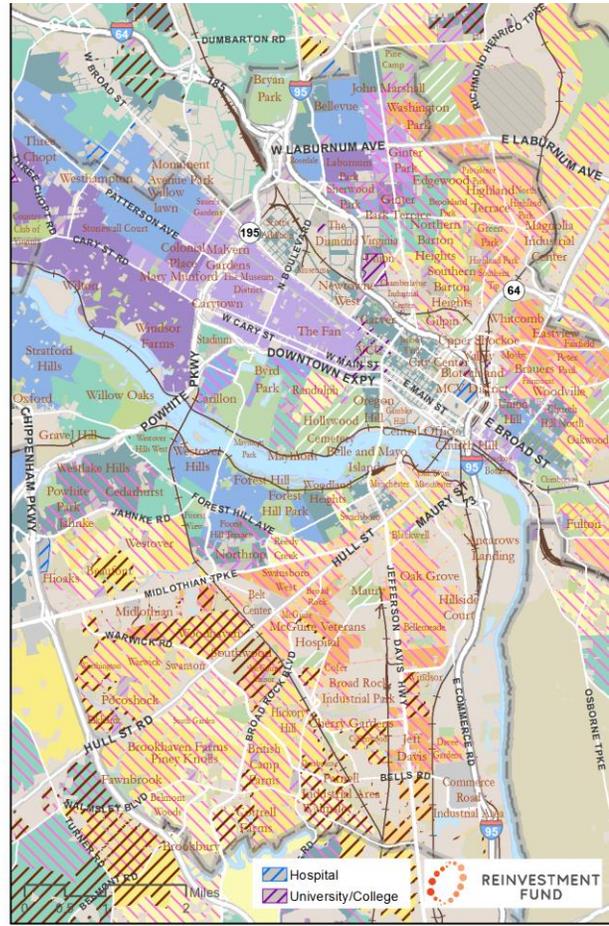
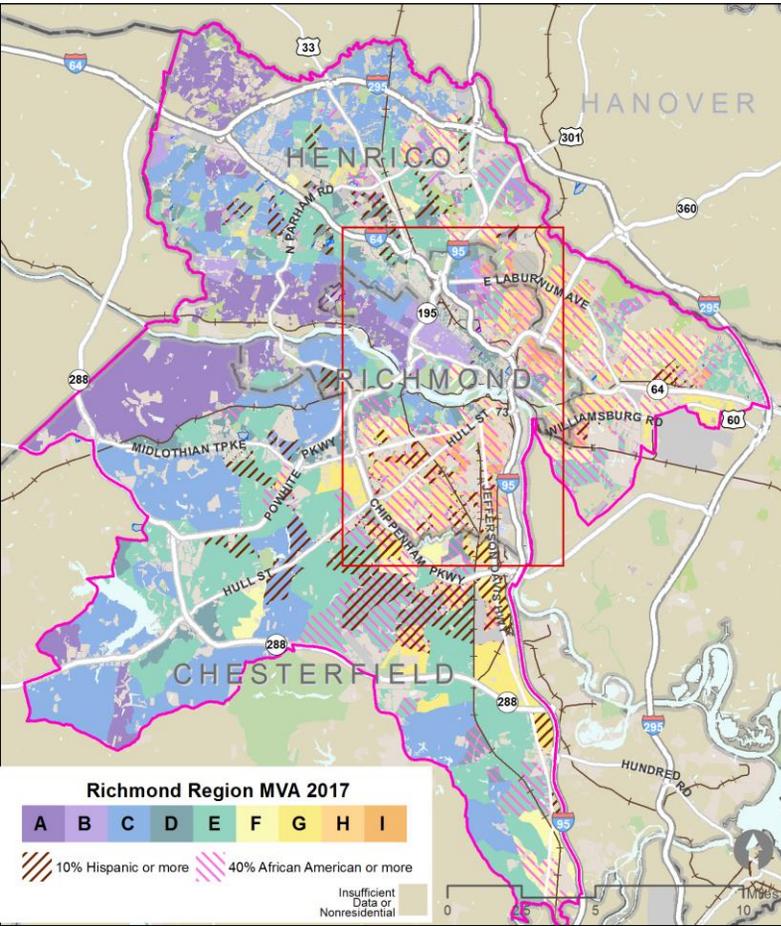
Areas Affordable at up to 80% Median Household Income



Areas Affordable at up to 120% Median Household Income



MVA Markets and Race/Ethnicity



Accessing the Richmond MVA

The Richmond Area MVA and a complete set of slides can be accessed directly on the Richmond Memorial Health Foundation's website (<https://www.rmhfoundation.org/>). The mapping tool can be accessed at this location on the RMHF site: 

Alternatively, the MVA can be accessed at www.PolicyMap.com; the MVA is listed under the "Analytics" tab on the Map page.

[MVA Mapping Tool](#)

In 2017, Reinvestment Fund developed a Market Value Analysis for the City of Richmond, VA.

Click [here](#) to explore the mapping tool.



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Additional MVA Publications

Making Sense of Markets: Using Data to Guide Reinvestment Strategies

Chapter on the MVA in [*What Counts: Harnessing Data for America's Communities*](#), outlining opportunities and challenges for the strategic use of data to reduce poverty, improve health, expand access to quality education, and build stronger communities.

Maximizing the Impact of Federal NSP Investments through the Strategic Use of Local Market Data

Chapter by Reinvestment Fund's Ira Goldstein for the book [*REO & Vacant Properties: Strategies for Neighborhood Stabilization*](#), discussing the MVA as a means to strategize the targeting of resources under the federal Neighborhood Stabilization Program.

A Data-Based Approach to Understanding Urban Housing Markets

Chapter on the MVA by Reinvestment Fund's Ira Goldstein in [*Putting Data to Work: Data-Driven Approaches to Strengthening Neighborhoods*](#), by the Board of Governors of the Federal Reserve System. The chapter highlights how the MVA approach can inform citywide strategies and decision-making.

On the Edge: America's Middle Neighborhoods

[*Book edited by Paul C. Brophy*](#) on ways that policymakers and community development professionals can support "middle neighborhoods," communities on the edge of decline or improvement.

Market Value Analysis: Understanding Where and How to Invest Limited Resources

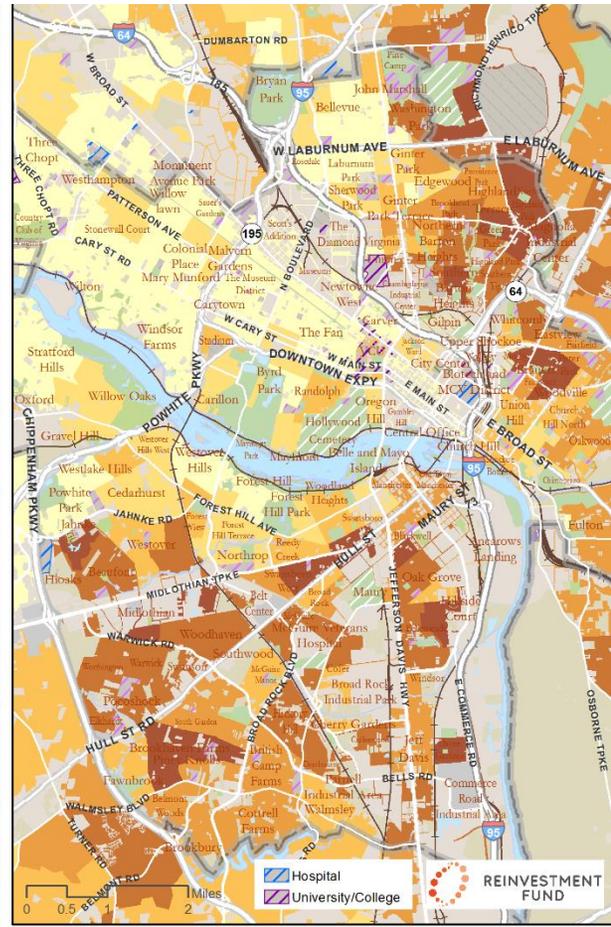
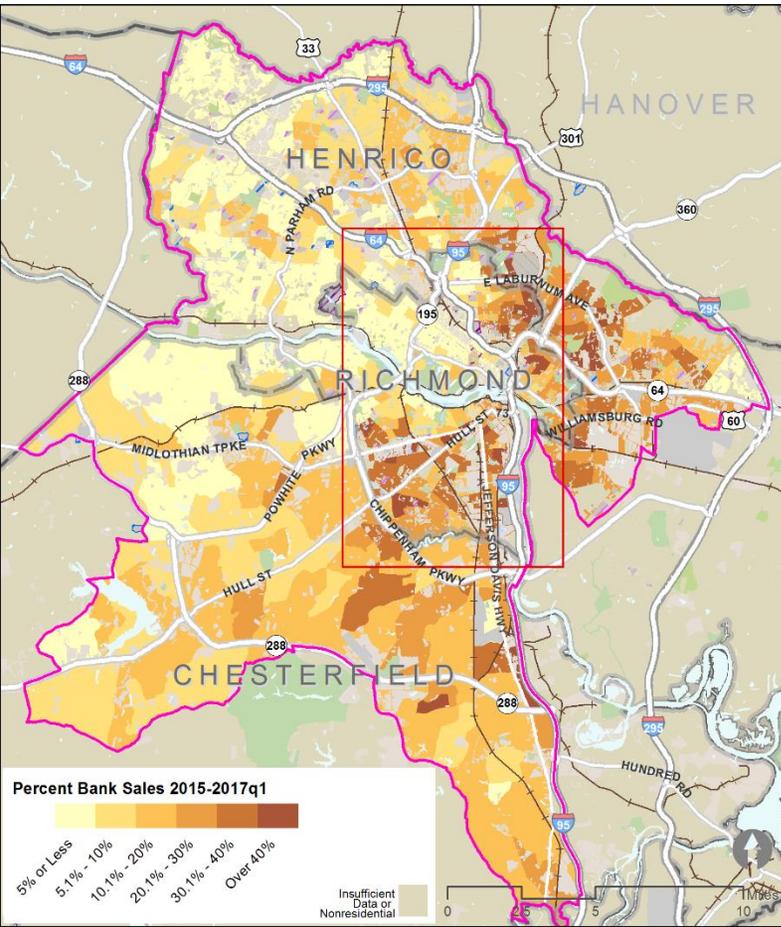
[*Article by Ira Goldstein and Sean Closkey*](#) on using the Market Value Analysis (MVA) to prioritize investments for "Bridges," the quarterly publication of the St. Louis Federal Reserve Bank.

Extra Slides

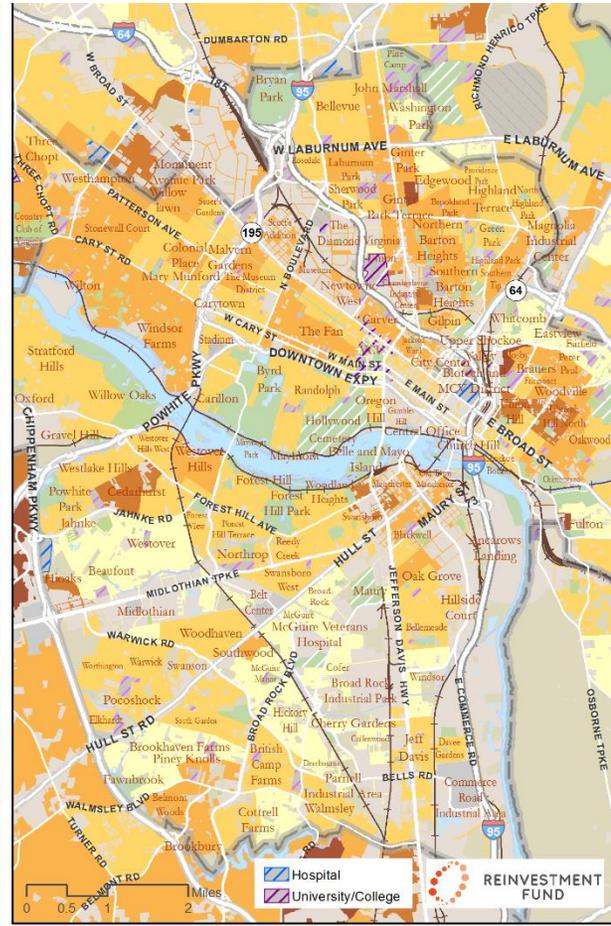
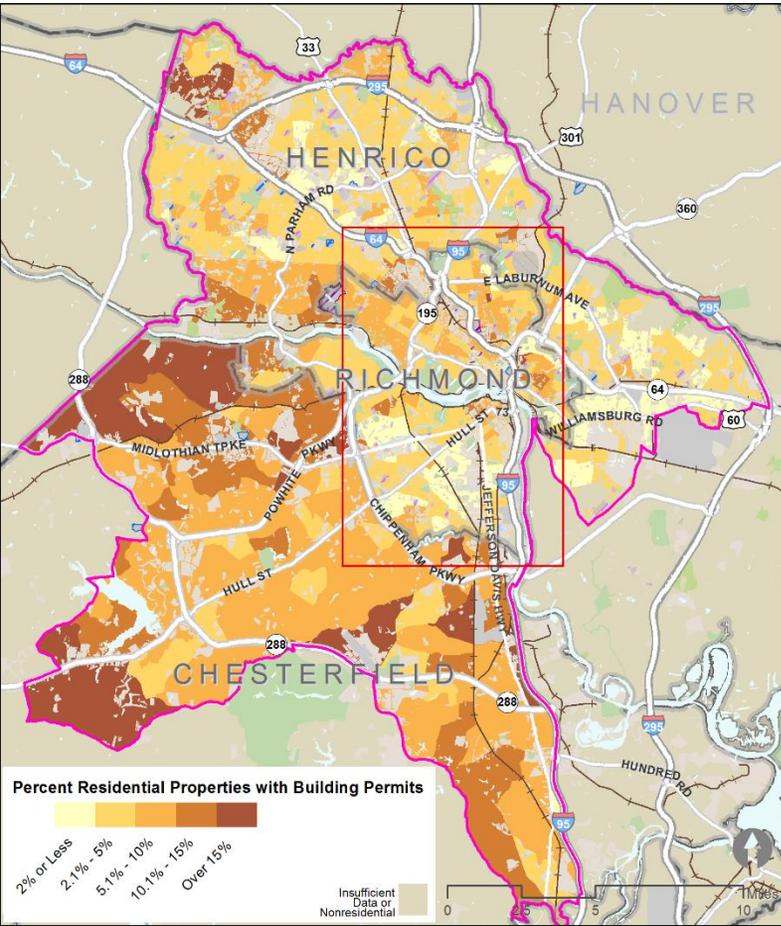
- **MVA Context Layers**
- **Overlays**
 - **Life Expectancy**
 - **Jobs**
 - **Population Across Markets**
 - **Race**
 - **Cost Burden**
 - **Mortgage Access**



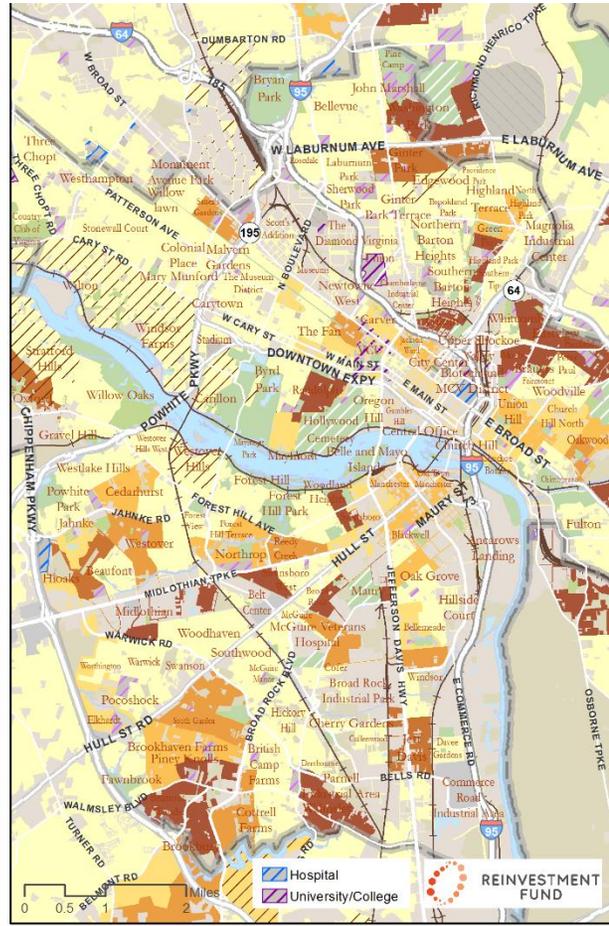
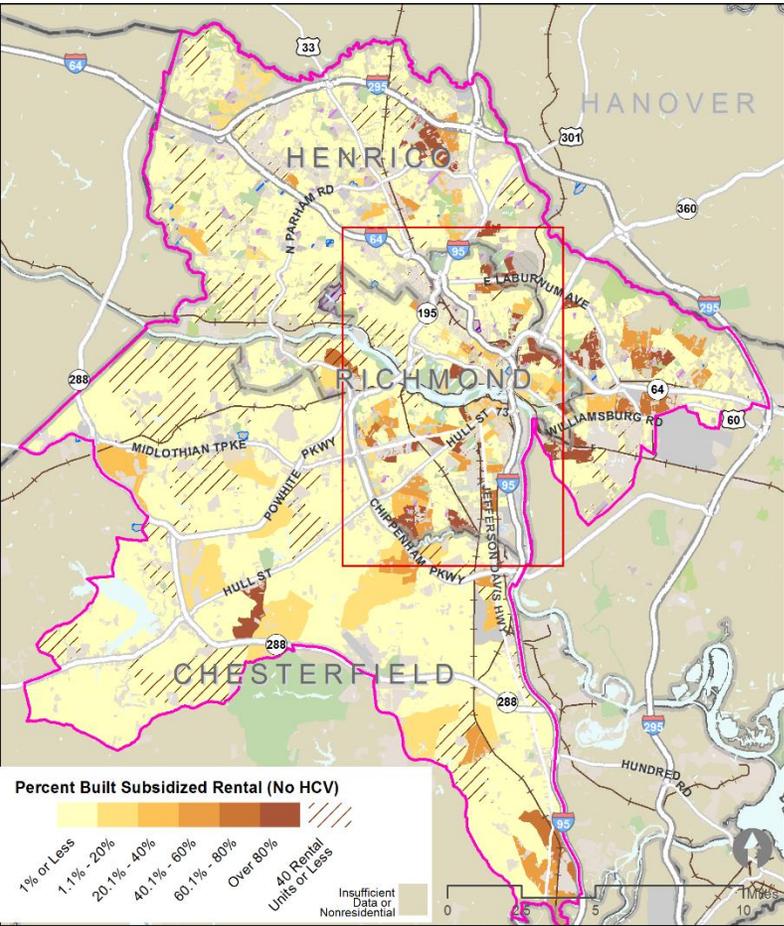
Percent Bank Sales 2015-2017q1



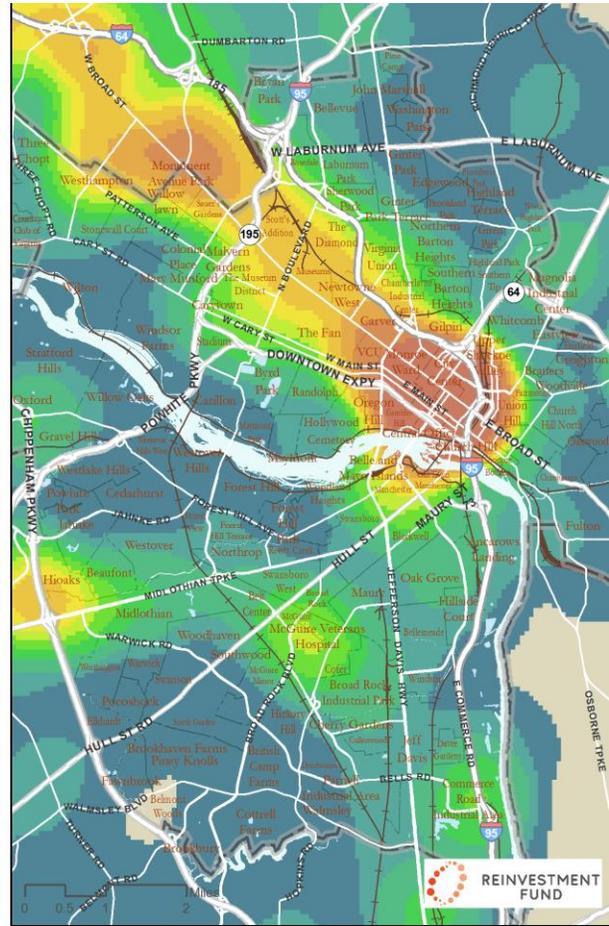
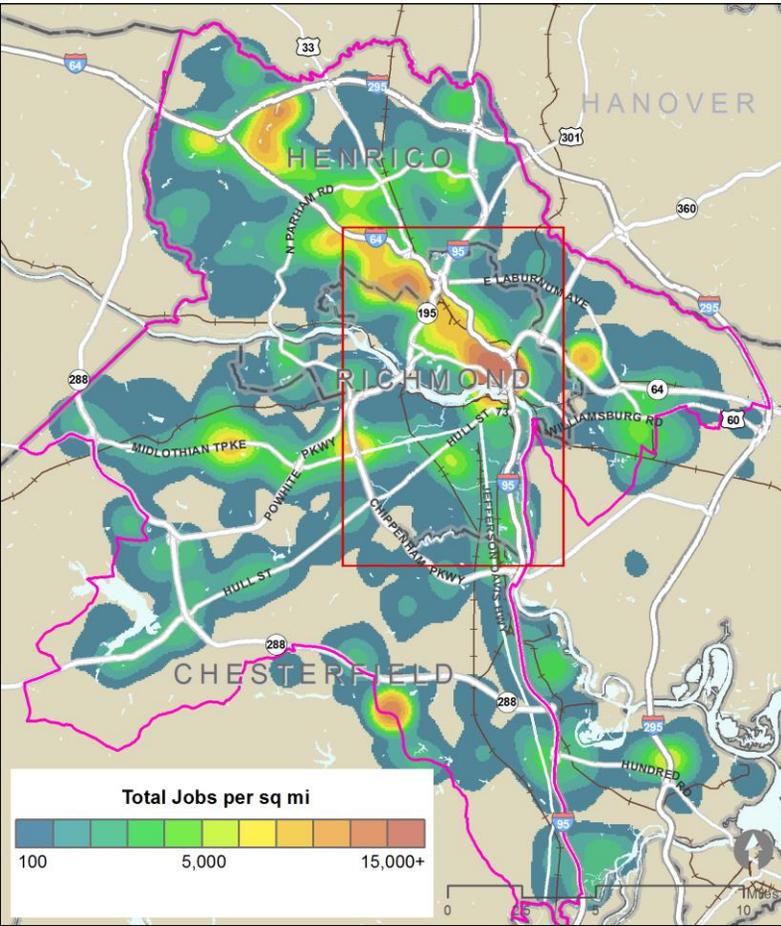
Percent of Residential Properties with Permits 2015-2016



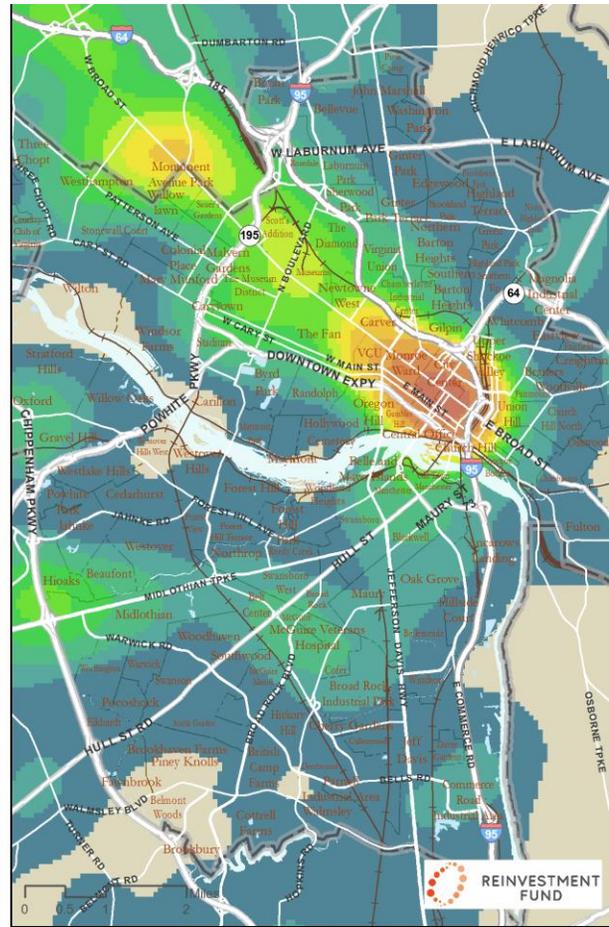
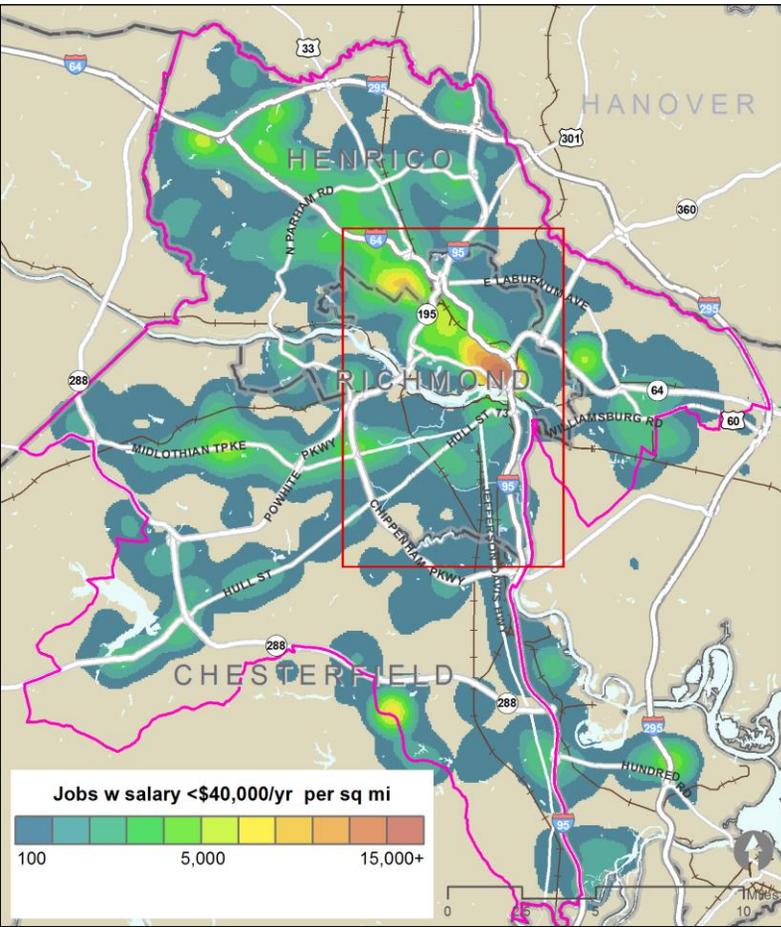
Percent Built Subsidized Rental



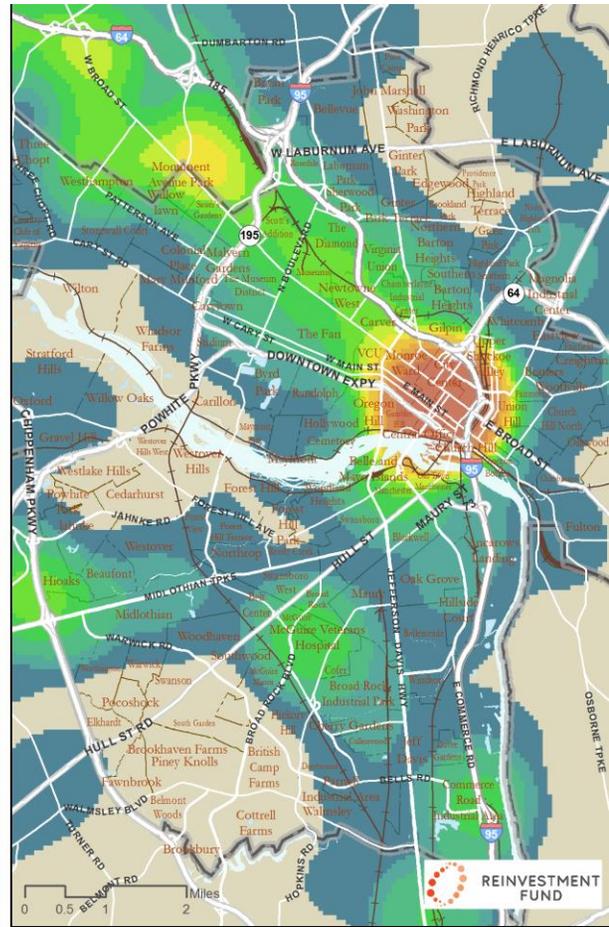
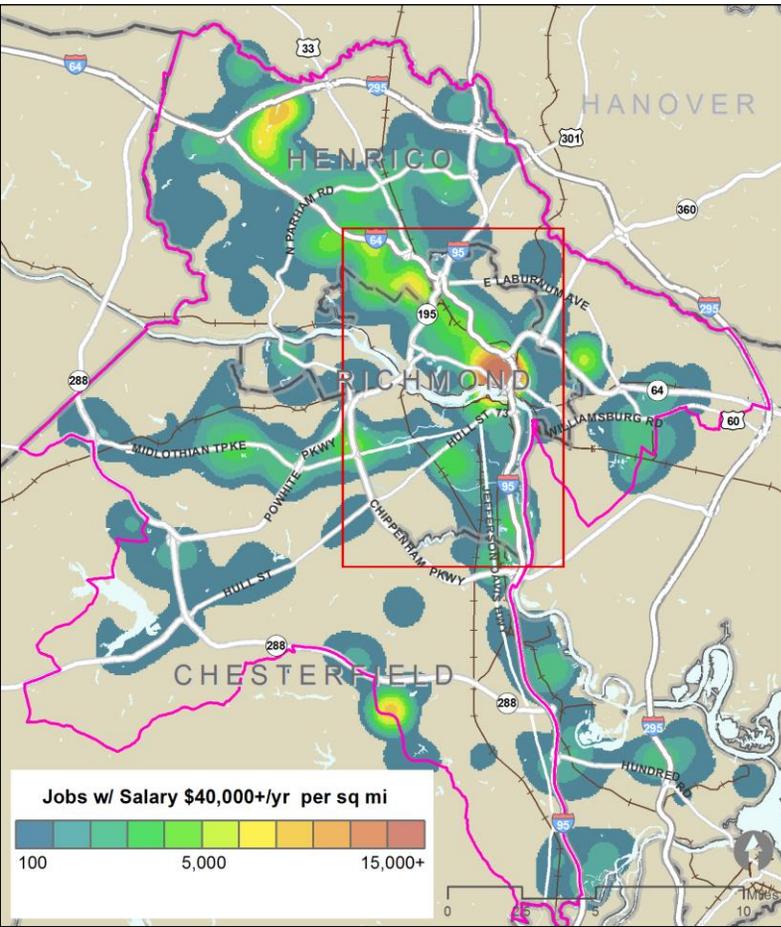
Job Density (Jobs per Mi²)



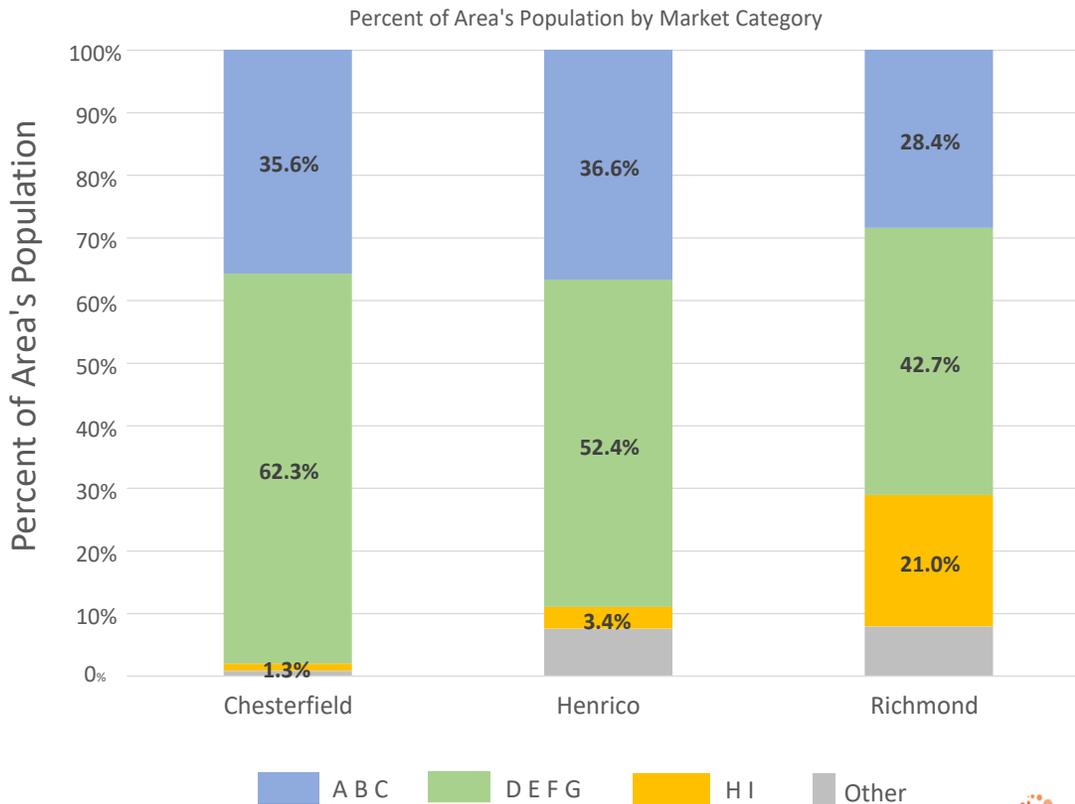
Job Density of Lower Wage (< \$40k) Jobs



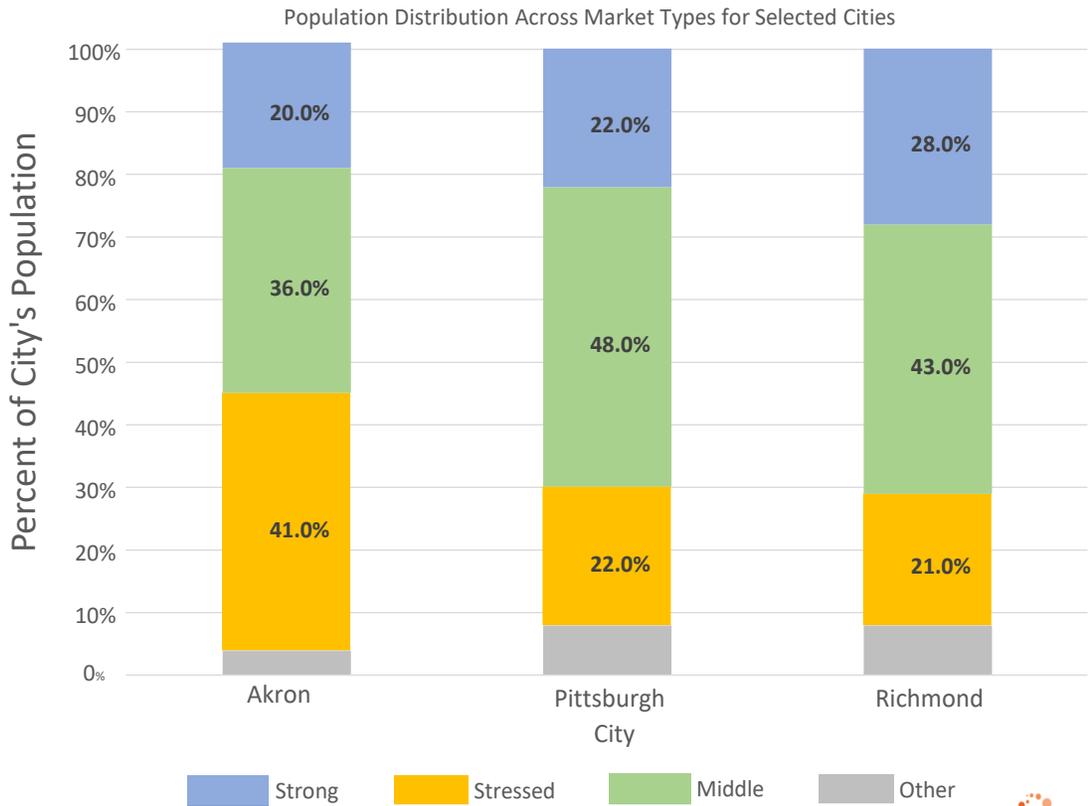
Job Density of Higher Wage (\$40k+) Jobs



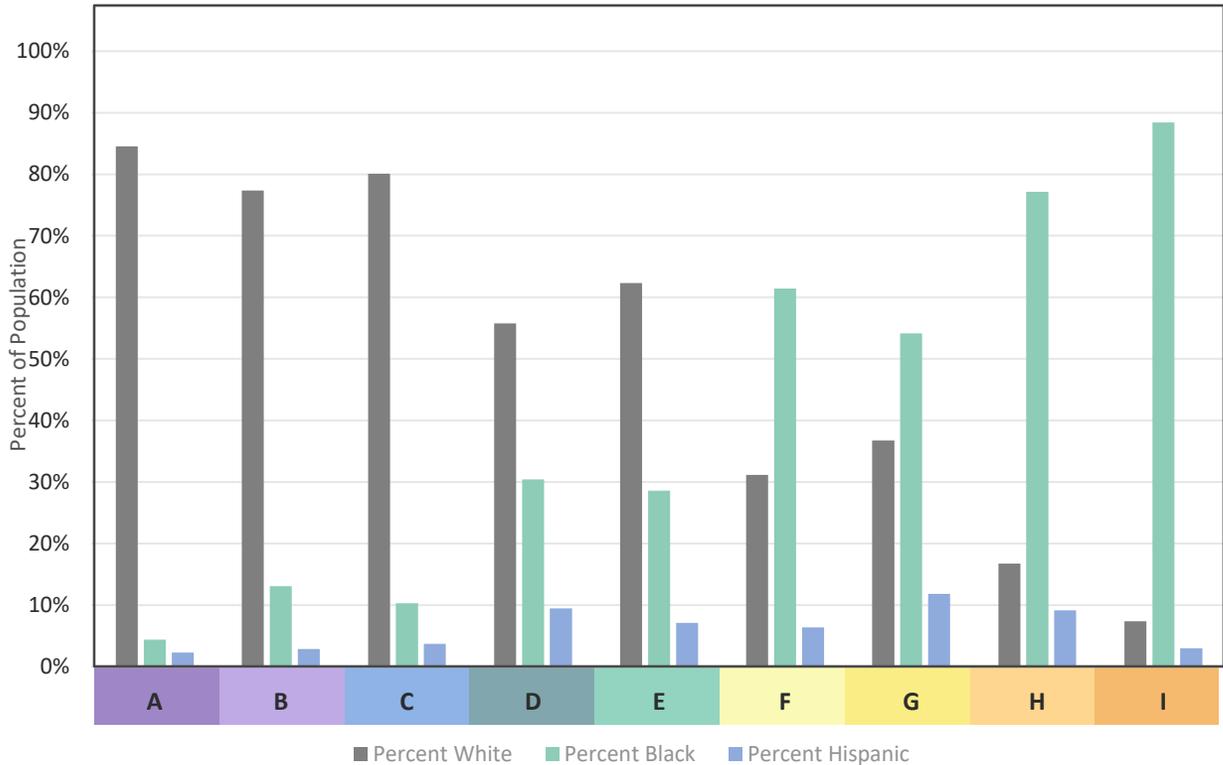
Compared to Chesterfield and Henrico Counties, Richmond Has a Smaller Middle Market and Larger Stressed Market Share of Residents



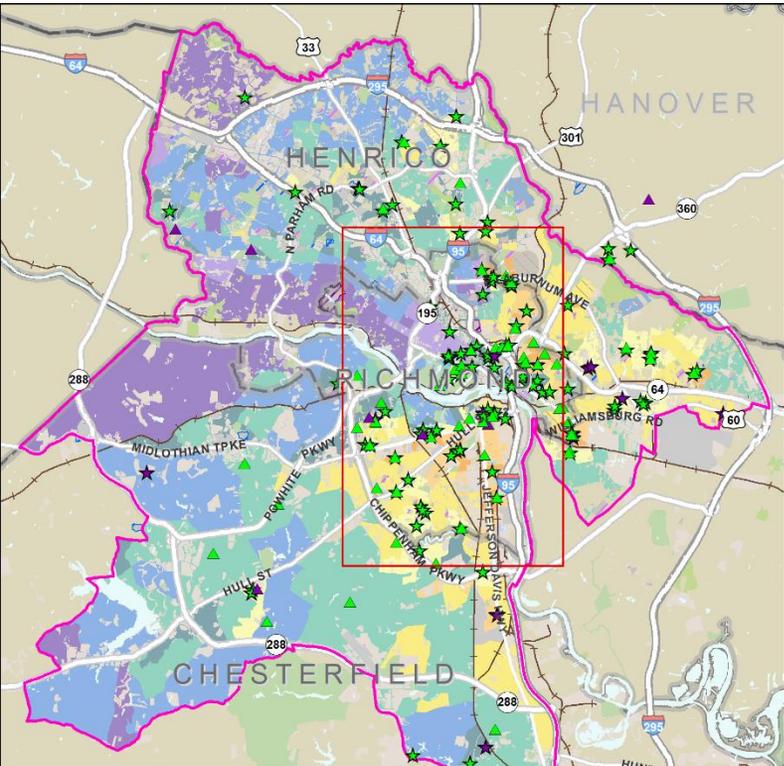
Richmond and Pittsburgh are Very Similar in Population Distribution Across Market Types; A Much Smaller Share in Stressed Areas than Akron



Race/Ethnicity Composition by Market Type



Richmond Region MVA 2017 with Built Subsidized Rentals



Richmond Region MVA 2017



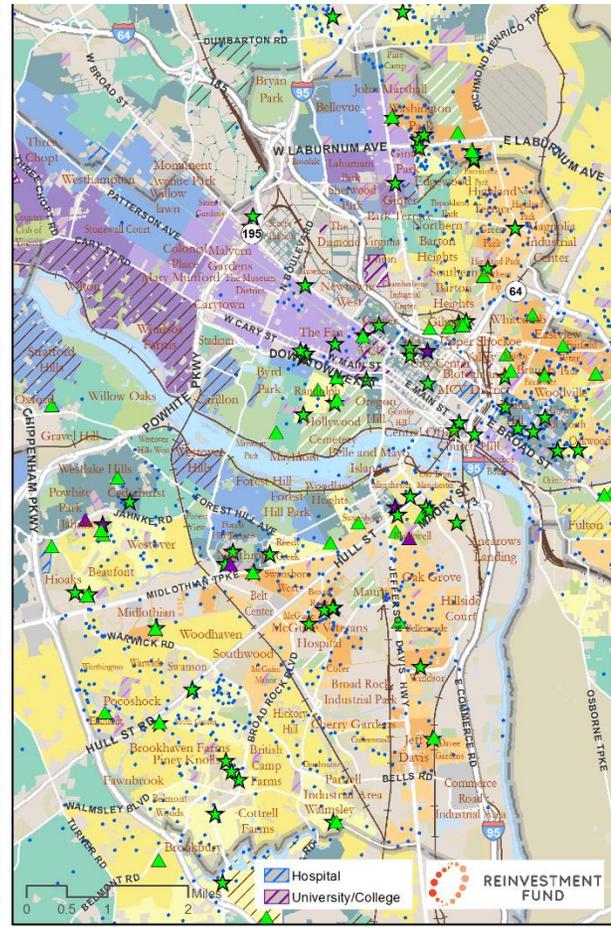
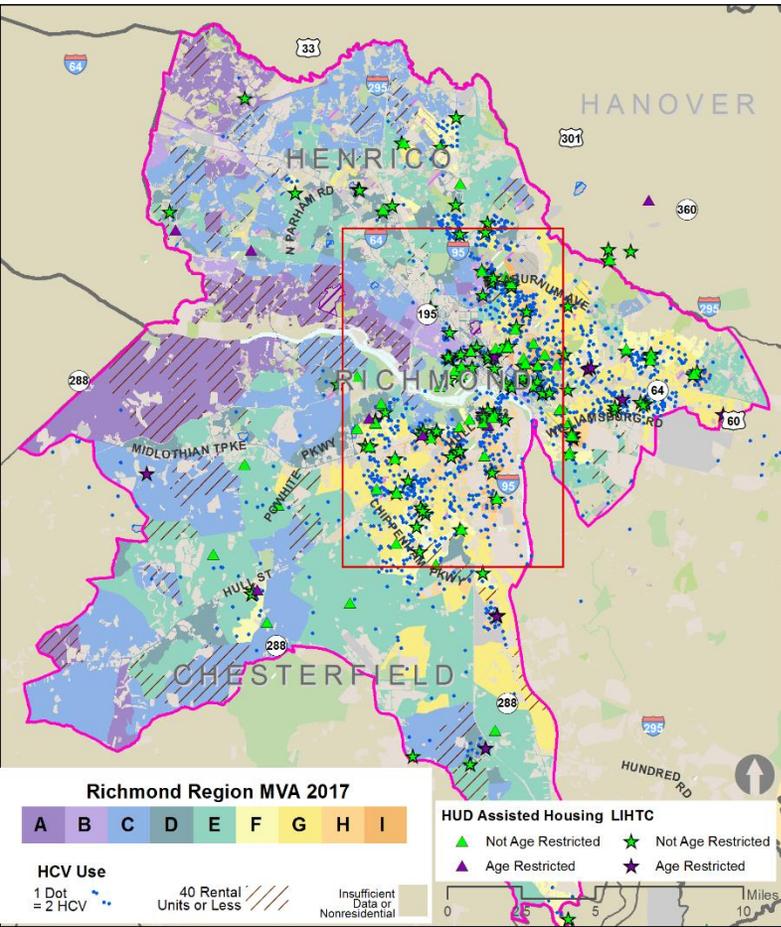
- HUD Assisted Housing LIHTC**
- ▲ Not Age Restricted
 - ★ Not Age Restricted
 - ▲ Age Restricted
 - ★ Age Restricted

- Subsidized Rental Market
- Split Block Groups
- Insufficient Data or Nonresidential

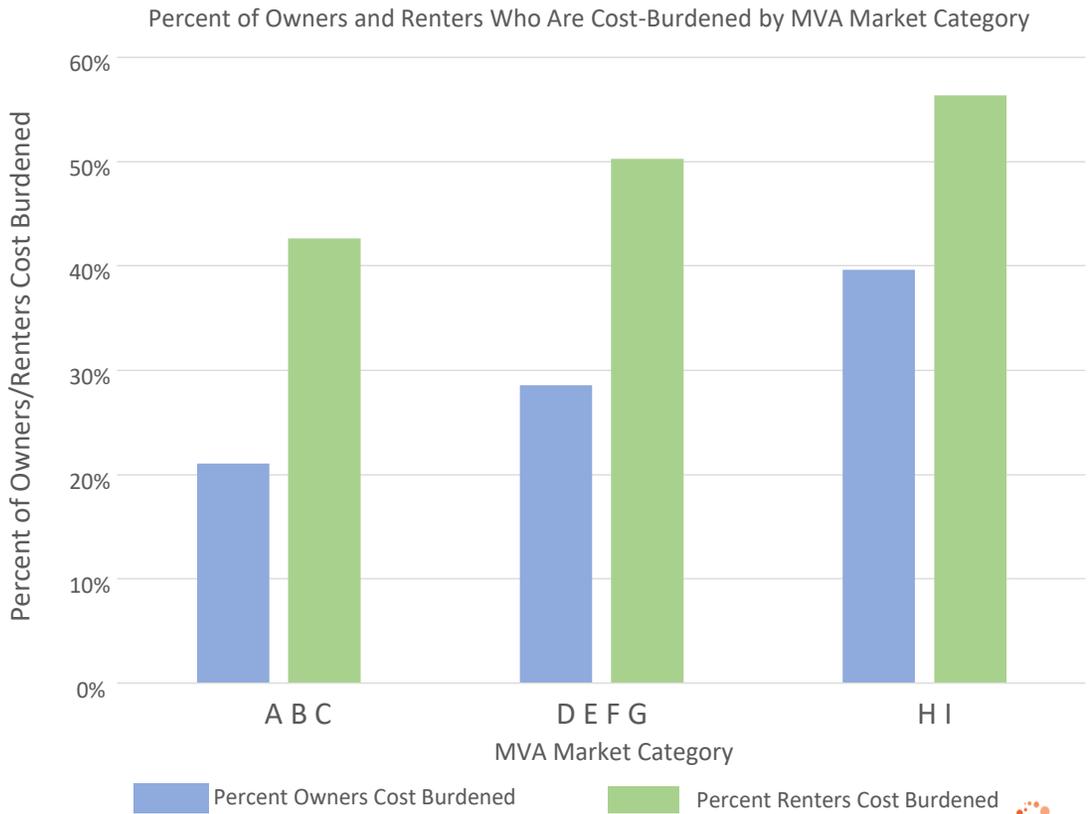
- Hospital
- University/College
- REINVESTMENT FUND



Richmond Region MVA 2017 with All Assisted Housing



Significant Portions of Owners and Renters are Cost-Burdened; Especially in Middle and Stressed Markets



Richmond Cost Burdens Are High Compared to Other Cities

Percent of Households Cost Burdened (Spending 30%+ of Income on Housing)
by Tenure and Household Income Level, 2011-2015



Akron **Pittsburgh** **Richmond**

Mortgage Lending Activity, 2014-2016

From 2014 to 2016, 44,724 **home purchase applications** were filed in the Richmond region. Overall, 77% of applications were approved, however, approval and denial rates varied considerably between market types.

In purple (“A”, “B”, and “C”) markets, 80% of applications were approved and only 6% were rejected. In orange (“H”, “I”) markets, 68% of applications were approved while 12% were rejected.

Similarly, purchase loan activity as a percent of sales for the market as a whole is 88%. In purple markets it is 92% while in orange markets it is 52%.

From 2014 to 2016, 54,099 **home refinance applications** were filed in the Richmond region. Overall, 54% of applications were approved, however, the approval and denial rates varied considerably between market types.

In purple (“A”, “B”, and “C”) markets 60% of applications were approved and 17% were rejected. In orange (“H”, “I”) markets, 42% of applications were approved while 36% were rejected.

Purchase Activity 2014-2016*

	Approved Apps & Percent Approved	Number of Sales (MLS)	Loans To Sales Ratio	Rejected Apps	Withdrawn Apps	Total Apps
Purple (A,B,C)	14,953 79.5%	16,335	91.5%	1,112 5.9%	1,824 9.7%	18,799
Green (D,E)	11,242 76.7%	12,504	89.9%	1,256 8.6%	1,466 10.0%	14,649
Yellow (F,G)	3,725 72.7%	4,770	78.1%	618 12.1%	541 10.6%	5,122
Orange (H,I)	791 68.4%	1,518	52.1%	137 11.8%	154 13.3%	1,157
Other	3,816 76.4%	4,217	90.5%	439 8.8%	520 10.4%	4,997
Total	34,527 77.2%	39,344	87.8%	3,562 8.0%	4,505 10.1%	44,724

Refinance Activity 2014-2016*

Approved Apps	Rejected Apps	Withdrawn Apps	Total Apps
13,027 60.4%	3,674 17.0%	2,741 12.7%	21,578
9,173 51.5%	4,254 23.9%	2,549 14.3%	17,815
3,104 44.4%	2,134 30.5%	987 14.1%	6,987
609 41.9%	517 35.5%	181 12.4%	1,455
3,288 52.5%	1,434 22.9%	893 14.3%	6,264
29,201 54.0%	12,013 22.2%	7,351 13.6%	54,099

*Only includes first lien, home purchase and refinance applications for single family homes. The Richmond MVA is estimated for block groups but Home Mortgage Disclosure Act (HMDA) data are reported for tracts. We note that assignment of block groups to tracts is inexact.