



Market Value Analysis (MVA): Houston, TX

October, 2014



TRE 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

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?

TRF has done this work under contract to governments and foundations in locations including:

- Philadelphia, PA
- Wilmington, DE
- Washington, DC
- Baltimore, MD
- San Antonio, TX
- Camden, NJ
- Newark, NJ (and 8 additional regions across the state)
- Reading Area, PA
- Detroit, MI
- Houston, TX
- New Orleans, LA
- Milwaukee, WI
- Pittsburgh, PA
- St. Louis, MO
- Atlantic City, NJ (in process)
- Jacksonville, FL (in process)
- Prince George's County, MD (in process)

Our Normative Assumptions when Analyzing Markets:

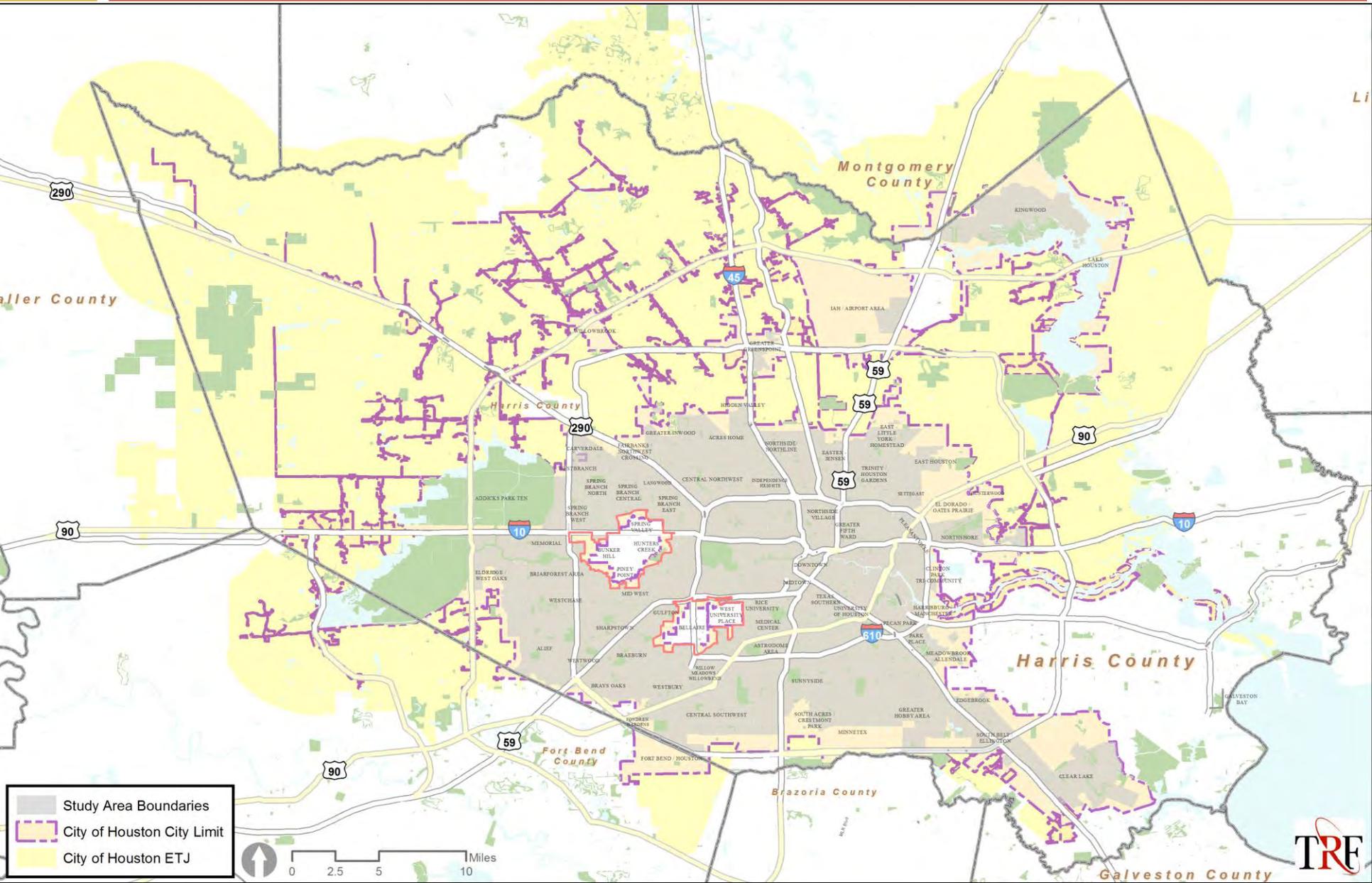
- Public subsidy is scarce and it alone cannot create a market;
- Public subsidy must be used to leverage, or clear the path, for private investment;
- In distressed markets, invest into strength (e.g., major institution of place, transportation hub, environmental amenities) – **“Build from Strength”**;
- All parts of a city are customers of the services and resources that it has to offer;
 - Government action is tailored to the market conditions;
- Decisions to invest and/or deploy governmental programs must be based on objectively gathered data and sound quantitative and qualitative analysis.

- Acquire local data and geocode to block groups.
- Inspect and validate data layers.
- Conduct a statistical cluster analysis.
- Identify areas that share common characteristics.
- Map the result.
- Inspect areas of the City for conformity with the statistical/spatial representation.
- Re-solve and re-inspect until the MVA accurately represents areas.

Components of the Houston MVA

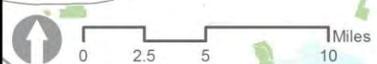
- Median sales price 2011-2012
- Coefficient of variance for sales price 2011-2012
- Foreclosure filings as a % of residential sales 2011-2012
- Vacant properties as a % of all housing units 2012
- New construction (single and multifamily) permits as a % of residential parcels 2010-2012
- Owner-occupied as a % of all housing units 2010
- Subsidized rental stock as a % of all rental units 2012
- Commercial or Industrial Area as a % of total land area
- Housing violations as a % of all housing units 2010-2012

Houston Region – COH and ETJ

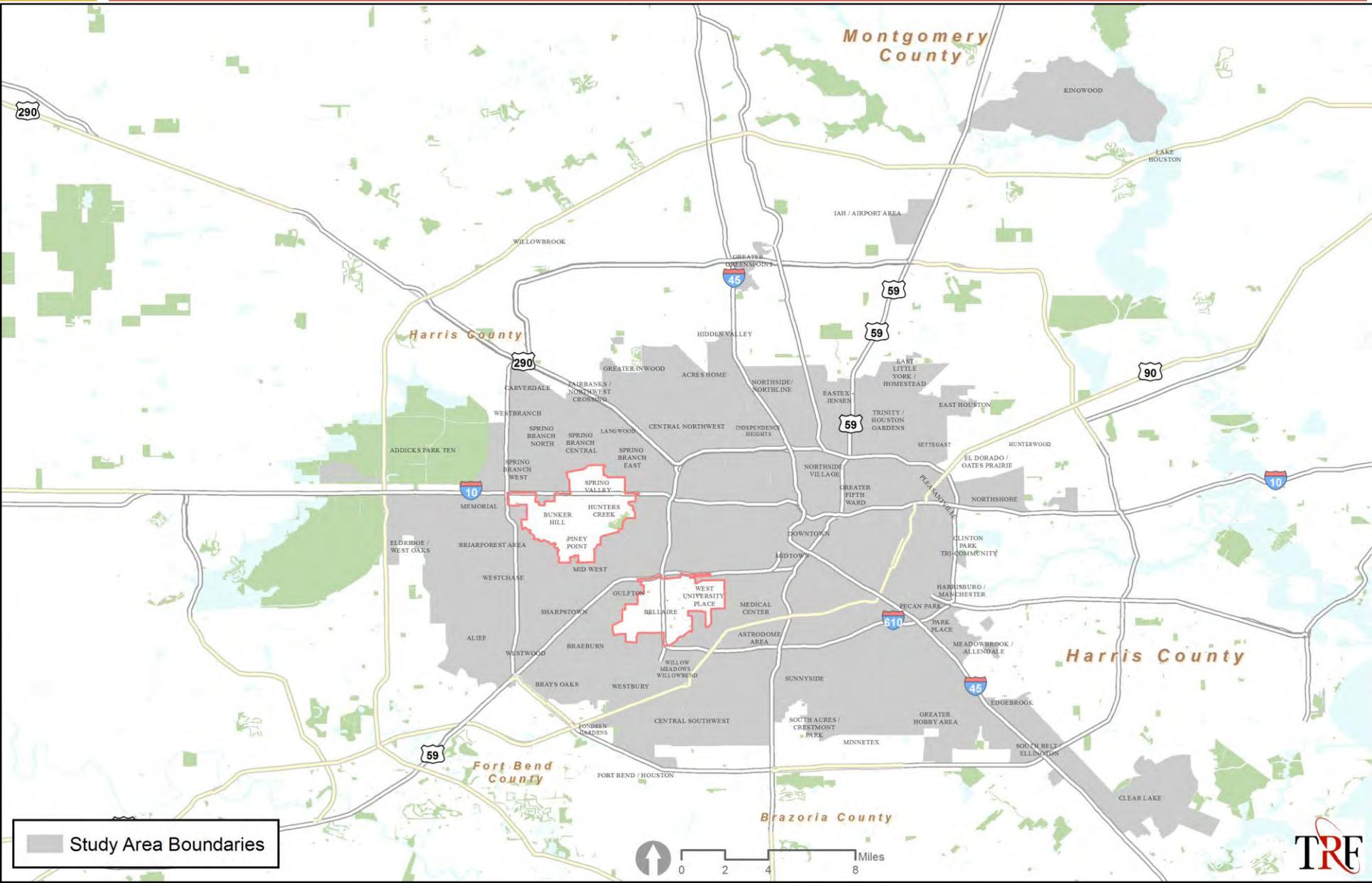


Legend:

- Study Area Boundaries
- City of Houston City Limit
- City of Houston ETJ



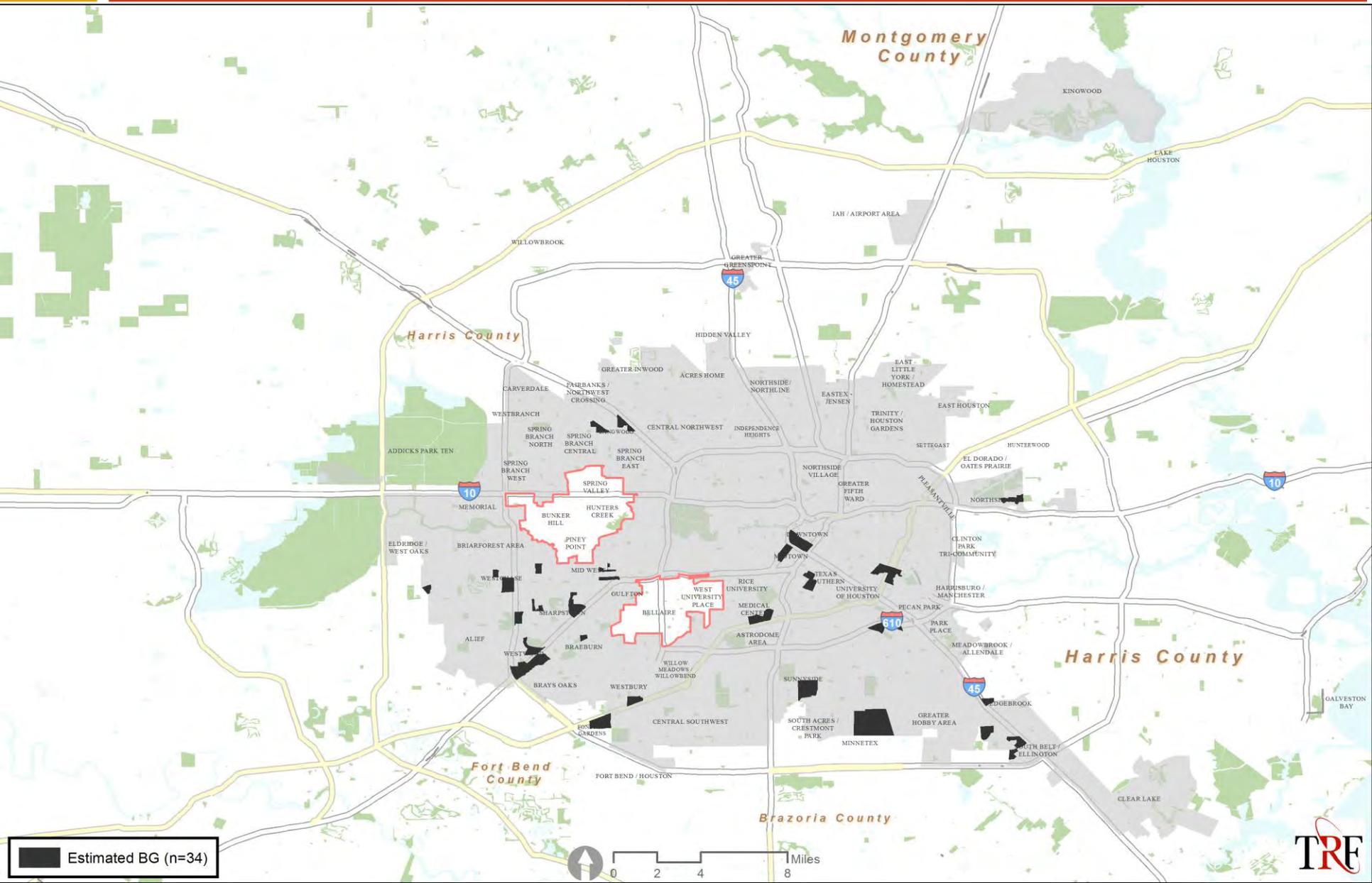
Study Area Boundaries



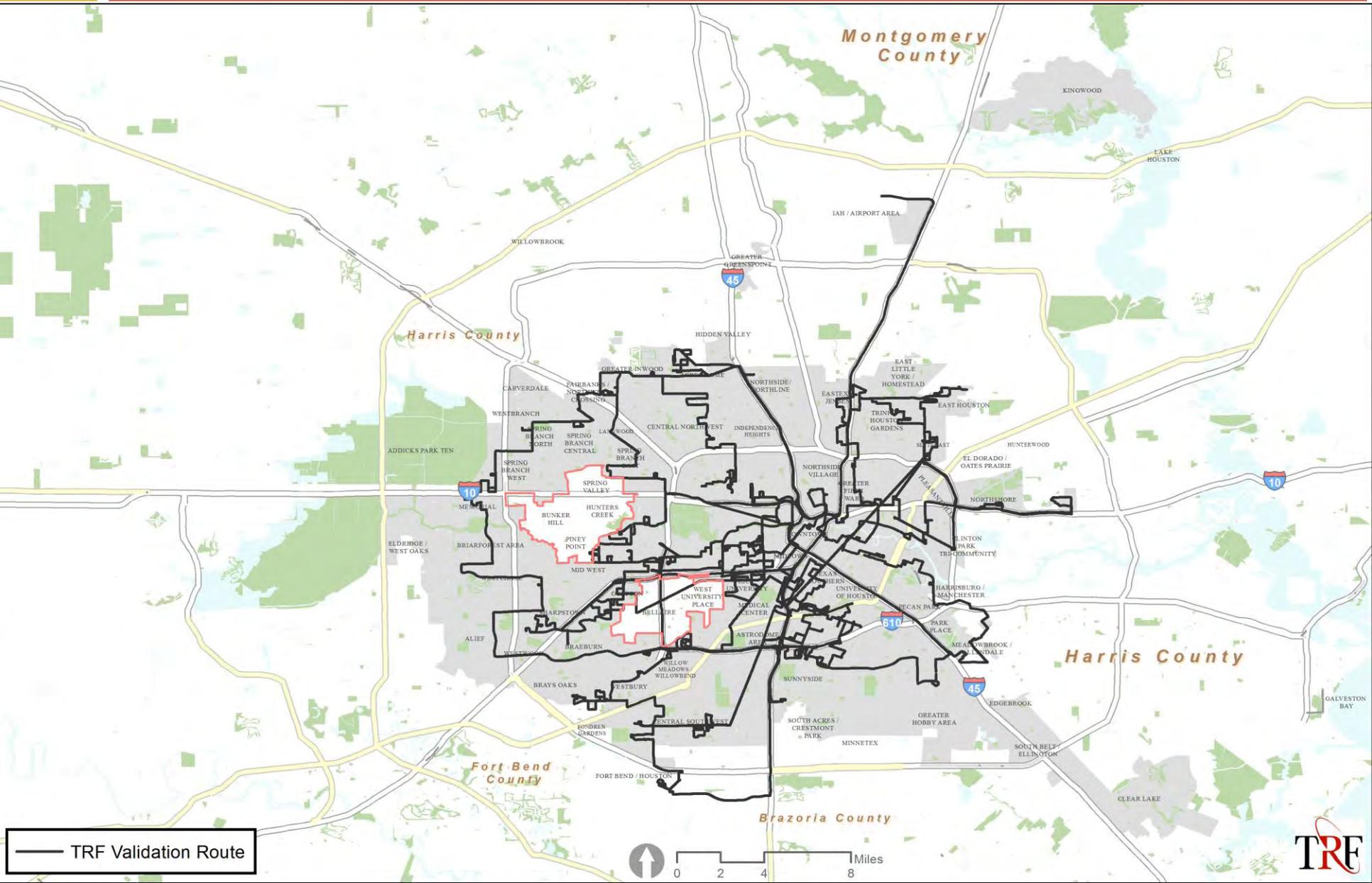
■ Study Area Boundaries



Block Groups to Estimate (n = 34)



TRF Validation Route

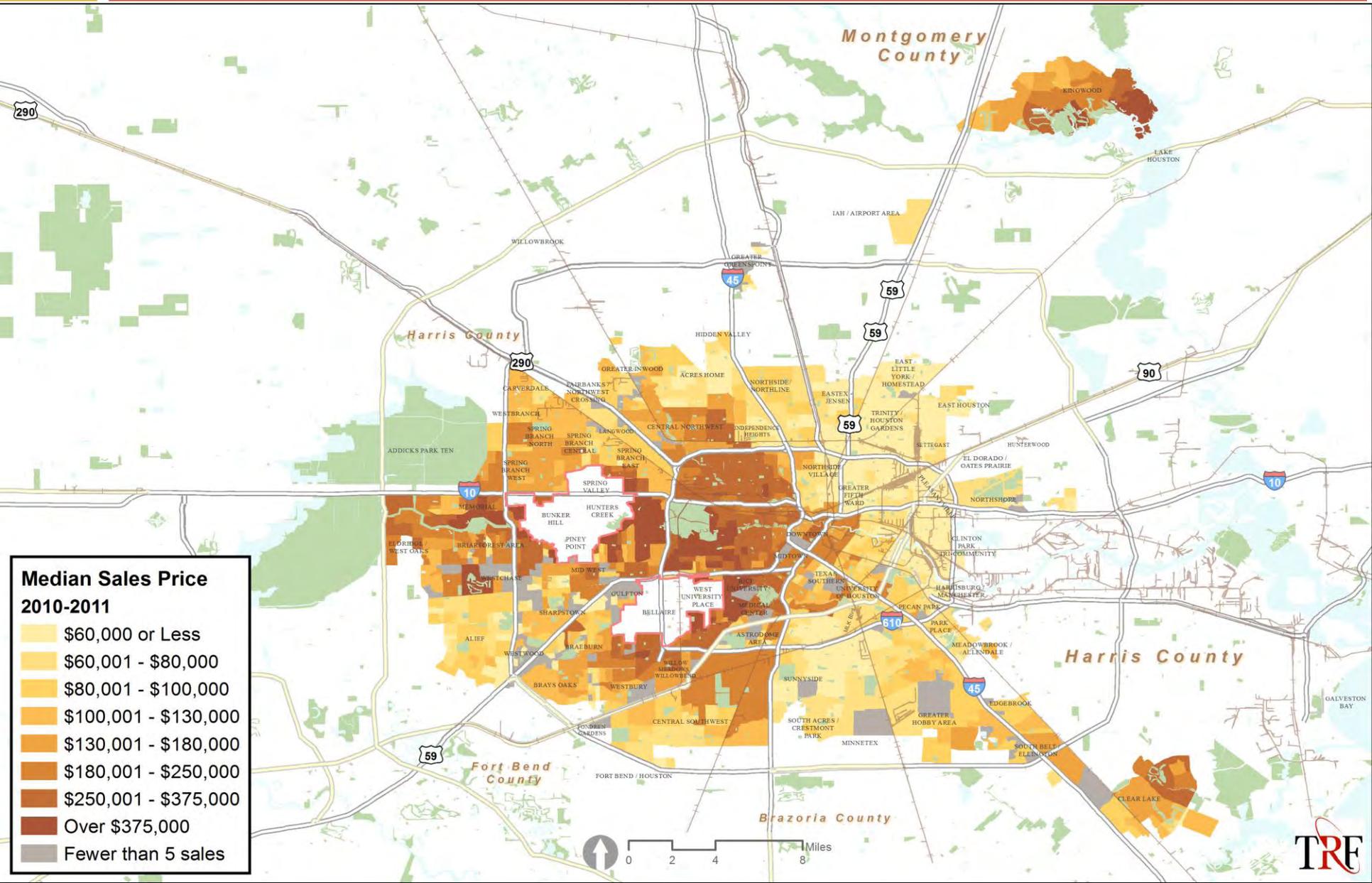


— TRF Validation Route

0 2 4 8 Miles

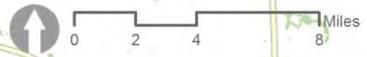


Median Sales Price, 2010-11

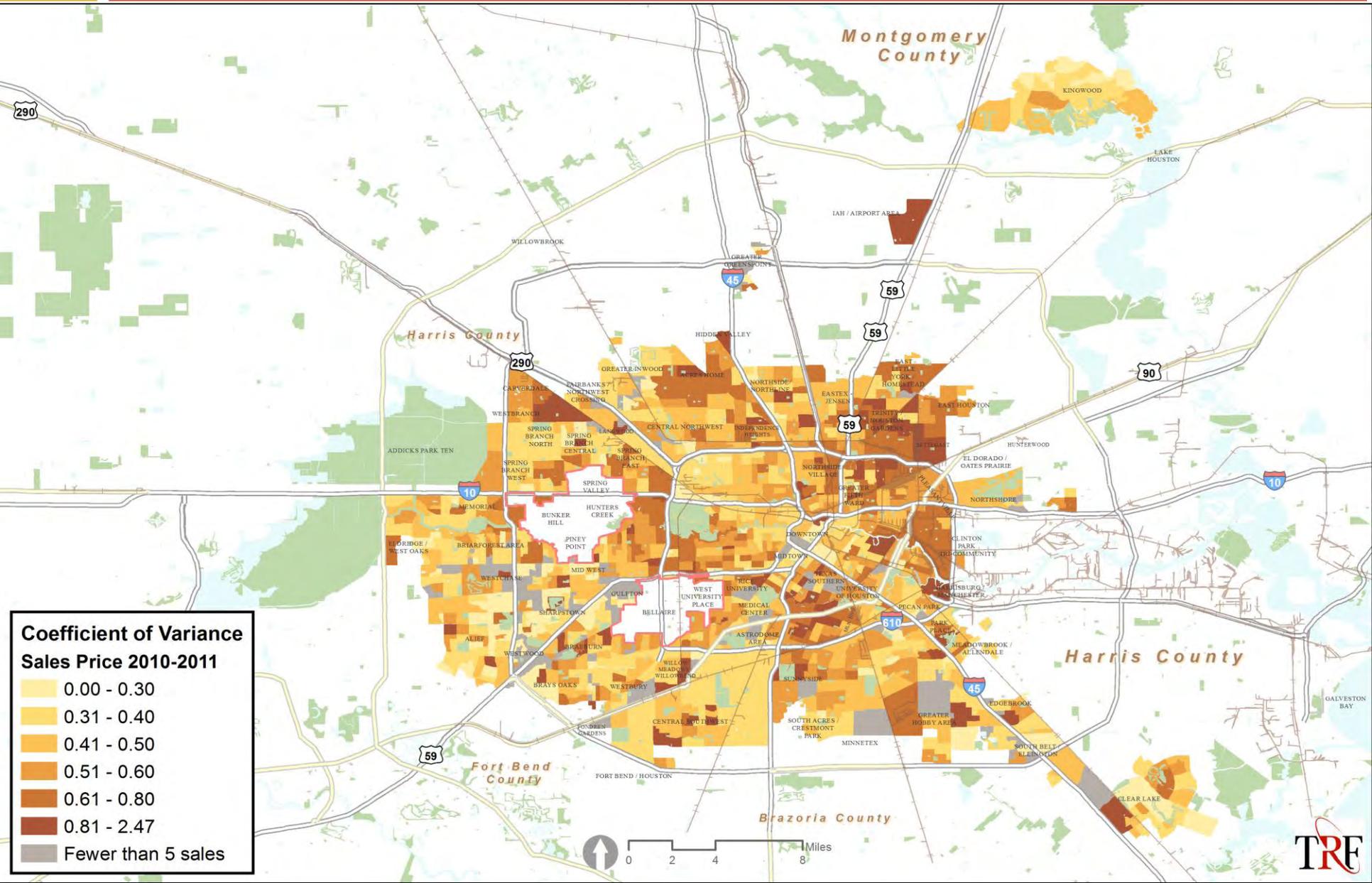


**Median Sales Price
2010-2011**

Lightest Yellow	\$60,000 or Less
Light Yellow	\$60,001 - \$80,000
Yellow	\$80,001 - \$100,000
Light Orange	\$100,001 - \$130,000
Orange	\$130,001 - \$180,000
Dark Orange	\$180,001 - \$250,000
Brown	\$250,001 - \$375,000
Darkest Brown	Over \$375,000
Grey	Fewer than 5 sales

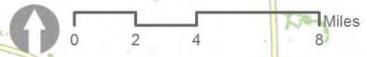


Variance of Sales Price, 2010-11

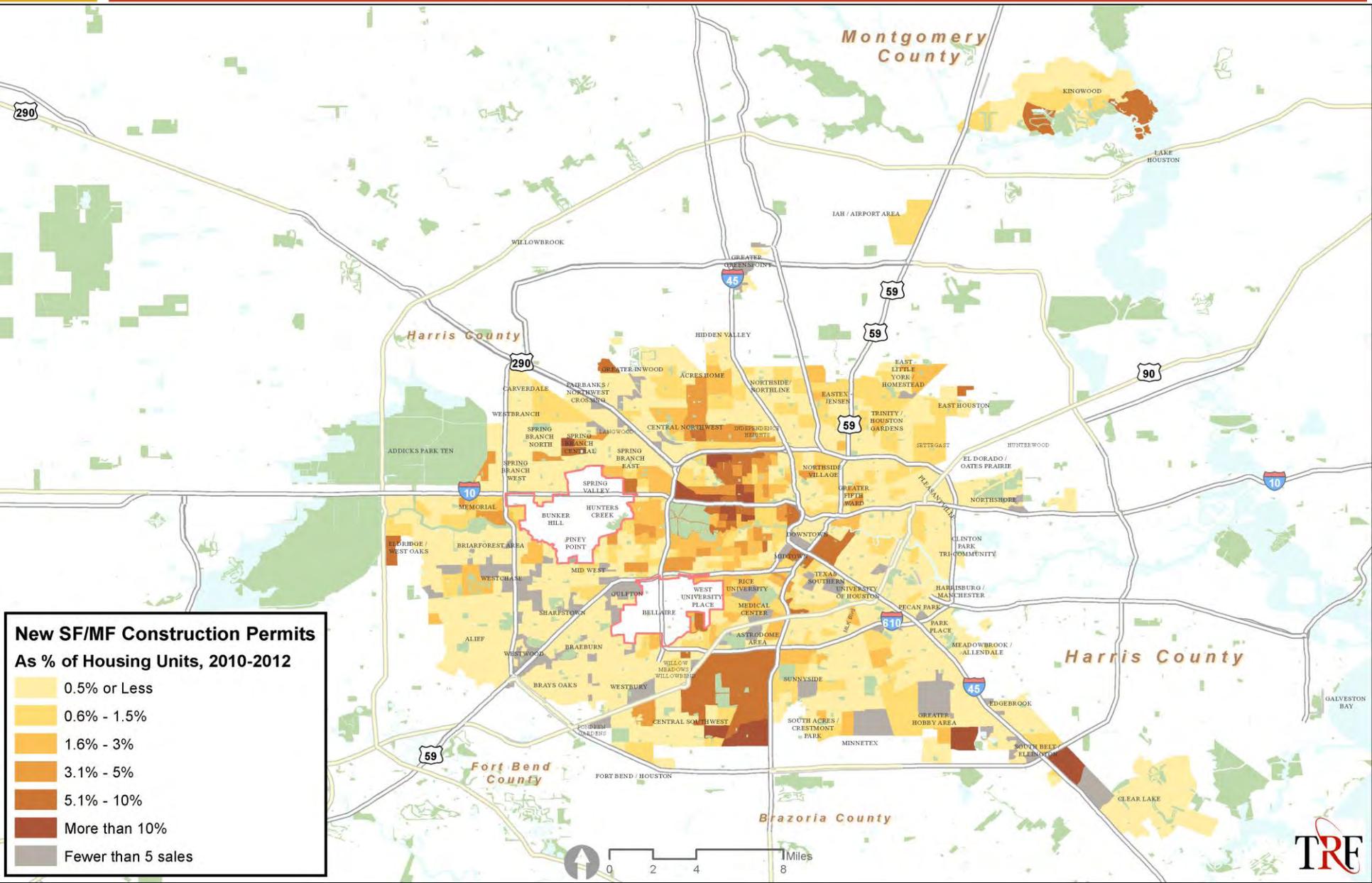


**Coefficient of Variance
Sales Price 2010-2011**

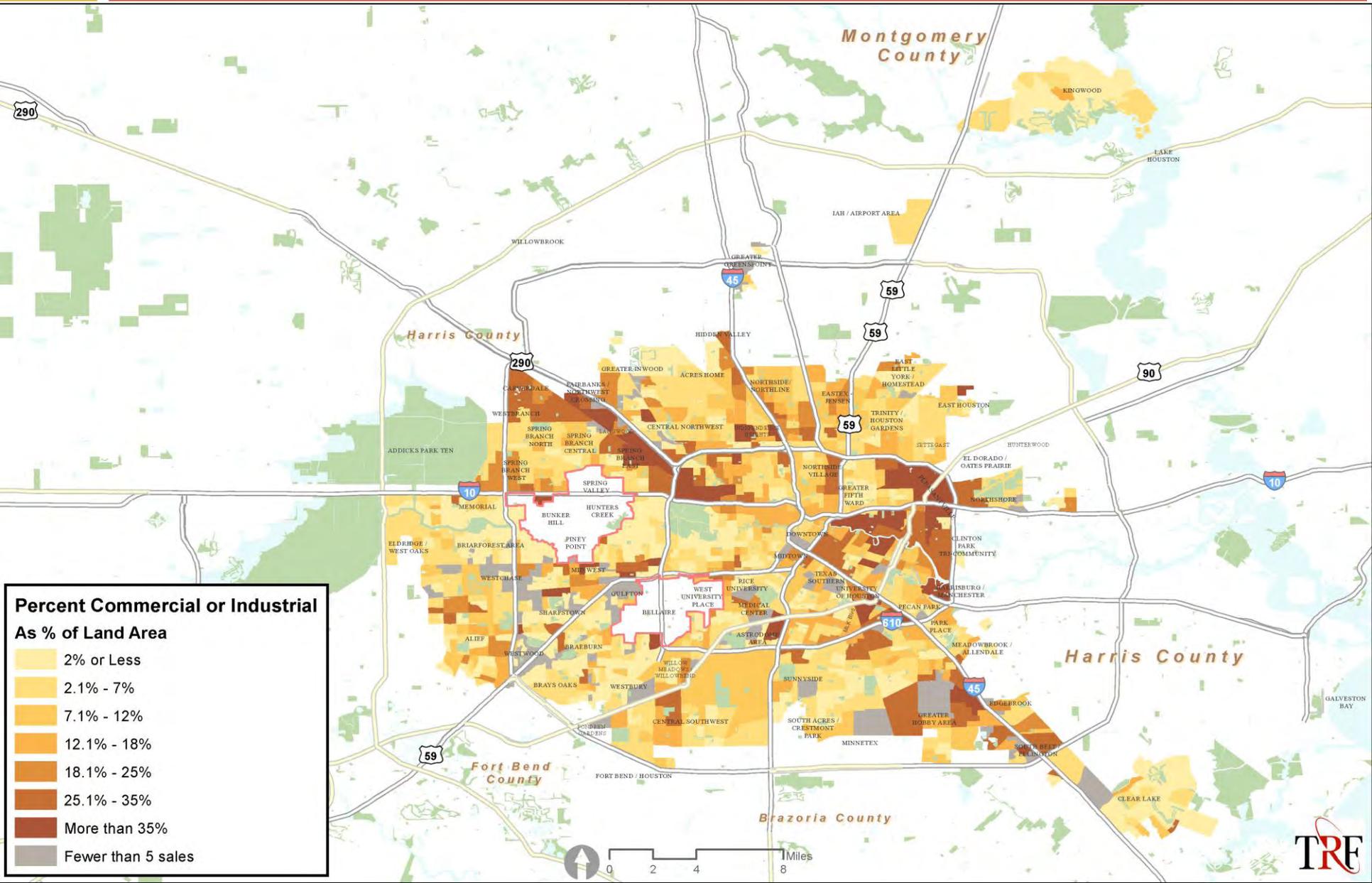
0.00 - 0.30
0.31 - 0.40
0.41 - 0.50
0.51 - 0.60
0.61 - 0.80
0.81 - 2.47
Fewer than 5 sales



Percent Single and Multi-Family Construction Permits



Percent Commercial or Industrial, 2012



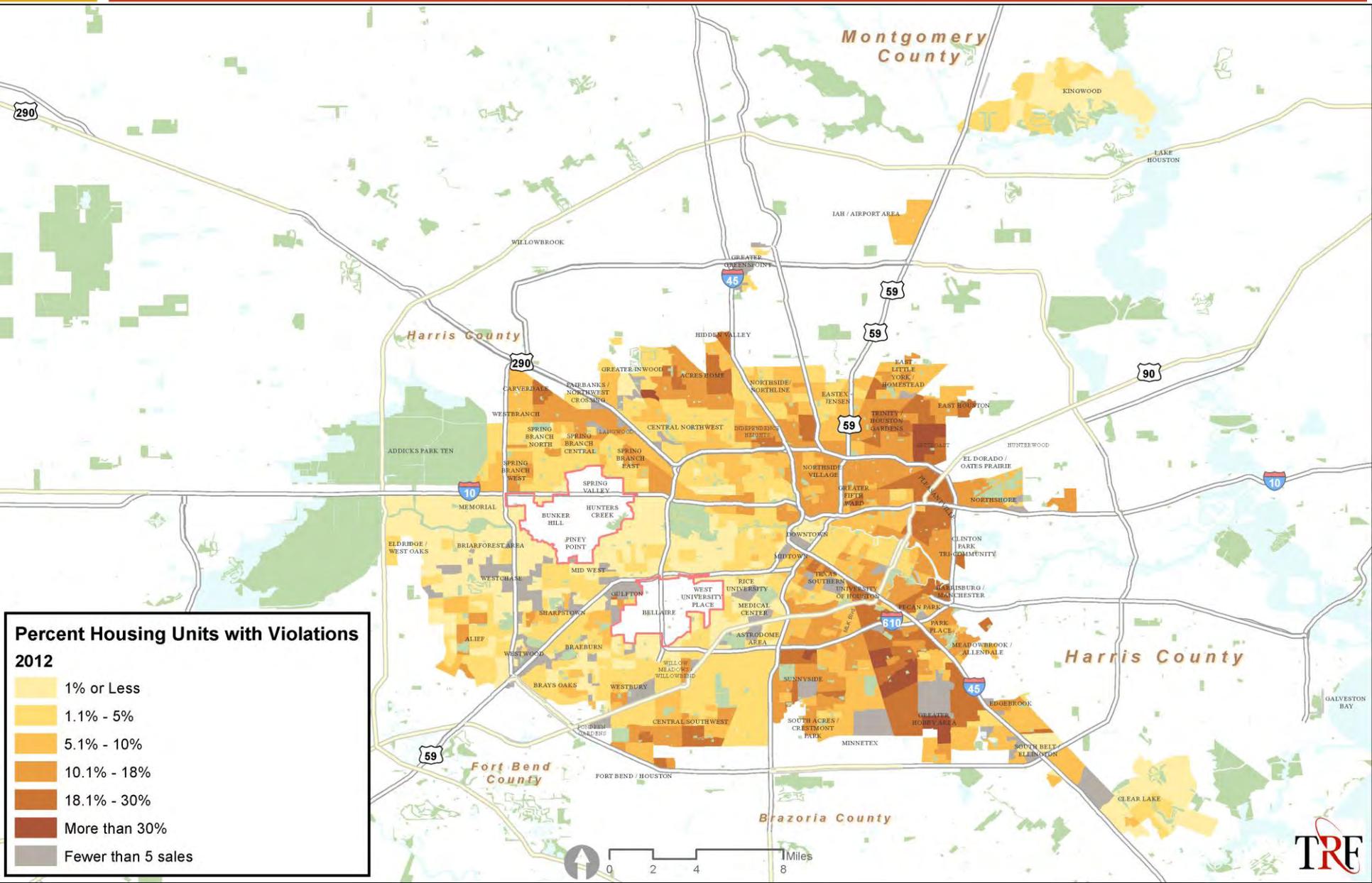
Percent Commercial or Industrial

As % of Land Area

- 2% or Less
- 2.1% - 7%
- 7.1% - 12%
- 12.1% - 18%
- 18.1% - 25%
- 25.1% - 35%
- More than 35%
- Fewer than 5 sales



Percent of Housing Units with Violations, 2012



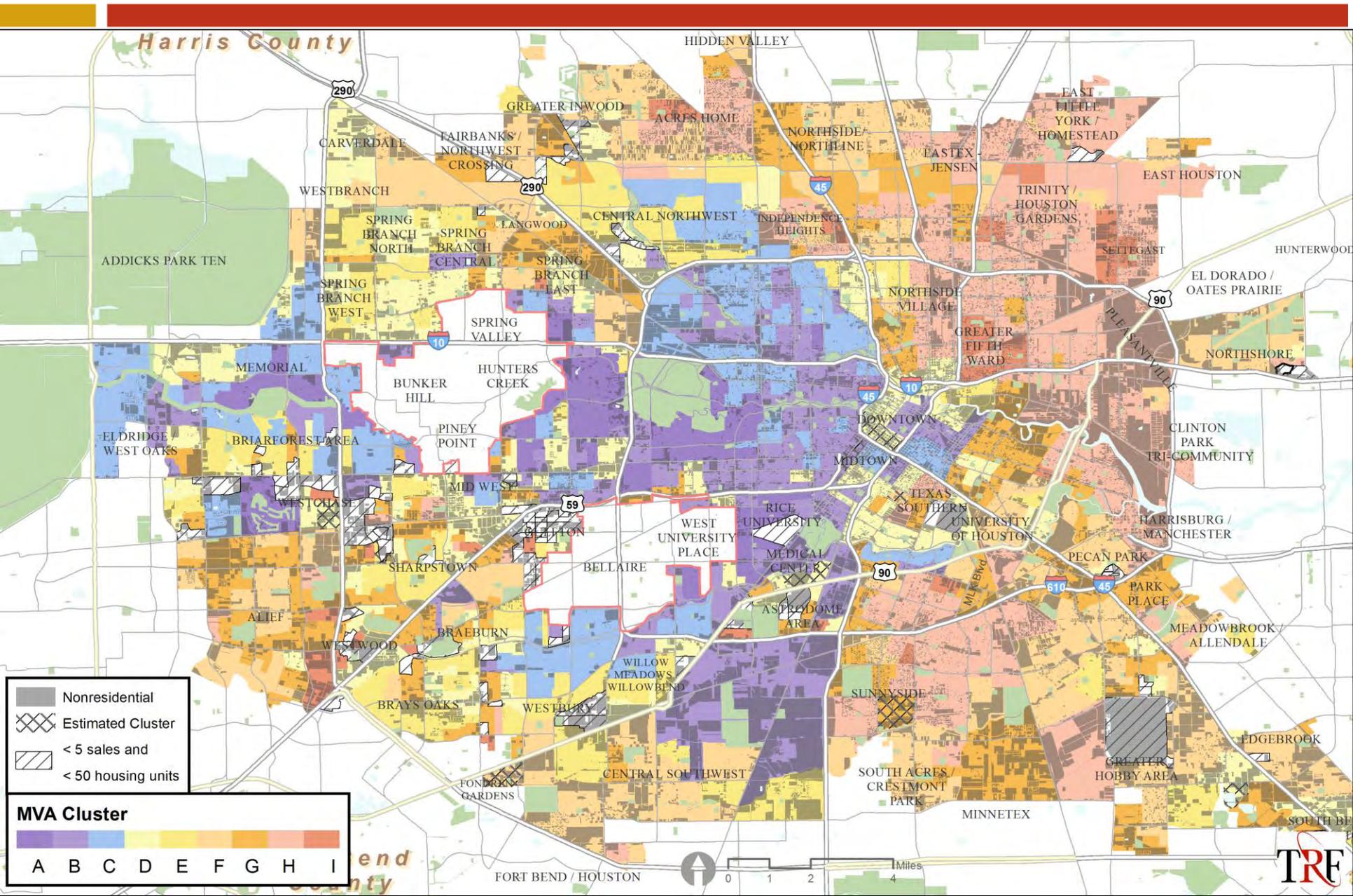
MVA Characteristics

MVA Cluster	Number of Block Groups	Median Sales Price 2010-11	Variance of Sales Price 2010-11	Foreclosures as a Percent of Sales 2010-11	Percent Vacant Housing Units 2010-2012	Permits as a Percent of Housing Units 2010-12	Percent Owner Occupied 2010	Percent Publicly Subsidized Rental 2012	Percent Commerical/ Industrial Area 2012	Percent of Housing Units with Violations 2012
A	40	\$571,150	0.529	0.57%	1.88%	2.66%	78.53%	0.00%	3.73%	0.78%
B	104	\$315,423	0.463	2.19%	1.78%	1.76%	28.98%	1.38%	10.22%	2.06%
C	117	\$272,641	0.444	1.02%	2.49%	2.59%	79.65%	0.78%	6.52%	2.52%
D	129	\$147,074	0.485	9.00%	1.77%	0.37%	31.50%	1.96%	9.42%	3.52%
E	113	\$146,319	0.408	1.59%	1.26%	1.28%	78.98%	3.68%	5.36%	4.43%
F	157	\$81,771	0.494	16.97%	2.59%	0.40%	71.34%	5.96%	8.14%	12.47%
G	158	\$79,332	0.463	21.83%	2.15%	0.28%	31.41%	4.90%	11.87%	4.45%
H	153	\$50,314	0.624	66.07%	6.03%	0.45%	55.10%	6.62%	10.05%	12.21%
I	35	\$27,757	0.567	80.14%	4.91%	0.33%	26.56%	7.78%	4.48%	9.14%
Not Classified	120	N/A	N/A	10.35%	1.43%	0.07%	4.64%	3.01%	17.37%	1.43%
Study Area	1126	\$156,161	0.493	19.52%	2.61%	0.87%	48.44%	3.78%	9.53%	5.79%

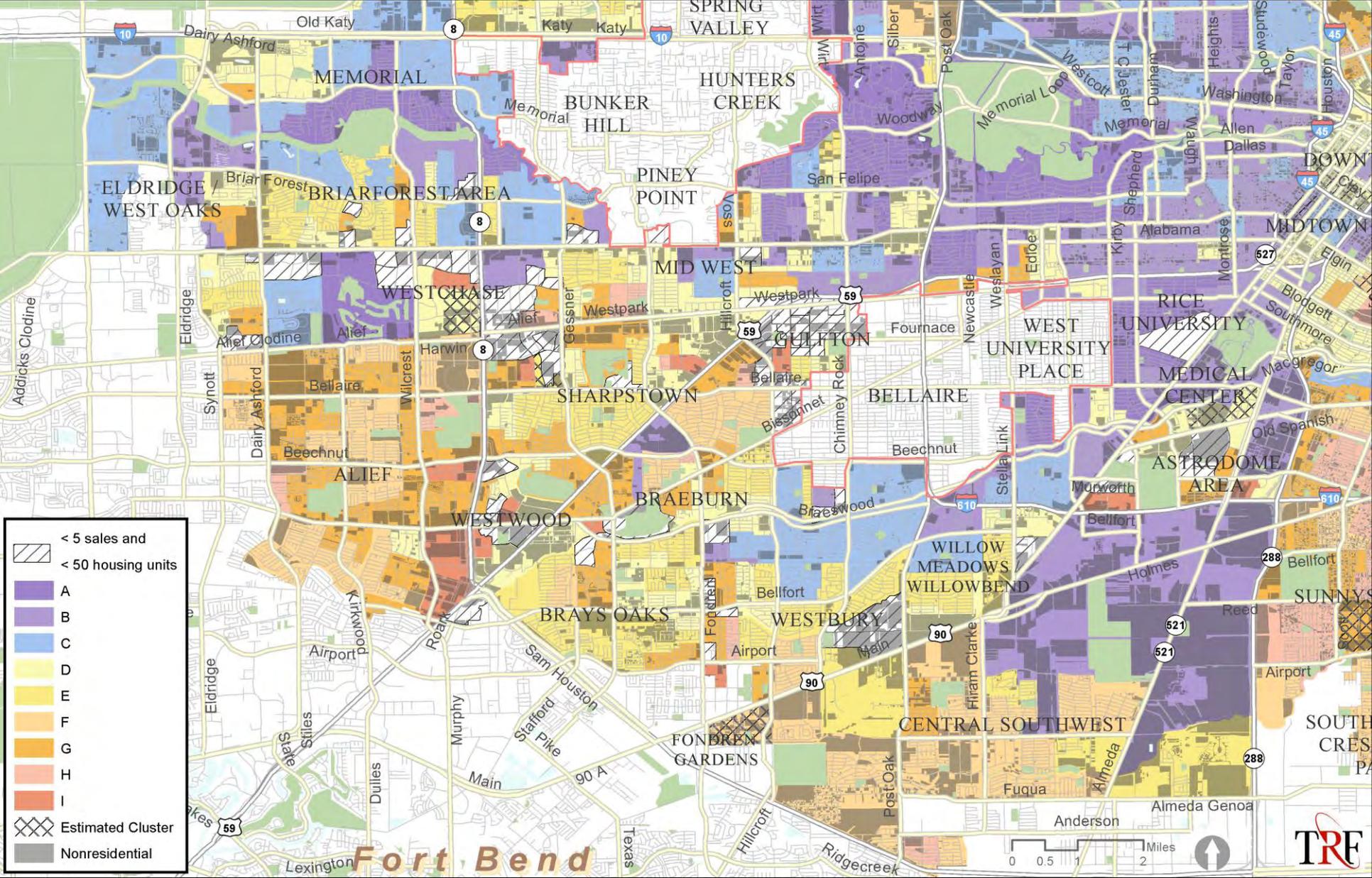
Houston MVA 2013, Census (2010) Characteristics

MVA Cluster	Households		Owner Occupied		Renter Occupied		Housing Units		Population	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
A	23,944	3.7%	17,331	5.9%	6,613	1.83%	26,197	3.49%	55,550	3.19%
B	83,607	12.8%	22,408	7.6%	61,199	16.93%	97,288	12.97%	159,901	9.19%
C	65,282	10.0%	50,147	17.0%	15,135	4.19%	70,911	9.45%	151,731	8.73%
D	87,186	13.3%	26,228	8.9%	60,958	16.87%	103,413	13.79%	220,447	12.68%
E	65,487	10.0%	51,624	17.5%	13,863	3.84%	70,143	9.35%	172,944	9.94%
F	79,418	12.1%	56,348	19.2%	23,070	6.38%	86,600	11.55%	264,787	15.23%
G	96,600	14.7%	29,310	10.0%	67,290	18.62%	112,511	15.00%	273,807	15.74%
H	65,244	10.0%	35,078	11.9%	30,166	8.35%	75,454	10.06%	200,991	11.56%
I	18,563	2.8%	3,874	1.3%	14,689	4.06%	22,435	2.99%	50,514	2.90%
Not classified	70,292	10.7%	1,866	0.6%	68,426	18.93%	85,065	11.34%	188,364	10.83%
Study Area Total	655,623		294,214		361,409		750,017		1,739,036	

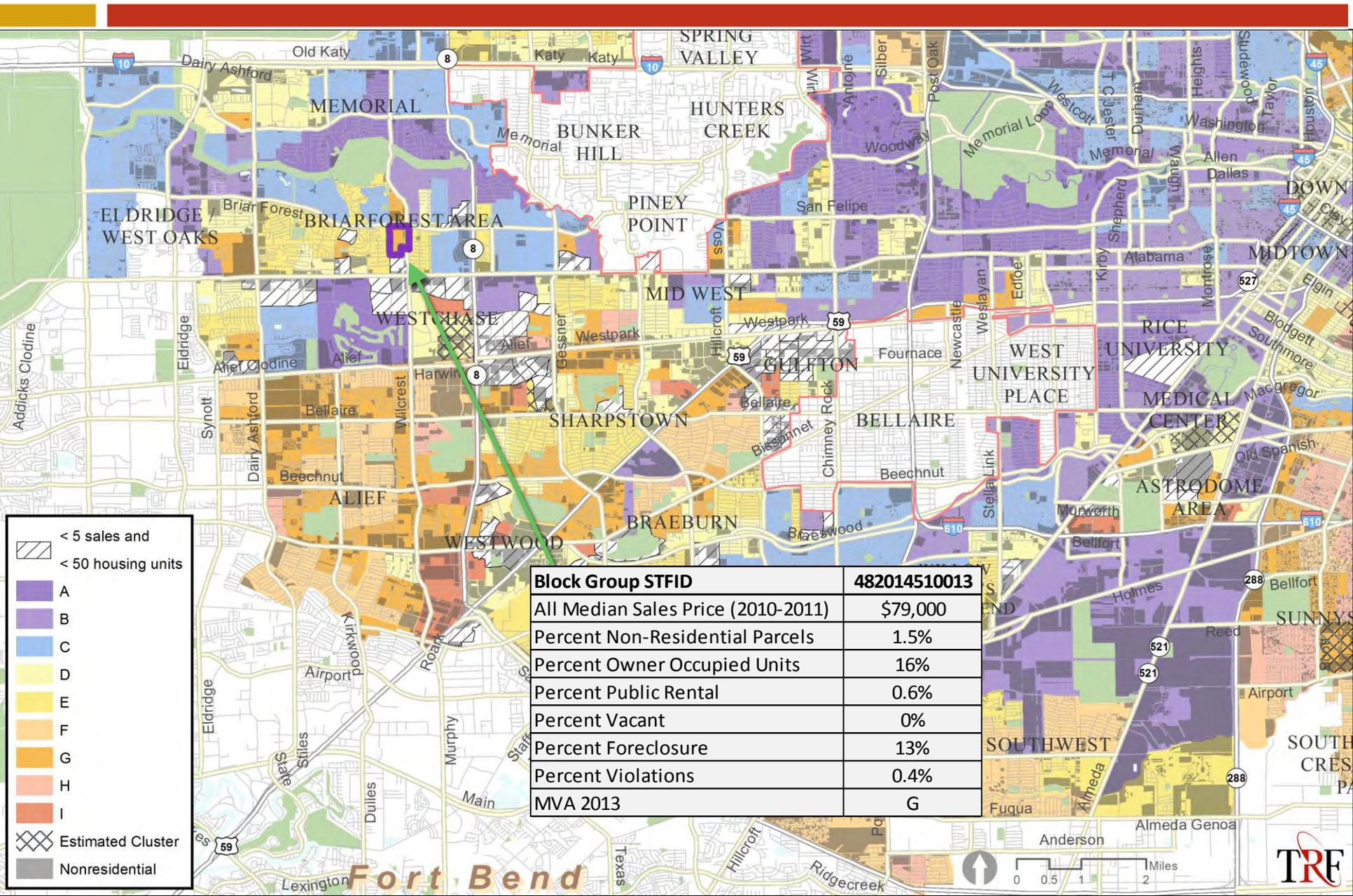
MVA Clusters, Main Zoom



Southwest Zoom

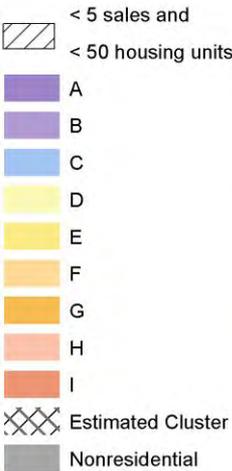


Block Group Example: Southwest



- < 5 sales and < 50 housing units
- A
- B
- C
- D
- E
- F
- G
- H
- I
- Estimated Cluster
- Nonresidential

Northwest Zoom

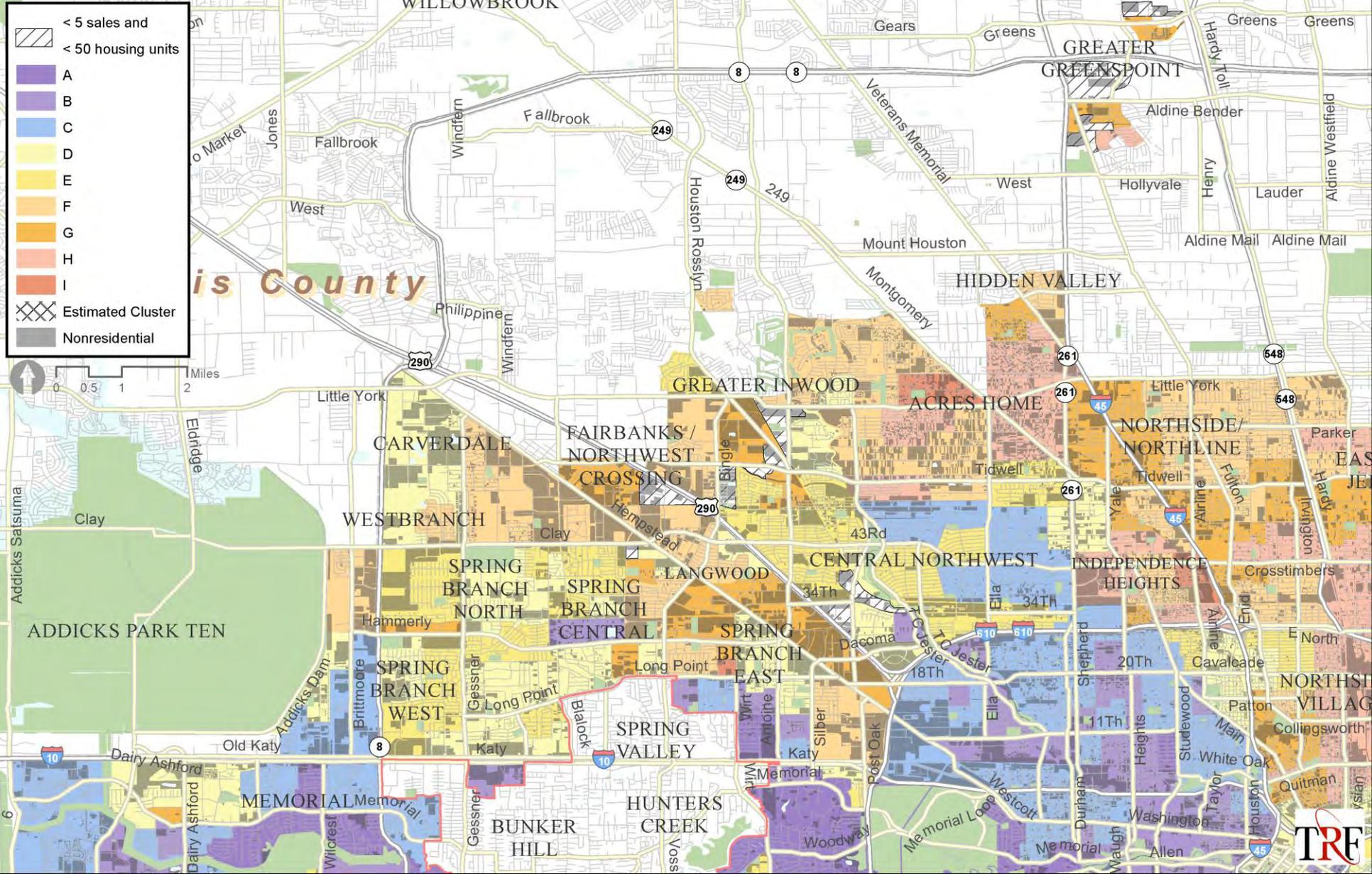
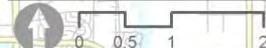


 < 5 sales and < 50 housing units

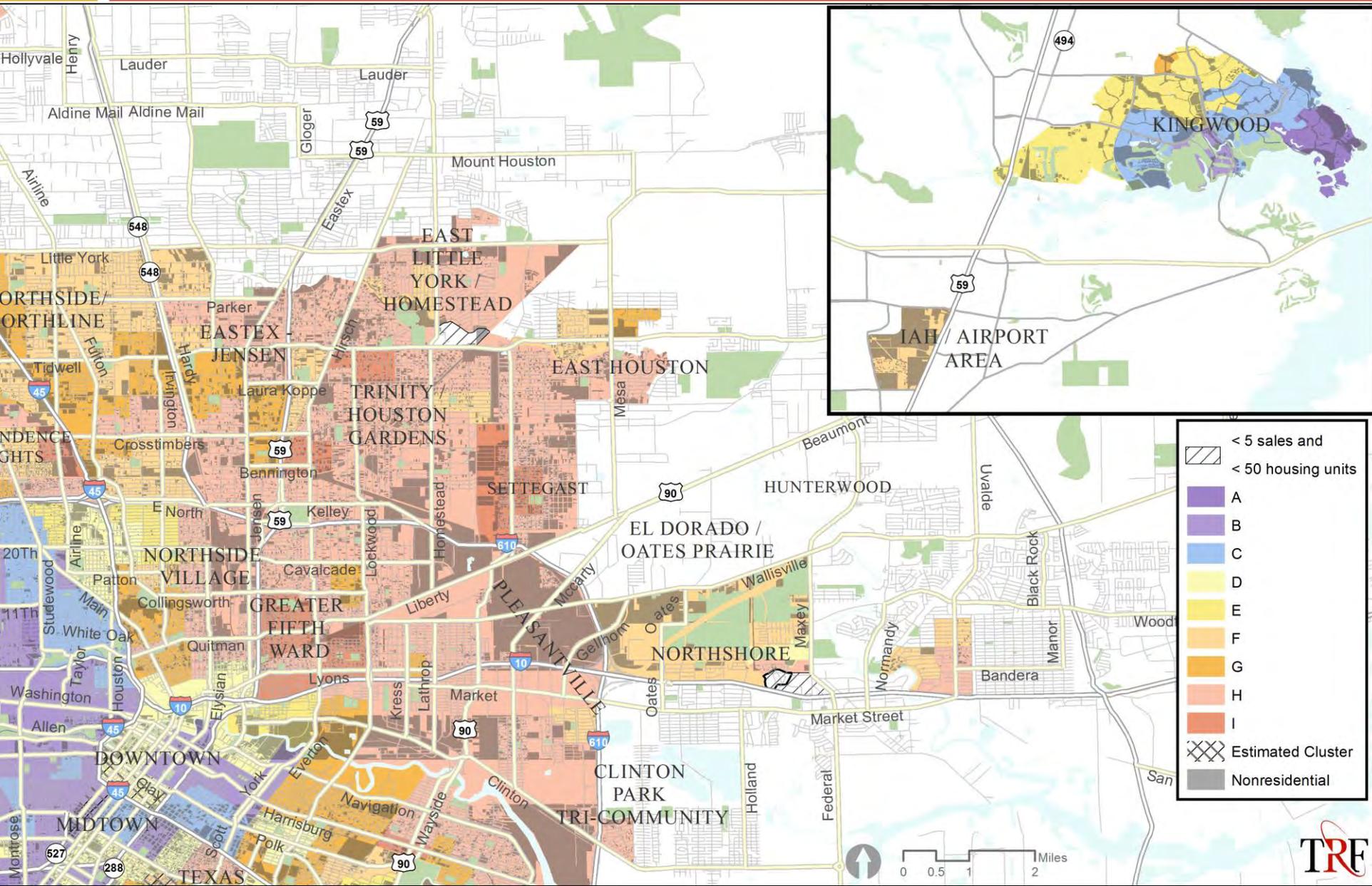
- A
- B
- C
- D
- E
- F
- G
- H
- I

 Estimated Cluster

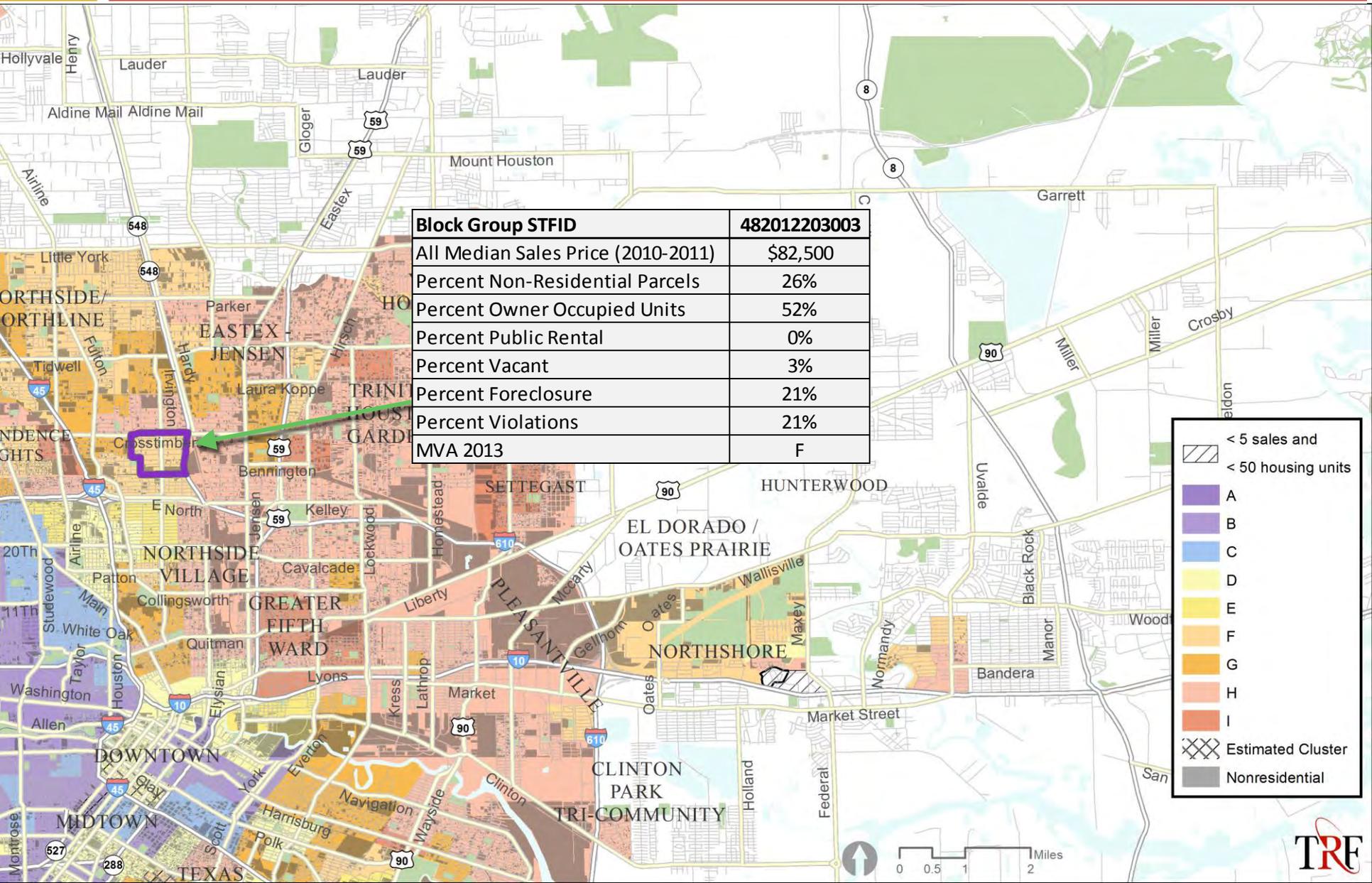
 Nonresidential



Northeast Zoom



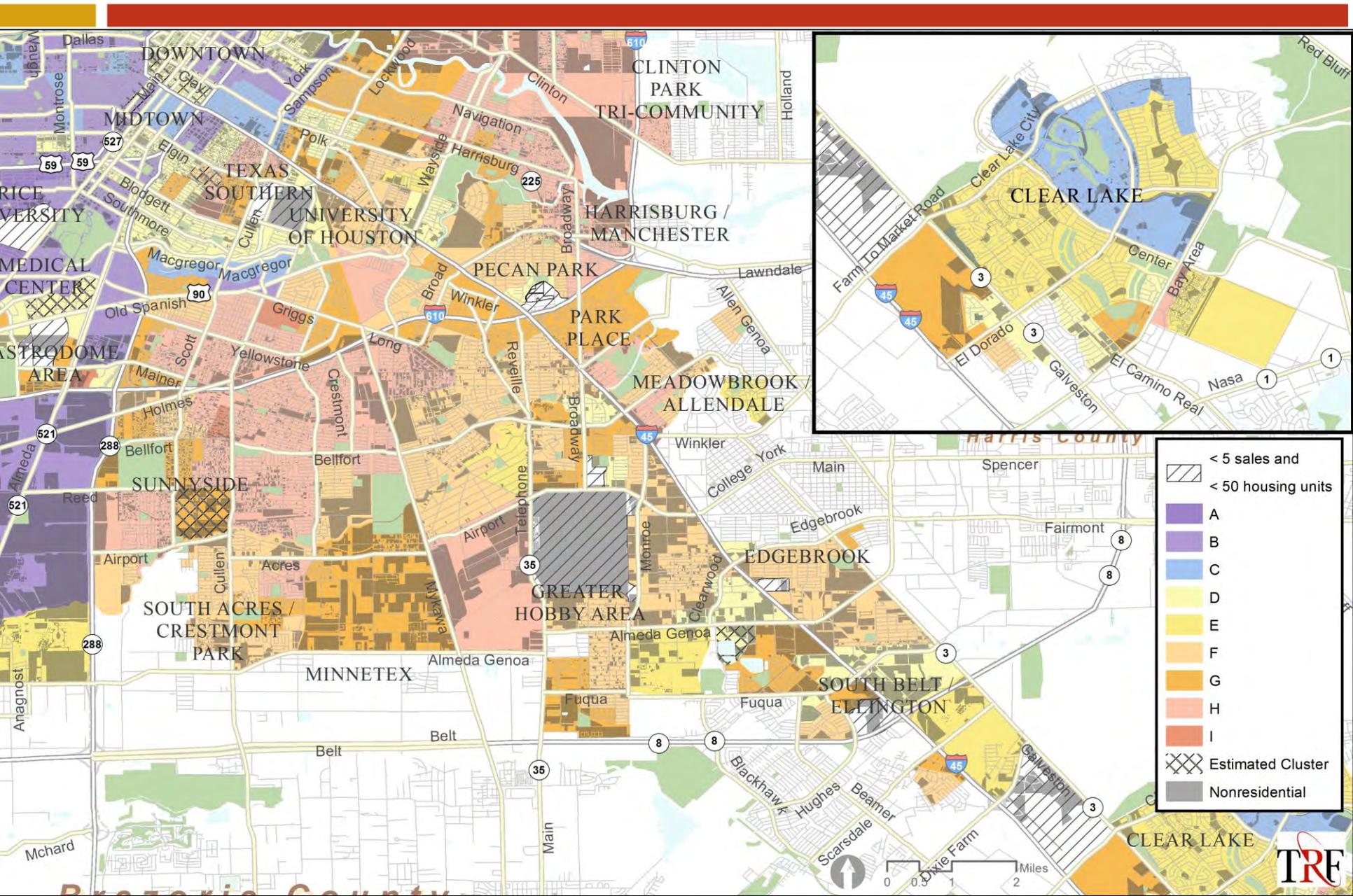
Block group Example: Northeast



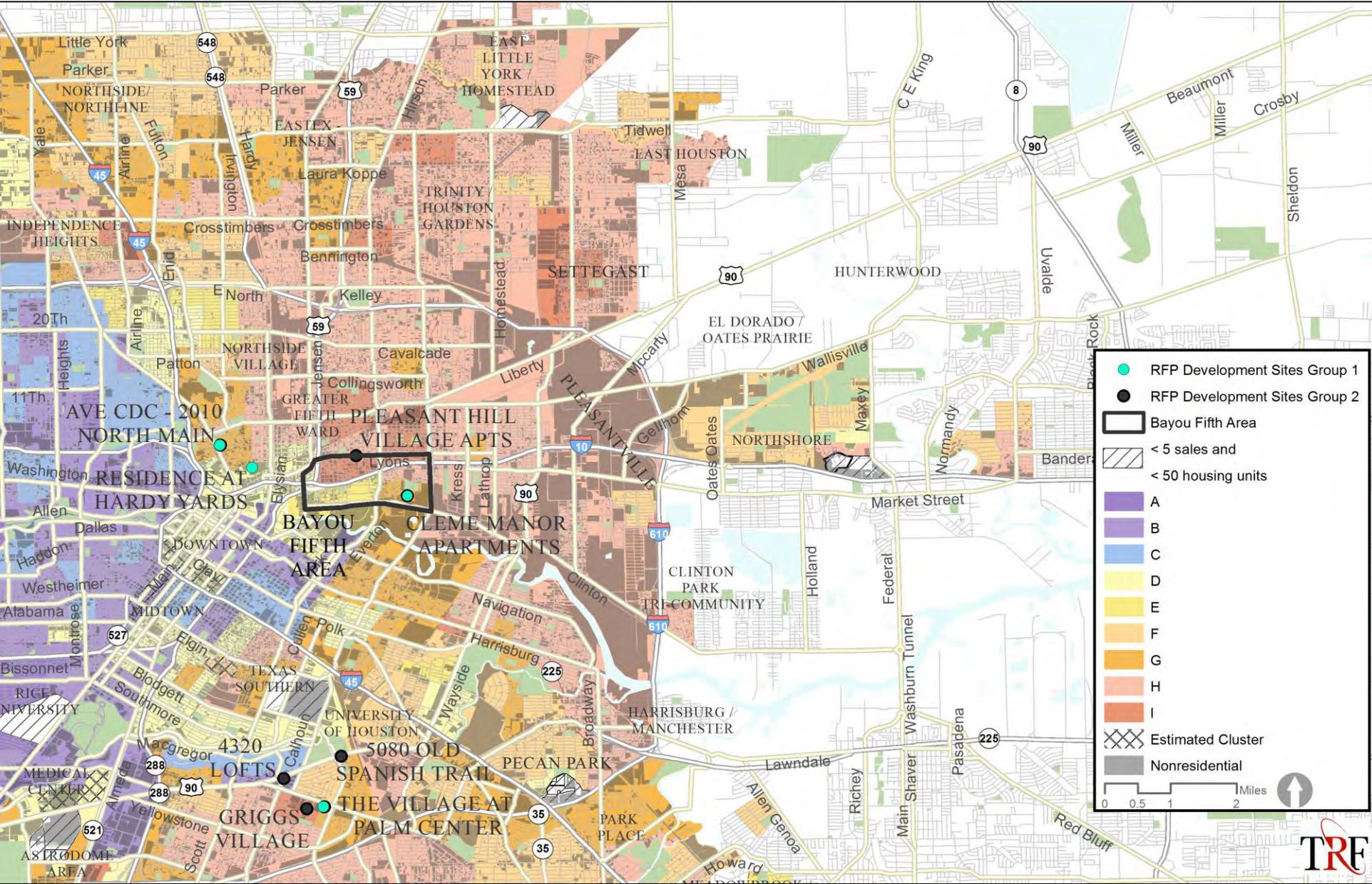
Block Group STFID	482012203003
All Median Sales Price (2010-2011)	\$82,500
Percent Non-Residential Parcels	26%
Percent Owner Occupied Units	52%
Percent Public Rental	0%
Percent Vacant	3%
Percent Foreclosure	21%
Percent Violations	21%
MVA 2013	F

< 5 sales and < 50 housing units
 A
 B
 C
 D
 E
 F
 G
 H
 I
 Estimated Cluster
 Nonresidential

Southeast Zoom



RFP Sites Scattered with Development Sites





How Other Cities are Using their MVAs

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

- Develop CDGB comprehensive plan (Detroit, Wilmington, St. Louis)
- Assess changes in the market over time (Phila., Baltimore, Pittsburgh)
- Guide capital budget (Detroit)
- Evaluate development activities (Pittsburgh, Phila., Houston, Detroit, St. Louis, cities in NJ)
- Focus code enforcement (Phila., Baltimore)
- Target demolition and acquisition activities (Baltimore, Phila., Detroit)
- Select transformative, tipping point projects (Phila., Baltimore, Pittsburgh)
- Engage partners – philanthropic, non-profit – in coordinated efforts to rebuild neighborhoods (Baltimore, Milwaukee)
- Guide federal Neighborhood Stabilization Investment (States of PA & NJ, Detroit)

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Patterns in the Location of Establishments

CRA Summary

	Area Name	Firms 2007	Firms 2011	Births ¹	Deaths ²	Move In ³	Move Out ⁴	Employees 2007	Employees 2011	Sales 2007	Sales 2011	% Change in Firms	% Change in Employees	% Change in Sales
CRA Areas	GREATER FIFTH WARD	611	569	315	335	11	35	7,249	4,313	\$1,640,464,871	\$1,300,134,673	-5%	-41%	-21%
	NORTHSIDE VILLAGE	568	656	356	253	12	35	4,839	4,432	\$495,368,810	\$491,167,187	16%	8%	-1%
	OST / SOUTH UNION	682	813	489	360	20	25	3,199	3,227	\$322,062,275	\$346,151,482	19%	1%	7%
	Total	1,861	2,038	1,160	948	43	95	15,287	11,972	\$2,457,895,955	\$2,137,453,342	10%	-22%	-13%
CRA Outreach Areas	ACRES HOME	1,276	1,729	1,006	550	31	53	7,851	7,696	\$704,889,626	\$634,646,973	35%	-2%	-10%
	GREATER FIFTH WARD	1,126	1,182	638	559	29	57	10,315	6,803	\$1,906,329,110	\$1,508,426,121	6%	-34%	-21%
	INDEPENDENCE HEIGHTS	1,069	1,180	610	491	52	69	9,686	8,535	\$1,312,805,454	\$1,042,063,243	11%	-12%	-21%
	NORTHSIDE VILLAGE	1,201	1,529	859	517	30	58	9,248	8,979	\$824,985,925	\$672,080,923	27%	-3%	-19%
	OST / SOUTH UNION	1,295	1,541	925	680	39	48	6,842	6,982	\$716,503,711	\$702,092,653	20%	2%	-2%
	SUNNYSIDE	912	1,185	721	453	29	30	5,223	6,136	\$474,025,328	\$432,521,678	30%	17%	-9%
Total	6,879	8,346	4,759	3,250	210	315	49,163	45,131	\$5,939,539,153	\$4,991,831,591	21%	-8%	-16%	

¹ A birth occurs when a business appears in the NETS database in a particular year but did not exist in the prior year (e.g. business A is a birth if it exists in 2008 but not in 2007). TRF calculated births for the years 2008-2011.

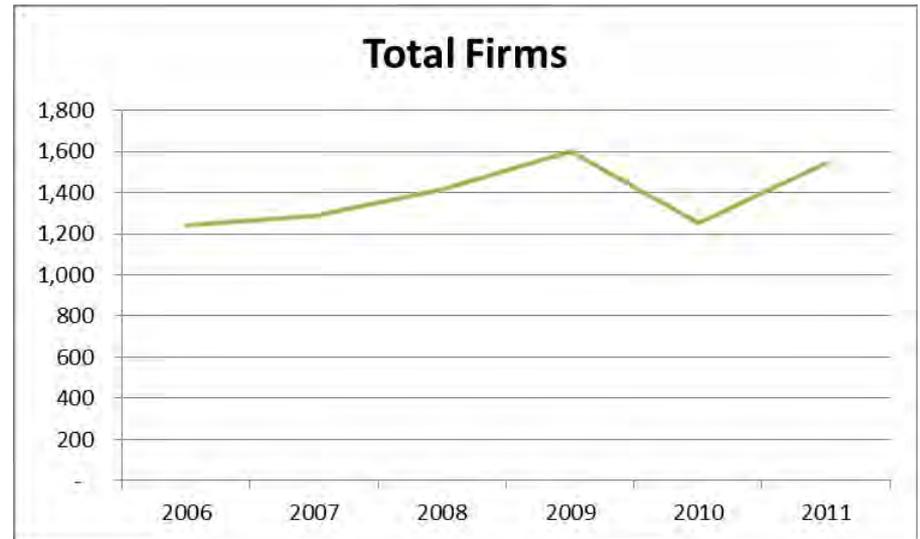
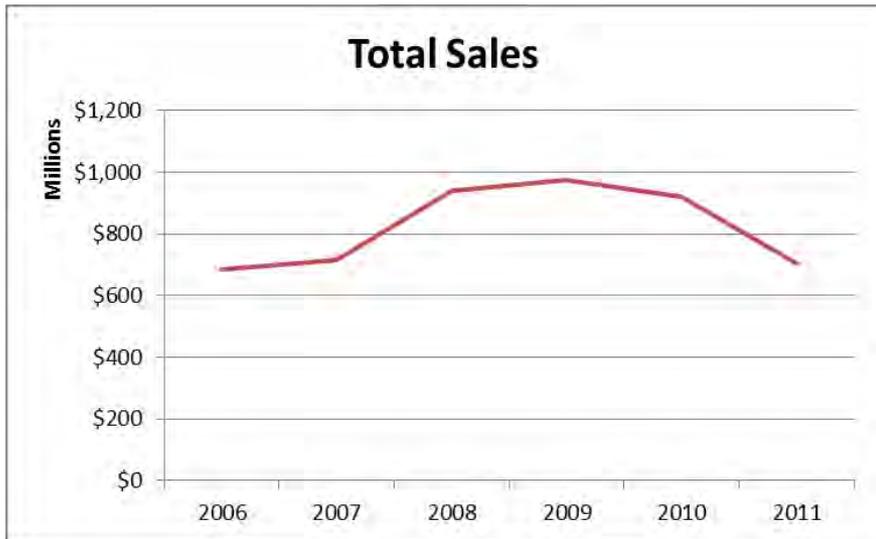
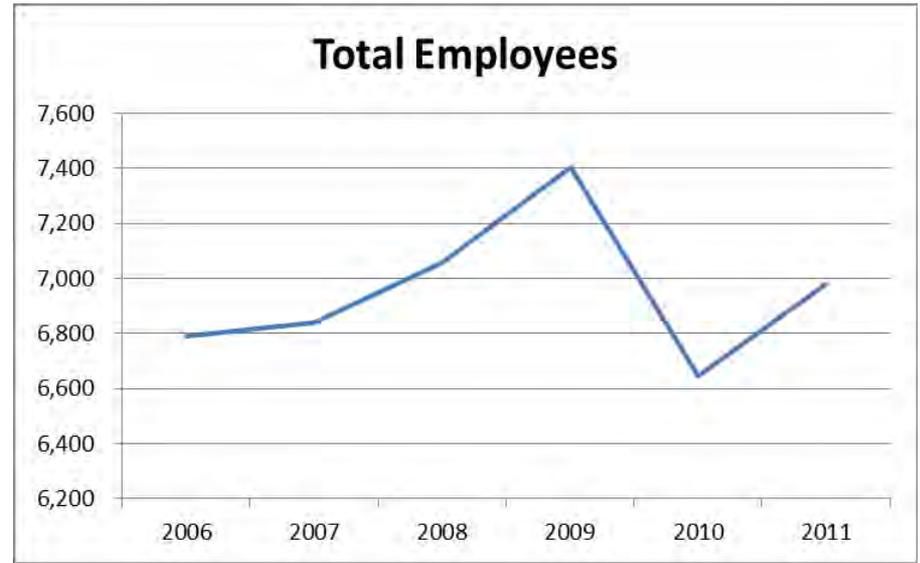
² A death occurs when a business appears in the NETS database in a particular year but did not exist in the subsequent year (e.g. business A is a death if it exists in 2008 but not in 2009). TRF calculated deaths for the years 2007-2010.

³ A move in represents a business that is listed within a particular geography of interest (City, TIRZ, County) in one year but outside of that boundary in the previous year. TRF calculated move-in for the years 2008-2011.

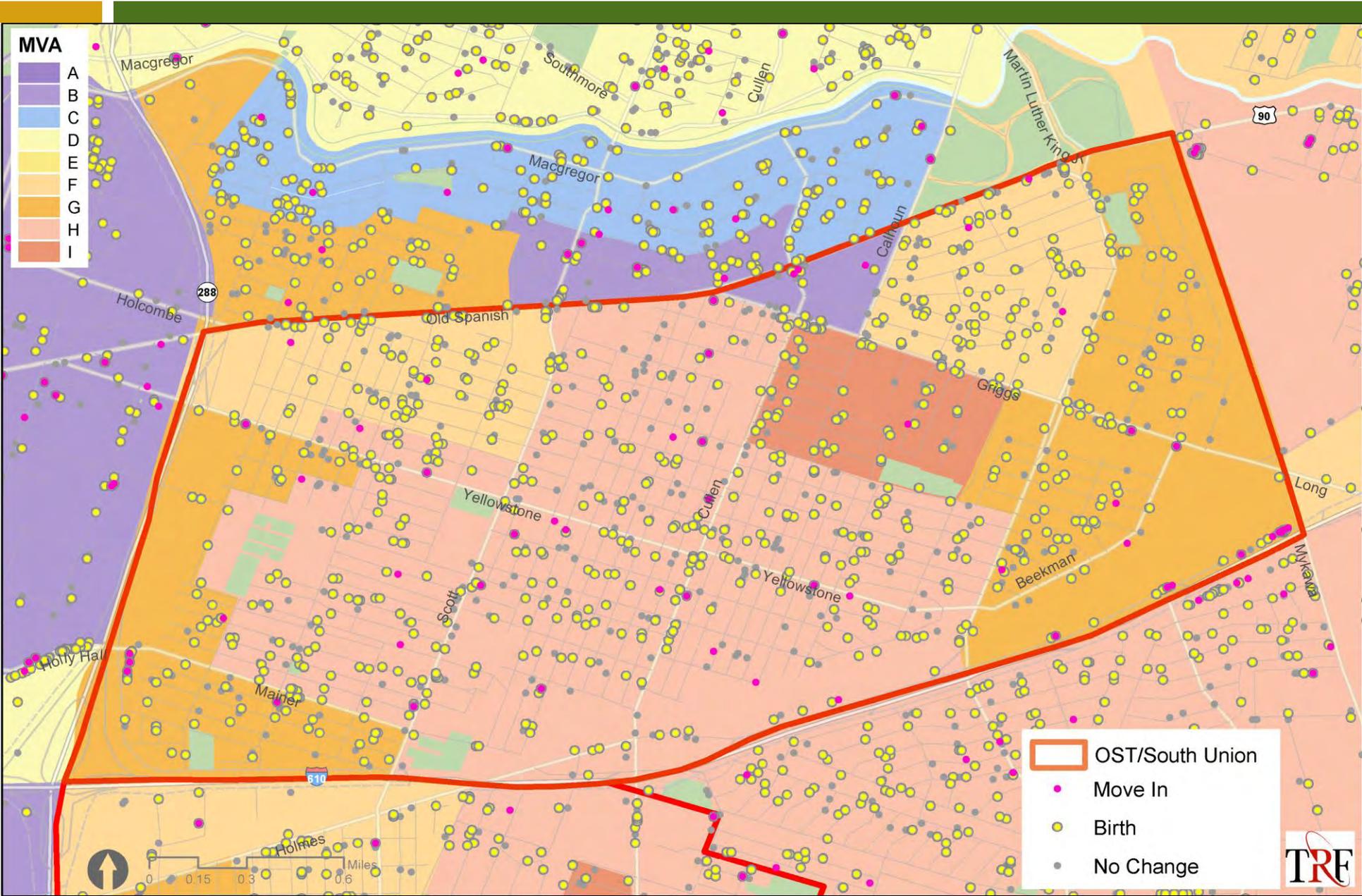
⁴ A move out represents a business that is listed within a particular geography of interest (City, TIRZ, County) in one year but outside of that boundary in the subsequent year. TRF calculates move outs for the years 2007-2010.

⁵ Because births and deaths are calculated with a time lag, in some cases the difference in the number of establishments between 2007 and 2011 will vary from the sum of births and move ins minus the sum of deaths and move outs.

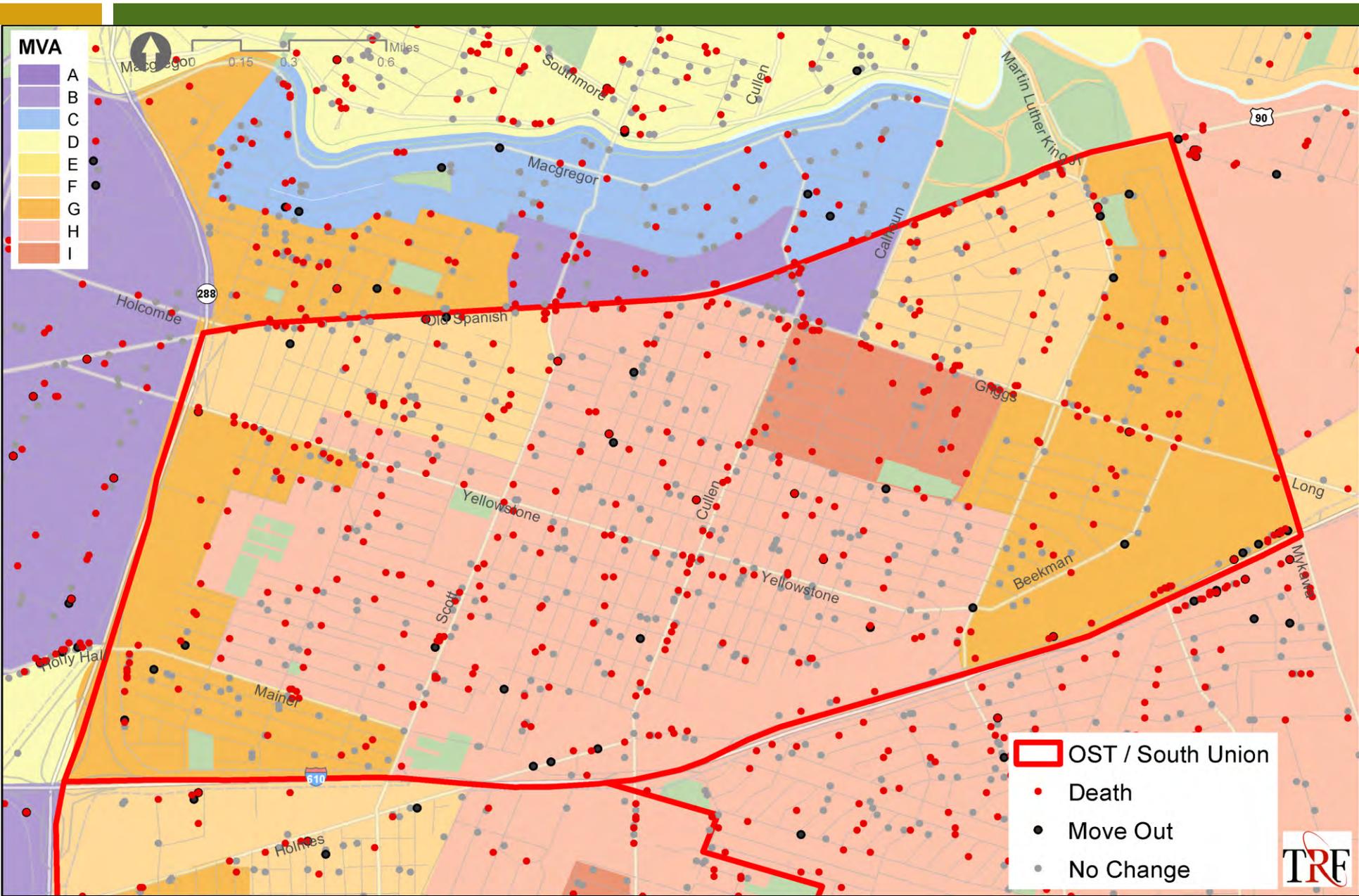
OST/South Union CRA Outreach Area 2006-2011



OST/South Union Outreach: Firm Move Ins/Births, 2007-11



OST/ South Union Outreach Firms Deaths/Move Out, 2007-11

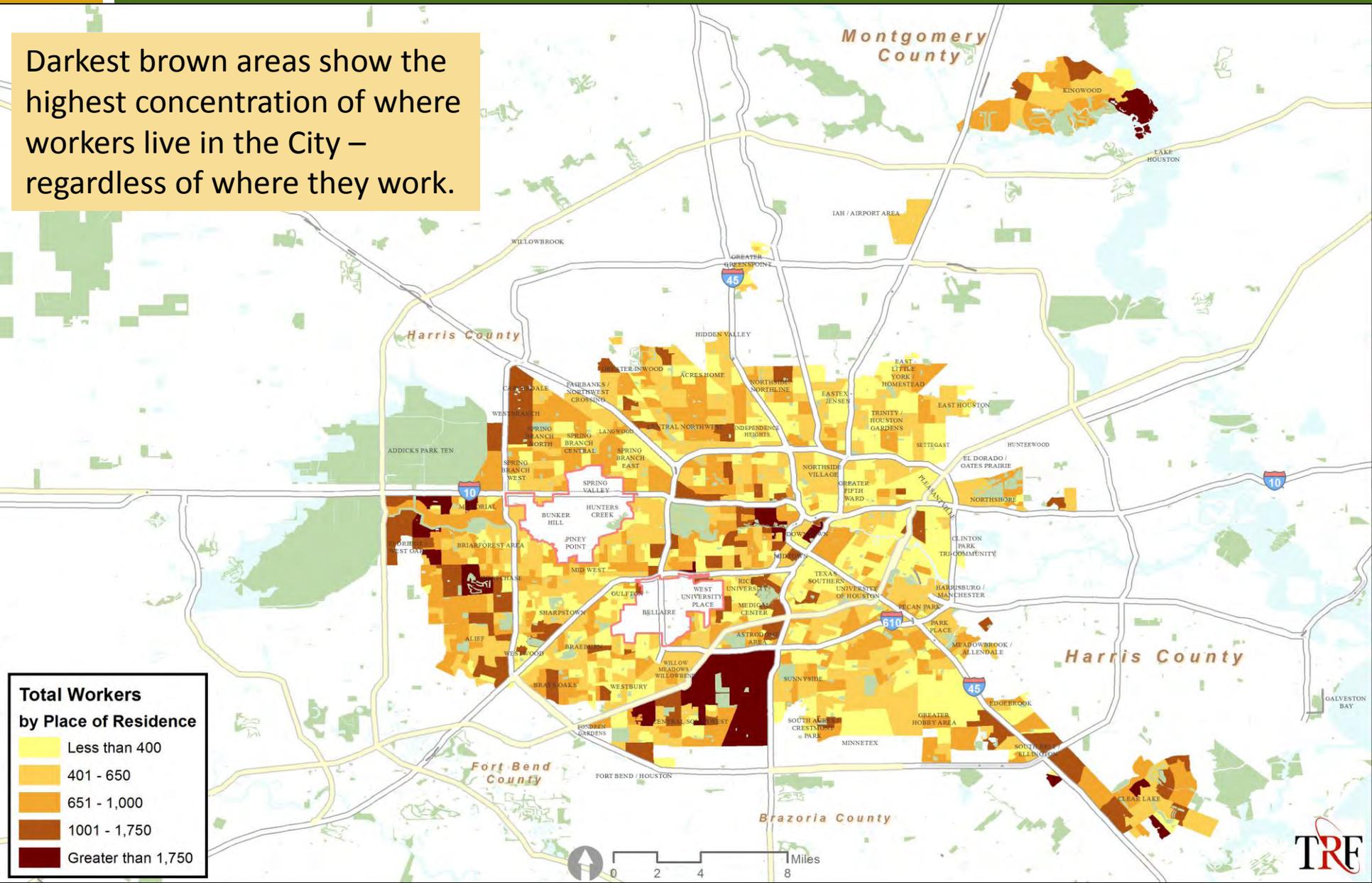




Patterns in the Location of Workers & Jobs

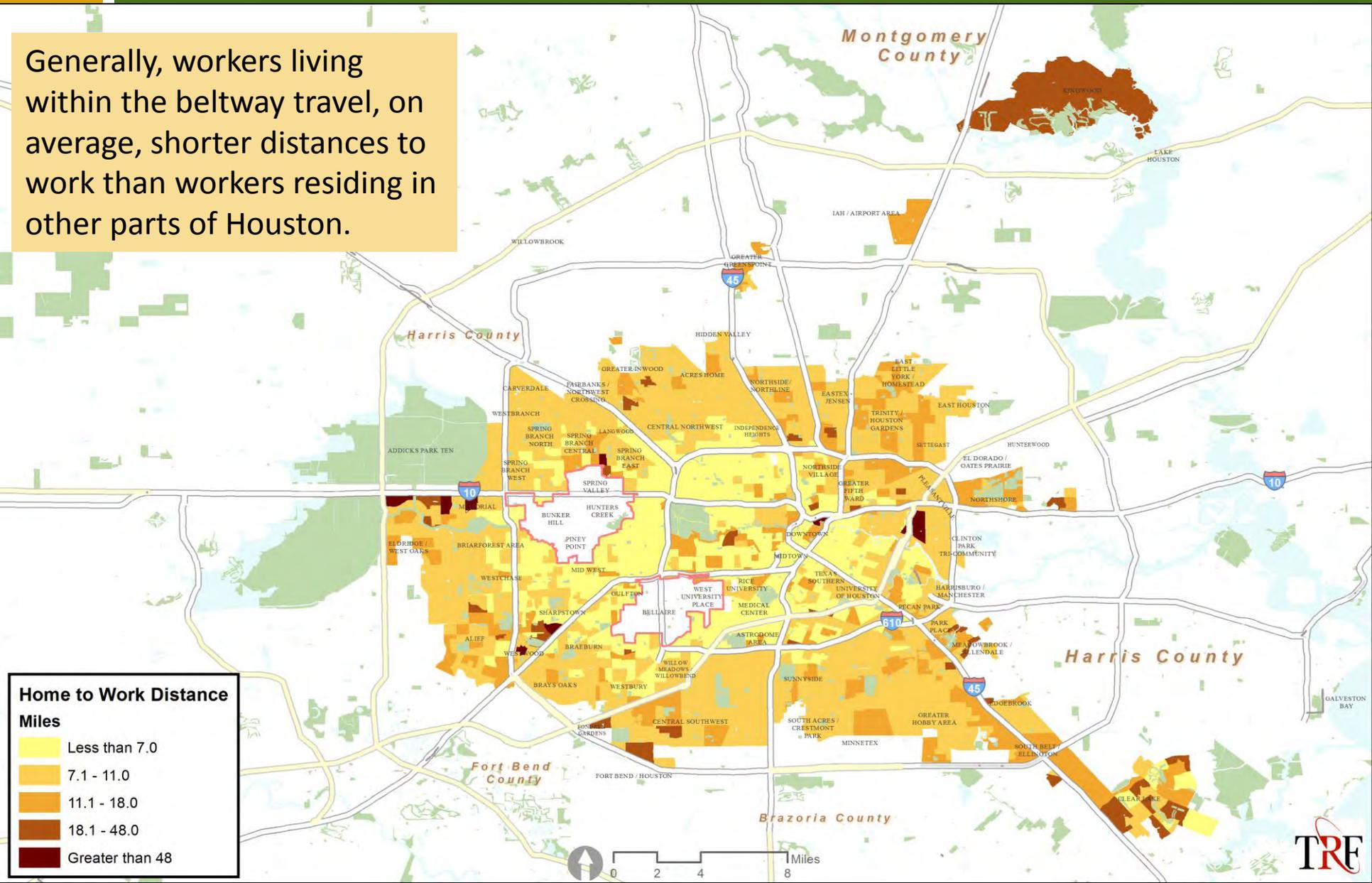
Workforce Concentration by Place of Residence

Darkest brown areas show the highest concentration of where workers live in the City – regardless of where they work.



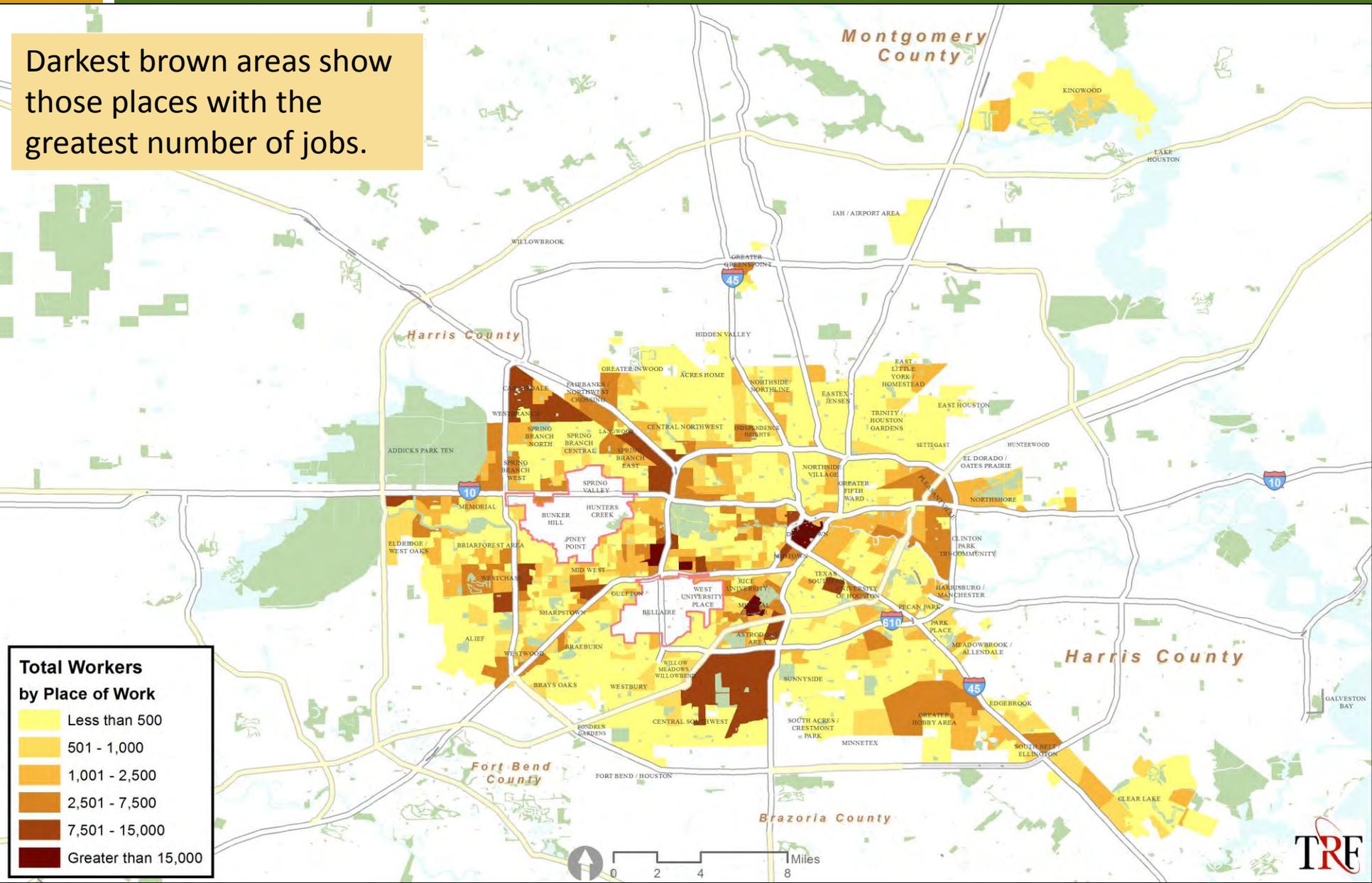
Median Commute - All Workers by Place of Residence

Generally, workers living within the beltway travel, on average, shorter distances to work than workers residing in other parts of Houston.

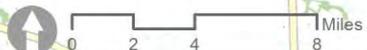


Employment Concentration by Place of Work

Darkest brown areas show those places with the greatest number of jobs.

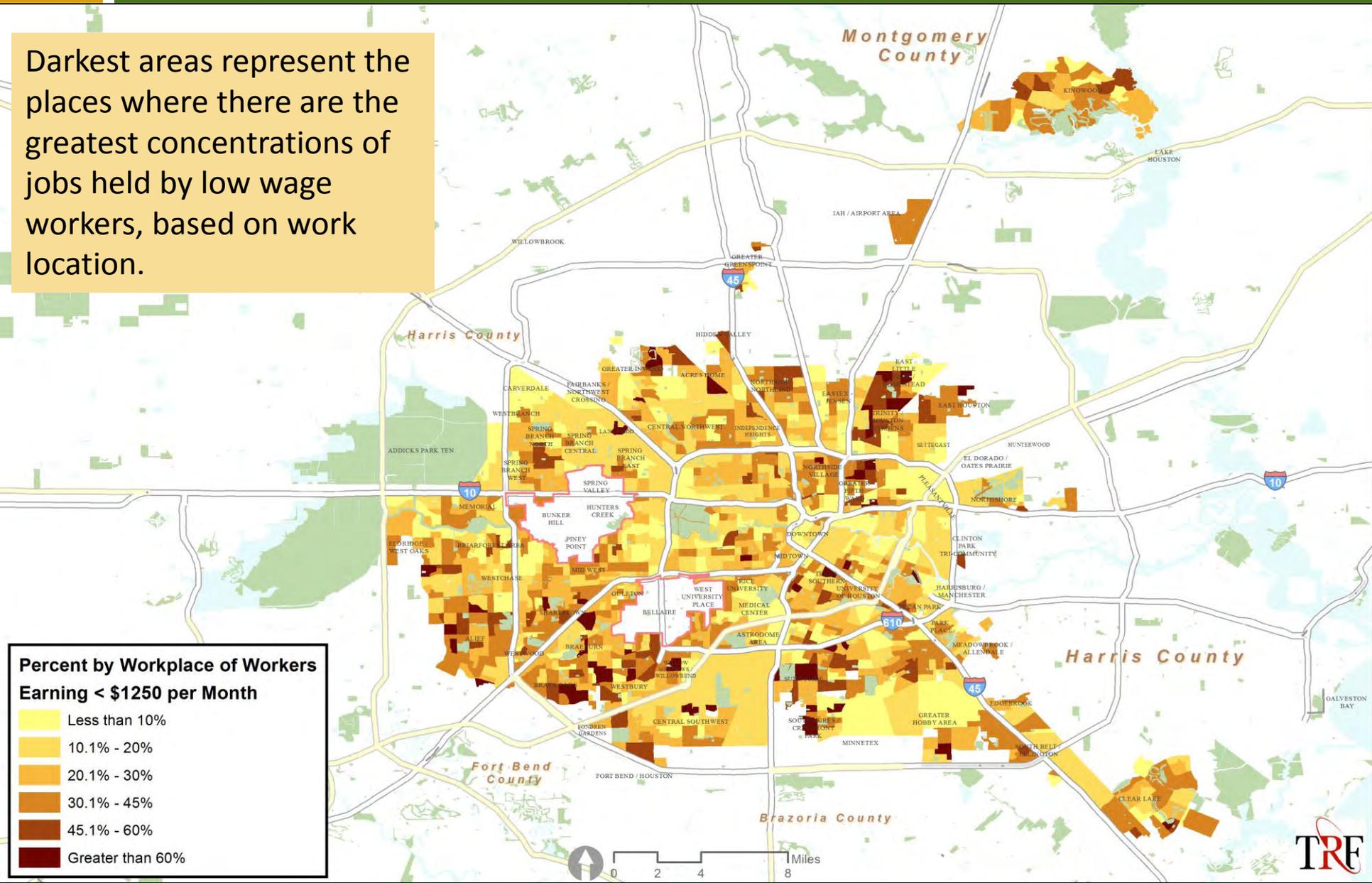


Total Workers by Place of Work	
Less than 500	(Lightest yellow)
501 - 1,000	(Light yellow)
1,001 - 2,500	(Yellow-orange)
2,501 - 7,500	(Orange)
7,501 - 15,000	(Dark orange)
Greater than 15,000	(Darkest brown)

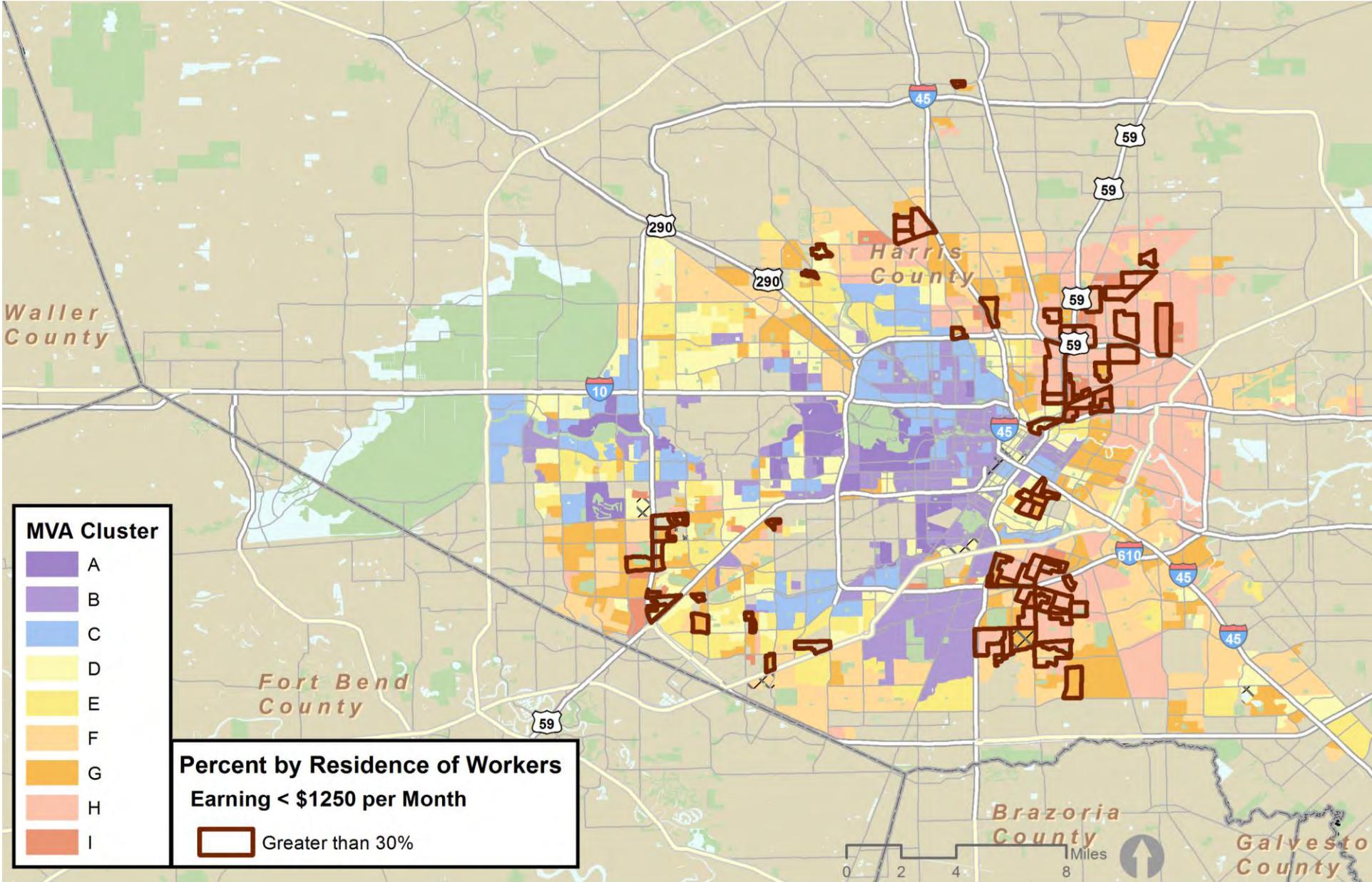


Concentration of Low-Wage Workers by Place of Work

Darkest areas represent the places where there are the greatest concentrations of jobs held by low wage workers, based on work location.



Block Groups with More than 30% Low Wage Workers



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