Analyzing Housing Markets in St Louis in Support of Data-Based Decision Making

January 28, 2014
TRF’s work in the City of St. Louis is funded by the US Department of Housing and Urban Development. We are here working as part of a technical assistance team led by The Cloudburst Group.

Throughout this project, we have worked closely with representatives of the City of St. Louis, representing numerous parts of city government, in the provision and validation of data and analytics.

To date, we have also benefitted from the assistance of RISE, formerly RHCDCA.
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
In general

A market value analysis (MVA) is a tool designed to assist the private market (for- and not-for-profit) and government officials to identify and comprehend the various elements of local real estate markets. It is based fundamentally on local administrative data sources.

The MVA tool is a snapshot in time designed to support data-based decision-making and precisely crafted intervention strategies.
MVAs Around the US

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

- Philadelphia, PA
- Wilmington, DE
- Washington, DC
- Baltimore, MD
- San Antonio, TX
- Camden, NJ
- Newark, NJ (and 8 regions across the state)
- Prince George’s County, MD
- Detroit, MI
- Houston, TX
- Reading Area, PA
- New Orleans, LA
- Milwaukee, WI
- Pittsburgh, PA
- Burlington County (NJ) “Riverline Towns” (in process)

* TRF and The Cloudburst Group collaborated on the MVA creation and implementation of the MVA in the City of Detroit.*
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 markets showing signs of stress, 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.
Components of the St. Louis Market Analysis

- Median sales price 2010-2012
- Coefficient of variance for sales price 2010-2012
- Foreclosure sales as a % of residential sales 2010-2012
- Commercial, industrial and other non-residential zoned areas as a % of total land area, 2013
- Owner-occupied units as a % of all occupied housing units, 2010
- Vacant housing units as a % of all housing units, 2010
- Subsidized rental stock as a % of all rental units, 2013
- New construction permits as a % of all housing units 2010-2012
- Vacant residential land as a % of residential land area, 2013
- Bank and investor sales as a % of residential sales, 2010-2012
Preparing a Market Analysis

- Acquire local data and geocode to block groups.
- Inspect and validate data layers *(together with representatives of The Cloudburst Group, City of St Louis and RISE – formerly RHCD)*.
- 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 *(together with representatives of The Cloudburst Group, City of St Louis and RISE – formerly RHCD)*.
- Re-solve and re-inspect until the MVA accurately represents areas.
Median Sale Price 2010-2012

- $25,000 or Less
- $25,000 - $50,000
- $50,000 - $85,000
- $85,000 - $115,000
- $115,000 - $160,000
- $160,000 - $225,000
- Greater than $225,000

- < 5 Sales
- City Parks
- Cemetery
- Hospital
- University
- Nonresidential
Foreclosures as a Percent of Sales, 2010-2012
Owner Occupied Units, 2010

Owner Occupied Housing, 2010
As a % of Occupied Housing Units
- Less than 25%
- 25.1% - 40%
- 40.1% - 50%
- 50.1% - 60%
- 60.1% - 75%
- Greater than 75%
- < 5 Sales
- City Parks
- Cemetery
- Hospital
- University
- Nonresidential

TRF
Subsidized Rental Housing, 2013

Subsidized Rental Housing As % of Renter Occupied Units

- Less than 2.5%
- 2.6% - 6.5%
- 6.6% - 12%
- 12.1% - 24%
- 24.1% - 48%
- Greater than 48%

< 5 Sales
City Parks
Cemetery
Hospital
University
Nonresidential
Vacant Residential Land, 2012

Vacant Residential Land 2012
As % of Residential Land
- 2% or Less
- 2.1% - 6%
- 6.1% - 12%
- 12.1% - 20%
- 20.1% - 34%
- More than 34%
- < 5 Sales
- City Parks
- Cemetery
- Hospital
- University
- Nonresidential
Bank and Investor Sales, 2010-2012
## Housing Market Type Characteristics

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## Population and Housing Units in St Louis Housing Markets

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<th>Households</th>
<th>Owner Occupied</th>
<th>Renter Occupied</th>
<th>Housing Units</th>
<th>Population</th>
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<td>Number</td>
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<td>Study Area Total</td>
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<td>319,294</td>
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Real Estate Market Analysis, 2013
Validation Route

Additional Validation Areas

Estimated Cluster
< 5 Sales
- Validation Route
City Parks
Cemetery
Hospital
University
Nonresidential

Additional Validation Areas
Applications of the Analysis
• Users and Uses of the MVA
• Market Intelligence / Understanding the Drivers and Direction of Market Change
• A Tool to Inform Program Development / Deployment
• Improving Quality of Life
Users of the MVA

- Various city offices (e.g., Philadelphia Redevelopment Authority, City Planning, Licenses and Inspection, Arts & Culture)
- State and federal government
- Non-profits (e.g., CDCs, planning groups)
- Local philanthropic organizations
  - Internal planning and decision making
  - Guidance to grantees
- The Reinvestment Fund (TRF Development Partners)
Uses of the MVA

- Develop CDGB comprehensive plan (Detroit, Wilmington)
- Assess changes in the market over time (Phila., Baltimore, Pittsburgh)
- Guide capital budget (Detroit)
- Evaluate development activities (Pittsburgh, Phila., Houston, Detroit, 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)
Cities have access to services and resources beyond those that are housing-related. There are services and resources/support for activities including, but not limited to: job training, public safety, education, after-school programs, day care, financial literacy, to name a few.

At any given time, a housing investment in a particular location may not be the right intervention – given the resource(s) available at that moment. That doesn’t mean that the area is excluded from the city’s attention.

The MVA informs the discussion around prioritizing services and resources brought to a community.
Set Program Priorities by Market Cluster

<table>
<thead>
<tr>
<th>Sample Activities</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
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<td>Demolition of Dangerous Properties</td>
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<tr>
<td>Encapsulation: Acquisition/Rehab</td>
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<td>Large Scale Housing Development (e.g., LIHTC)</td>
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<td>Land Assembly for Redevelopment</td>
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<td>Selective Enhancement of Lots</td>
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<td>Quality of Life Code Enforcement (broken window syndrome)</td>
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<td>Nuisance Abatement</td>
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<td>Enhanced Public Safety Measures</td>
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<td>Support Nutrition Services</td>
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<td>Income Maintenance Programs</td>
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</table>

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.

The MVA allows for a coordination across agencies, funding sources (CDBG, CSBG, philanthropic, etc.).
Understanding the Drivers of Change: New Orleans MVA

Change in Sale Price 2009-10 vs 11-12

Vacancy data from Valassis, GNOCDC
Understanding the Drivers of Change: Philadelphia MVA

Understanding the drivers of change

Foreclosures per Sales 10-11

- 10% or Less
- 10.1% - 20%
- 20.1% - 30%
- 30.1% - 40%
- 40.1% - 50%
- 50.1% - 65%
- Over 65%
- Fewer than 6 sales

2010-2011 MVA

Foreclosure per Sales 07-08 vs 10-11

- +2 Std Dev or More
- +1 to +1.9 Std Dev
- -1 to -1.9 Std Dev
- -2 Std Dev or More

Regional Choice

Steady

Transitional

Distressed

Insufficient Data

Split BG or Estimated
Measuring Change: Strengthened Since 2008
Measuring Change: Weakened Since 2008
Improving Quality of Life: Philadelphia

Benchmark against Philadelphia’s *stable* and *transitional* markets
(yellow & blue)

- Housing Demand
- Housing Distress
- Safety
- Education
- Amenities
- Prosperity
- Commerce

Create neighborhood-specific report cards that show the unique combination of QoL features in the neighborhood and change in those features over time.
Ira Goldstein, President
Joshua Freely, Chief Policy Analyst
Scott Haag, GIS Database Manager
Bill Schrecker, Research Analyst
&
RJ Stidham, Senior Advisor
The Cloudburst Group

Contact:
ira.goldstein@trfund.com
www.trfund.com
215-574-5831