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Allentown Housing Study: Market Value Analysis Kickoff

August 3rd, 2023

Team Introductions



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Reinvestment Fund is a mission-driven nonprofit organization that brings financial and analytical tools to partnerships to ensure that everyone has access to essential opportunities.



ATRIA PLANNING

Informed planning for better communities

Atria Planning is a woman-owned business that specializes in housing needs assessments, affordable housing, community development and market analysis. We help organizations assess current conditions and future potential through research of demographic, financial, and physical characteristics.

MAY 8 CONSULTING

May 8 is a woman-owned consulting firm founded in 2002 to help government and nonprofit clients identify and implement innovative strategies, with legal expertise.



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Housing Study Overview

- Data Analysis and Stakeholder Engagement
 - Housing Needs Assessment (Atria Planning)
 - Market Value Analysis & Displacement Risk Ratio (RF)
- Data Findings Report (RF and Atria)
- Ordinance Analysis (May 8)
- Strategic Plan (RF and Atria)

Housing Needs Assessment

- Demographic trends
- Economic trends
- Land use trends and patterns
- Housing demand
- Housing supply
- Demand/Supply Analysis
- Affordable Housing Needs
- Substandard housing

Ordinance Analysis

1. Rental Registration Law
2. Property Maintenance Code and Code Enforcement
3. Pre-Sales Inspection Ordinance
4. Vacant Property Registry
5. Blight Ordinances
6. Zoning – inclusionary zoning, multi-family conversions, short-term rentals
7. Fees and Fines
8. State Authorized PILOT/Tax Abatement for Affordable Housing
9. Rooming Houses/SROs
10. Development Review
11. Tenant Displacement/Backdoor Evictions
12. Rehab
13. After Hours Nuisance Bars

Housing Priorities

Please complete priorities questionnaire:

- <https://survey.typeform.com/to/OTsLZEce>

Strategic Plan

- A set of recommendations to the City informed by stakeholders through focus groups and interviews
- Emphasis on strategies and tools the city can take the lead on that are legally and financially feasible
 - Work with City staff and align with ordinance analysis
- Lays the groundwork for an implementation plan
- Can be used in future community engagement efforts

Timeline

Key Tasks	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
HNA: Demographic Trends	X	X							
HNA: Economic and Land Use Trends			X	X					
HNA: Supply and Demand					X	X			
Market Value Analysis	X	X	X	X	X	X			
Ordinance Review/Interviews		X	X	X					
Focus Groups			X	X	X				
Draft Data Report						X	X		
Review of Housing Programs, Funding, Policies						X			
Develop Housing Strategies based on Analysis						X	X		
Develop Strategic Plan							X	X	
Gather Feedback from City and Refine Strategic Plan							X	X	
Finalize Strategic Plan								X	X
Public Roll Out and Presentations									X

MVA Meeting Schedule

August 2023 Meeting 1

- Introduce Housing Study and MVA
- Affirm MVA principles
 - **(Reinvestment Fund)**
- Contribute local knowledge of market conditions
 - **(City of Allentown/Stakeholder Group)**
- Secure any additional local housing data
 - **(Reinvestment Fund/City of Allentown)**

TBD Meeting 2

- Present draft MVA models and Housing Study Update
 - **(Reinvestment Fund/Atria/May 8)**
- Advise on data issues and data limitations
 - **(Stakeholder Group)**
- Help validate models
 - **(City of Allentown/Stakeholder Group)**

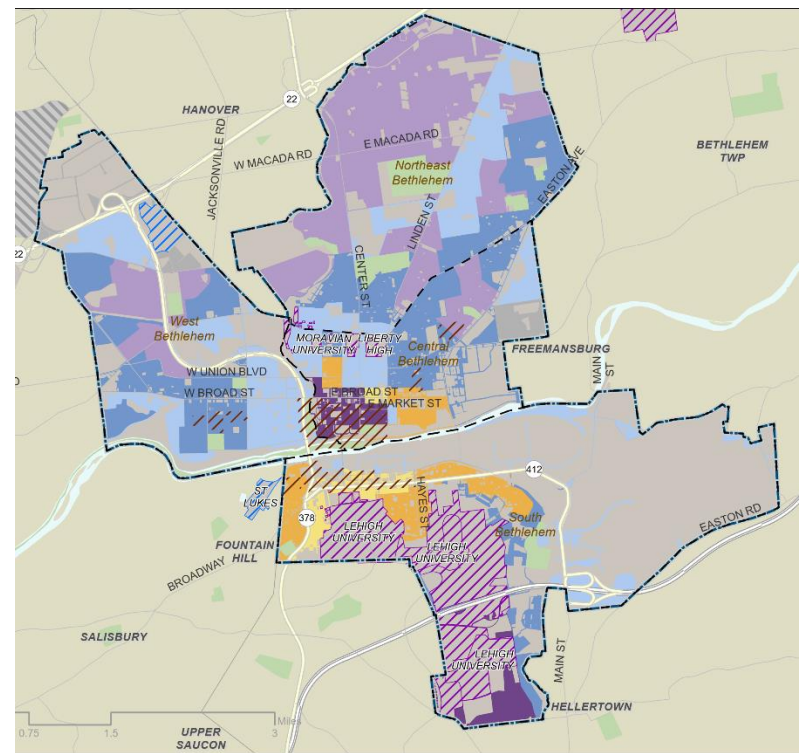
TBD Meeting 3

- Present final MVA model and Housing Study Update
 - **(Reinvestment Fund/Atria/May 8)**
- Discuss recommendations for linking MVA results to Housing Study
 - **(Reinvestment Fund/Stakeholder Group)**
- Identify opportunities for dissemination to community partners and engagement during MVA implementation
 - **(City of Allentown/Stakeholder Group)**

The Market Value Analysis

The **Market Value Analysis (MVA)** is a data-driven tool to help residents and policymakers identify and understand the elements of their local real estate markets. It is 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.



Who is Using the MVA

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

Allegheny County, PA	Irving, TX	Philadelphia, PA
Asbury Park, NJ	Jacksonville, FL	Pittsburgh, PA
Atlantic City Area, NJ	Kansas City, MO	Prince George's County, MD
Baltimore, MD	Milwaukee, WI	Reading Area, PA
Bethlehem, PA	Mt. Vernon, NY	Richmond, VA
Camden, NJ	Nashville, TN	San Antonio, TX
Dallas, TX	New Jersey (8 regions)	Selma, AL
Denton, TX	New Orleans, LA	St Louis, MO
Detroit, MI	Newark, NJ	State of Delaware
Houston, TX	Northampton County, PA	Washington, DC
Indianapolis, IN	Paterson/Passaic County, NJ	Wilmington, DE

MVAs in Action: How Cities Use the MVA

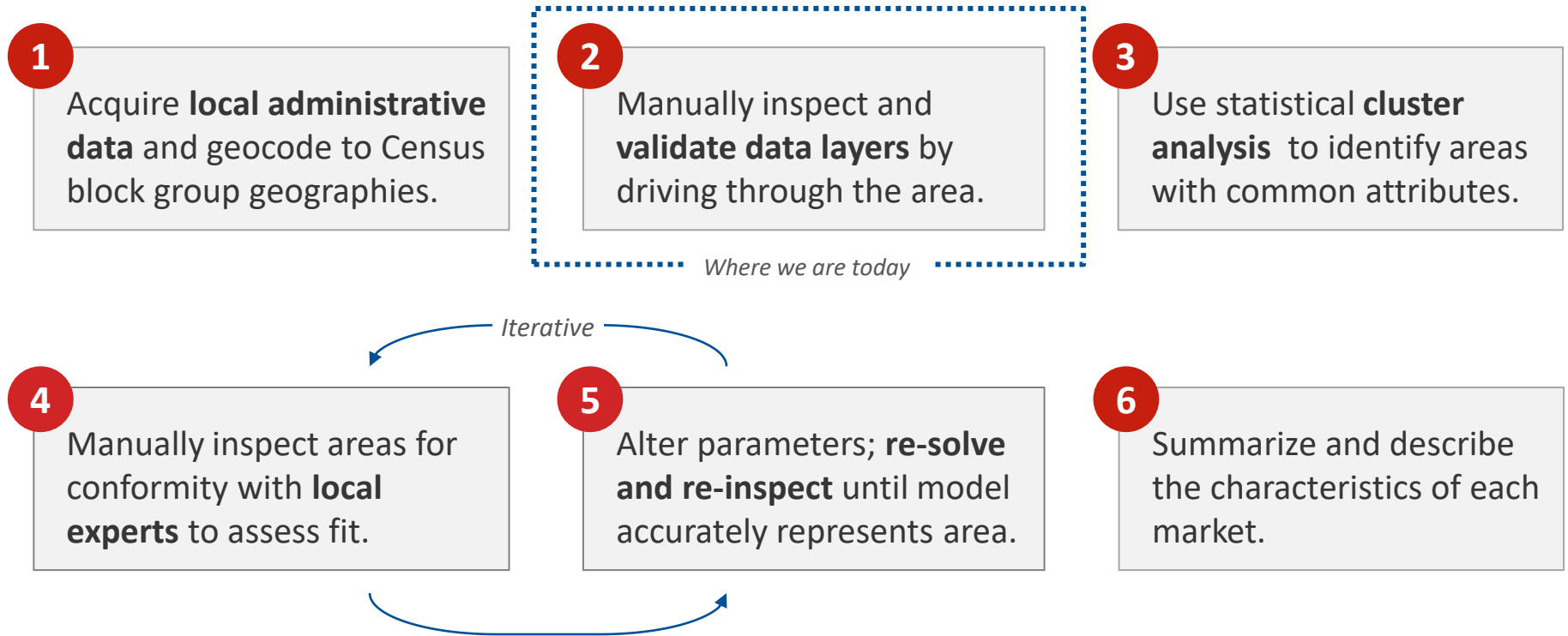


- Inform Housing Plan (Bethlehem PA, Chattanooga, Camden NJ, NOLA, Denton TX)
- Equitable development strategy (Phila, DE, NJ cities, NOLA, Nashville,)
- Component of a local land banking strategy (Phila., NOLA, Pittsburgh, Wilmington)
- Guide capital budget (Detroit)
- Focus code enforcement (Phila., Baltimore, Indianapolis, NOLA)
- Target statewide Strong Neighborhoods Revolving Loan Fund (DE/DSHA)
- Inform LIHTC QAP (DE/DSHA)
- Develop CDBG ConPlan / Comprehensive plan (Wilmington, St. Louis, Richmond, Dallas)
- Assessment of Fair Housing (Phila., Richmond)
- Assess changes in the market over time (Phila., Houston, Dallas, Jacksonville, Kansas City)
- 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)

MVA Principles

- Public **subsidy is scarce**; acting alone, subsidies cannot create a market
- Public policy and subsidy must **leverage private investment** or create conditions for investment to occur
- In distressed markets, **build from strength** by investing near strong assets
- All **residents are customers** with an expectation of quality public services and amenities
- The best decisions are based on the sound and **objective analysis** of quantitative and qualitative data

The MVA Process



Lessons from 15+ years of experience

Validating Data is Critical.

Researchers must systematically visit and observe neighborhoods in the city to understand the data and final model.

Geographic Scale Matters.

MSA and Census tract geographies are too large to accurately reflect the nuances of local real estate markets.

One Size Does Not Fit All.

MVA components and models share some similarities across cities but must be customized to the unique traits of each city.

Integrate Local Knowledge.

All models are tested with local experts to incorporate qualitative feedback from each geography.



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MVA Data Review

Data Collection for MVA Models

	Variable	Definition	Sources
Property Values and Investment	Median Home Sales, 2021 – 2023q2	Median price of arms-length residential property transactions between 2021 and 2023 (June)	City of Allentown GIS
	Variance of Sales Prices, 2021 – 2023q2	Dispersion of prices within census block groups over the target time period	City of Allentown GIS
	Housing Permits, 2021 – 2023q2	Share of residential parcels with multiple permits (more than 3) for residential renovation	City of Allentown GIS
	Investor Purchases, 2021 – 2023q2	Share of residential sales where purchaser was an investor or institutional owner	City of Allentown GIS
Market Stress and Vacancy	Vacant Residential Properties, 2020	Share of residential housing units with no one living in the unit at the time of visit by Census.	Census 2020
	Foreclosure Filings, 2021 – 2023q2	Share of residential properties 1) that were registered in Pro Champ between 2020 and 2022 (Aug) or properties that were registered prior to 2020, but remain open or 2) that have received Act 91 notice since 2020	ProChamps Registry; PHFA
	Code Enforcement, 2021 – 2023q2	Share of residential properties that received property maintenance, Uniform Construction Code, or health and sanitation code enforcement between 2021 and 2023 (June)	City of Allentown GIS
Area Characteristics	Housing Tenure	Share of owner-occupied households	ACS, 2017-2021
	Housing Subsidy	Share of rent subsidized housing units excluding units in senior developments	HUD POSH, 2021
	Housing Density	Number of residential units per residential acre	Lehigh County Parcel Files (via City of Allentown GIS)

Median Sales Price



Citywide Median
2017: \$145,750
2022: \$203,886 (40%↑)

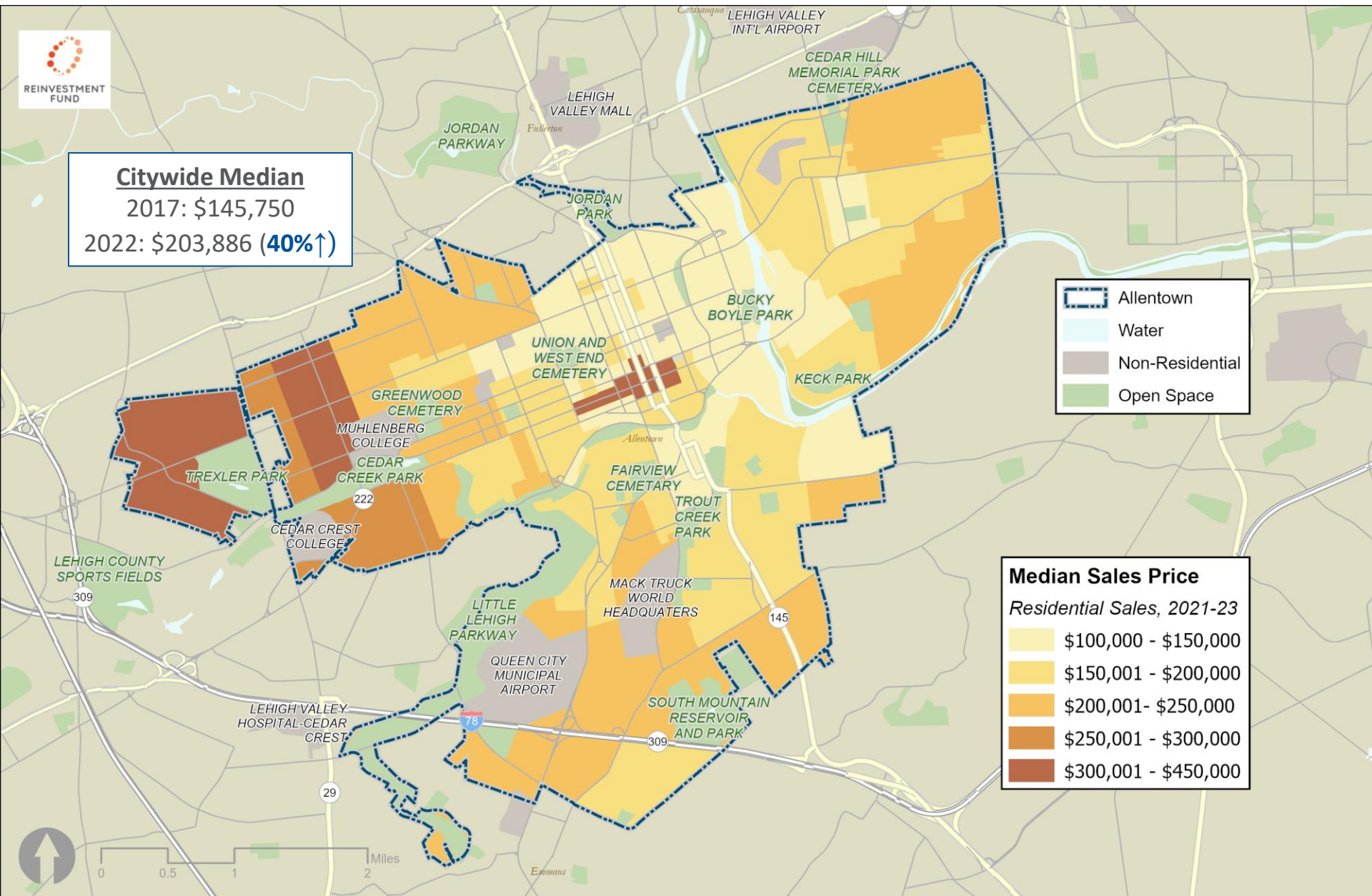
- Allentown
- Water
- Non-Residential
- Open Space

Median Sales Price
Residential Sales, 2021-23

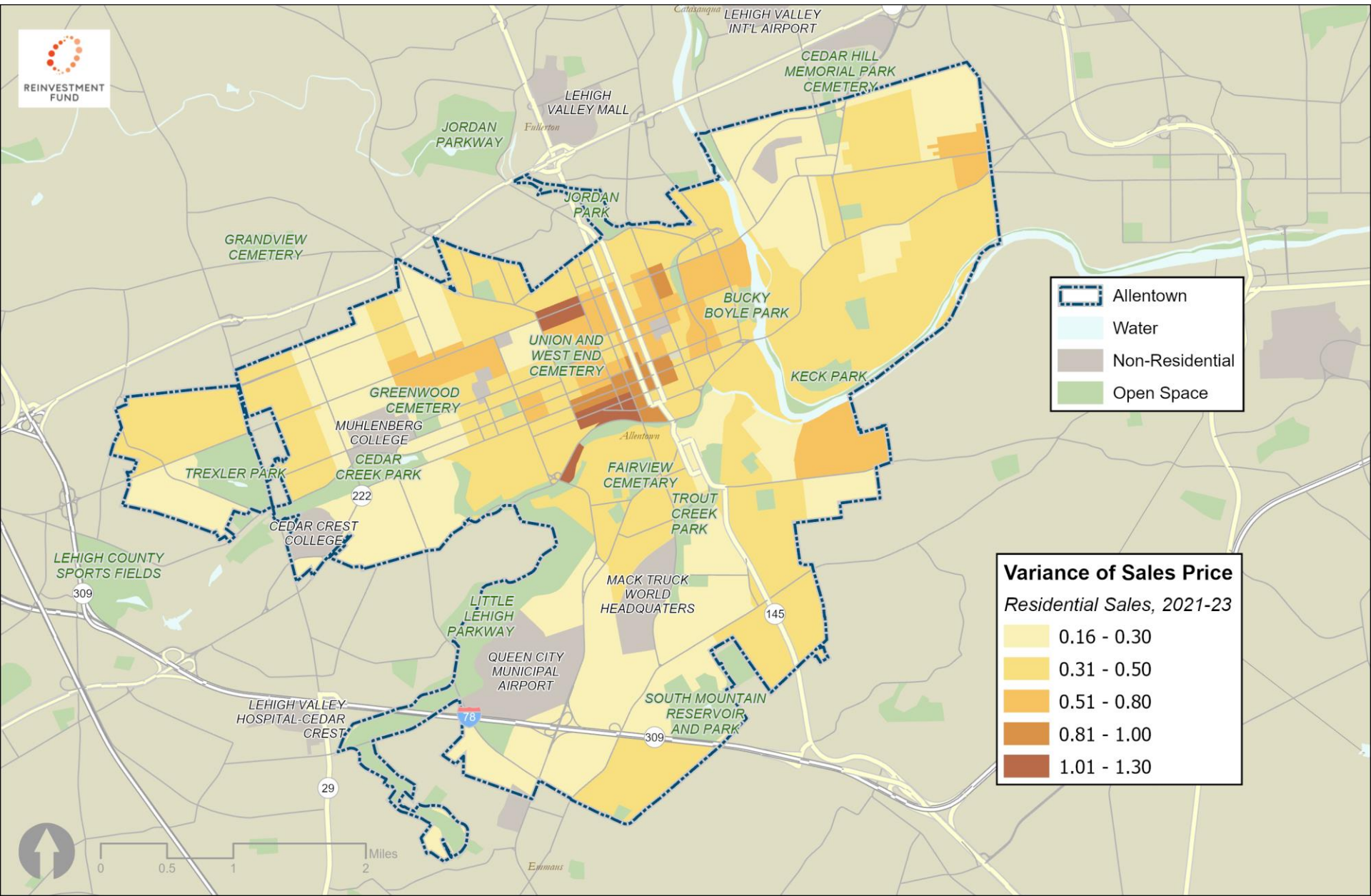
- \$100,000 - \$150,000
- \$150,001 - \$200,000
- \$200,001 - \$250,000
- \$250,001 - \$300,000
- \$300,001 - \$450,000



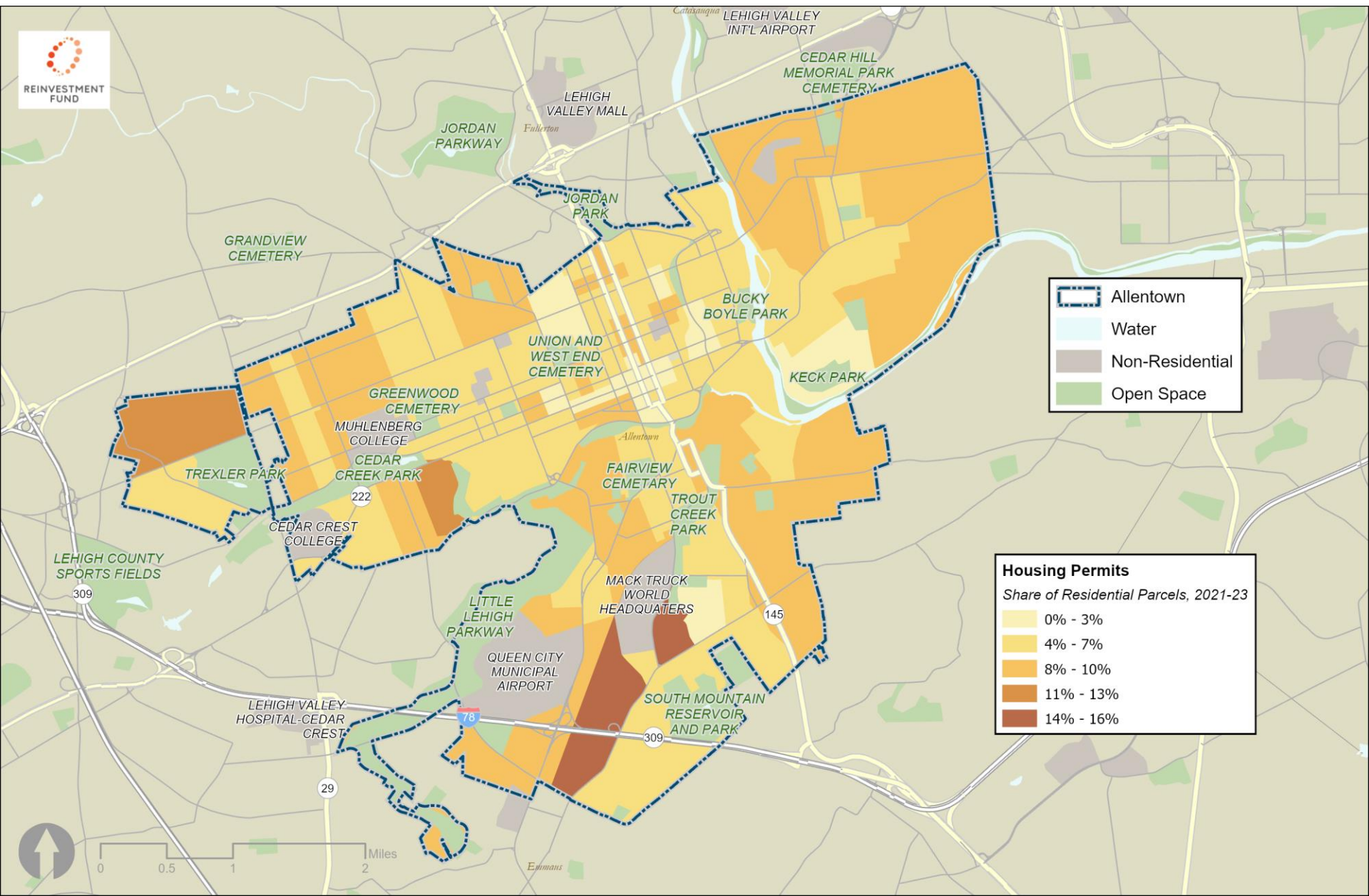
0 0.5 2 Miles



Variance of Sales Price



Housing Permits



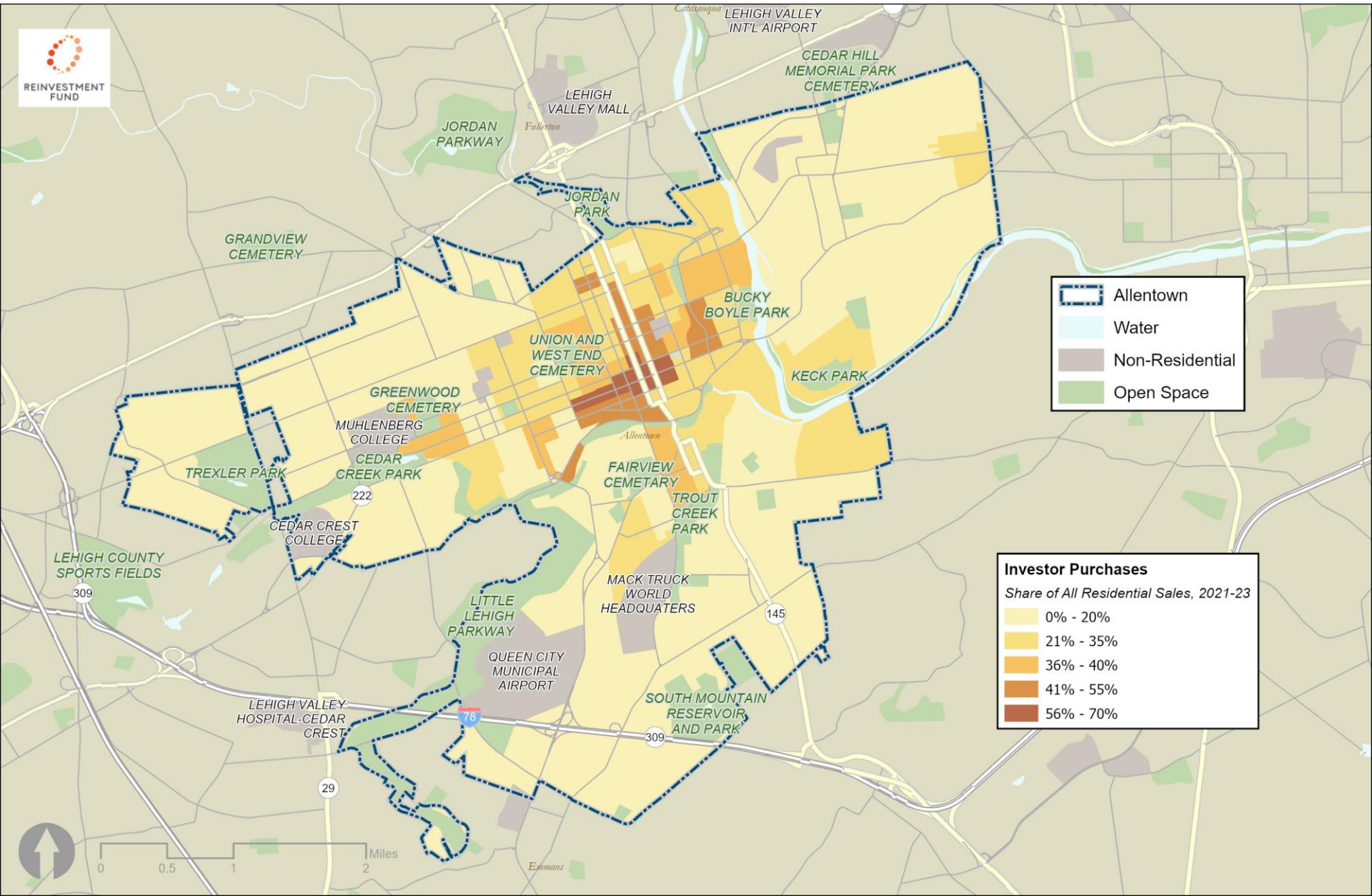
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Housing Permits
Share of Residential Parcels, 2021-23

- 0% - 3%
- 4% - 7%
- 8% - 10%
- 11% - 13%
- 14% - 16%



Investor Purchases



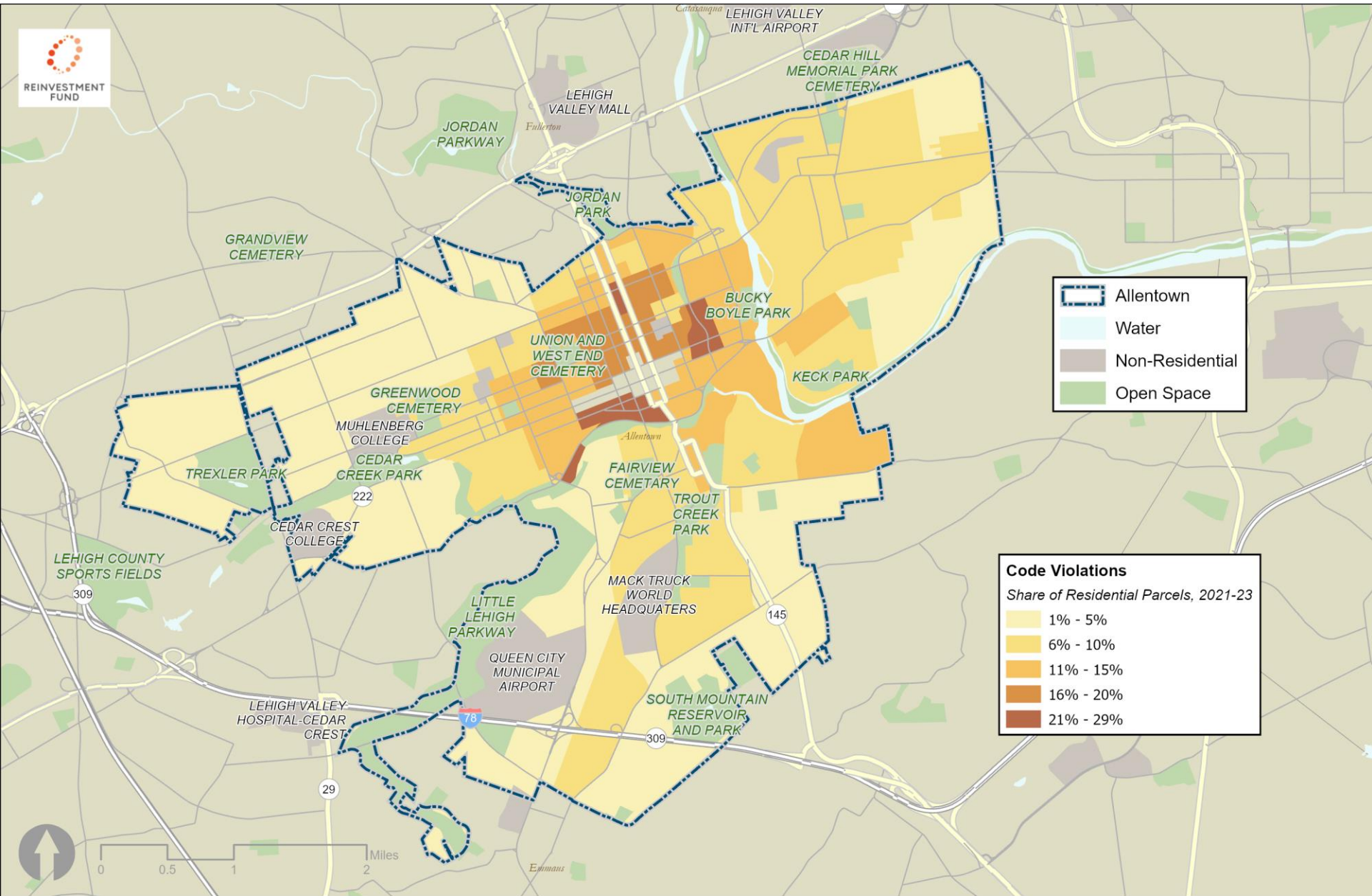
 Allentown
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Investor Purchases
 Share of All Residential Sales, 2021-23

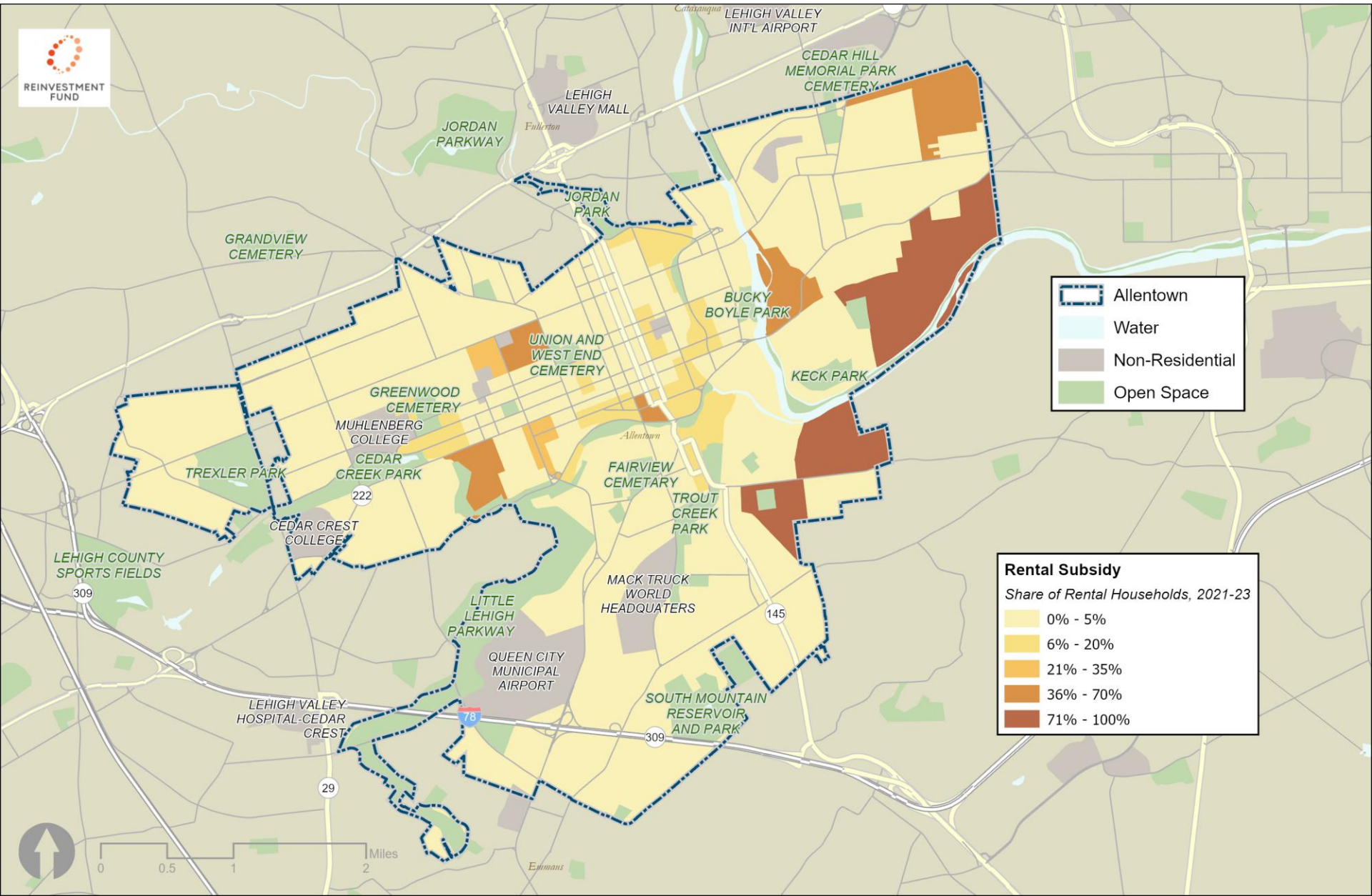
- 0% - 20%
- 21% - 35%
- 36% - 40%
- 41% - 55%
- 56% - 70%



Code Enforcement and Housing Inspection Violations



Rental Subsidy



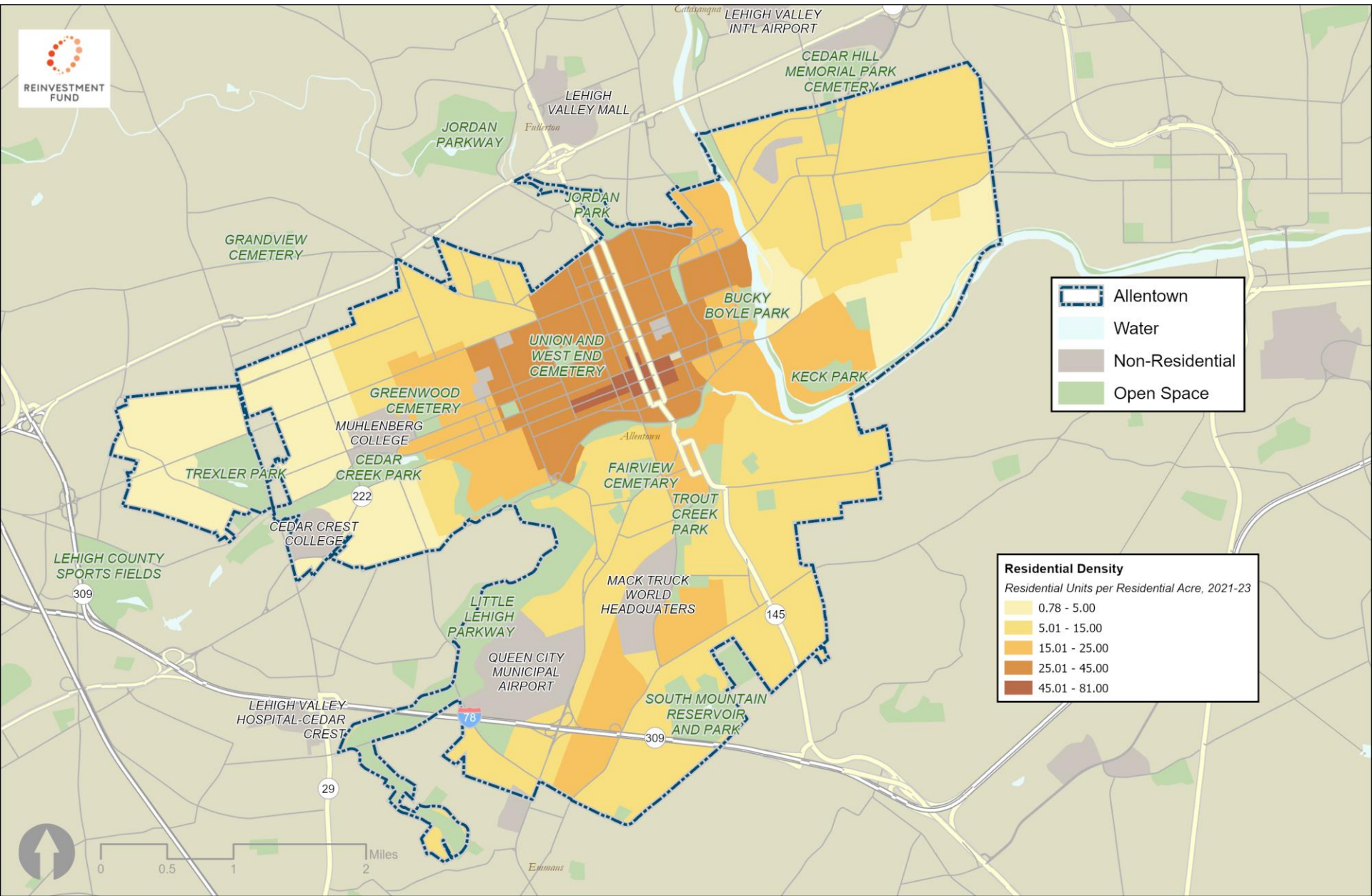
Allentown
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Rental Subsidy
Share of Rental Households, 2021-23

- 0% - 5%
- 6% - 20%
- 21% - 35%
- 36% - 70%
- 71% - 100%



Housing Density (Units per Residential Acre)



- Allentown
- Water
- Non-Residential
- Open Space

Residential Density
Residential Units per Residential Acre, 2021-23

- 0.78 - 5.00
- 5.01 - 15.00
- 15.01 - 25.00
- 25.01 - 45.00
- 45.01 - 81.00





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Discussion and Next Steps

Next steps

- Questions?
- Collect and review any additional data sets (RF/partners)
- Schedule Meeting 2 (RF/partners)
- Conduct and share Housing Needs Assessment (Atria)
- Complete and share ordinance analysis (May 8)

Reinvestment Fund - Policy Solutions

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