



PLACE-BASED STRATEGIES I: EVALUATING NEIGHBORHOOD CONDITIONS

- Marsha Tonkovich, Senior Vice President, ICF
- Todd Richardson, Associate Deputy Assistant Secretary for Policy, Office of Policy Development and Research, HUD
- Bill Goldsmith, President, Mercy Portfolio Services



Focus of Place Based Strategies Workshops

- Two workshops on place-based strategies
- This workshop focused on market assessment and data collection
- P-B2 focused on tying market conditions & needs to programs; implementation of a place-based strategy



Side 2




Agenda

- Origins of placed-based strategies
- Recap key place-based concepts
- Conducting a market assessment & data sources
- Example of place-based concepts in practice in Chicago




Side 3



What is Place Based Development?

- Making funding decisions based on local market conditions
 - Recognizes that different places face different challenges which require different tools
 - Considers inter-relationship of housing to transportation, jobs, schools, community amenities
 - Focuses resources in a targeted manner to achieve greater community impact
 - Key aspect is assessing program impact


Slide 4



What is Place Based Development? (cont)

- Priority of HUD & Obama Administration – cross agency effort to focus resources
 - Pro-active strategy to promote economic and environmental sustainability, community health and safety
 - Recognizes that urban and rural areas have different needs
 - Considers challenges of addressing regional “ecosystem”
 - Encourages local networks of referral, support, and coordination


Slide 5



How Can P B Approach be Tied to Local HOME Programs?

- Develop coordinated regional approaches to addressing common, cross-cutting affordable housing issues
- Select program types that match local market issues
- Target HOME resources in specific neighborhoods
- Tie HOME assistance to other target area efforts
 - Create partnerships across programs, organizations

Slide 6



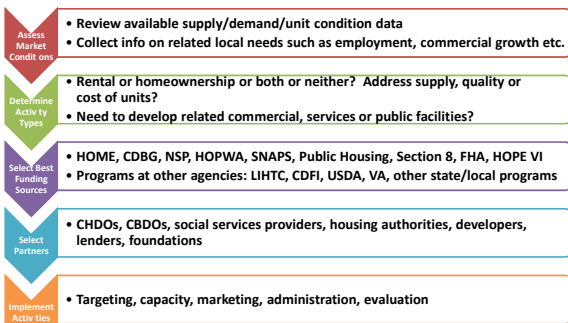
How Can P B Approach be Tied to Local HOME Programs? (cont)

- *Example:* neighborhood of high unemployment, deferred housing maintenance, deteriorating infrastructure, no commercial development, under-achieving schools
 - Use HOME as part of comprehensive approach – HOME funds rehabilitation, CDBG funds infrastructure rebuilding, New Markets Tax Credits used to spur economic development, Workforce Investment Act (WIA) program used to create job training program, charter school established
 - Partnership of neighborhood businesses, nonprofits/CHDOs, neighborhood association, public agency created
 - Indicators established, program results measured, program adapted based on lessons learned

Slide 7



Implementing a Place Based Approach: Process Steps



Slide 8

Origins

- “The development of the housing affordability strategies is intended to direct the allocation of limited resources to the most effective actions, to coordinate the full array of public and private housing actions toward specific objectives, and to provide a mechanism for public participation and review”. U.S. Senate Committee Report, 1990.



Key Points on Place Based Planning

- Be Reflective
- Know YOUR Market
- Make a Positive Impact




Be Reflective Selected Research

- The Local CHAS: A Preliminary Assessment of First Year Submissions , 1992
- Evaluation of HOME, 1999
- Study of the Ongoing Affordability of HOME Program Rents, 2001
- Planning to Meet Local Housing Needs: The Role of HUD's Consolidated Planning Requirements in the 1990s
- Using Your HOME Dollars for Rental Production: A Planning Paper for Local Policy Makers, 2004
- Study of Homebuyer Activity Through the HOME Investment Partnership Programs, 2004
- Rates of Foreclosure in HOME and ADDI Programs, 2008




Dollar Commitments Over Time

	HOME \$ Commitments Nationally	
	Total as of 1999	Total 2000- 2009
Supply Side		
Rental Development	53%	53%
Homebuyer Development	15%	15%
<i>Homeowner Rehab</i>	<i>20%</i>	<i>16%</i>
Demand Side		
TBRA (Rental)	3%	3%
DPA (Homebuyer)	10%	13%
	100%	100%
Total Dollars Committed	\$6 billion	\$16 billion




New Development vs Rehab

	<u>HOME \$ Commitment</u>	
	<u>Share New Construction v</u>	
	<u>Rehab</u>	
	<u>Total as of</u>	<u>Total 2000-</u>
	<u>1999</u>	<u>2009</u>
Rental Development		
Percent New Construction	42%	64%
Percent Rehab	58%	36%
	100%	100%
Homebuyer Development		
Percent New Construction	63%	74%
Percent Rehab	37%	26%
	100%	100%

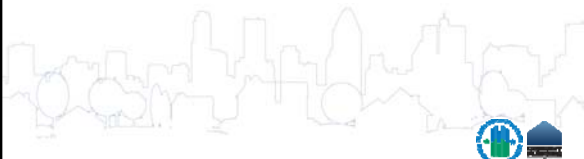


- ### Rental Reflections
- HOME builds affordable rental housing...but HOME rents are not affordable to ELI without continuing rental assistance.
 - HOME rental development is intertwined with LIHTC ... so you need to care what is in the state's LIHTC Qualified Allocation Plan.
 - Think about the location – is it or will it be opportunity rich?
- 

- ### DPA Reflections
- HOME assisted folks with DPA generally fare better than other similarly qualified borrowers...but they are *more likely to fail* when:
 - They buy into neighborhoods in decline.
 - When we don't look out for the quality of their loan.
 - And we help someone who is not ready.
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Make a Positive Impact

- HOPE VI
- Homeownership Zones
- NSP
- Choice Neighborhoods



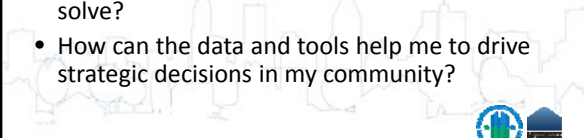
Make a Positive Impact

- Visible and concentrated change
- Patience: 10 years to change a distressed place
- Don't force a round peg into a square hole
- Worth it:
 - Safety
 - Creating confidence for other investors and homeowners




Understanding Changing Markets


- What data should I be looking for to help me understand how my markets are changing?
- What tools are available to help me understand the data?
- What questions am I trying to answer about my markets? What problems am I trying to solve?
- How can the data and tools help me to drive strategic decisions in my community?




Data: National



- Available for the nation at a small geography, preferably block group or census tract in order to see how "neighborhoods" within a market differ.
- Public datasets generally come from the Federal government and include Census 2010, Annual ACS estimates, vacancy from the USPS, job information from the BLS, mortgage information from the Home Mortgage Disclosure Act.
- Proprietary datasets must be purchased from a third-party and include home sale statistics and foreclosure notices.
- A comprehensive list of datasets, descriptions and links to sources can be found at <http://www.policymap.com/our-data.html>




Data: Local



This is data unique to your local geography that is not available in mass at a national level, but important to understanding the market dynamics in your community. Generally comes from a local taxing authority, licenses and inspections or housing office.

- Parcel level vacancy information
- Addresses of tax liens from your municipality
- Condemned property citations from local agency
- Addresses of homeowners seeking foreclosure counseling or relief
- Bank REO locations
- Locations of your previous investment activity!




Tools

- National Tools**
 - HUD releasing a national mapping tool soon
 - www.policymap.com (free side contains all of the public data that is available for visual display in maps and tables)
 - www.data.gov (free but data not as relevant to the housing world)
- Local Platforms**
 - National Neighborhood Indicator Projects (NNIPs) in over 34 cities. <http://nnip.urban.org>
 - Local sites like Data Driven Detroit (<http://datadrivendetroit.org>) or New Orleans Community Data Center (<http://www.gnocdc.org/>)
- Local GIS Experts**
 - GIS teams in grantee offices using Google Maps or ArcView analyze data

Benefit of these first two options is that they come with the relevant data and are easy to access online. Potentially saving money and time.

With this last option, you need to find the data yourself, clean it, and have a GIS expert analyze it for you, but it is more customizable than the above.



Using the Data + Tools to Understand Markets


What kinds of questions can I pose of the data to help design a set of appropriate strategies?

- Elderly Housing – Where are neighborhoods with high numbers of poor, elderly households and where are they in relation to existing 202/811 units?
- Rental Affordability – Where are the fastest growing rental communities in need of assistance?
- Preservation – Where are the stable neighborhoods with foreclosures that should be addressed in order to ensure continued stability?




Elderly Housing

- Where are neighborhoods with high numbers of poor, elderly households and where are they in relation to existing 202/811 units?
Example: Philadelphia




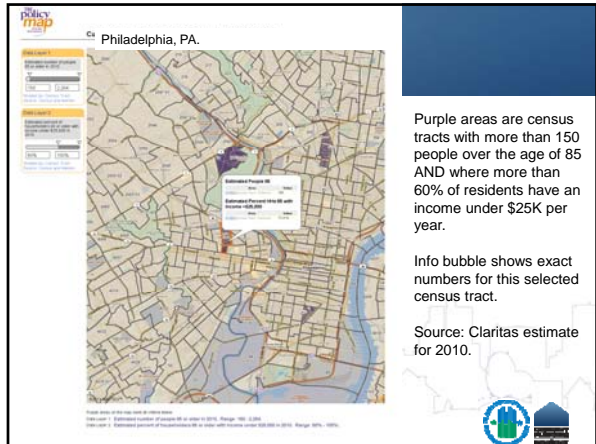
Philadelphia, PA.

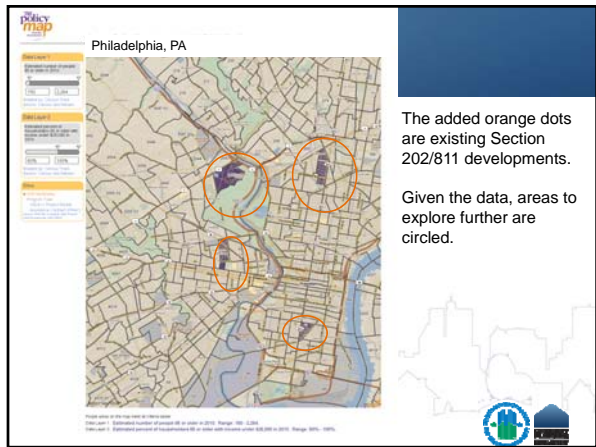


Purple areas are census tracts with more than 150 people over the age of 85.

Source: Claritas estimate for 2010.

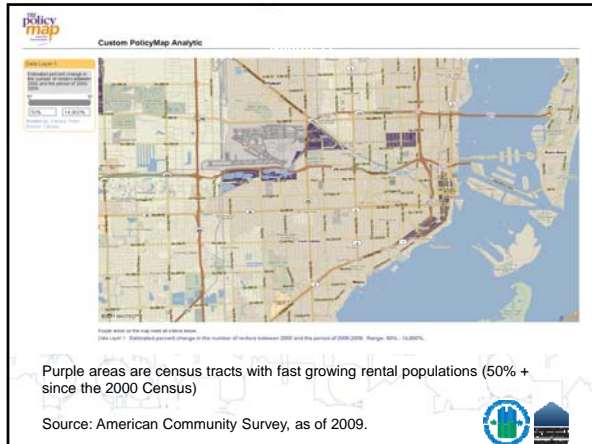


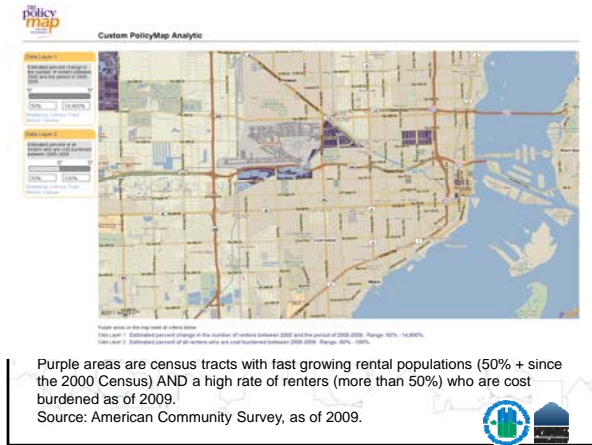


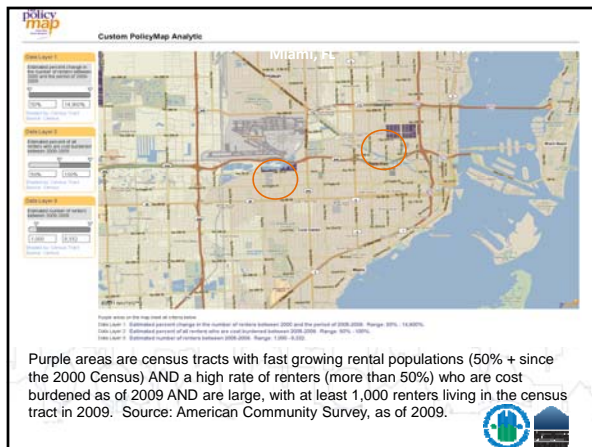


Rental Affordability

- Where are the fastest growing rental communities in need of assistance? Example: Miami




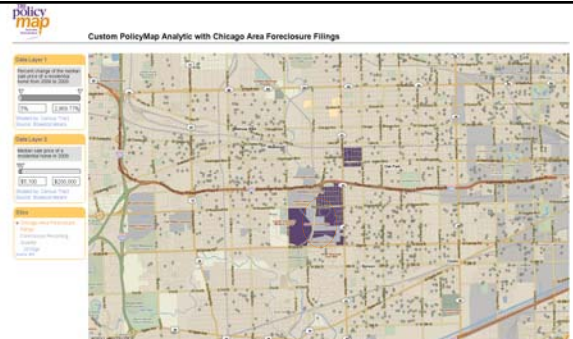




Preservation

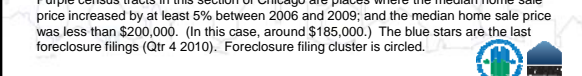
- Where are the stable neighborhoods with foreclosures that should be addressed in order to ensure continued stability? Example: Chicago





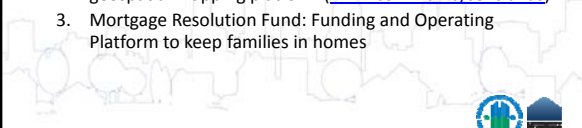
Custom PolicyMap Analytic with Chicago Area Foreclosure Filings

Purple census tracts in this section of Chicago are places where the median home sale price increased by at least 5% between 2006 and 2009; and the median home sale price was less than \$200,000. (In this case, around \$185,000.) The blue stars are the last foreclosure filings (Qtr 4 2010). Foreclosure filing cluster is circled.



Mercy Portfolio Services

- Founded in 2008 as center piece of Mercy Housing response to foreclosure crisis (www.mercyhousing.org)
- **Three Major Response to Date**
 1. Sole sub-grantee of the City of Chicago's \$169M Initiative (www.chicagosp.com)
 2. Community Central: integrated data, document and geospatial mapping platform (www.communitycentral.us)
 3. Mortgage Resolution Fund: Funding and Operating Platform to keep families in homes




Steps in Doing Market Assessments

1. Collect Data
2. Analyze Data
3. Look for Key Indicators
4. Reality Test Data
5. Develop Maps/Tools to Share Data
6. Design/Redesign Programs to Match Data




Key Indicators

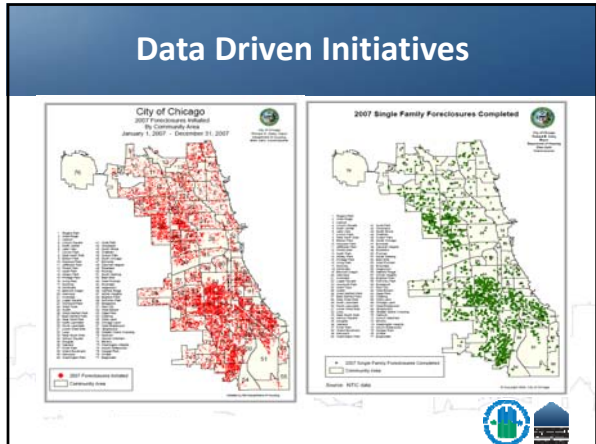
1. Tenure Type
 - Rental rate
 - Homeownership rate
2. Foreclosure Rate
3. Days on Market/Unit Turn Over
4. Occupancy/Vacancy Rate by Tenure Type
5. Number/Type of Substandard Units
6. Previous Investments (HOME, CDBG, NSP, etc)



Key Indicators (cont)

6. Affordability of Units by Tenure Type
7. Demographics
 - Income by range
 - Age of Population
8. Crime Rates
9. Commercial Development/Availability
10. Unemployment Rate
11. Availability of Services & Education
12. Local Data (such as taxes)





P B Example: Chicago Strategy

Begin with the End in Mind

- 1) What is the goal of the strategy?
 - City of Chicago NSP Foreclosure Strategy:
 - Select impacted neighborhoods in which:
 - » Relative market strength
 - » Long term city investment (HOME, CDBG, LIHTC, PB8)
 - » Good urban nodes
 - » Appropriate building typologies
 - Acquire and rehab 30% of vacant inventory
 - Add DPA and other support for private market developers
 - Increase city services including beautification, safety, etc.
- 2) Place potential neighborhoods in regional context
 - Assets: job centers, schools, public transportation, highways . . .
 - Barriers: industrial areas, prisons, waste . . .
 - Relative metrics: jobs, retail, education, crime, foreclosures . . .

Data Driven Initiatives

Table 1: Trend in Foreclosure Filings in Target Geography


Neighborhood	Filings 2007	Filings 2008	2008 Q1 filings	2009 Q1 filings	% Increase 2007 to 2008	% Increase 2008Q1 to 2009Q1
ALBANY PARK	119	222	35	81	87%	131%
LOGAN SQUARE/HERMOSA	174	358	64	140	106%	119%
HUMBOLDT PARK	416	666	122	173	60%	42%
SOUTH LAWNDALE	181	318	63	103	76%	63%
CHICAGO LAWN	513	744	166	211	45%	27%
Green Neighborhoods Total	1,403	2,308	450	708	65%	57%
GRAND BOULEVARD	210	351	86	94	67%	9%
WASHINGTON PARK	93	163	32	38	75%	19%
WOODLAWN	261	397	119	83	52%	-30%
SOUTH CHICAGO	357	407	98	95	14%	-3%
GREATER GRAND CROSSING	378	415	84	105	10%	25%
Orange Neighborhoods Total	1,299	1,733	419	415	33%	-1%
ENGLEWOOD	516	622	116	126	21%	9%
Yellow Neighborhoods Total	516	622	116	126	21%	9%
Target Geography Total	3,218	4,663	985	1,249	45%	27%

SOURCE: Woodstock Institute, Properties with Foreclosure Filings by City of Chicago Community Area

P B Example: Chicago Strategy (cont)

3) Zoning in on the Neighborhood

- Identifying nodes: retail, job center, transportation stop, higher institutions of learning, hospitals, sport complexes
- The Bones of the Neighborhood
 - Social Bones: CDCs, active community groups, friendly politics
 - Physical Bones: good housing stock, housing typologies that align with goal
- Market Conditions (do people want to live there):
 - Spend a lot of time with local realtors, appraisers, community-minded for-profit developers
 - Available inventory = Units on market / Sales per month
 - Vacancies = USPS under / over 12 months
 - Price points = how does it align with strategy




Data Driven Initiatives

Table 4: Projected Home Sales in Target Geography (2009 to 2013)

Year	Total No. Homes Sold in Target Geography	Average Annual Home Sales 2006 through 2008	Compound Annual Growth Rate of Annual Home Sales (2006 to 2008)	Assumed Annual Growth Rate of Home Sales (stabilizes over time)	Estimated Demand for Home Sales (2009 to 2012)	Compound Annual Growth Rate for Foreclosure Filings in Target Geography	# Foreclosure Filings in Target Geography 2008	Projected Foreclosure Filings 2009 to 2012	Estimated # Foreclosure Filings to Become REOs (assumes at least 50% will become REOs)
2006	1,284								
2007	705	871	-30.29%						
2008	624					40.3%		4,663	
2009				-25%	468			6,062	3,031
2010				-20%	374			7,883	3,941
2011				-15%	318	30.0%		10,244	5,122
2012				-10%	284			13,318	6,659
Total Projected Demand 2009 to 2012									1,447
Total Projected Supply 2009 to 2012									18,752


Total # homes sold, average annual home sales, and estimated # of foreclosed/unsold units in the target geography are estimates from PolicyMap.com for all census tracts within target geography. The total # of homes sold in 2008 assumes the fourth quarter sales rate for 2008 is equal to the average quarterly sales rate for 2008 quarters 1 through 3.
 * CAGR for foreclosure filings 2009 to 2008 is based on Woodstock Institute reports on foreclosure filings for all community areas that include census tracts in the target geography. CAGR for foreclosure filings 2009 to 2013 assumes foreclosure filings will continue to increase, but at a slower rate.



P B Example: Chicago Strategy (cont)

4) Sizing Resources with Goals

- REVISIT End Game
- How many units needed to have the desired impact
 - Place based strategies require more than just producing units or a project
 - Reminder: What are we seeking to accomplish in this place
- How much core resources are available for initiative
 - NSP, HOME, CDBG, LIHTC
 - TIF, local-state Trust Funds, tax sales (land bank model)
 - Other resources: police, fire, libraries, churches, parks
- How much subsidy is needed per unit
 - Post rehab value of property
 - » Price if for sale
 - » Sustainable debt if rental
 - Post Rehab Value – cost of rehab – acquisition – soft = subsidy
- **Not Every Property Needs Subsidy but still should be part of strategy**



Data Driven Initiatives

Table 12: HUD Rubric for Calculating Removal of Destabilizing Influences in Target Geography

	x = #units to be acquired & rehabilitated	y = % total units vacant for 12+ months	# units to be acquired & demolished	% total units vacant for 12+ months	z = total # units vacant for 12+ months	Score = 1.5(x+y)/z
Green	535	25%	21	1%	2138	0.39
Orange	676	25%	81	3%	2705	0.42
Yellow	63	60%	80	30%	400	0.75
TOTAL	1260		182		5243	0.43

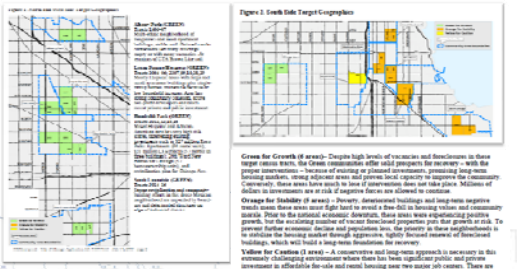
Vacant unit count is based on Policymap.com data for all census tracts within target geography and includes units in buildings which have been vacant for 12+ months. As per direction from HUD via 6.29.09 email, vacant units located within occupied MF buildings are not included in the rubric calculation. 25% of units which have been vacant for 12+ months are assumed to be located within occupied MF buildings and are therefore not included in the rubric calculation.

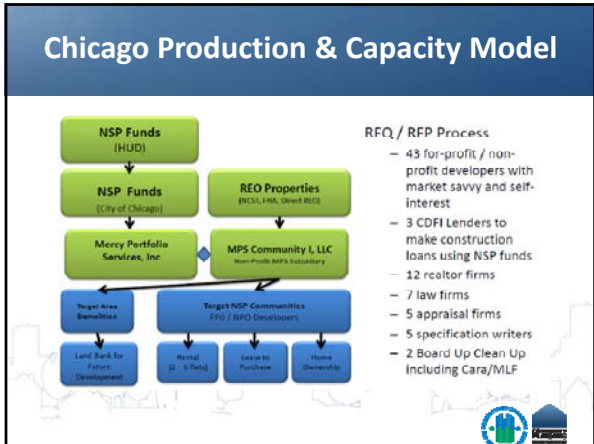
P B Example: Chicago Strategy (cont)

5) Where will the capacity come to do the work?

- Assessment Capacity
- Finance Capacity
- Vendor Capacity: Appraisers, specification writers, lawyers, asset managers
- Developers: Don't forget the for-profit developers
- Property Management: single-family scattered site
- New Models for Organizing Capacity
 - MPS, RNLA, NYC Housing Development Corp., Cuyahoga Land Bank
- Data and Document Management
 - Spreadsheets and data bases just don't cut it anymore
 - Fund management systems need to be driven by real estate tracking systems
 - Department of Housing need to be more than Department of Grants Management
- Tracking and Evaluation

Three-Tier Placed Based Approach





Geospatial Mapping

Yahoo Maps is one of two Geospatial Mapping features that present data in a manner that supports place-based strategies and provides interested stakeholders with a dynamic method to watch the NSP progress. PolicyMap is the other.
