REINVESTMENT FUND

Allegheny County Market Value Analysis (MVA)

Prepared by **REINVESTMENT FUND**

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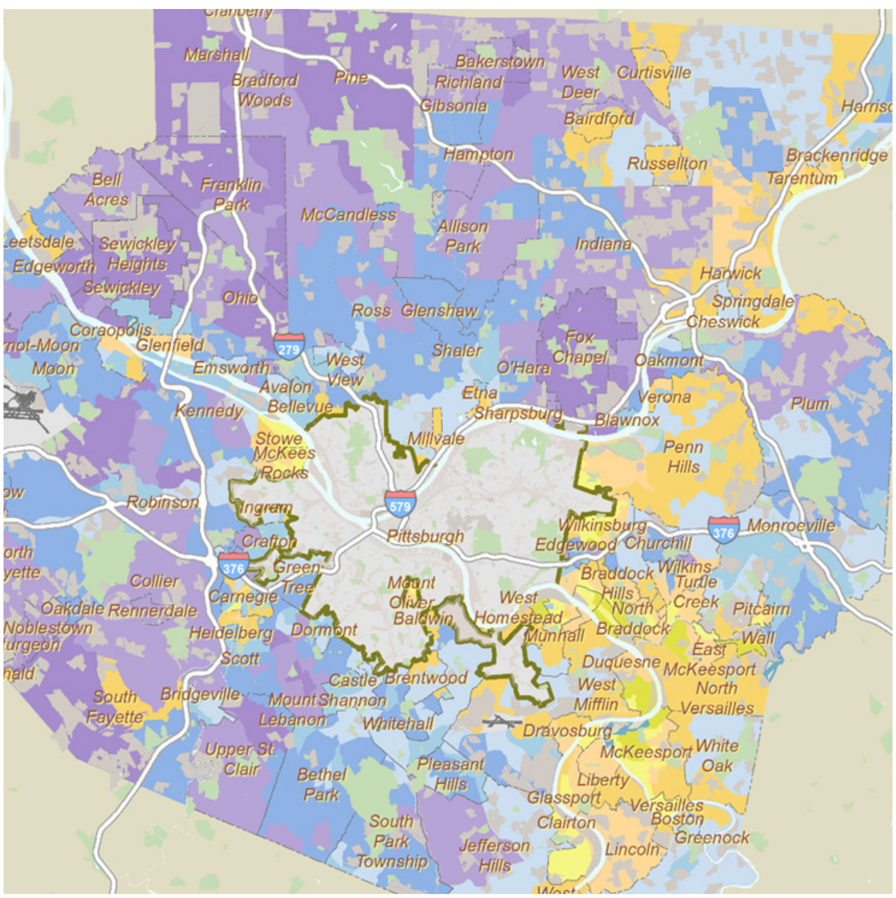

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Executive Summary

Reinvestment Fund designed the MVA in 2001 to support a significant and comprehensive neighborhood revitalization program in the City of Philadelphia. Since that time, Reinvestment Fund has conducted MVAs in places across the U.S. to support government officials at all levels, as well as the private and nonprofit sectors, as they work to implement evidence-based decision-making. Using an MVA, the public, private, and non-profit sectors can more precisely craft intervention strategies in weak markets and support sustainable growth in stronger ones.

The MVA is rooted in several normative assumptions. First, public subsidy is a scarce commodity and cannot, by itself, create a market. Therefore, public subsidy must be used to leverage, or clear the path for, private investment. Second, investments in distressed markets should build on existing areas of strength, such as major institutions, transportation centers, significant public amenities, or adjacent strong real estate markets. This approach has been described as *building from strength*. Third, all residents of a community (in this case, Allegheny County) are customers of the services and resources that it has to offer. To retain these residents, public leaders must balance programs and initiatives to preserve and stabilize neighborhoods as well as stimulate growth in distressed areas. Fourth, decisions to invest resources and/or deploy programs must be informed by objectively-gathered data and sound quantitative and qualitative analysis.

The 2016 Allegheny County MVA does not include the City of Pittsburgh, which was characterized at the same time in the fourth update of the City of Pittsburgh's MVA. All calculations herein therefore do not include the City of Pittsburgh.

Market Indicators Employed in the MVA

In preparing the Allegheny County MVA, all market indicators were obtained directly from the County or other publicly available sources, and geocoded to Census block groups. The data used in the 2016 Allegheny County MVA are:

- Residential Real Estate Sales (2013 – 2015) price and variance from the Allegheny County Office of Property Assessments (courtesy of the Western Pennsylvania Regional Data Center [WPRDC]);
- Mortgage Foreclosure (2013 – 2015) from the Allegheny County Department of Court Records;
- Residential Vacancy (a four-quarter running average from the second quarter of 2015 to the first quarter of 2016) from Valassis Lists, a proprietary data vendor;
- Parcel Year Built from the Allegheny County Office of Property Assessments' assessment file (downloaded from the WPRDC in January, 2016);
- Parcel Condition from the Allegheny County Office of Property Assessments' assessment file (downloaded from the WPRDC in January, 2016);
- Owner Occupancy from the 2010 – 2014 American Community Survey; and
- Subsidized Housing Units (i.e., public housing developments, multi-family assistance properties, and housing choice vouchers) were obtained from the Allegheny County Housing Authority in February, 2016.

The indicators were then field validated by Reinvestment Fund staff and local subject matter experts. Reinvestment Fund staff drove throughout Allegheny County physically inspecting for agreement between the data collected and the appearance of markets on the ground. A group of local real estate experts viewed maps and data summaries of each component variable and provided feedback on the project on three occasions.

Methodology for Creating the MVA

Next, a statistical cluster analysis identified areas (i.e., block groups) that share a common data profile. The cluster analysis segments block groups into clusters (in this case, a total of nine) based on sharing like characteristics on the market indicators listed above. The cluster analysis therefore creates a typology of market types that share characteristics even when geographically located in different places within Allegheny County. The cluster analysis results were mapped, and subjected to another round of field inspection by Reinvestment Fund staff comparing the results to observed conditions on the ground and vetted again by local experts.

Countywide Findings

According to the 2016 Allegheny County MVA, the average home sales price of Allegheny County's block groups is about $130,500. The typical block group has 1.7% of residential parcels with a home built since 2008. Allegheny County block groups average over twice the percent owner occupiers (70.5%) as renters (29.5%). On average, block groups have 3.6% of residential parcels as vacant, and 2.7% of residential parcels are associated with a mortgage foreclosure. Subsidized rental housing makes up 9.4% of the average block group's total rental housing stock. Out of every 100 residential parcels in the average block group, 1.2 has a structure in 'Poor', 'Very Poor', or 'Unsound' condition according to the Allegheny County Office of Property Assessments.

The table and descriptions below present the indicators used in the Allegheny County MVA. The table is organized so each market type is described by the block group average for each indicator. Note that four block groups were not assigned to a market type due to insufficient home sales data. The 2010 Census shows that those four areas are home to 889 housing units and 1,688 people – representing approximately 0.2% of the housing units and 0.2% of the population of Allegheny County.

Market Characteristics for Each Identified Cluster

Robust Markets

- "A" markets have the highest housing values, experience the largest level of new construction, have the highest owner occupancy levels, and experience little housing distress (such as residential vacancy and foreclosure).

- "B" markets have elevated housing values, experience substantial amounts of new construction, have high levels of owner occupancy, and experience little housing distress.

Steady Markets

- “C” markets have above average housing values, about average levels of new construction, have high levels of owner occupancy, and experience little housing distress.

- “D” markets have slightly below average housing values, experience half the countywide average amount of new construction, have more renters than owners, and experience about average levels of foreclosure and residential vacancy.

- “E” markets have slightly lower than average housing values, experience half the countywide average amount of new construction, have high levels of owner occupancy, have low levels of residential vacancy but about average levels of foreclosure.

Transitional Markets

- “F” markets have housing values about half the countywide average, experience little new construction, have more owners than renters, and experience about average levels of foreclosure and residential vacancy.

- “G” markets have below average housing values, experience little new construction, have slightly more owners than renters, and experience about twice the countywide average levels of foreclosure and residential vacancy.

Distressed Markets

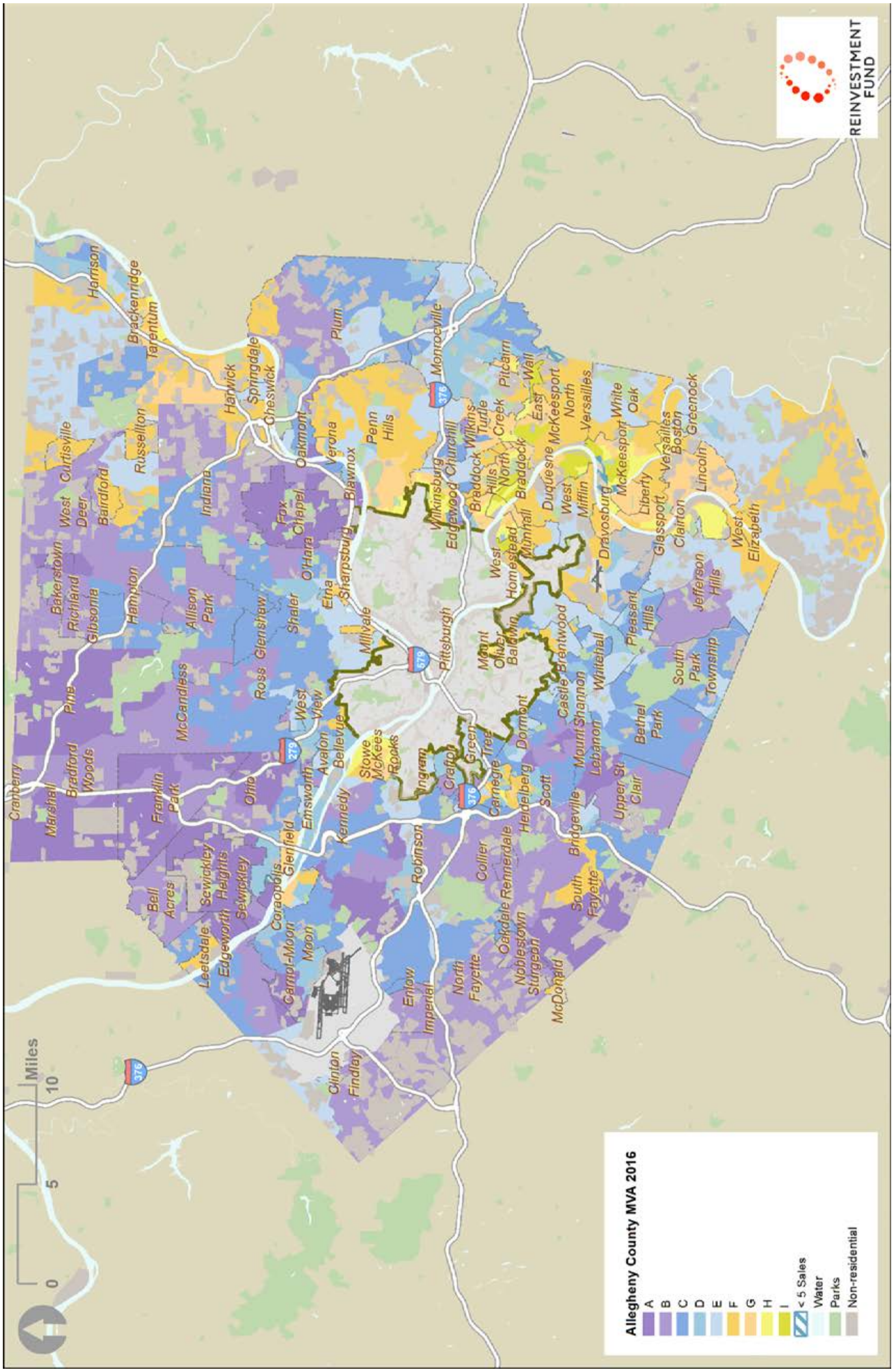
- “H” markets have housing values well below the countywide average, experience little new construction, have more renters than owners, experience elevated levels of residential vacancy and the highest levels of foreclosure in the County.

- “I” markets have the lowest housing values in Allegheny County, experience little new construction, have about an even share of owners and renters, experience the highest levels of residential vacancy and elevated levels of foreclosure.

Average Block Group Housing Market Characteristics for 2016 Allegheny County MVA Housing Market Types

Cluster Letter	Number of Block Groups	Median Sales Price 2013 - 2015	Variance Sales Price 2013 - 2015	Percent Owner Occupied 2010 - 2014	Percent Residential Vacancy Q2 2015 – Q1 2016	Percent Subsidized Housing Units	Percent Parcels Built Post 2008	Percent Foreclosures 2013 - 2015 (of Owner Occupied Households)	Percent of Parcels in Poor or Worse Condition 2012
A	33	$434,228	0.48	87.9%	0.6%	0.2%	12.0%	0.8%	0.2%
B	95	$239,494	0.47	80.2%	0.9%	0.8%	4.7%	1.0%	0.2%
C	154	$161,616	0.43	84.9%	0.9%	0.9%	1.5%	1.4%	0.2%
D	81	$110,132	0.44	41.3%	3.2%	5.1%	0.7%	2.9%	0.3%
E	127	$104,787	0.47	84.5%	1.8%	1.1%	0.8%	2.4%	0.5%
F	112	$65,431	0.58	70.2%	3.5%	4.8%	0.3%	3.3%	0.8%
G	73	$36,420	0.67	53.7%	7.3%	8.5%	0.3%	5.6%	1.6%
H	46	$19,304	0.81	44.3%	12.6%	13.9%	0.3%	6.1%	5.4%
I	26	$9,510	1.09	49.2%	17.4%	15.4%	0.5%	4.4%	9.9%
Avg.	83	$130,474	0.54	70.5%	3.6%	9.4%	1.7%	2.7%	1.2%

For more information on the Allegheny County MVA, please contact Ira Goldstein, President, Policy Solutions, Reinvestment Fund at ira.goldstein@reinvestment.com



Executive Summary Map One: Allegheny County MVA

MVA Background and Methodology

Reinvestment Fund's Market Value Analysis (MVA) is a data-based tool to inform community revitalization. The MVA makes objective, rigorously analyzed, contemporary market data available to government officials and private market actors to provide insight into the relative health of real estate markets and inform decisions about how and where to invest limited resources. It identifies markets in need of development, but also places where public investment can stimulate private market activity and capitalize on larger public investment activities. Since 2001, Reinvestment Fund has created over 30 MVAs for municipal, county or state governments and continually produces new MVAs.

The MVA rests on the following underlying assumptions:

- Public subsidy is a scarce resource that can catalyze a market, or clear a path for private investment; in general, subsidy cannot create a market where none exists;
- "Build from strength"—in distressed markets, investments built off nodes of strength are most likely to succeed (e.g., anchor institutions like hospitals and universities, transportation hubs, environmental amenities, etc.);
- All parts of a county (not just downtowns or those parts that are highly distressed) and its residents are "customers" for the programs, services, and resources of that county. The challenge is to customize investments to the particular needs and capacities that vary across neighborhoods;
- Decisions to invest public, private, or philanthropic funds should be based on objective and rigorous analysis of market data. Accordingly, MVAs are designed to uncover the full dimensions of both market challenge and market strength; and therefore, cover an entire jurisdiction, not just individual neighborhoods or parcels; and
- MVAs rely on market data that reflect actual market activity (e.g., residential sales, mortgage foreclosures, new housing permitted).

The MVA relies on indicators obtained from local jurisdictions and uses these administrative data (rather than secondary data sources like Census data) whenever possible.[1] All data is geocoded to the Census block group, a geography about the fifth of the size of a Census tract. The Census block group is large enough that the data are stable but small enough to show fine-grained variations in the real estate market that are lost when aggregated to larger geographies like Census tracts, zip codes, or municipalities. When markets substantively change within a Census block group, the block groups are manually split using a Geographic Information System (GIS). After aggregating and examining each variable at the block group level, the data are manually inspected by driving throughout the jurisdiction to ensure that the data match conditions on the ground.

Once the data are verified to represent an accurate portrayal of the study area, an initial cluster analysis is conducted to estimate the MVA. A cluster analysis forms clusters of block groups that are similar

[1] Administrative data is preferred because it tends to be more up-to-date than, for example, American Community Survey (ACS) data; administrative data is generally collected at a more refined level (i.e., parcel or address) than ACS data, and therefore is not subject to sampling error rates; and the fine-grained nature of administrative data allows Reinvestment Fund to measure both the median and variation for variables at the Census block group level.

across the data elements used to estimate the MVA (see below). The goal is to form clusters within which there is a similarity of characteristics within each group, but each cluster is substantively different from the others. Using this technique, the vast amount of underlying data is condensed into a manageable, meaningful typology of market types that can inform area-appropriate programs and decisions regarding resource allocation.

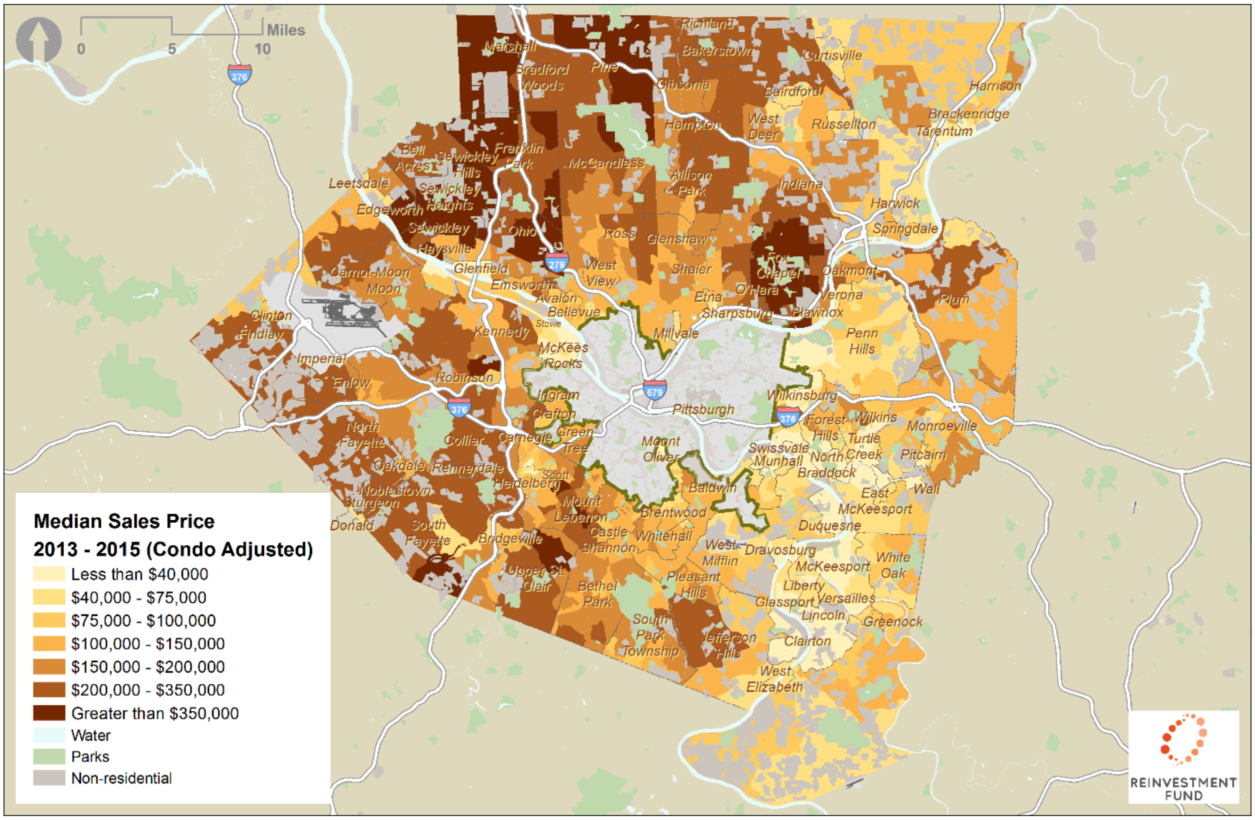
Throughout the development to the Allegheny County MVA, Reinvestment Fund met several times with a group of Allegheny County real estate market experts who provided feedback throughout the study and discussed ways the MVA could be used to inform local activities. This steering committee participated in the selection of data, shared experience working with key datasets, viewed initial data summaries and validated that the data represented an accurate portrayal of conditions around Allegheny County, and shared their knowledge of Allegheny County's real estate market.

Allegheny County MVA Components

All market indicators for the Allegheny County MVA were obtained directly from the County or other publicly available sources, and geocoded to Census block groups. The geography for the Allegheny County MVA includes all block groups except those within the city of Pittsburgh.[2] The data for the Allegheny County MVA include:

- Residential Real Estate Sales (2013 – 2015) price from the Allegheny County Office of Property Assessments (courtesy of the Western Pennsylvania Regional Data Center [WPRDC]);
- Mortgage Foreclosure (2013 – 2015) from the Allegheny County Department of Court Records;
- Residential Vacancy (a four-quarter average from the second quarter of 2015 to the first quarter of 2016) from Valassis Lists, a proprietary data vendor;
- Parcel Year Built from the Allegheny County Office of Property Assessments' assessment file (downloaded from the WPRDC in January, 2016);
- Parcel Condition from the Allegheny County Office of Property Assessments' assessment file (downloaded from the WPRDC in January, 2016);
- Owner Occupancy from the 2010 – 2014 American Community Survey; and
- Subsidized Housing Units (i.e., public housing developments, multi-family assistance properties, and housing choice vouchers) from the Allegheny County Housing Authority in February, 2016.

[2] Reinvestment Fund was conducting an MVA for the City of Pittsburgh contemporaneously, and decision makers in the County and the City decided it was most advantageous for their purposes to separate the county in this way.

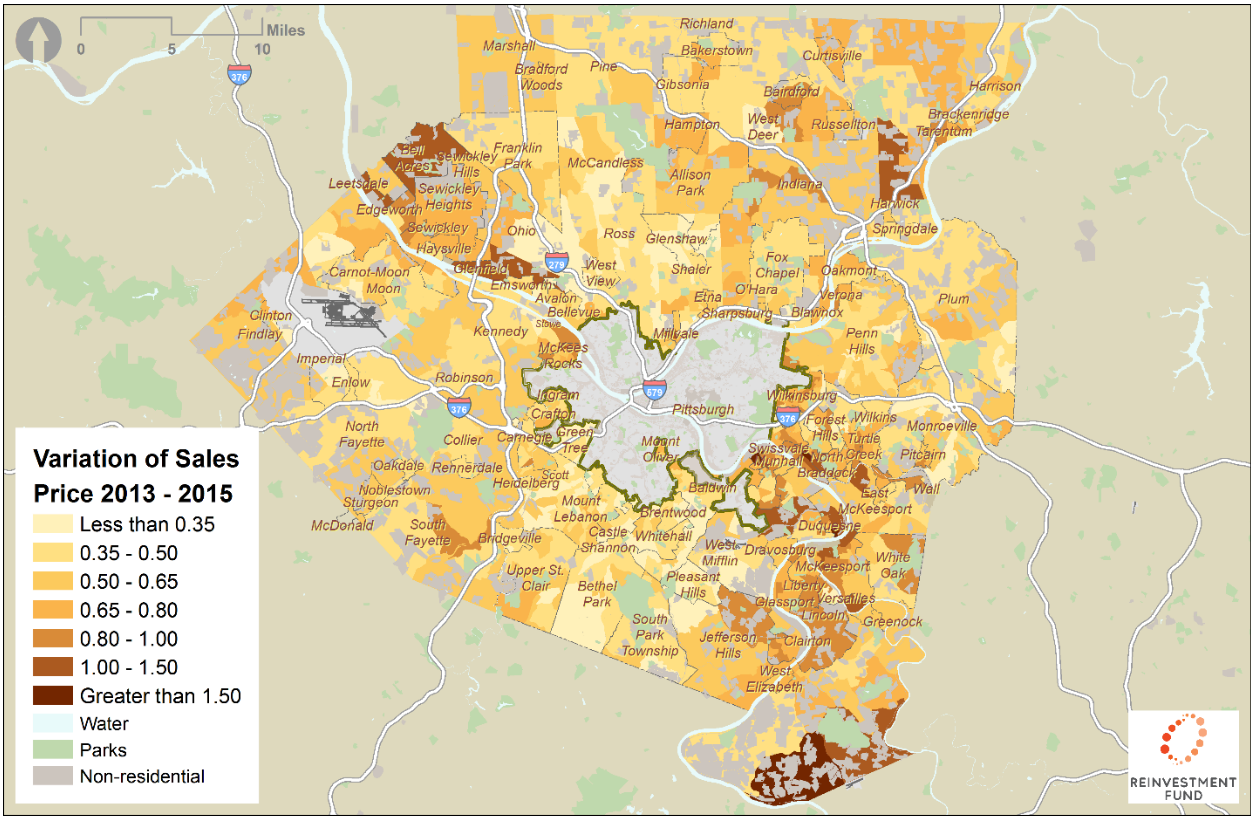


Map One: Median Sales Price, 2013 – 2015 (condo adjusted)[3]

All sales under $1,000 are removed since these sales are likely not market, arms-length transactions. In many places in northern and western Allegheny County, high value single family homes are located close to lower value condominium developments. Because these condo sales are not representative of the market strength in those areas[4], they are removed from the calculations of the median sales price and sales price variation. Map One above reflects the median sales price from 2013 through 2015, adjusted for condo sales where appropriate. Sales prices tended to be higher in the northern and western parts of Allegheny County.

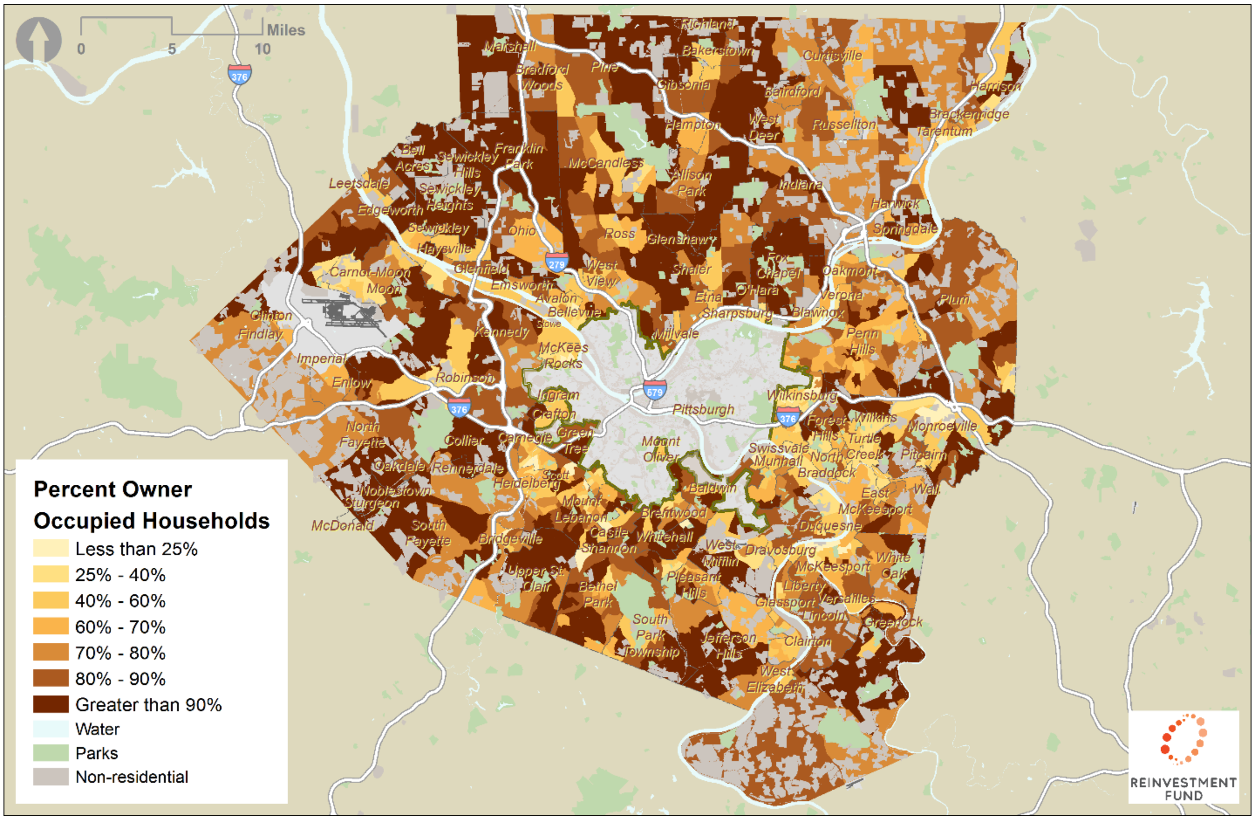
[3] Full page versions of all maps appear below in Appendix One.

[4] Condominium sales are not representative of the amounts owners are spending on housing because the sales amount does not include Homeowner Association fees. For example, a $215,000 condo with a monthly Homeowner Association fee of $375 would have the same monthly owner costs as a mortgage on a $300,000 single family home.



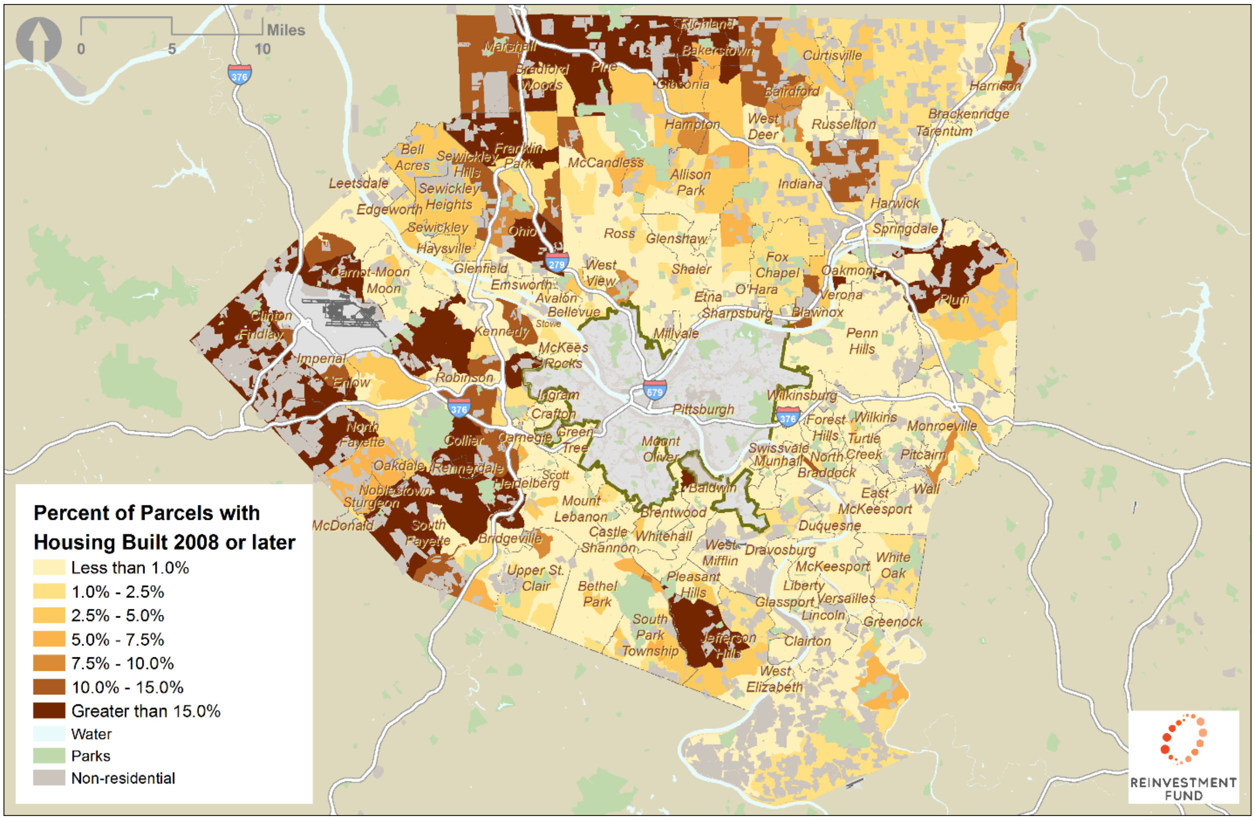
Map Two: Variation of Sales Price, 2013 – 2015 (condo adjusted)

Map Two shows the variation in sales prices from 2013 through 2015. The variation in sales prices within a block group provides insight into whether most properties are selling near the median sales price or if there are a lot of sales well above and/or below the median. Together, median sales price and the variation in sales prices represent the distribution of sales prices within block groups.



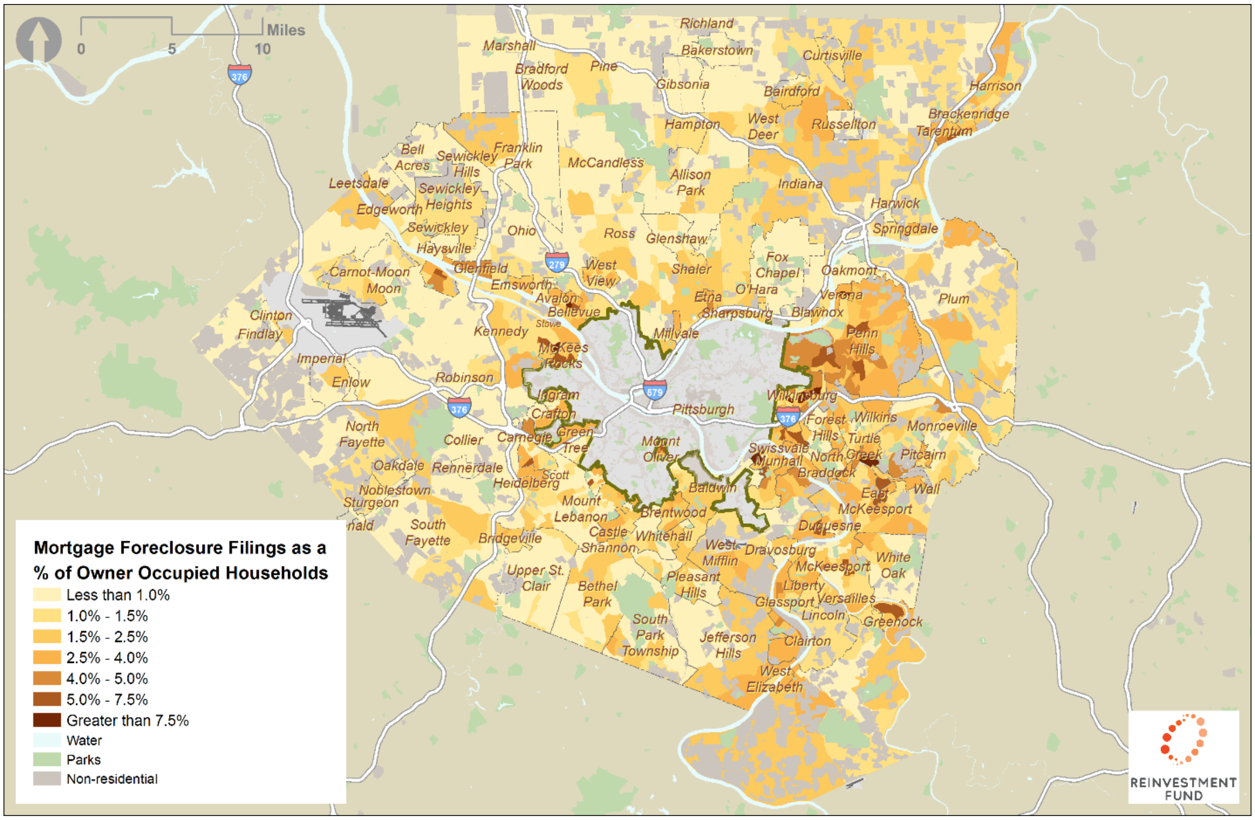
Map Three: Percent Owner Occupied Households

The Allegheny County study area is predominately owner occupied: the typical block group is home to twice as many owner occupiers (70.5%) as renters (29.5%). Concentrations of owner occupancy are seen throughout Allegheny County: with predominant rental areas located along the Monongahela and Ohio rivers, and adjacent to Pittsburgh.



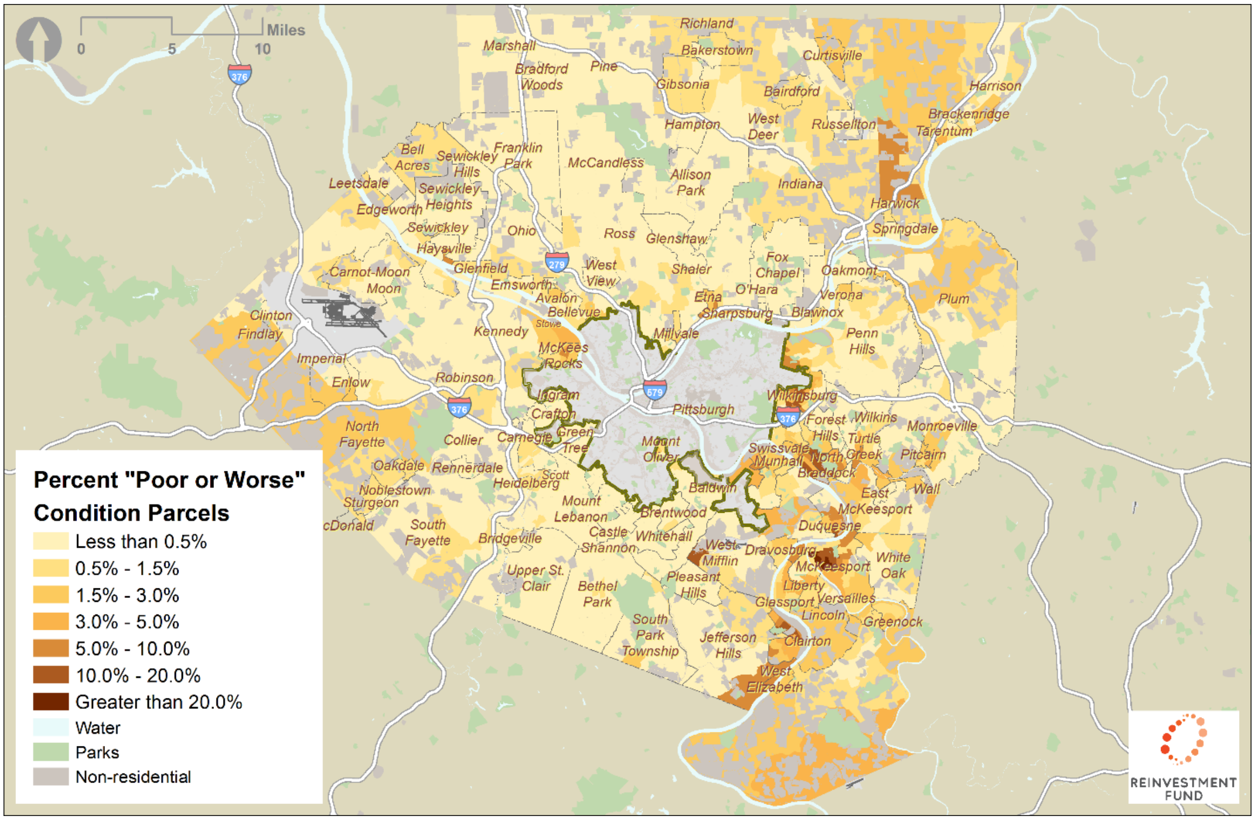
Map Four: Parcels with housing units built 2008 or later as a percentage of All Parcels

Map Four identifies places with concentrations of housing investment in the period since the last recession: parcels with new construction as a percentage of all parcels. Places along the county border in the western and northern parts of Allegheny County experienced the most housing investment since 2008. Many of these areas are growing quickly, with new construction built on more than 15% of residential parcels. Other parts of Allegheny County have experienced very little new housing construction since 2008, including along the Ohio and Monongahela Rivers.



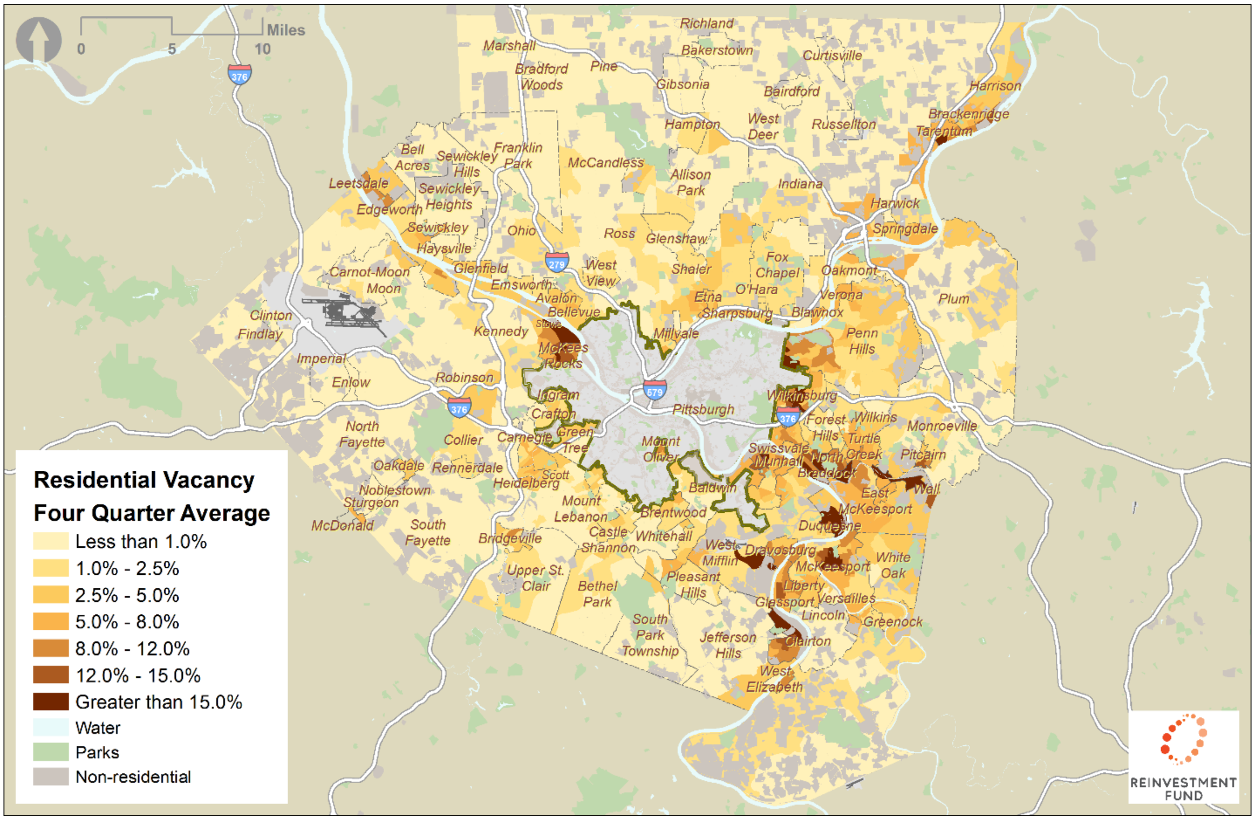
Map Five: Mortgage Foreclosure Filings as a Percentage of Owner Occupied Households, 2013 – 2015

Mortgage foreclosure filings provide an indicator of households in financial distress. Mortgage foreclosures between 2013 – 2015 were most pervasive east of Pittsburgh, in Corapolis, in Tarentum, and in Avalon / Bellevue.



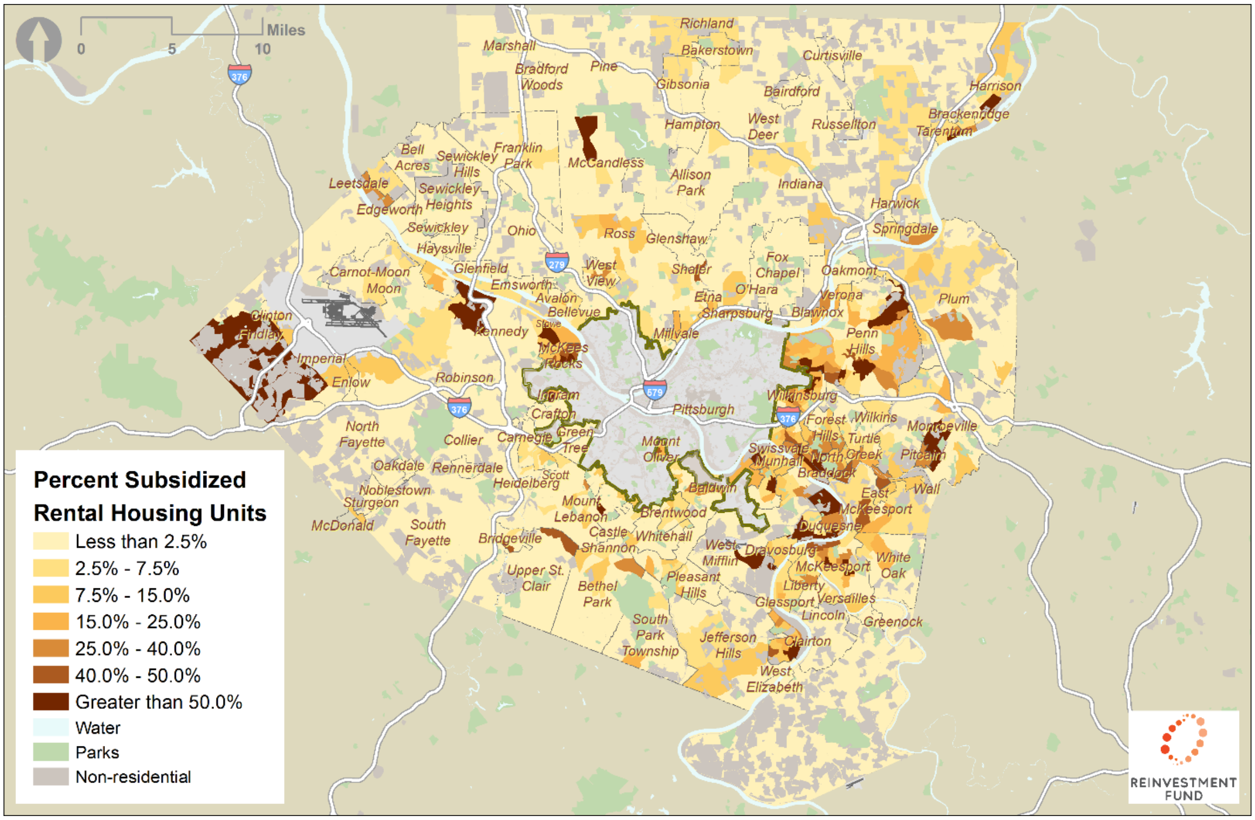
Map Six: Percent of Properties with Assessed Condition of “Poor”, “Very Poor”, or “Unsound”

Steering Committee members suggested using the Allegheny County Office of Property Assessments’ appraisal of property condition to measure where concentrations of blight reduce nearby housing values. Properties assessed in “Poor” condition were also compared to tax delinquency records. “Poor” condition properties that were tax delinquent for at least three years were counted (along with all “Very Poor” and “Unsound” condition properties) in the numerator for in this indicator. The largest concentrations of “Poor” or worse condition properties are found in the municipalities along the Monongahela River.



Map Seven: Percent of Vacant Residential Parcels

In addition to blighting properties, concentrations of vacant properties were examined using Valassis Lists (Valassis). Valassis collects data from the United States Postal Service on properties that are eligible to receive mail but found vacant by the mail carrier. Valassis aggregates these data and releases quarterly updates. This map shows a four-quarter average of residential vacancy. The highest concentrations of residential vacancy are east and northwest of Pittsburgh, in Tarentum, and in municipalities along the Monongahela River.



Map Eight: Subsidized Rental Units as a Percentage of All Housing Units

A measure of housing subsidy included in the MVA included Section 8 vouchers, Low-Income Public Housing units, and HUD Multifamily Assistance housing units. These units are compared to the number of rental units in a block group to identify places with concentrations of subsidized rental units. The largest concentrations of rental market subsidy are in Monroeville, Duquesne, Rankin, Tarentum, and McKeesport.

Countywide Findings

The MVA creates clusters of block groups that are alike within each cluster, but substantially different between different clusters. The MVA identified nine distinct market types in Allegheny County. Table One presents a description of the variation across each market type for each of the indicators used in the Allegheny County MVA. The table is organized so each market type is described by the block group average for each indicator.[5] That is, the block groups in each market type are similar to the averages shown in each row.

[5] Note that four block groups were not assigned to a market type due to insufficient home sales data (i.e., less than 5 sales from 2013-2015). The 2010 Census shows that those four areas are home to 889 housing units and 1,688 people – representing approximately 0.2% of the housing units and 0.2% of the population of Allegheny County.

Table One: Average Block Group Housing Market Characteristics for 2016 Allegheny County MVA Housing Market Types

Cluster Letter	Number of Block Groups	Median Sales Price 2013 - 2015	Variance Sales Price 2013 - 2015	Percent Owner Occupied 2010 - 2014	Percent Residential Vacancy Q2 2015 – Q1 2016	Percent Subsidized Housing Units	Percent Parcels Built Post 2008	Percent Foreclosures 2013 - 2015 (of Owner Occupied Households)	Percent of Parcels in Poor or Worse Condition 2012
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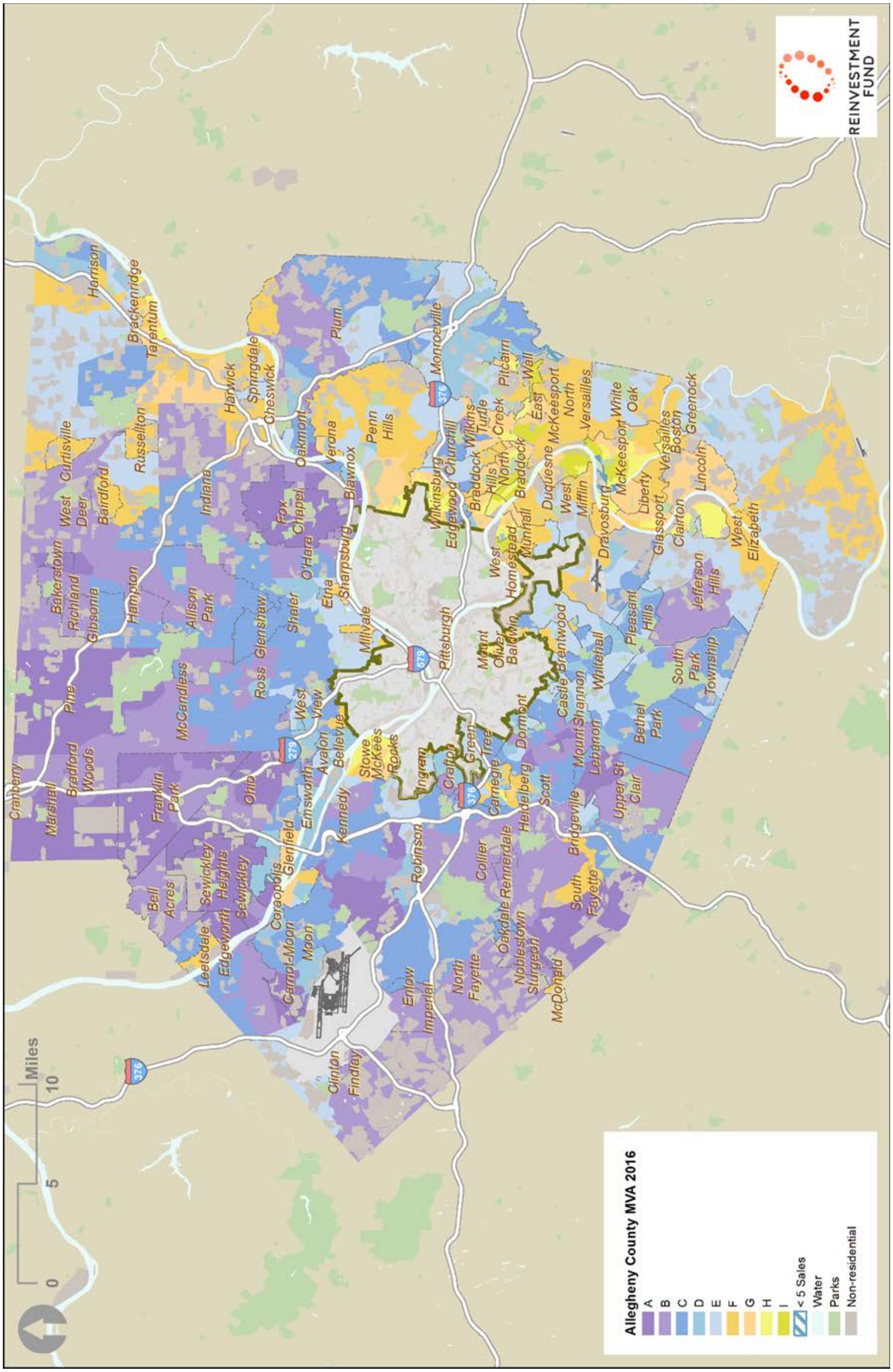
H	46	$19,304	0.81	44.3%	12.6%	13.9%	0.3%	6.1%	5.4%
I	26	$9,510	1.09	49.2%	17.4%	15.4%	0.5%	4.4%	9.9%
Avg.	83	$130,474	0.54	70.5%	3.6%	9.4%	1.7%	2.7%	1.2%

The average home sales price in Allegheny County's block groups is about $130,500 (*see* 'Avg.' column in Table One above). Allegheny County block groups are predominately owner occupied (70.5%), and about 1.7% of residential parcels in a typical block group have homes built since 2008. On average, 3.6% of residential parcels in Allegheny County block groups are vacant, and 2.7% of residential parcels were recently associated with a mortgage foreclosure filing. Subsidized rental housing makes up 9.4% of the average block group's total rental housing stock; and across the County 1.2% of residential parcels in an average block group had a structure in "Poor", "Very Poor", or "Unsound" condition.

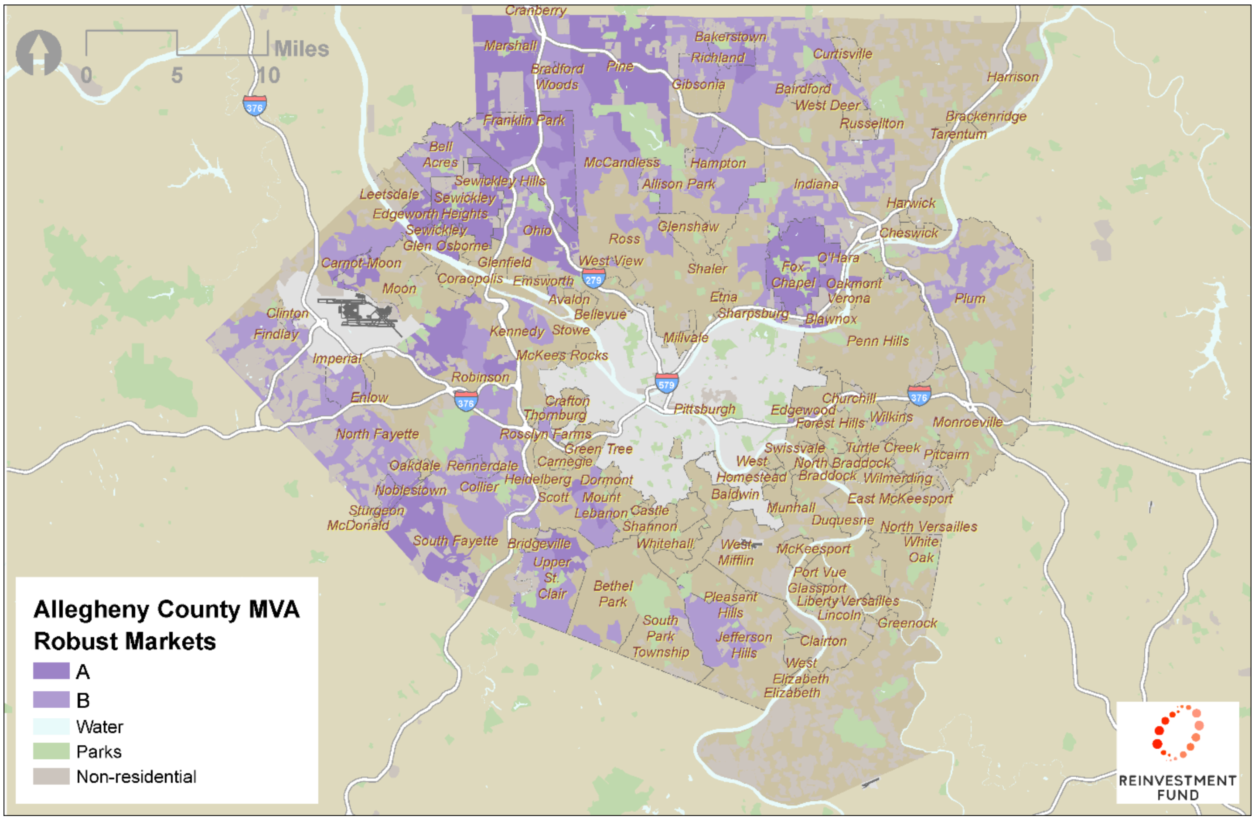


Map Nine: Distribution of the nine MVA market types across Allegheny County.

Characteristics for Market Clusters

Robust Markets

Of the 751 block groups in Allegheny County, 128 (17%) are considered “Robust” (or “A” and “B”) markets. These areas have the highest median sales prices and are experiencing large amounts of new housing development. They are predominately owner occupied and have little housing distress. There are few subsidized units that could make these areas more affordable to households below Allegheny County’s median income. These markets are mostly located in the northern and western parts of the County, but there are also scattered Robust markets in Edgewood, Wilkins, Oakmont, and Plum.

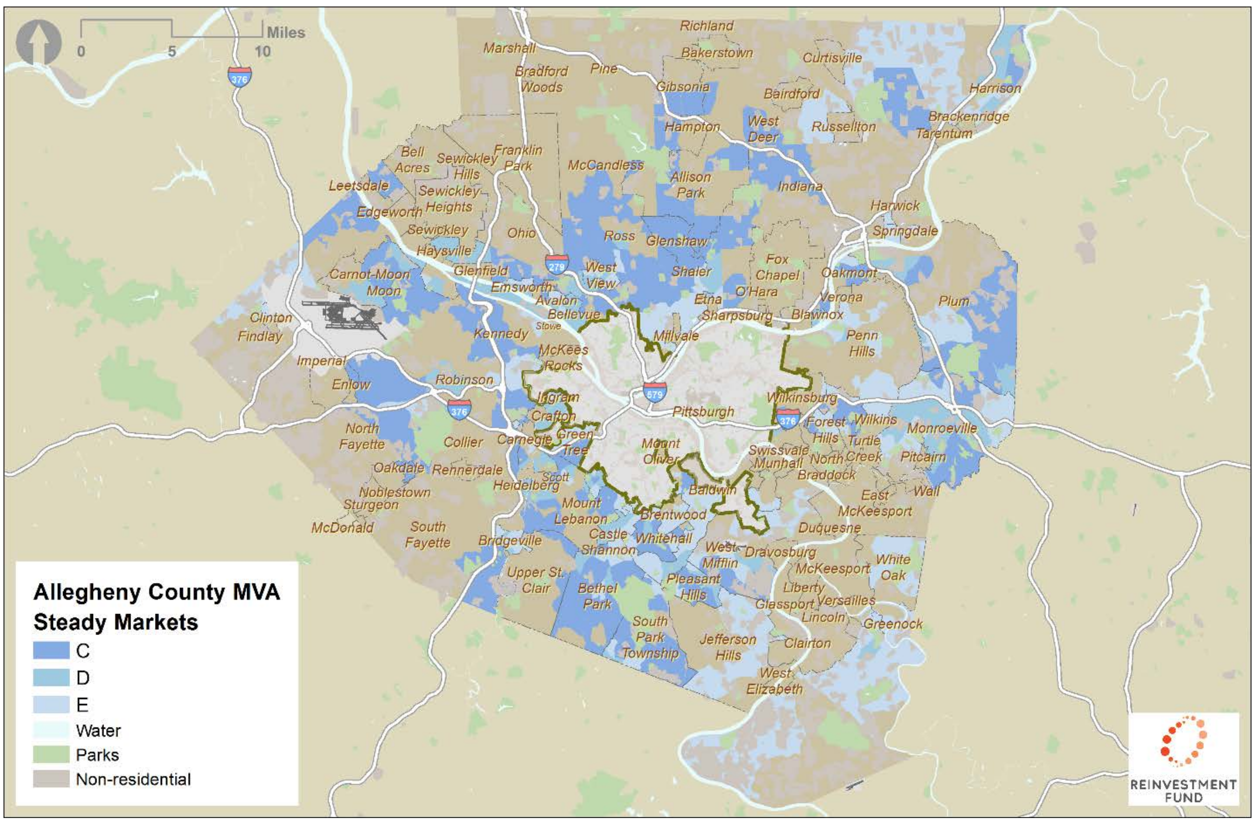


Map Ten: Location of Robust Markets in Allegheny County

Steady Markets

The largest share of block groups in Allegheny County belong to the “Steady” (or “C”, ”D”, and “E”) group of markets (362 block groups, 48%). These markets have median sale prices just above or below the County median, but have experienced much lower rates of new housing construction than Robust markets. Many of these block groups have high rates of owner occupancy, however “D” markets (81 block groups, 22% of Steady markets) have a higher share of renters. “D” markets also have higher rates of residential vacancy than Robust block groups, and offer some opportunity for lower income households through 5% subsidized rental units. Both “D” and “E” markets have more than twice the foreclosure levels of Robust markets.

Steady block groups are located across Allegheny County, with many located directly north or south of Pittsburgh. These markets are generally affordable for households that have around the median level income in Allegheny County.

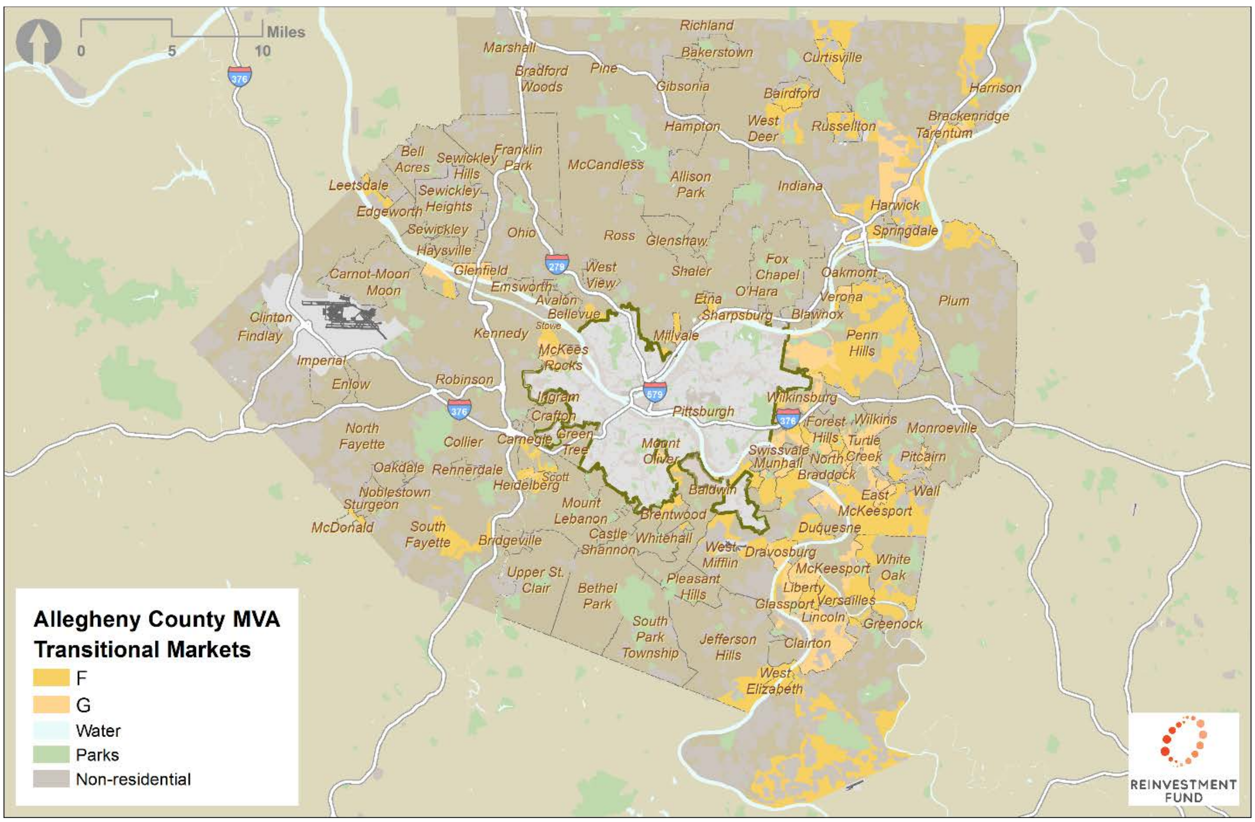


Map Eleven: Location of Steady Markets in Allegheny County

Transitional Markets

About a quarter of Alleghany County block groups are “Transitional” (or “F” and “G”) markets (185 block groups, 25%). The largest group of Transitional markets, “F”, have median sale prices about half of the County-wide level. Median sales prices in “G” markets are closer to a quarter of the County average, with greater variation than Robust or Steady market types. “F” markets have about average levels of foreclosure and residential vacancy, but slightly below average rates of “Poor” condition properties. “G” markets experienced about twice the level of foreclosure and vacancy as the County and have elevated rates of “Poor” condition properties.

Transitional markets are most commonly found in eastern Allegheny County, but are also located in many places along the Ohio River and in and around Carnegie. These markets are often located between Steady and Distressed markets, making them strategically important places to stabilize and revitalize.

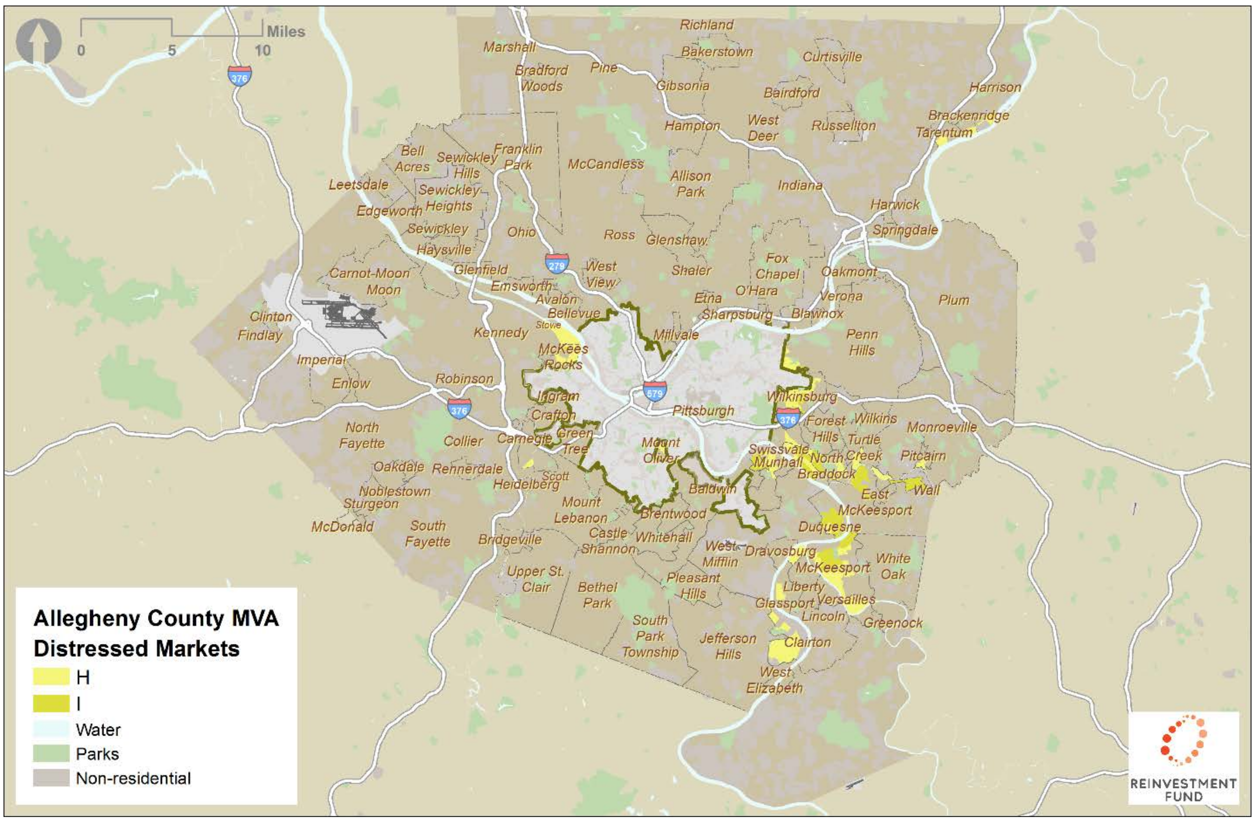


Map Twelve: Location of Transitional Markets in Allegheny County

Distressed Markets

Distressed (or “H” and “I”) markets are the smallest group identified in this study (72 block groups, 10%). These block groups have median sales prices well below the County-wide average (and with substantial variation). Distressed markets have slightly more renters than owners (55.7% and 50.8% renter occupied, respectively); and have high levels of residential vacancy, foreclosure, and “Poor” condition parcels. Many of the County’s subsidized rental units are in Distressed markets.

Distressed markets are primarily located east of Pittsburgh, but also directly northwest of Pittsburgh and in and around Brackenridge.



Map Thirteen: Location of Distressed Markets in Allegheny County

Community Profiles & Dissemination

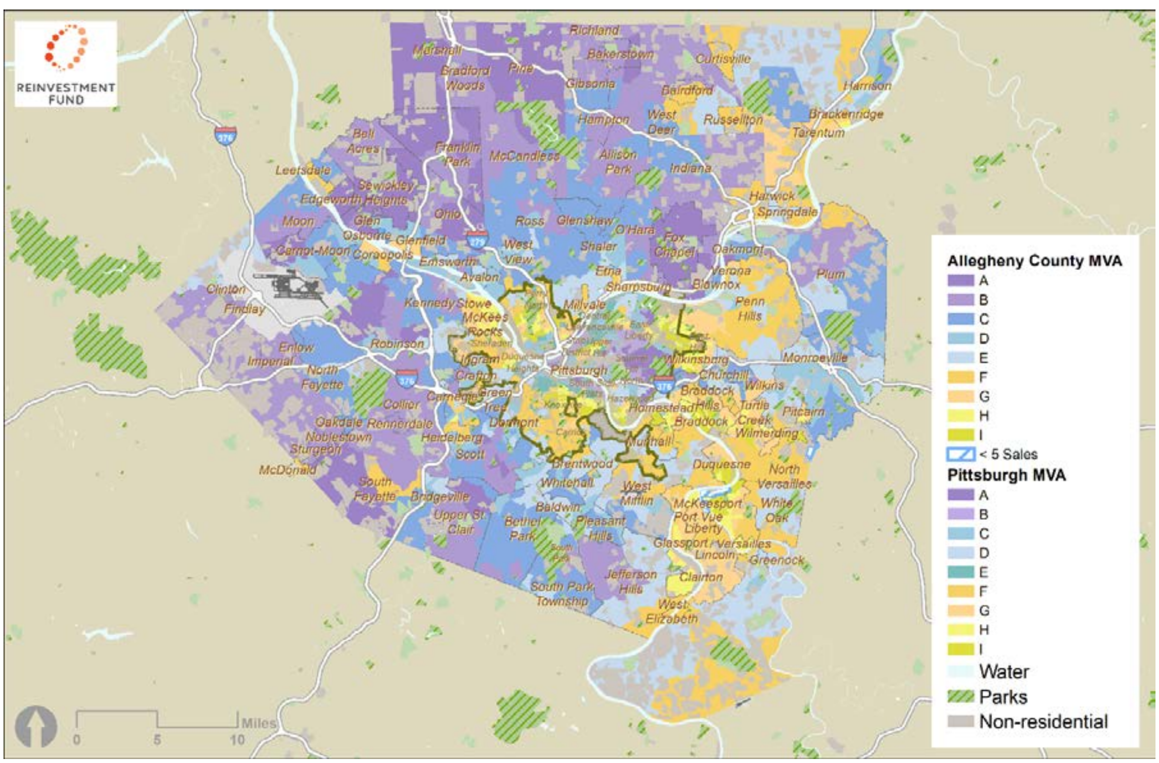
Reinvestment Fund created seven community profiles for places in Allegheny County. These close-in profiles provide insights into how these places have changed since 2000, how MVA market types border each other, and the conditions that drive local markets. These profiles will help county officials create a common framework for coordinating stakeholder interventions in these places. The profiles include administrative data (where available) from municipalities on permits and code enforcement. These profiles can serve as a basis of in-depth planning exercises for studied communities and a reference for changes in these communities going forward. See Appendix One for complete community profiles.

Allegheny County will post the MVA results on PolicyMap to make the underlying data and results available to the public. Sharing the results with a broad public audience lends itself to a more transparent process of decision making.

<u>Comparison of Allegheny County and City of Pittsburgh Market Value Analyses</u>

During the creation of the Allegheny County Market Value Analysis (MVA), Reinvestment Fund also produced an updated MVA for the City of Pittsburgh. For a variety of reasons, (e.g., because Pittsburgh had previously conducted three earlier MVAs), City and County decision makers chose to analyze Allegheny County without Pittsburgh in a new, separate MVA.

MVAs are an internally referenced look at a place's real estate market (i.e., different parts of the study area are compared to each other, rather than to another county's, region's or the national real estate market). We do this so as to be able to highlight critical internal differences which, if compared to other areas, might not be revealed. Therefore, the models developed for each place do not include any data from the other. However, in this instance when the results of the City and County models are compared, we observe that there are similarities between some market types while others are distinct.[6] What follows is a brief analysis of the City's and County's market types, focused on the major drivers of an area's MVA categorization: home sale price, foreclosures, tenure and housing condition. The reader should note that an area's MVA designation includes other factors which, when designing market-specific interventions, should most certainly also be considered.



Map Fourteen: Allegheny County and Pittsburgh MVAs – Countywide View

[6] Note that the colors used to represent the Pittsburgh MVA "C", "D", and "E" clusters have been changed in these maps to show, and in some cases contrast, the relationship between the clusters identified in the Allegheny County MVA to those identified in the Pittsburgh MVA.

Allegheny County Cluster Letter	Median Sales Price 2013 - 2015	Percent Owner Occupied	Percent Foreclosures 2013 - 2015 (Owner Occ. Households)	Percent Poor or Worse Condition Parcels
A	$434,228	87.9%	0.8%	0.2%
B	$239,494	80.2%	1.0%	0.2%
C	$161,616	84.9%	1.4%	0.2%
D	$110,132	41.3%	2.9%	0.3%
E	$104,787	84.5%	2.4%	0.5%
F	$65,431	70.2%	3.3%	0.8%
G	$36,420	53.7%	5.6%	1.6%
H	$19,304	44.3%	6.1%	5.4%
I	$9,510	49.2%	4.4%	9.9%

Pittsburgh Cluster Letter	Median Sales Price 2013q34 – 2016q12	Percent Owner Occupied	Percent Foreclosures 2013 - 2015 (Owner Occ. Households)	Percent Poor or Worse Condition Parcels
A	$404,230	60.2%	1.0%	0.5%
B	$228,045	23.6%	1.5%	0.5%
C	$134,783	37.1%	3.5%	2.4%
D	$122,335	78.8%	2.0%	1.4%
E	$75,396	44.7%	3.2%	4.2%
F	$65,096	69.2%	3.3%	1.5%
G	$37,344	50.0%	5.0%	5.7%
H	$20,416	52.7%	4.7%	7.0%
I	$9,933	54.3%	3.7%	9.0%

Table Two: Select Characteristics from the Allegheny County and City of Pittsburgh MVAs[7]

Sales prices in the two strongest markets are similar in both Allegheny County and Pittsburgh.

The strongest markets in Pittsburgh and Allegheny County's differ substantially in terms of homeownership. The strongest sales markets in the County are largely owner occupied (over 80%), while owner occupancy in Pittsburgh's strongest markets are far lower, and represent a minority of residents in the B and C markets. In distressed markets (i.e., "H" and "I"), Allegheny County and Pittsburgh have reasonably similar home sales prices, but Pittsburgh has slightly higher levels of owner occupancy in its "H" and "I" markets.

Foreclosure rates were generally similar in each place. The County's stronger markets generally had slightly lower foreclosure rates than Pittsburgh's but the County's distressed markets experienced higher foreclosure rates than Pittsburgh's distressed markets.

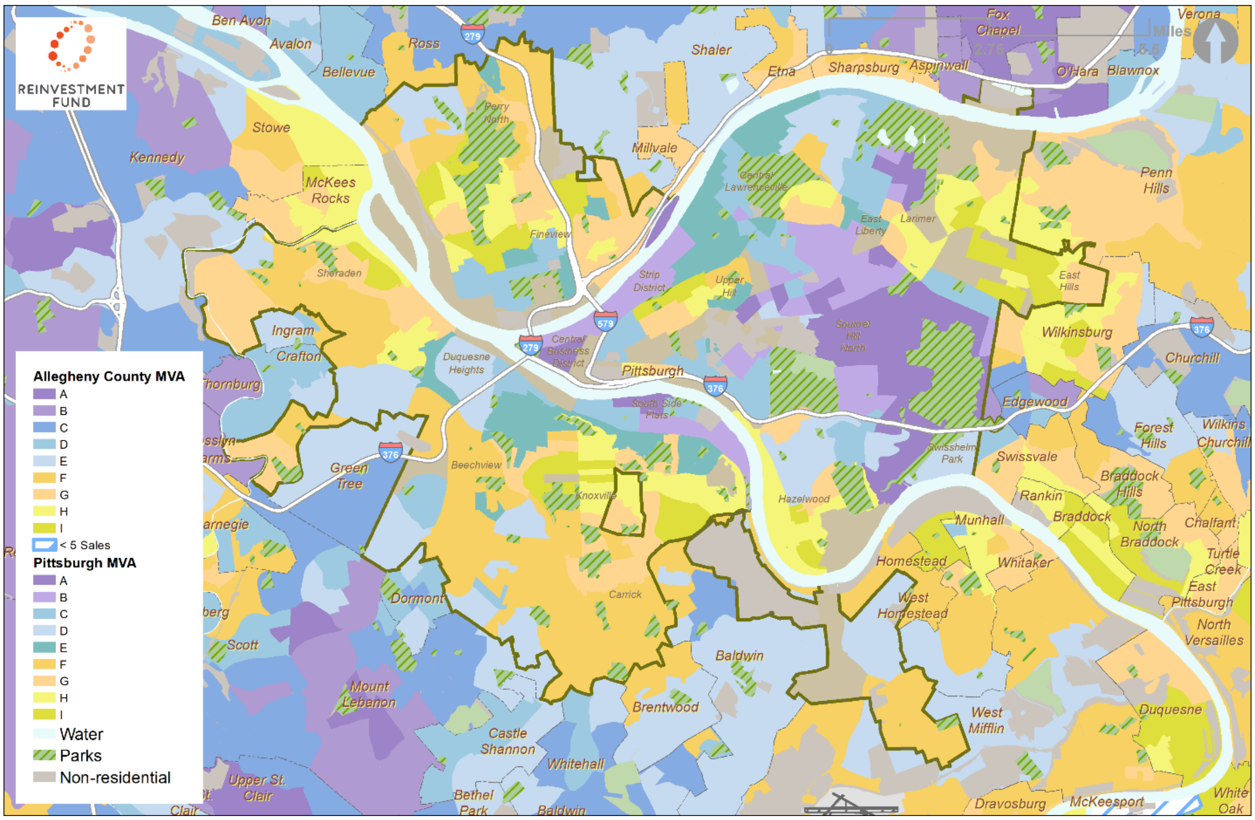
Across all market types, except the most distressed markets ("I" markets) the percentage of parcels in 'Poor or Worse' condition was higher in Pittsburgh, and in some instances, much higher, than comparable market clusters in the County. This difference reflects our field observation that in the County, lower prices in many of the lower-priced markets in some sense may reflect more about *demand* than it does about *condition*.

Allegheny County has a robust middle market ("C"), with sales prices that are affordable for households with income slightly higher than the County median ($53,040), high owner occupancy, and little housing distress. Pittsburgh has a unique market type ("E"). These markets have a lot of variation in home sales prices (i.e., both low and high value sales) and high levels of permitting activity. These markets are in

[7] N.B. the colors representing City of Pittsburgh markets have been changed from presentations to internal audiences there to better contrast results from the two MVAs.

changing parts of the City where market activity is spreading from nearby strong markets: Lawrenceville, South Side Slopes, and Northside. There is no close corollary to Pittsburgh's "E" markets in the County.

Examining where the MVAs meet at the border between Pittsburgh and other parts of Allegheny County can also help show where markets cross this border or segment at the border (*see* Map Two below). Along Pittsburgh's eastern border, similar markets extend from Edgewood to Regent Square and from Wilkinsburg to Homewood and East Hills. Along the Ohio River, parts of Sheraden and Esplen share similar market characteristics to McKees Rocks. However, at other points along the City-County border, particularly along the Allegheny and Monongahela Rivers, the borders tend to segment different market types. These spatial relationships between markets – those that are similar and those that diverge – signal areas for important consideration for policymakers as they develop strategies to meet the needs of residents across the whole of Allegheny County.



Map Fifteen: Allegheny County and Pittsburgh MVAs – Zoom-in View Around Pittsburgh's border

Building on the Allegheny County MVA

How Other Places Have Used the MVA and How to Use the MVA for Planning

Once created, cities have used the MVA to inform a wide range of key decisions to allocate program activities and resources. Baltimore and Philadelphia used their MVAs to target code enforcement to middle market areas, helping to preserve housing condition and values. Milwaukee used the MVA to coordinate funding from government and philanthropic sources and as a "shared data and measurement system".[8] Indianapolis is using the MVA as the foundation for county-wide development strategies that leverage government, philanthropic, and private efforts; creating a list of best practice interventions for each market type.

The Delaware State Housing Authority (DSHA) targeted the strongest MVA market types (which they termed "Areas of Opportunity") for programs that created more affordable housing opportunities for low-income residents. DSHA used the MVA as a scoring factor for Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan applications in Areas of Opportunity.[9] DSHA also targeted increased rental assistance payment standards in those Areas of Opportunity so low-income residents can meet the higher rents in stronger markets. In neighborhoods that experienced high levels of mortgage foreclosures, DSHA created a Strong Neighborhoods Housing Fund which provided funding for redeveloping vacant and abandoned properties.

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[8] *See* "Growing Prosperity: Work Plan". City of Milwaukee, available at: http://city.milwaukee.gov/ImageLibrary/Groups/cityDCD/planning/plans/Economic-Growth-Plan/QualityofLifeWorkPlans.pdf (accessed 4/11/2017).

[9] *See* "Using the MVA to Inform Delaware State Housing Authority Programs," Jessie Ball DuPont Fund. Available at: http://www.dupontfund.org/using-the-mva-to-inform-delaware-state-housing-authority-programs/ (Accessed 4/11/2017).

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 county 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.).

Figure One: Template for prioritizing activities in different market types.

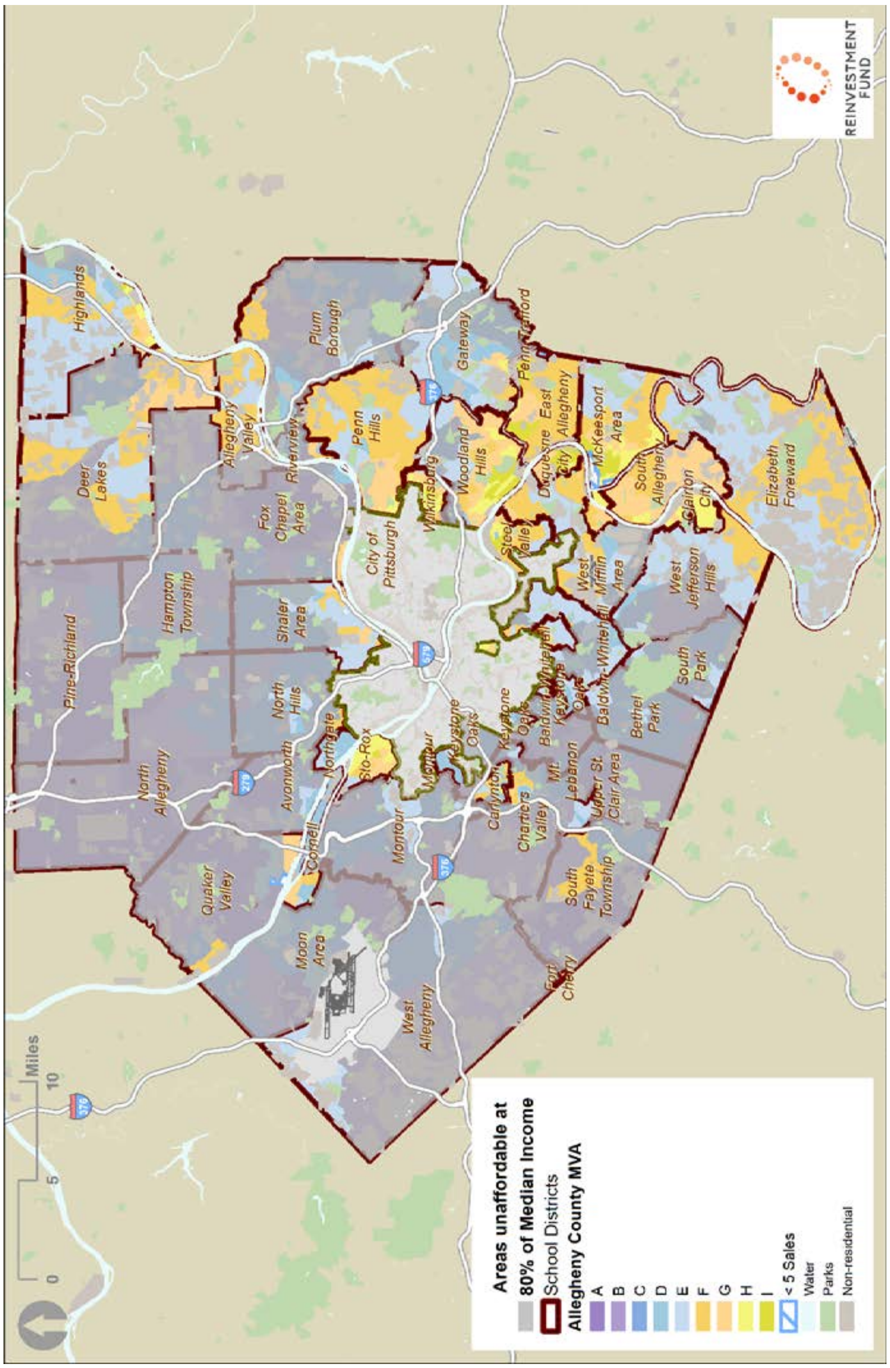
Figure One provides a template for an MVA implementation exercise that MVA steering committees and additional stakeholders can use to think about the way a variety of programs, activities, and resources and might be prioritized and coordinated across different markets (represented as types A through F on the top of the chart). The suite of "activities" on the left side of Figure One will vary across different jurisdictions. The MVA allows users to match the objective condition of various market types to coordinate the activities of multiple stakeholders and investments with the activities that are most likely to generate positive outcomes in different types of markets.

Other Potential Uses for the MVA

The MVA, in conjunction with data from other County departments or available sources, has applications beyond simply measuring the real estate market to prioritize housing investment. For example, there is increasing awareness of the social determinants of health and how place-based organizing around economic stability, health care, education, social context, and the built environment can enhance the health and well-being of a community's residents.[10] The MVA can help drive investment that will not only enhance the physical environment but also improve the prospects for healthy people and communities.

[10] *See* HealthyPeople.gov, "2020 Topics and Objectives, Social Determinants of Health," available at: https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health? (Accessed 4/11/2017).

Housing affordability can also provide a key entry point to high quality education. Comparing median sales prices from the MVA to County median income levels can show which school districts in the County are accessible to households at different income levels. Map Sixteen below shows block groups with median home sales that are affordable (i.e., have a price of three times income or less) to households with income of 80% the County median (about $42,000). Greyed out areas are not affordable at that income level. Many school districts in the northern and western parts of the County are wholly inaccessible to households at 80% of the County median income, while others in the southern part of the County have limited housing options at that income level.



Map Sixteen: School Districts and Housing Affordability at 80% of County Median Income

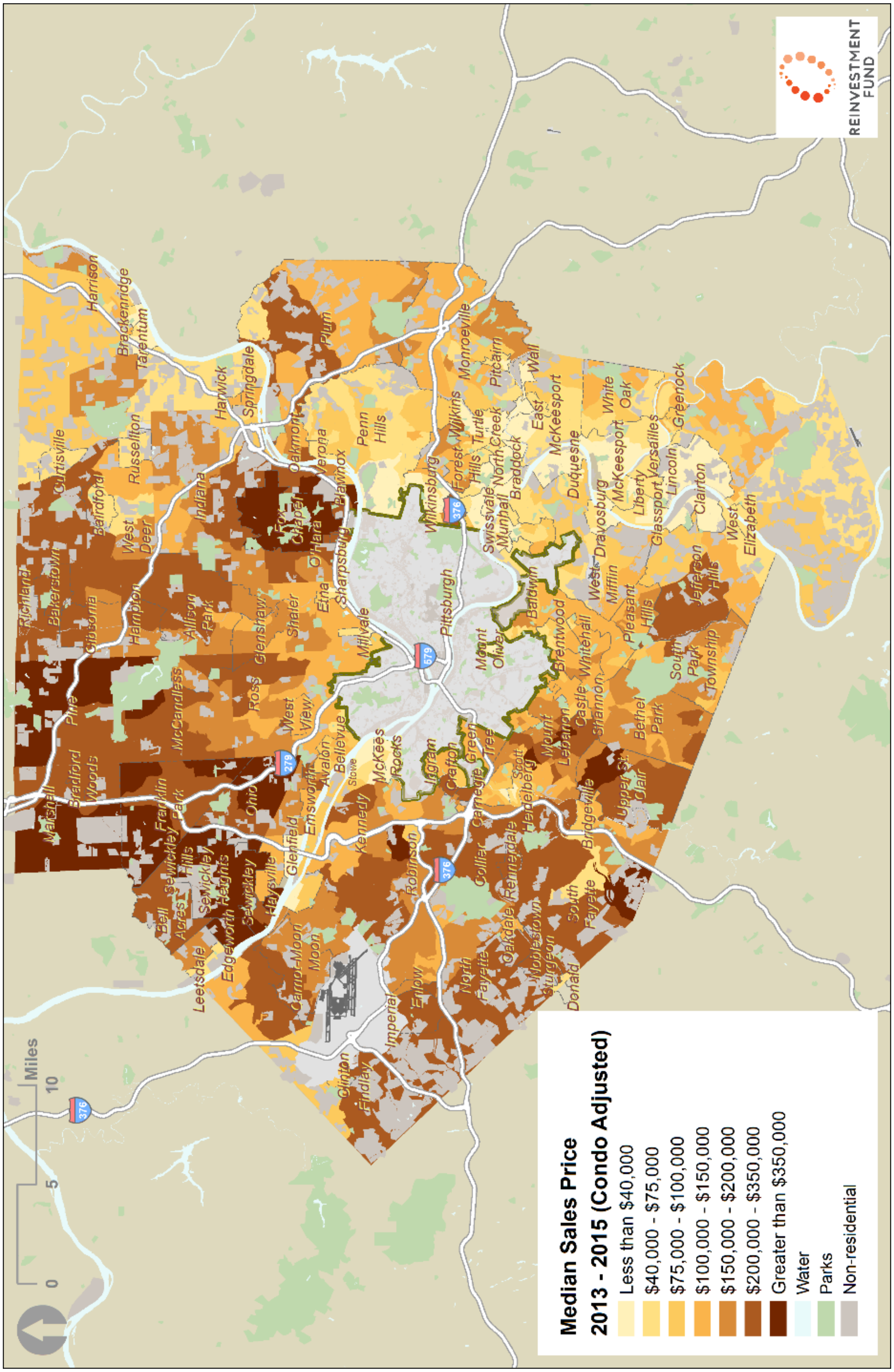
In addition, middle markets are beginning to receive more attention. Since these areas are not home to large concentrations of very poor people or rampant deterioration of the housing stock, many counties and cities have not directed resources to these places in the past. Middle markets (specifically, “Steady” and “Transitional” markets) are particularly important to Allegheny County; over 70% of Allegheny County residents live in these neighborhoods. As Philadelphia State Senator Dwight Evans said around the time of the creation of the first MVA, “A neighborhood shouldn’t have to go through the process of becoming completely blighted before it can get help.”[11] Market-based, data-driven analyses, such as the MVA, can help direct attention and provide the market justification for a set of public, private, and philanthropic investments necessary to sustain middle-market areas.

In these ways, and others, the MVA can be one component in deeper analyses of intersectional questions that affect Allegheny County residents’ perceptions of where they live and work, and inform the types of activities required to support these communities to be the places where people want to be.

[11] *Philadelphia Daily News*, April 19, 2001, p.12.

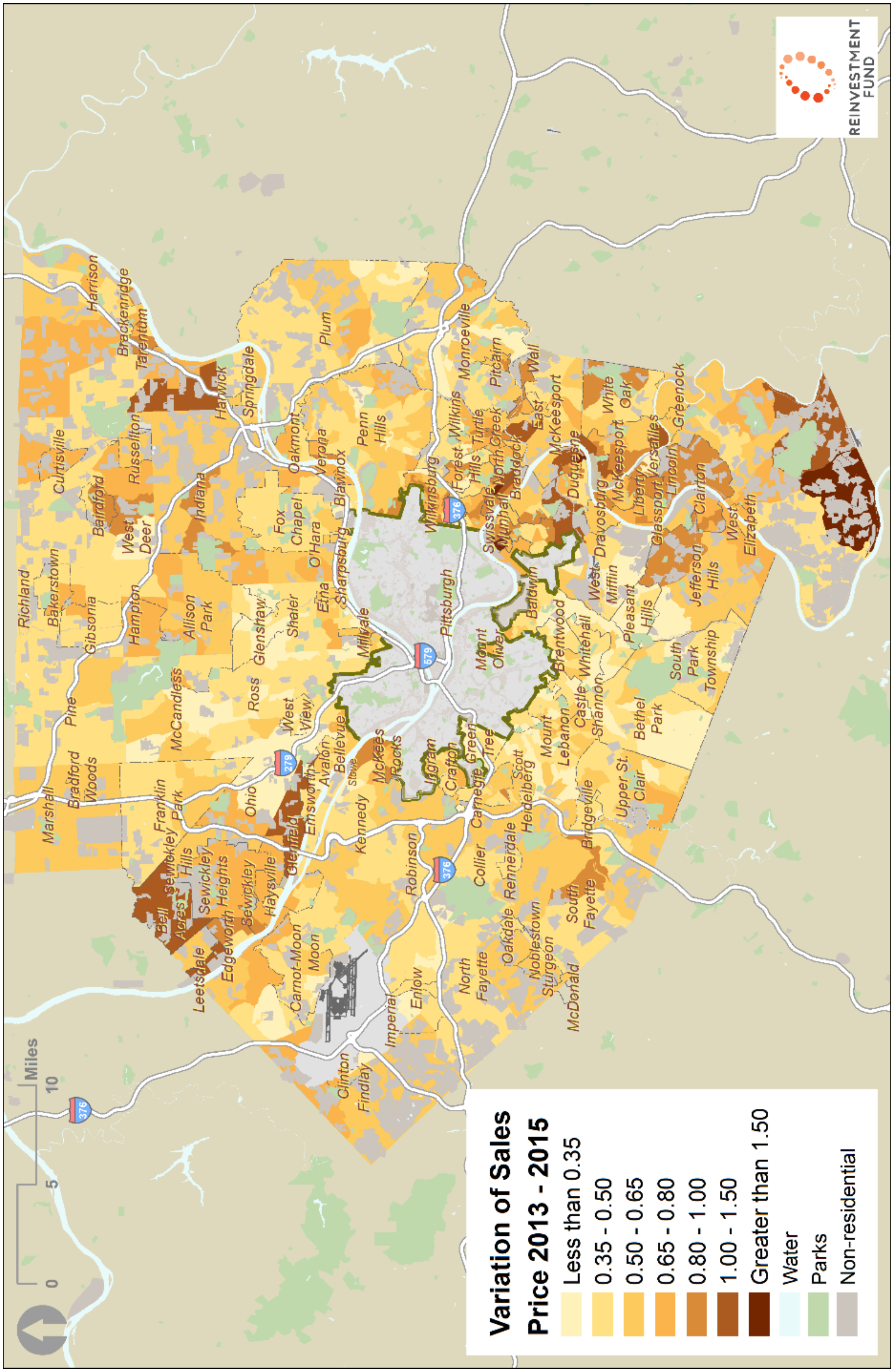
Allegheny County Market Value Analysis (MVA) Appendix One

Map One: Median Sales Price, 2013 – 2015 (condo adjusted)



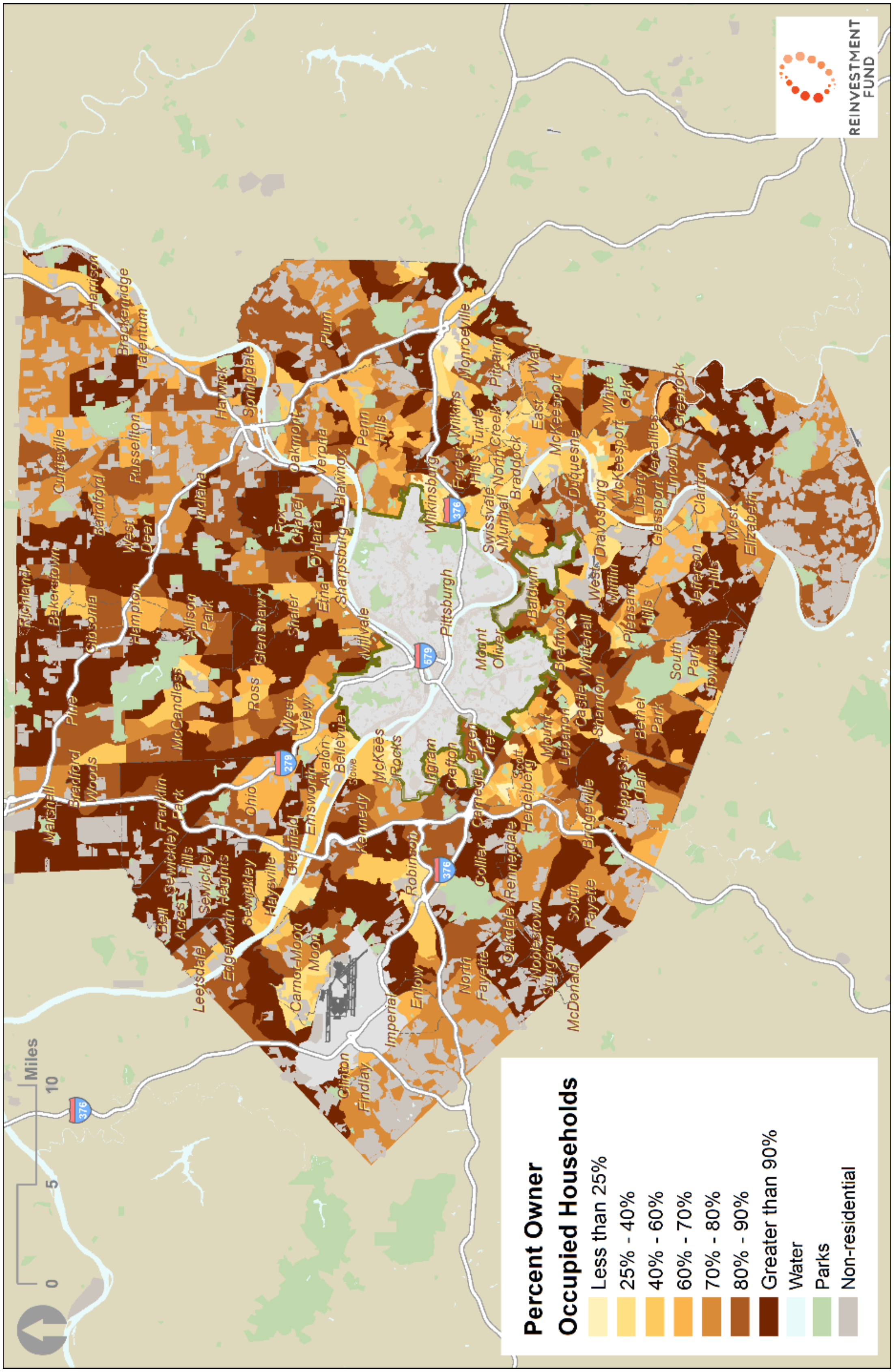
Allegheny County Market Value Analysis (MVA) Appendix One

Map Two: Variation of Sales Price, 2013 – 2015 (condo adjusted)



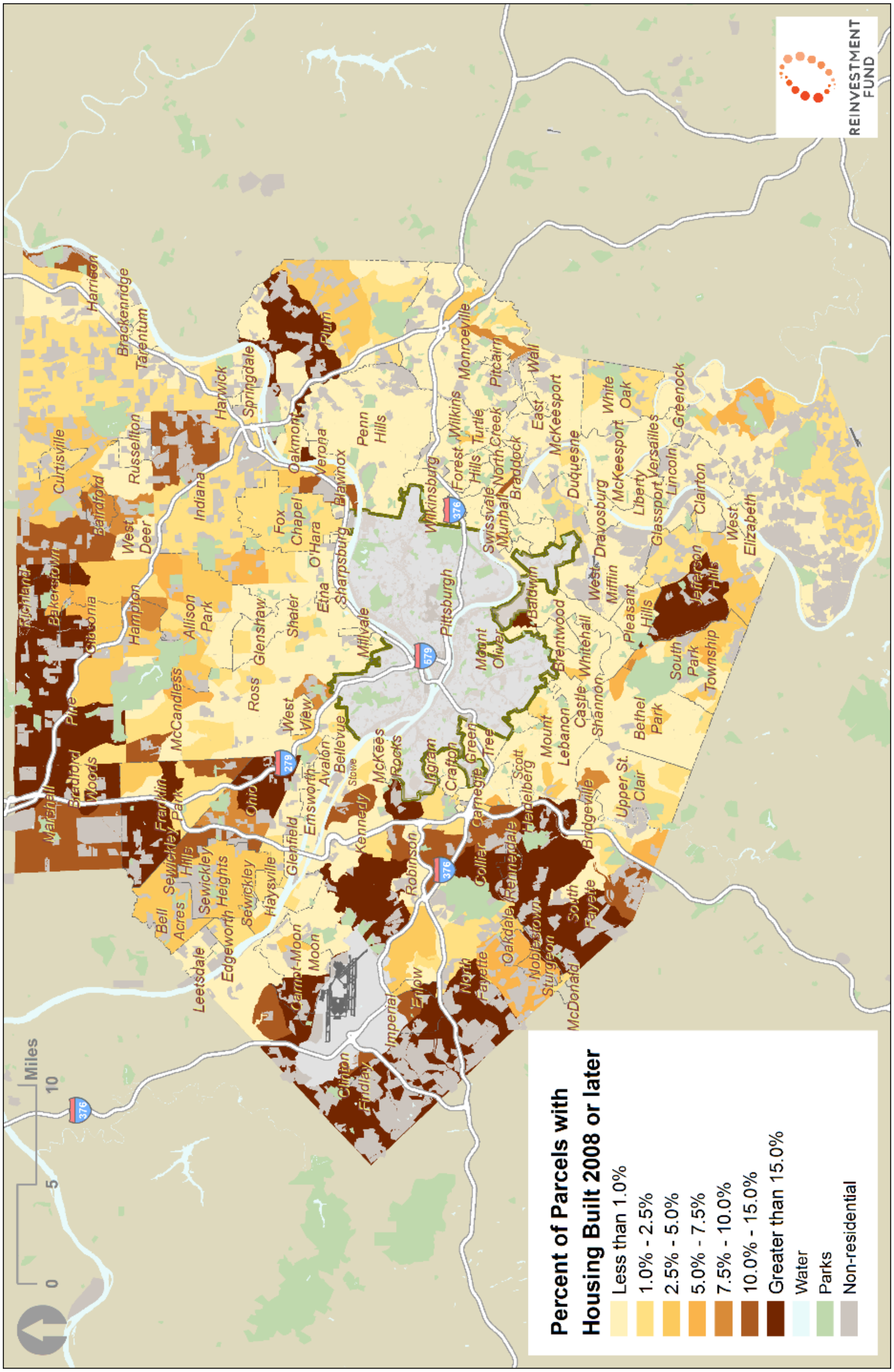
Allegheny County Market Value Analysis (MVA) Appendix One

Map Three: Percent Owner Occupied Households



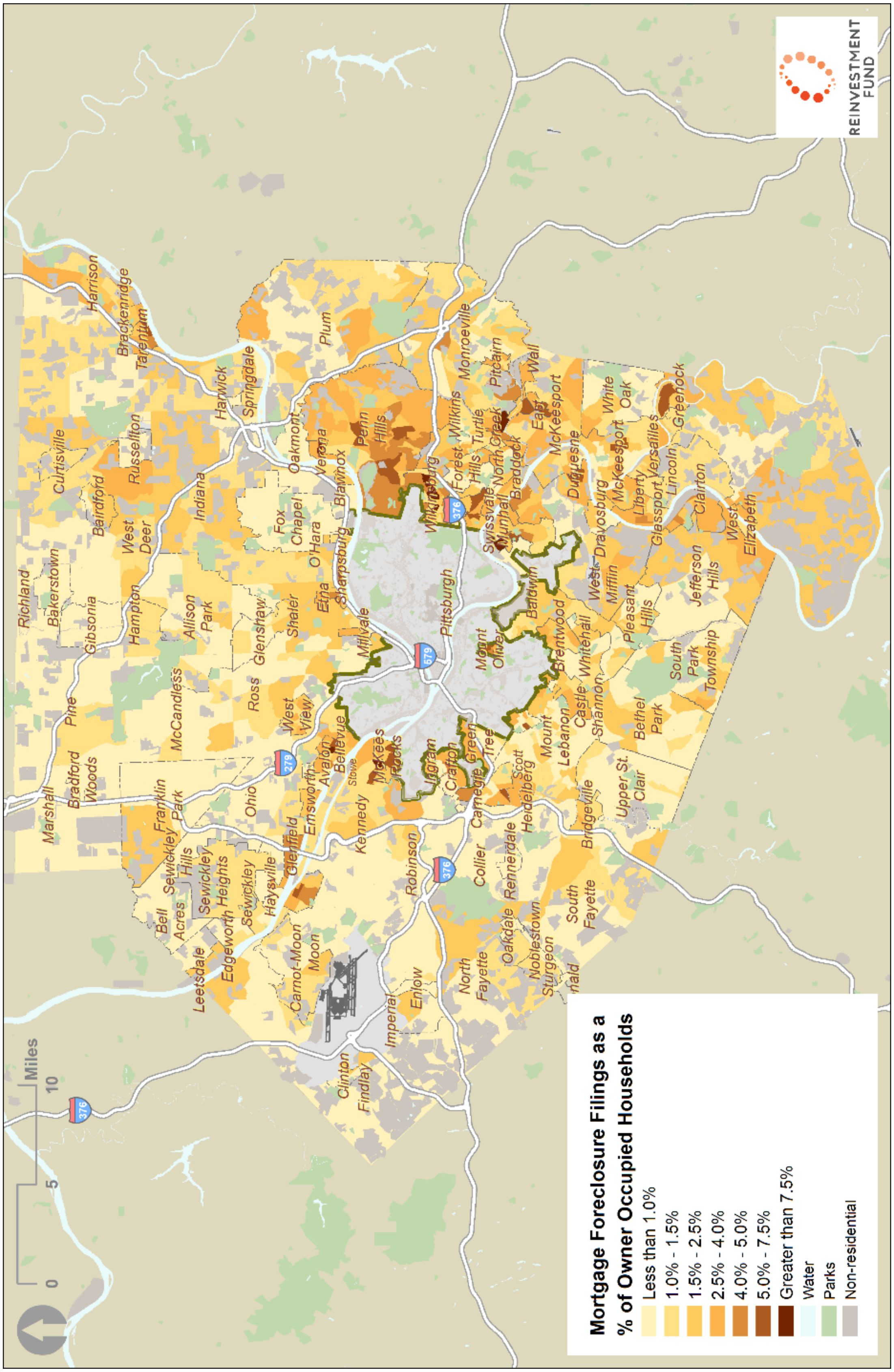
Allegheny County Market Value Analysis (MVA) Appendix One

Map Four: Parcels with housing units built 2008 or later as a percentage of All Parcels



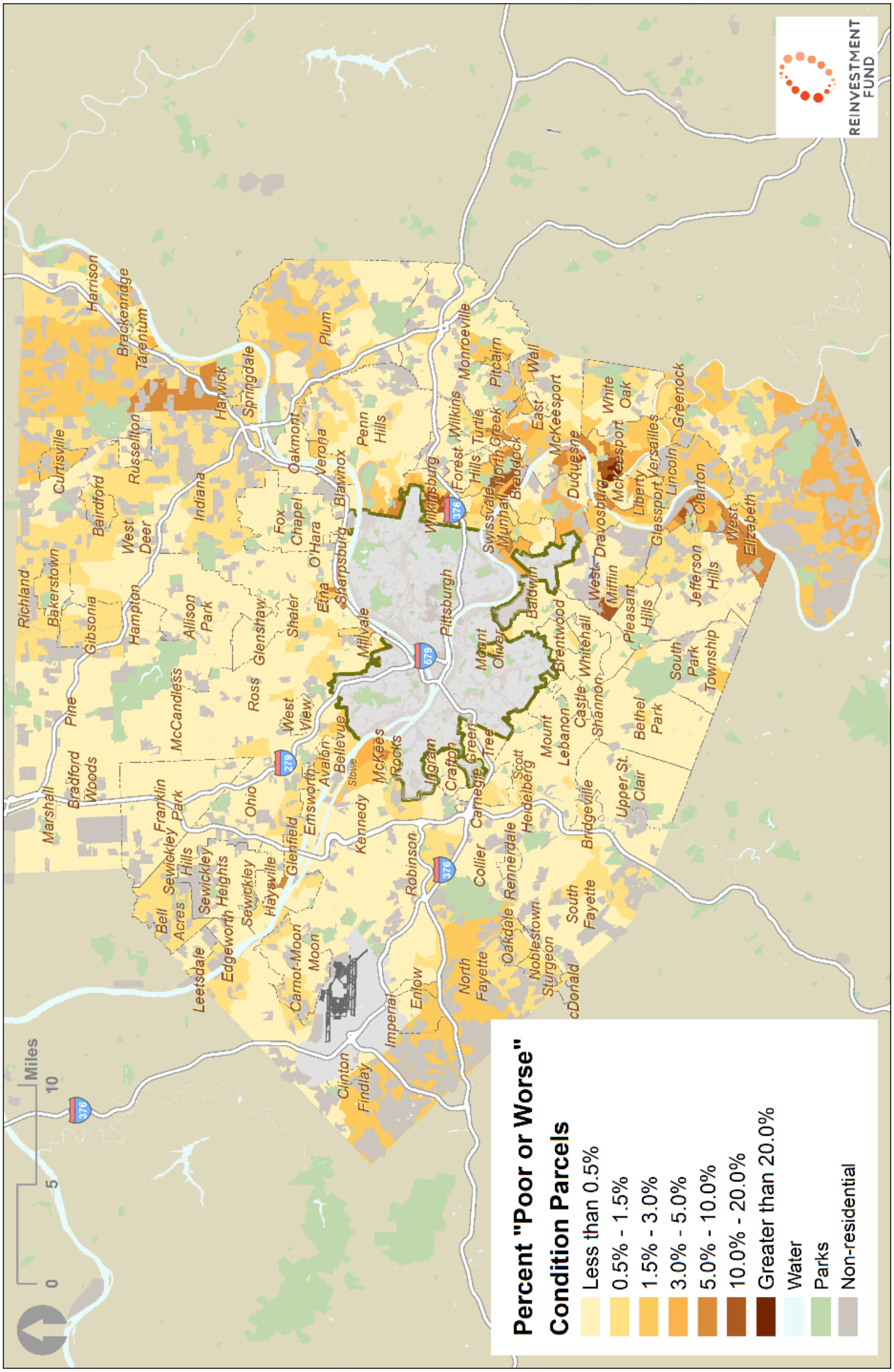
Allegheny County Market Value Analysis (MVA) Appendix One

Map Five: Mortgage Foreclosure Filings as a Percentage of Owner Occupied Households, 2013 – 2015



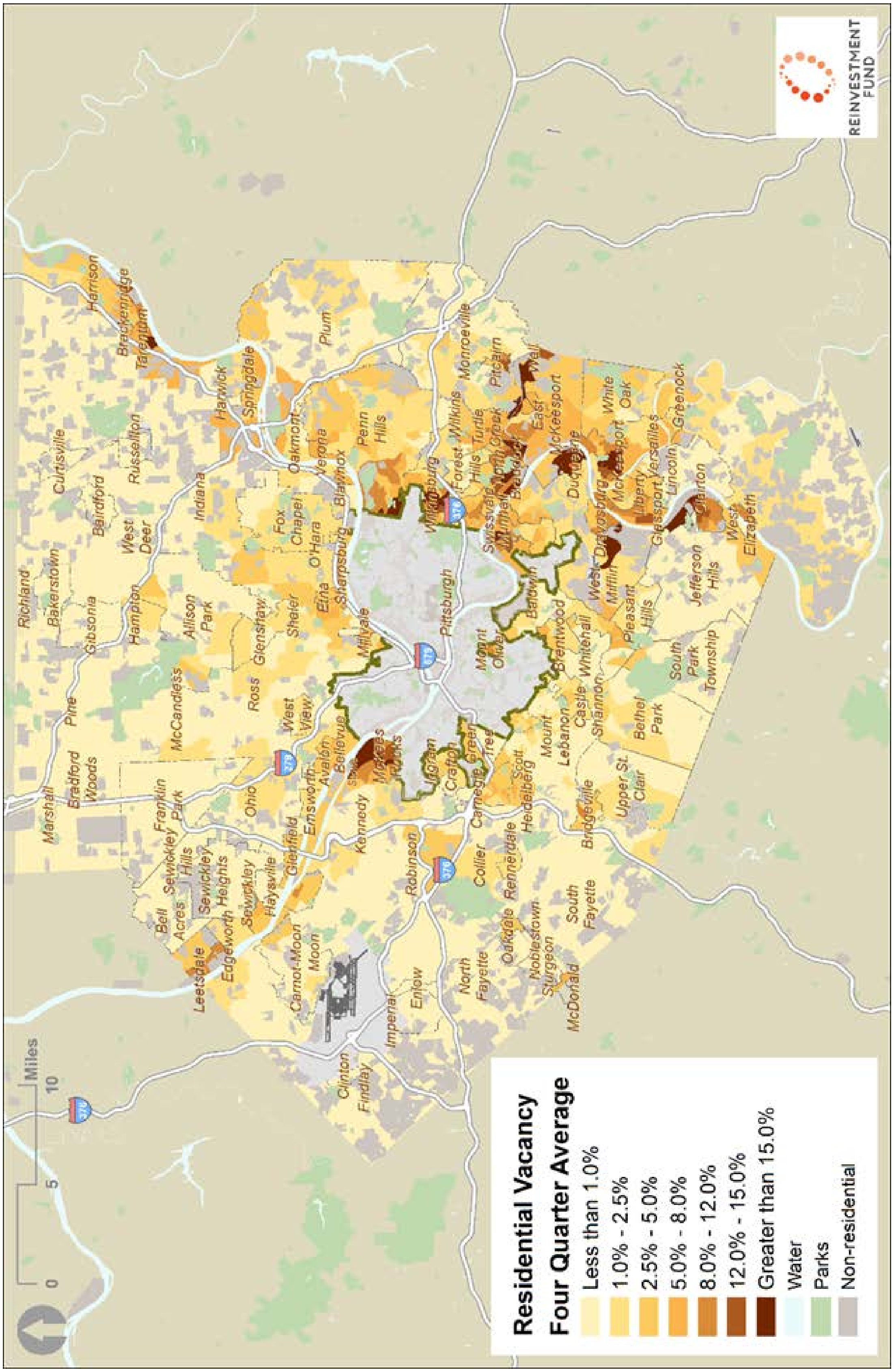
Allegheny County Market Value Analysis (MVA) Appendix One

Map Six: Percent of Properties with Assessed Condition of “Poor”, “Very Poor”, or “Unsound”



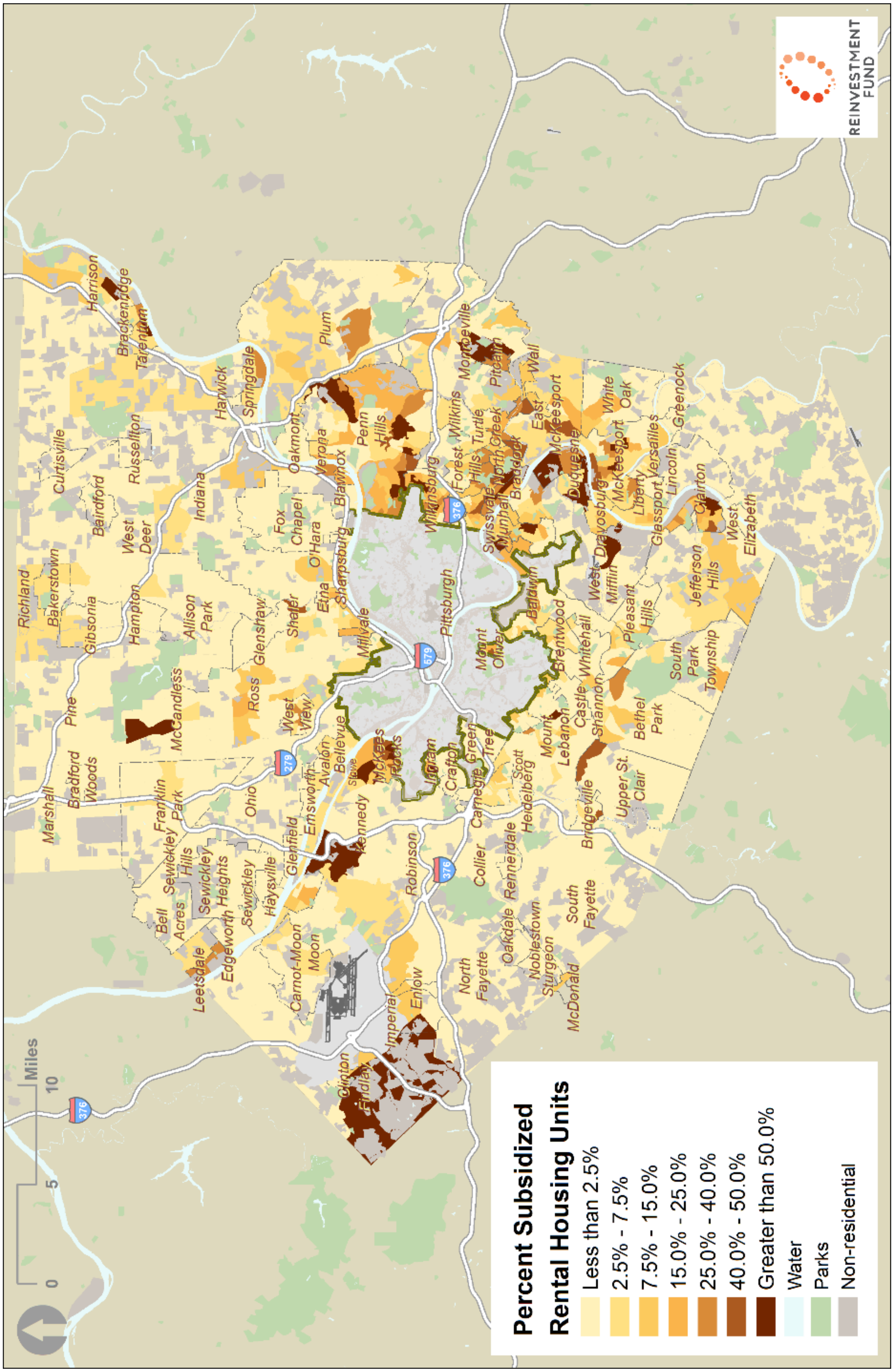
Allegheny County Market Value Analysis (MVA) Appendix One

Map Seven: Percent of Vacant Residential Parcels



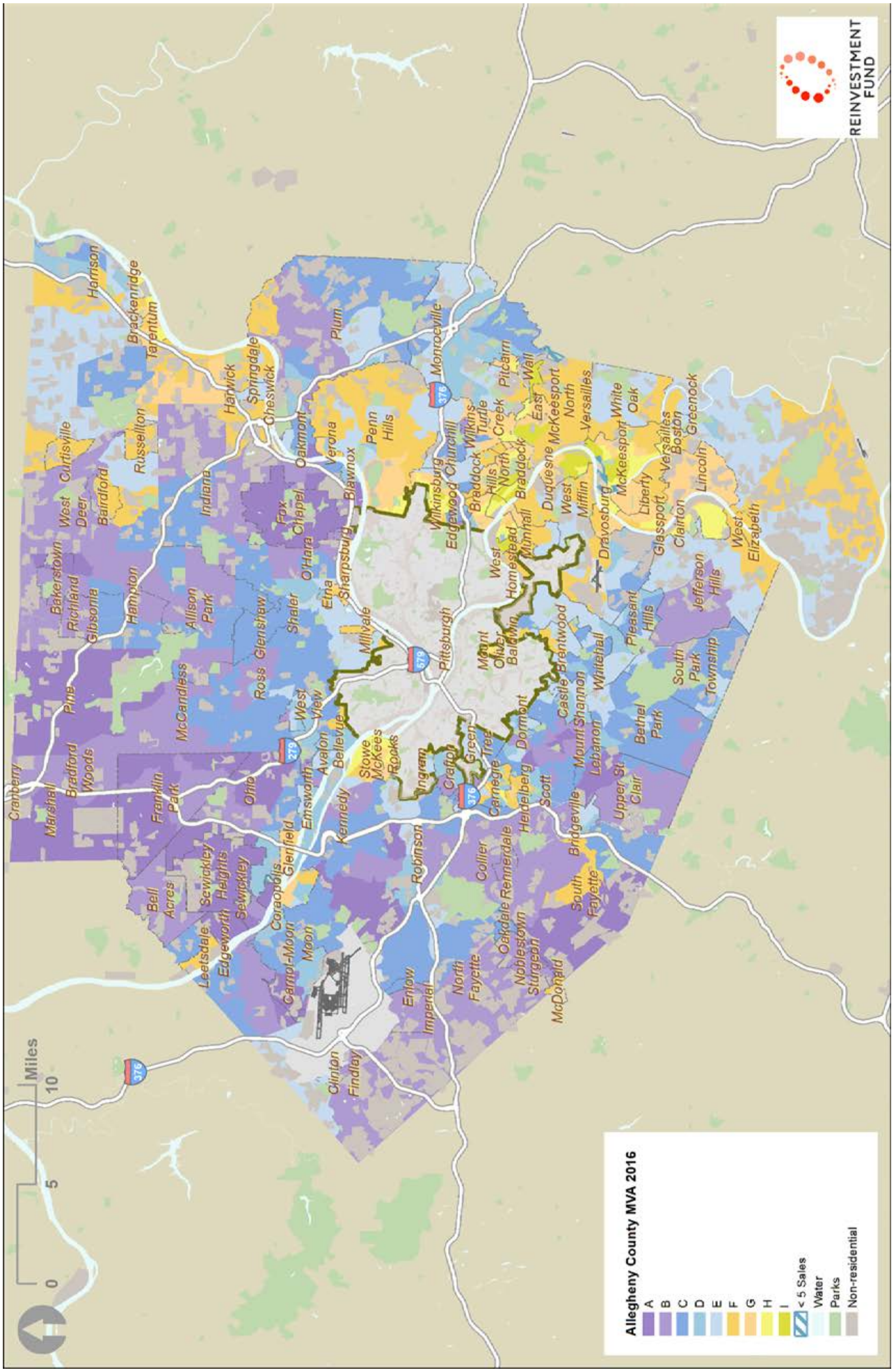
Allegheny County Market Value Analysis (MVA) Appendix One

Map Eight: Subsidized Rental Units as a Percentage of All Housing Units



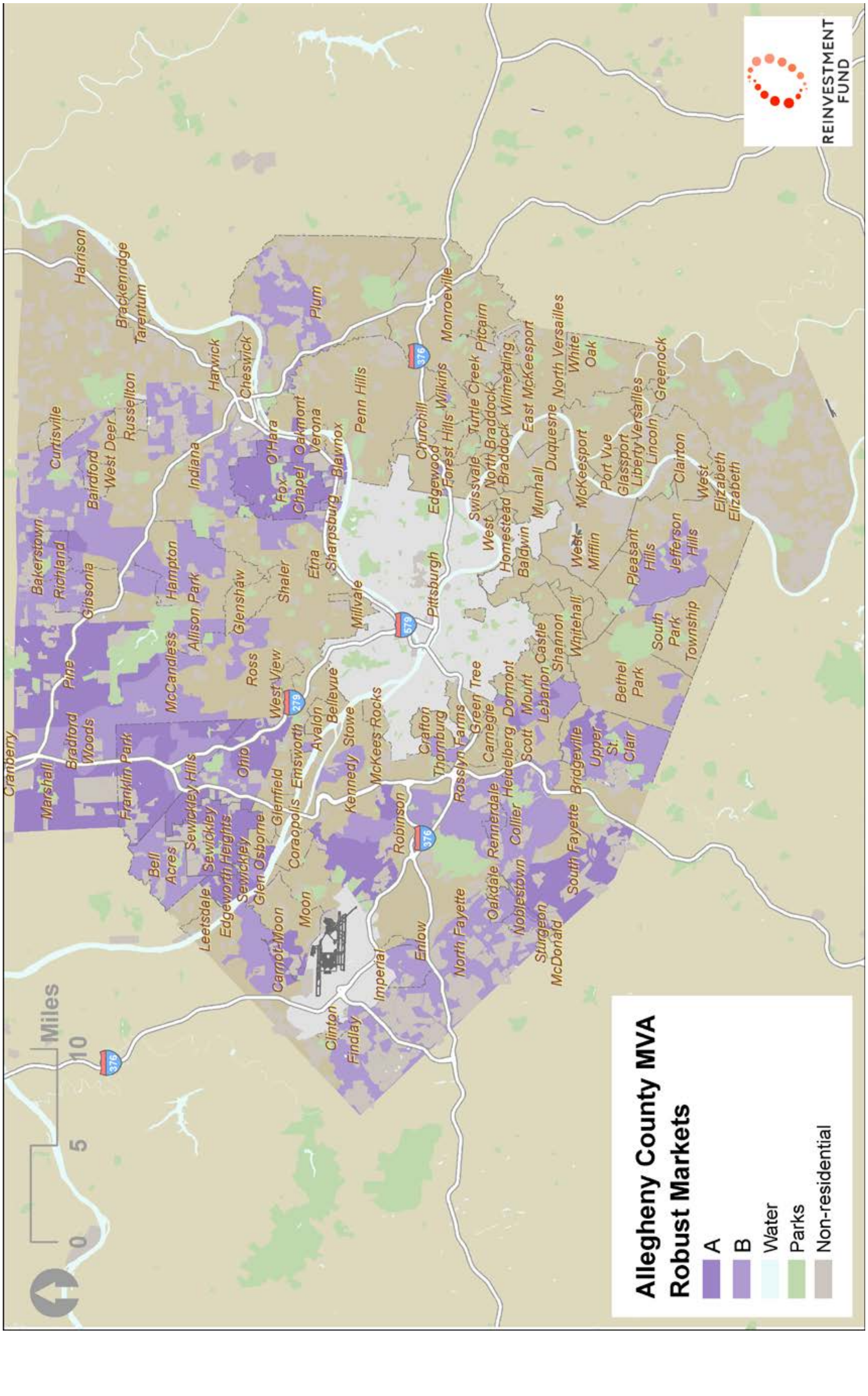
Allegheny County Market Value Analysis (MVA) Appendix One

Map Nine: Allegheny County MVA



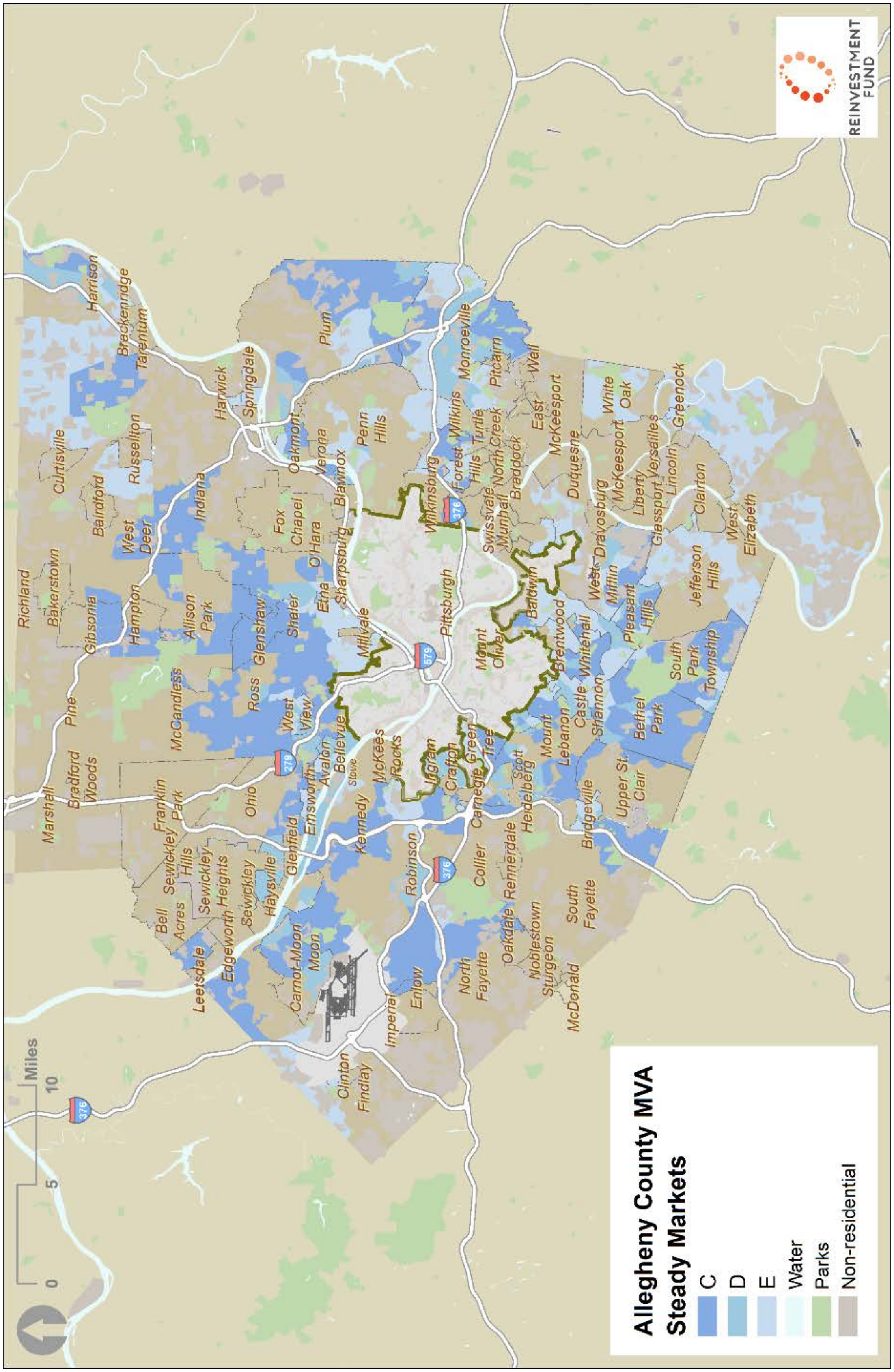
Allegheny County Market Value Analysis (MVA) Appendix One

Map Ten: Location of Robust Markets in Allegheny County



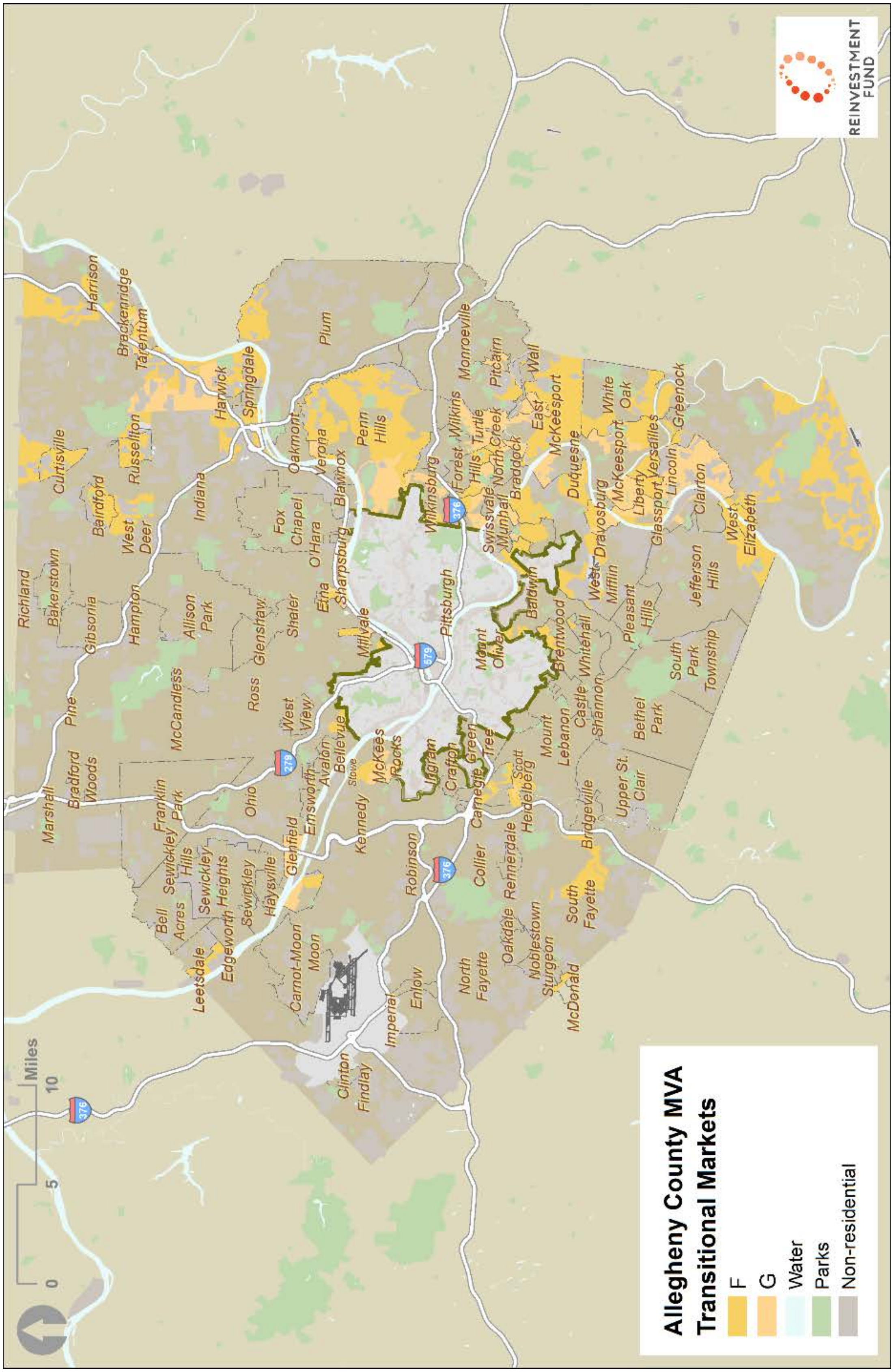
Allegheny County Market Value Analysis (MVA) Appendix One

Map Eleven: Location of Steady Markets in Allegheny County



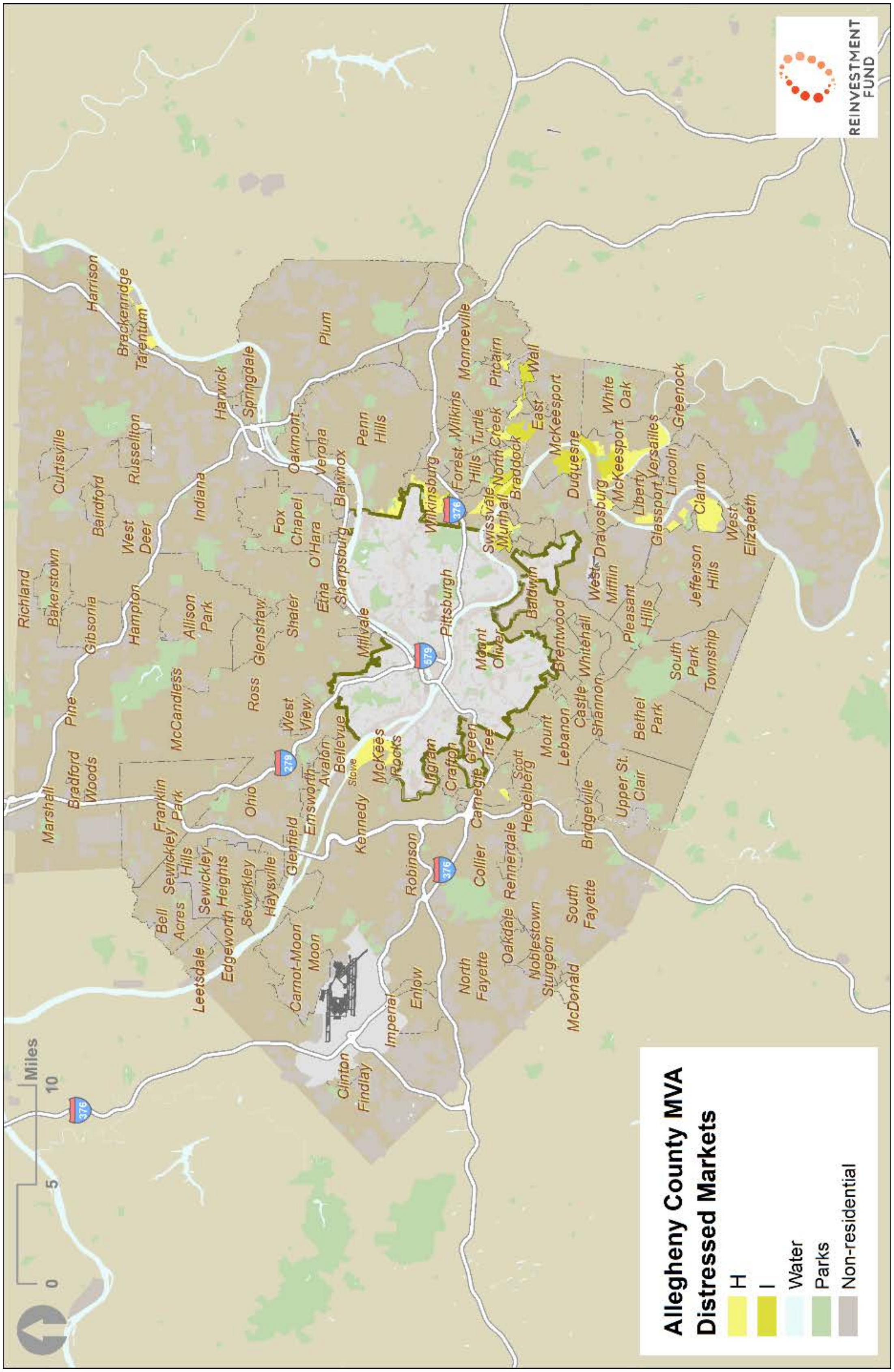
Allegheny County Market Value Analysis (MVA) Appendix One

Map Twelve: Location of Transitional Markets in Allegheny County



Allegheny County Market Value Analysis (MVA) Appendix One

Map Thirteen: Location of Distressed Markets in Allegheny County



Allegheny County Market Value Analysis (MVA) Appendix One

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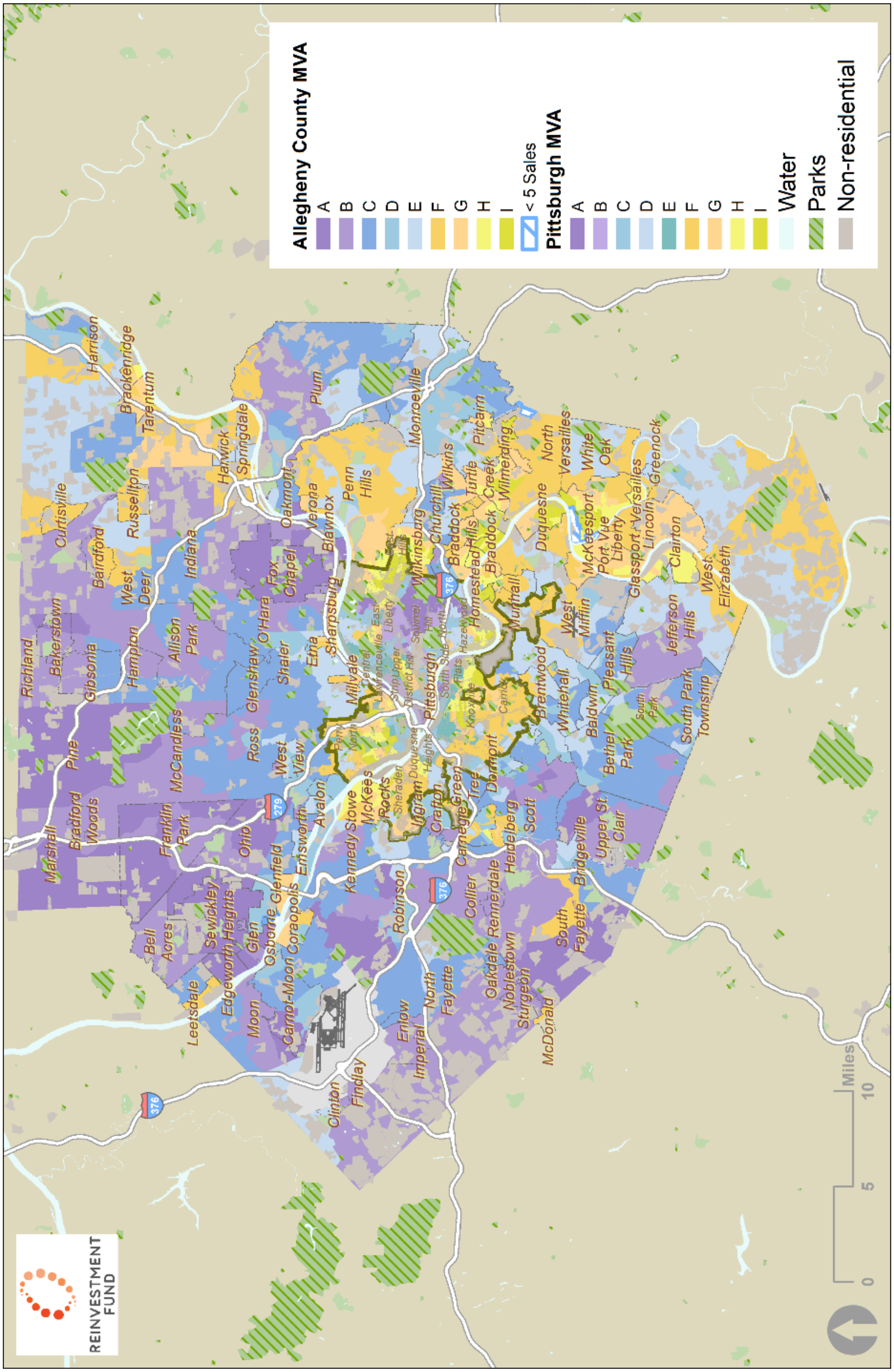

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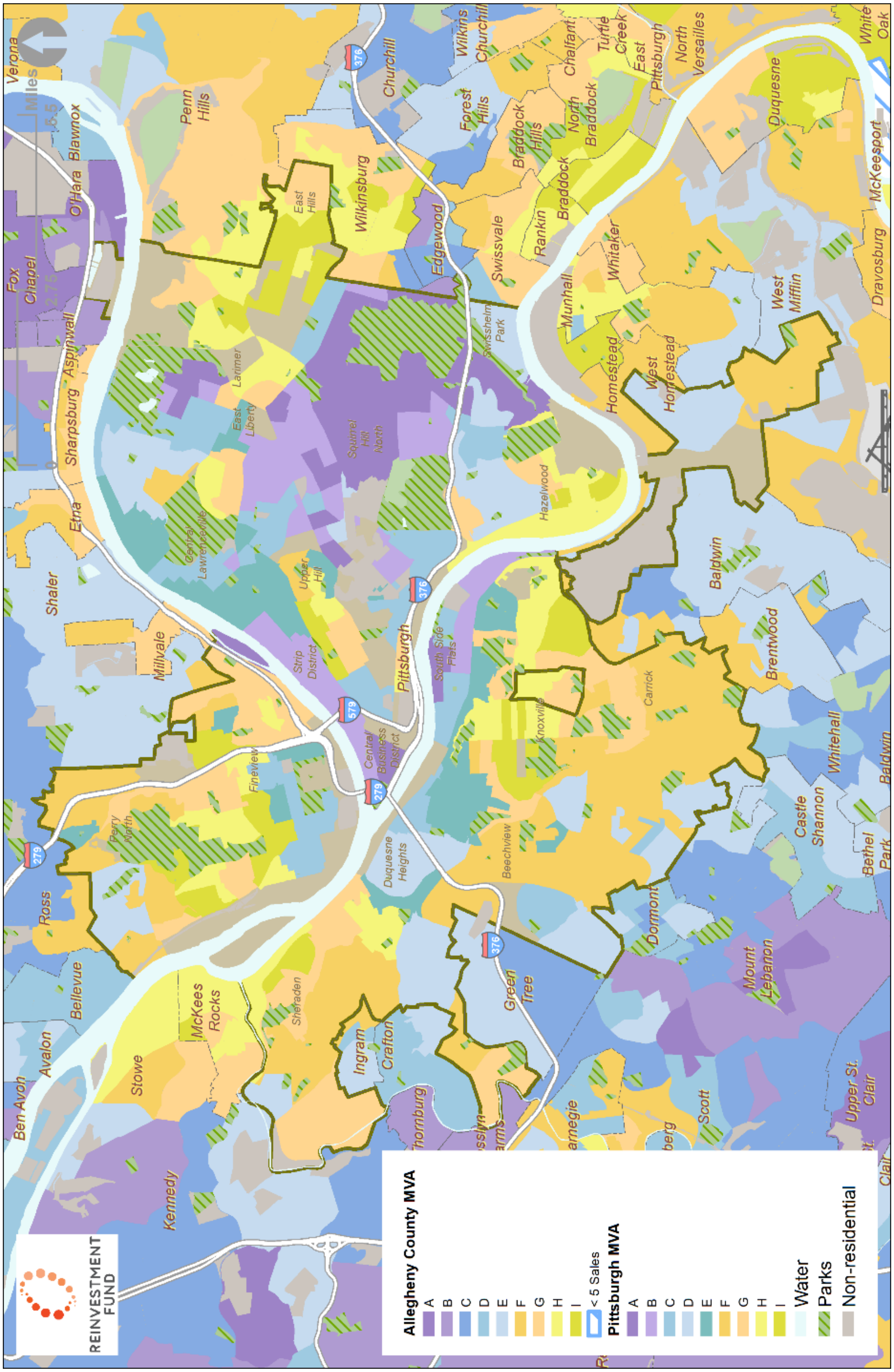

Allegheny County Market Value Analysis (MVA) Appendix One

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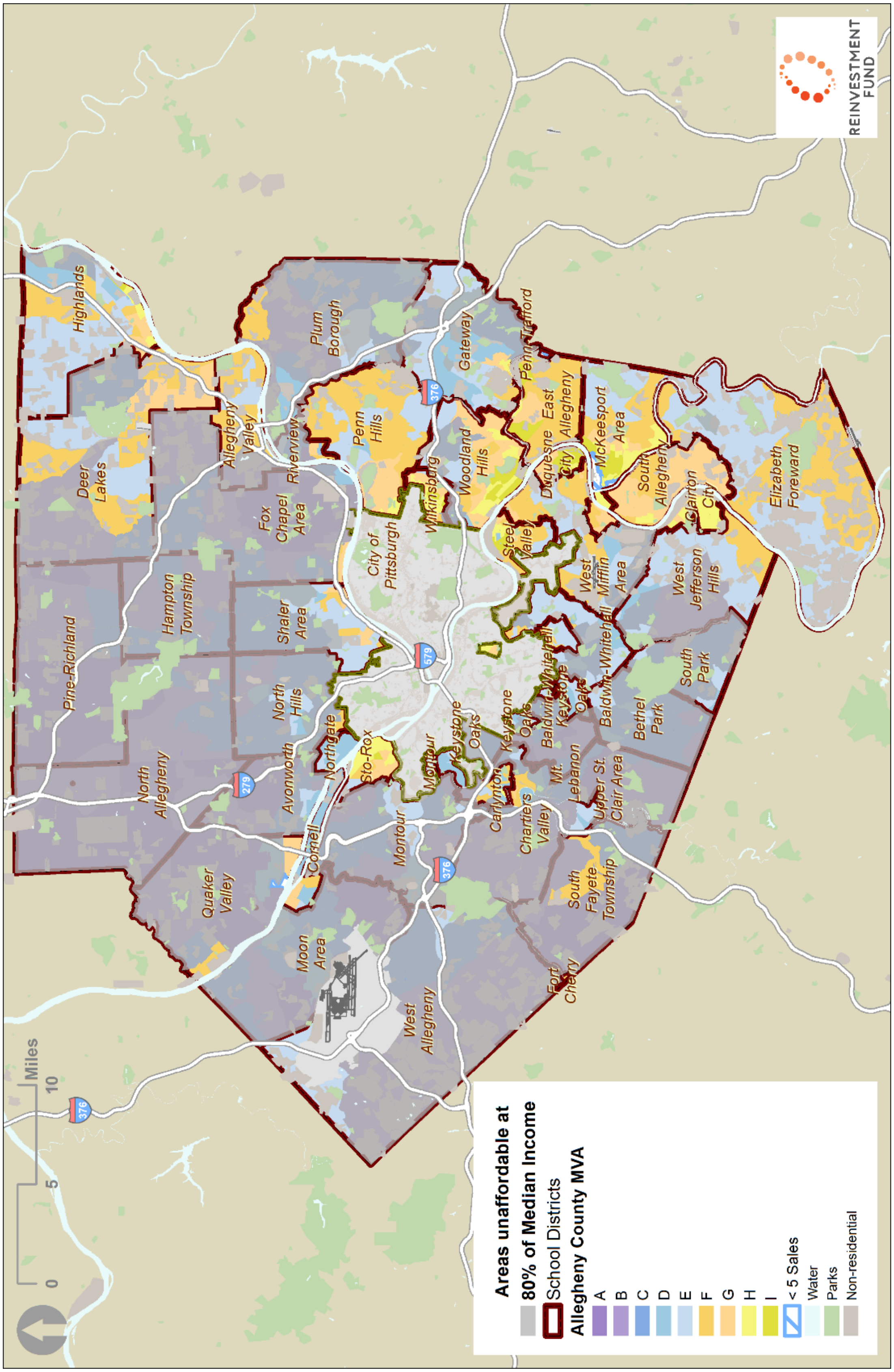

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