

Allegheny County and City of Pittsburgh Market Value Analysis (MVA): Executive Summary

Takeaways from the 2021 Market Value Analysis Study

- Ten market types were identified across Allegheny County and the City of Pittsburgh, each with distinct characteristics detailed in Table One below.
- The majority of Allegheny County residents live in Robust (44%) or Steady (30%) market types that have strong housing demand and low levels of housing distress (such as blighted properties, vacant lots, and foreclosure).
- Many residents (27%) live in market types with housing challenges including blighting influences and elevated foreclosure filings (relative to countywide).
- Black and Hispanic residents are disproportionately likely to live in market types with housing challenges (66% of Black residents and 32% of Hispanic residents compared to 21% of White residents).
- Home sale prices have increased much more rapidly than inflation (and therefore likely more rapidly than incomes) since 2016, creating increased home equity for many Allegheny County homeowners, but also placing financial pressure on low- and moderate- income households and narrowing the geography of opportunity for those households.
- Foreclosure filings (as a percent of owner occupants) had been declining before COVID.

About the Market Value Analysis (MVA)

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 challenged housing markets and support sustainable growth in stronger ones.

The MVA is rooted in several normative assumptions. First, subsidy (public or philanthropic) is a scarce commodity and cannot, by itself, create a market. Therefore, 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, strong neighborhood or civic associations, 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 and the City of Pittsburgh) 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.

In 2016, Allegheny County and the City of Pittsburgh were analyzed in separate MVAs. For 2021, Allegheny County and the City of Pittsburgh have been analyzed together in a single MVA so that market types are consistent throughout both city and county.

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Market Indicators Employed in the MVA

In preparing the Allegheny County and City of Pittsburgh 2021 MVA, all market indicators were obtained directly from the County or other publicly available sources and geocoded to Census block groups. The data used are:

- Residential Real Estate Sales (2017 – 2019) price and variance from the Allegheny County Office of Property Assessments (courtesy of the Western Pennsylvania Regional Data Center [WPRDC]);
- Mortgage Foreclosure (2017 – 2019) filings from the Allegheny County Department of Court Records (courtesy of WPRDC);
- Parcel Year Built from the Allegheny County Office of Property Assessments' assessment file (courtesy of WPRDC);
- Parcel Condition from the Allegheny County Office of Property Assessments' assessment file (courtesy of WPRDC);
- Vacant Lot Area from the Allegheny County Office of Property Assessments' assessment file (courtesy of WPRDC);
- Building Violations from the Allegheny County Housing and Community Environment Inspections (courtesy of WPRDC);
- Owner Occupancy from the 2014 – 2018 American Community Survey; and
- Subsidized Housing Units (i.e., public housing developments, multi-family assistance properties, and housing choice vouchers) were obtained from HUD's Picture of Subsidized Housing.

The indicators were validated by Reinvestment Fund staff and local subject matter experts. A group of local experts viewed maps and data summaries of each component variable and the MVA model and provided feedback on the project on three occasions. Experts were provided with data and a mapping application that allowed them to focus in on areas of the city and county with which they had greatest familiarity.

Methodology for Creating the MVA

Once data components are verified, a statistical cluster analysis was conducted to identify 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 ten) 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 also vetted by local experts.

Countywide Findings

According to the 2021 Allegheny County and City of Pittsburgh MVA, the average home sales price of Allegheny County's block groups is about \$154,000 (compared to \$131,000 in 2016). The typical block group has 0.6% of residential parcels with a home built since 2016. Allegheny County block groups average about twice as many owner occupants (66%) as renters (34%). On average, block groups have 2.1% of residential parcels as vacant lots, and 1.5% of owner-occupied housing units are associated with a mortgage foreclosure (down from 2.7% in 2016). Subsidized rental housing makes up 10% of the average block group's total rental housing stock. Out of every 100 residential parcels in the average block group, 1.1 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 2021 Allegheny County and City of Pittsburgh MVA. The table is organized so each market type is described by the block group average for each indicator. Note that 13 (of 1,110) block groups were not assigned to a market type due to insufficient home sales data. The 2014-2018 American Community Survey shows that those 13 areas are home to 2,849 housing

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units and 6,480 people – representing approximately 0.5% of the housing units and 0.5% 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 more renters than owners, and experience little housing distress.
- “C” markets have above average housing values, experience about average levels of new construction, have the highest levels of owner occupancy, and experience little housing distress.

Steady Markets

- “D” markets have average housing values, experience half the countywide average amount of new construction, have more renters than owners, experience average levels of foreclosure, and have low levels of vacant lots and poor or worse condition properties.
- “E” markets have slightly lower than average housing values, experience little new construction, have high levels of owner occupancy, have above average amounts of vacant land, and about average levels of foreclosure.
- “F” markets have slightly lower than average housing values, experience slightly above average amounts of new construction, have more owners than renters, and have high levels of renters with a subsidy.

Transitional Markets

- “G” markets have below average housing values, experience little new construction, have more owners than renters, and experience above average levels of foreclosure and residential vacant land.
- “H” markets have housing values well below the countywide average, experience little new construction, have about even numbers of renters and owners, have the highest share of residential vacant land, and the highest levels of foreclosure.

Stressed Markets

- “I” markets have the second lowest housing values, experience very little new construction, have the highest share of renters with a subsidy, experience the highest levels of building violations, and have elevated shares of poor or worse condition properties, vacant residential lot area, and foreclosure.
- “J” markets have the lowest housing values (although there is a substantial amount of variability in those prices), more renters than homeowners, the highest share of poor or worse condition properties, and elevated shares of building violations, vacant lots, and foreclosure.

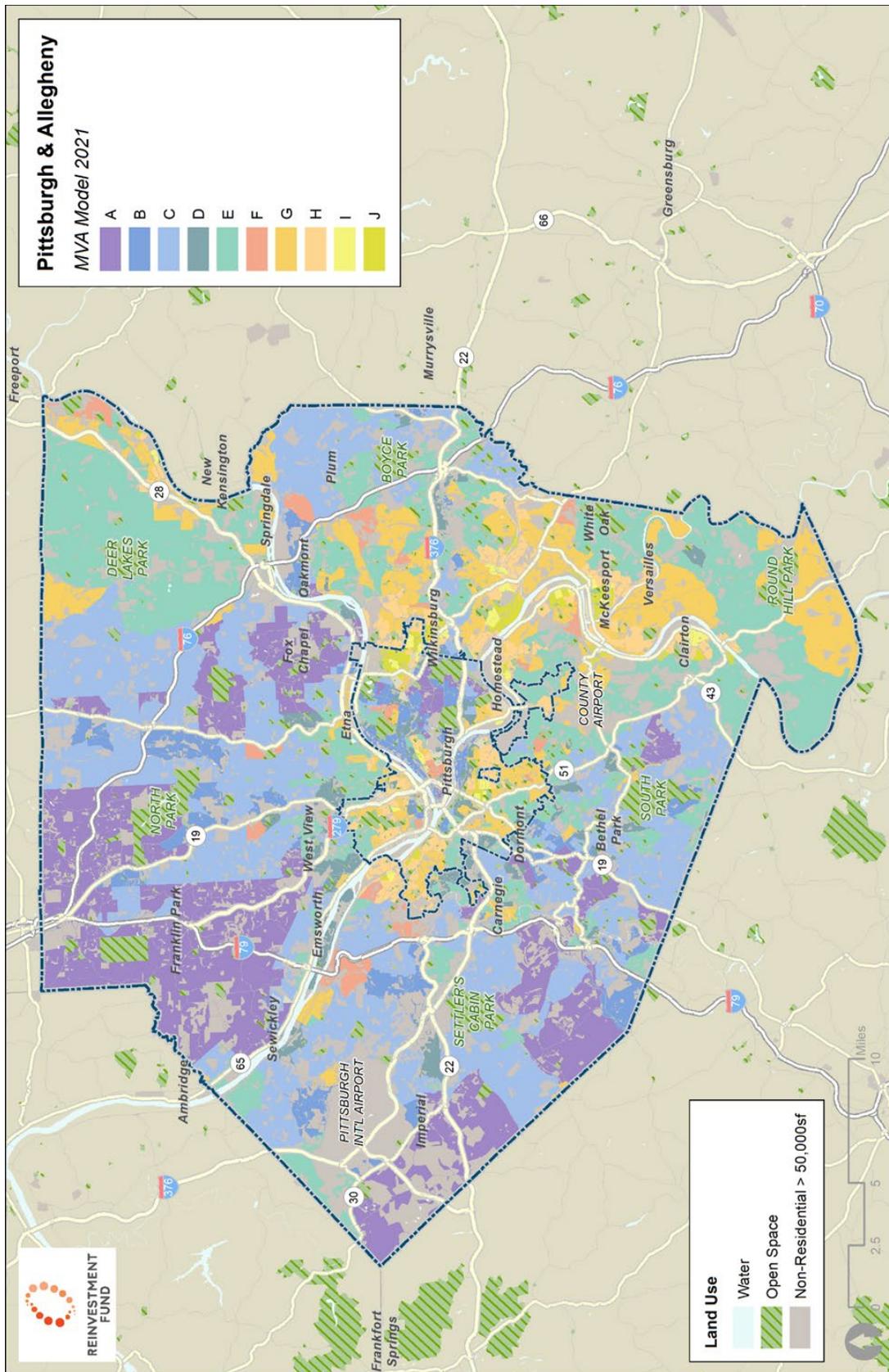
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Average Block Group Housing Market Characteristics - 2021 Allegheny County & City of Pittsburgh MVA

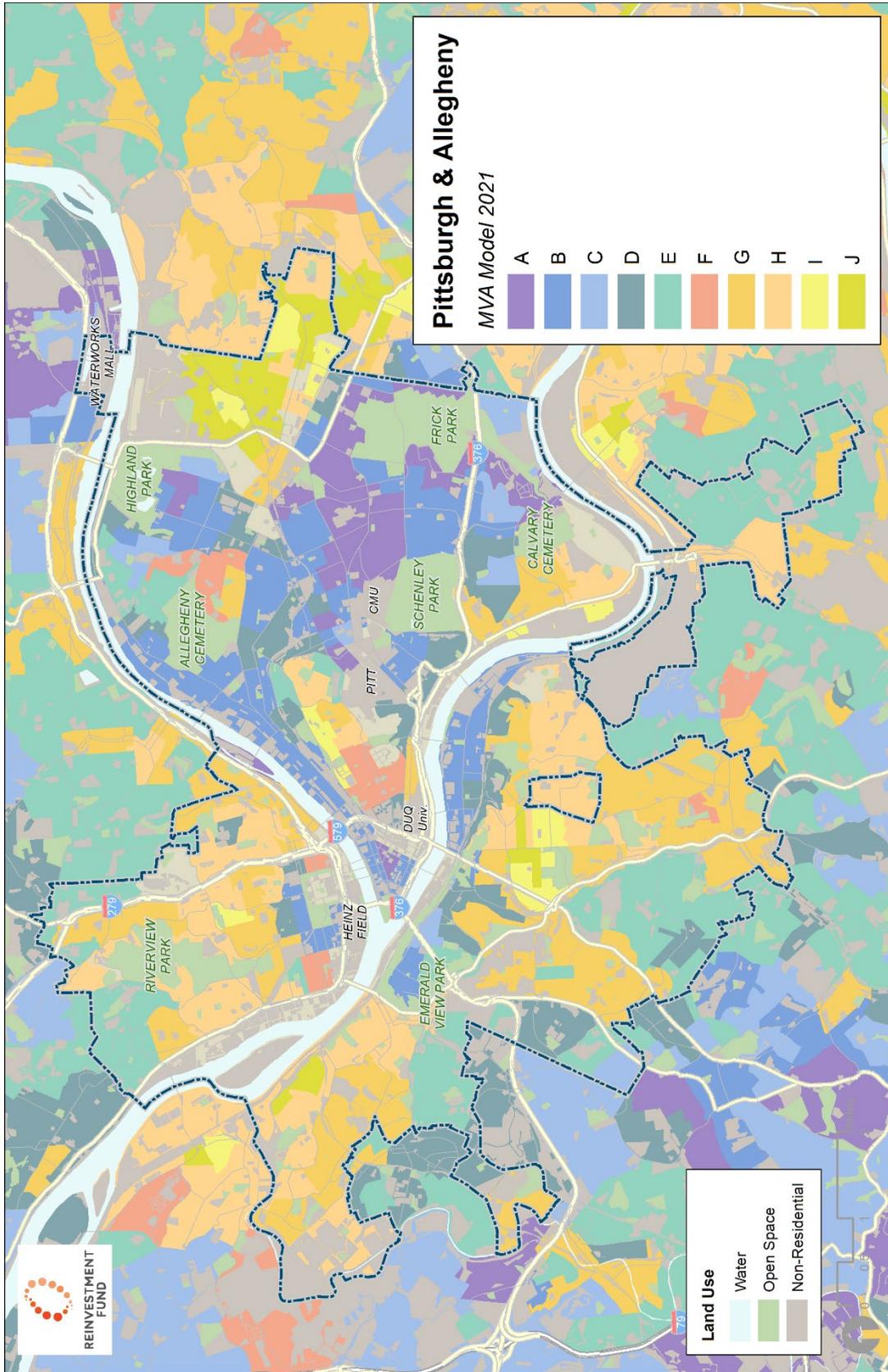
	BGs	Median Sales Price, 17-19	Coef. Of Variance	Home-Owners	Subsidized Renters	New Cons.	Poor or Worse Condition	Building Violations	Vacant Lot Area	Foreclosure
A	76	\$460,000	0.47	78%	3%	3.7%	0.1%	0.1%	0.4%	0.6%
B	113	\$269,000	0.50	43%	4%	1.2%	0.3%	0.7%	0.4%	0.8%
C	185	\$215,000	0.42	89%	1%	0.6%	0.1%	0.2%	1.3%	0.7%
D	100	\$143,000	0.50	40%	4%	0.3%	0.5%	1.0%	1.0%	1.5%
E	196	\$127,000	0.47	81%	3%	0.2%	0.5%	0.3%	3.0%	1.4%
F	24	\$120,000	0.57	62%	76%	0.9%	1.5%	0.8%	2.8%	1.3%
G	190	\$70,000	0.63	62%	10%	0.1%	1.1%	0.9%	3.0%	2.2%
H	122	\$34,000	0.81	51%	19%	0.1%	2.4%	1.9%	3.4%	2.6%
I	30	\$21,000	0.87	48%	80%	>0.1%	6.5%	2.5%	3.3%	2.4%
J	42	\$14,000	0.94	44%	20%	>0.1%	6.8%	2.0%	2.6%	2.4%
Countywide Average Block Group		\$154,000	0.57	65%	10%	0.6%	1.1%	0.8%	2.1%	1.5%

Table One: Average Block Group Characteristics for 2021 Allegheny County & City of Pittsburgh MVA

Allegheny County and City of Pittsburgh MVA, 2021



Executive Summary Map One: Allegheny County and City of Pittsburgh MVA, 2021



Executive Summary Map Two: Allegheny County and City of Pittsburgh MVA, 2021

Allegheny County and City of Pittsburgh MVA, 2021

Population, Race, and Ethnicity by 2021 MVA Market Type

Allegheny County and City of Pittsburgh residents most commonly live in Robust market types (about 44% of County residents), with about 30% of residents in Steady markets, 23% living in Transitional markets, and 4% in Stressed markets. Robust and Steady housing markets have prices near or above the Countywide average, a mix of highly owner occupied and mixed tenure areas, little housing distress, and are where the majority of housing investments are occurring. Black residents are more likely to live in Transitional (45%) and Stressed (21%) markets than Robust (11%) or Steady (22%) markets, however. Hispanic residents are also more likely to live in Transitional or Stressed markets (32%) than White residents (21%). Therefore, People of Color are more likely to live in areas with housing challenges that limit their ability to build wealth through home equity and may not have sufficient access to mortgage credit.

	BGs	Population	% Pop.	% Asian	% Black	% Hispanic	% White	% Other
A	76	120,578	10.1%	8%	2%	2%	86%	0%
B	113	134,101	11.2%	8%	6%	3%	81%	1%
C	185	267,610	22.3%	3%	2%	1%	92%	1%
D	100	108,679	9.1%	7%	10%	3%	76%	4%
E	196	215,748	18.0%	2%	6%	2%	88%	1%
F	24	29,043	2.4%	1%	27%	2%	65%	3%
G	190	168,034	14.0%	2%	18%	2%	74%	1%
H	122	103,576	8.6%	1%	34%	3%	57%	3%
I	30	21,165	1.8%	2%	62%	2%	30%	4%
J	42	28,971	2.4%	1%	61%	3%	29%	6%

Figure Two: Population and Race / Ethnicity by 2021 MVA Market Type

Changes Since the 2016 MVAs

Across all market types, sale prices have increased since the 2016 MVAs. In general, market types with lower sale prices in 2016 had larger price increases (as a percentage) from 2013-2015 to 2017-2019. The Stressed markets experienced the most dramatic proportionate rise in typical sale prices. While that is an extraordinary rise, homes in these areas are transacting at prices that are affordable to households at approximately one-third the 2015-2019 county median income (\$61,043). Sale price increases in all market types outstripped inflation. In the City of Pittsburgh, each market type experienced a twenty percent or greater sale price increase, including very large increases (both proportionate and raw difference) in East End of Pittsburgh, Lawrenceville, and on parts of Northside ('E' markets in 2016).

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MVA 2016	Median Price, 16	Median Price, 21	Pct Chg	MVA 2016	Median Price, 16	Median Price, 21	Pct Chg
A	\$434,000	\$463,000	8%	A	\$404,000	\$481,000	21%
B	\$239,000	\$277,000	10%	B	\$228,000	\$295,000	28%
C	\$162,000	\$195,000	19%	C	\$135,000	\$199,000	45%
D	\$110,000	\$134,000	18%	D	\$122,000	\$164,000	34%
E	\$105,000	\$131,000	24%	E	\$75,000	\$146,000	96%
F	\$65,000	\$85,000	29%	F	\$65,000	\$79,000	22%
G	\$36,000	\$49,000	36%	G	\$37,000	\$53,000	44%
H	\$19,000	\$26,000	36%	H	\$20,000	\$35,000	79%
I	\$10,000	\$17,000	86%	I	\$10,000	\$26,000	170%

Figure Three: Sales Price Change from the 2016 to 2021 MVAs by 2016 Market Type (Allegheny County MVA on the left, City of Pittsburgh MVA on the right)

Since the 2016 MVAs, foreclosure rates have declined across all market types, especially in Transitional and Stressed markets. Foreclosure rates had about halved since the 2016 MVAs (although note that these data are from before COVID). Allegheny County did not suffer from the foreclosure crisis to the same extent as other parts of the country; however, foreclosure has impacted particular areas of Allegheny County and the City of Pittsburgh more than others. These areas should be targeted for housing counseling services and foreclosure rescue dollars to prevent another wave of foreclosures from destabilizing these areas and their homeowners. Transitional markets often exist between Stressed and Steady markets and so are important to support before destabilizing influences spread to nearby markets where many low- and moderate- income residents live.

MVA 2021	Foreclosure Rate, 14-16	Foreclosure Rate, 17-19	Pct. Point Chg
A	0.8%	0.5%	-0.3%
B	1.4%	0.7%	-0.7%
C	1.3%	0.7%	-0.6%
D	2.3%	1.4%	-0.9%
E	2.3%	1.4%	-0.9%
F	2.5%	1.5%	-1.0%
G	3.7%	2.3%	-1.4%
H	4.8%	2.6%	-2.3%
I	4.0%	2.4%	-1.6%
J	3.8%	2.3%	-1.5%

Figure Four: Foreclosure Change by 2021 Market Type

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Thank you to each member of the MVA Steering Committee for your time and feedback.

Participating Panelist	Organization
Dee Hennon	Office of Property Assessment
Jim Davis	Office of Property Assessment
Melinda Johnson	Pennsylvania Housing Finance Agency
William McLain	Economic Development – Planning
Charles Keenan	Dept. of Human Services
Joseph Ott	BNY Mellon
Christa Ross	RE/MAX
Drew Pack	Federal Reserve Bank of Cleveland
Vanessa Murphy	Community Builders
An Lewis	Steel Rivers COG, Tri-COG Land Bank
Linda Metropulos	ACTION-Housing Inc
Joanne Foerster	CountyStats
Geoffrey Arnold	CountyStats
Jack McGraw	Allegheny County Housing Authority
Tamara Dudukovich	Avenue Ventures LLC
Laura Zinski	Mon Valley Initiative
Rhiannon Haller	Federal Home Loan Bank
Ed Nusser	City of Bridges
Lindsay Powell	City of Pittsburgh
Carolyn Krachkowski	Housing Authority of the City of Pittsburgh
Andrew Dash	City Planning, City of Pittsburgh
Christopher Corbett	City Planning, City of Pittsburgh
Joey-Linn Ulrich	Economic Development South
Heidi Norman	City of Pittsburgh
Gale Schwartz	Housing Alliance of PA
Daniel Barrett	Buhl Foundation
Jamil Bey	UrbanKind Institute
Sabina Dietrick	University Center for Social & Urban Research
Johnna Pro	PA Dept. Community & Economic Development

Figure Five: 2021 Allegheny County & City of Pittsburgh MVA Steering Committee Members

For more information on the Allegheny County and City of Pittsburgh 2021 MVA, please contact Ira Goldstein, President, Policy Solutions, Reinvestment Fund at ira.goldstein@reinvestment.com