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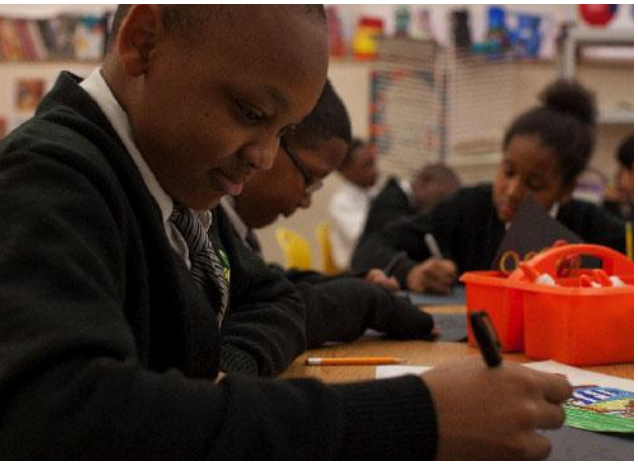
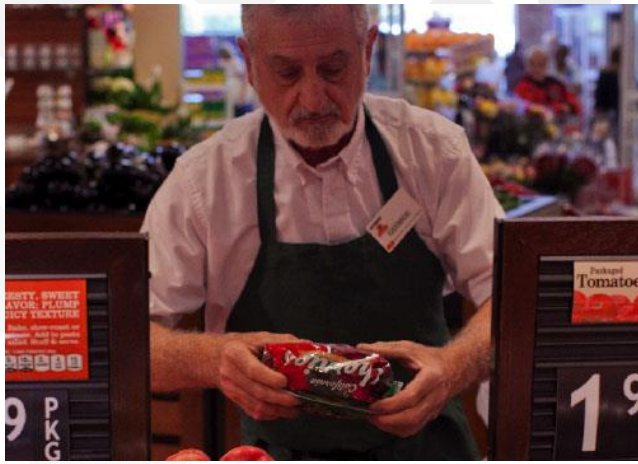




Houston Market Value Analysis

November 2nd, 2022

About Reinvestment Fund

- We are a national mission-driven financial institution that creates opportunity for underserved people and places through partnerships. We marshal the capital, analytics, and expertise necessary to build strong, healthy, and more equitable communities.

- Since 1985, Reinvestment Fund has made $2.7 billion in cumulative investments and loans.

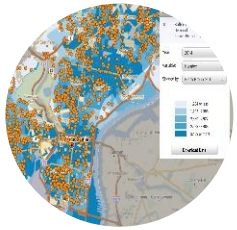
- We are supported by 830 investors that include individuals, foundations, religious institutions, financial institutions, civic organizations and government.

How we work:

Lending & Investing

Capacity Building & Capital Access Programs

Policy Solutions



PolicyMap

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Road Map

I. The Market Value Analysis

II. Houston's 2022 MVA
   I. Market Characteristics
   II. Population by Market Type

III. EDI Analysis

IV. Factors Influencing Market Development
   I. Mortgage Credit
   II. Flood Risk
   III. Vacant Land
   IV. Housing Affordability

V. Displacement Risk and Housing Markets

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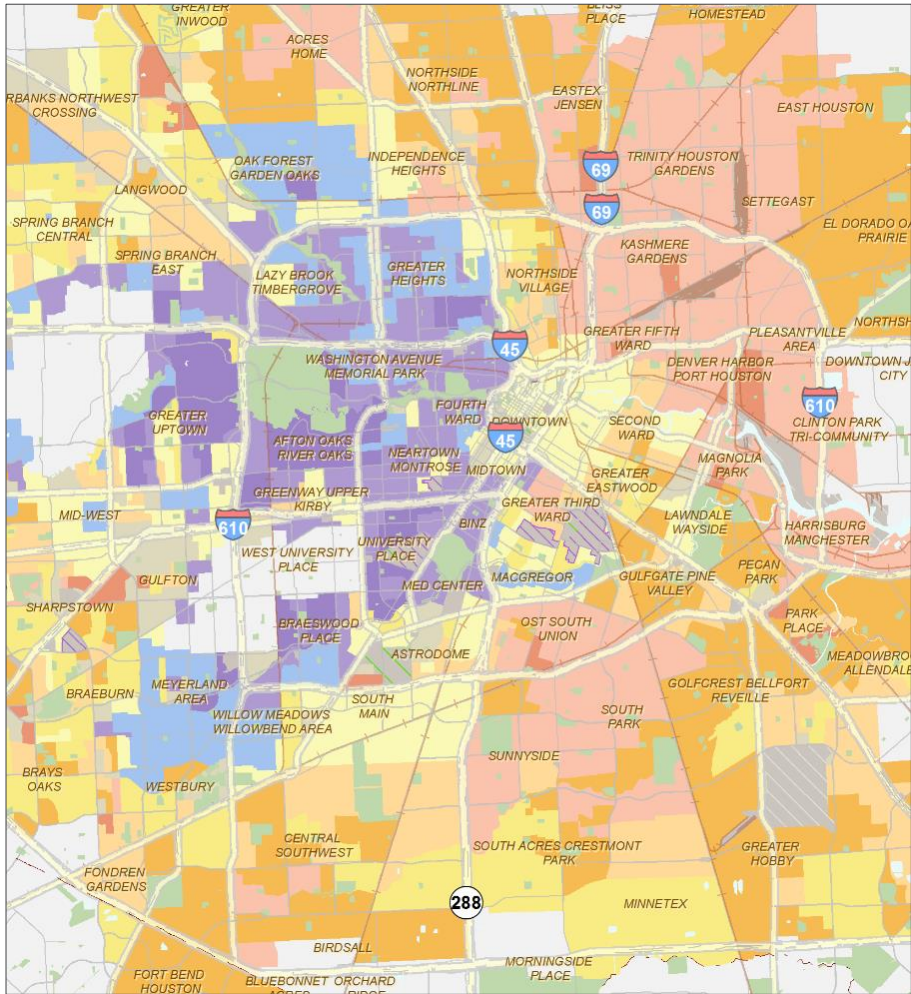
Market Value Analysis Methodology

The Market Value Analysis

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



Our Normative Assumptions

When analyzing markets we begin with these 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

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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, NJ	Wilmington, DE

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MVAs in Action: How Cities Use the MVA

- Component of a local land banking strategy (Phila., NOLA, Pittsburgh, Wilmington)
- Guide capital budget (Detroit)
- Focus code enforcement (Phila., Baltimore, Indianapolis, NOLA)
- Benchmark quality of life measures (Phila.)
- Equitable development strategy (DE/DSHA)
- Target statewide Strong Neighborhoods Revolving Loan Fund (DE/DSHA)
- Inform LIHTC QAP (DE/DSHA)
- Develop CDBG ConPlan / Comprehensive plan (Detroit, Wilmington, St. Louis, Richmond, Dallas)
- Assessment of Fair Housing (Phila., Richmond)
- Assess changes in the market over time (Phila., Baltimore, Pittsburgh)
- 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)

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The MVA Process

1. Acquire **local administrative data** and geocode to Census block group geographies.

2. Manually inspect and **validate data layers** by driving the area.

3. Use statistical **cluster analysis** to identify areas with common attributes.

Iterative

4. Manually inspect areas for conformity with **local experts** to assess fit

5. Alter parameters; **re-solve and re-inspect** until model accurately represents area

6. Summarize and describe the characteristics of each market

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.

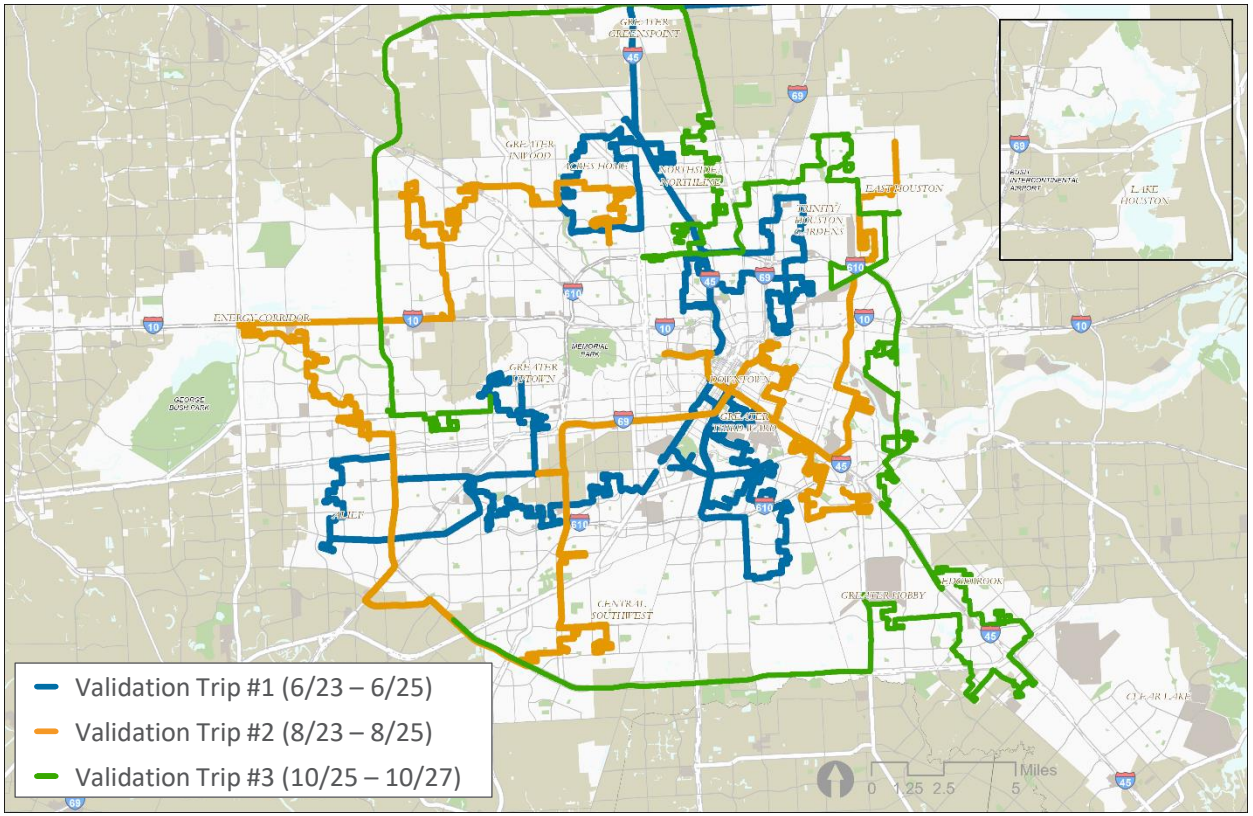
Integrate Local Knowledge.

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

Observations from our Validation Trips

Our validation trips in June, August, and October were intended to confirm the accuracy of our underlying data, identify market characteristics or indicators that should inform the new MVA model, and validate the final model.

Validation Driving Route



Observations from Three Validation Trips

- **Substantial Appreciation.** Across markets, conditions show improvement from 2018.
- **Housing Vacancy.** New vacancy measures were overly sensitive.
- **Construction and Renovation.** We observed substantial construction *and renovation* across middle and stronger markets.
- **All Renter Markets.** Some unclassified areas contained large rental complexes that needed to be coded manually.

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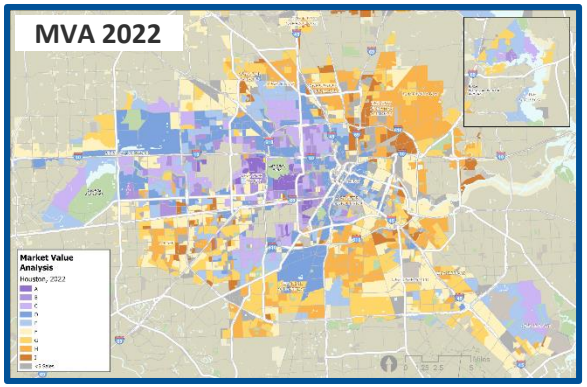
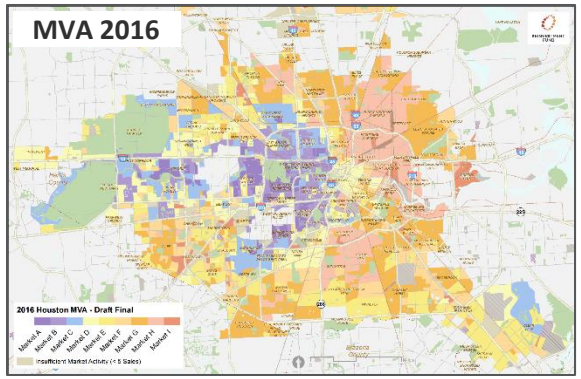
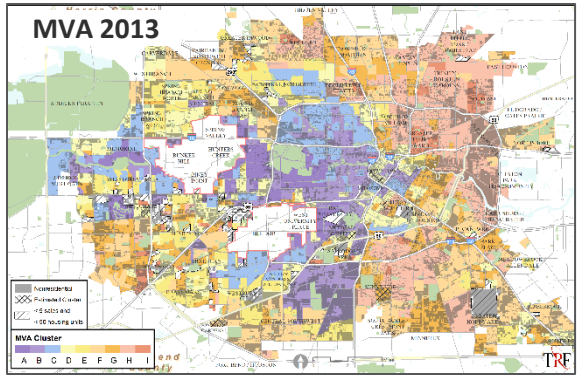
Houston's 2022 Market Value Analysis

A Brief History of MVAs in Houston







The 2022 MVA is the third Market Value Analysis completed in Houston. Each MVA has followed the same general template, with a few modifications each year to improve accuracy and utility:

- Similar number of categories each year
- Similar inputs each year
- New in 2016: Expanded study area to include entire Houston city limits
- New in 2022: Modified variables to reflect pandemic impacts
- New in 2022: Modified color scale to reflect market improvement

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Housing Market Indicators

Property Value and Investment	Median Home Sales Price	Median price of homes sold, 2020-2022	*Purchased records from Data Axle*
	Home Price Variance	Coefficient of Variance of home prices, 2020-2022	*Purchased records from Data Axle*
	New Construction	Permits for single- and multi-family construction, 2020-2022	*Department of Planning and Development*
	Renovation Permits*	Permits for single- and multi-family renovation, 2020-2022	*Department of Planning and Development*
Blight, Distress, and Vacancy	Foreclosure Filings	Foreclosure filings as a share of homeowners, 2018 – 2022	*Constables' Foreclosure Auction Daily Court Review Records*
	Housing Vacancy*	Homes with signs of vacancy (low water usage, water shut offs, demolished buildings, dangerous buildings, code violation), 2022	*Department of Planning and Development, Department of Neighborhoods, Houston Water*
Housing Stock and Land Use	Owner Occupancy	Owner Occupied Homes, 2015 – 2019	*American Community Survey, Five-Year Estimate*
	Subsidized Housing	Units in LIHTC, HCV, and HHA housing as a share of households (excluding elderly developments), 2022	*Houston Housing Authority*
	Land Use	Commercial and industrial land as a share of land area, 2016	*Houston-Galveston Area Council*

*Indicator is new or modified from 2016 MVA

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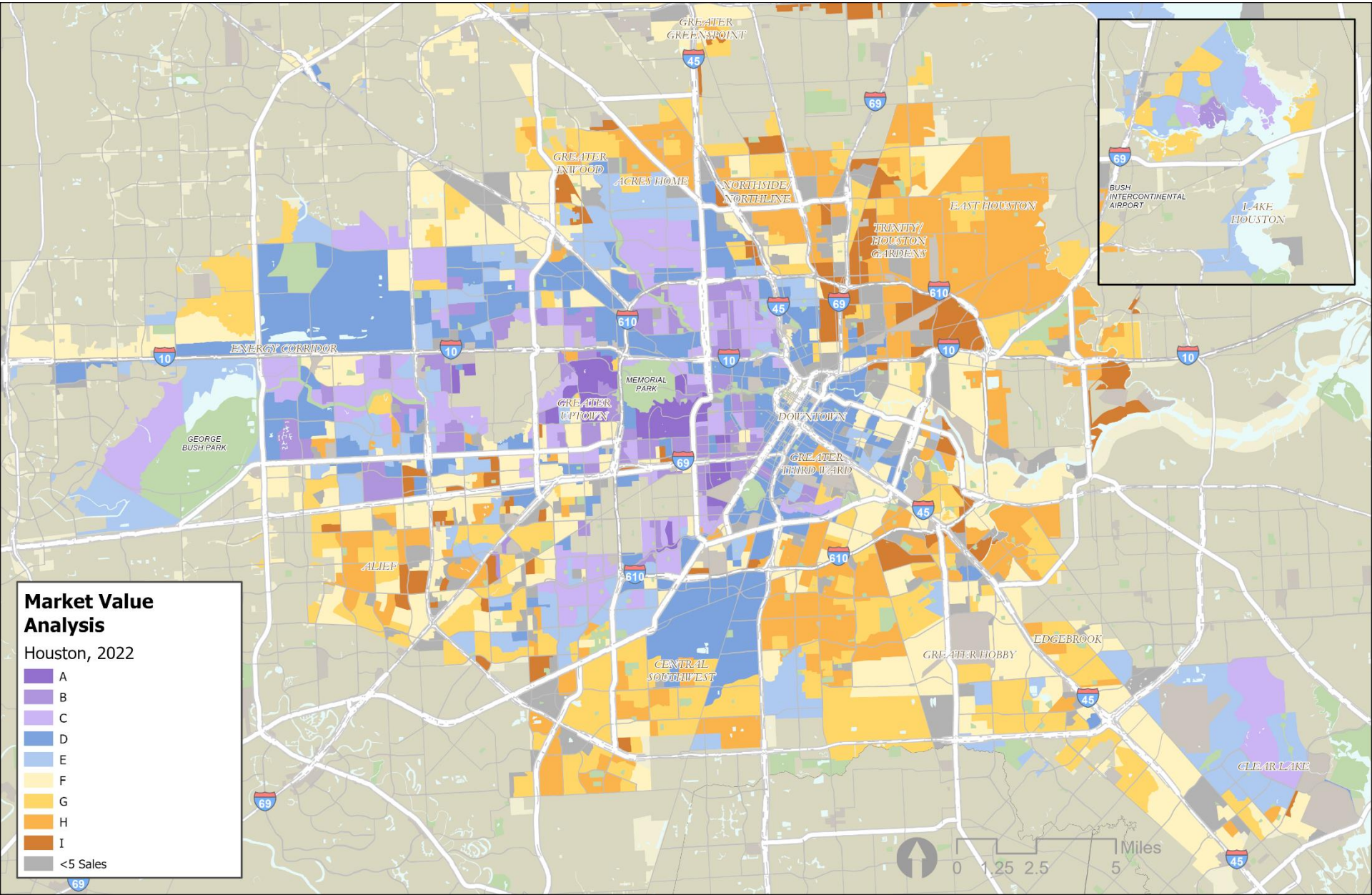
Market Value Analysis (2022)



Market Characteristics

Average Market Indicators by MVA (2022) Market Types

	N =	Median Home Price, 2020-22	Coeff. Var, 2020-22	Pct Home-Owners	New Construction, 2020-22	Home Renovation, 2020-22	Fcl Per 100 Home-Owners	Pct Vacant Buildings, 2022	Subsidized Households	Com/Inds Land Area
A	21	$1,346,786	0.61	84%	3%	10%	0.00	3%	0%	7%
B	81	$549,250	0.51	37%	5%	3%	0.03	1%	1%	24%
C	121	$497,271	0.43	84%	5%	9%	0.04	2%	0%	14%
D	148	$336,281	0.40	34%	11%	3%	0.26	2%	5%	38%
E	148	$279,810	0.43	77%	2%	6%	0.22	2%	1%	12%
F	241	$189,985	0.39	36%	3%	2%	0.59	1%	6%	41%
G	228	$168,083	0.39	77%	3%	4%	0.45	2%	2%	15%
H	187	$130,604	0.50	49%	4%	4%	2.08	4%	6%	19%
I	68	$86,934	0.57	32%	1%	2%	1.32	2%	6%	39%
City	**1,400**	**$278,298**	**0.44**	**48%**	**4%**	**4%**	**0.64**	**2%**	**4%**	**27%**

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*Averages exclude values from estimated block groups

Market Definitions Over Time

Improvements across the city's housing markets led us to modify our color scheme for this year's MVA

2013 MVA

	Median Prices, 10 - 11
A	$571k
B	$315k
C	$273k
D	$147k
E	$146k
F	$82k
G	$79k
H	$50k
I	$27k

2016 MVA

	Median Prices, 14 - 15
A	$715k
B	$412k
C	$337k
D	$219k
E	$149k
F	$104k
G	$86k
H	$53k
I	$33k

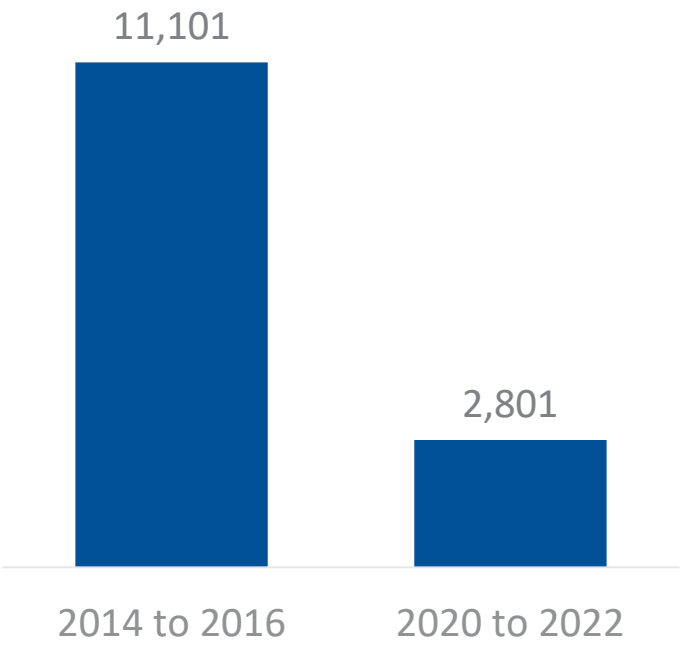
2022 MVA

	Median Prices, 20 - 22
A	$1,347k
B	$549k
C	$497k
D	$336k
E	$280k
F	$180k
G	$168k
H	$131k
I	$87k

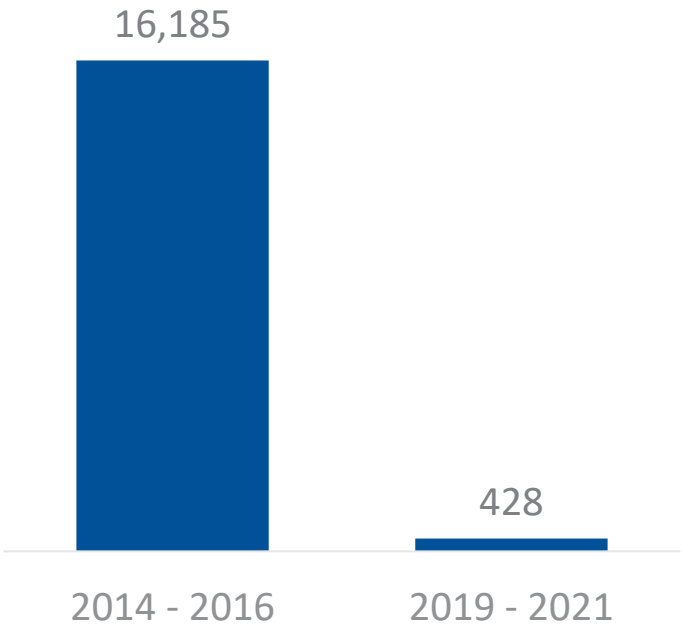
Indicator Changes Over Time

Code Violations and Water Shutoffs Were Not Helpful Indicators for the 2022 MVA

Count of Code Violation Records, 2014 to 2022



Count of Water Shutoff Records, 2014 to 2022



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Houston Market Categories

Purple Markets

	N =	Median Home Price, 2020-22	Coeff. Var, 2020-22	Pct Home-Owners	New Constr, 2020-22	Home Reno, 2020-22	Fcl Per 100 Homes	Pct Vacant Bld, 2022	Subsidized Households	Com/Inds Land Area
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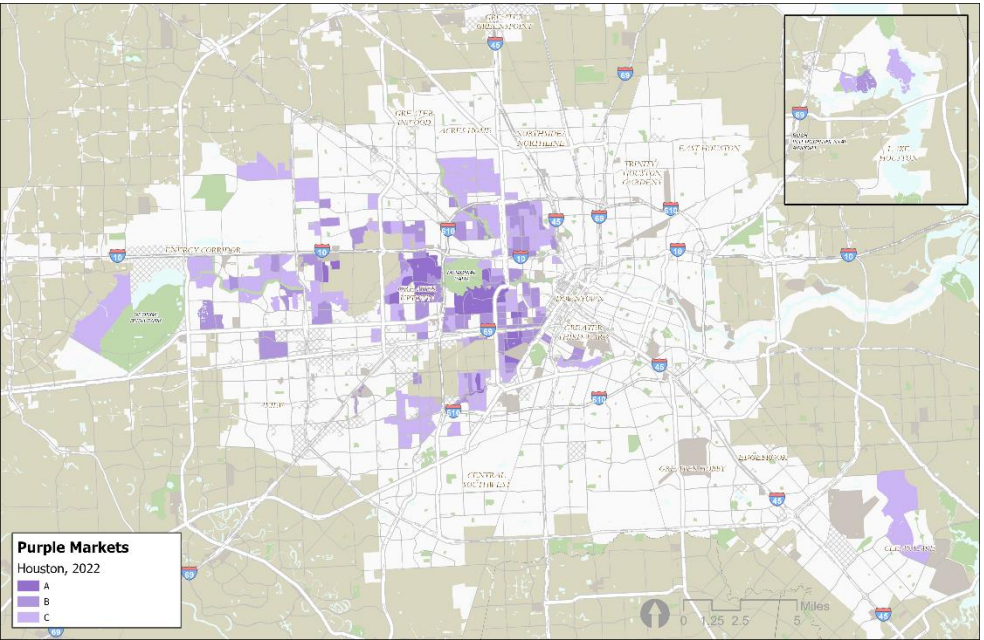

Market Characteristics

- Highest priced neighborhoods with predominantly residential land uses
- Substantial renovation activity, with some new construction
- “B” Markets contain more mixed use and rental properties

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Blue Markets

	N =	Median Home Price, 2020-22	Coeff. Var, 2020-22	Pct Home-Owners	New Constr, 2020-22	Home Reno, 2020-22	Fcl Per 100 Homes	Pct Vacant Bld, 2022	Subsidized Households	Com/Inds Land Area
D	148	$336,281	0.4	34%	11%	3%	0.26	2%	5%	38%
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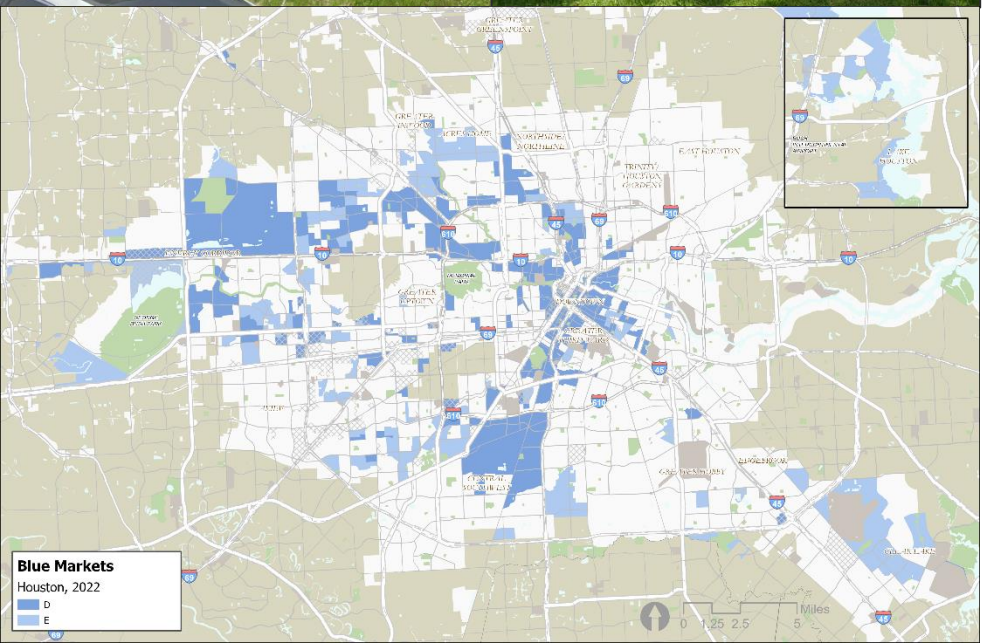

Market Characteristics

- Moderate prices, with mix of owners and renters
- Renter markets (“D”) experiencing substantial new townhome construction
- Homeowner markets (“E”) are well maintained older homes, with moderate renovation activity
- Minimal vacancy and foreclosure activity

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Yellow Markets

	N =	Median Home Price, 2020-22	Coeff. Var, 2020-22	Pct Home-Owners	New Constr, 2020-22	Home Reno, 2020-22	Fcl Per 100 Homes	Pct Vacant Bld, 2022	Subsidized Households	Com/Inds Land Area
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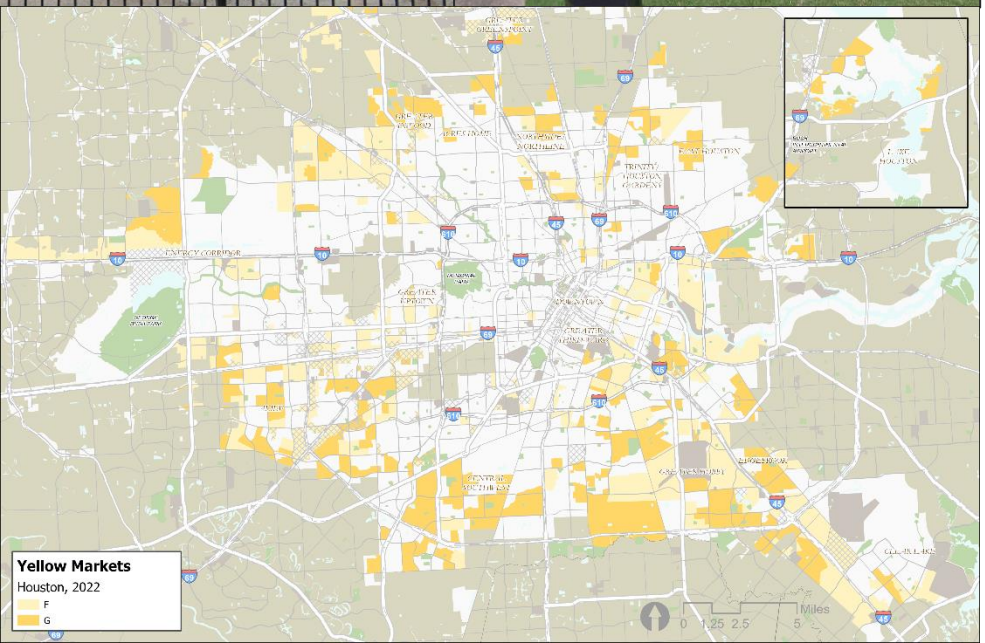

Market Characteristics

- Noticeably lower development activity
- Properties have higher level of deferred maintenance, and elevated foreclosure activity
- City's highest non-residential land use in "F" markets

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Orange Markets

	N =	Median Home Price, 2020-22	Coeff. Var, 2020-22	Pct Home-Owners	New Constr, 2020-22	Home Reno, 2020-22	Fcl Per 100 Homes	Pct Vacant Bld, 2022	Subsidized Households	Com/Inds Land Area
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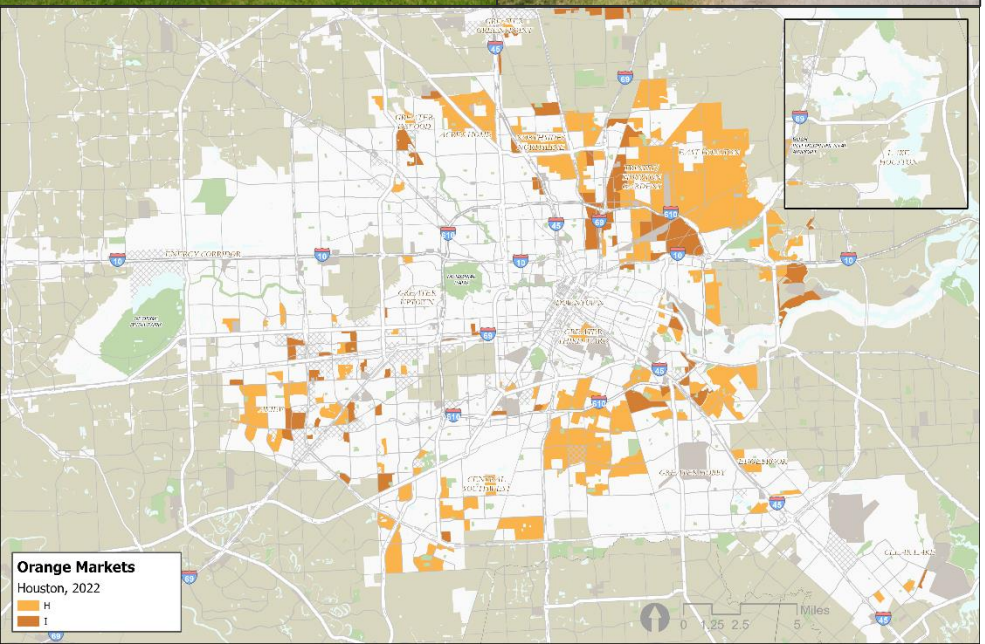

Market Characteristics

- Lowest home prices, and noticeable vacant buildings and undeveloped parcels
- Less neighborhood infrastructure (e.g., sidewalks, drains)
- Fewer home sales and realtor activity with highest foreclosure rates
- Above average non-residential land use and subsidy use

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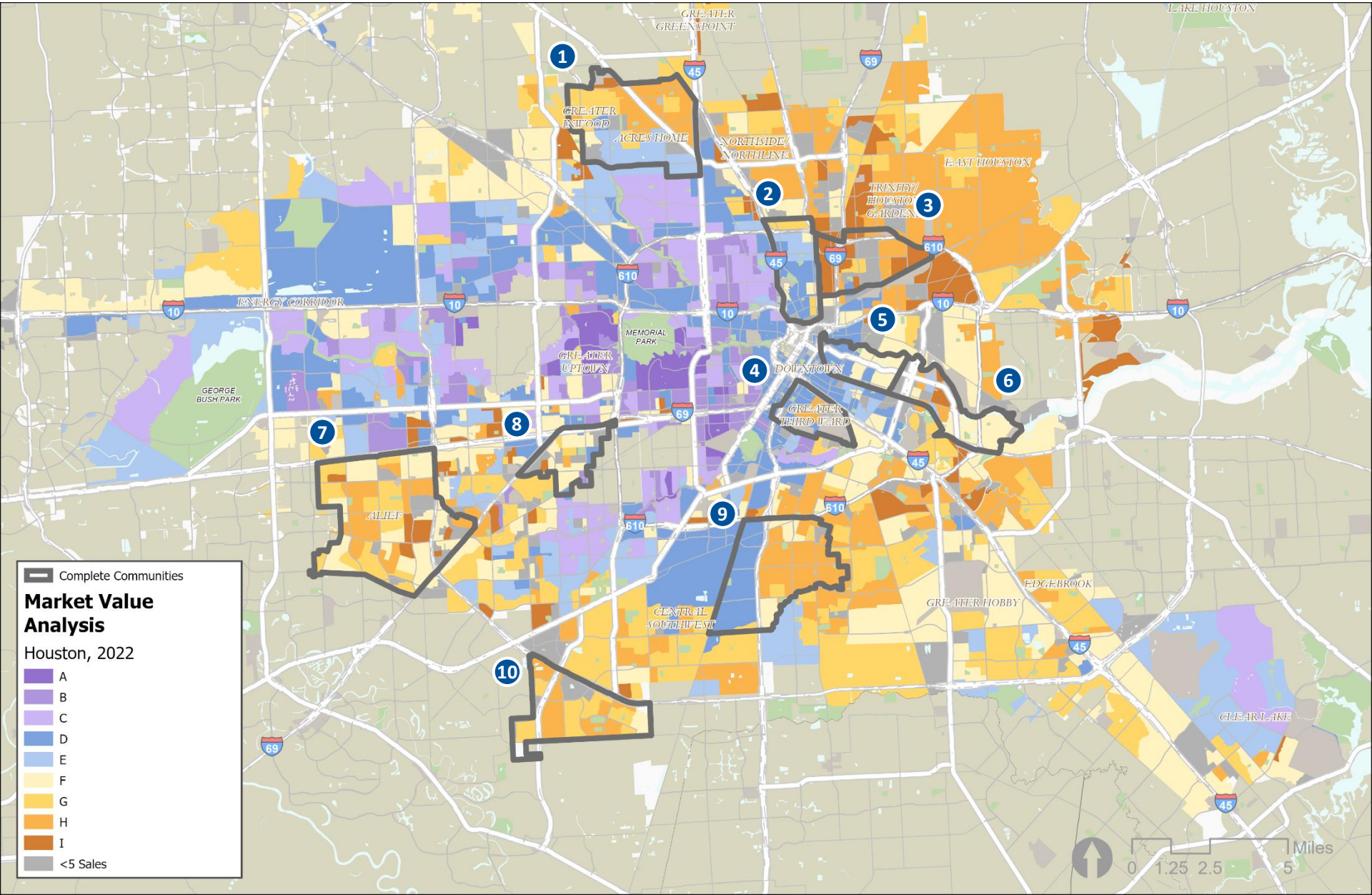
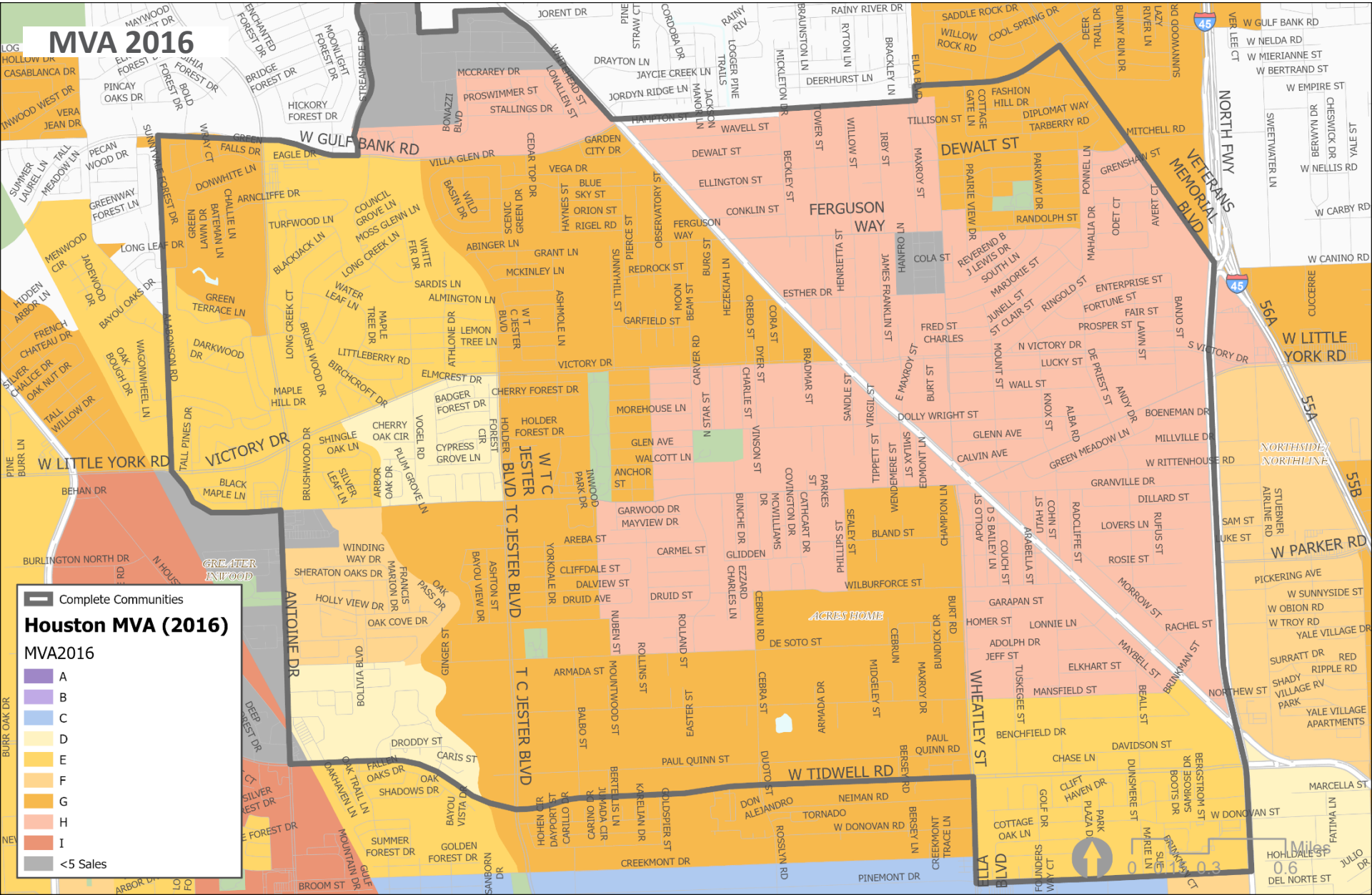
Houston Complete Communities

Complete Communities



1) Acres Homes



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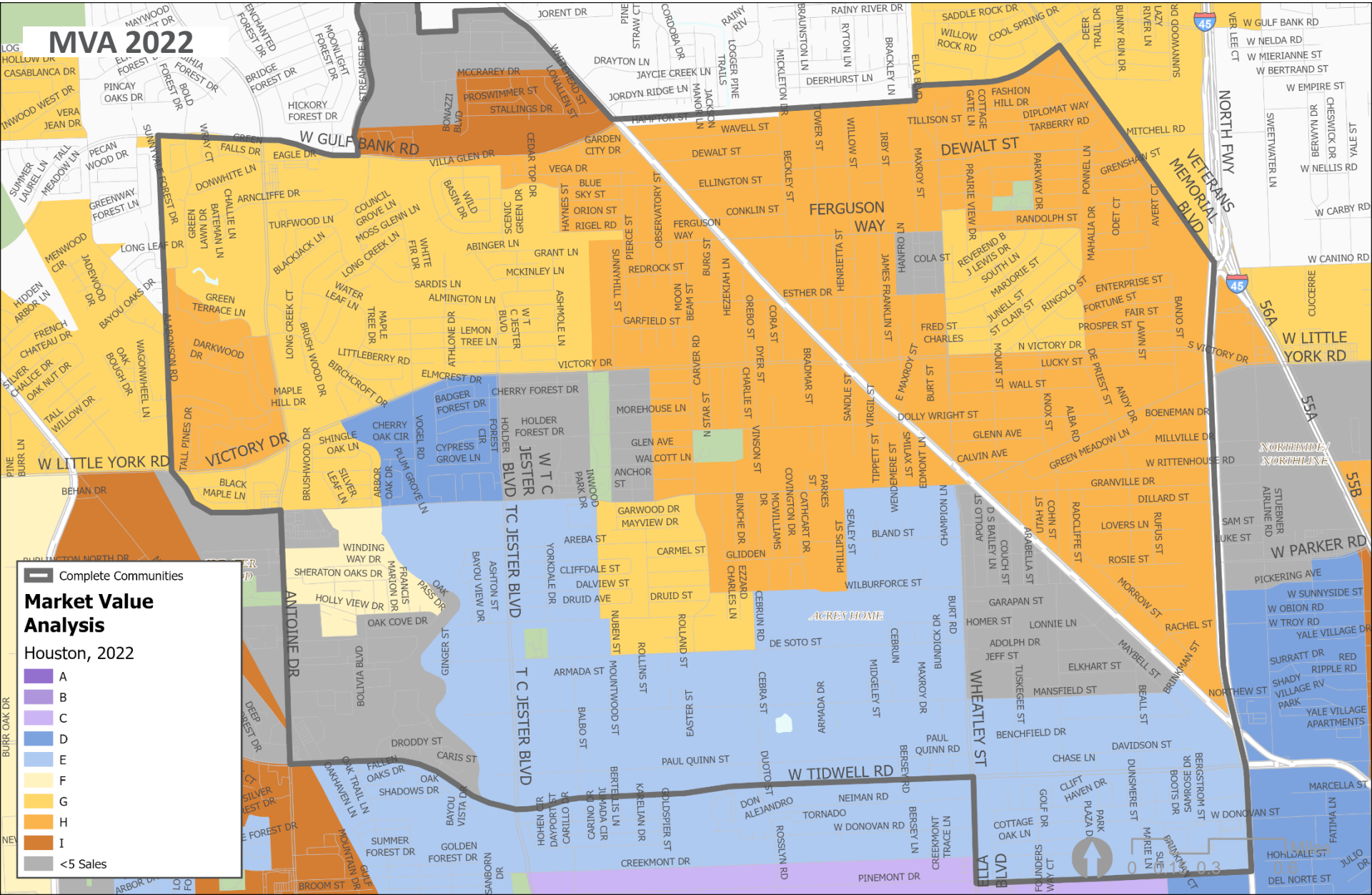
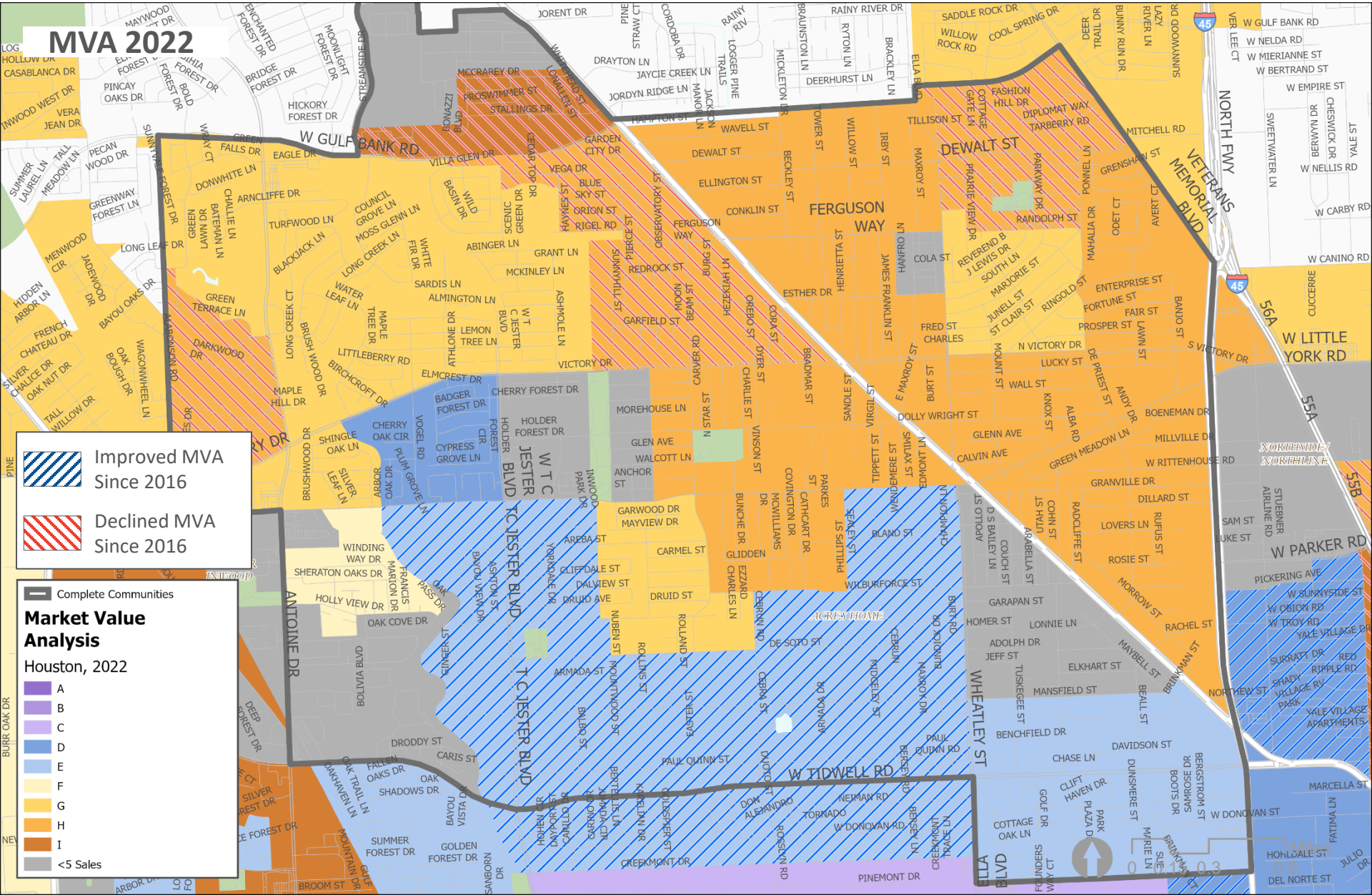
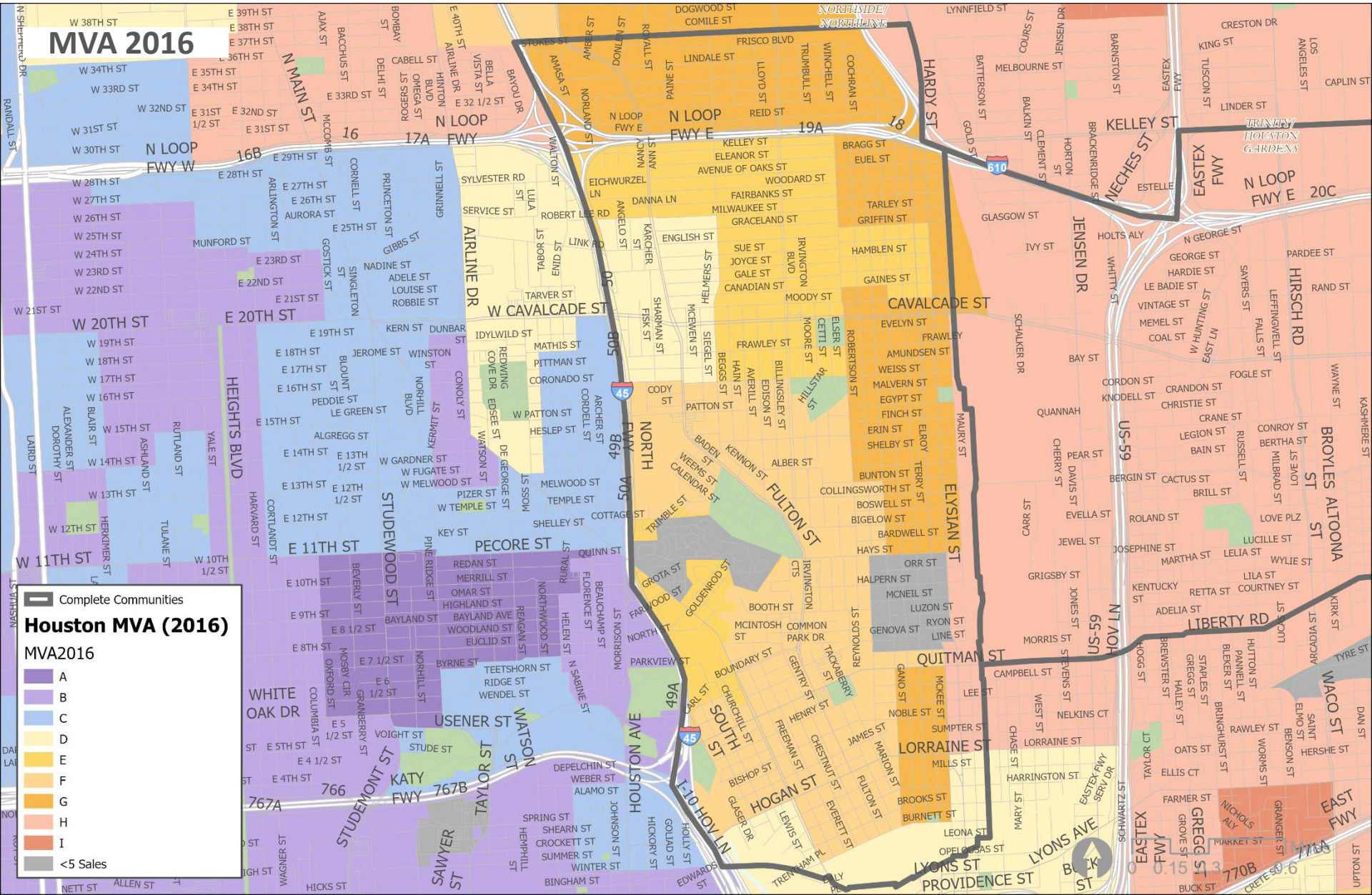


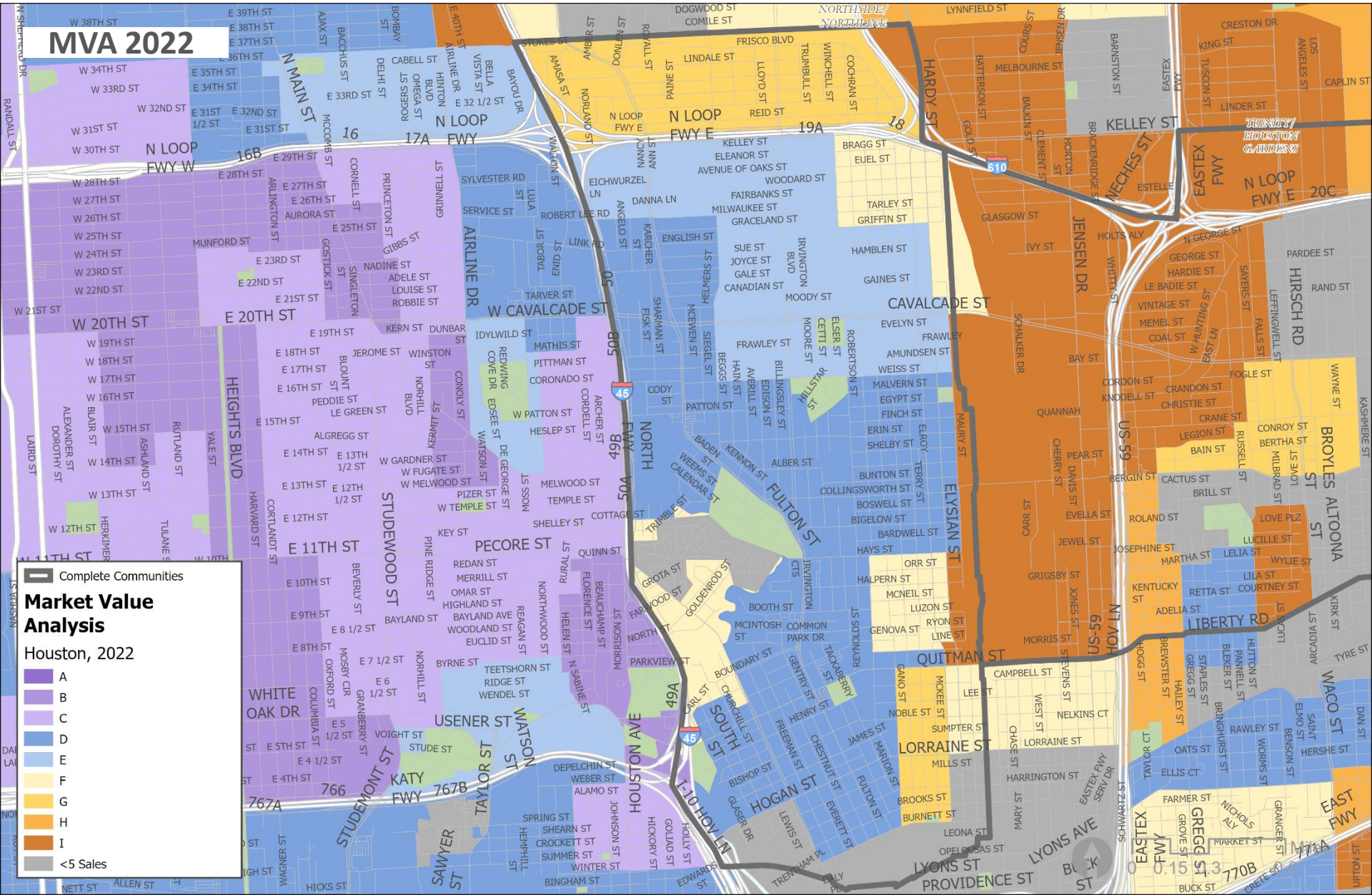
1) Acres Homes



2) Near Northside



2) Near Northside



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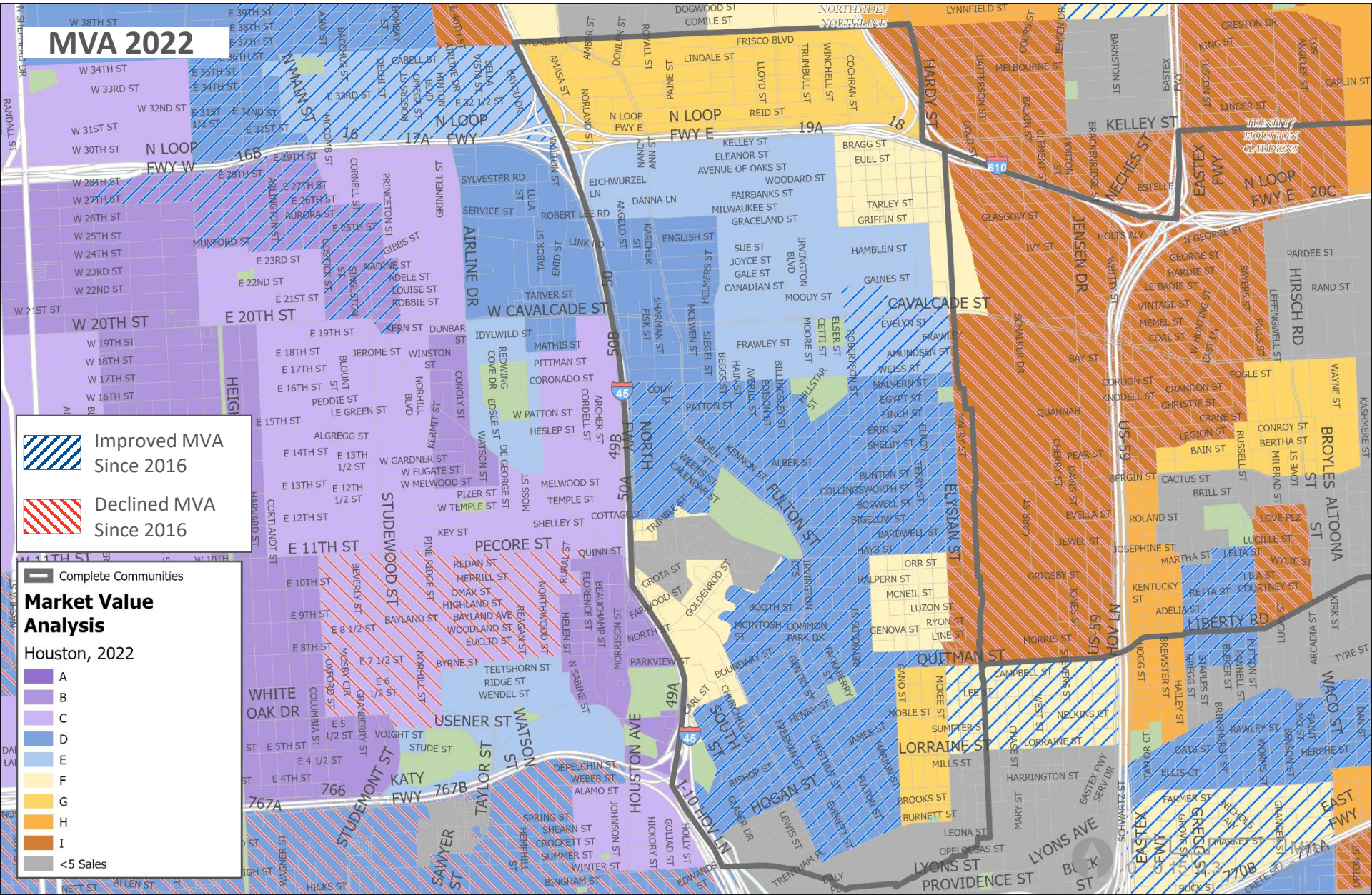
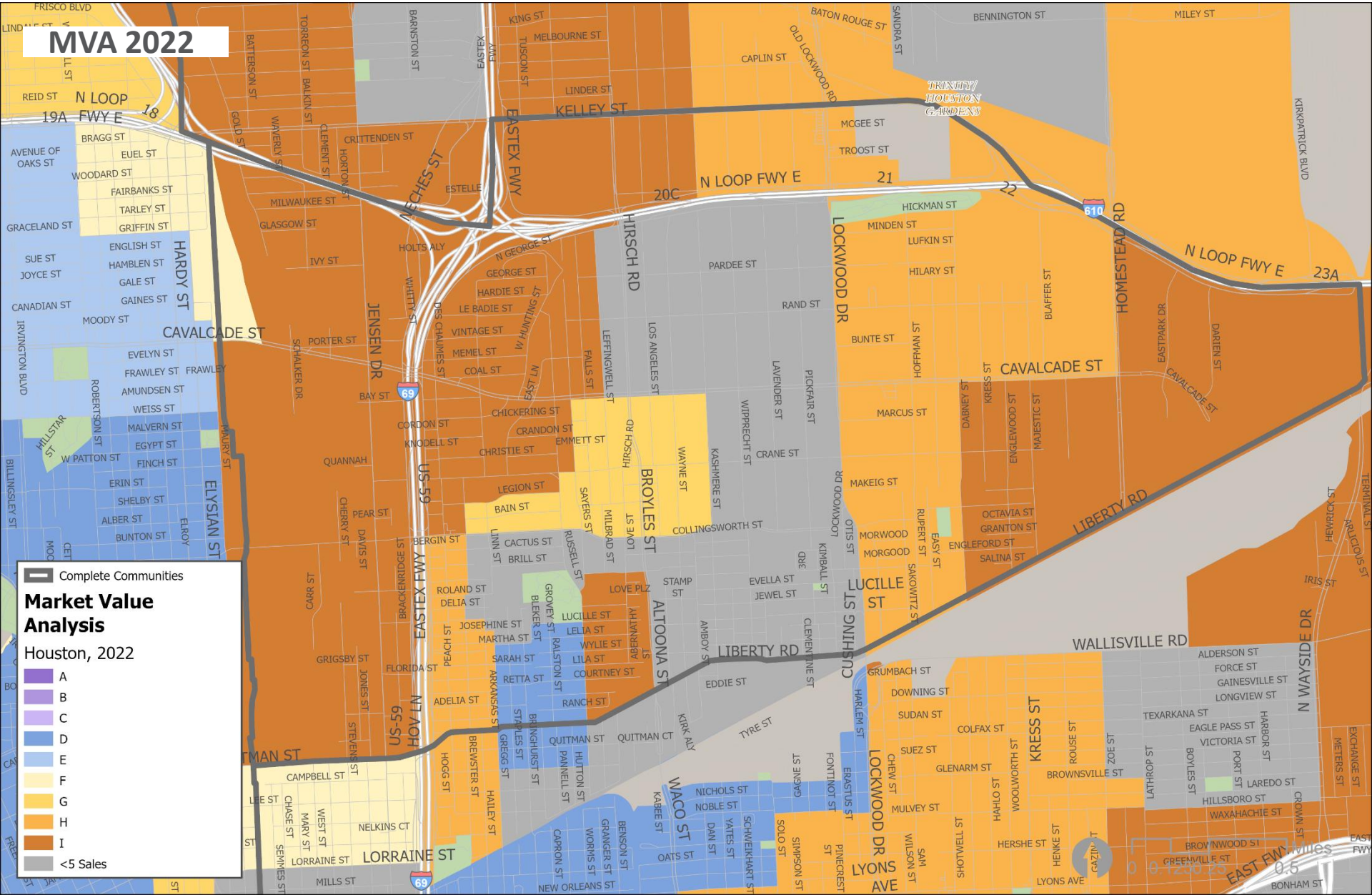
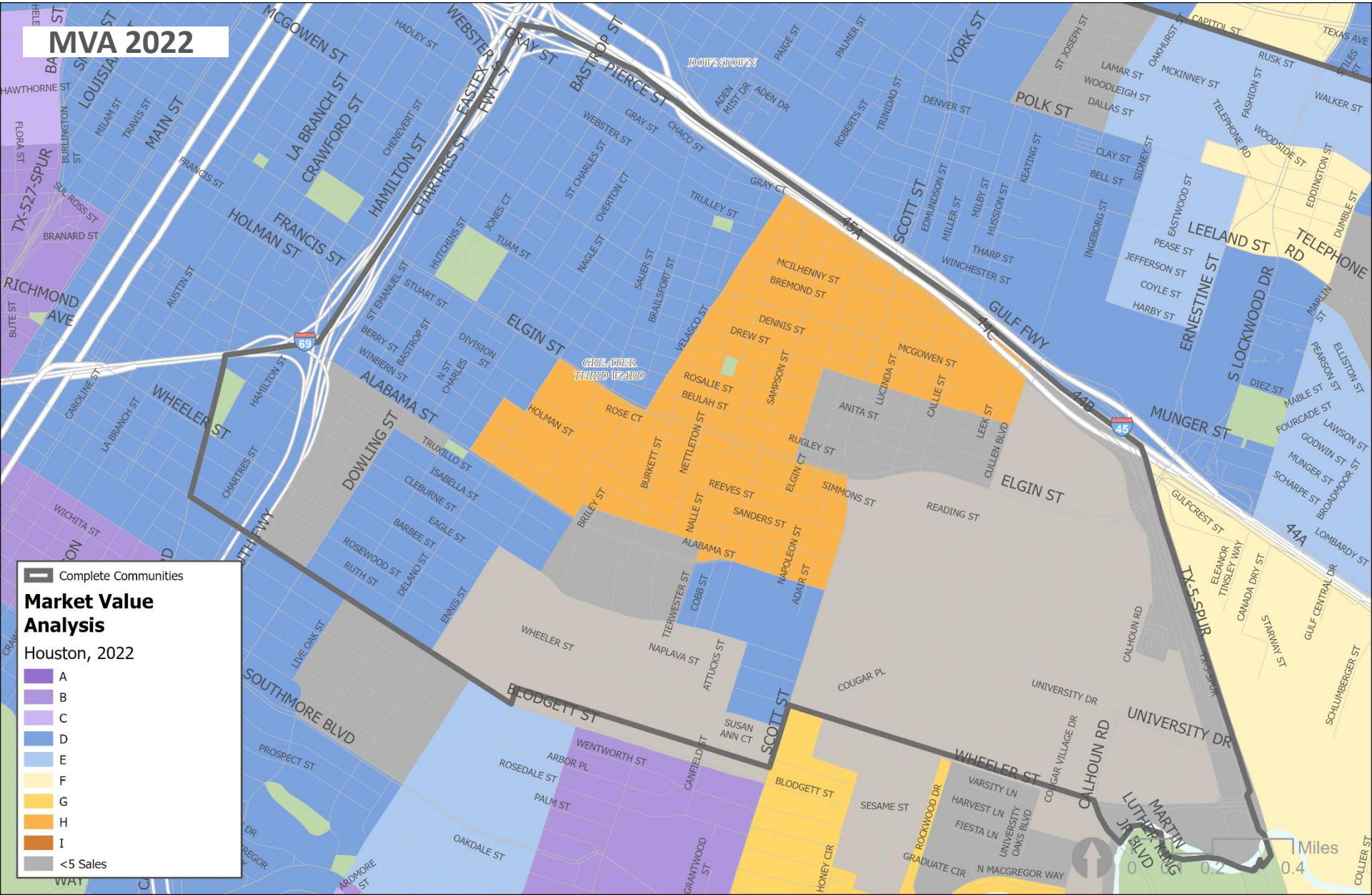


3) Kashmere Gardens



4) Third Ward


MVA 2022
Complete Communities
Market Value Analysis
Houston, 2022
A
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<5 Sales
Miles
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0.2
0.4
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GREATER THIRD WARD
MCGOWEN ST
HADLEY ST
WEBSTER ST
GRAY ST
BASTROP ST
PIERCE ST
PAGE ST
PALMER ST
YORK ST
ST JOSEPH ST
CAPITOL ST
TEXAS AVE
OAKHURST ST
RUSK ST
LAMAR ST
MCKINNEY ST
WOODLEIGH ST
DALLAS ST
FASHION ST
WALKER ST
POLK ST
DENVER ST
TELEPHONE RD
WOODSIDE ST
EDDINGTON ST
DUMBLE ST
HAWTHORNE ST
LOUISIANA ST
MILAM ST
TRAVIS ST
MAIN ST
BURLINGTON ST
FLORA ST
TX-527-SPUR
SUL ROSS ST
BRANARD ST
LA BRANCH ST
CRAWFORD ST
CHENEVERT ST
FRANCIS ST
HAMILTON ST
CHARTRES ST
FASTEX FWY
HOLMAN ST
FRANCIS ST
RICHMOND AVE
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ST CHARLES ST
OVERTON CT
JONES CT
TUAM ST
HUTCHINS ST
NAGLE ST
SAUER ST
BRAILSFORD ST
VELASCO ST
TRULLEY ST
GRAY CT
ROBERTS ST
TRINIDAD ST
DENVER ST
ADEN MIST DR
ADEN DR
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CLAY ST
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SIDNEY ST
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THARP ST
WINCHESTER ST
EASTWOOD ST
PEASE ST
JEFFERSON ST
COYLE ST
HARBY ST
LEELAND ST
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S LOCKWOOD DR
TELEPHONE RD
MARLIN ST
ELLISTON ST
PEARSON ST
DIEZ ST
MABLE ST
FOURCADE ST
LAWSON ST
GODWIN ST
MUNGER ST
SCHARPE ST
BROADMOOR ST
LOMBARDY ST
GULFCREST ST
ELEANOR TINSLEY WAY
CANADA DRY ST
STARWAY ST
GULF CENTRAL DR
SCHLUMBERGER ST
COLLIER ST
GULF FWY
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44C
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MUNGER ST
ELGIN ST
STUART ST
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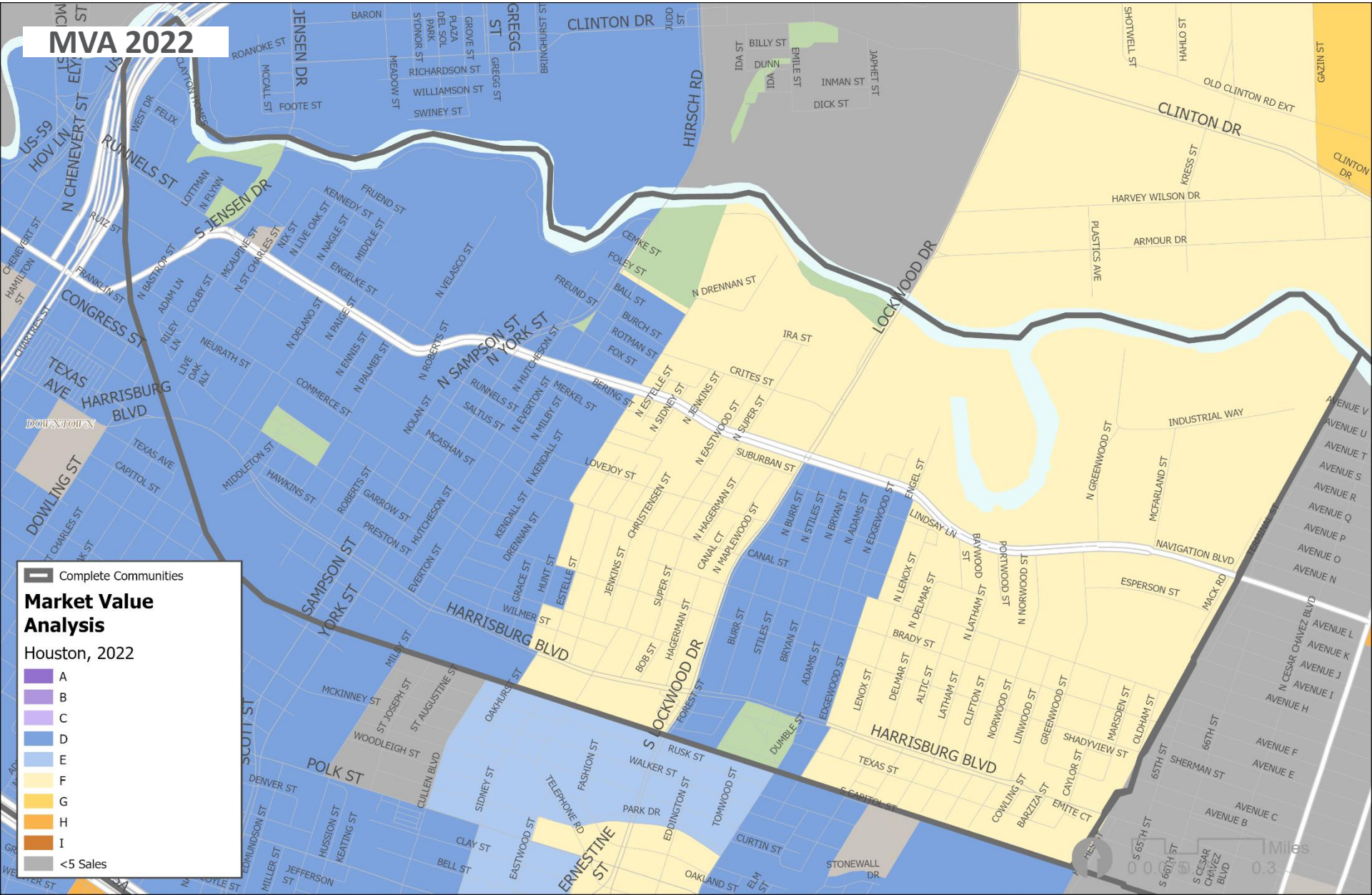
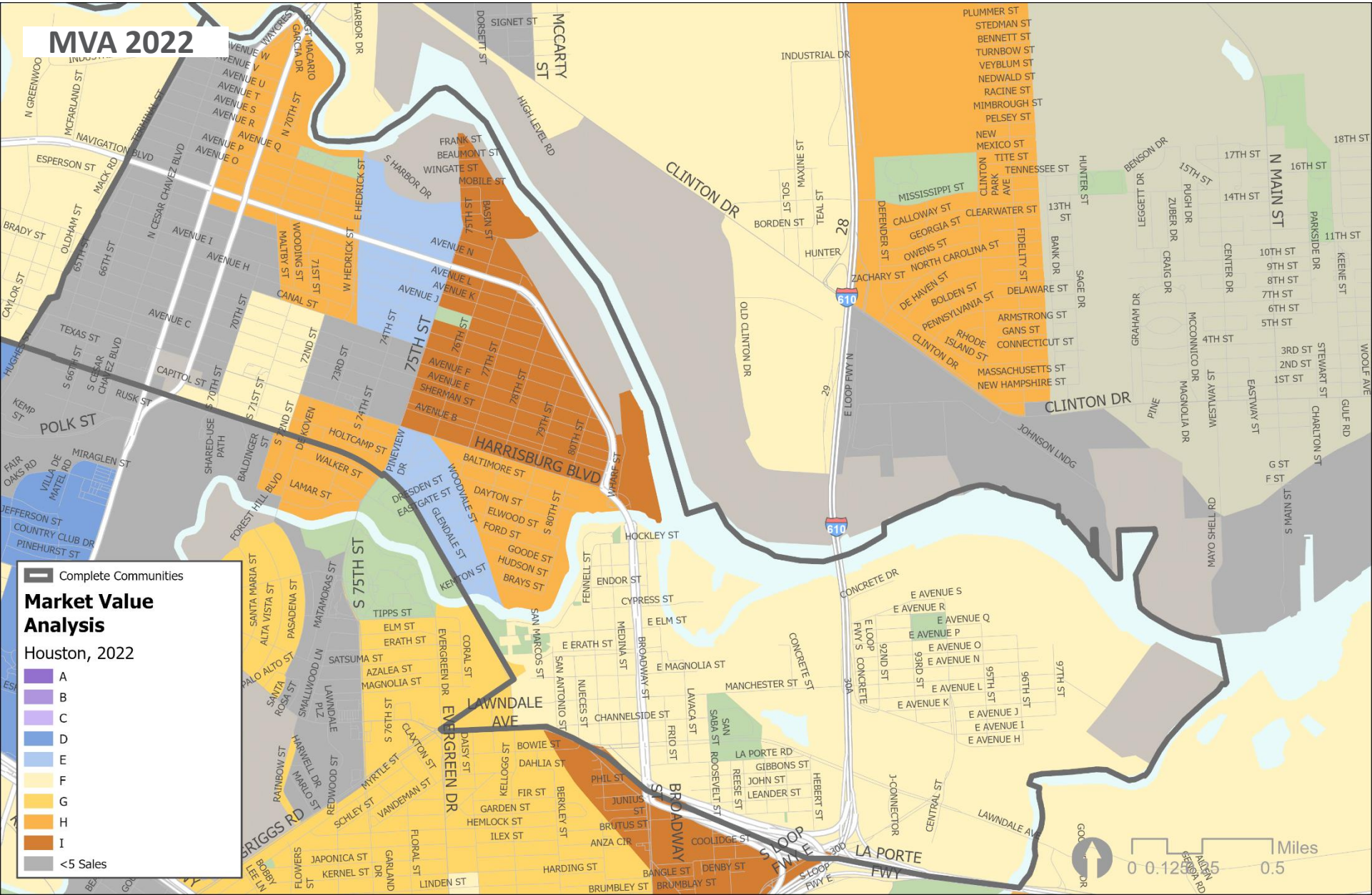
HUTCHINS ST
BERRY ST
BASTROP ST
WINBERN ST
N ST CHARLES ST
DIVISION ST
ALABAMA ST
WHEELER ST
CAROLINE ST
LA BRANCH ST
CHARTRES ST
DOWLING ST
TRUXILLO ST
ISABELLA ST
CLEBURNE ST
EAGLE ST
BARBEE ST
ROSEWOOD ST
RUTH ST
DELANO ST
ENNIS ST
WICHITA ST
LIVE OAK ST
SOUTHMORE BLVD
PROSPECT ST
MCILHENNY ST
BREMOND ST
DENNIS ST
DREW ST
ROSALIE ST
BEULAH ST
HOLMAN ST
ROSE CT
BRILEY ST
BURKETT ST
NETTLETON ST
SAMPSON ST
LUCINDA ST
MCGOWEN ST
CALLIE ST
ANITA ST
LEEK ST
CULLEN BLVD
RUGLEY ST
ELGIN CT
REEVES ST
SANDERS ST
NALLE ST
ALABAMA ST
NAPOLEON ST
ADAIR ST
SIMMONS ST
READING ST
TIERWESTER ST
COBB ST
WHEELER ST
NAPLAVA ST
ATTUCKS ST
SUSAN ANN CT
BLODGETT ST
SCOTT ST
COUGAR PL
CALHOUN RD
UNIVERSITY DR
TX-5-SPUR
WENTWORTH ST
ARBOR PL
ROSEDALE ST
PALM ST
CANFIELD ST
OAKDALE ST
GRANTWOOD ST
HONEY CIR
BLODGETT ST
SESAME ST
ROCKWOOD DR
COUGAR VILLAGE DR
VARSITY LN
HARVEST LN
FIESTA LN
UNIVERSITY OAKS BLVD
GRADUATE CIR
N MACGREGOR WAY
WHEELER ST
CALHOUN RD
UNIVERSITY DR
MARTIN LUTHER KING JR BLVD
ARDMORE ST

5) Second Ward



6) Magnolia Park - Manchester



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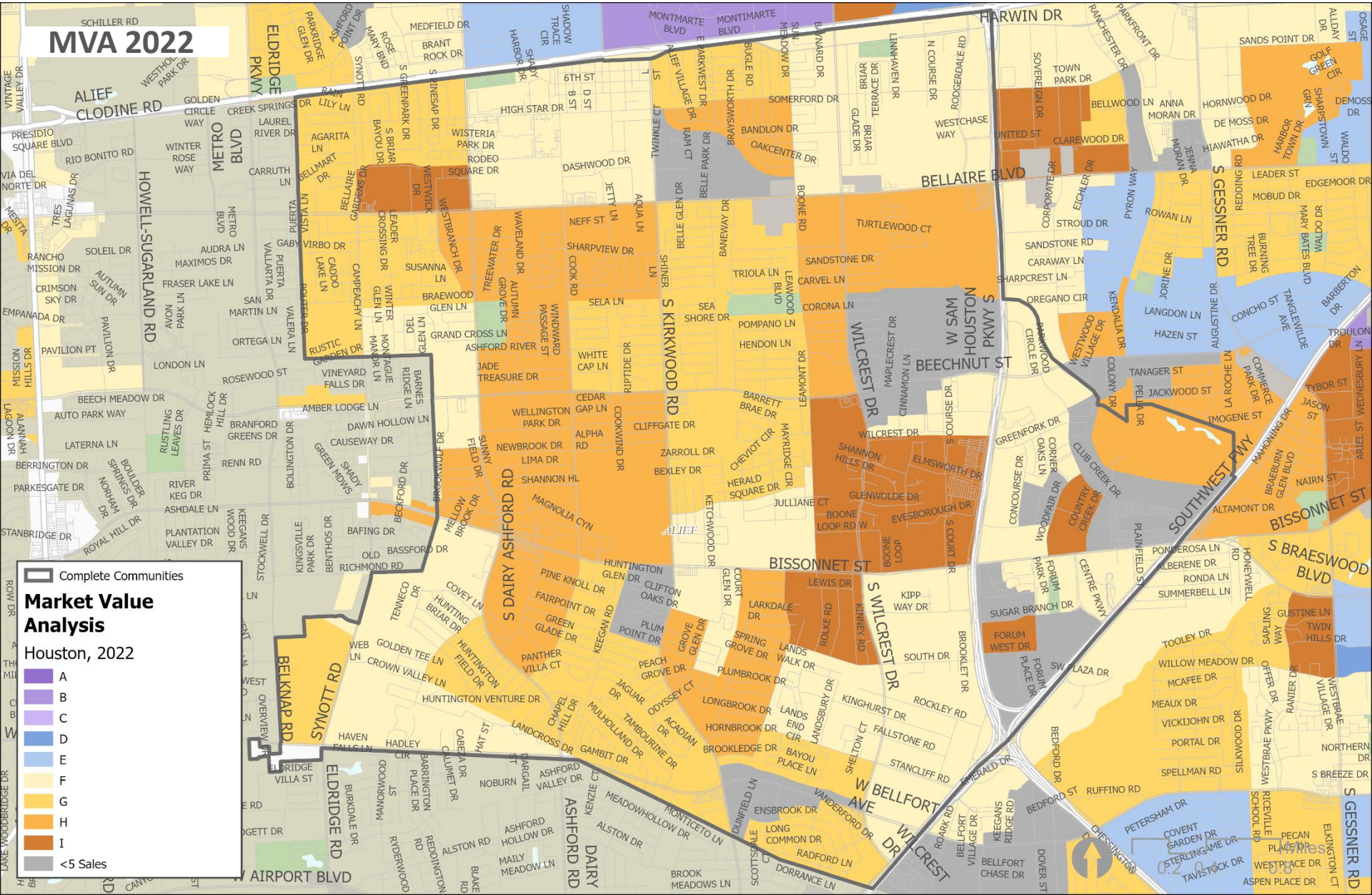
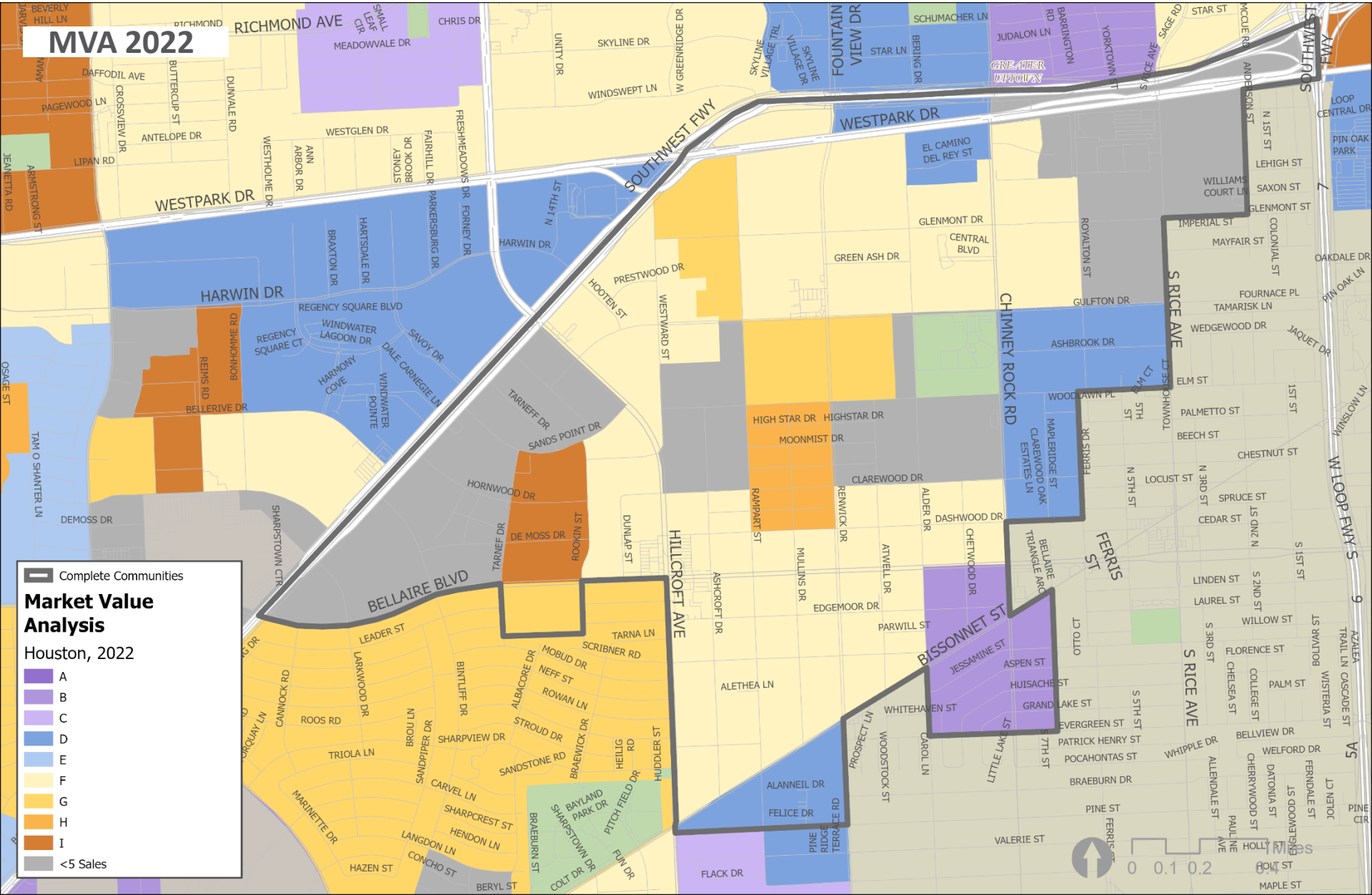

MVA 2022
Complete Communities
Market Value Analysis
Houston, 2022
A
B
C
D
E
F
G
H
I
<5 Sales
ALIEF
ALIEF CLODINE RD
HARWIN DR
BELLAIRE BLVD
BEECHNUT ST
BISSONNET ST
S KIRKWOOD RD
S DAIRY ASHFORD RD
S WILCREST DR
W SAM HOUSTON PKWY S
SOUTHWEST FWY
S BRAESWOOD BLVD
S GESSNER RD
W BELLFORT AVE
W AIRPORT BLVD
BELKNAP RD
SYNOTT RD
ELDRIDGE RD
HOWELL-SUGARLAND RD
METRO BLVD
ELDRIDGE PKWY
WILCREST DR
0 0.2 0.4 0.8 Miles

8) Gulfton


MVA 2022
Complete Communities
Market Value Analysis
Houston, 2022
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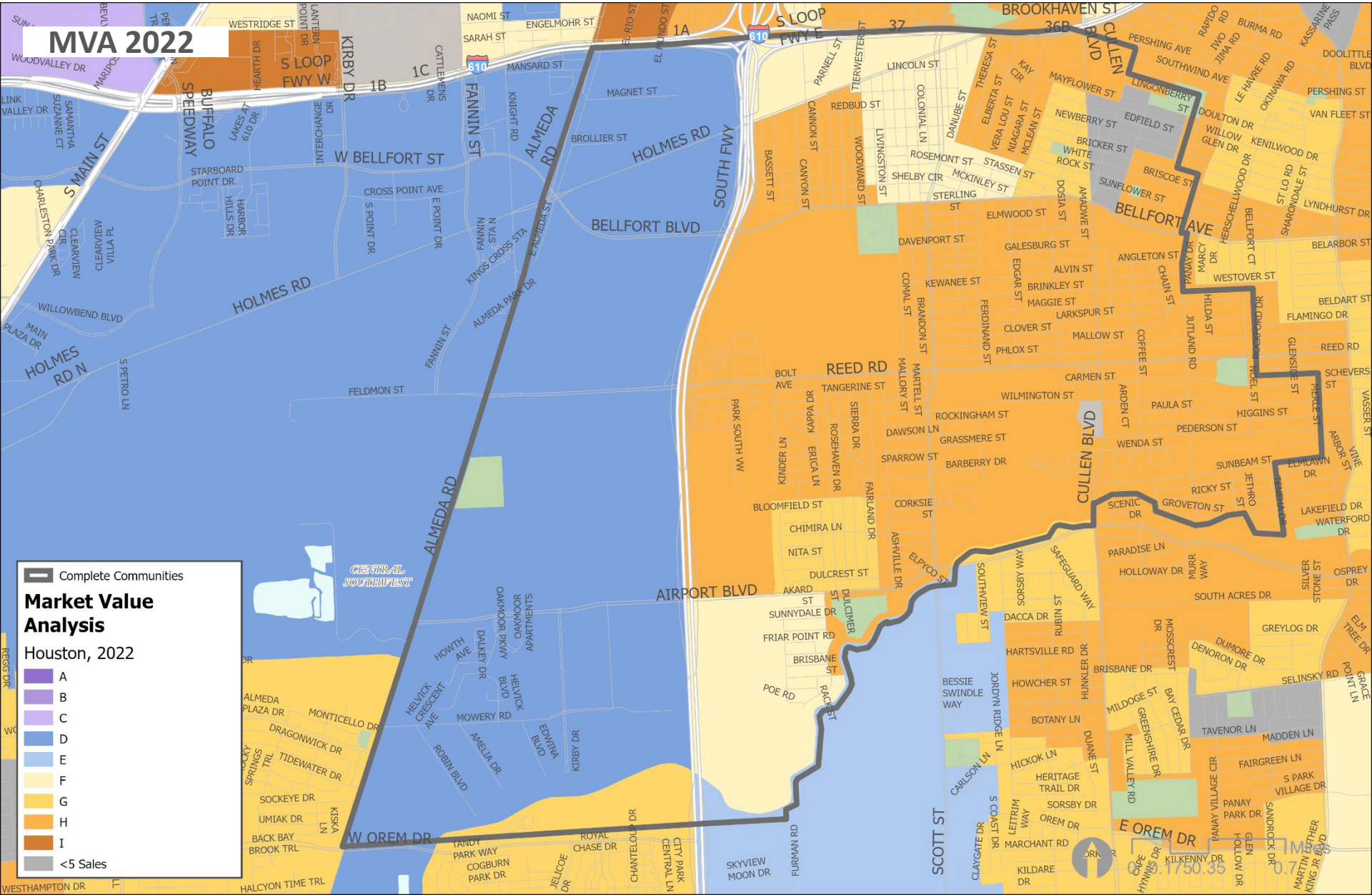
<5 Sales
RICHMOND AVE
WESTPARK DR
SOUTHWEST FWY
HARWIN DR
BELLAIRE BLVD
HILLCROFT AVE
BISSONNET ST
CHIMNEY ROCK RD
S RICE AVE
FERRIS ST
W LOOP FWY S
SOUTH ST
FOUNTAIN VIEW DR
GREATER UPTOWN
7
9
5A

9) Sunnyside


MVA 2022
Complete Communities
Market Value Analysis
Houston, 2022
A
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E
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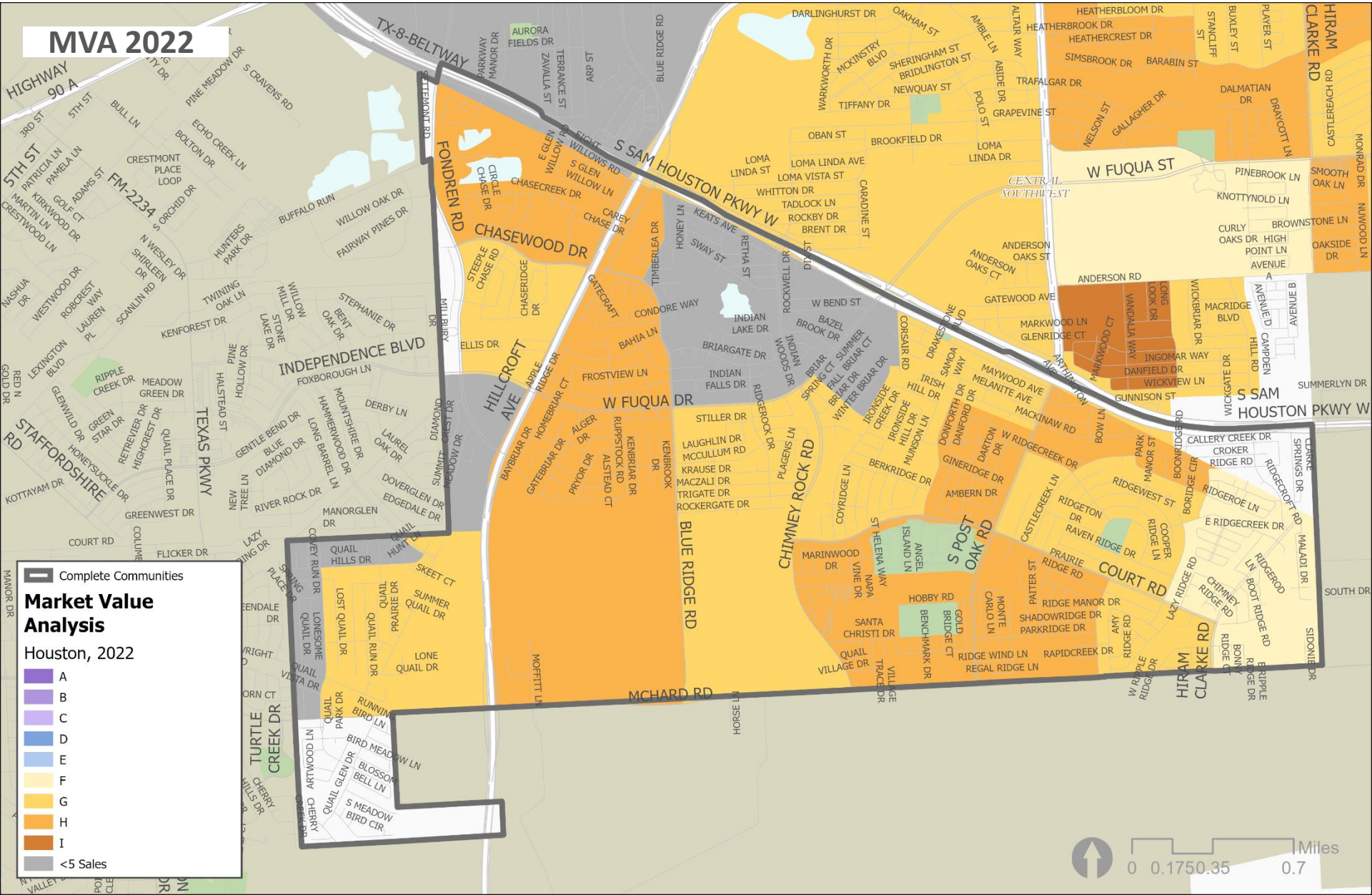
<5 Sales
S LOOP FWY W
S LOOP FWY E
1A
1B
1C
37
36B
610
BROOKHAVEN ST
CULLEN BLVD
BELLFORT AVE
W BELLFORT ST
BELLFORT BLVD
HOLMES RD
HOLMES RD N
S MAIN ST
KIRBY DR
FANNIN ST
ALMEDA RD
SOUTH FWY
REED RD
AIRPORT BLVD
W OREM DR
E OREM DR
SCOTT ST
BUFFALO SPEEDWAY
CENTRAL SOUTHWEST
WESTRIDGE ST
NAOMI ST
ENGELMOHR ST
SARAH ST
MANSARD ST
MAGNET ST
BROLLIER ST
CROSS POINT AVE
STARBOARD POINT DR
WILLOWBEND BLVD
FELDMON ST
ALMEDA PARK DR
KINGS CROSS STA
ALMEDA PLAZA DR
MONTICELLO DR
DRAGONWICK DR
TIDEWATER DR
SOCKEYE DR
UMIAK DR
BACK BAY BROOK TRL
HALCYON TIME TRL
WESTHAMPTON DR
MOWERY RD
HELVICK CRESCENT AVE
ROBIN BLVD
AMELIA DR
EDWINA BLVD
KIRBY DR
OAKMOOR PKWY
OAKMOOR APARTMENTS
HOWTH AVE
DALKEY DR
HELVICK BLVD
TANDY PARK WAY
COGBURN PARK DR
JELICOE DR
ROYAL CHASE DR
CHANTELOUP DR
CITY PARK CENTRAL LN
SKYVIEW MOON DR
FURMAN RD
CARLSON LN
BESSIE SWINDLE WAY
JORDYN RIDGE LN
HUNKLER DR
HARTSVILLE RD
HOWCHER ST
BOTANY LN
HICKOK LN
HERITAGE TRAIL DR
SORSBY DR
OREM DR
MARCHANT RD
KILDARE DR
CLAYGATE DR
S COVE DR
LEITRIM WAY
KILKENNY DR
CAPE HYNNIS DR
GLEN HOLLOW DR
MARTIN LUTHER KING JR BLVD
SANDROCK DR
PANAY PARK DR
PANAY VILLAGE CIR
S PARK VILLAGE DR
FAIRGREEN LN
MADDEN LN
TAVENOR LN
MILDOGE ST
BAY CEDAR DR
GREENSHIRE DR
MILL VALLEY RD
DUANE ST
BRISBANE DR
DACCA DR
RUBIN ST
SOUTHVIEW ST
SORSBY WAY
SAFEGUARD WAY
MOSSCREST DR
DUMORE DR
DENORON DR
GREYLOG DR
SELINSKY RD
GRACE POINT LN
ELM TREE DR
SILVER STONE ST
OSPREY DR
SOUTH ACRES DR
HOLLOWAY DR
MURR WAY
PARADISE LN
SCENIC DR
GROVETON ST
RICKY ST
JETHRO ST
SUNBEAM ST
ELMLAWN DR
LAKEFIELD DR
WATERFORD DR
WENDA ST
PEDERSON ST
HIGGINS ST
PAULA ST
ARDEN CT
COFFEE ST
WILMINGTON ST
CARMEN ST
ROCKINGHAM ST
GRASSMERE ST
BARBERRY DR
SPARROW ST
DAWSON LN
CORKSIE ST
ELPYCO ST
ASHVILLE DR
FAIRLAND DR
BLOOMFIELD ST
CHIMIRA LN
NITA ST
DULCREST ST
AKARD ST
SUNNYDALE DR
FRIAR POINT RD
BRISBANE ST
POE RD
RACE ST
DULCIMER ST
PARK SOUTH VW
KINDER LN
ERICA LN
KAPPA DR
ROSEHAVEN DR
SIERRA DR
MALLORY ST
MARTELL ST
BOLT AVE
TANGERINE ST
KEWANEE ST
COMAL ST
BRANDON ST
FERDINAND ST
EDGAR ST
CLOVER ST
PHLOX ST
MALLOW ST
LARKSPUR ST
MAGGIE ST
BRINKLEY ST
ALVIN ST
GALESBURG ST
DAVENPORT ST
ELMWOOD ST
STERLING ST
MCKINLEY ST
SHELBY CTR
ROSEMONT ST
STASSEN ST
WHITE ROCK ST
BRICKER ST
SUNFLOWER ST
BRISCOE ST
DOSIA ST
AMADVE ST
BASSETT ST
CANYON ST
CANNON ST
WOODWARD ST
LIVINGSTON ST
COLONIAL LN
DANUBE ST
REDBUD ST
LINCOLN ST
PARNELL ST
TIERWESTER ST
THERESA ST
ELBERTA ST
VERA LOU ST
NIAGARA ST
MCLEAN ST
KAY CIR
MAYFLOWER ST
NEWBERRY ST
EDFIELD ST
LINGONBERRY ST
PERSHING AVE
SOUTHWIND AVE
RAPIDO RD
IWO RD
JIMA RD
BURMA RD
LE HAVRE RD
OKINAWA RD
KASSARINE PASS
DOOLITTLE BLVD
PERSHING ST
VAN FLEET ST
DOULTON DR
WILLOW GLEN DR
KENILWOOD DR
HERSCHELLWOOD DR
ST LO RD
SHARONDALE ST
BELLFORT CT
LYNDHURST DR
BELARBOR ST
WESTOVER ST
BELDART ST
FLAMINGO DR
REED RD
SCHEVERS ST
VASSER ST
VINE
ARBOR ST
MERLE ST
GLENSIDE ST
NOEL ST
ROSENWALD DR
JUTLAND RD
HILDA ST
CHAIN ST
MARCY DR
PANAY DR
ANGLETON ST
LINCOLN ST
S MAIN ST
CHARLESTON PARK DR
CLEARVIEW CIR
CLEARVIEW VILLA TRL
HARBOR HILLS DR
S POINT DR
E POINT DR
INTERCHANGE DR
LAKES AT 610 DR
SAMANTHA SUZANNE CT
LINK VALLEY DR
WOODVALLEY DR
MAIN PLAZA DR
HOLMES RD N
S PETRO LN
FANNIN STA N
E ALMEDA ST
KNIGHT RD
CATTLEMENS DR
LANTERN POINT DR
HEARTH DR
EL RIO ST
EL MUNDO ST
REGG DR
ALMEDA PLAZA DR
SPRINGS TRL
KISKA LN
SCENIC DR
CENTRAL SOUTHWEST
0 1750 3500 7000 Feet

10) Fort Bend Houston



REINVESTMENT FUND

Population by Housing Markets

Resident Demographics by Market Type

Population by Market Type

	White	Black	Asian	Hispanic	Other	Total Population
A	18,297 (80%)	552 (2%)	1,049 (5%)	2,519 (11%)	579 (3%)	**22,996 (100%)**
B	76,696 (55%)	12,048 (9%)	17,019 (12%)	30,180 (22%)	4,334 (3%)	**140,277 (100%)**
C	110,502 (69%)	5,165 (3%)	15,511 (10%)	24,910 (16%)	4,237 (3%)	**160,325 (100%)**
D	88,439 (30%)	61,705 (21%)	23,843 (8%)	111,097 (38%)	6,823 (2%)	**291,907 (100%)**
E	116,056 (43%)	41,721 (15%)	21,682 (8%)	84,585 (31%)	5,990 (2%)	**270,034 (100%)**
F	79,108 (15%)	118,539 (23%)	39,808 (8%)	268,278 (52%)	8,653 (2%)	**514,386 (100%)**
G	61,312 (14%)	103,209 (23%)	29,091 (7%)	247,261 (55%)	6,035 (1%)	**446,908 (100%)**
H	22,733 (7%)	117,592 (38%)	11,524 (4%)	157,345 (50%)	4,011 (1%)	**313,205 (100%)**
I	8,838 (8%)	32,663 (29%)	6,275 (5%)	65,247 (57%)	1,114 (1%)	**114,137 (100%)**
Insuf Sales	48,388 (18%)	65,385 (24%)	12,176 (4%)	140,792 (52%)	4,840 (2%)	**271,581 (100%)**
City	630,369 (25%)	558,579 (22%)	177,978 (7%)	1,132,214 (44%)	46,616 (2%)	**2,545,756 (100%)**

REINVESTMENT FUND

Resident Demographics by Market Type

Population by Market Type

	White	Black	Asian	Hispanic	Other	Total Population
A	18,297 (3%)	552 (<1%)	1,049 (1%)	2,519 (<1%)	579 (1%)	22,996 (1%)
B	76,696 (12%)	12,048 (2%)	17,019 (10%)	30,180 (3%)	4,334 (9%)	140,277 (6%)
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Insuf Sales	48,388 (8%)	65,385 (12%)	12,176 (7%)	140,792 (12%)	4,840 (10%)	271,581 (11%)
City	**630,369 (100%)**	**558,579 (100%)**	**177,978 (100%)**	**1,132,214 (100%)**	**46,616 (100%)**	**2,545,756 (100%)**

REINVESTMENT FUND

Five Year Change in Population (2014 to 2019)

Population Change by Market Type

	Population 2010-14	Population 2015-19	Change in Population
A	23,737	22,996	**-741 (-3%)**
B	119,891	140,277	**+20,386 (17%)**
C	160,444	160,325	**-119 (<1%)**
D	265,198	291,907	**+26,709 (10%)**
E	264,477	270,034	**+5,557 (2%)**
F	472,463	514,386	**+41,923 (9%)**
G	433,334	446,908	**+13,574 (3%)**
H	299,028	313,205	**+14,177 (5%)**
I	105,671	114,137	**+8,466 (8%)**
Insuf Sales	255,750	271,581	**+15,831 (6%)**
City	2,399,993	2,545,756	**+145,763 (6%)**

REINVESTMENT FUND

Family and Household Types by Market Type

Household Type by Market Type

	Non-Family Households	Families without Children	Two Parents with Children	One Parent with Children	Total Households
A	2,549 (28%)	3,978 (44%)	2,226 (25%)	260 (3%)	**9,013 (100%)**
B	35,587 (54%)	17,656 (27%)	9,902 (15%)	3,251 (5%)	**66,396 (100%)**
C	20,883 (32%)	24,790 (38%)	16,678 (26%)	2,274 (4%)	**64,625 (100%)**
D	63,780 (50%)	34,472 (27%)	15,870 (12%)	13,304 (10%)	**127,426 (100%)**
E	32,044 (32%)	37,145 (37%)	23,046 (23%)	8,106 (8%)	**100,341 (100%)**
F	77,679 (41%)	52,175 (27%)	30,164 (16%)	30,377 (16%)	**190,395 (100%)**
G	35,826 (26%)	56,950 (41%)	30,490 (22%)	15,303 (11%)	**138,569 (100%)**
H	33,160 (32%)	36,897 (36%)	16,627 (16%)	15,674 (15%)	**102,358 (100%)**
I	16,011 (39%)	11,365 (28%)	6,546 (16%)	7,251 (18%)	**41,173 (100%)**
Insuf Sales	34,841 (37%)	27,699 (30%)	15,772 (17%)	15,405 (16%)	**93,717 (100%)**
City	352,360 (38%)	303,127 (32%)	167,321 (18%)	111,205 (12%)	**934,013 (100%)**

REINVESTMENT FUND

Family and Household Types by Market Type

Household Type by Market Type

	Non-Family Households	Families without Children	Two Parents with Children	One Parent with Children	Total Households
A	2,549 (1%)	3,978 (1%)	2,226 (1%)	260 (<1%)	9,013 (1%)
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City	**352,360 (100%)**	**303,127 (100%)**	**167,321 (100%)**	**111,205 (100%)**	**934,013 (100%)**

REINVESTMENT FUND

REINVESTMENT FUND

Economic Development Investment Analysis

Working Partner

REINVESTMENT FUND

Factors Influencing Market Growth and Development

Mortgage Credit

Flood Risk

Vacant Land

Housing Affordability

Gaps in Mortgage Availability For Lower Priced Homes

Mortgages for Homes Priced Below $150k Had Lower Origination Rates than Other Properties

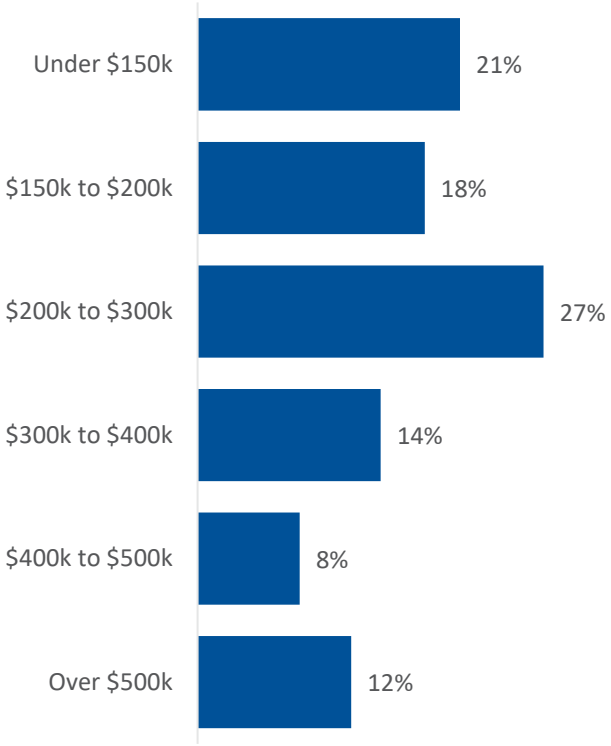
Mortgage Denial Rates by Home Property Value, 2020 to 2021

	Originated Loans	Mortgage Applications	Share Approved/ Originated
Under $150k	1,936	2,743	71%
$150k to $200k	3,511	4,076	86%
$200k to $300k	7,713	8,685	89%
$300k to $400k	7,137	7,727	92%
$400k to $500k	4,618	4,873	95%
Over $500k	8,681	9,358	93%
All Applications	**33,596**	**37,462**	**90%**

*Only Includes first lien, home purchase applications for owner-occupied single-family homes with home value reported.

Roughly 1 in 5 Homes Sold Between 2020 and 2022 Were Priced Below $150,000

Distribution of Houston Home Sale Prices, 2020 to 2022



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Access to Home Mortgage Credit

The table below shows mortgage outcomes from Home Mortgage Disclosure Application filings. The share of cash sales are estimated by comparing the number of originated loans with the number of residential transactions.

Mortgage Application Volume and Outcomes Vary Substantially Across MVA Market Types

	Home Purchase Application Outcomes, 2020 - 2021				*Applications per Household, 2020 - 2021*		*Estimated Home Sales with Mortgages, 2021*		
	Originated Loans	Rejected Apps	Withdrawn Apps	Total Apps	Total Households	App per 100 Households	Home Sales, 2021	Originated Loans, 2021	Estimated Mortgage Sales
Purple Markets	12,128 (76%)	915 (6%)	2,858 (18%)	15,901 (100%)	144,970	11.0	5,680	6,604	>99%
Blue Markets	12,158 (74%)	1,172 (7%)	3,146 (19%)	16,476 (100%)	191,011	8.6	6,217	6,531	>99%
Yellow Markets	8,708 (67%)	1,770 (14%)	2,609 (20%)	13,087 (100%)	322,725	4.1	6,028	4,695	78%
Orange Markets	415 (65%)	85 (13%)	137 (22%)	637 (100%)	28,038	2.3	364	209	57%
Unclass.	546 (64%)	131 (15%)	182 (21%)	859 (100%)	40,598	2.1	405	272	67%
All Markets	**33,955 (72%)**	**4,073 (9%)**	**8,932 (19%)**	**46,960 (100%)**	**727,342**	**6.5**	**18,694**	**18,311**	**98%**

*Only Includes first lien, home purchase applications for owner-occupied single-family homes

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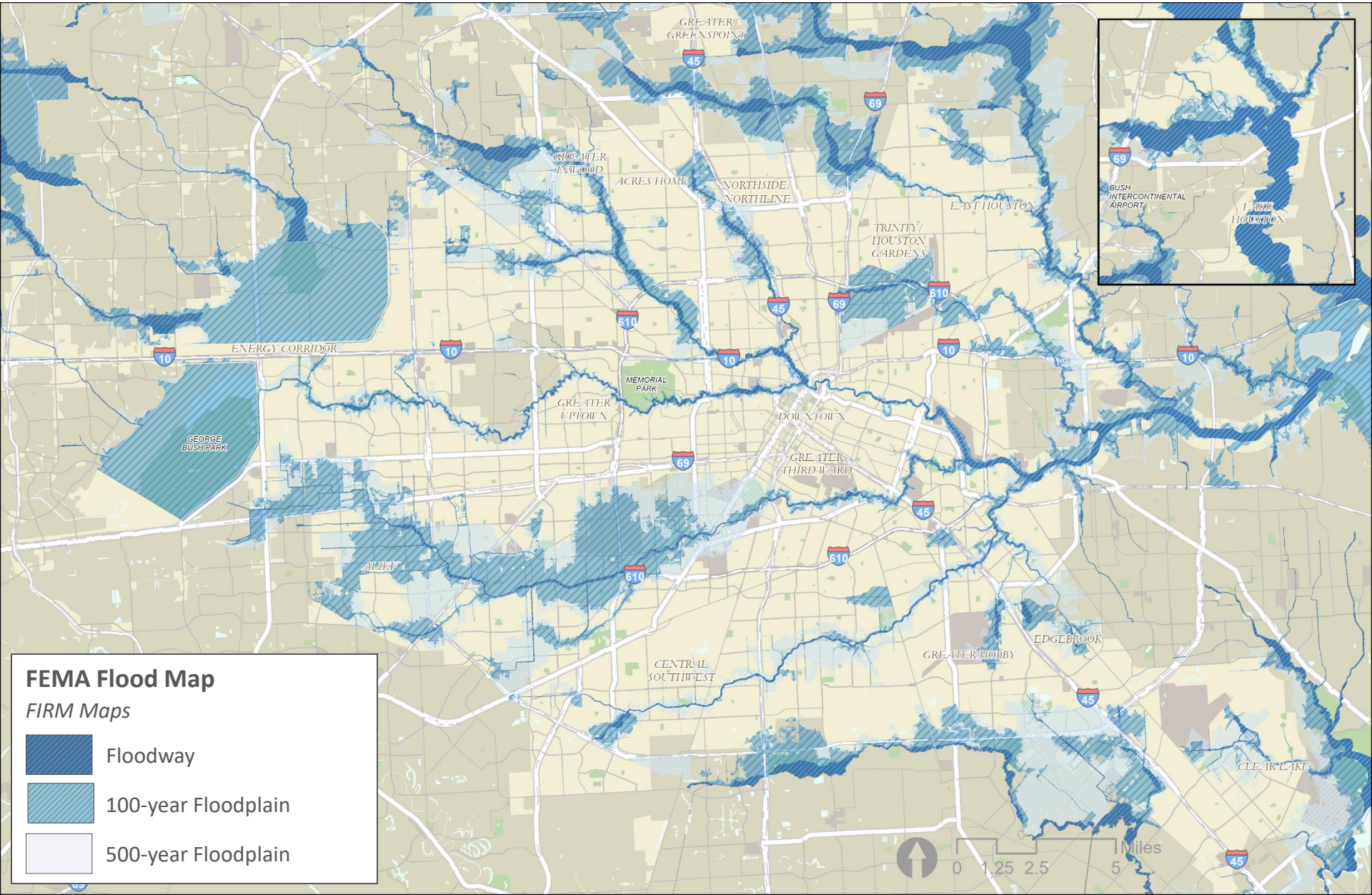
Flood Risk and Housing Markets



Residential Parcels in Flood Areas by Market Type

Although "C" and "I" Markets Had Largest Share of Homes in High-Risk Areas, Flood Risk Was Elevated Across F – H Markets

Share of Residential Parcels by FEMA Flood Classification

	Share of Homes in 100-year Area	Share of Homes in 500-year Area	Share of Homes Not in Flood Area	All Homes
A	6%	11%	83%	*100%*
B	7%	10%	82%	*100%*
C	16%	16%	68%	*100%*
D	5%	14%	81%	*100%*
E	10%	22%	67%	*100%*
F	13%	12%	75%	*100%*
G	14%	23%	62%	*100%*
H	13%	15%	73%	*100%*
I	20%	19%	61%	*100%*
Total	**12%**	**17%**	**70%**	***100%***

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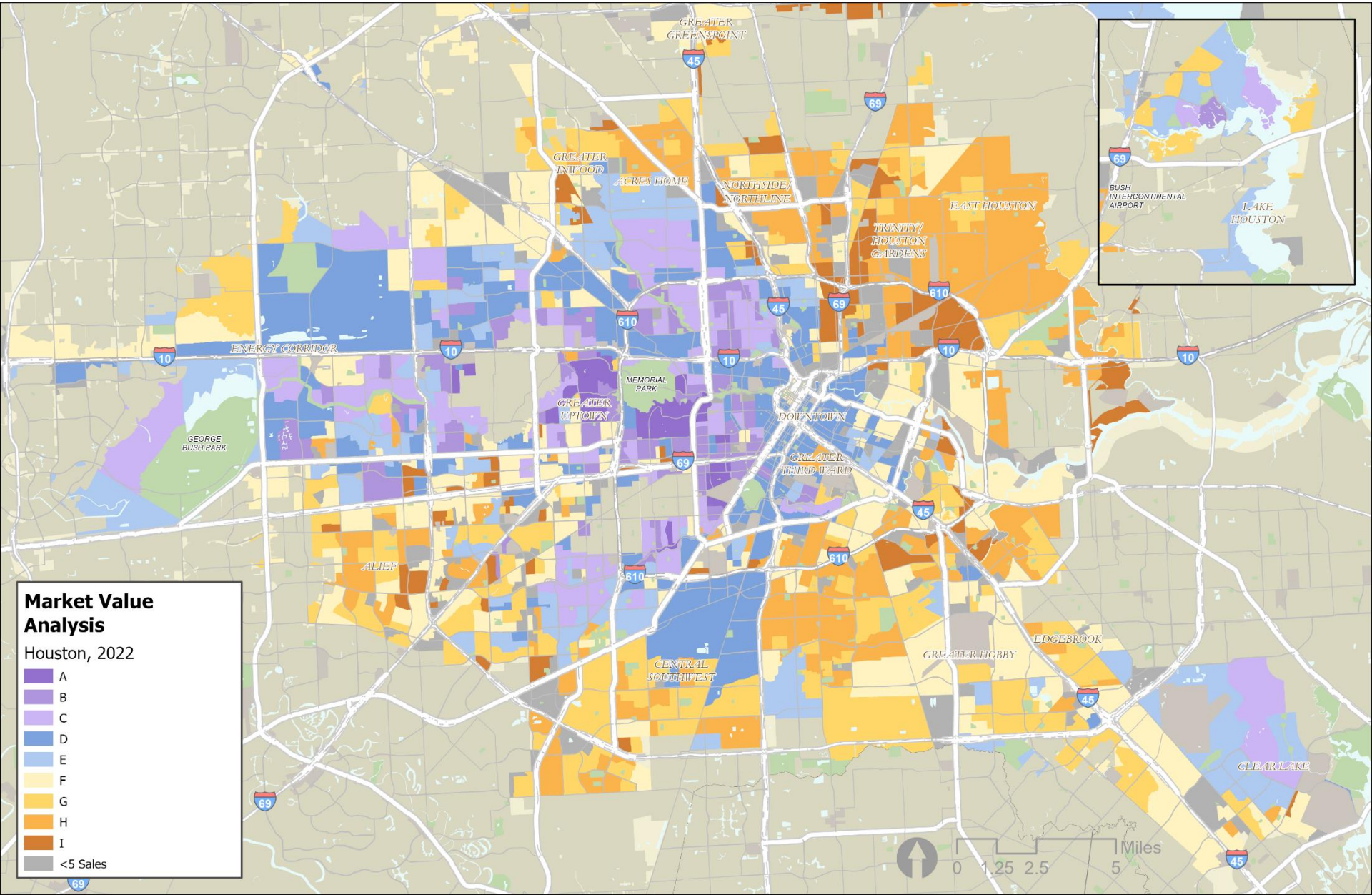
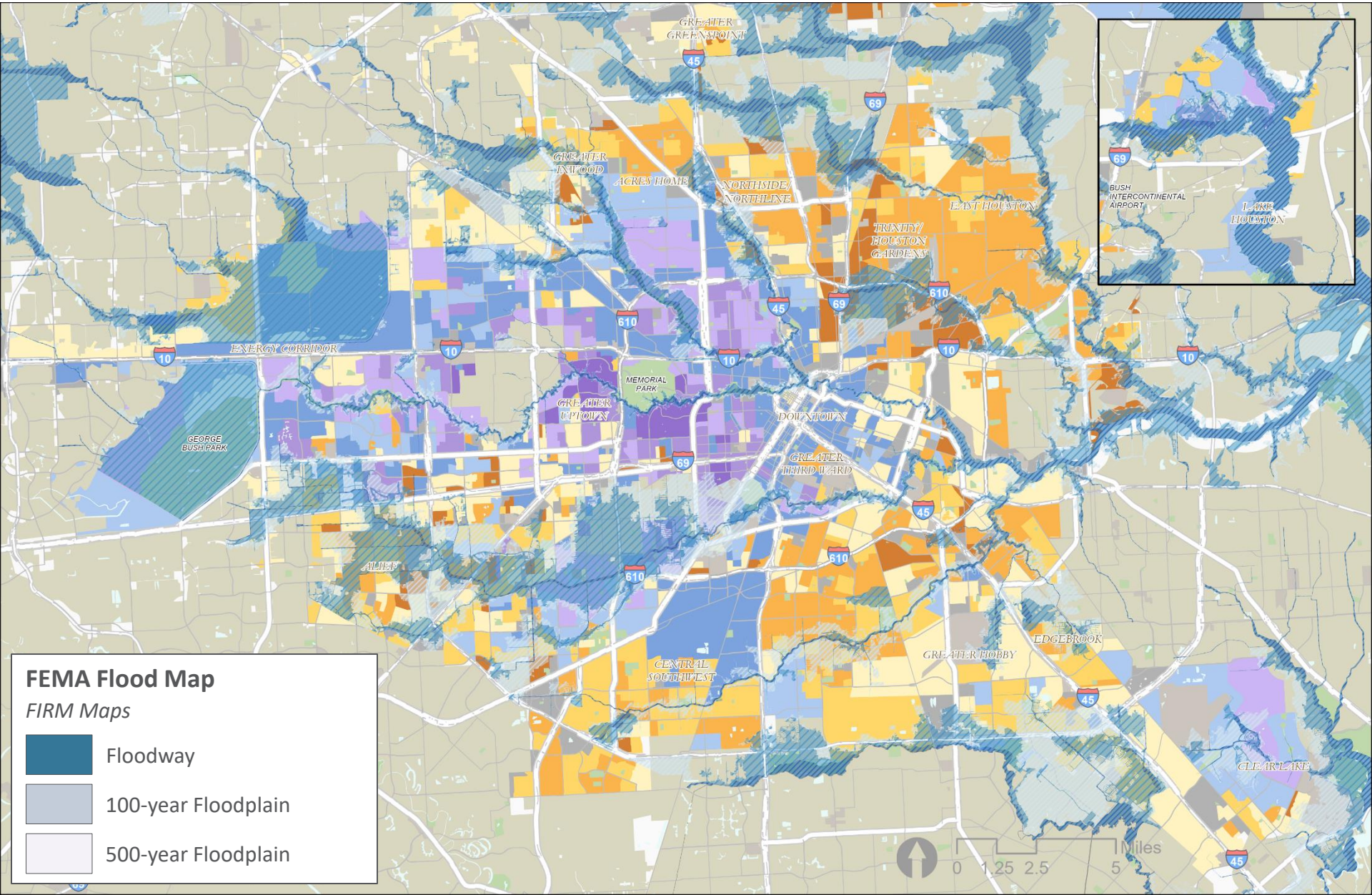
Source: FEMA FIRM Map Classifications. https://www.harriscountyfemt.org/

Housing Markets and Flood Risk



Housing Markets and Flood Risk

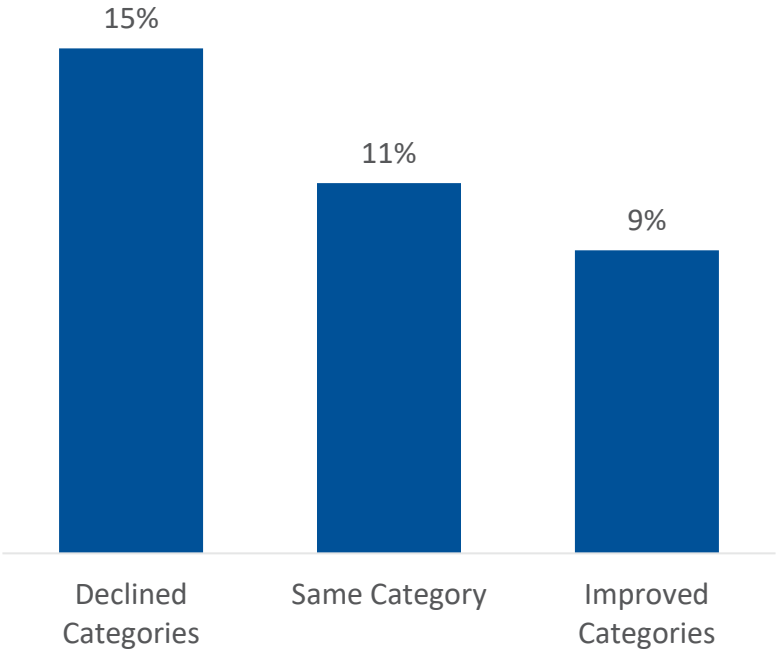


Flood Risk and Market Change

Areas with fewer at-risk homes were more likely to see their MVA classifications improve between 2018 and 2022

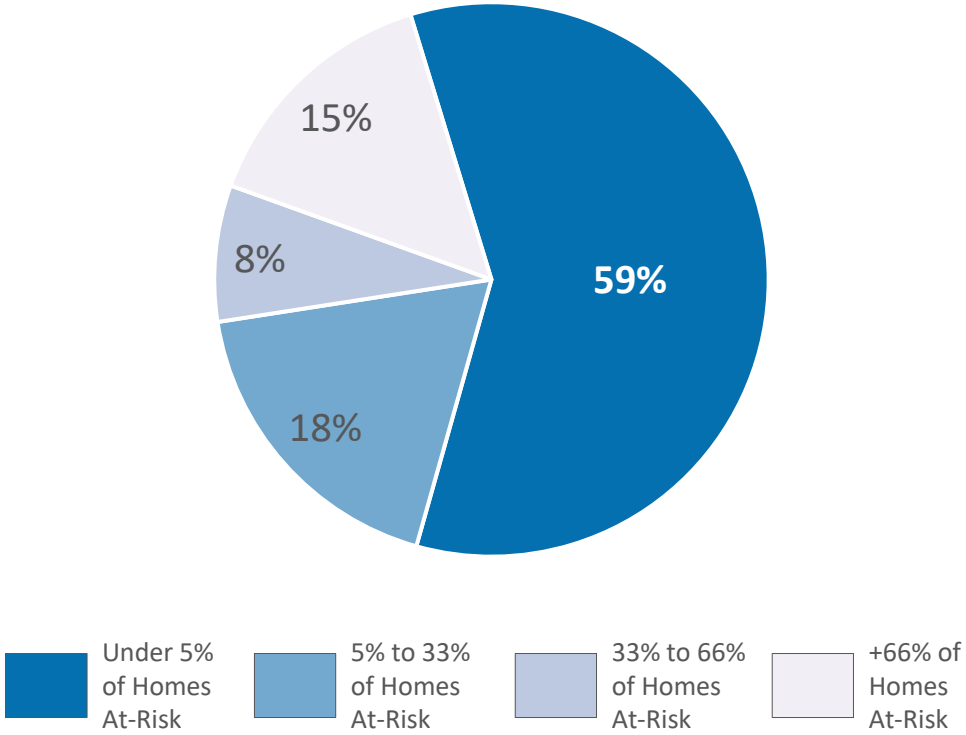
Areas That Saw Classification Declined Since 2016 Had More Homes in Flood Risk Areas

Average Share of Residential Parcels in 100-year Flood Areas



Nearly 60% of Block Groups that Improved Since 2016 Had Minimal Flood Risk (<5% of Homes at Risk)

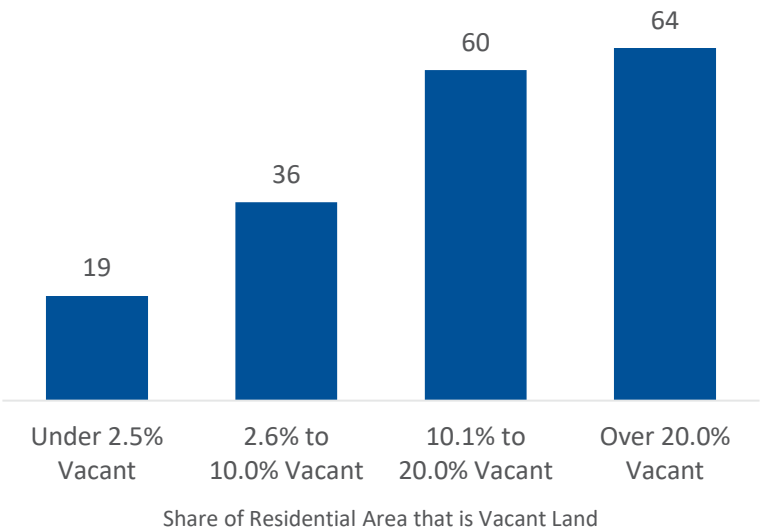
Flood Risk Among Block Groups That Improved Classifications Since 2016 MVA



Vacant Land and New Construction

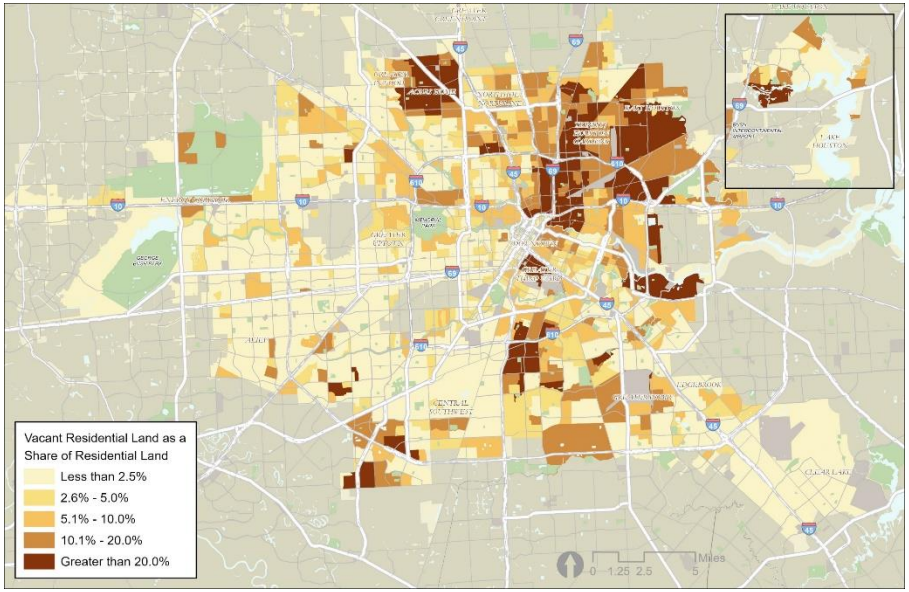
New Construction Activity is Concentrated in Areas with the Most Vacant Land

Average New Dwelling Units by Proportion of Residential Vacant Land



Most Vacant Land in the City is Concentrated in Northeast Houston

Share of Residential Parcel Area that is Vacant Land



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Location of Vacant Land and Markets

The Highest Concentration of Vacant Land was in E, G, and H Markets

Distribution of Vacant Residential Land Area by MVA Housing Market

	All Residential Land Area	Vacant Residential Land	Vacant Residential Land Without Flood Risk
A	2%	2%	1%
B	5%	2%	1%
C	11%	5%	2%
D	9%	8%	9%
E	17%	14%	12%
F	13%	6%	7%
G	23%	21%	17%
H	17%	36%	41%
I	4%	6%	11%
Total	**100%**	**100%**	**100%**

Highest opportunity for development (and potential for displacement)

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The Geography of Affordability in Houston

Families Earning Near the Median Income Can Afford to Buy in Middle-to-Stressed Markets, not in the City's Strong Markets

Share of Block Groups Where Median Home Prices Were Affordable at 80%, 100%, 120%, 200% of City's Median Family Income

	Earning 200% Family Income ($117,058)	Earning 120% Family Income ($70,235)	Earning 100% Family Income ($58,529)	Earning 80% Family Income ($46,823)
A	*0%*	*0%*	*0%*	*0%*
B	*0%*	*0%*	*0%*	*0%*
C	*0%*	*0%*	*0%*	*0%*
D	64%	*0%*	*0%*	*0%*
E	95%	*0%*	*0%*	*0%*
F	100%	74%	34%	*6%*
G	100%	99%	63%	11%
H	100%	100%	99%	69%
I	100%	100%	100%	100%
Total	**80%**	**60%**	**44%**	**28%**

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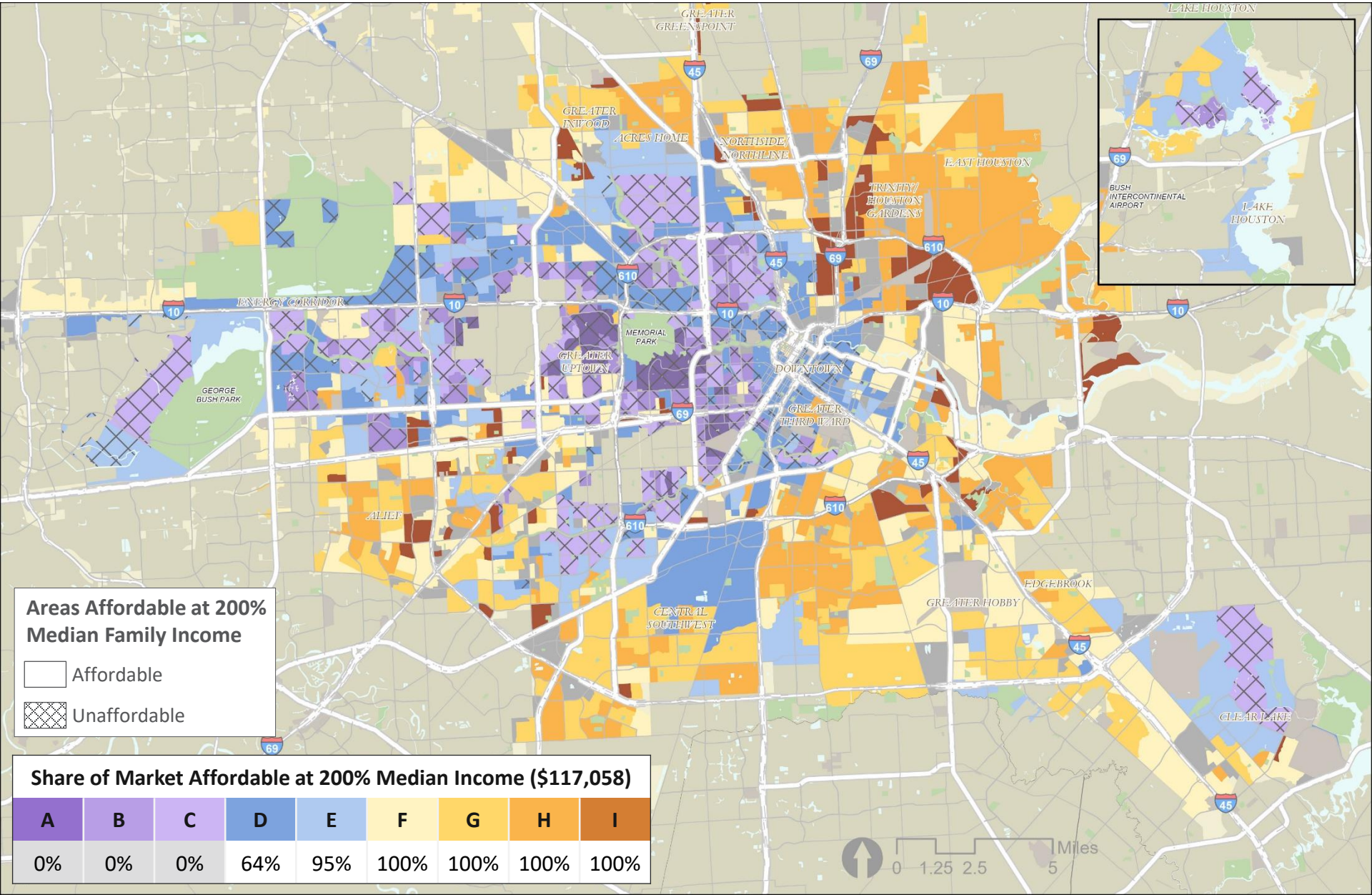
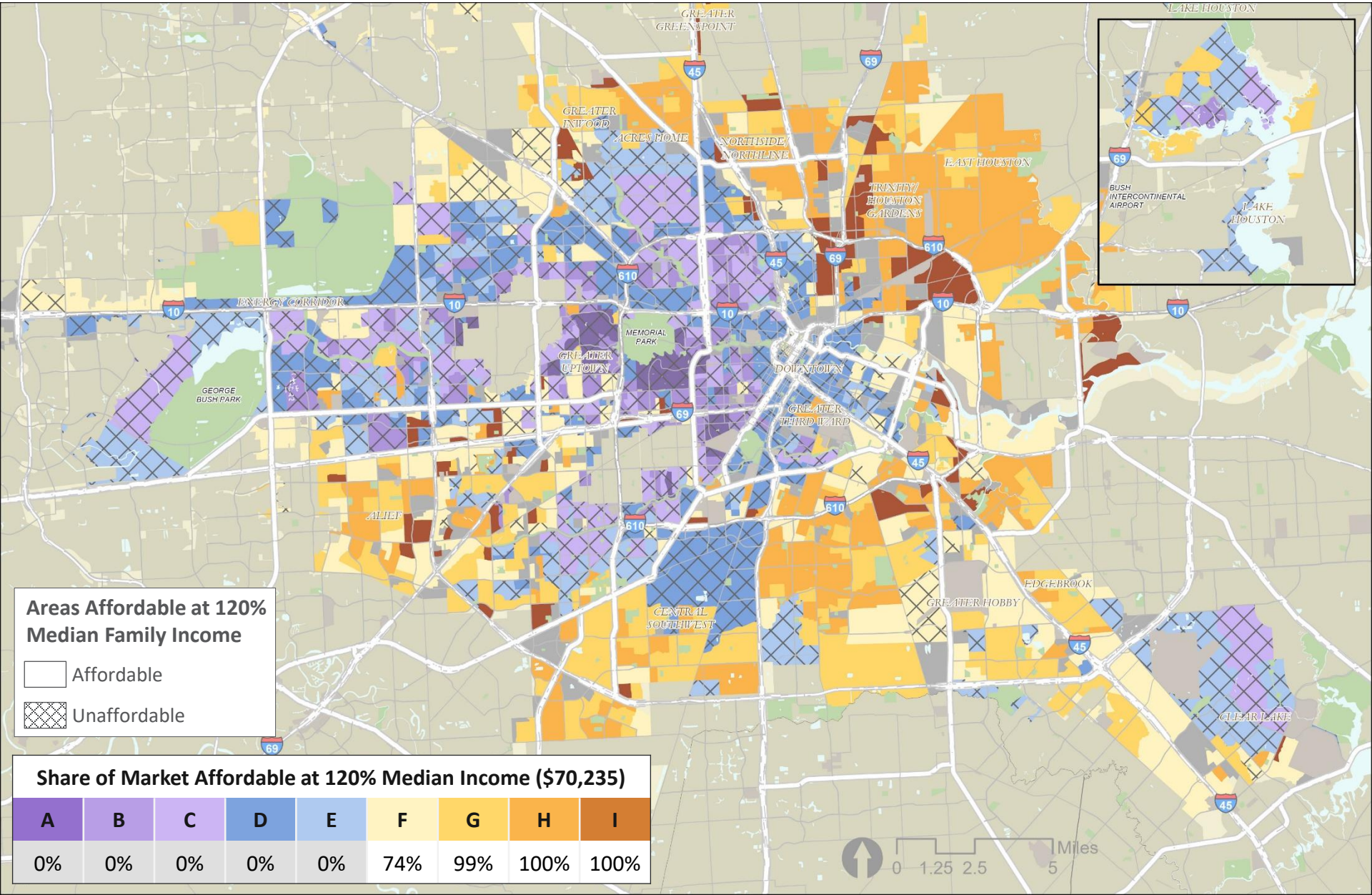
Areas Affordable at 200% Family Income



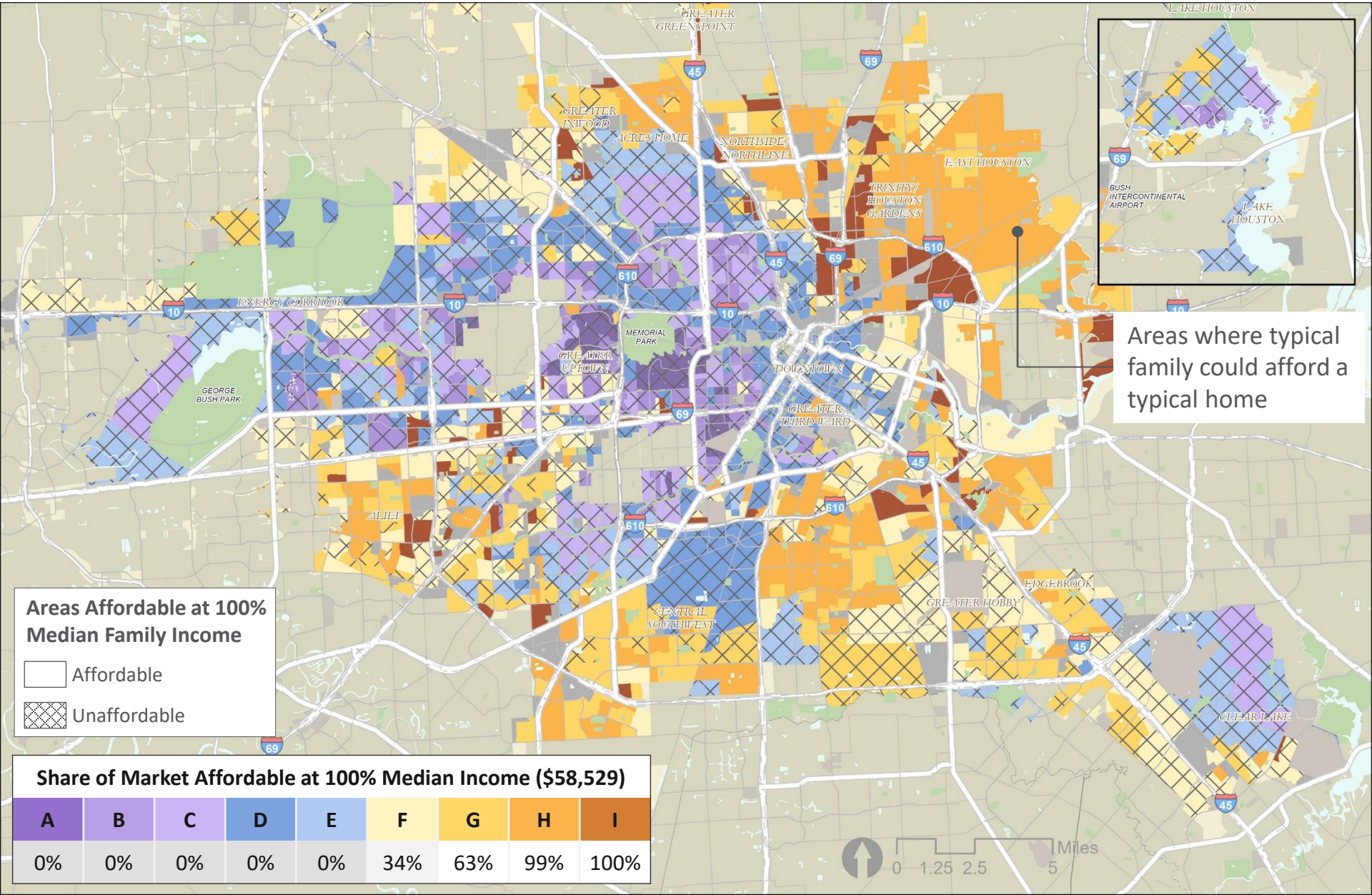
Areas Affordable at 120% Family Income



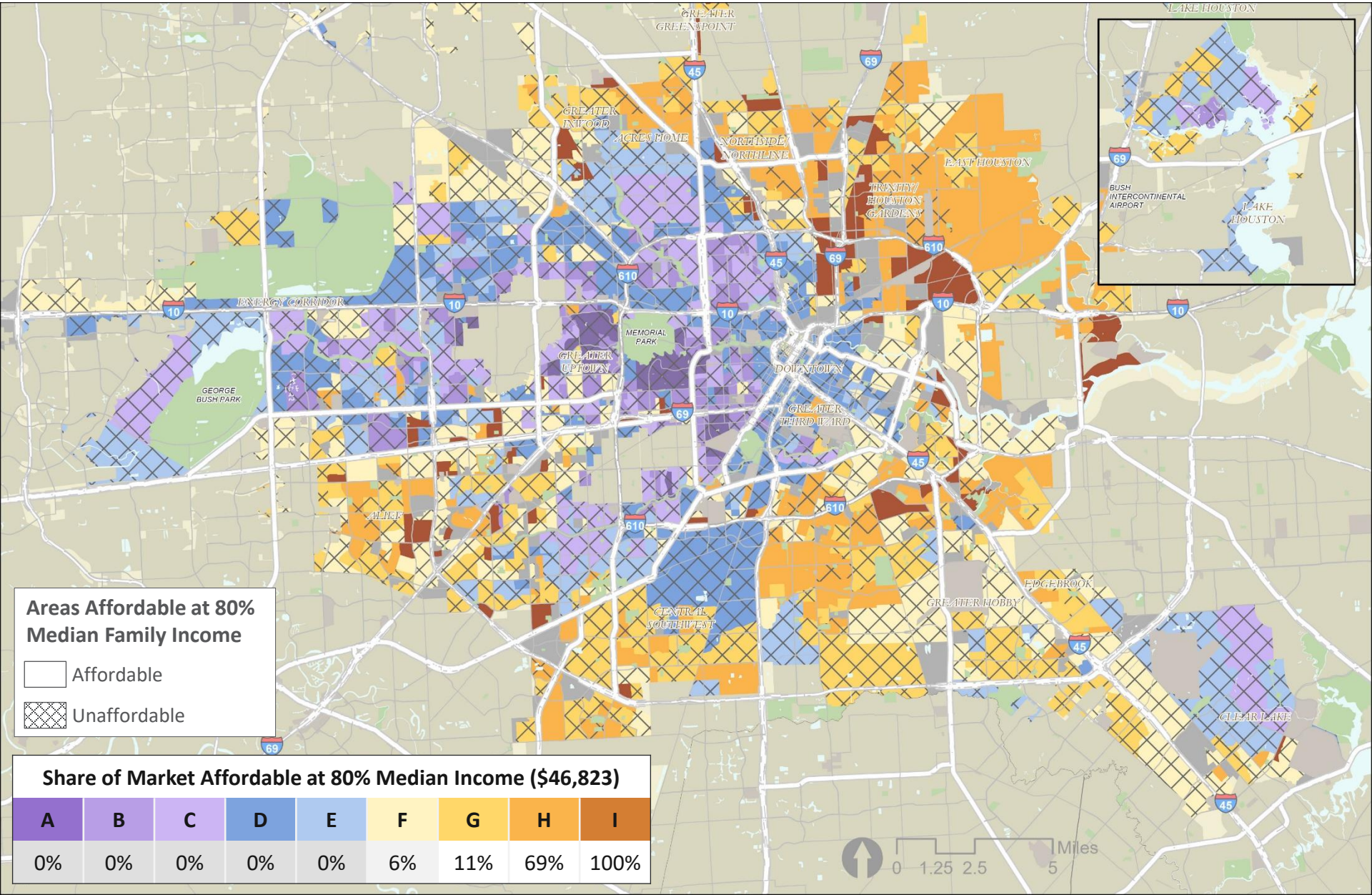
Share of Market Affordable at 120% Median Income ($70,235)

A	B	C	D	E	F	G	H	I
0%	0%	0%	0%	0%	74%	99%	100%	100%

Areas Affordable at 100% Family Income



Areas Affordable at 80% Family Income



Share of Market Affordable at 80% Median Income ($46,823)

A	B	C	D	E	F	G	H	I
0%	0%	0%	0%	0%	6%	11%	69%	100%

The Geography of Affordability in Houston By Race

White Families on Average Have Greater Purchasing Power than Black and Hispanic Families

Share of Block Groups Where Median Home Prices Were Affordable to White, Black and Hispanic Families Earning the City's Median Family Income

	White ($70,122)	Black ($43,919)	Hispanic ($44,873)	Citywide ($58,529)
A	0%	0%	0%	*0%*
B	0%	0%	0%	*0%*
C	0%	0%	0%	*0%*
D	0%	0%	0%	*0%*
E	0%	0%	0%	*0%*
F	82%	2%	2%	34%
G	99%	4%	6%	63%
H	100%	52%	55%	99%
I	100%	100%	100%	100%
Total	**60%**	**24%**	**25%**	**44%**

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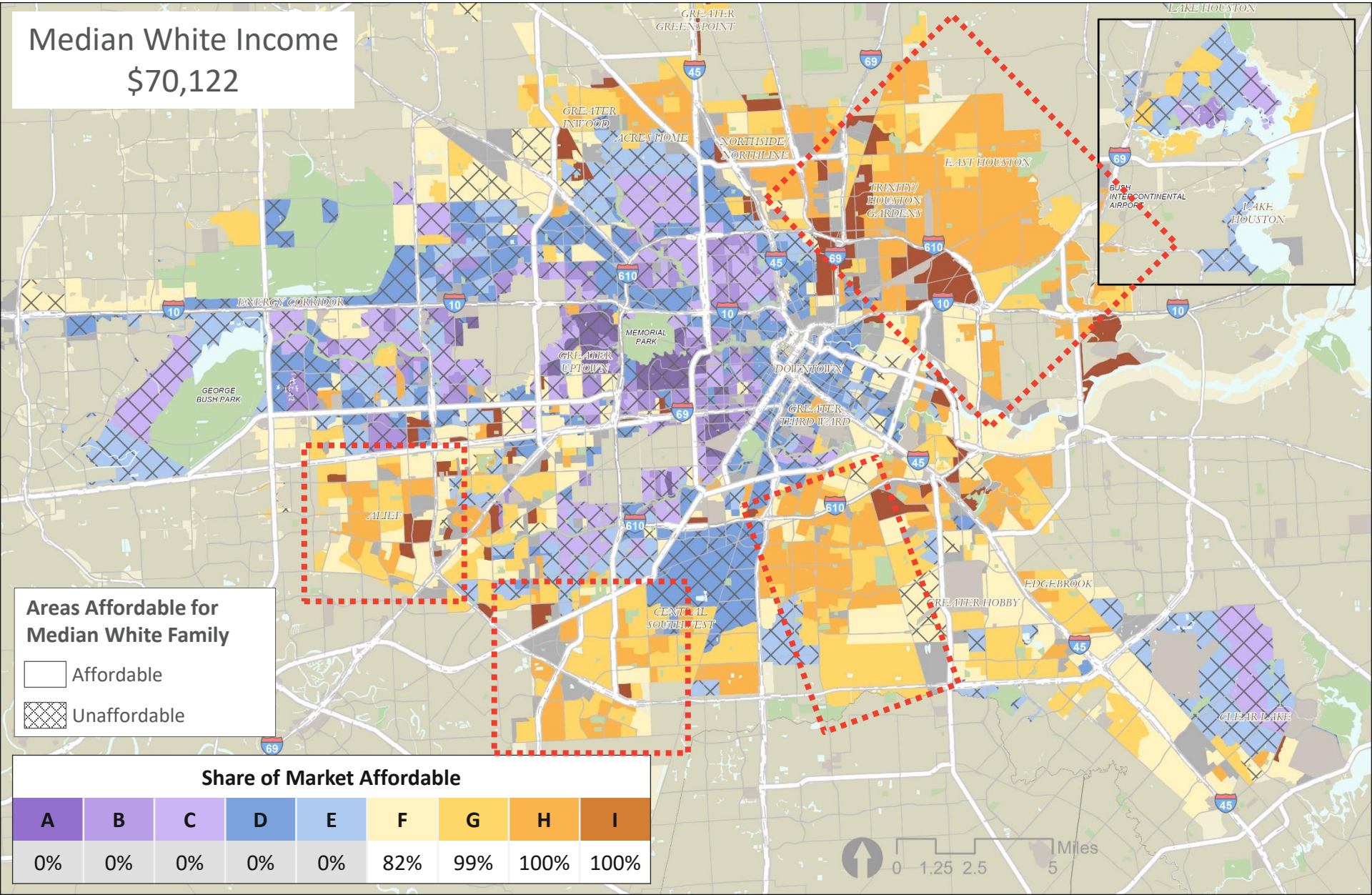
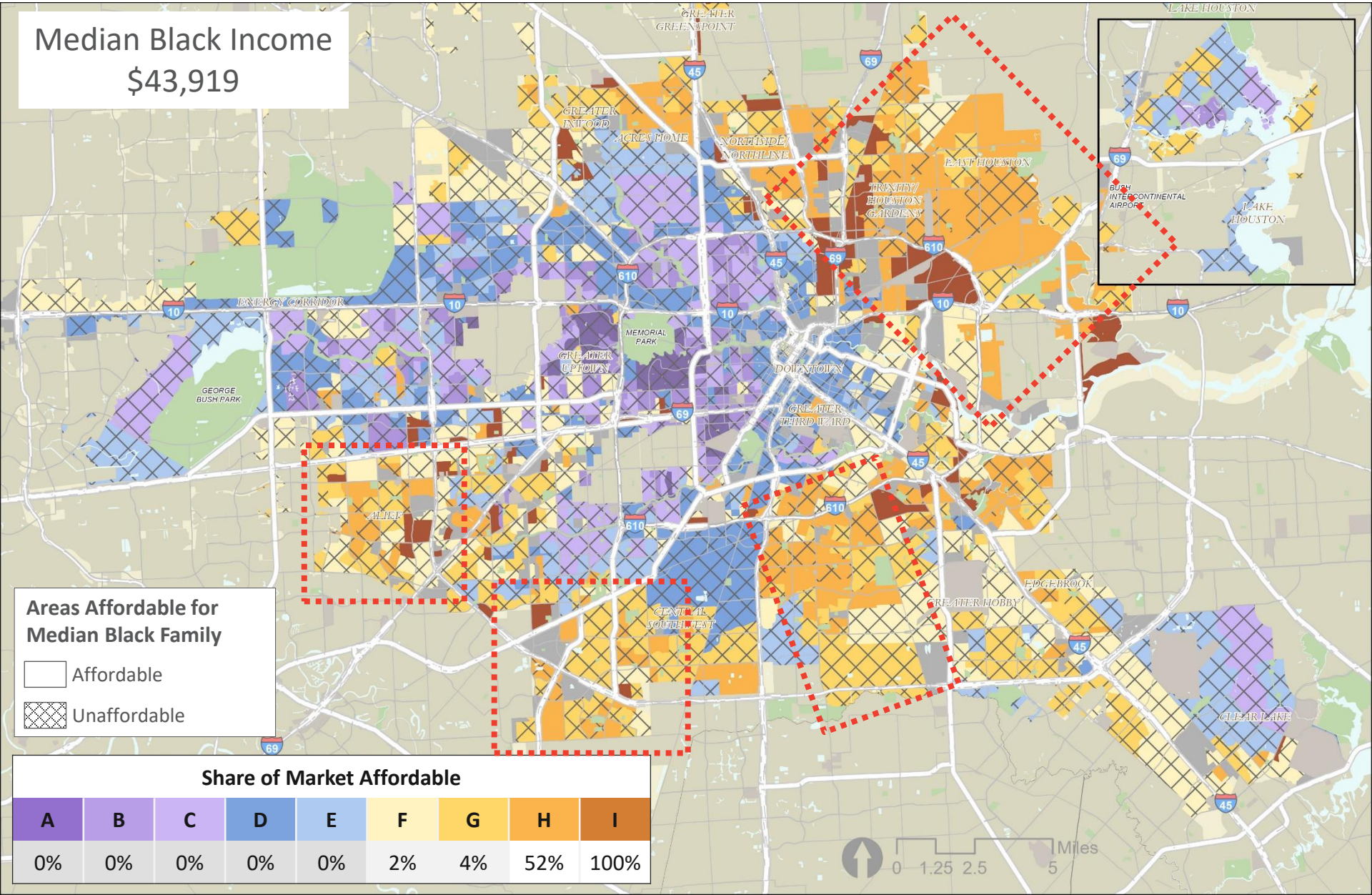
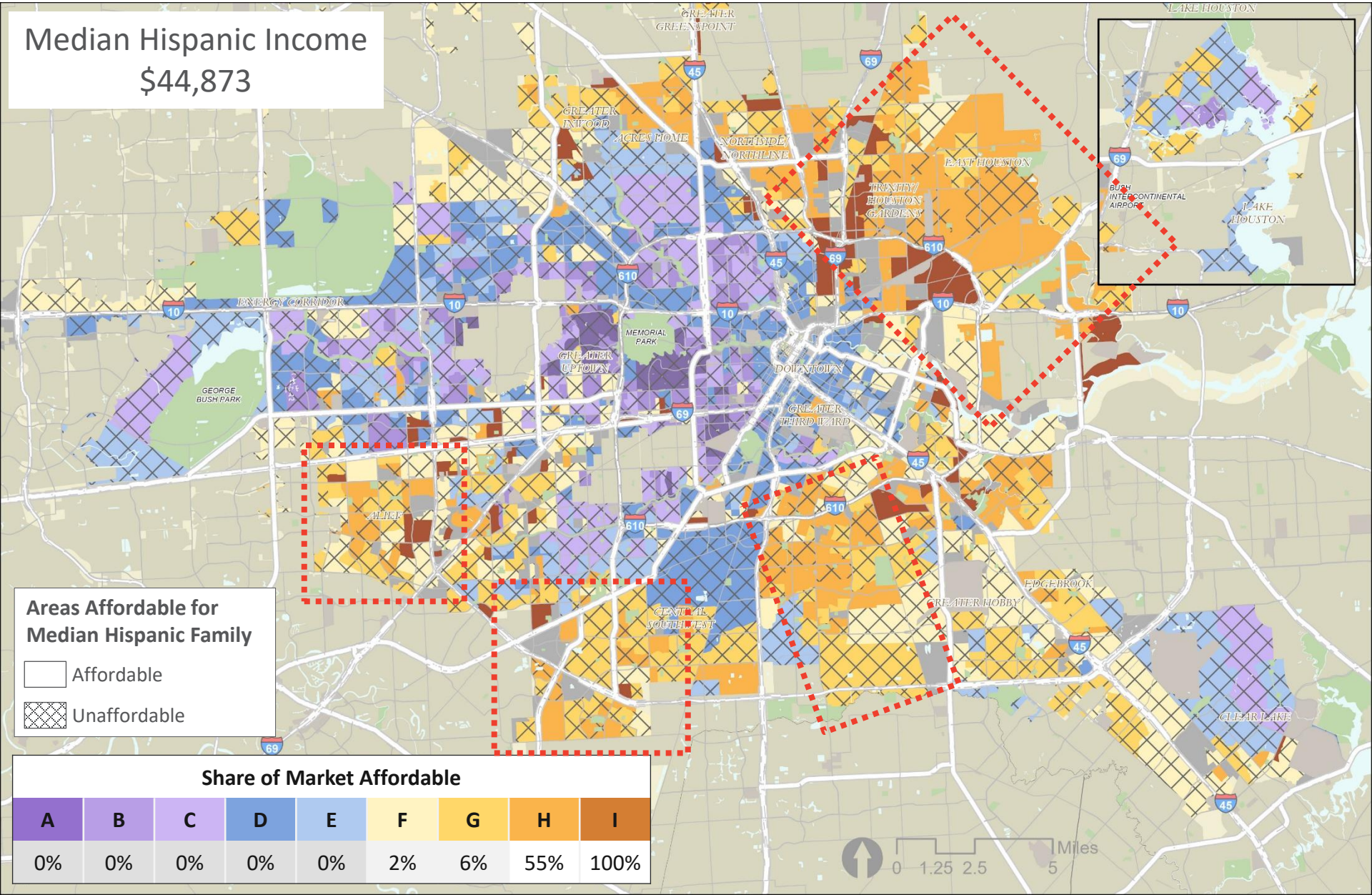
Areas Affordable for Median White Family



Areas Affordable for Median Black Family



Areas Affordable for Median Hispanic Family



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Displacement Risk Ratio

Measuring Resident Displacement Risk

Our Approach to Measuring Housing Market Pressure and Resident Displacement Risk

The concern driving this approach to measure is the *involuntary* aspect of displacement. → Households forced to leave their neighborhoods due to circumstances beyond their control (e.g., rising taxes, rent increase, condo conversion).

The analysis identifies areas where current housing prices are be unaffordable to long-term residents. → Assumes housing should be close to 3x family income (following HUD guidelines).

Examines ratio of a long-term residents' income to current housing prices to spotlight areas of concern. → Healthy neighborhoods should be stable or follow regional trends. Areas with rapid increases (or decreases) in ratios signal potential concern.

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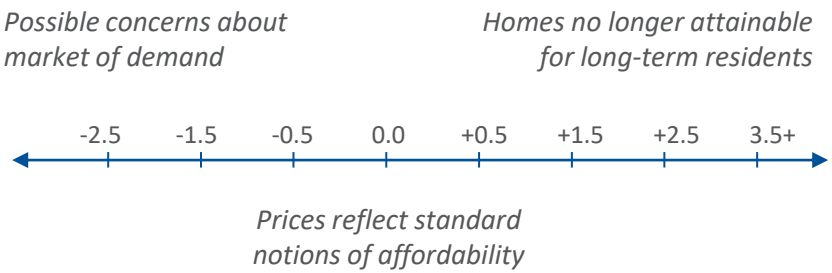
The Displacement Risk Ratio

Calculating the Displacement Risk Ratio

1. Find incomes of "long-term residents" who lived in homes during beginning time period (2015/16)
2. Use inflation rate to calculate income of long-term residents between beginning time period and today (2021-22)
3. Calculate ratio of long-term resident income and actual home prices over time
4. Remove city average from individual block group ratios to account for regional trends

Interpreting Displacement Risk Ratio Values

Higher DRR values reflect a more challenging environment for long-term residents and the existence of displacement pressure…



… Lower values may reflect a lack of market value and concerns with excess housing supply or vacancy/abandonment.

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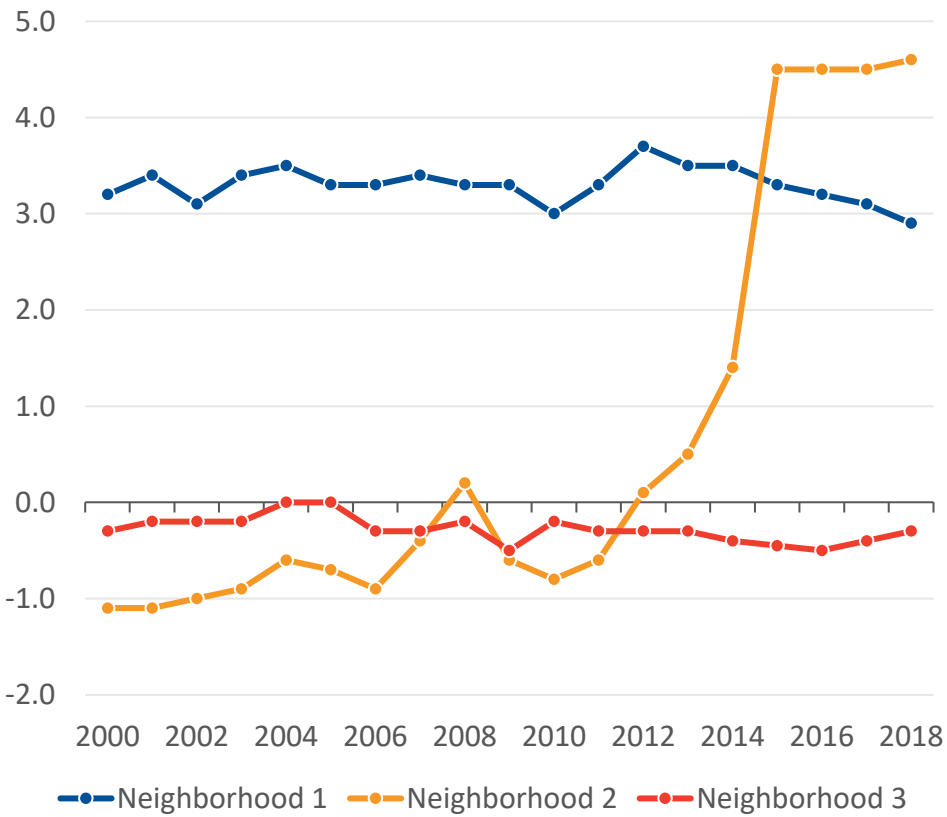
Identifying Types of Market Stress

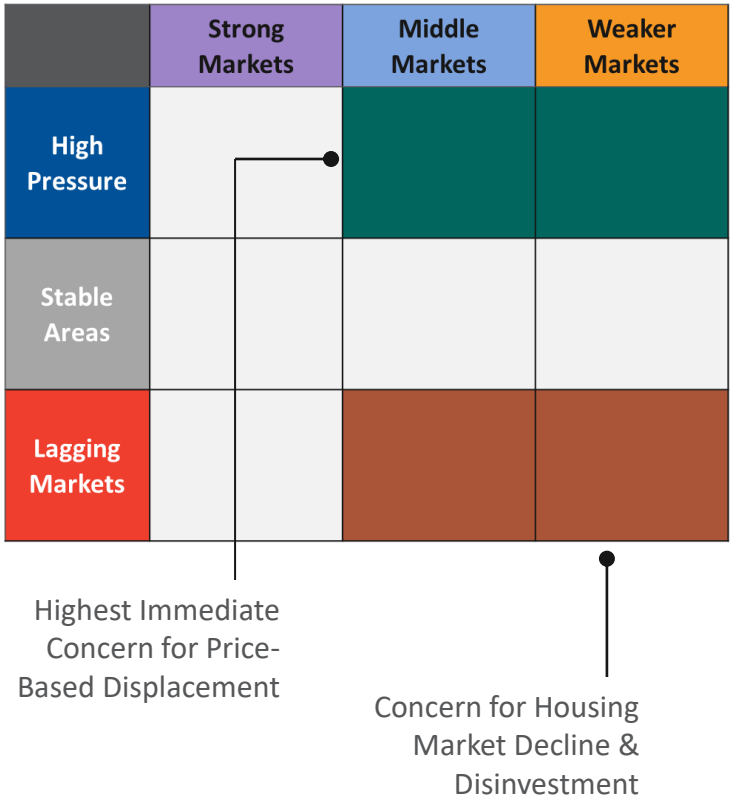
While Each Neighborhood Could Have Affordability Challenges, Neighborhood #2 Has the Highest Risk of Resident Displacement

DRR Trends in Three Philadelphia Neighborhoods



Middle and Weaker Markets Experiencing High Pressure (Rising DRR) or Lagging Pressure (Falling DRR) Are Often Priority

MVA Classifications and DRR Categories



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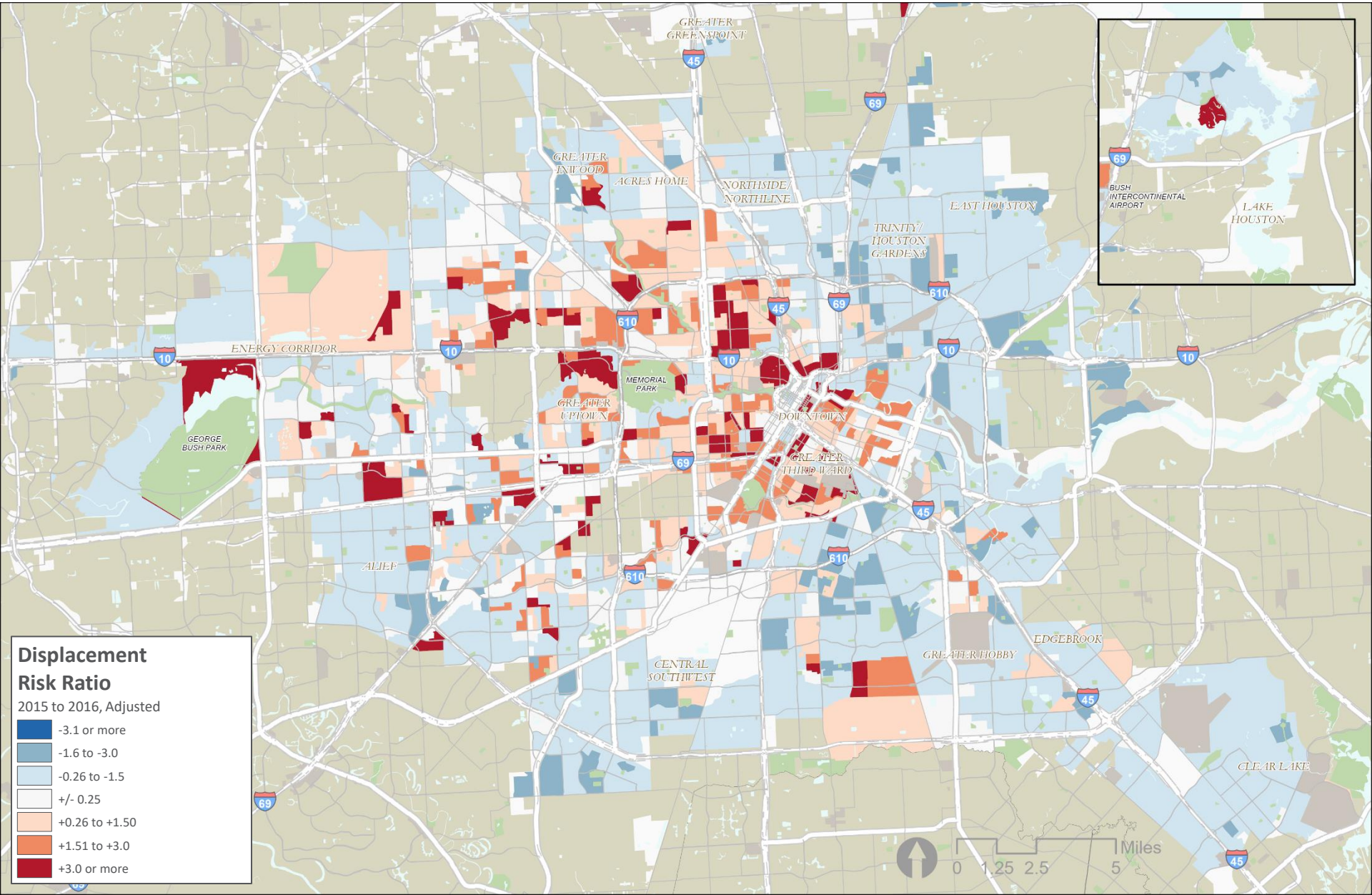
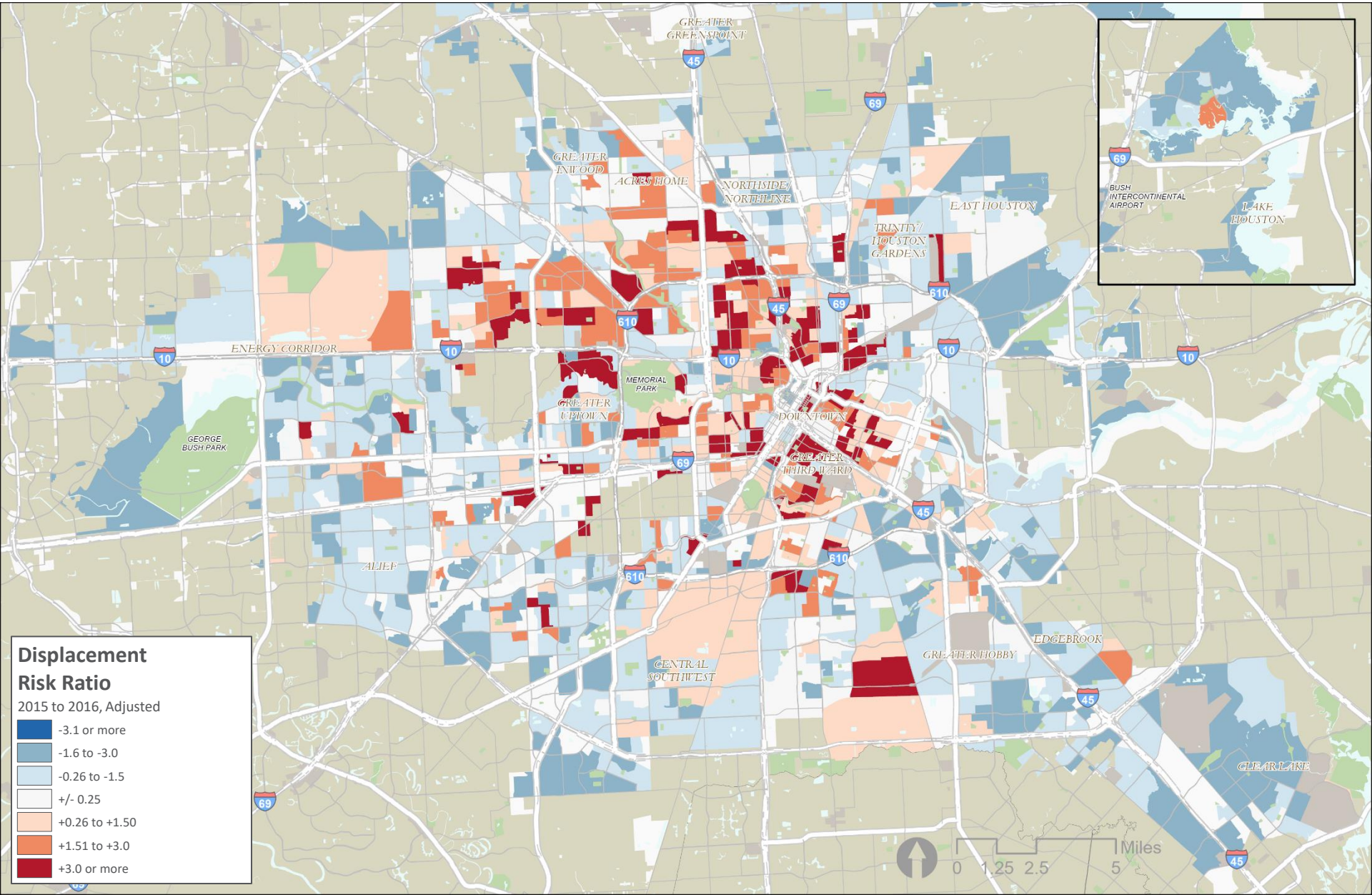
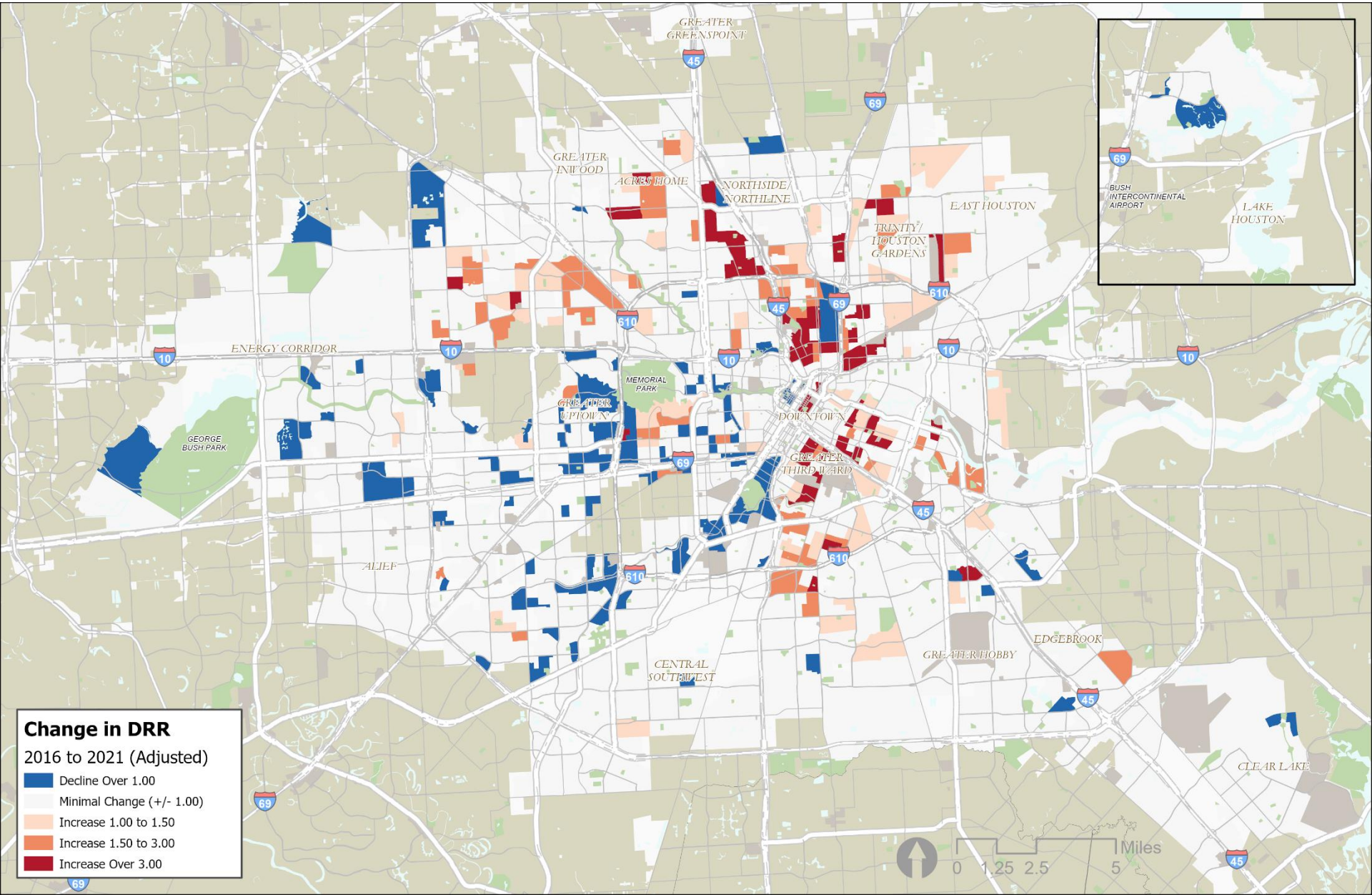
DRR Values, 2015 – 2016



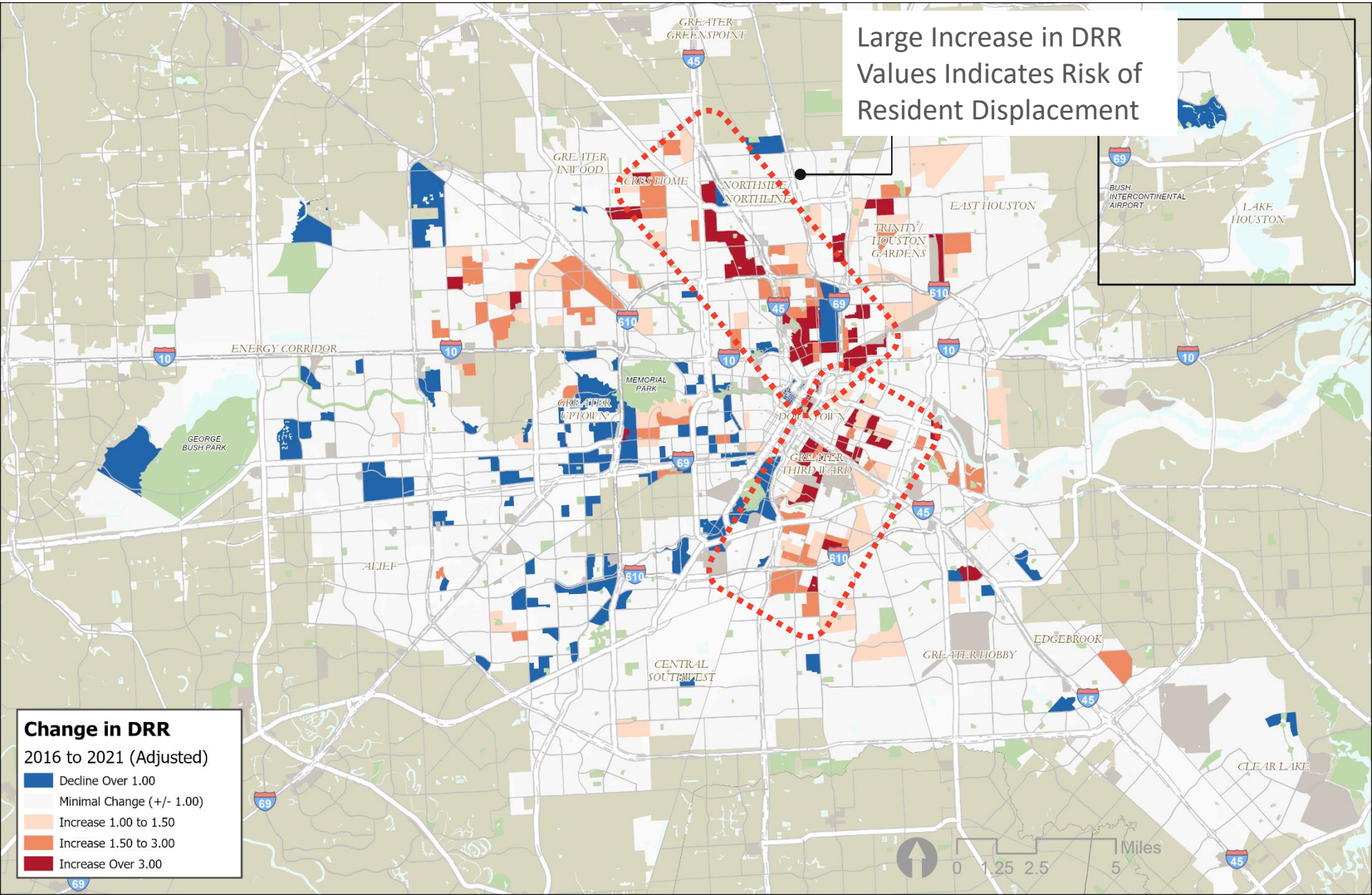
DRR Values, 2020 – 2021



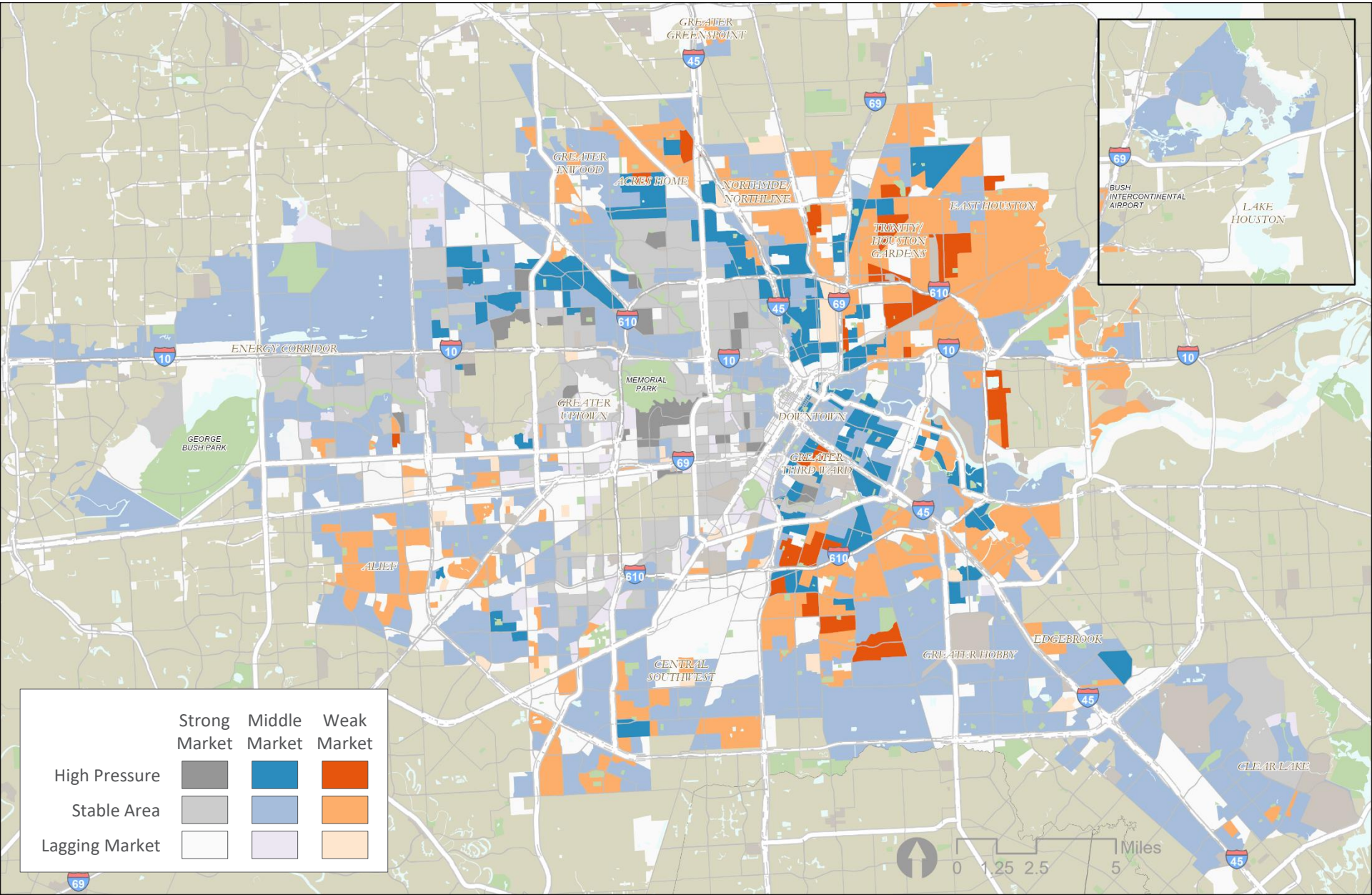
Change in DRR Values 2015-16 to 2020-21



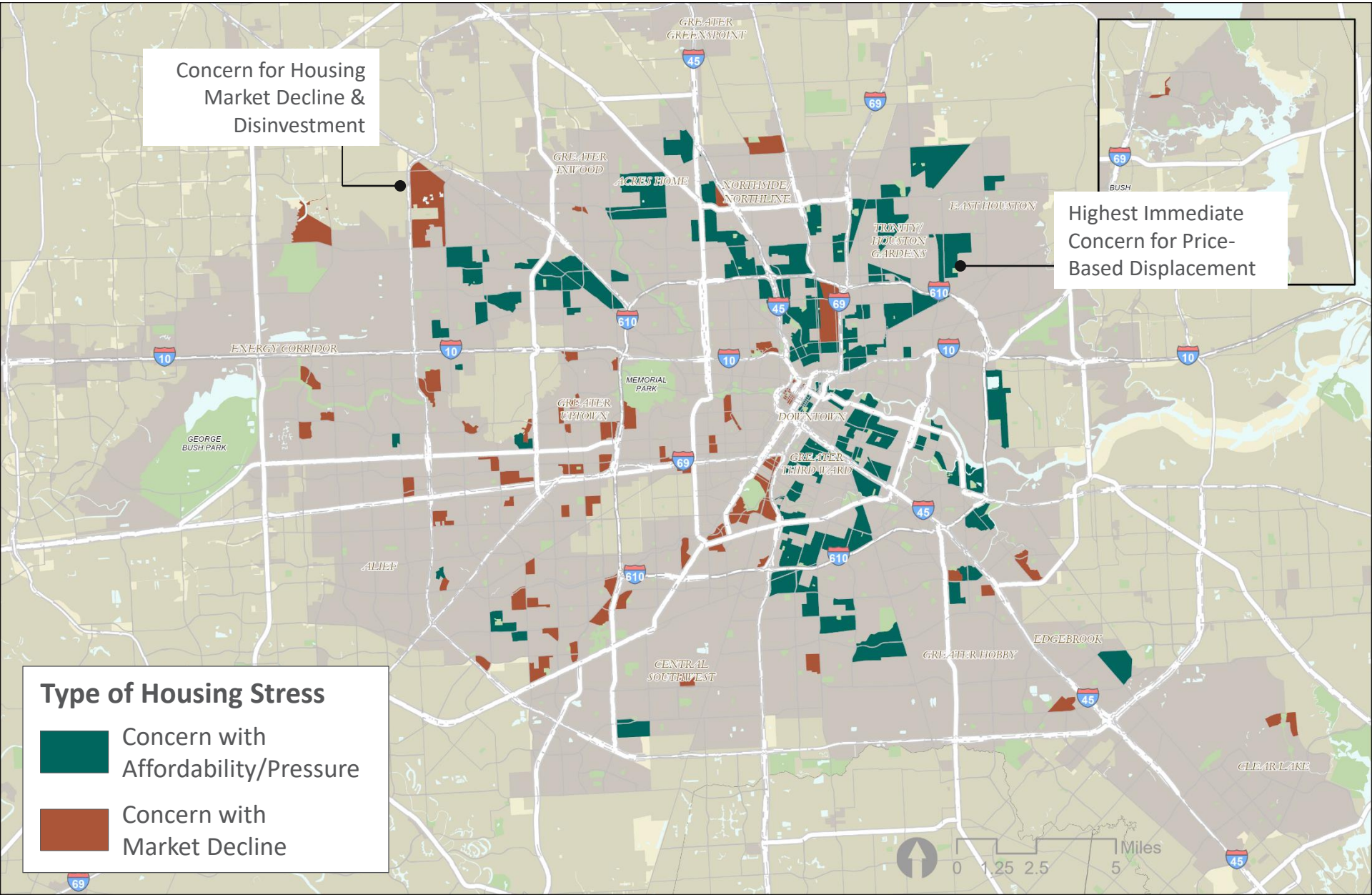
Change in DRR Values 2015-16 to 2020-21



MVA and Change in DRR Values



Identifying Priority Areas



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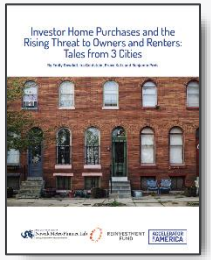
New Research from Reinvestment Fund

Evidence-Based Policy Making: Six Research-Based Strategies to Stabilize Neighborhoods

https://www.reinvestment.com/insights/evidence-based-policy-making/

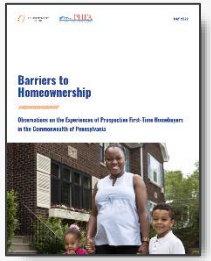
Philadelphia Home Appraisal Bias Task Force Report and Recommendations

https://www.reinvestment.com/insights/philadelphia-home-appraisal-bias-task-force-report-and-recommendations/



Investor Home Purchases and the Rising Threat to Owners and Renters: Tales from 3 Cities

https://www.reinvestment.com/insights/investor-home-purchases-and-therising-threat-to-owners-and-renters-tales-from-3-cities/



Barriers to Homeownership: Observations and Experiences of Prospective First-Time Homebuyers in the Commonwealth of Pennsylvania

https://www.reinvestment.com/insights/barriers-to-homeownership/

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