West Philadelphia Scattered Site Model: An affordable housing impact study

Presentation to the Center for Community Progress’ Reclaiming Vacant Properties 2016 Annual Conference

Baltimore, MD

September 29, 2016
Our mission is to build wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development.

Since 1985, Reinvestment Fund has made $1.8 billion in cumulative investments and loans.

We are supported by over 850 investors that include individuals, foundations, religious institutions, financial institutions, civic organizations and government.

Top AERIS rating of AAA+1 and AA S&P rating.
Assessing the Impact of Scattered and Single Site LIHTC Investments on Neighboring Property Values

West Philadelphia Case Study
Since 1989, WPRE and Neighborhood Restorations created more than 1,100 affordable rental homes in West Philadelphia.
Market Impact Hypothesis Being Tested

One Large Single Site Development Impacts its Immediate Neighbors

Multiple Small West Philadelphia Scattered Site Developments Impact the Entire Community
Statistical Approach to Test that Hypothesis

Sales Price = \textit{Property Characteristics} + \textit{Neighborhood} + \textit{Year of Sale} + \textit{Number of Units}

- Includes total livable area and dwelling type
- Controls for differences in census tracts
- Controls for annual effects, inflation, and sales after 2008
- Separate counts of WPRE/NR, Single Site, and other LIHTC units within ¼ mile
Property Value Impacts

- Uncontrolled statistically:
  - Home sale prices within ¼ mile of WPRE properties increased by 50% compared to a 25% rise near single-site, multi-family LIHTC properties

- Hedonic regression results suggest that the impacts of LIHTC depend on the number of units developed
  - For example, **10 scattered units in an area has a larger sale price impact than a single site 10-unit development**

- Maximum impact of scattered site developments are reached at about 21 units in a relatively concentrated area
  - Estimated need of a 42-unit single site development to accomplish the same impact
## Total Development Cost (per Unit)

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Total Projects</th>
<th>Total Units</th>
<th>Acquisition Costs</th>
<th>Construction Costs</th>
<th>Other Costs</th>
<th>Total Development Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Philadelphia Scattered Sites</td>
<td>5</td>
<td>225</td>
<td>$16,586</td>
<td>$117,889</td>
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<td>589</td>
<td>$56</td>
<td>$184,602</td>
<td>$46,236</td>
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</table>
## Total Development Cost (per Bedroom)

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Total Projects</th>
<th>Total Bedrooms</th>
<th>Acquisition Costs</th>
<th>Construction Costs</th>
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<th>Total Development Cost</th>
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</tbody>
</table>
Scattered site LIHTC developments used significantly less LIHTC subsidy than new construction or other rehabilitation developments.
For questions about this research, please contact:

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