

Presenters





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GREATER PHILADELPHIA

KNOW YOUR PRICE PHILADELPHIA GOVERNMENTAL RESEARCH ASSN ASHEVILLE, JULY 22, 2024



Jeff Hornstein

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Goals & Methods of the Study

- Central Hypothesis: The accumulation of household wealth through residential property ownership in Philadelphia is not evenly distributed by race and neighborhood.
- Data: a painstakingly assembled file of 70 years of normalized and geocoded property sales data from 1950-2022 provided by our research partners at Drexel University.
- Methodology:
 - Using a shapefile created by ELGP that converts Census tracts into Philadelphia's historic 110 neighborhoods, neighborhoods were coded by their racial composition in both 1950 and 2021.
 - When the property value data was plotted, there was a very clear and strong correlations between race and property values, both cross-sectionally and over time.
 - Statistical tests identified that racially-related factors are strong correlates of both the levels and trends in Philadelphia's property values.
 - This empirical result has strong implications for the determinants of the accumulation—or lack thereof—of housing wealth for households in predominately minority neighborhoods.



Philadelphia Demographics



Racial Composition 2020



Philadelphia Demographics





Racial Geography

Racial Geography



A TAXONOMY OF TRANSITIONS

racial / ethnic self-identification in philadelphia in the year 2000

- white
- black
- asian
 hispanic
- other

each dot represents fifteen people. here, hispanic is exclusive of other categories.

block-level data from the U.S. census



House Price Trends in Philadelphia v. National Inflation: 1950-2022

- This chart compares the growth in Philadelphia's general level of house prices (HPI) to the national Consumer Price Index (CPI) since 1950.
- As the chart clearly indicates, most of Philadelphia's <u>real</u> house price growth since 1950 has only occurred in the last 23 years.
- That is, there was essentially 0% real growth for the 50 years before that: house prices grew at the same rate of nationwide inflation.



Foregone Housing Wealth in Philadelphia

- From 1950 to 2000, real house price growth (net of inflation) averaged 0.2% per year.
- Since 2000, real house price growth (net of inflation) has averaged 4.6% per year.
- This means that someone who bought a house in 1950 at Philadelphia's median price of \$7,000 has experienced a loss in real housing wealth of just over \$146,000



MAJOR REPORT FINDINGS

- > The distribution of gains from housing appreciation was and is dramatically skewed by the racial and ethnic composition of the neighborhood in question.
- > The main predictor of housing price appreciation from 1950 to 2000 is the neighborhood's homeownership rate in 1950.
- > Due to the prevalence of redlining prior to the Fair Housing Act of 1968 among other factors, homeownership rates were far higher for white than for non-white households in 1950.
- > The Bottom Line:
 - >> Had houses in majority Black neighborhoods appreciated at the same rate as houses in white neighborhoods (after inflation) since 1950, homeowners in Black neighborhoods would have **\$24bn** more in housing wealth, while homeowners in Latino neighborhoods would have **\$33.4bn** more in housing wealth.
 - >> Individually, Black homeowners who bought in 1950 would have nearly \$113,000 more in housing wealth, while Latino homeowners would have just over \$157,000 more in housing wealth.



























THE PRICE OF WHITE FLIGHT...

Philadelphia's Historic House Price Appreciation Rate for Neighborhoods that Transitioned from Majority White in 1950 to Majority Black in 2021



Neighborhoods that transitioned from majority-white to majority-Black only grew by 66%, compared to an average of 210% in neighborhoods that remained majority-white during this same period – a differential factor of nearly 3.2.



THE PRICE OF RACE IN REAL ESTATE

Aggregate Lost Housing Wealth by Race (\$bn)





Individual Lost Housing Wealth by Race

-\$40,000 -\$60,000 -\$80,000 -\$100,000 -\$120,000 -\$120,000 -\$112,727 -\$140,000 -\$157,275 Had house values in predominately minority neighborhoods appreciated at the same rate as house values in predominantly white neighborhoods since 1950, housing in Black neighborhoods would collectively be worth \$24 bn more and housing in Latino neighborhoods would collectively be worth \$33.4 bn more. For context, Philadelphia's most recent city budget is \$6.2 bn.

The average Black homeowner would be \$112,727 wealthier and the average Latino homeowner would be \$157,275 wealthier.





Housing affordability: Focusing on where the need is greatest

GRA Annual Conference July, 2024

Phyllis Resnick









Both studies available at https://www.coloradofuturescsu.org/

Affordability had become mounting challenge





Prior to COVID it was the housing economy. Currently, other factors likely are at play.



Source: CFC analysis of Colorado Department of Local Affairs and American Community Survey data



COVID became a source of irrationality





Source: FRED

National pattern similar, but normalizing



<u>~</u>

Source: FRED



And even with rise in interest rates, majority of housing, by <u>value</u>, is affordable with 2 earners at approximately the median





Statewide Share of "owner occupiable" inventory affordable to

Source: CFC analysis of Legislative Council property abstract data



About half of Colorado households have income less than \$75k





Yet, of cost burdened households,

86 percent earn \$75,000 or less





In 2021, approximately 650,000 households earning \$75,000 or less were cost-burdened

COLORADO

Foregone spending of HHs earning \$75k or less \$5.6B \$8,600/HH

THE DENVER POST

15:11	July 17, 2024		58
Close	July 17, 2024	ᠿ	\Box



New homes being built in the Prospect... More

Housing affordability, cost of living are Coloradans' top concerns in new poll By Meg Wingerter

July 17, 2024 at 08:00 ET

Coloradans aren't feeling good about the state of their pocketbooks this year, with three of the top four issues on their minds in a new survey directly related to the cost of necessities.

The annual Pulse Poll, conducted for the Col-

Yet Colorado housing policy increasingly focused on well into middle income. In 2024, Proposition 123 projected to defer ~ \$275M of TABOR refunds to housing – to support up to 120 percent AMI

CFC believes policy must address the most challenged first

THE DENVER POST



			May 2024 Statewide Report		Made Sure Your Agent is a REA Nor of sparts		
Key Metrics	Historical Sparkbars	5-2023	5-2024	Next Dep	YTD-2023	YTD-2024	Person Dang
New Listings	allana	11,538	14,068	+ 22.1%	45,571	62,296	+ 14.6%
Pending / Under Contract	IIIII	8,431	0,728	+ 3.5%	38,694	38,296	- 1.0%
Sold Listings	allan	8,908	8,617	- 3.3%	34,788	34,075	- 2.0%
Median Sales Price		\$538,000	\$555,000	+ 3.2%	\$525,000	\$545,000	+ 3.8%
Average Sales Price		\$682,704	\$705,692	+ 3.4%	\$663,399	\$715,013	+ 7.8%
Percent of List Price Received	Illin	99,8%	99.3%	- 0.5%	99.2%	99.0%	- 0.2%
Days on Market Until Sale	asulling-	39	44	+ 12.8%	51	54	- 5.9%
Housing Affordability Index	Iter	53	40	- 7.5%	54	50	- 7.4%
Inventory of Active Listings	SHOW 2 MORE P	нотс	os ⊕	× 27.09	-	-	-
Months Supply of Inventory		2.2	3.2	+ 45.5%	-		

Colorado's housing market moves closer to balance in May

By Sara B. Hansen June 14, 2024 at 22:15 ET

New home listings statewide increased nearly 24% in May compared to May 2023, creating a more balanced housing market, according to the latest market trends report from the <u>Colorado Association of Realtors</u>.

"Over the past decade, Denver has averaged around 1.5 to 2 months of inventory, a moderate seller's market," said Denver-area realtor





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The Colorado Futures Center is a 501c3 organization dedicated to informing about economic, fiscal and public policy issues impacting community economic health and quality of life.



@colofutures

Phyllis Resnick, PhD Executive Director, Colorado Futures Center <u>phyllis@coloradofuturescsu.org</u> www.coloradofuturescsu.org/



Housing in Utah

> Shawn Teigen July 22, 2024



Housing in Utah

- ► Why are we writing about it?
 - ► A Utah Priority
 - ▶ Wealth
 - Prices
 - Shortage
- Can renting be preferable?
- ▶ What can we do?
 - Policies -- homeownership
 - Policies perspective of municipalities





Why?

Utah Priorities Project-2024





Utah Voter's Top Issues

Category	Issue of concern
Most	Housing affordablity
Important	Politicans listening to voters
High Importance	Earning enough to pay for non-housing needs
	Government overreach
	Partisan Politics
Important	Having enough water (other than the Great Salt Lake)
	Kindergarten-12th grade education
	Air quality
Medium Importance	State and local taxes
	Immigration
	Homelesssness
	Roads and transportation
	Crime
	Abortion and women's rights
Low	Crowded neighborhoods
Importance	oronaeu neiginornoeus
Least	The Great Salt Lake
Important	Transgender rights and access

Utah Voter's Top Issues

MostHousing affordablityImportantPoliticans listening to voters

Home Ownership - 2024


Wealth



Median values

Household wealth

\$166,900

	Median values	
Household wealth	\$166,900	
Rental property	200,000	7%

	Median values	Percent holding asset
Household wealth	\$166,900	
Rental property	200,000	7%
Home equity	174,000	62%
Other real estate	100,000	8%
Retirement accounts	79,900	60%





100% Median Home Price Median Household income 80% 60% 40% 20% 0% 1988 2004 2008 1984 1992 1996 2000 2012 2016 2020

New home prices have increased much faster than incomes.







Home Price Appreciation, 2023





Shortage





Utah's current housing deficit has likely been decades in the making.

Drawbacks

Market fluctuations may limit or even decrease net worth.

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- Similarly, in an environment of high mortgage interest rates and often stubbornly high home prices, monthly rental costs are generally cheaper than the total monthly costs of owning a home.

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- Market fluctuations may limit or even decrease net worth.
 Similarly, in an environment of high mortgage interest rates and often stubbornly high home prices, monthly rental costs are generally cheaper than the total monthly costs of owning a home.
- Renting also provides higher levels of flexibility in the event of life events that might require relocation such as health problems in the family, retirement, death, or divorce.





Housing and Homeownership

- Encouraging construction density can improve homeowner affordability as height limits are increased or smaller lots are embraced in neighborhoods otherwise characterized by single-family homes.
- Factory-built housing can be used to improve affordability as economies of scale reduce construction costs.
- Tax policies can be used to discourage housing speculation and increase the supply of ownable and rentable housing. These might include land value, flip, and vacancy taxes.
- Shared equity models and downpayment assistance can be used to increase homeowner affordability and allow residents access to the housing ladder.
- Various policy options can encourage condominium construction and help increase homeowner affordability





Housing and Municipalities

"Affordable housing" defined:

- technical definitions based on local area median income
- "dense"
- "low quality"



Survey question: "What informs your professional view regarding affordable housing? (choose all that apply)."

Accessory Dwelling Units (ADUs) and middle housing are the most popular affordable housing options.

Encourage accessory dwelling units Encourage "middle housing" Build public-private partnerships Reform zoning for smaller lots Support local housing trust fund Streamline permitting process Provide density bonuses Reform zoning for more multifamly housing

Require inclusionary zoning



Survey question: "When thinking about affordable housing, how supportive are you in having your municipalit enact or expand the following: supportive, neutral, unsupportive, not familiar with term."

Housing in Utah

- ► Why are we writing about it?
 - ► A Utah Priority
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- Can renting be preferable?
- ▶ What can we do?
 - Policies -- homeownership
 - Policies perspective of municipalities



The growing West – state perspectives

Now to East – small communities





STATIC INCOME, RISING COSTS:

Renting in the Heart of the Commonwealth

GRA Annual Conference 2024 Paul Matthews, WRRB Executive Director and CEO

Thanks to the work of: Joshua Boucher, PhD, WRRB Senior Research Associate David Cruz Mejia, MPP, former WRRB Research Associate

> https://www.wrrb.org/reports/2022/12/static -income-rising-costs-rentingin-the-heart-of-the-commonwealth/

HOUSEHOLD DEMOGRAPHICS



Chart 1A: Change in Owner Occupied and Renter Occupied Units in Worcester 2010 - 2020

Source: American Community Survey, 2010 - 2020 5-year estimates



HOUSEHOLD DEMOGRAPHICS





COST BURDENS BY HOUSEHOLD





Source: American Community Survey, 2010-2020 5-Year Estimates

Source: American Community Survey, 2020 5-Year Estimates

COST BURDENS BY HOUSEHOLD

wrrb.org The Research Bureau

Chart 2F: Percentage of Cost-Burdened Renter-Occupied Units by Income Range

•••••• Less than \$20,000

— — \$20,000 to \$34,999

\$35,000 to \$49,999

--- \$50,000 to \$74,999
 \$75,000 or More

Source: American Community Survey, 2010-2020 5-Year Estimates



COST BURDENS BY REGION



Table 3H: Percentage of Cost-Burdened Units, Gateway Cities and Northeast									
	Owner-Occupied Units			Renter-Occupied Units					
City	2010	2020	% Change	2010	2020	% Change			
Lowell	39.80%	27.92%	-29.85%	48.70%	48.77%	0.13%			
New Bedford	43.70%	30.19%	-30.91%	50.60%	43.52%	-13.99%			
Quincy	39.50%	35.47%	-10.22%	44.50%	43.91%	-1.33%			
Springfield	38.80%	30.97%	-20.17%	56.70%	56.02%	-1.20%			
Worcester	39.10%	28.47%	-27.19%	47.70%	50.50%	5.87%			
Providence, RI	48.00%	34.94%	-27.21%	53.50%	44.34%	-17.12%			
Rochester, NY	30.80%	22.52%	-26.89%	59.30%	53.19%	-10.31%			

Source: American Community Survey, 2010–2020 5-Year Estimates Note: Tables are in 2020 inflation-adjusted dollars.

REDLINING'S IMPACTS TODAY





REDLINING'S IMPACTS TODAY



