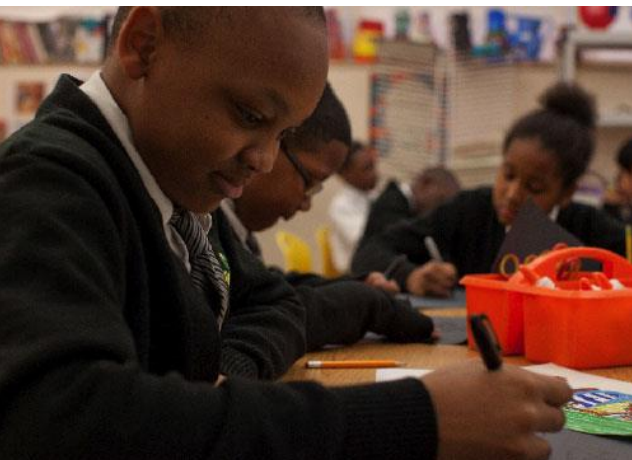




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Identifying Neighborhoods at Risk of Displacement in Philadelphia

Presented at Gentrification & Neighborhood Change - *Perspectives from the Practitioners: Best Practices and Case Studies on Equitable Development in Neighborhoods*

Federal Reserve Banks of Philadelphia and Minnesota, US Department of Housing and Urban Development & NYU Furman Center

May 25, 2016



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Today's Presenters:

- ❖ Beth McConnell – Philadelphia Association of Community Development Corporations
- ❖ Oramenta Newsome – Local Initiatives Support Corporation (LISC), Washington, DC
- ❖ Jonathan Sage-Martinson – Planning and Economic Development, St Paul, MN
- ❖ Kathy Pettit – Urban Institute



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Estimating the Risk of Displacement:

The Importance of Being Ahead of the Issue

Identifying the Actionable Concern

The concern driving this inquiry is the *involuntary* aspect of displacement:

Households that are forced to leave their homes and neighborhoods due to circumstances beyond their control (e.g., rapidly rising taxes / insurance, rent increases [or conversion of rental property into owner occupied stock]).

The approach:

Identify places where households with a similar economic profile as those that could afford to live in the area in years past can now no longer afford to do so.



- 1) Select a “start year” – 2000***
- 2) Establish income levels in the start year based on Census data***
- 3) Inflate income, annually, by CPI***
- 4) Create two-year moving averages (median) of home sale prices***
- 5) Create a ratio of price-to-income***
- 6) Calculate the difference between the citywide average rate and the observed rate in each block group (removes the influence of the balloon in the property market)***

In areas where prices rise at a rate similar to income, there is no concern about involuntary displacement; if prices rise faster than income, displacement – or the inability of households of similar economic circumstances (in 2000) to live in the neighborhood – is a potential concern worthy of further inquiry.

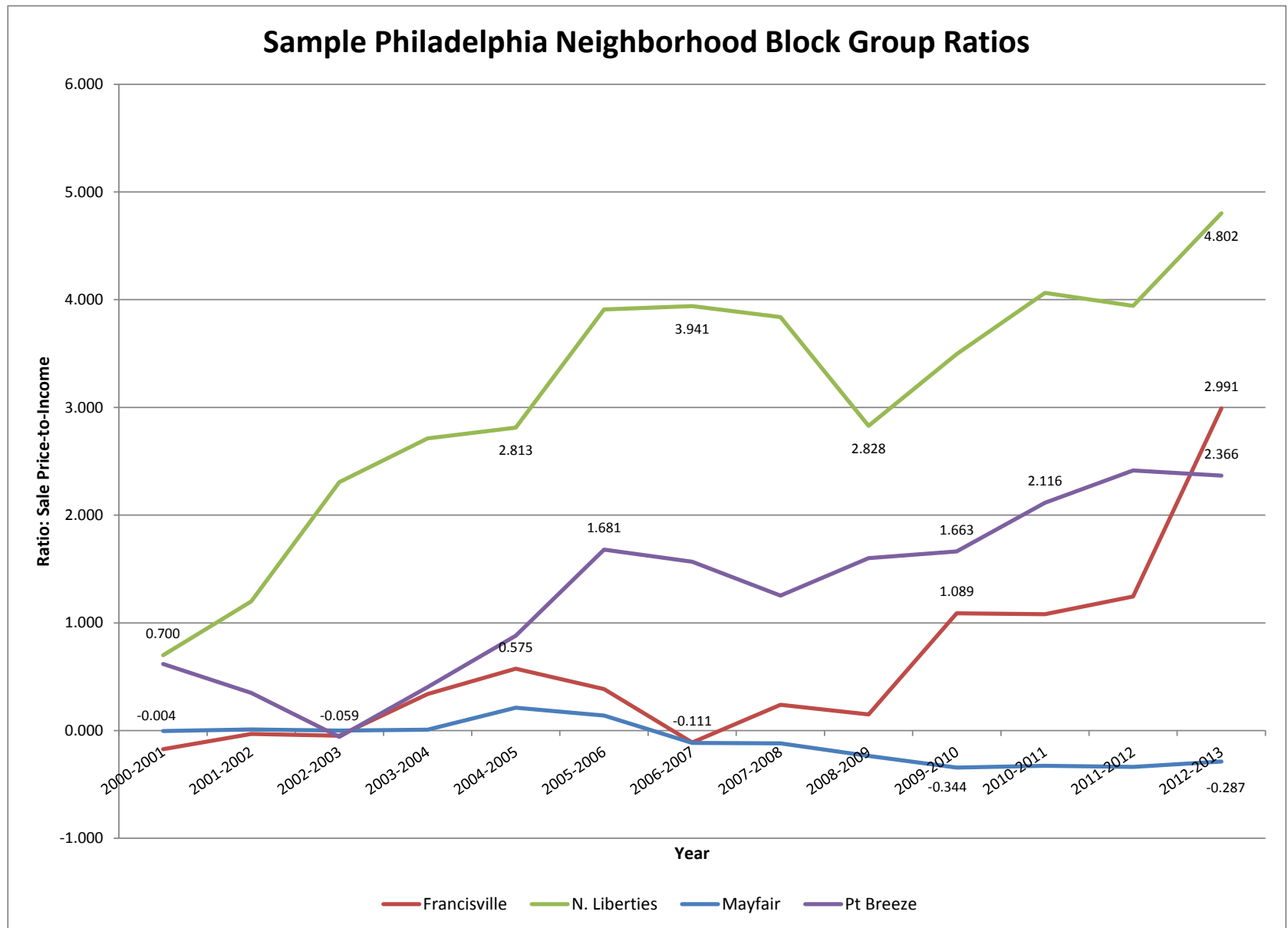


Displacement Risk Ratio (DRR)

$$\text{Displacement Risk Ratio (DRR)} = \frac{\text{Average Sale Price (Year 1 \& Year 2)}}{\text{Median Family Income (inflation adjusted to appropriate year)}}$$



DRR: Trajectory of Select Philadelphia Block Groups from 2000 to 2013

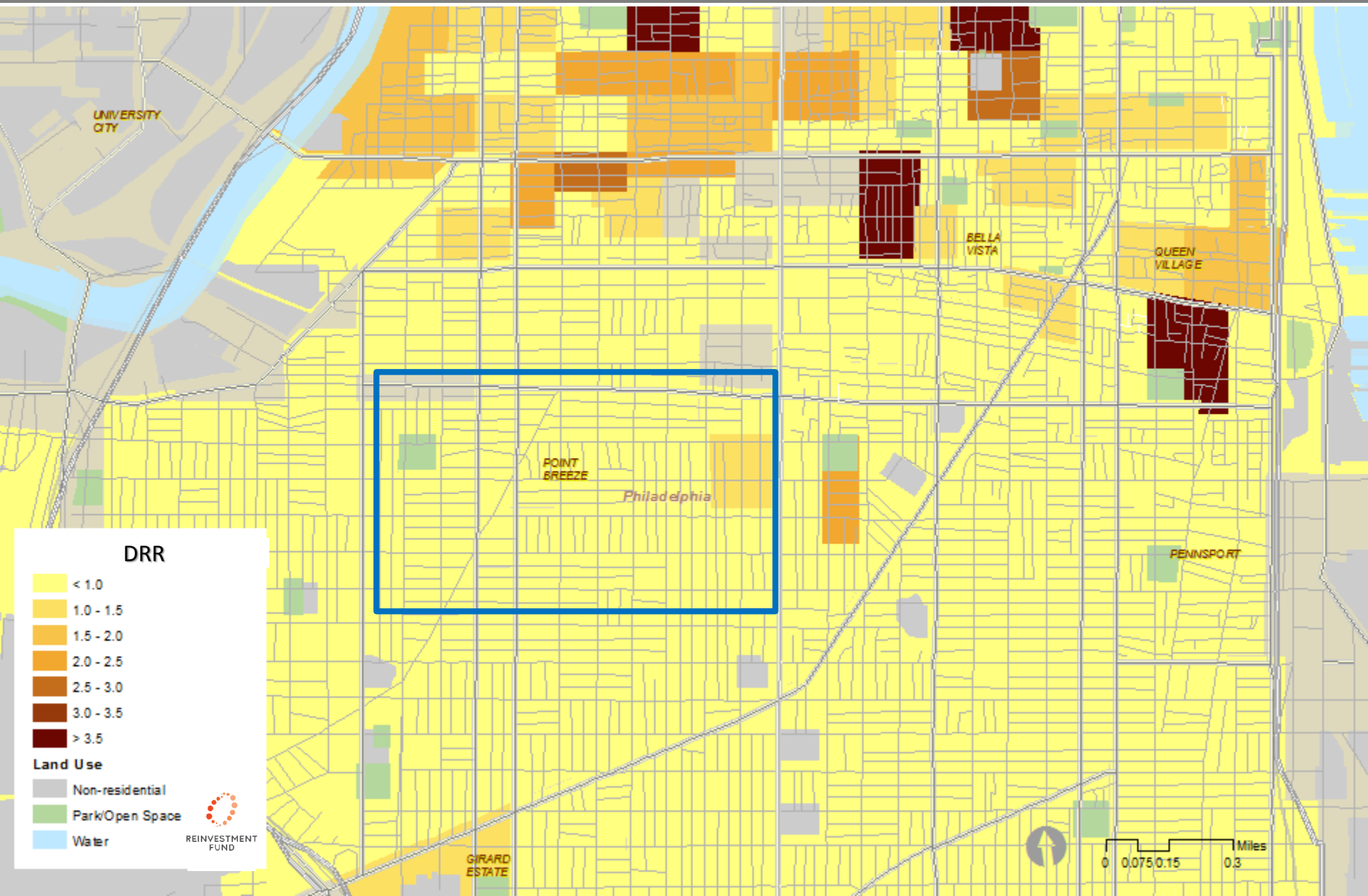




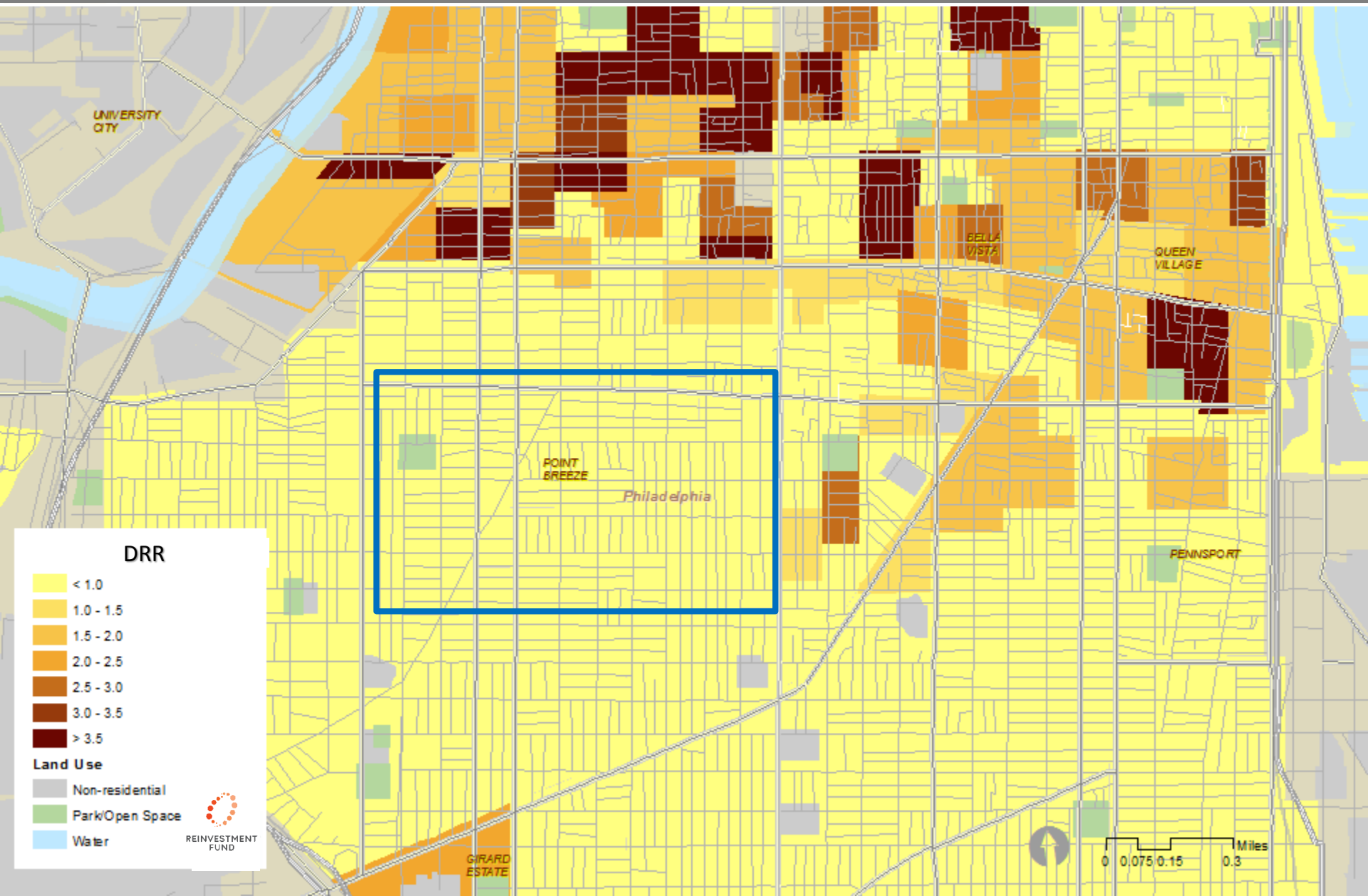
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Philadelphia – South of Market St.

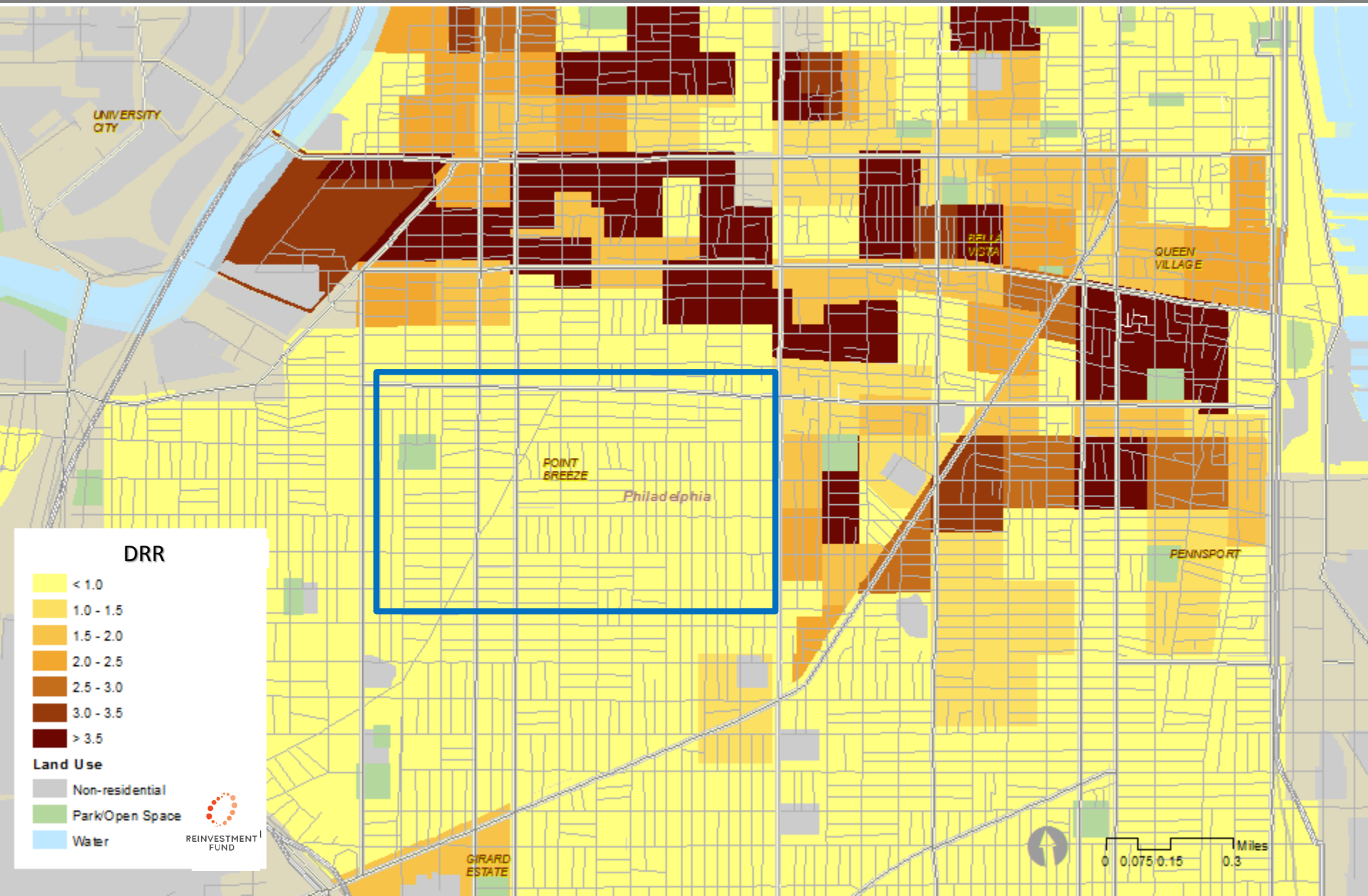
DRR: 2000 – 2001 Sales: South Philadelphia



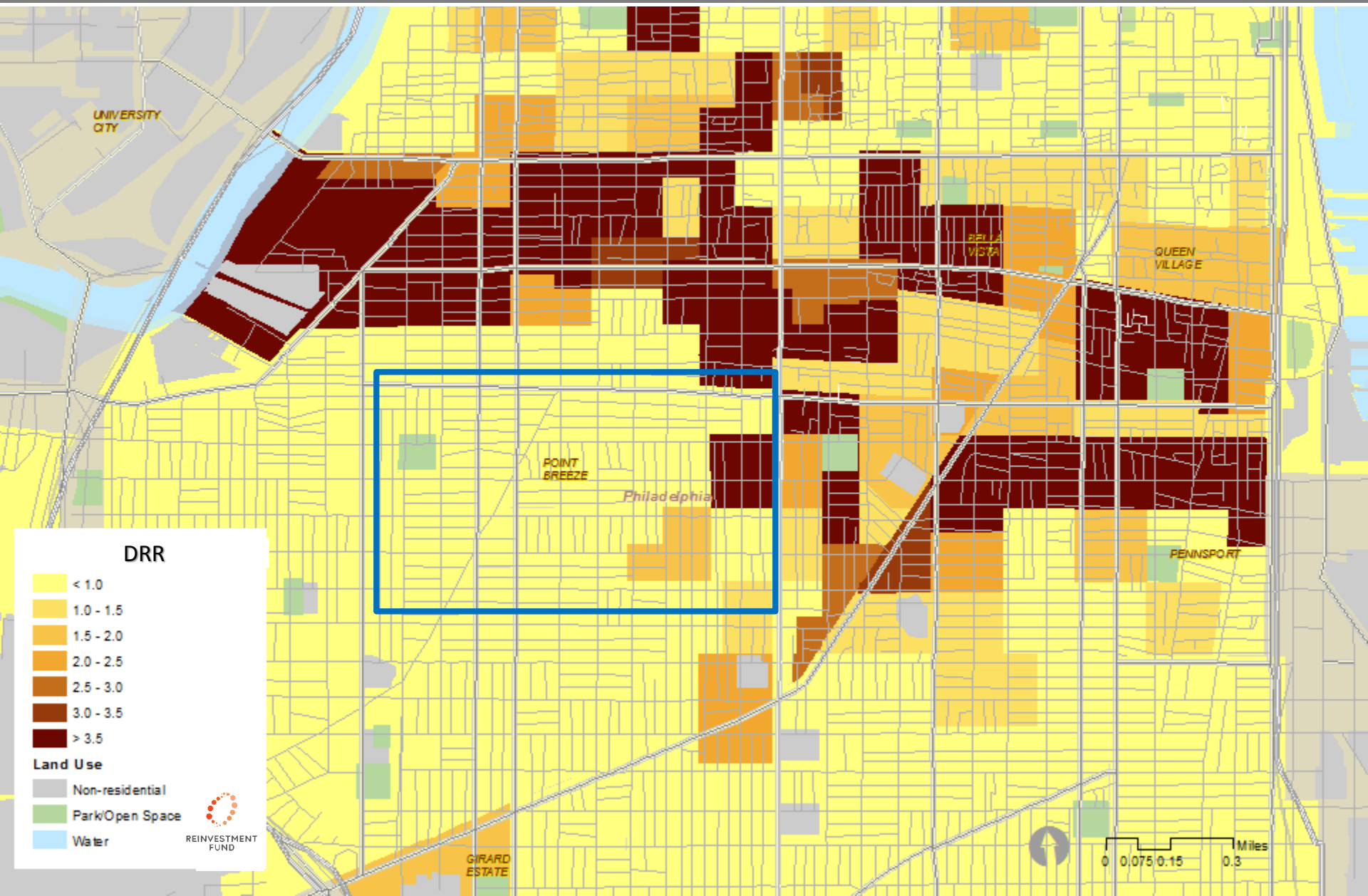
DRR: 2002 – 2003 Sales: South Philadelphia



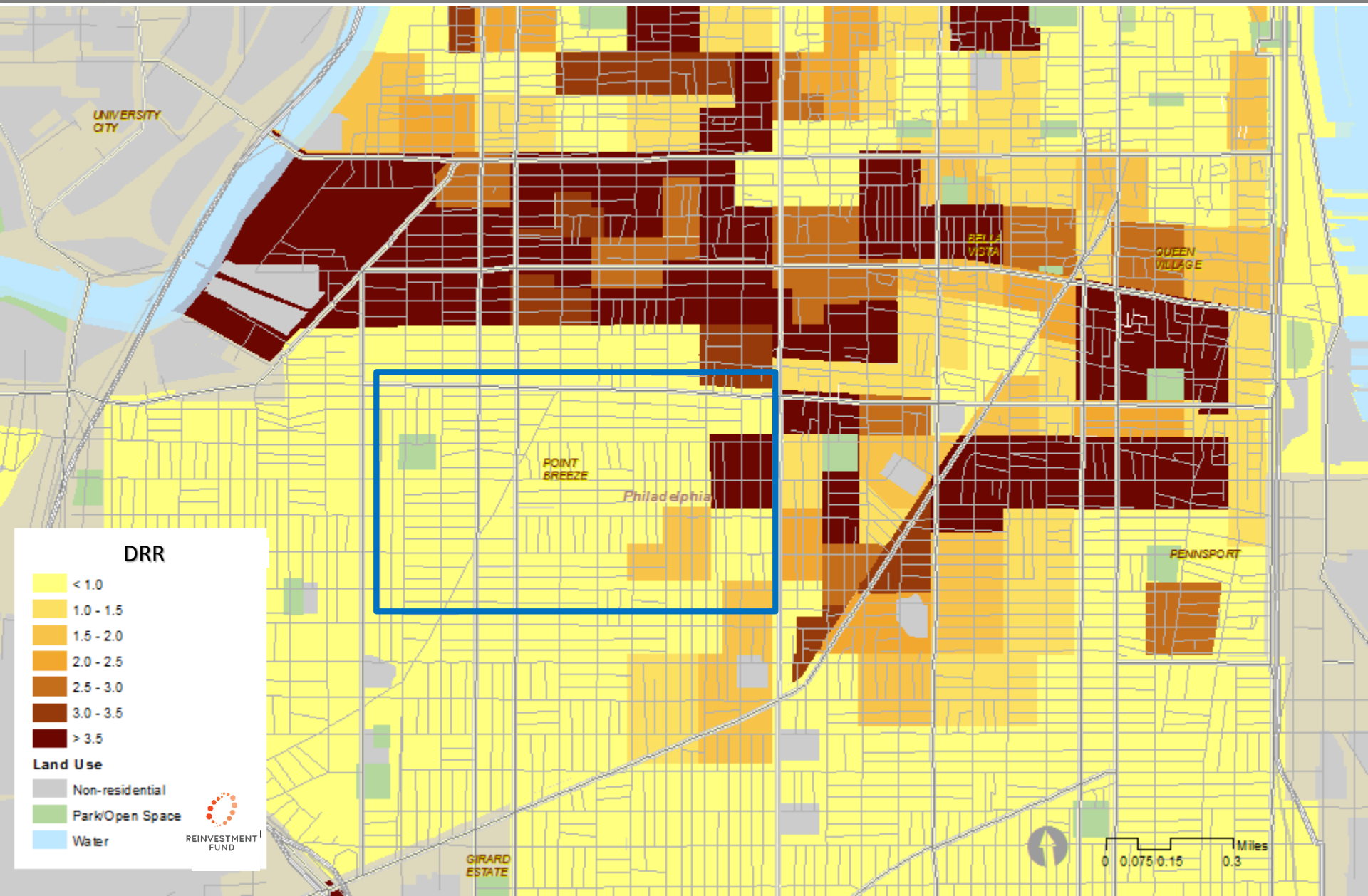
DRR: 2004 – 2005 Sales: South Philadelphia



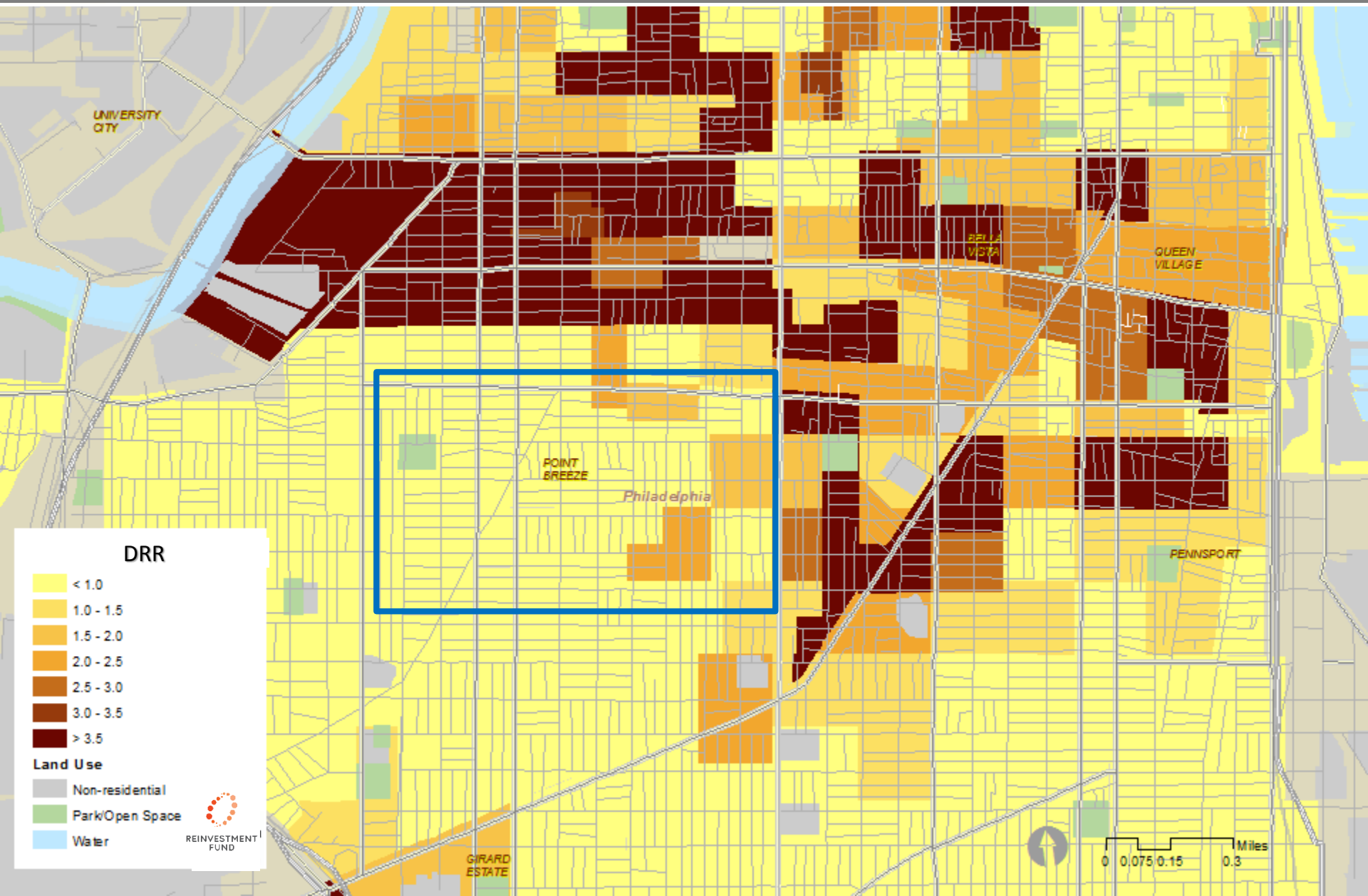
DRR: 2006 – 2007 Sales: South Philadelphia



DRR: 2008 – 2009 Sales: South Philadelphia



DRR: 2010 – 2011 Sales: South Philadelphia



DRR: 2012 – 2013 Sales: South Philadelphia

