



*New Data and New
Ways of Thinking About
Maintaining the
Housing Stock in Middle
Neighborhoods*

The National Middle Neighborhoods Community of Practice

Middle Neighborhoods Initiative

A **National Initiative** focused on mobilizing attention to reverse the disappearance of middle neighborhoods through decline or gentrification. The initiative does this through

- A **Community of Practice** that facilitates peer-to-peer learning among middle neighborhood practitioners. The CoP connects more than 400 practitioners, policymakers and researchers to each other through webinars, events, case studies, newsletters, and virtual site visits.
- **Research** into topics relevant to middle neighborhood practitioners and policymakers.
- **Policy analysis and advocacy** around housing, lending and other community development issues.
- **Communications** strategies to advance awareness and technical knowledge among a wide variety of audiences.

The initiative is coordinated by the **National Community Stabilization Trust** and **NeighborWorks America** and is advised by a **Steering Committee** of 20 prominent researchers, practitioners, and policy makers.





Characteristics of Middle Neighborhoods

- Mostly single-family homes built for families with children.
- Still well more than 50% owner-occupied, but slowly eroding.
- Housing stock is aging, still in generally acceptable condition, but often lacks features and updates to compete well for today's homebuyers.
- More racially, ethnically and economically diverse.



Many Middle Neighborhoods Are Faltering In Their Sustainability

- Ability to ***reliably attract replacement owner occupants*** and other neighborhood-friendly buyers
- Ability to ***generate home values that support quality maintenance***, repairs and updates without appraisal gaps
- Ability to ***repel irresponsible investors***
- Ability to ***maintain engaged residents taking stewardship*** of the neighborhood
- Ability to ***deliver home equity to owners and revenue to municipal government***



Some Middle Neighborhoods Are Facing Gentrification and Displacement

- Regions with strong economies and/or housing supply shortages
- Loss of affordable housing
- Risk displacement of lower-income renters, homeowners, and commercial tenants.
- A critical opportunity to:
 - Ensure that existing residents and businesses share in the community's growing prosperity.
 - Preserve affordable housing before it is lost.

Click [here](#) to learn more about defining Middle Neighborhoods

Refresh Your Map Zoom Questions or feedback? Type in location GO

Choose a 2014-2018 layer to display

- 2018 City Test 1: 60-100% CMI
- 2018 City Test 2: 80-120% CMI
- 2018 National Test 1: 60-100% NMI
- 2018 National Test 2: 80-120% NMI
- 2018 Regional Test 1: 60-100% AMI
- 2018 Regional Test 2: 80-120% AMI
- 2018 Regional Test 3: 100-160% AMI

Choose a 2006-2010 layer to display

- 2010 City Test 1: 60-100% CMI
- 2010 City Test 2: 80-120% CMI
- 2010 National Test 1: 60-100% NMI
- 2010 National Test 2: 80-120% NMI
- 2010 Regional Test 1: 60-100% AMI
- 2010 Regional Test 2: 80-120% AMI
- 2010 Regional Test 3: 100-160% AMI

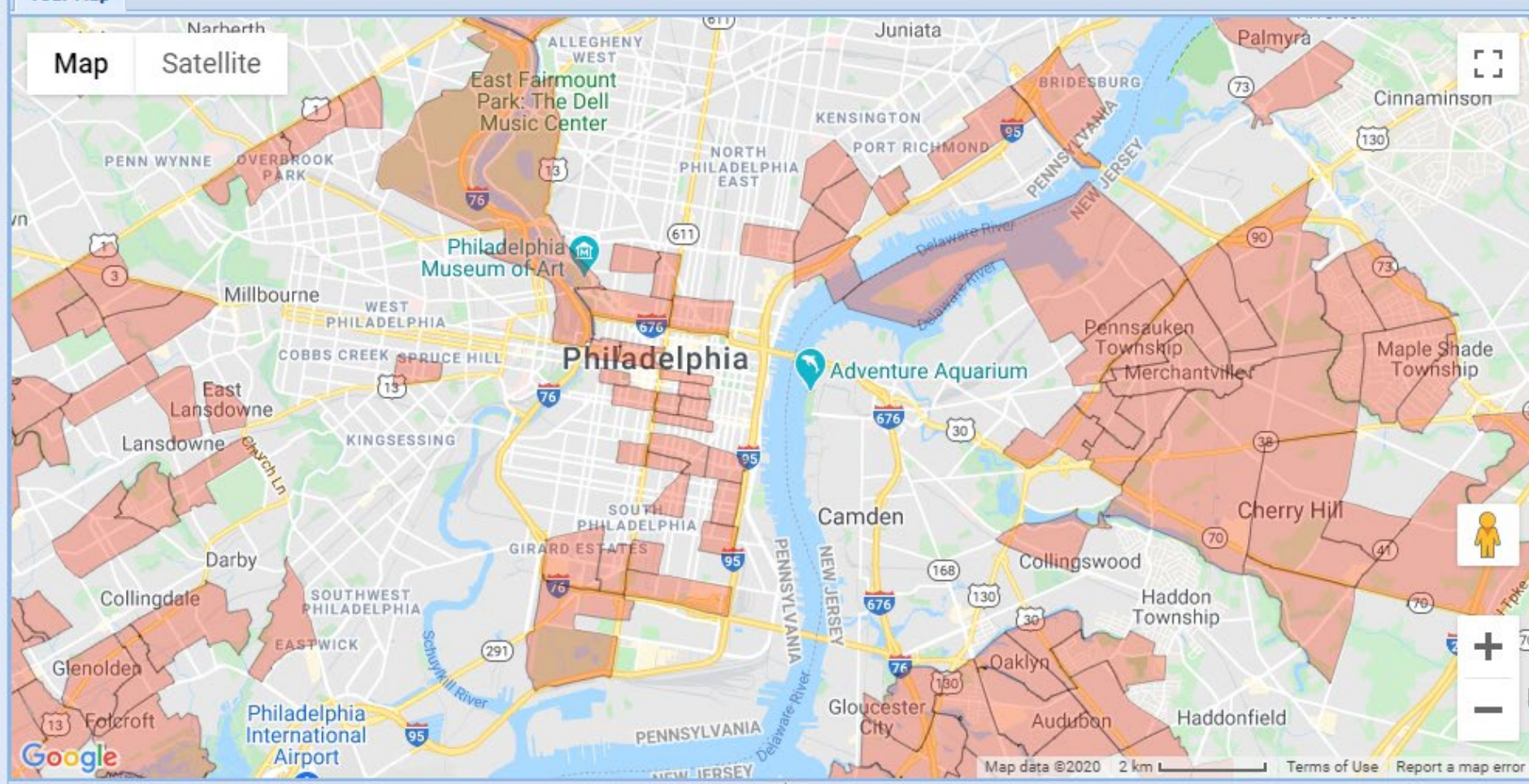
MSAs

- Panama City, FL Metro Area
- Parkersburg-Vienna, WV Metro Area
- Pensacola-Ferry Pass-Brent, FL Metro Area
- Peoria, IL Metro Area
- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro Area
- Phoenix-Mesa-Scottsdale, AZ Metro Area
- Pine Bluff, AR Metro Area
- Pittsburgh, PA Metro Area
- Pittsfield, MA Metro Area

Your Map

Map

Satellite



Displaying census tracts with median household incomes between 80 and 120 percent of regional/MSA median (\$69,465), or \$55,572 - \$83,358

Panelists

Sophia Wedeen

- Research Analyst
- Joint Center for Housing Studies, Harvard
- Cambridge, MA

Paul Stewart

- Director
- Oswego Renaissance Association
- Oswego, NY

Amber Lynch

- Executive Director
- Invest DSM
- Des Moines, IA

Maintaining the Housing Stock in Middle Neighborhoods:

Household Income and Home Remodeling Activity

Sophia Wedeen

Key Takeaways

- Home remodeling activity – including a wide range of repair, replacement, and discretionary projects – is **essential to maintain the housing stock**, prevent homes from falling into disrepair, improve housing quality, and help homeowners build wealth
- The **level and composition of remodeling spending vary by household income**, and many lower-income homeowners spend little or nothing on home improvements
- Home repairs and updates pose **considerable financial burdens** for households, especially those with low incomes

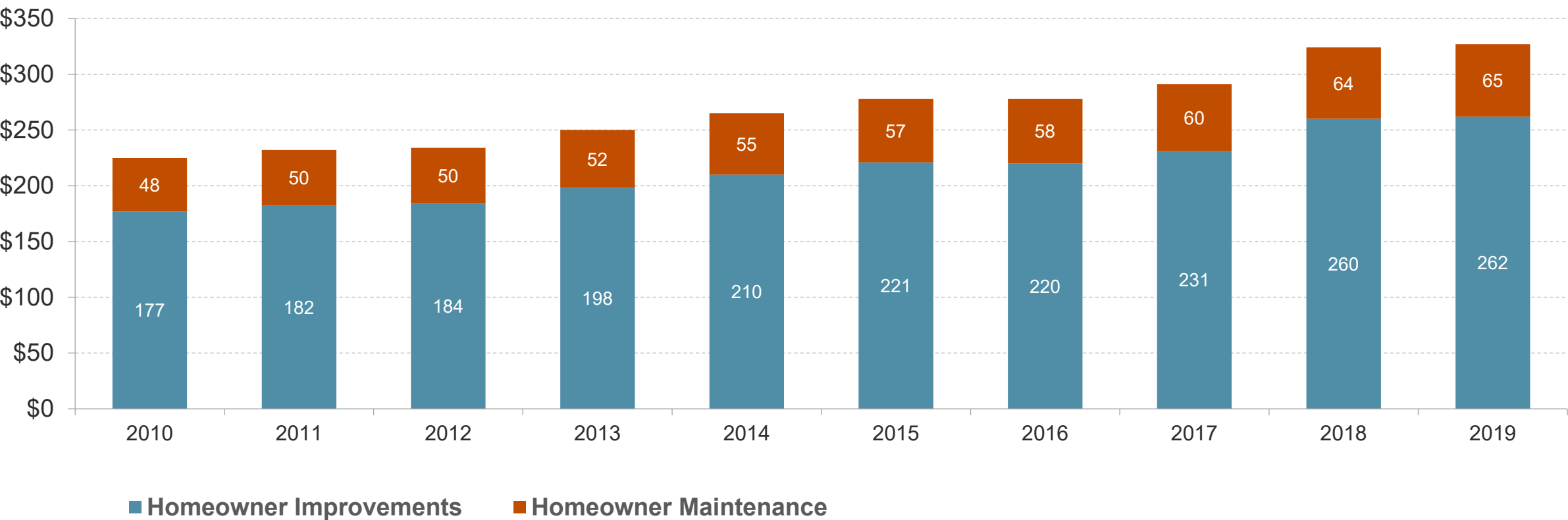
Data: American Housing Survey

- HUD-sponsored **national survey of the US housing stock** and the demographic and socioeconomic characteristics of the households living in owned and rented units
- Conducted every other year as a **longitudinal survey**
- Unique source of **detailed questions on home improvement activity** to the owner-occupied stock:
 - Type of projects
 - Total cost of projects



The Home Remodeling Market Has Expanded in the Past Decade, With Spending on Owner-Occupied Homes Reaching \$327 Billion in 2019

Market Spending (Billions of \$)



Source: JCHS analysis of US Department of Housing and Urban Development (HUD), American Housing Surveys.

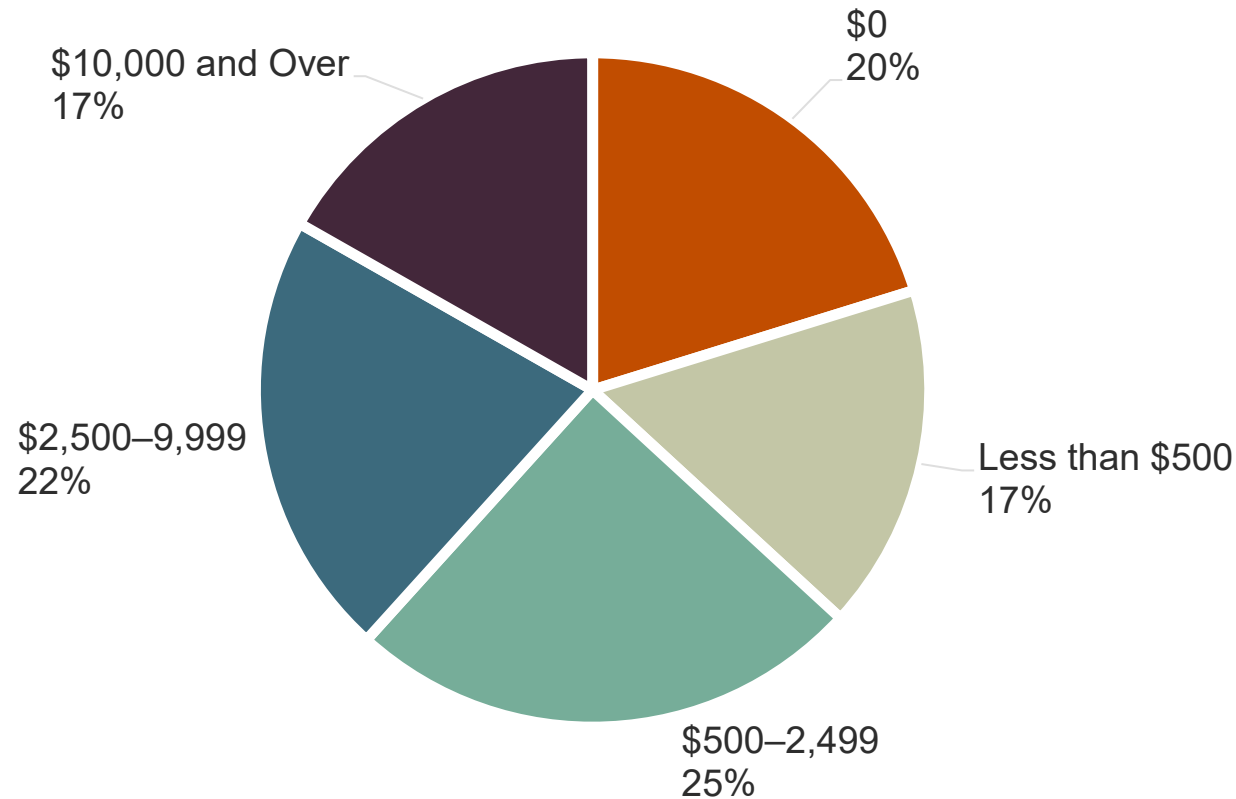
The Remodeling Industry Segments By Many Types of Improvement and Maintenance Projects

Project Type	Total Expenditures (Billions of \$)
DISCRETIONARY	77.4
Kitchen Remodels	25.0
Bath Remodels	18.8
Room Additions – Kitchens, bathrooms, bedrooms, recreation	18.0
Outside Attachments – Decks, patios, porches, garages	15.6
REPLACEMENT	120.4
Exterior – Roofing, siding, windows, doors, chimney, stairs	51.1
Interior – Insulation, carpeting, flooring, paneling, ceiling tiles	23.9
Systems and Equipment – Internal water pipes, plumbing, electrical wiring, HVAC, appliances, major equipment	45.4
OUTSIDE PROPERTY – Sheds, septic tanks, driveways, walkways, fencing, landscaping, recreational structures	38.7
DISASTER REPAIR	25.6
MAINTENANCE AND REPAIR	65.3
TOTAL SPENDING	327.4

Source: JCHS tabulations of HUD, 2019 American Housing Survey.

Over a Third of Homeowners Spend Little or Nothing to Maintain or Improve Their Homes

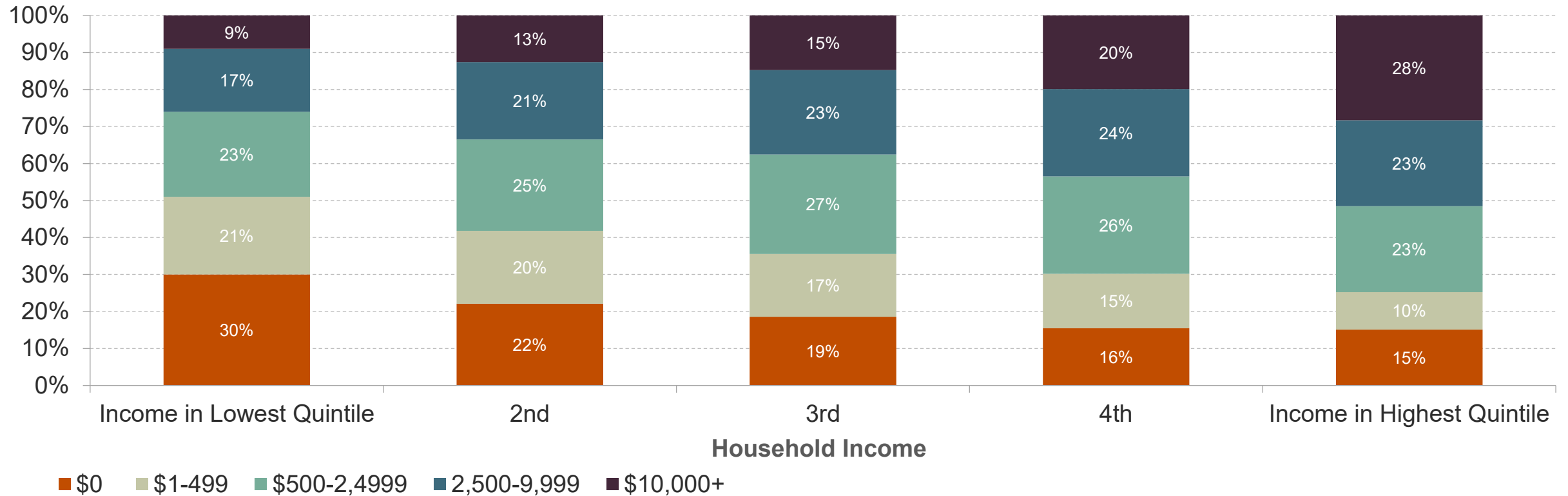
Share of Homeowners by Remodeling Spending Level, 2019



Source: JCHS tabulations of HUD, 2019 American Housing Survey.

Homeowners With Lower Incomes Are Twice as Likely as Higher-Income Homeowners to Spend Nothing on Home Improvements or Maintenance

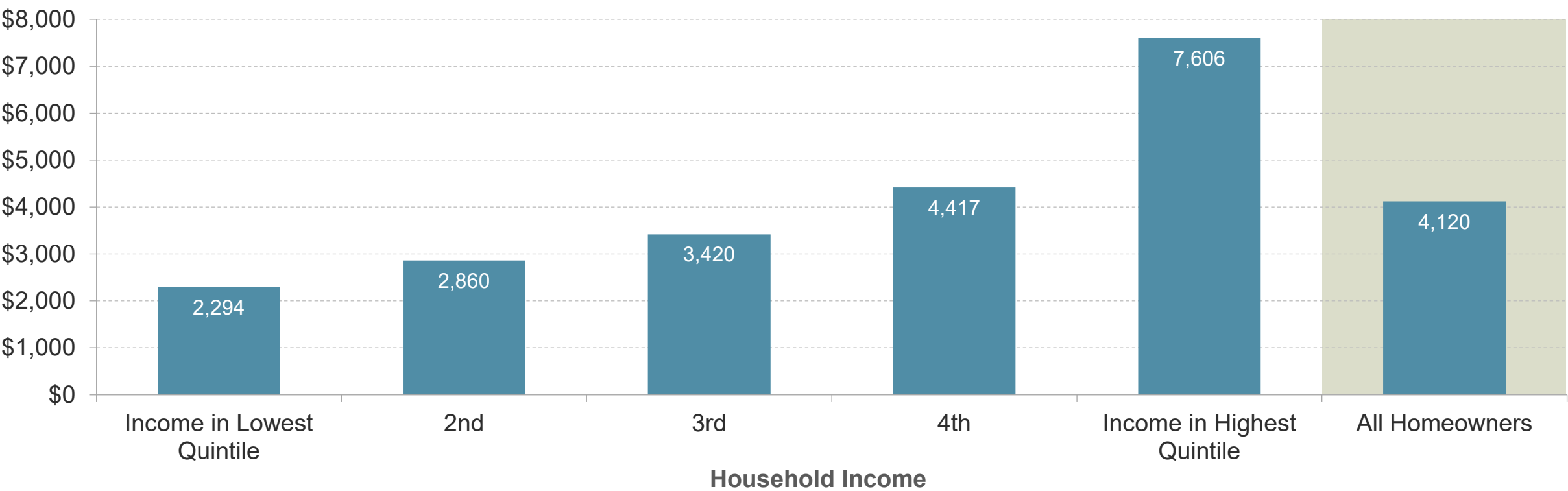
Share of Homeowners by Remodeling Spending Level, 2019



Notes: The lowest income quintile includes homeowners with incomes of less than \$32,000. The highest income quintile includes homeowners with incomes of more than \$144,000. Remodeling spending includes improvements and maintenance spending.
Source: JCHS tabulations of HUD, 2019 American Housing Survey.

Homeowners Spent an Average of \$4,100 on Their Homes in 2019, With Higher Income Households Spending Three Times as Much as Lower-Income Households

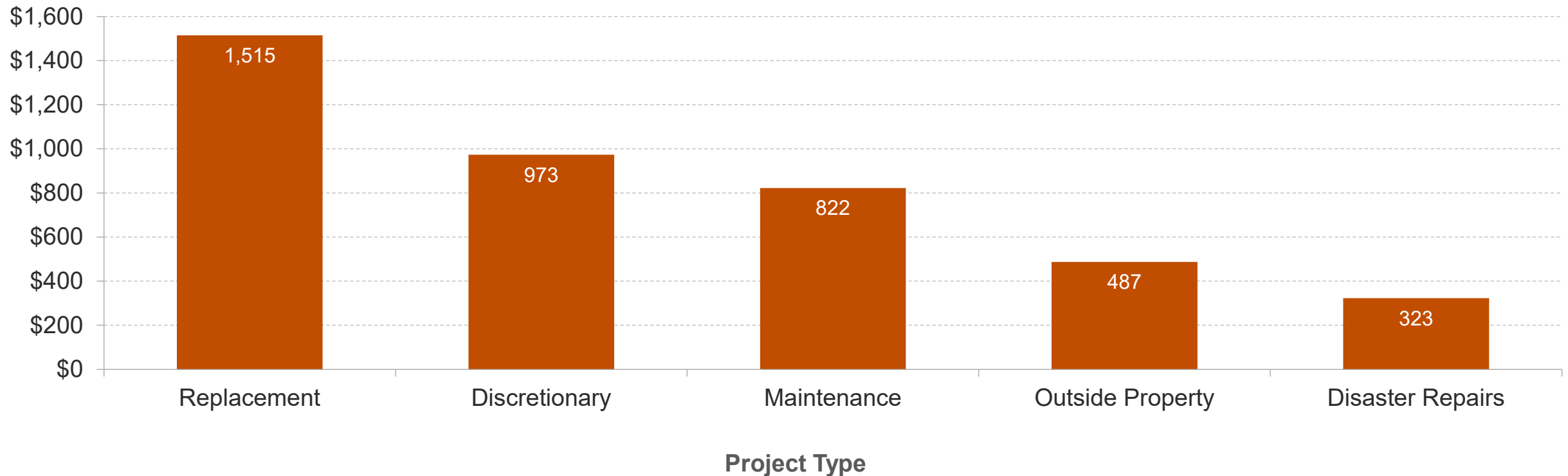
Average Spending Per Owner, 2019



Notes: The lowest income quintile includes households with incomes of less than \$32,000. The highest income quintile includes households with incomes of more than \$144,000. Average spending per owner includes households with no projects. Remodeling projects include both maintenance and improvement spending.
Source: JCHS tabulations of HUD, 2019 American Housing Survey.

Homeowners Spend Their Remodeling Dollars on A Variety of Home Improvement and Maintenance Projects

Average Spending Per Owner, 2019

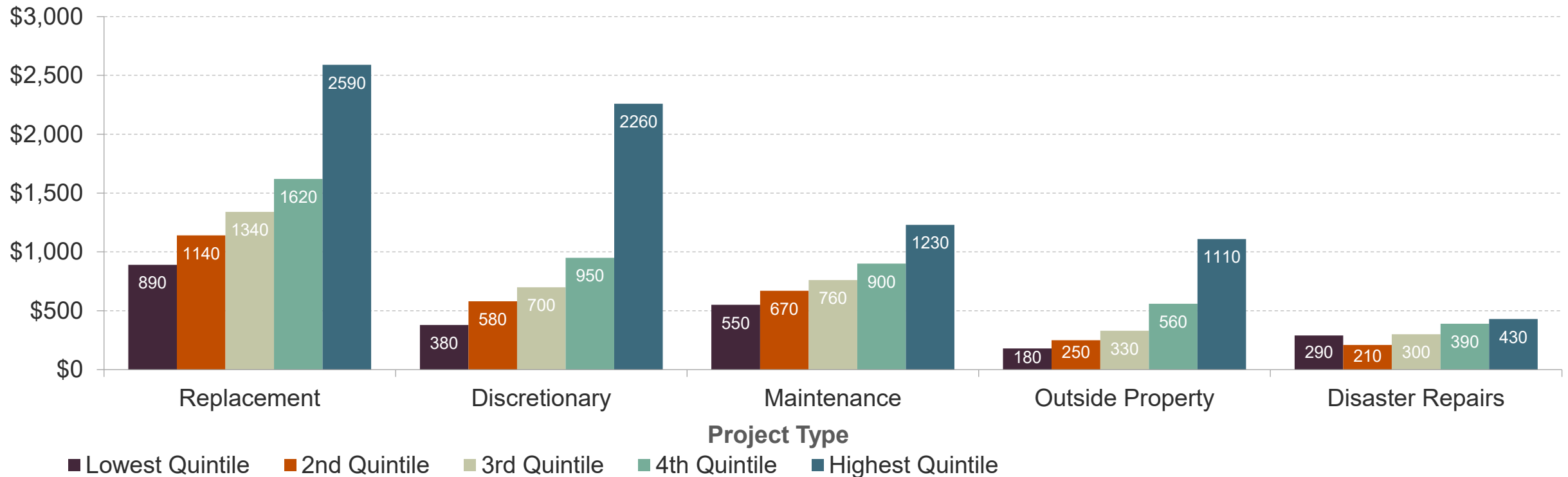


Notes: Replacement projects include exterior, systems and equipment, and interior projects. Discretionary projects include kitchen and bath remodels, room additions, and outside attachments. Outside property includes such projects as driveways and walkways, fencing, sheds, landscaping, and recreational structures. Average spending per owner includes households with no projects. “All Projects” is the sum of replacement, discretionary, maintenance, outside property, and disaster repair spending.

Source: JCHS tabulations of HUD, 2019 American Housing Survey.

Lower-Income Homeowners Spend Significantly Less Per Household on All Types of Home Improvement and Maintenance Projects

Average Spending Per Owner, 2019 (Dollars)

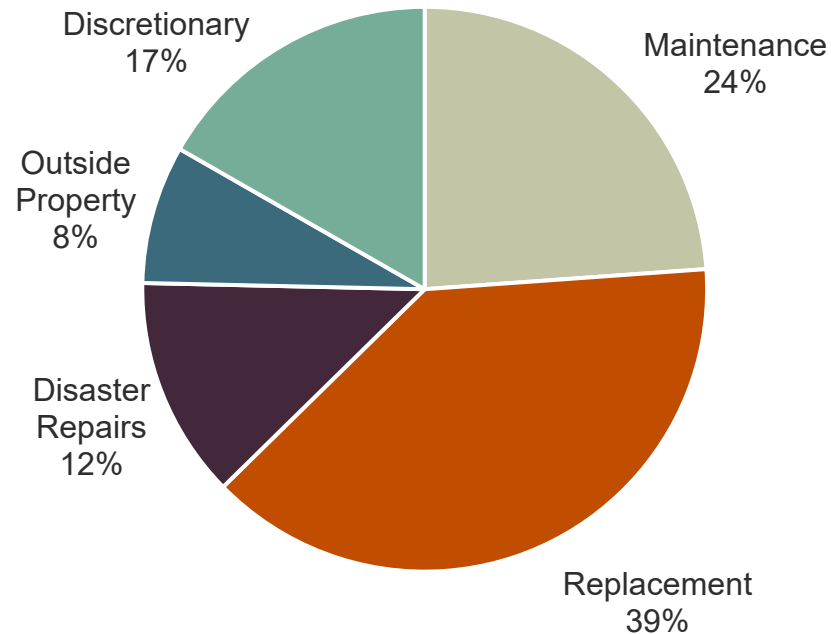


Notes: The lowest income quintile includes homeowners with incomes of less than \$32,000. The highest income quintile includes homeowners with incomes of more than \$144,000. Replacement projects include exterior, systems and equipment, and interior projects. Discretionary projects include kitchen and bath remodels, room additions, and outside attachments. Outside property includes such projects as driveways and walkways, fencing, sheds, landscaping, and recreational structures. Average spending per owner includes households with no projects. "All Projects" is the sum of replacement, discretionary, maintenance, outside property, and disaster repair spending.

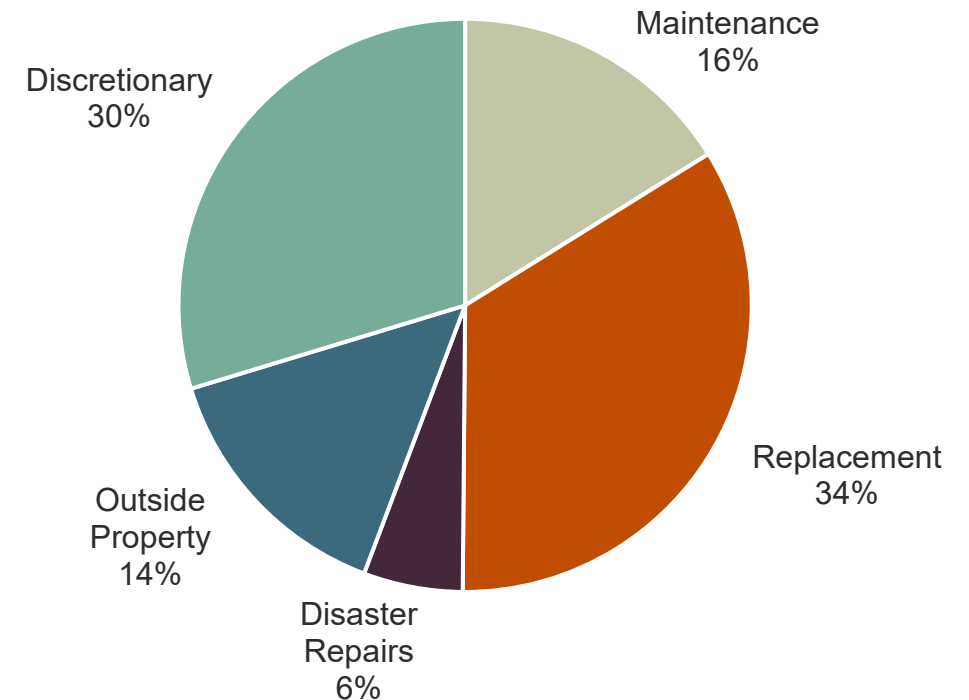
Source: JCHS tabulations of HUD, 2019 American Housing Survey.

A Higher Proportion of Lower-Income Homeowners' Remodeling Budgets Goes Towards Maintenance, Replacements, and Disaster Repairs

**Share of Spending for Homeowners
With Incomes in Lowest Quintile, 2019**



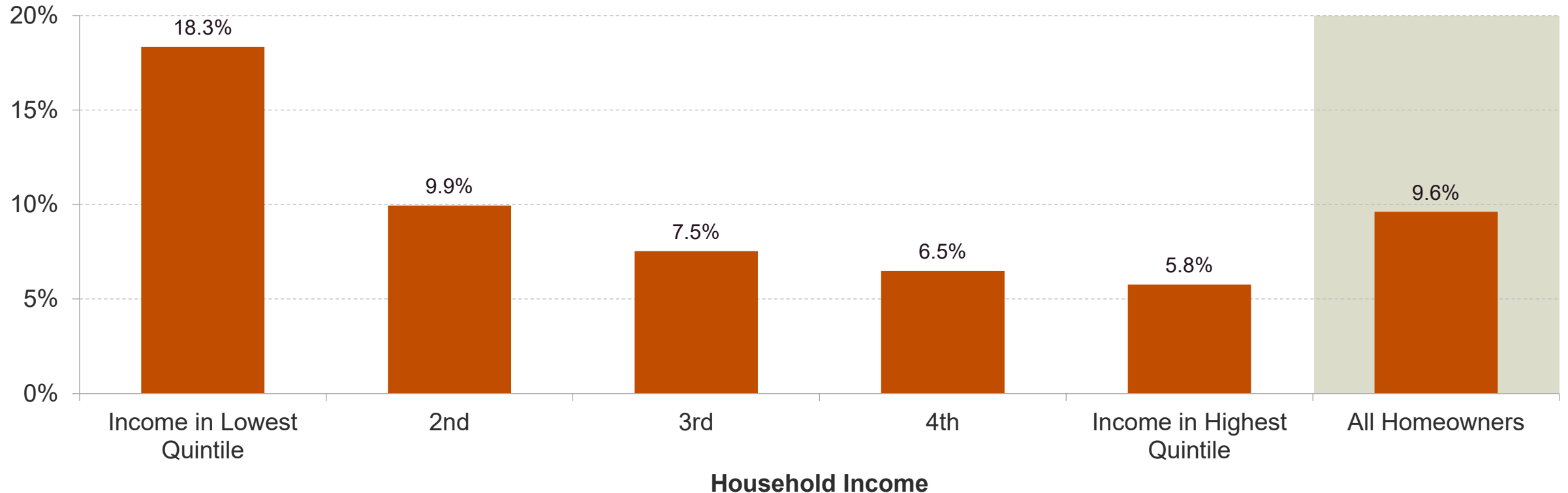
**Share of Spending for Homeowners
With Incomes in Highest Quintile, 2019**



Notes: The lowest income quintile includes homeowners with incomes of less than \$32,000. The highest income quintile includes homeowners with incomes of more than \$144,000. Replacement projects include exterior, systems and equipment, and interior projects. Discretionary projects include kitchen and bath remodels, room additions, and outside attachments. Outside property includes such projects as driveways and walkways, fencing, sheds, landscaping, and recreational structures.
Source: JCHS tabulations of HUD, 2019 American Housing Survey.

Home Repairs and Updates Pose Considerable Financial Burdens, Especially for Homeowners With Lower Incomes

Average Share of Income Spent on Home Improvements and Maintenance



Notes: The lowest income quintile includes homeowners with incomes of less than \$32,000. The highest income quintile includes homeowners with incomes of more than \$144,000. Homeowners with zero or negative income are assumed to spend 0% of income for improvements and repairs, while those spending over 100% are top-coded at 100%. Average share of income spent on home improvements and maintenance includes households with no spending.
Source: JCHS tabulations of HUD, 2019 American Housing Survey.

Conclusions

- Household **income shapes the composition** of households' remodeling budgets, with lower-income households spending more of their remodeling dollars on essential upgrades
- The housing stock has large unmet repair needs, and disparities in home improvement spending likely **create and reinforce disparities in housing conditions**
- **Public and nonprofit programs** that subsidize home repairs **help maintain the housing stock** and reduce financial burdens for low-income households
 - HUD Community Development Block Grants (CDBG)
 - HUD HOME Partnerships Program
 - Department of Energy Weatherization Assistance Program
 - USDA Single Family Housing Repair Loans & Grants
 - Municipal home repair programs

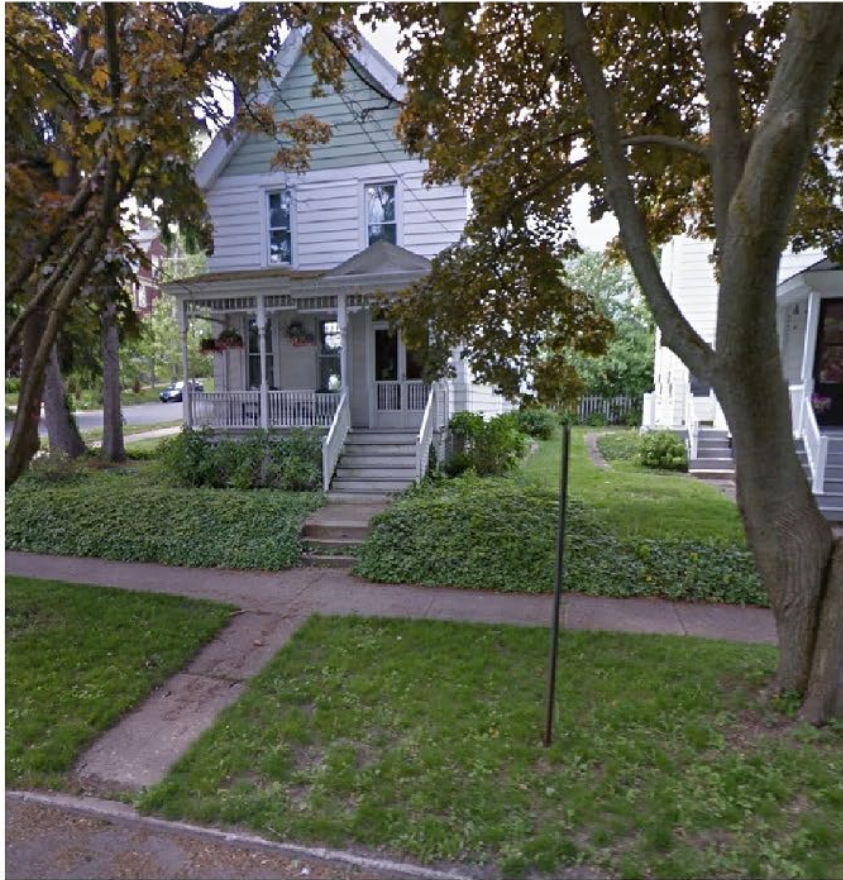
More information at jchs.harvard.edu



An aerial photograph of a city, likely Chicago, showing a dense grid of buildings and streets. A large, dark purple rectangular overlay covers the majority of the image, serving as a background for the text. The city is covered in snow, and a highway interchange is visible in the lower-left corner.

Thank You!

sophia_wedeen@harvard.edu



Neighborhood Revitalization.....that Works









72 W 4th St
Oswego, New York
Street View - May 2012





PARKING
ANY
TIME
→

WARNING



ALL SUSPICIOUS PERSONS AND ACTIVITIES
ARE IMMEDIATELY REPORTED TO
THE POLICE DEPARTMENT

NEIGHBORHOOD WATCH

WE LOOK OUT FOR EACH OTHER

The Old Approach

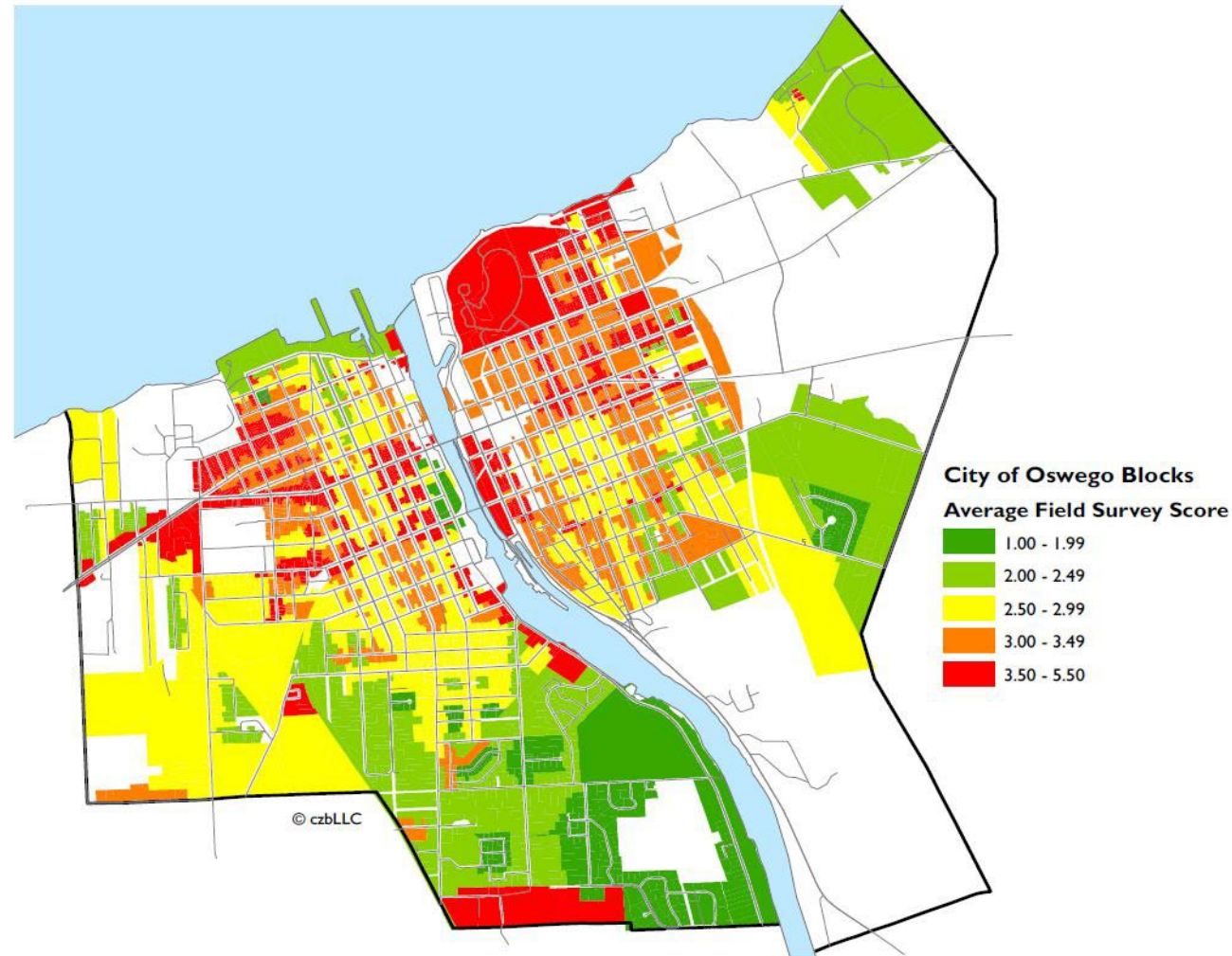
- Try to “Fix the Problems”
- Code Enforcement
- Cite slumlords
- Build more Affordable Housing

A New Way of Thinking

- Build on What's Working
- Stop Focusing on What's Not
- Problem to Solve is NOT Affordability
- Problem to Solve is **Market Demand**

2013 Neighborhood Market Analysis

5,681 Properties Evaluated



Market Analysis Findings

- Oswegonians withhold nearly ***\$24,700,744*** ***each year*** in home investments due to lack of market confidence
- Private investment can be leveraged if Market Confidence is generated
- “Middle Markets” must be the priority

Deferred Maintenance



Degraded Conditions

Reduced Confidence

Ongoing Maintenance

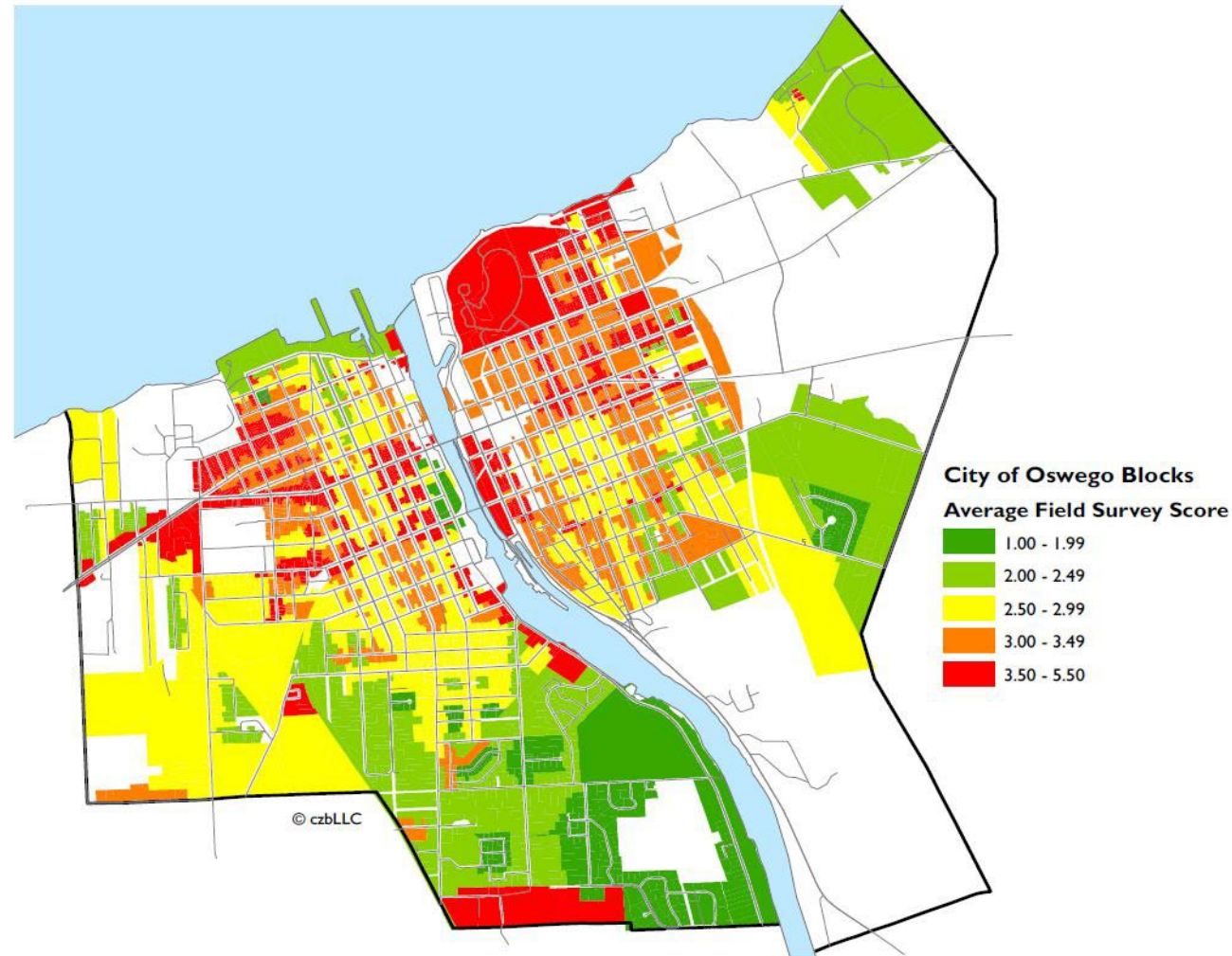


Stronger Confidence

Improved Conditions

2013 Neighborhood Market Analysis

5,681 Properties Evaluated



2013 Neighborhood Market Analysis

How Might We Find a Smart Way to Intervene?



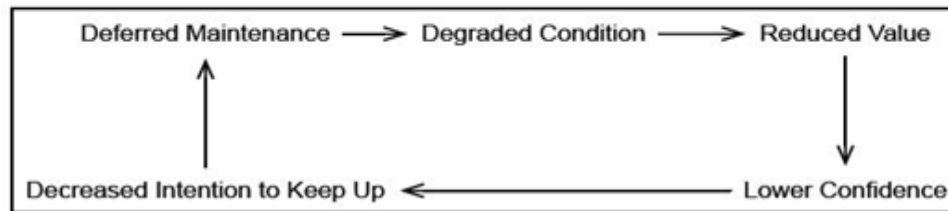
2013 Neighborhood Market Analysis



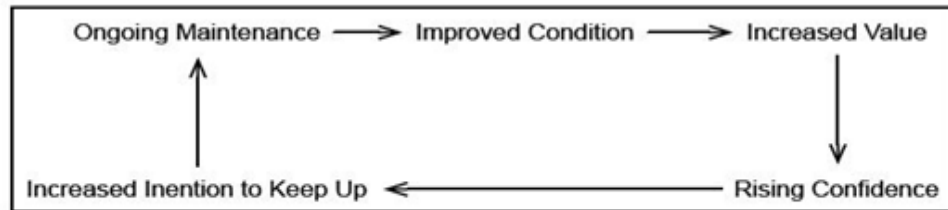
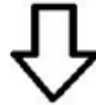
Implementation



We must stop the vicious Disinvestment Cycle



and move to...



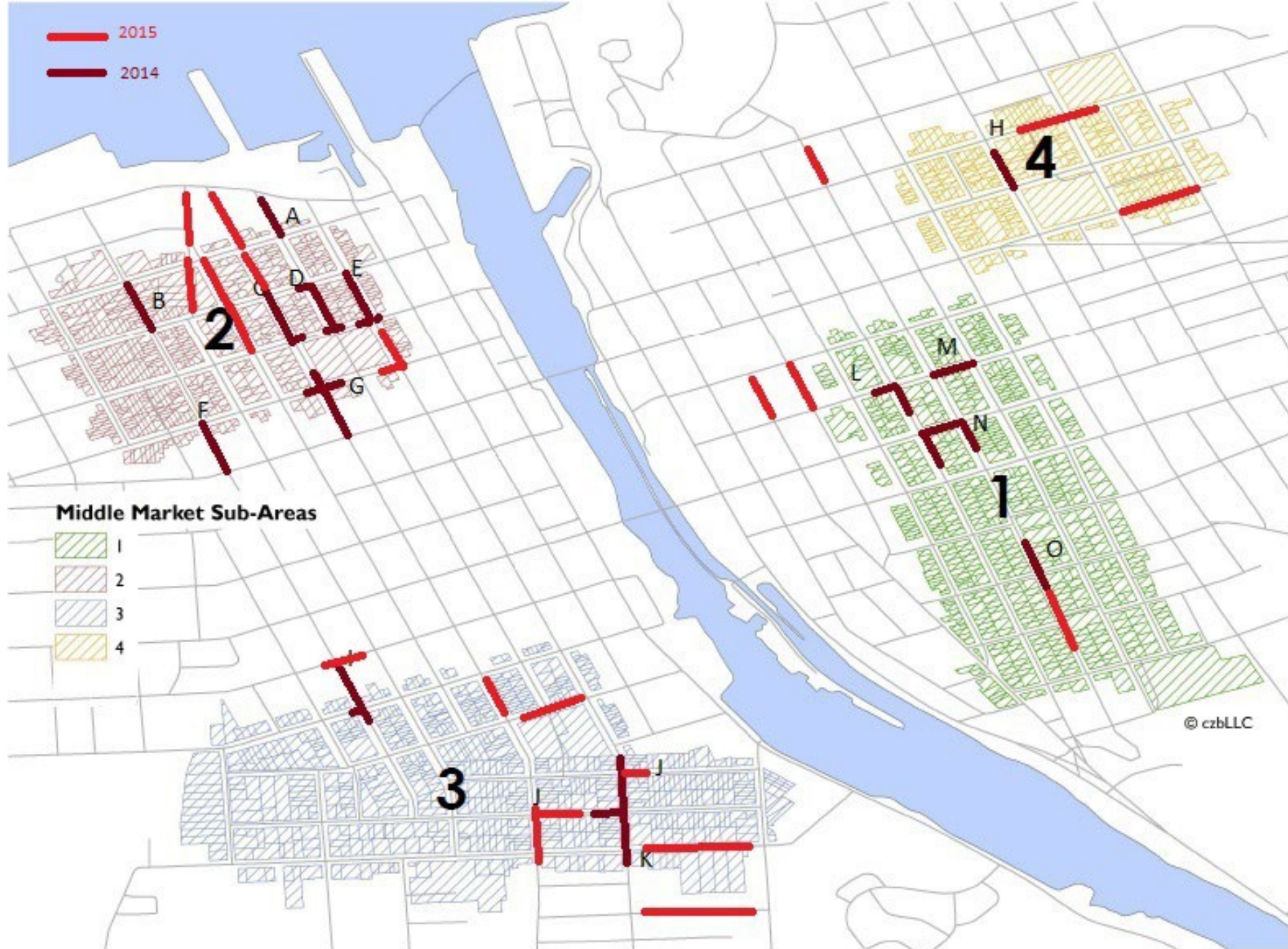
a Virtuous Reinvestment Cycle

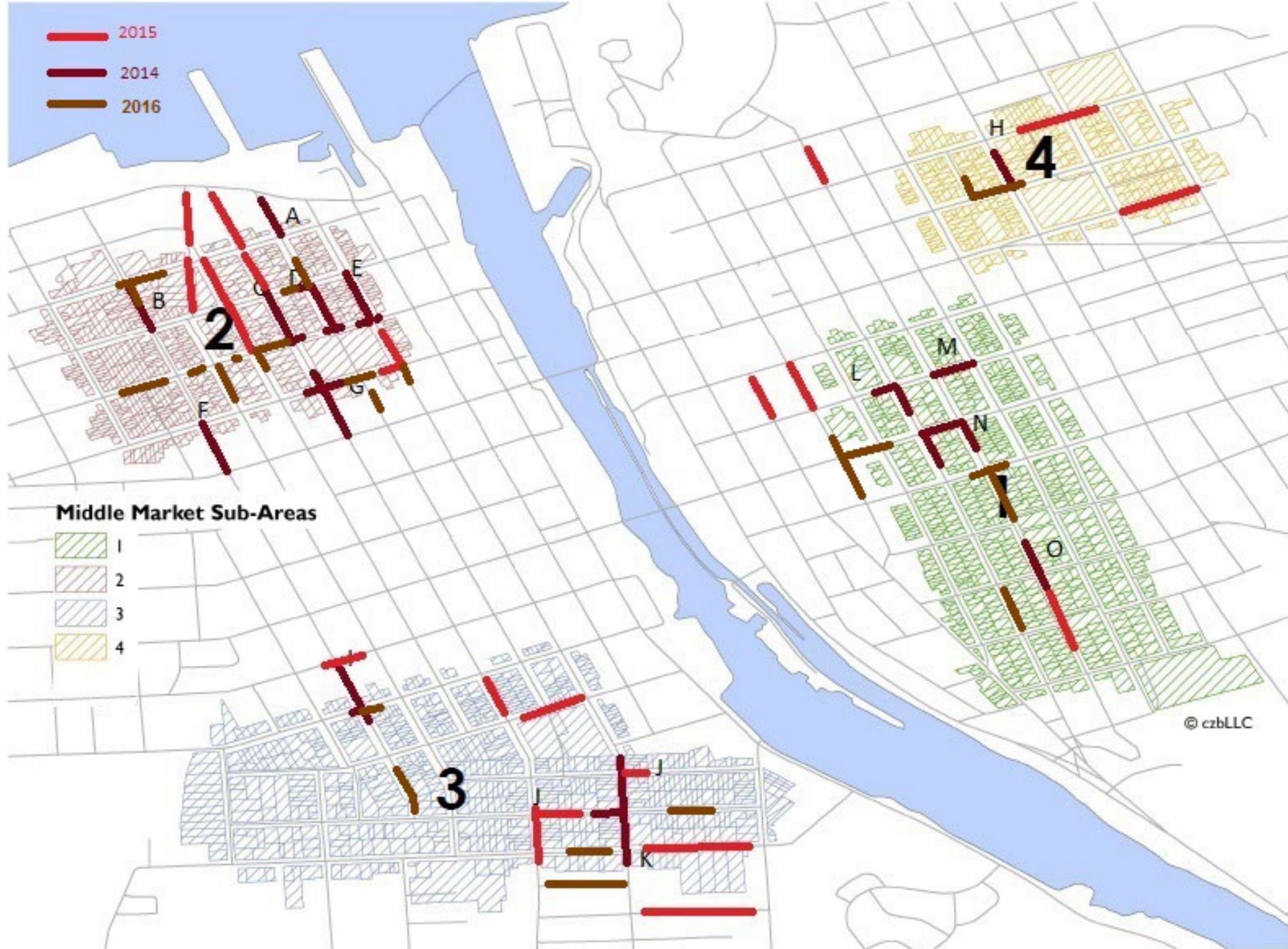


Results

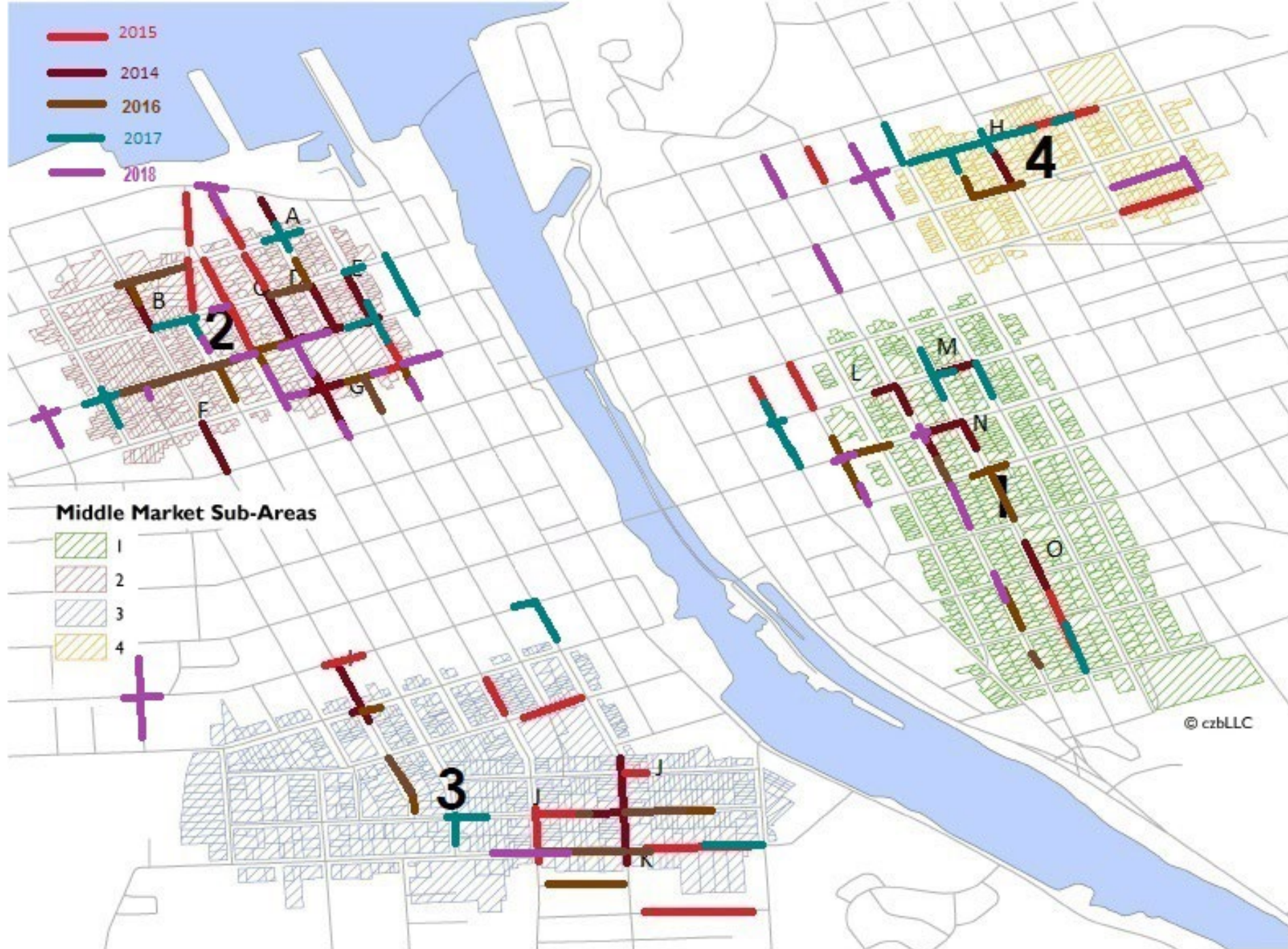


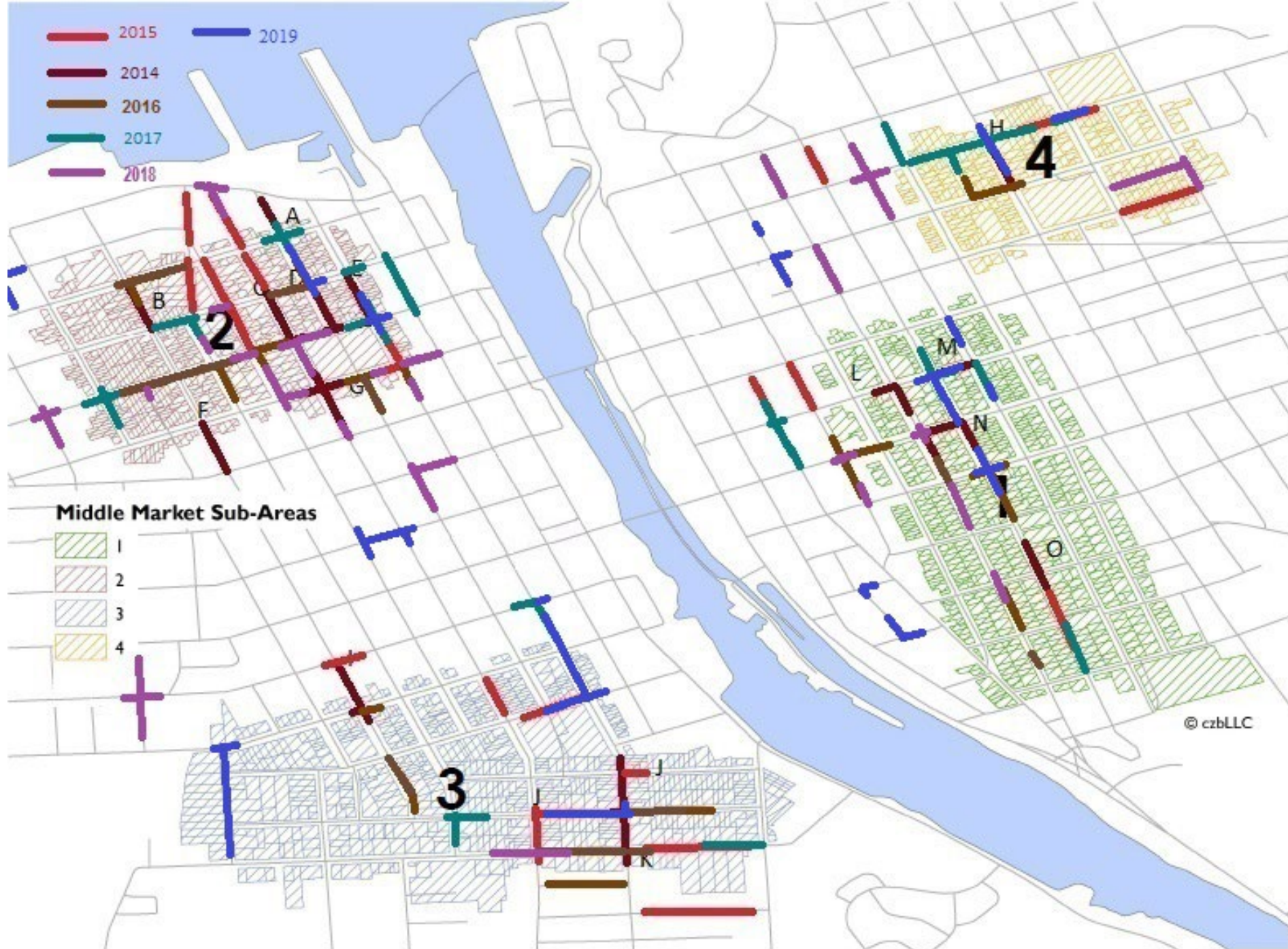


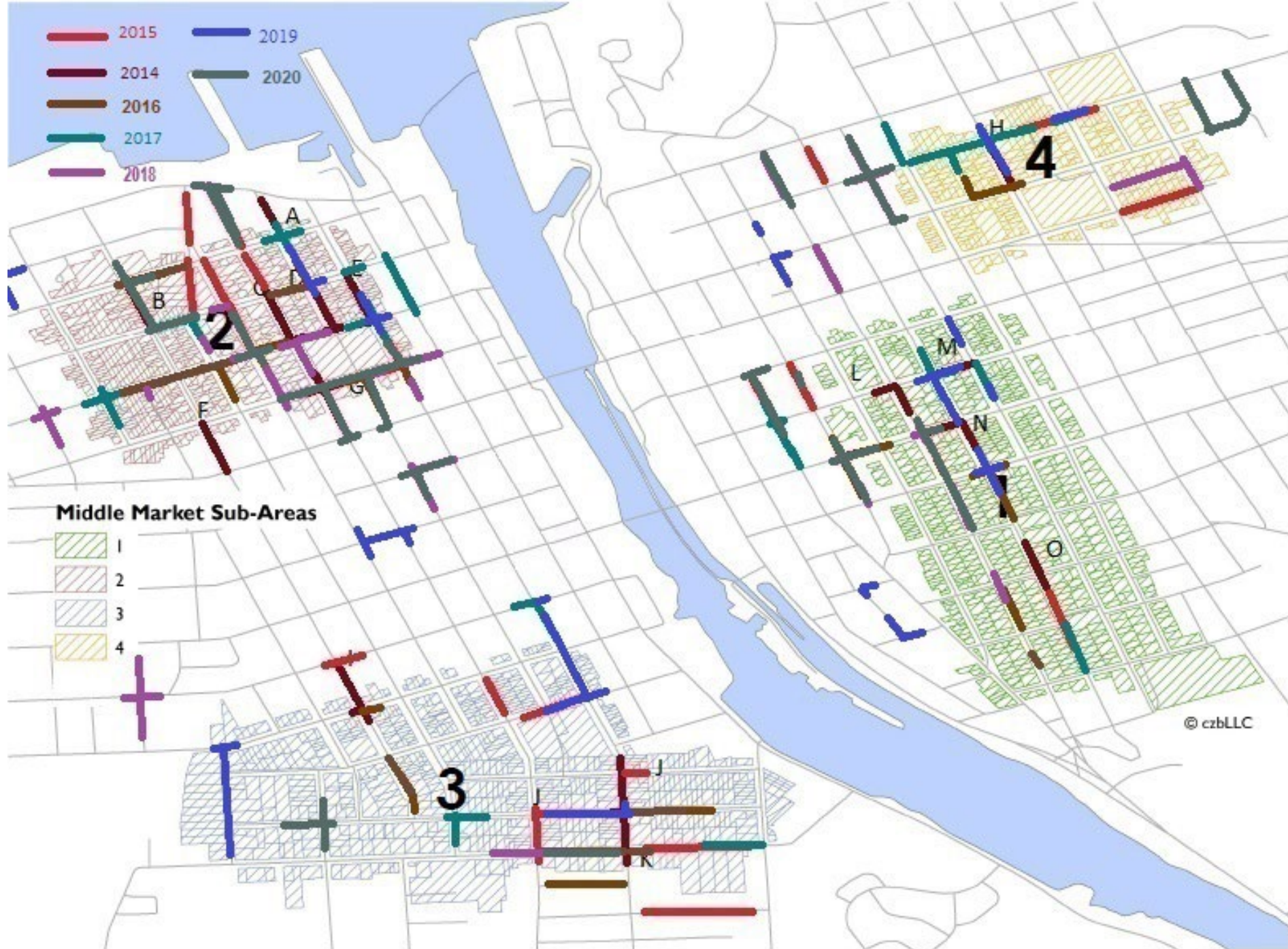


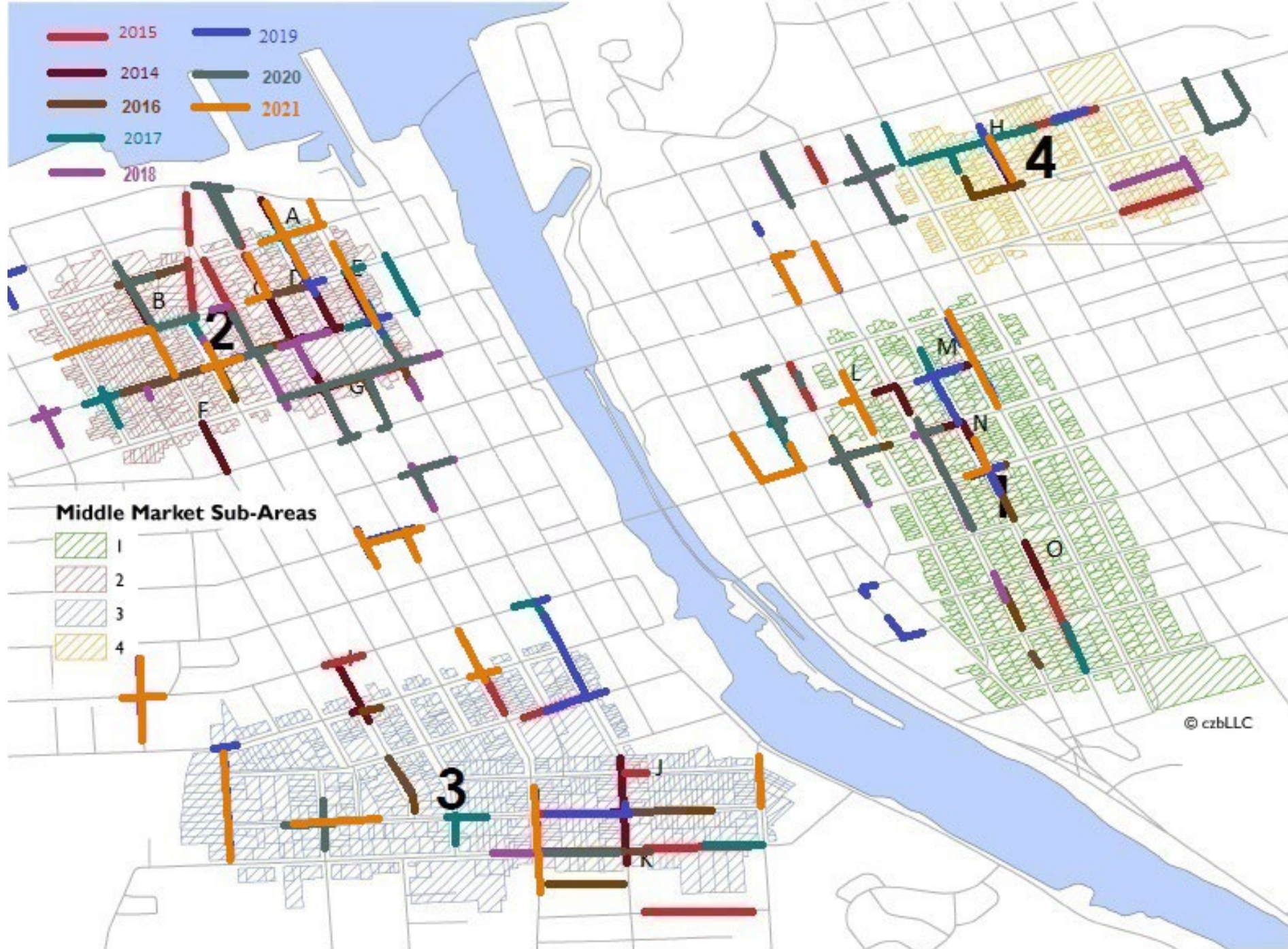






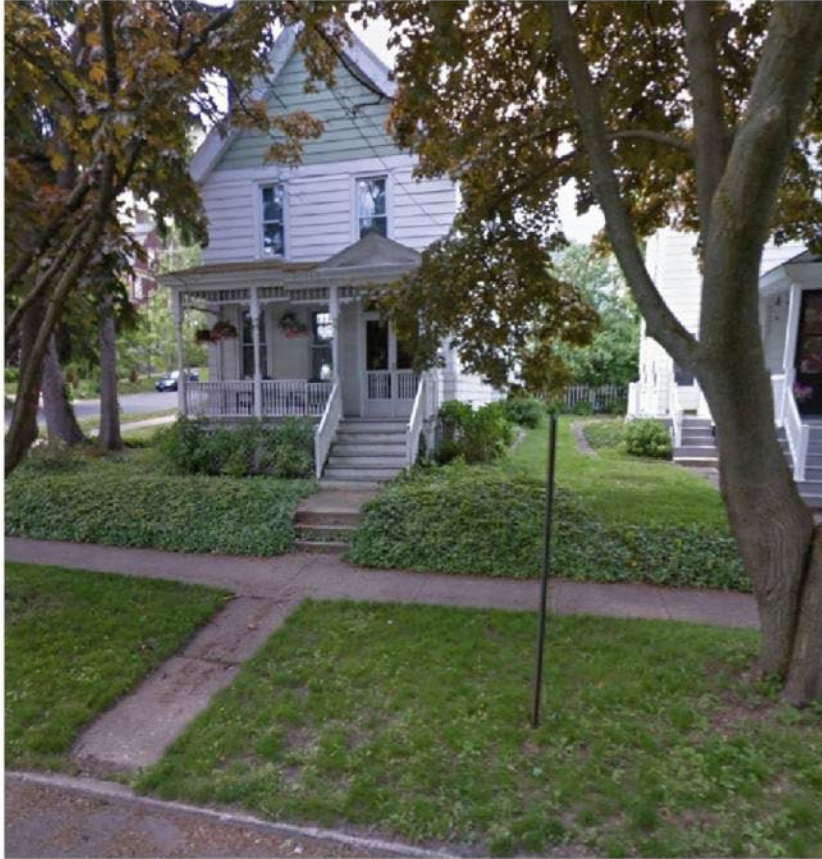












Neighborhood Revitalization.....that Works



Community Development.....that Works



Neighborhood Revitalization.....that Works









































































Fitzhugh Park 2014



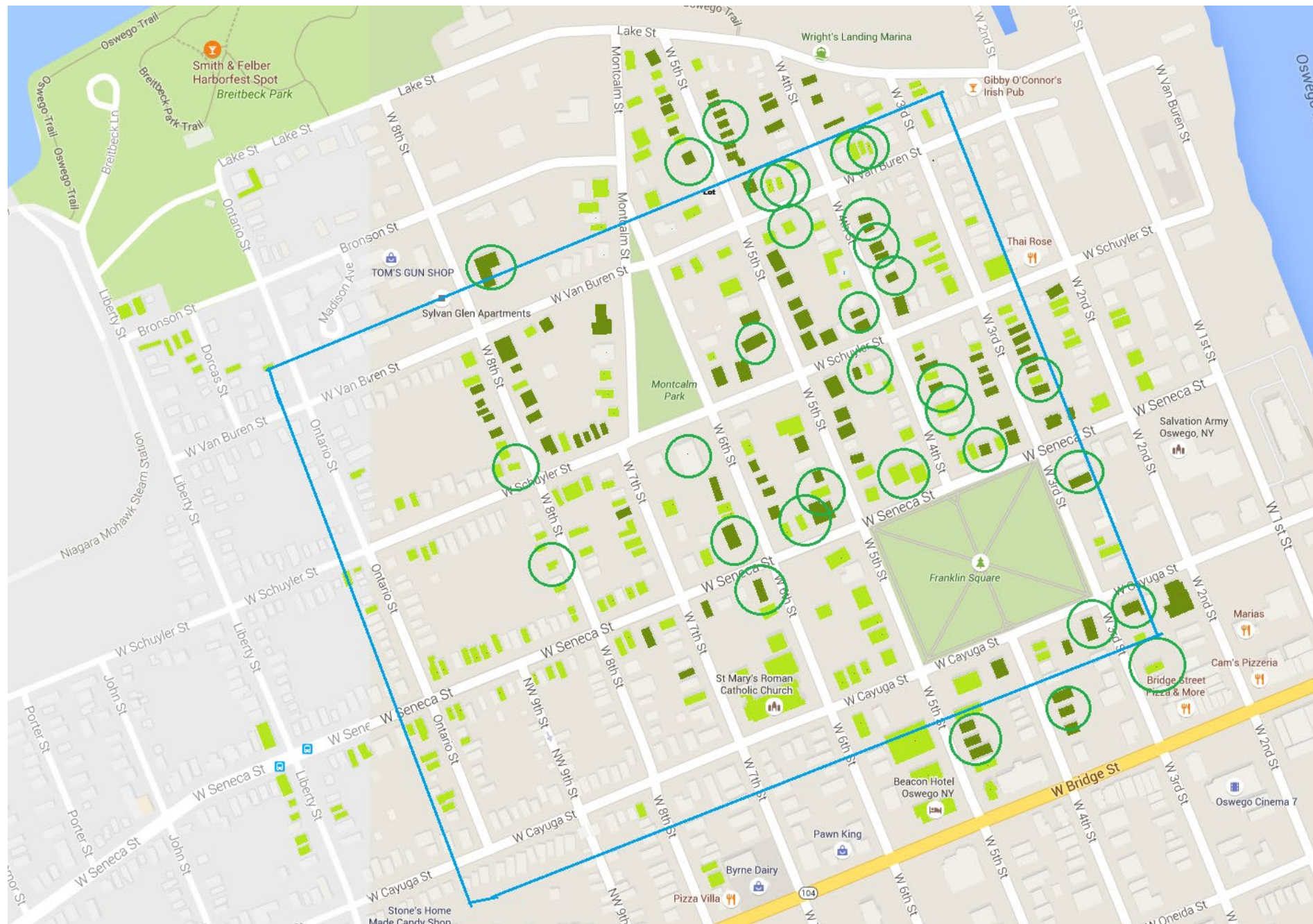


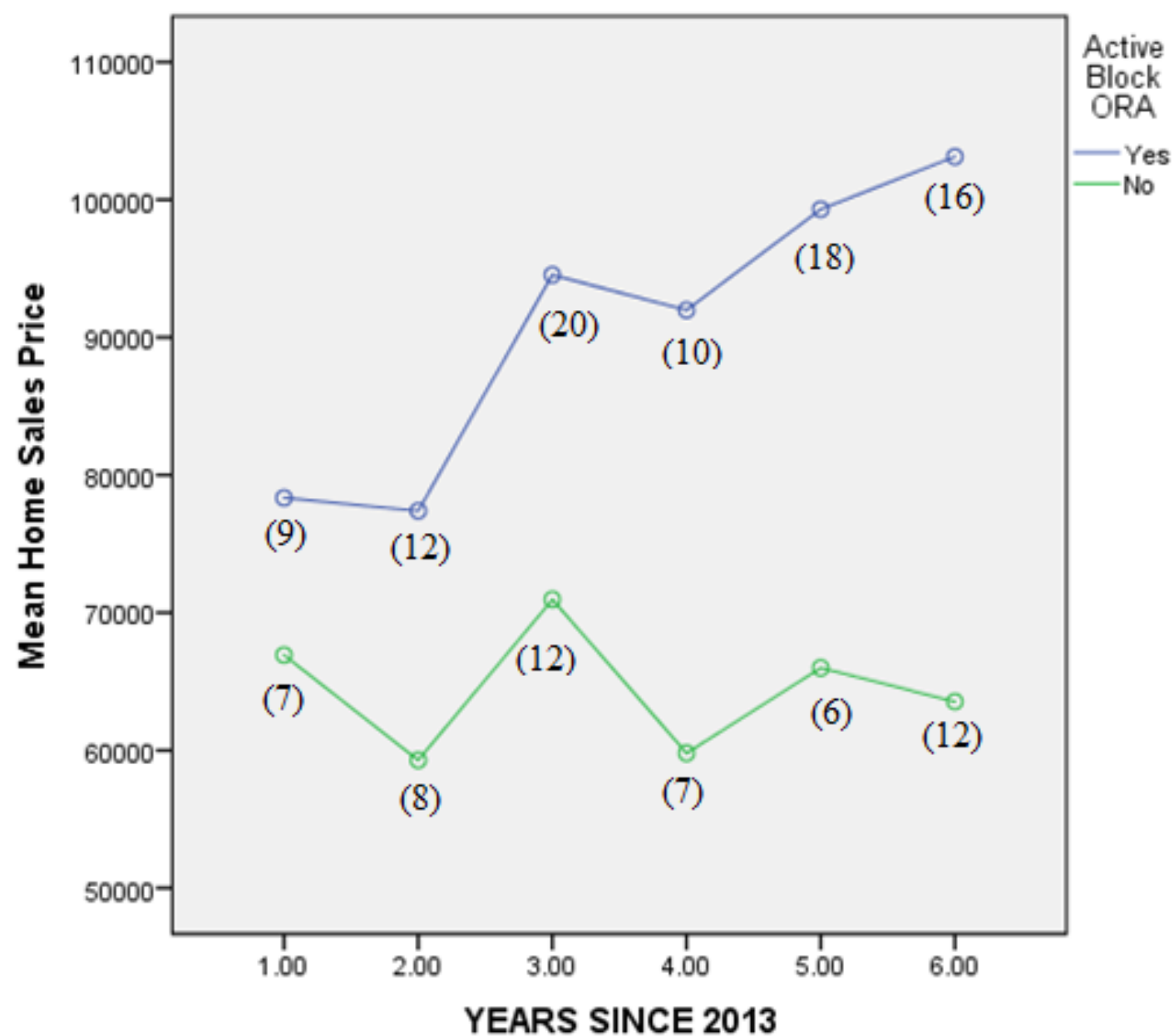




Results (2014-2021)

- Over 1000 Homes in Participating Blocks
- > 80% Completion Rate
- >1M In Block Grants Awarded 2014-21
- >\$4,300,000 in total Neighborhood Investment





Covariates appearing in the model are evaluated at the following values: Square Footage = 1809.6496, Age of Home = 1897.97









Traditional Community Development

1. Build Market Affordability
2. Focus on Distressed Neighborhoods
3. Assist Residents as Recipients
4. Use Public Investment

Healthy Neighborhoods Approach

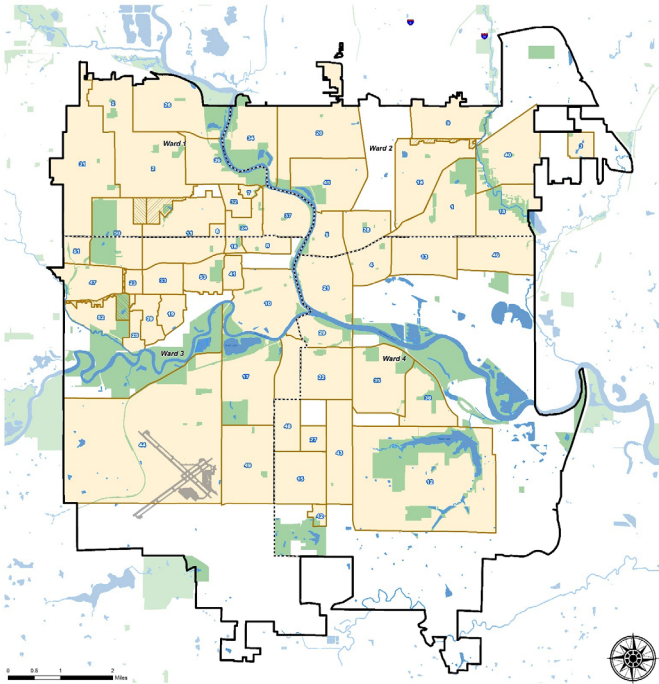
1. Build Market Confidence
2. Invest in Strategic Middle Markets
3. Mobilize Residents to Lead
4. Leverage Private Investment



New Data & New Ways of Thinking About Maintaining Homes in Middle Neighborhoods

October 25, 2022

NEIGHBORHOODS OF DES MOINES



Change in Median Home Value Selected Communities (2000-2016)

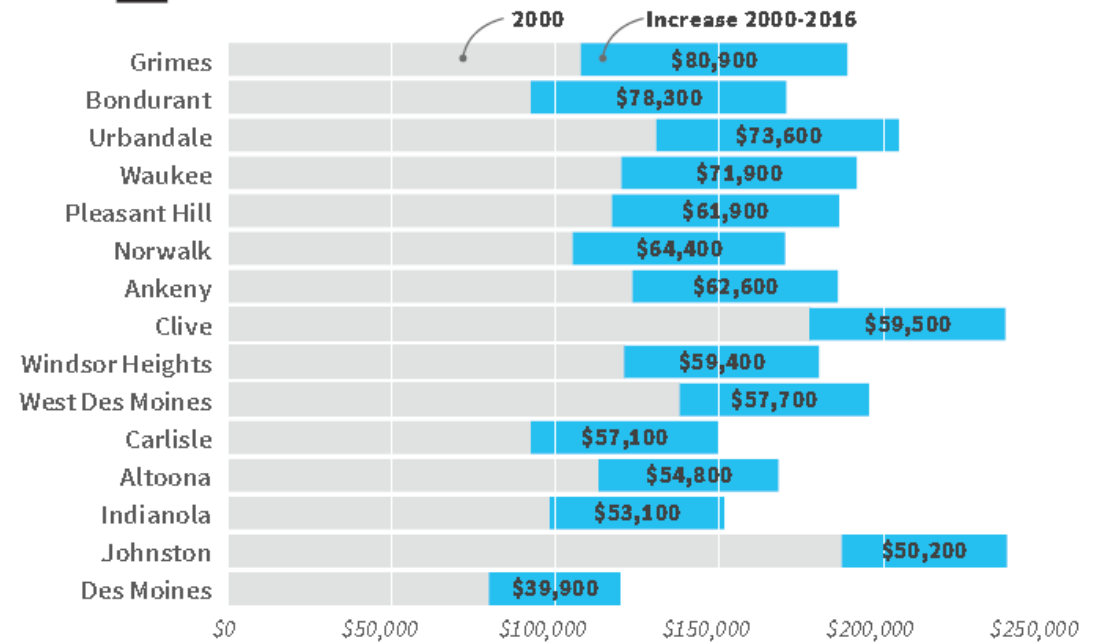


Figure 8: Change in Median Home Value for Selected Communities (2000-2016)
Source: 2000 Census and 2012-2016 American Community Survey 5-year Estimates



Invest DSM is a unique collaboration between the City of Des Moines and Polk County, and is a 501(c)3 created in July 2019.

Annual budget is currently \$10 Million.

Mission:

Invest DSM provides holistic and innovative solutions that strengthen neighborhoods. We do this through strategic investments in real estate and partnerships to improve quality of life.

Vision: Vibrant, healthy, thriving neighborhoods.

Pilot Middle Market Areas

Selected by City Council in September 2018

Four Special Investment Districts

1 Franklin Area

Charming homes on tree-lined streets with friendly neighbors; top-rated schools, convenient location; walk and bike to neighborhood icons including Snookie's, Waveland Cafe, the Franklin Avenue Library, and the re-activated Franklin Jr. High.

2 Drake

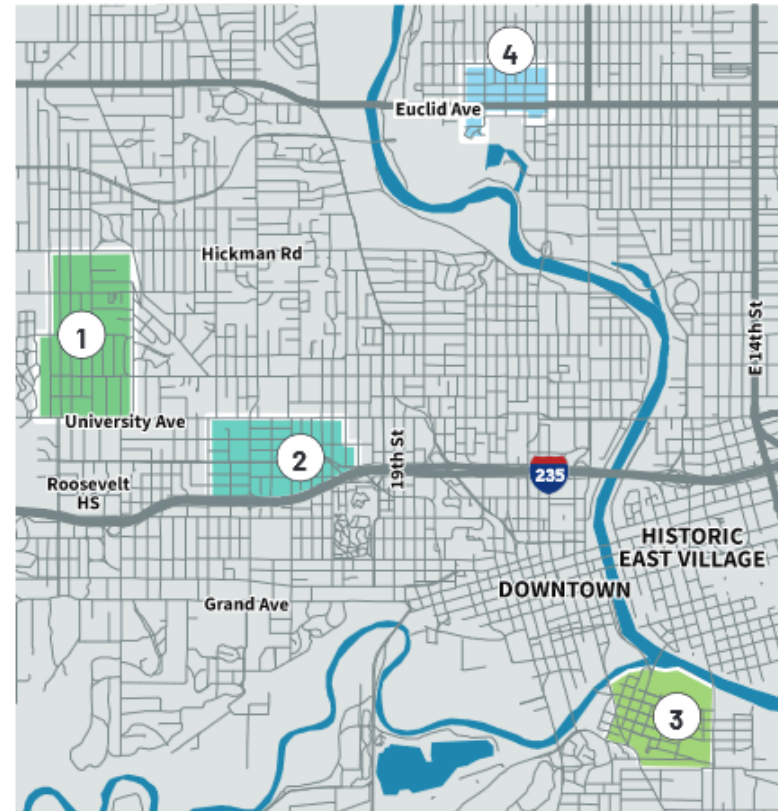
Beautiful historic homes on stately boulevards in an eclectic and diverse neighborhood, home to Drake University, friendly neighbors, and unique community events.

3 Columbus Park

Little Italy on the rivers, spectacular views of downtown, affordable single-family homes plus upscale, modern apartments.

4 Oak Park

Historic neighborhood business district surrounded by well-built homes plus beautiful McHenry Park overlooking the river – a great value close to downtown employment and amenities.





- Acts as umbrella for:
 - Strategy, Coordination & Governance
 - Funding & Accountability
- Focuses on building:
 - Neighborhood pride / Resident Leadership
 - Neighborhood brand
- Facilitates investments through:
 - Direct partnerships with developers
 - Grants to property owners (residential & commercial)
 - Property acquisition & disposition (land bank)



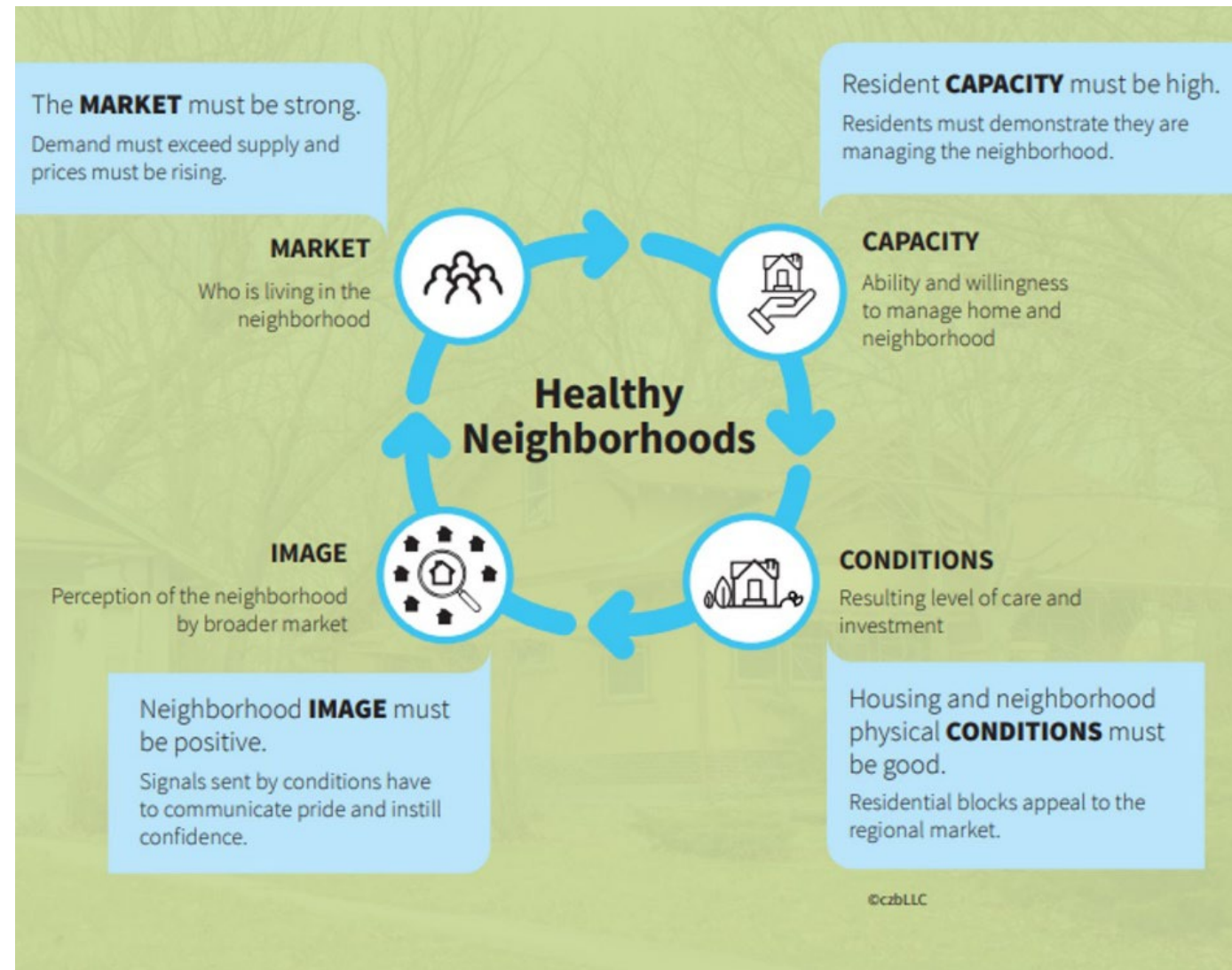
Overall Goals

- **Influence the Market**

- Provide financial means to *over-improve* the real estate and overcome the appraisal gap.
 - Grant Programs to All Types of Owners
 - Design & Construction Standards
 - Property Redevelopment

- **Improve Desirability & Quality Of Life**

- Infrastructure (multi-modal)
- Amenities





- Eventual Outcomes:
 - Demand – Desirable Neighborhoods
 - Value Appreciation – On Pace with Inflation

How do we ensure that Des Moines' neighborhoods remain places where people *feel confident* investing their time, energy, and money?

Average Percentage Change in Assessed Valuation by Neighborhood (2005-2017)

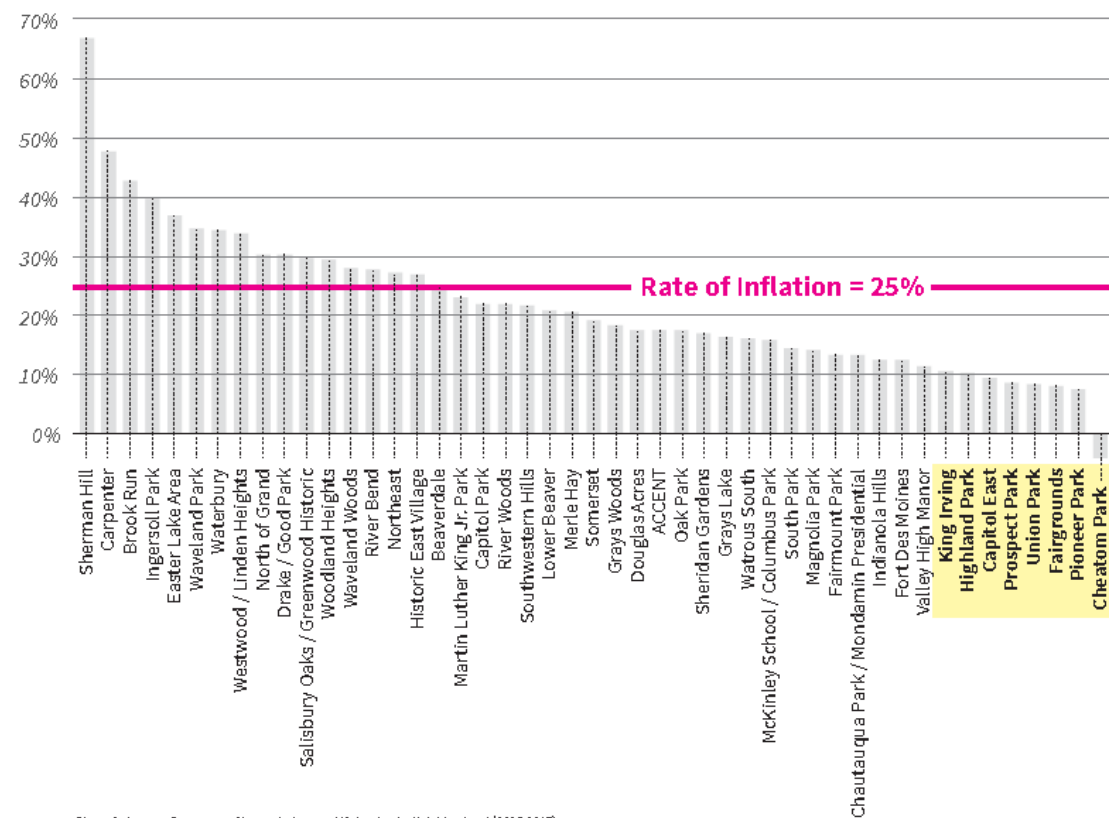


Figure 2: Average Percentage Change in Assessed Valuation by Neighborhood (2005-2017)
Source: czb Analysis of Polk County Assessor's Data

Invest DSM Grant Programs



BLOCK CHALLENGE
GRANT



HOMEOWNER
RENOVATION



DEVELOPER REHAB &
NEW CONSTRUCTION –
SINGLE FAMILY



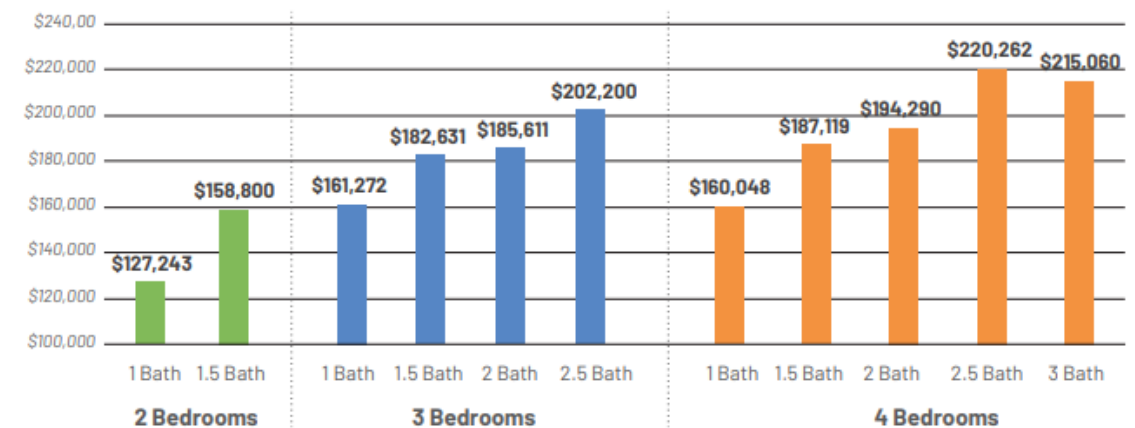
COMMERCIAL
GRANTS



RENTAL – SF & MF
REHAB

- ❖ Majority of SF housing built between the 1890s – 1940s
- ❖ Many with only 1 bathroom
- ❖ Lack primary suites
- ❖ Small closets
- ❖ Detached garages
- ❖ Not updated in decades

Average Assessed Values, 2018







Amber Lynch, AICP
Executive Director

www.InvestDSM.org

ALynch@InvestDSM.org
515.221.8410 x 102

JOIN US! The Middle Neighborhoods Community of Practice (CoP)

The Middle Neighborhoods CoP is an informal, facilitated network of practitioners, researchers and policymakers engaged in revitalizing middle neighborhoods. CoP members share learnings through topical webinars, referrals, site visits, phone calls, and occasional larger group events.

There are currently more than 800 people in the CoP. Please join us!

middleneighborhoods.org



Subscribe

Center for Community Progress

Check out: The Cornerstone Webinar Series

Thank you for
joining us!

Please email us if you have ideas for webinars, case studies, news stories, etc.

Tell us about your experience today!