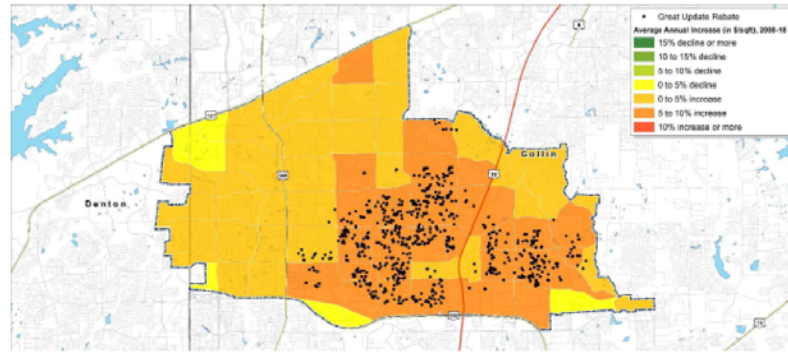


MIDDLE NEIGHBORHOODS

September–October 2019 Newsletter

GREAT UPDATE REBATE IMPACTS

LOCATION OF GUR INVESTMENTS



IMPACT: Analysis Shows Plano Middle Neighborhoods Program Builds Home Values

A recent [Housing Trends Analysis](#) conducted for the City of Plano, Texas was able to demonstrate that the City's middle neighborhoods program [The Great Update Rebate](#) had a measurable, positive impact on housing value retention. The program is designed to encourage property owners in Plano middle neighborhoods to make investments in updates to their homes that will keep the housing stock competitive in today's homebuyer markets. The popular program won the 2016 City Livability Award from the U.S. Conference of Mayors. More than \$3,800,000 has been dedicated to the program since 2014.

The program offers a 25% rebate on qualified exterior improvements and 10% on qualified interior improvements, up to \$5000, on homes 35 years or older. There are no income limits and the program is available to owner-occupied or rental property. The funding source is general revenue.

The impact analysis revealed a 3.62 to 4.46% greater increase in price per square foot (psf) overall in neighborhoods targeted for the program than others. The positive effect of clustering was also shown; neighborhoods where 51 or more households used the program saw an average increase in price psf of 10.57% compared to 9.71% in neighborhoods with 10 or fewer participants, and 6.09% with no participants. Property owners who invested 4-5 times that maximum rebate of \$5000 reaped the highest return in price psf at 10.98%.

GREAT UPDATE REBATE IMPACTS

LOCATION OF GUR INVESTMENTS

Number of rebates given in a Neighborhood Unit	Average Annual Rate of Growth in \$/sqft (2013-18)	Leverage of Total Estimated "Project Value" to Rebate	Average Annual Rate of Growth in \$/sqft (2013-18)
None	6.09%	Nothing	6.24%
10 or fewer	9.71%	Lower than 3.00	7.15%
11 to 25	9.80%	3.00 to 3.99	10.67%
26 to 50	10.34%	4.00 to 4.99	10.98%
51 or more	10.57%	5.00 to 5.99	9.68%
Citywide	8.03%	6.00 or greater	9.80%
		Citywide	8.03%

Source: Economic & Planning Systems

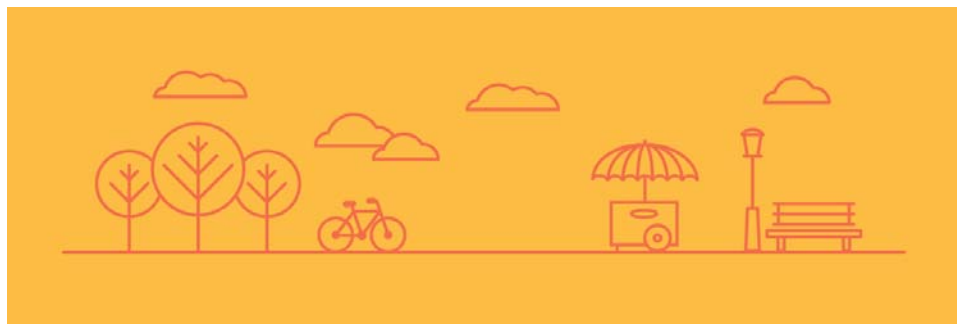
Source: Economic & Planning Systems



Housing Trends Analysis and Strategic Plan | 32

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- [CoP Reports + Action Items](#)
- [In the News + Resources](#)



Updates, Events + Announcements

Home South DeKalb Initiative Targets African-American Middle Neighborhoods in Suburban Atlanta

Atlanta Neighborhood Development Partners (ANDP) launched a \$20 million initiative in south DeKalb County, targeting many predominantly African-American middle neighborhoods that are first ring suburbs to Atlanta. [Home South DeKalb](#) is a three-year initiative to lift homeownership rates, restore family wealth, increase neighborhood stability, and improve resident health and wellness outcomes in South

DeKalb. With the initiative, ANDP will invest \$20 million of its existing and new capital to improve areas hardest hit by the foreclosure crisis, especially those neighborhoods impacted by the lingering effects of negative equity.

More than 10 years after the start of the foreclosure crisis, metro Atlanta families and neighborhoods continue to struggle with the aftermath of underwater home values and disinvestment. South DeKalb lost more than 18,000 homeowners during the crisis and nearly one in three of its homeowners owe more on their mortgages than their homes are worth.

The initiative will result in at least 100 homes renovated to ANDP's green and healthy standards, increased development capital for developers of affordable housing, leadership development opportunities for neighborhood leaders, and increased collaboration with partners to improve health, equity and economic outcomes in South DeKalb.

FREE WEBINAR: Influencing Private Landlords in Middle Neighborhoods

Tuesday, November 19, 12:00-1:15 PM Eastern

[REGISTER HERE](#)

Private investor-landlords are a fact of life in middle neighborhoods, and can have an enormous impact – for good or bad – on quality of life and the trajectory of the real estate market. In this webinar, learn how two practitioners have crafted and implemented strategies that engage landlords around their self-interests while influencing their investment choices to improve the quality and value of their properties.

Presenters include CoP members Kamla Lewis, Director of Neighborhood Revitalization for the City of Shaker Heights, Ohio, and Nedra Sims Fears, Executive Director, Greater Chatham Initiative, Chicago. [REGISTER HERE for Influencing Private Landlords in Middle Neighborhoods.](#)

Double Your Fun! Join us earlier that day (11:00-11:45 AM Eastern) for Middle Neighborhoods 101 – the basic primer on trends for middle neighborhoods, and strategies being used to preserve them. [REGISTER HERE for Middle Neighborhoods 101.](#)

Coalition of St. Louis Lenders Launch Mortgage Products for Middle Neighborhoods

A classic challenge in middle neighborhoods is the Catch-22 of depressed home values and outdated housing – which results in an appraisal gap when owners or buyers try to borrow money for home renovation. The market must have a number of comparable sales at the after-rehab value to make it possible for the next renovators to borrow sufficient funds.

In St. Louis, five lenders teamed up to offer a new set of loan products called the Gateway Neighborhood Mortgage, aimed at addressing the appraisal gaps that arise when the first homebuyers renovate older homes in a neighborhood. A two-loan structure works around regulations preventing banks from making loans above a home's appraised value.

A first mortgage from the banks will lend to borrowers up to the amount of the home's appraised value. A second mortgage from a pool will cover the amount between the home's current appraised value and the after-rehab appraised value. Another \$1 million in investments will be dedicated to loan loss reserves and operating costs of the program.

National Middle Neighborhoods Steering Committee to Meet in Chicago

Steering Committee members will attend an invitation-only event at the Federal Reserve Bank of Chicago, *Preserving Chicago's Middle Neighborhoods*, followed by the Committee's own half-day meeting to discuss a potential new institutional home for the Middle Neighborhoods movement. Stay tuned for exciting news in December!

Preserving Chicago's Middle Neighborhoods is sponsored by the Community Development and Policy Studies division of the Federal Reserve Bank of Chicago, the Metropolitan Planning Council, and the Greater Chatham Initiative (led by **Nedra Sims Fears**, a CoP member). CoP member **Alan Mallach**, Center for Community Progress, will present research at the event. Although the event is invitation-only, it promises to add important content to the discourse on middle neighborhoods as well as the middle class more generally. Stay tuned for key findings, papers and more.

CoP Reports + Action Items

Many CoP members are making great progress in raising awareness about middle neighborhoods and in networking with peers in their regions or around common interests. Thank you for sharing it with all of us! Today, we have three simple actions you can take to help nurture our movement.

Action 1: A number of people have mentioned that they would like to engage other *middle neighborhoods practitioners in a variety of affinity groupings*, including geography, type of organization, regional market conditions, organizational affiliations and the like.

These kinds of local/regional convenings have been highly productive to members in sharing strategy and contacts, discussing policy issues, and building interest and credibility for middle neighborhoods practice. We can provide some modest technical support for these kinds of meetings and discussions. This might include sharing our Middle Neighborhoods 101 presentation with you, assisting in agenda planning, sharing peer contacts, providing content, etc. *Please consider convening your peers for something as simple as lunch, a conference call, or even something more elaborate. Contact [Marcia](#) for assistance.*

Action 2: As you know, the Middle Neighborhoods Steering Committee is working to broaden recognition of the importance of middle neighborhoods efforts like yours. In order to organize this, it will be extremely helpful to know which *professional networks and organizations* our members participate in. Please take a few moments to *respond to a short survey* that will help us craft and pursue this strategy. Click [HERE](#) for the short survey.

Action 3: Finally, we are developing one webinar that will have two subtopics summarized below and are *seeking presenters*. Please let me know by direct email if you might be able to present or you know someone we should ask.

SEEKING WEBINAR PANELISTS!

Updating Middle Neighborhood Housing Stock to Appeal to Today's Homebuyers:

Strategies and Financing Part One and Two

A key challenge for middle neighborhoods is that their housing stock is older and often lacks the features that today's homebuyers prioritize. Houses with only one bath, kitchen and bathrooms that have not been recently updated, and lack of closet space are common in middle neighborhoods and make properties especially vulnerable to investor purchase. The other half of the challenge is that many middle neighborhood housing values are depressed just enough to create appraisal gaps, which stymie a property owner willing to make important upgrades.

Part One: Learn how practitioners are determining what the most important home updates and improvements are, and how they are selling those to homeowners and homebuyers. **NEED 2 PANELISTS**

Part Two: Learn how practitioners are helping these home improvements and updates get financed even where appraisal gaps exist, through CDFIs, local portfolio products, private lender loan pools and more. **NEED 3 PANELISTS**

More CoP News

- **Welcome new CoP members:** Please welcome **Jason Segedy**, Assistant to the Mayor and Director of Planning and Urban Development, **City of Akron** to the Community of Practice. Please also welcome new CoP members **Susan Adams** and **James Cromartie** of **Atlanta Neighborhood Development Partners (ANDP)**. Susan is the Senior Director for Policy & Community Engagement, and James is the Special Initiatives Senior Manager. He manages the Home South DeKalb initiative described above.
- **Are you a member of the Middle Neighborhoods Community of Practice (CoP)?**
The CoP is an informal, facilitated network of practitioners, researchers, and policymakers who share learnings through topical webinars, referrals, site visits, phone calls, and occasional larger group events. If you have ever attended one of our webinars or events, completed the CoP Questionnaire, or expressed a desire to

be added to the CoP, we count you as a member – it's that easy. To get yourself added to the CoP, complete the Questionnaire (see next item below) or email [Marcia Nedland](#).

- **Ongoing action item:** We're collecting insights on what's working to stabilize middle neighborhoods. If you haven't already, [please fill out the Middle Neighborhoods Community of Practice Questionnaire](#). Your input will help populate an [overview of services](#) provided by organizations working to stabilize and strengthen middle neighborhoods. Questionnaires also serve as the basis for profiles and case studies.

Detroit needs
33,800 MORE
middle-class households
TO HAVE THE SAME SHARE OF
middle class as the region

From "Growing Detroit's African-American Middle Class", Detroit Future City

In the News + Resources

- ["Growing Detroit's African-American Middle Class"](#), Detroit Future City.
- ["Why It Matters That Middle Neighborhoods Are Disappearing"](#), by Jeffrey Steele, Forbes.
- ["What Does It Take To Prioritize And Strengthen Middle Neighborhoods?"](#), czb Field Brief, czbLLC.
- ["New Mortgage Product Aims To Address Appraisal Gap In Distressed Areas"](#), St. Louis Post-Dispatch.
- ["Middle Neighborhoods"](#), by Allyson Lehr, Network Magazine.
- ["Policy Brief: Memphis Middle Neighborhoods, Moving the Needle in the Right"](#)

[Places](#)”, by Austin Harrison, Neighborhood Preservation, Inc.



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