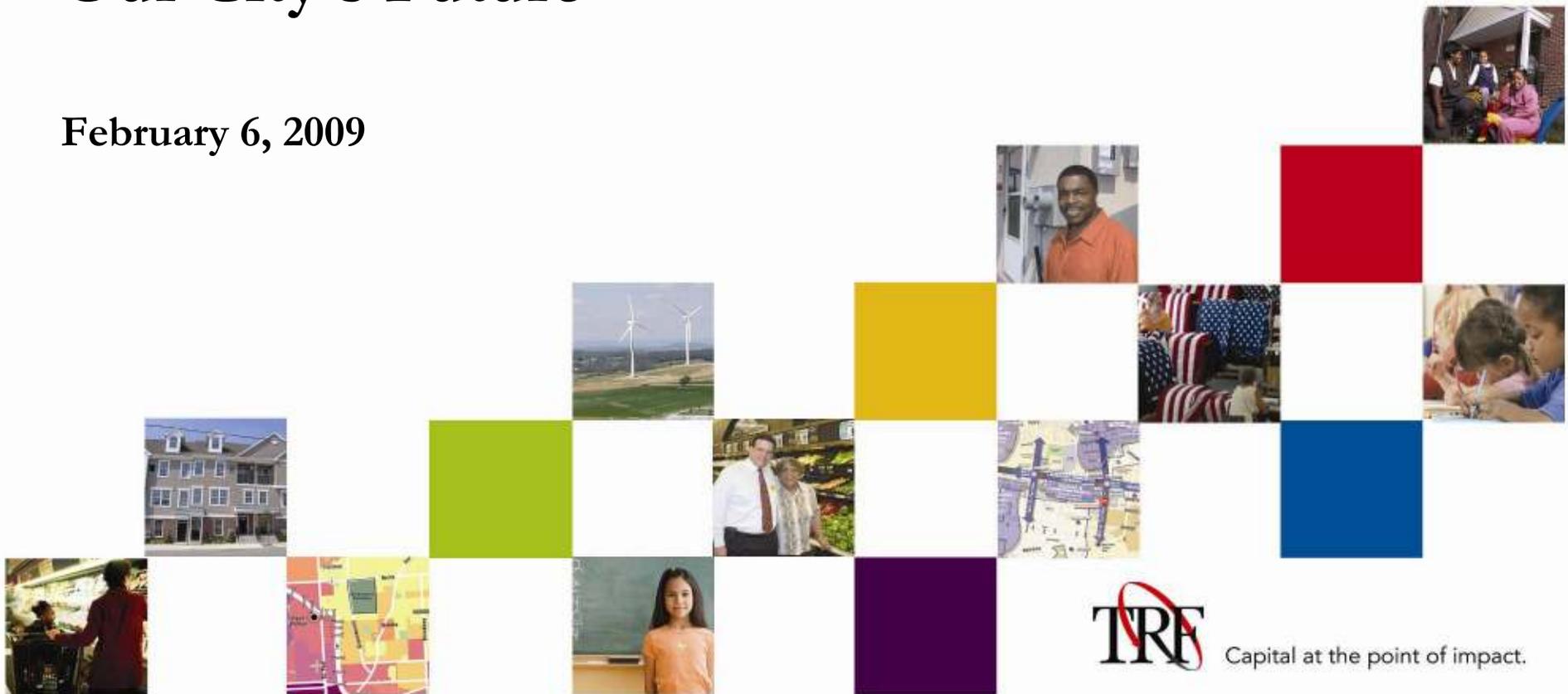


Vital Neighborhoods: Taking a Closer Look at Why Middle-Income Markets are Critical to Our City's Future

February 6, 2009



Capital at the point of impact.

Profile of TRF

The Reinvestment Fund builds wealth and opportunity for low-wealth communities and low and moderate income individuals through the promotion of socially and environmentally responsible development.

We achieve our mission through:

Capital

- Grants, loans and equity investments

Knowledge

- Information and policy analysis

Innovation

- Products, markets and strategic partnerships



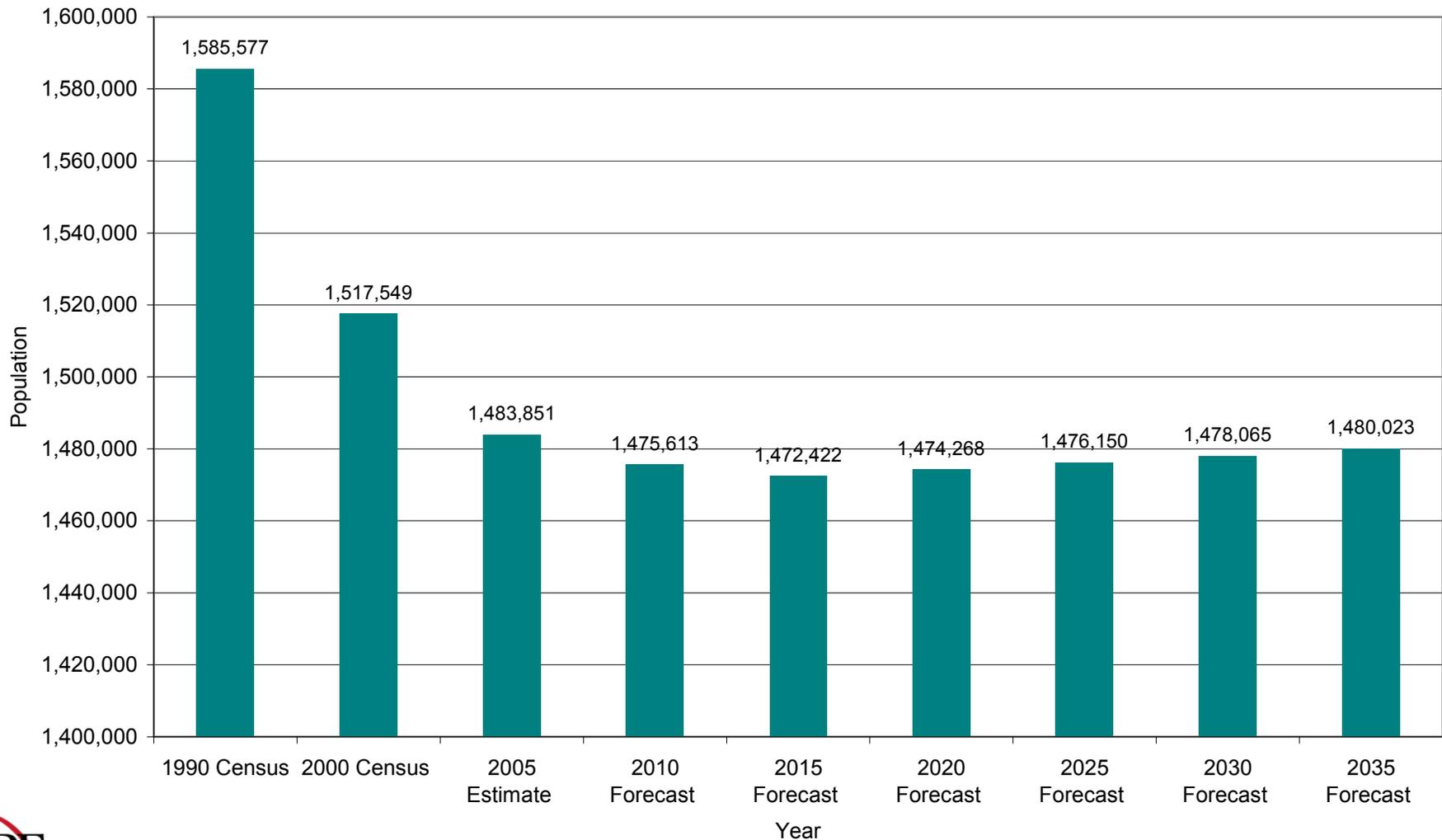
Profile of TRF

- Founded in 1985
- Over \$835 million in cumulative investments
- Primary Geography: Mid-Atlantic Region; offices in Philadelphia, Washington, DC and Baltimore, MD
- Currently Manage: over \$567 Million
- FY2008: \$170 million in loans and investments
- Since inception, more than:
 - 18,111 housing units created, renovated or preserved
 - 9,725 child care slots created or preserved
 - 25,813 charter school slots created or preserved
 - 7.5 million square feet of commercial space created, renovated or preserved
 - 486 businesses
- Recently launched two new business ventures: TRF Development Partners and Policymap.com



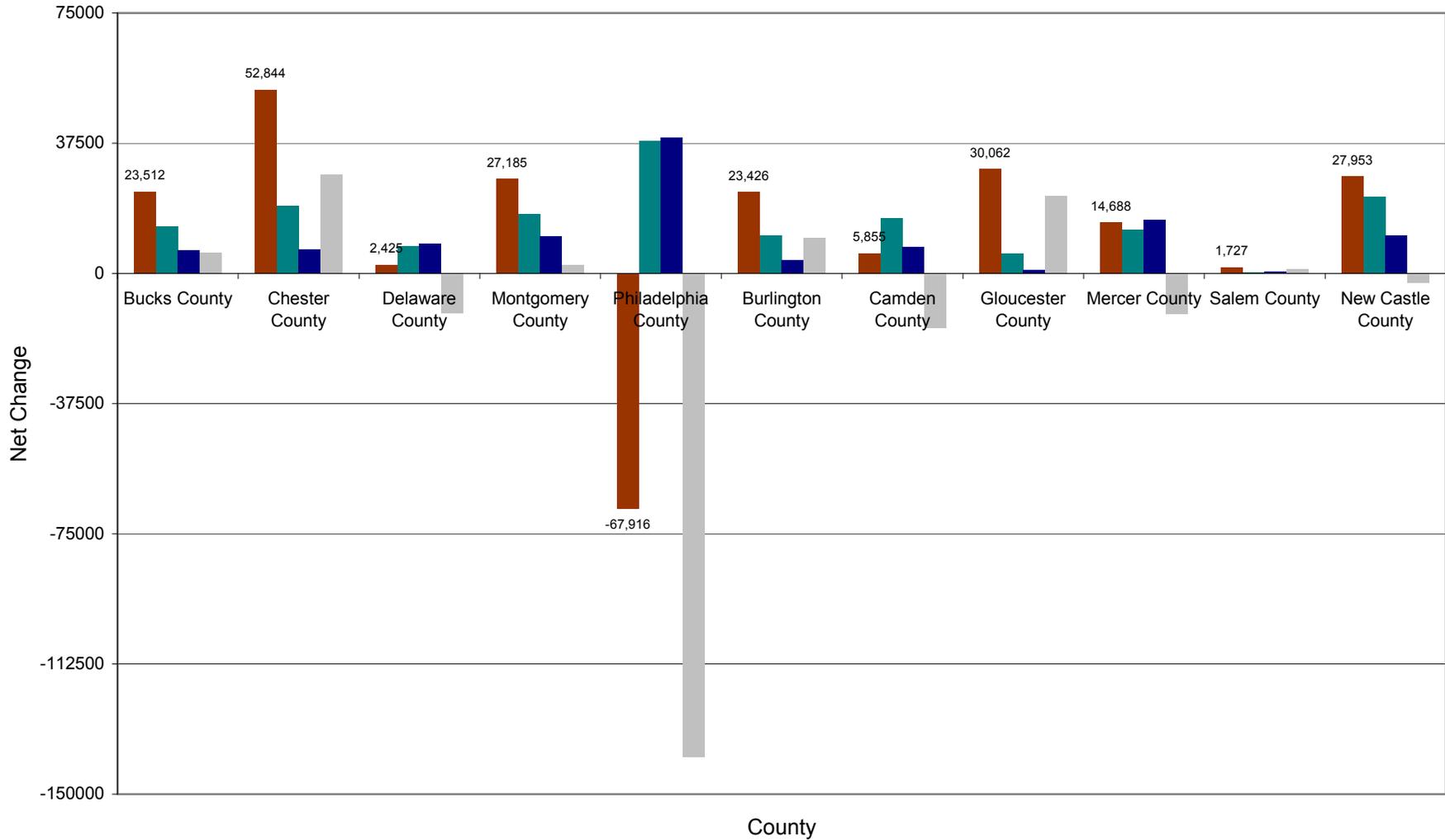
The Delaware Valley Regional Planning Commission (DVRPC) estimates that population in Philadelphia will begin to grow again in 2015

Philadelphia Population Trends,
1990-2035 (DVRPC Estimates)



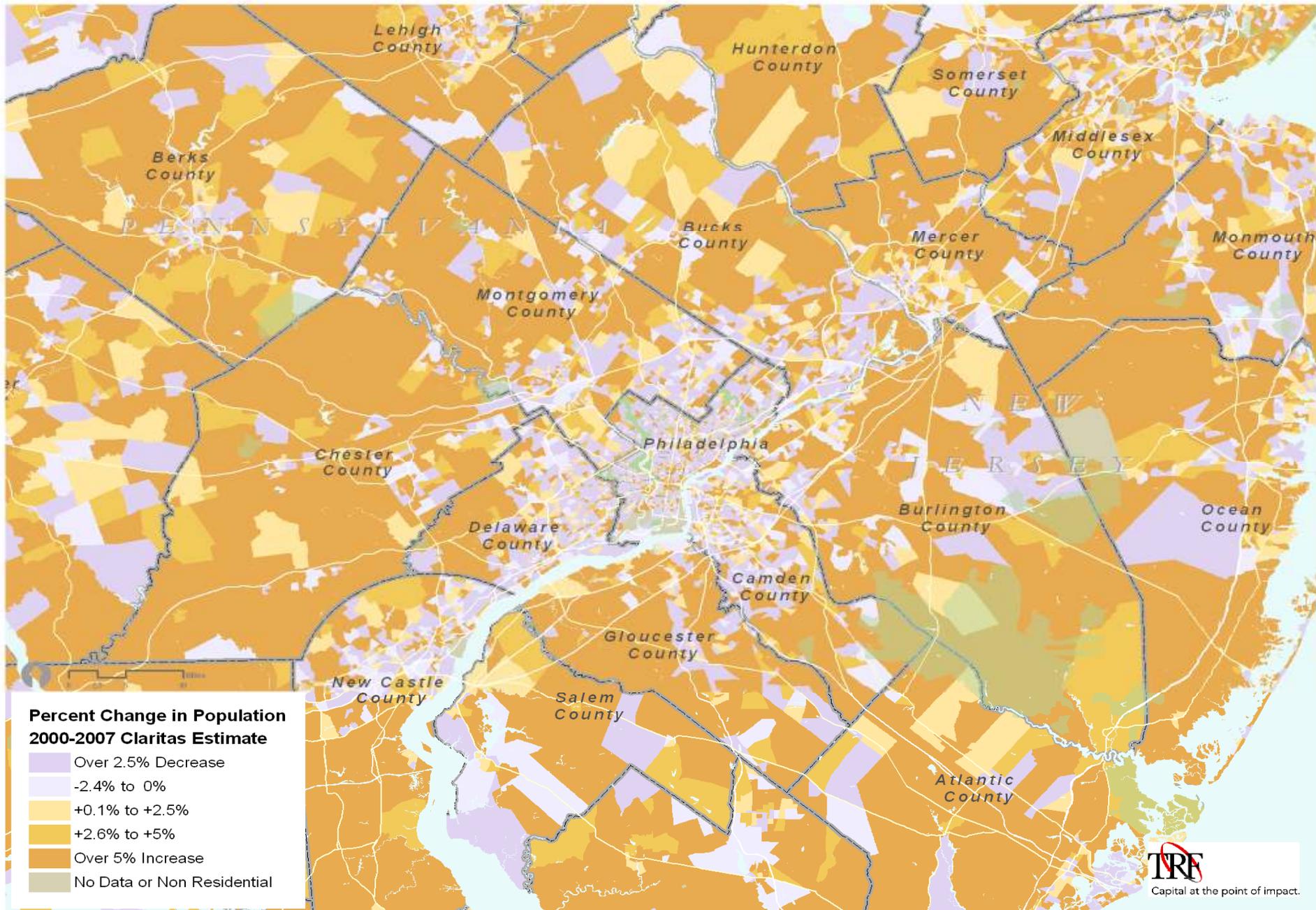
Philadelphia continued to lose population since 2000, fueled by large numbers of out-migrants.

Components of Population Change;
2000-2007



■ Net Population Change 2000-2007
 ■ Natural Increase 2000-2007
 ■ International Migration 2000-2007
 ■ Internal Migration 2000-2007





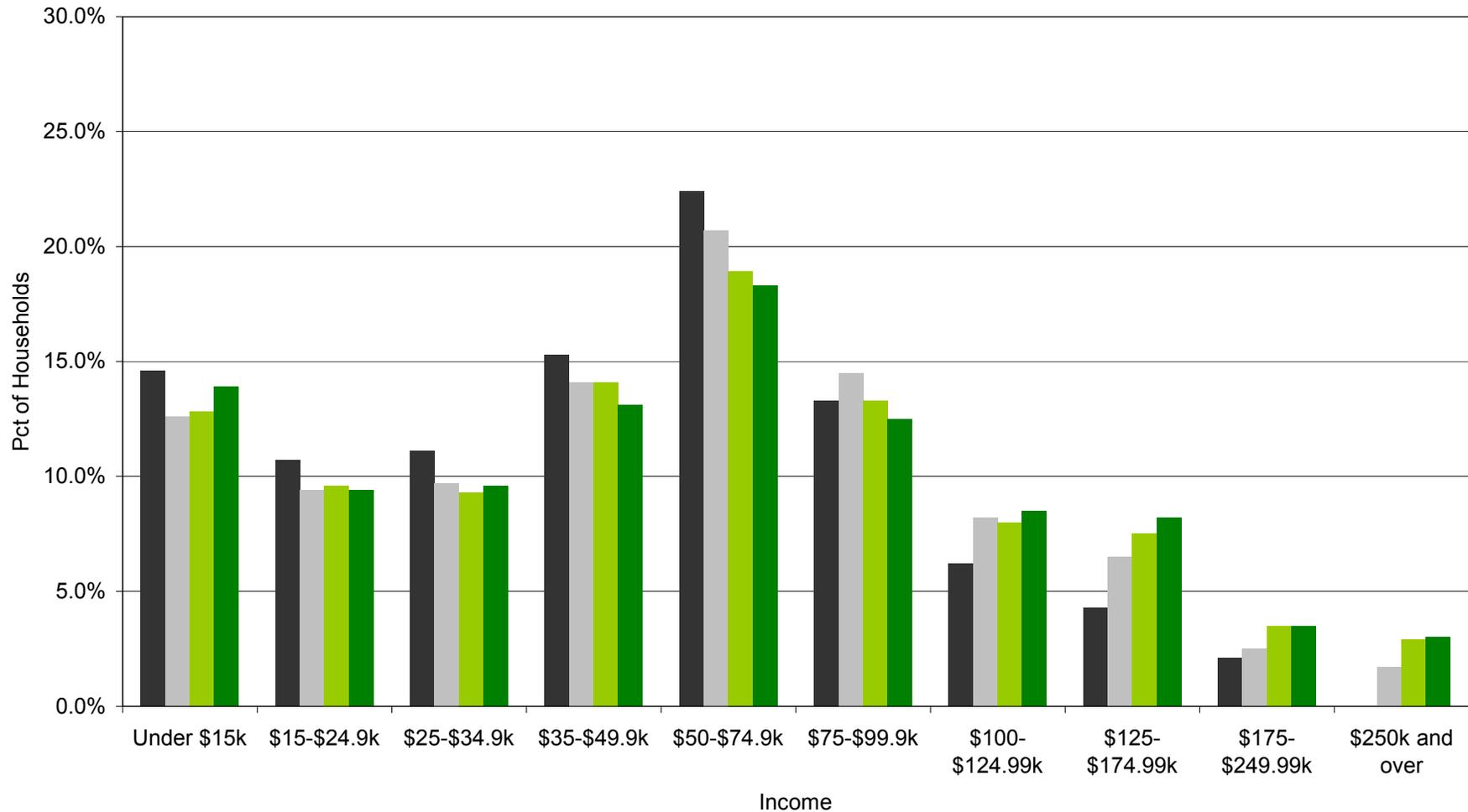
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Capital at the point of impact.

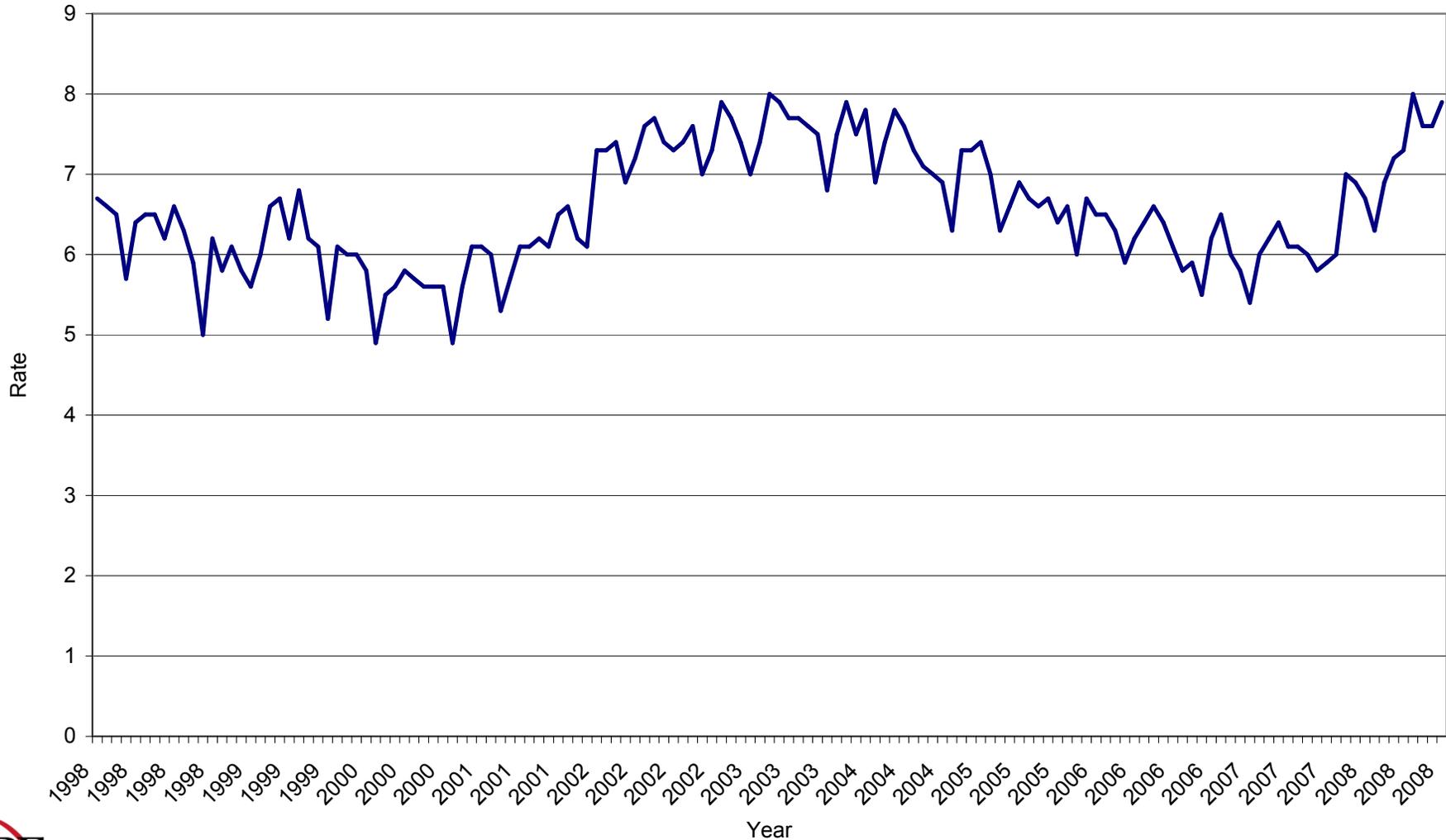
The regional pattern is similar to Philadelphia's except that a larger share of households are in the middle and upper income ranges.

Change in Household Income (Inflation-adjusted);
Philadelphia (PA/NJ) Metro Area, 1980-2006



Unemployment locally and nationally is on the rise; BLS reports nearly 50,000 Philadelphians unemployed as of November, 2008 (36,000 one year ago)

Unemployment Rate;
Philadelphia, 2000-2008 (Nov)



TRF's Market Value Analysis

MVA



What is TRF's MVA?

- The Market Value Analysis (MVA) is a tool developed by The Reinvestment Fund to assist government officials make decisions about the allocation of financial resources and programmatic interventions.
- It is based on a comprehensive set of data detailing the real estate markets at a very fine level of spatial specificity.



Components of the Philadelphia MVA

- Median sales price 2006-07
- Coefficient of variance for sales price 2006-07
- Percent of rental stock that is subsidized (developments and project-based Section 8)
- Vacancy factor (an index including utility shutoffs, vacant parcels from administrative records, mail discontinuation, demolitions)
- Foreclosure as a percent of sales 2006-07
- Percent of properties with a commercial use
- Percent owner occupied, 2007
- Housing units per acre
- New construction (estimated from tax abated inventory and units with a post-2000 construction date in administrative records)



How is the MVA Prepared

1. Take all of the data layers and geocode to Census block groups
2. Using a statistical cluster analysis, identify areas that share a common constellation of characteristics
3. Map the result
4. Visually inspect areas for conformity with the statistical / spatial representation
5. Re-solve and re-inspect until we achieve an accurate representation

Selected MVA Cluster Characteristics

	Median Sale Price	Total Number of Foreclosures	Average Number of Foreclosures	Percent Owner Occupied	Vacancy Factor Score
Dark Purple	\$960,450	10	1.67	90.3%	0.4
Medium Purple	\$550,000	22	1.05	29.9%	0.3
Light Purple	\$351,250	397	2.74	49.8%	0.6
Dark Blue	\$220,000	1,037	4.04	64.0%	0.6
Light Blue	\$171,000	1,207	7.27	62.5%	0.6
Light Yellow	\$124,000	2,452	8.09	76.9%	1.2
Dark Yellow	\$80,000	2,946	9.79	68.5%	4.3
Orange	\$49,925	2,266	8.72	63.6%	9.5
Red	\$28,875	1,413	4.76	55.6%	13.8



The Concept of a Vital Area

Vital Areas

These are areas of the City in which proper deployment of the City's programs and activities can serve to stabilize communities.



Discerning Philadelphia's Vital Areas

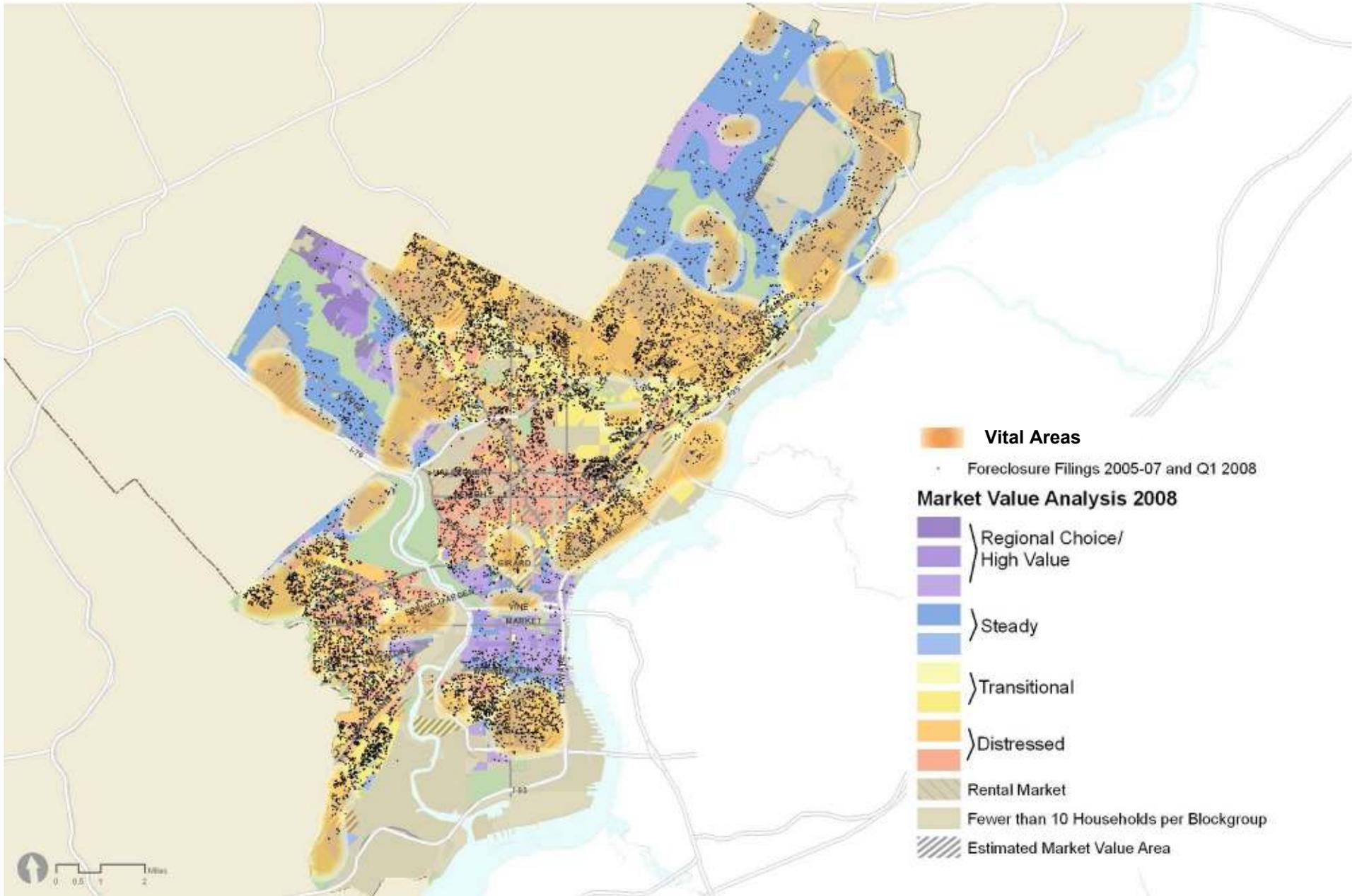
- Begin with areas identified as light yellow or light blue – the middle of Philadelphia's housing markets
- Identify those areas among that group that share boundaries with stronger markets; identify those areas that share boundaries with weaker markets
- “Credit” areas that contain:
 - A high level of “social stressors”
 - High levels of crime
 - High concentrations of mortgage foreclosures
 - 1/8th of a mile of a relatively weak commercial strip

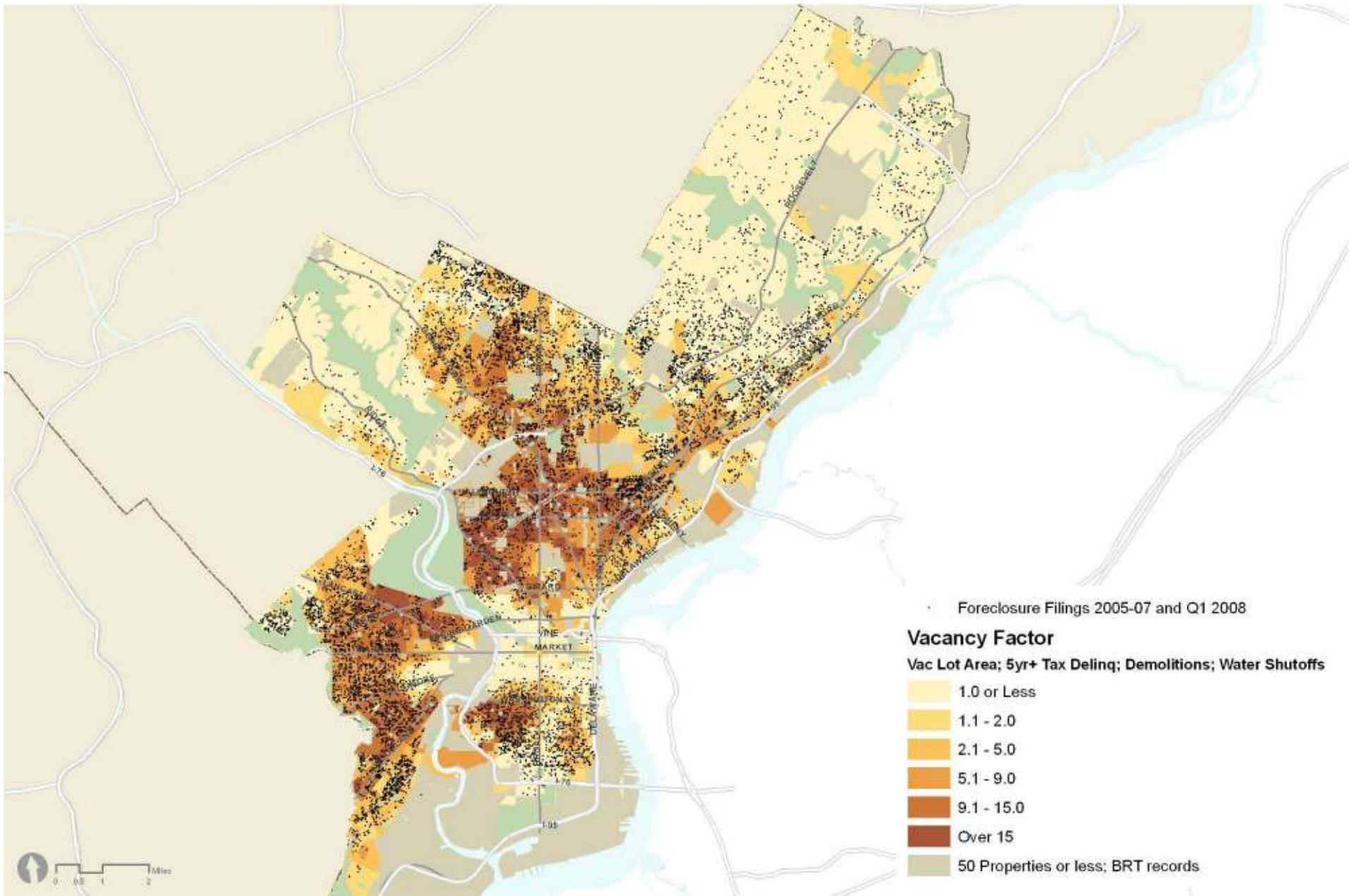


Characteristics of Philadelphia's Vital Neighborhoods

- 39% of Philadelphia's population (569 thousand people)
- 34% of Philadelphia's housing stock (226 thousand units)
- Average household size is 2.5 persons
- Median household income is \$41,098
 - 67% owner occupied
- Median sale price (2006/07) is \$135,000
- 37% of Philadelphia residential sales
- Foreclosure filings increased 30% between 2006 and 2007





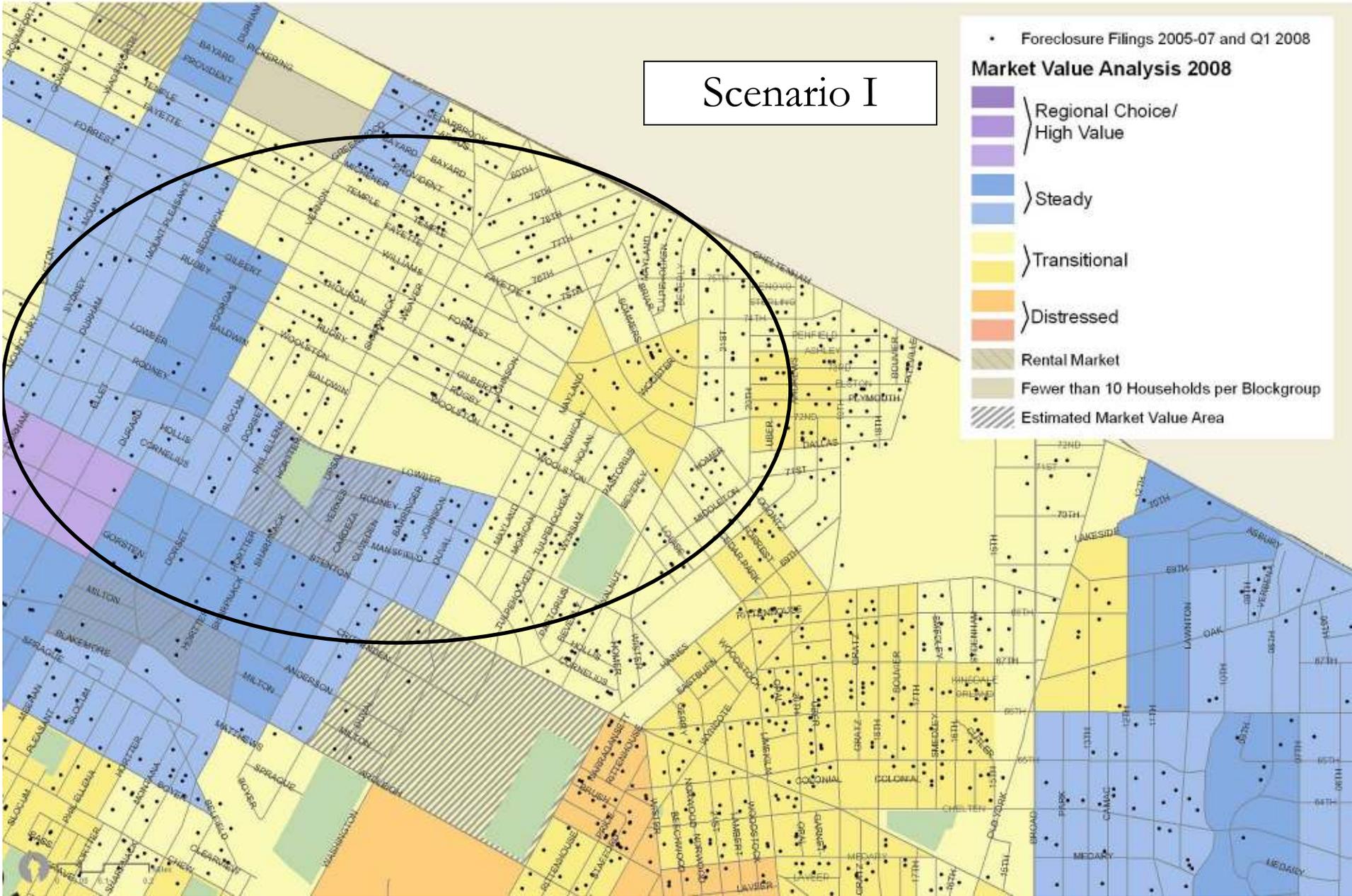


Scenario I: Greatest Potential for Impact

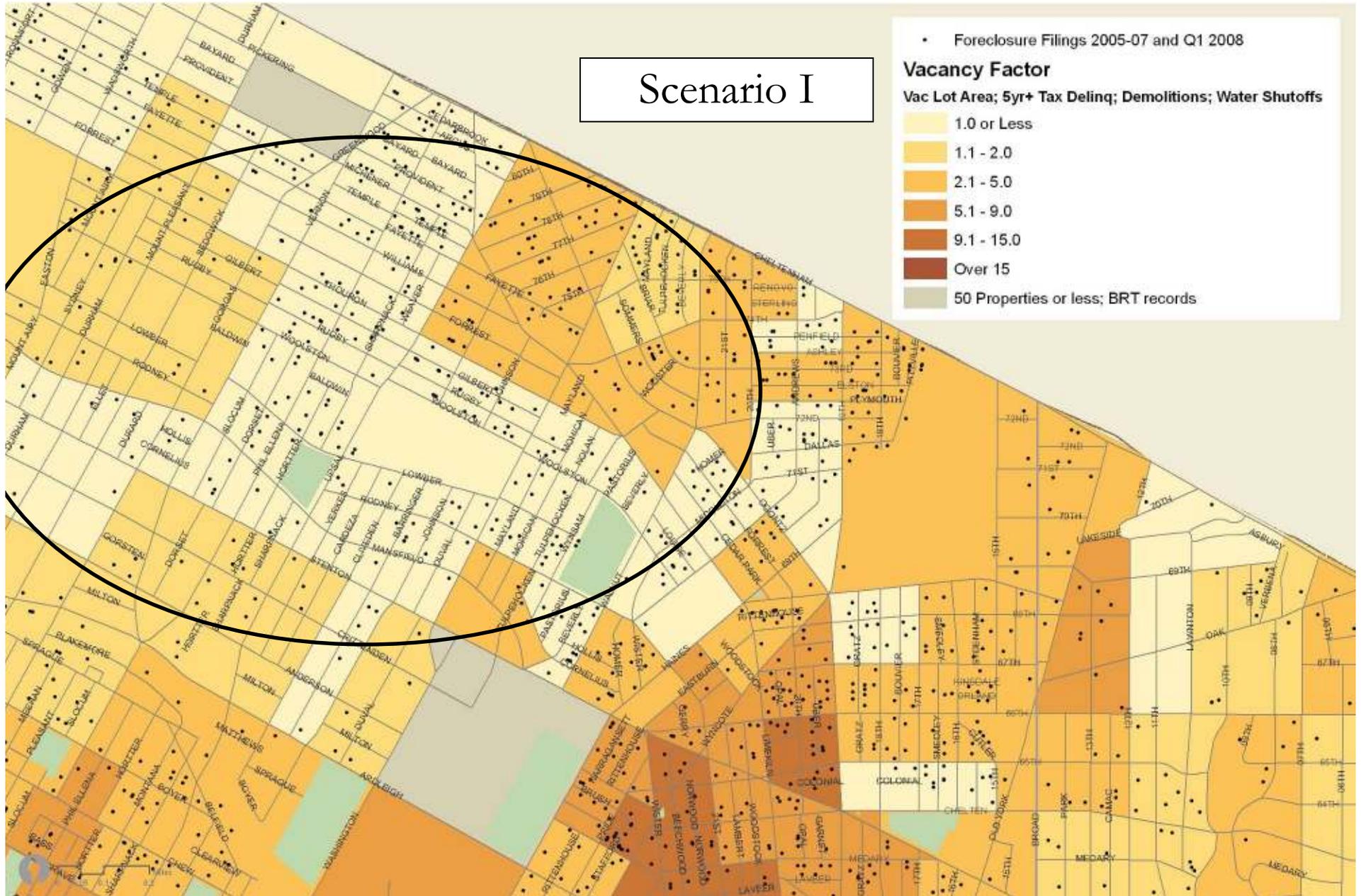
- The area's real estate market is characterized as relatively stable and steady.
- Vacancy in the area is primarily due to foreclosure, not high levels of historic disinvestment and high crime.
- The area is close to both stronger and weaker markets.
- With modest foreclosure-related investment you are preserving the existing value in the area.
- Without foreclosure-related public investment, these areas are likely to trend downward into transitional and distressed areas.



Scenario I



Scenario I

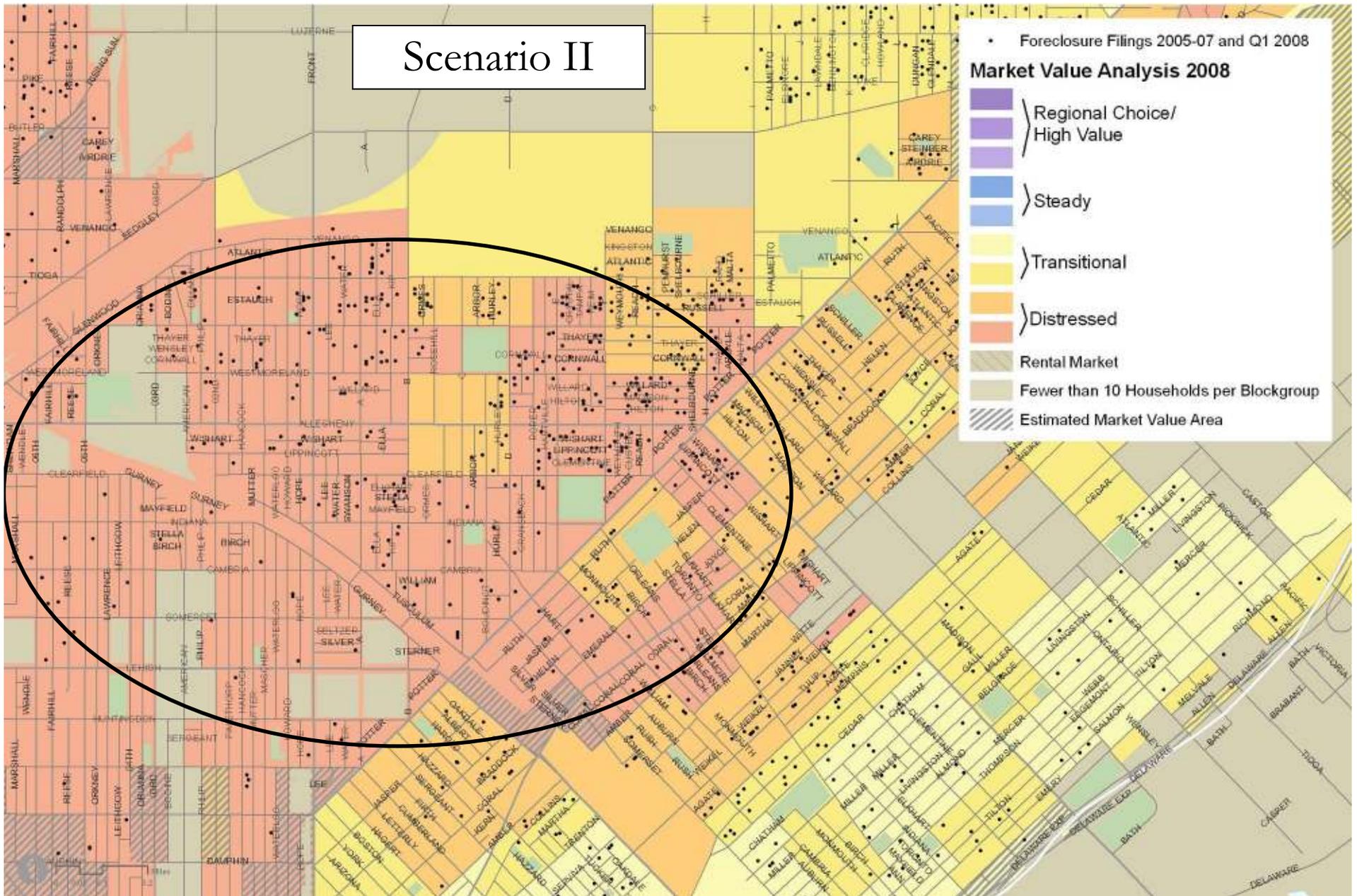


Scenario II: Requires a more intensive reinvestment strategy

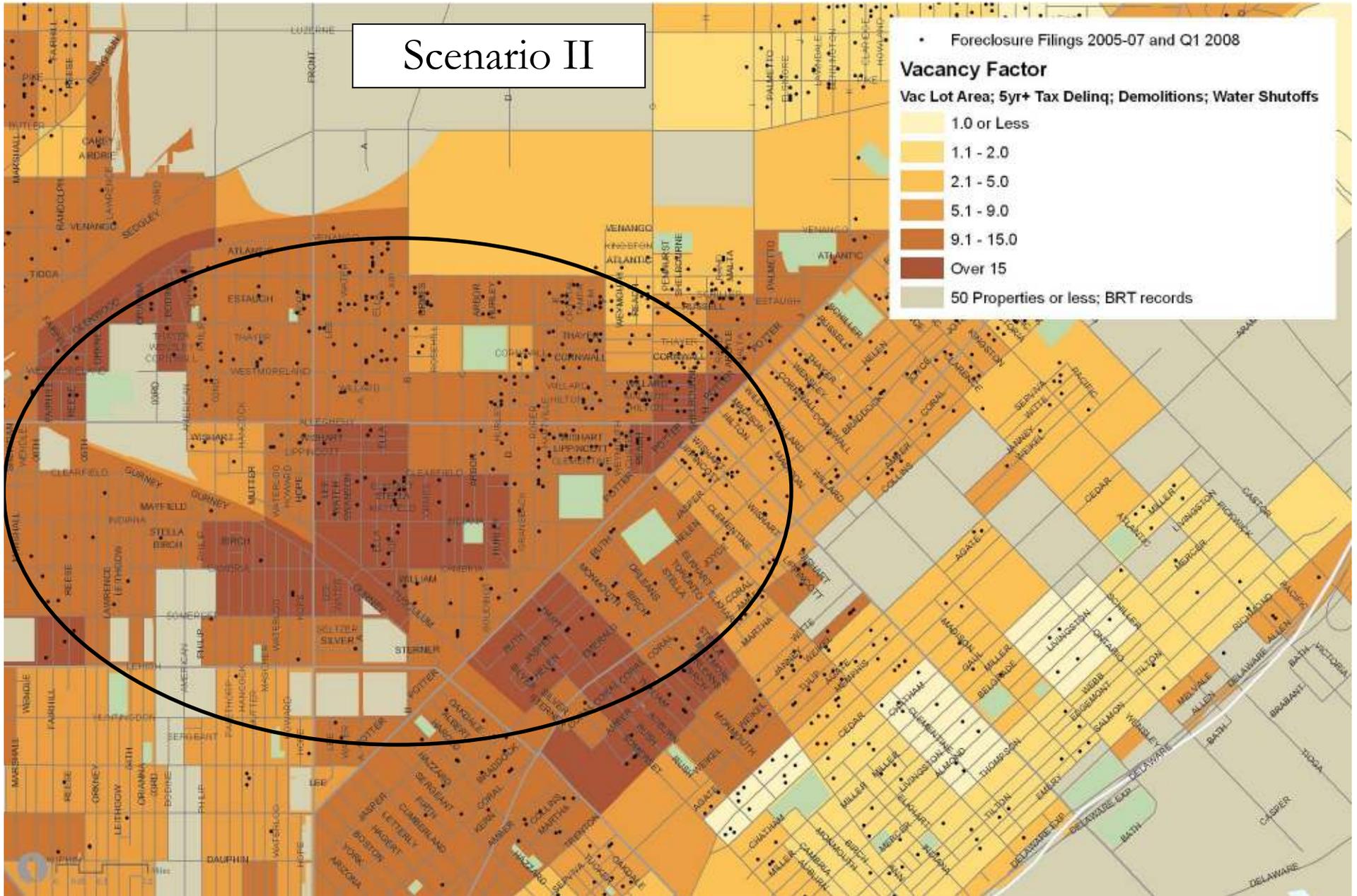
- The area's real estate market is characterized as distressed.
- Overall vacancy levels are high and indicative of larger social and economic disinvestment.
- The area lacks proximity to market strength.
- Foreclosure-related investment alone will not impact the area's real estate market or have a positive spillover effect into adjacent neighborhoods.



Scenario II



Scenario II



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