REINVESTMENT FUND

Subsidized Housing as Mixed Income Anchor: Exploring a New Middle Market in Philadelphia

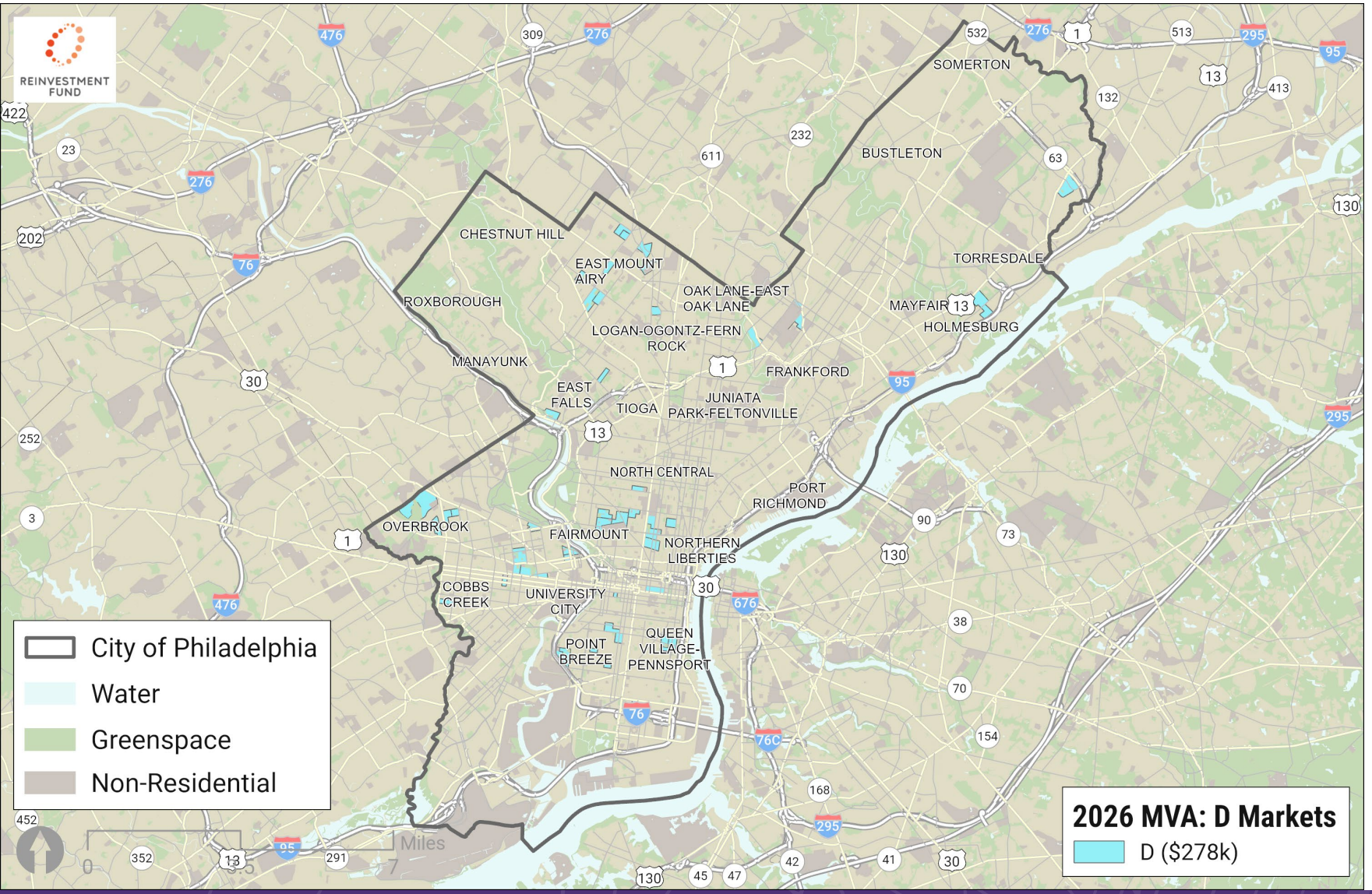
Emily Dowdall

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What do these Neighborhoods have in Common?



In 2018 the neighborhoods* in blue were distressed housing markets, adjacent to stronger markets. By 2023 the average median sale price in these areas had increased dramatically, but the presence of subsidized housing kept options for a wider range of income levels.

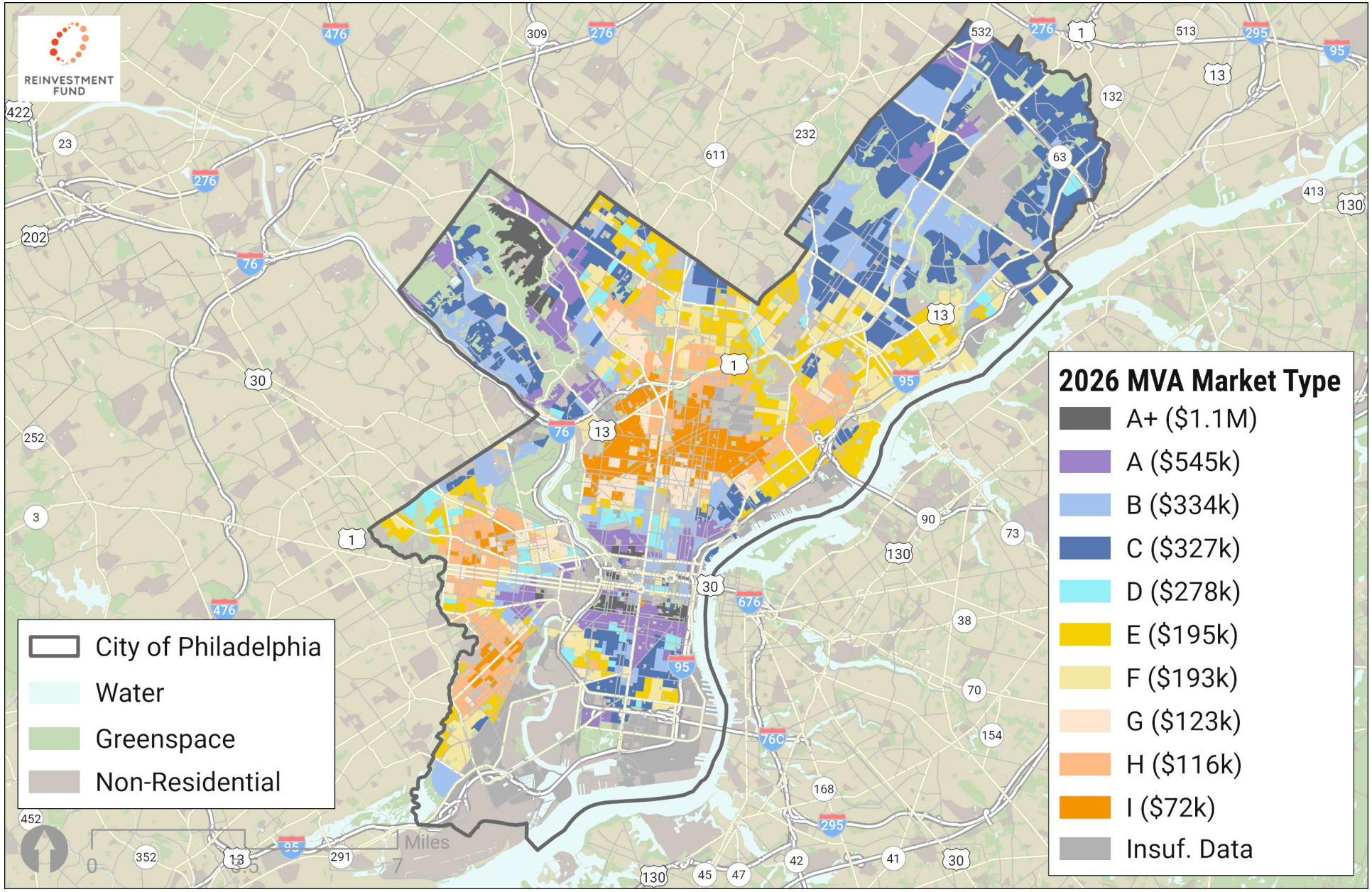
Our 2026 analysis finds these markets remain what we call “middle neighborhoods,” with sale prices close to the city’s median. They still have the highest share of subsidized rental units in the city.

*The geography of our analysis is Census block groups, which are smaller than a Census tract, and don’t always align neatly with common neighborhood definitions.

2026 Philadelphia Market Value Analysis

The MVA is a tool to understand the characteristics of local housing markets and then intervene and invest effectively. It's built on administrative data and ground-validated. Reinvestment Fund has produced an MVA in Philadelphia about every 3 years since 2001.

The 2026 Philadelphia MVA identified 10 market categories (labeled A+ through I) based on a cluster analysis of 10 data indicators. Median sale prices within the types range from $72,000 to over $1 million. There are strategies for every market type.



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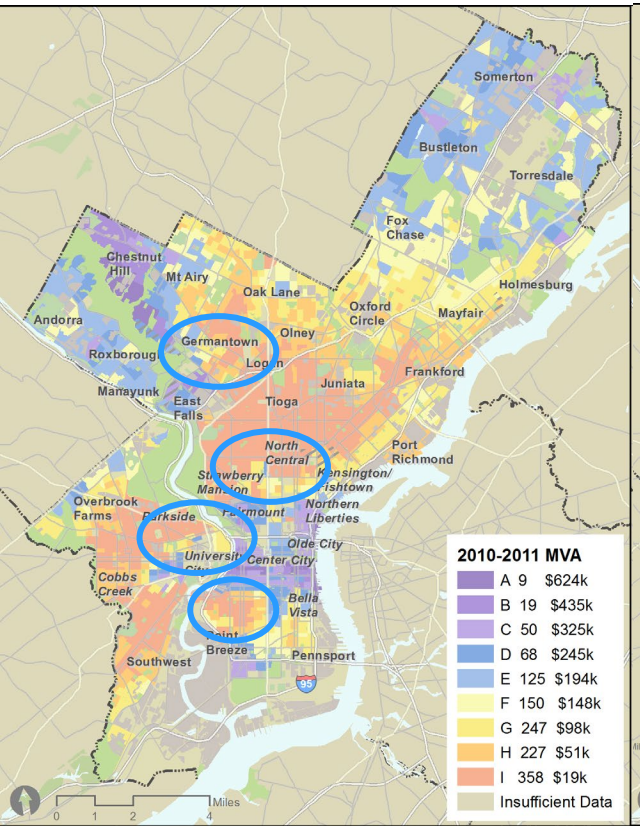
2026 Phila. MVA: Selected Characteristics

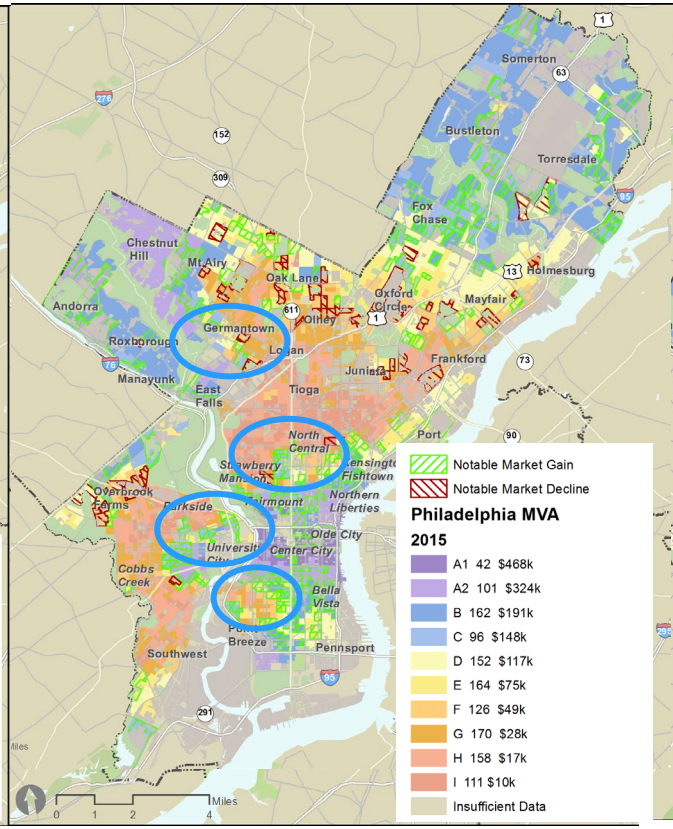
An interesting new market type emerged in the 2023 MVA that was still a distinct category in 2026. These are what we call *D Markets,* and they are notable because they have just above median sales prices, just above average homeownership, and the highest share of renters with subsidy anywhere in the city.

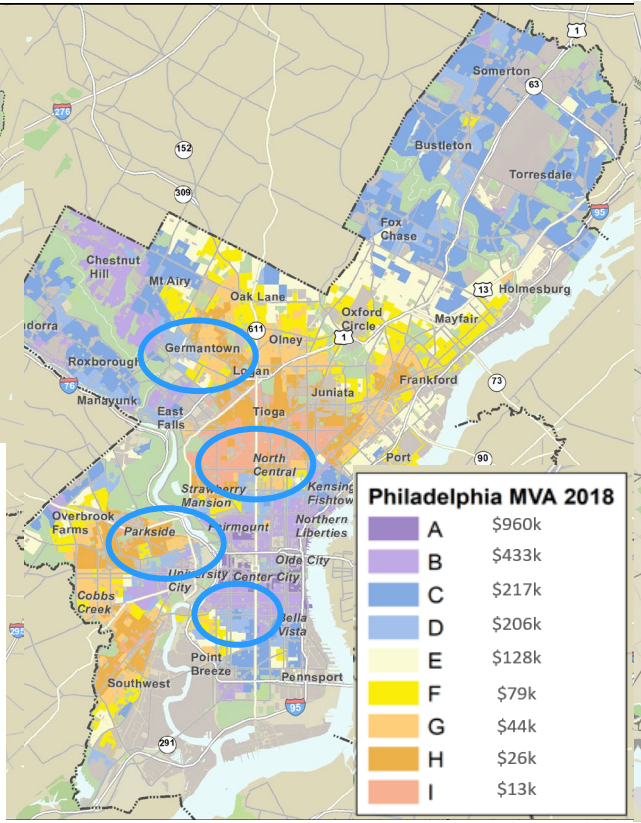
These D Markets are one of three "middle market" categories; in the other middle markets, B and C, less than 10% of renters benefit from individual or building-based subsidy. In D that share is 80%.

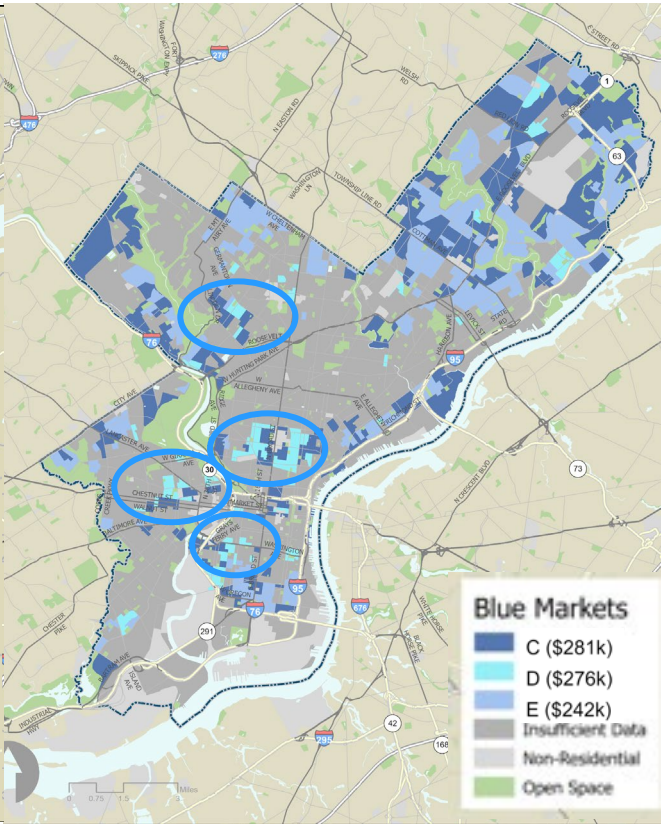
MVA	Count Census Block Groups	Med. Sale Price	New Construction Permits	Alteration Permits	Vacant Res. Land	Homeowners	Subsidy (Excl. Senior)
A+	30	$1,073,283	1.8%	8.5%	0.6%	41%	2%
A	118	$544,639	1.8%	8.5%	1.0%	48%	4%
B	148	$334,124	1.3%	5.9%	3.3%	33%	6%
C	203	$327,245	0.9%	5.6%	0.9%	76%	3%
D	**48**	**$277,682**	**1.7%**	**6.7%**	**3.7%**	**57%**	**80%**
E	185	$195,345	0.6%	6.9%	1.5%	79%	12%
F	158	$192,532	0.9%	6.6%	2.4%	40%	9%
G	56	$123,037	2.6%	6.8%	16.8%	43%	71%
H	161	$115,712	0.5%	8.2%	5.1%	50%	14%
I	108	$71,578	0.5%	6.5%	11.1%	49%	15%
Avg.	1,338	$220,000	1.1%	6.5%	3.5%	53%	13%

Subsidized Markets Over Time









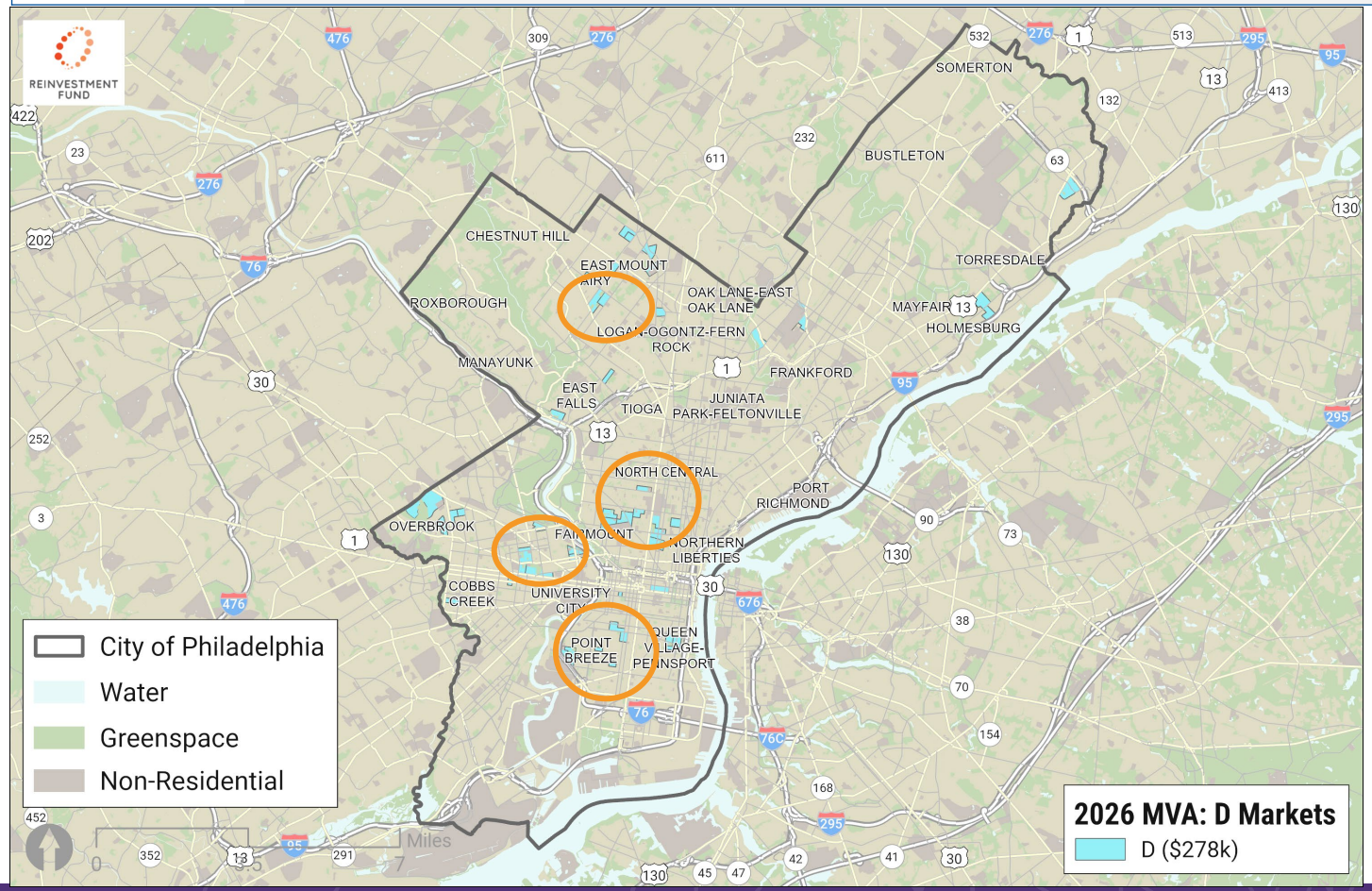
2010-2015: Subsidized units were concentrated in the most distressed I Markets (sale prices below $20,000). Some of these areas – including the circled areas north of University City (Mantua and Belmont), Central North Philadelphia, Point Breeze/Grays Ferry, and Germantown strengthened between the two MVAs.

2018: The highest subsidy concentration was in G Markets (25% of rentals, median sale price $44,000), clustered in North, West, and Southwest Philadelphia. Many of these were previously the more vulnerable I Markets.

2023: D emerged as a new middle market (sale prices close to city median of $247,859), where 67% of renters were subsidized. These were previously G, H, and I Markets. Many D markets had new or redeveloped subsidized units built during the preceding decade in addition to market rate development.

2026 D Markets

MVA	# BGs	Med. Sale Price	Coef. of Variation	New Construction Permits	Alteration Permits	Vacant Res. Land	Clean & Seal (Vacant Buildings)	Financial Distress (Foreclosures + Sher. Sales)	Homeowners	Housing Dens. (Pop. Per Sq. Mi)	Subsidy (Excl. Senior)
D	48	$277,682	0.45	1.7%	6.7%	3.7%	0.4%	2.2%	57%	25,756	80%
Avg.	1,338	$220,000	0.45	1.1%	6.5%	3.5%	0.5%	1.6%	53%	27,685	13%

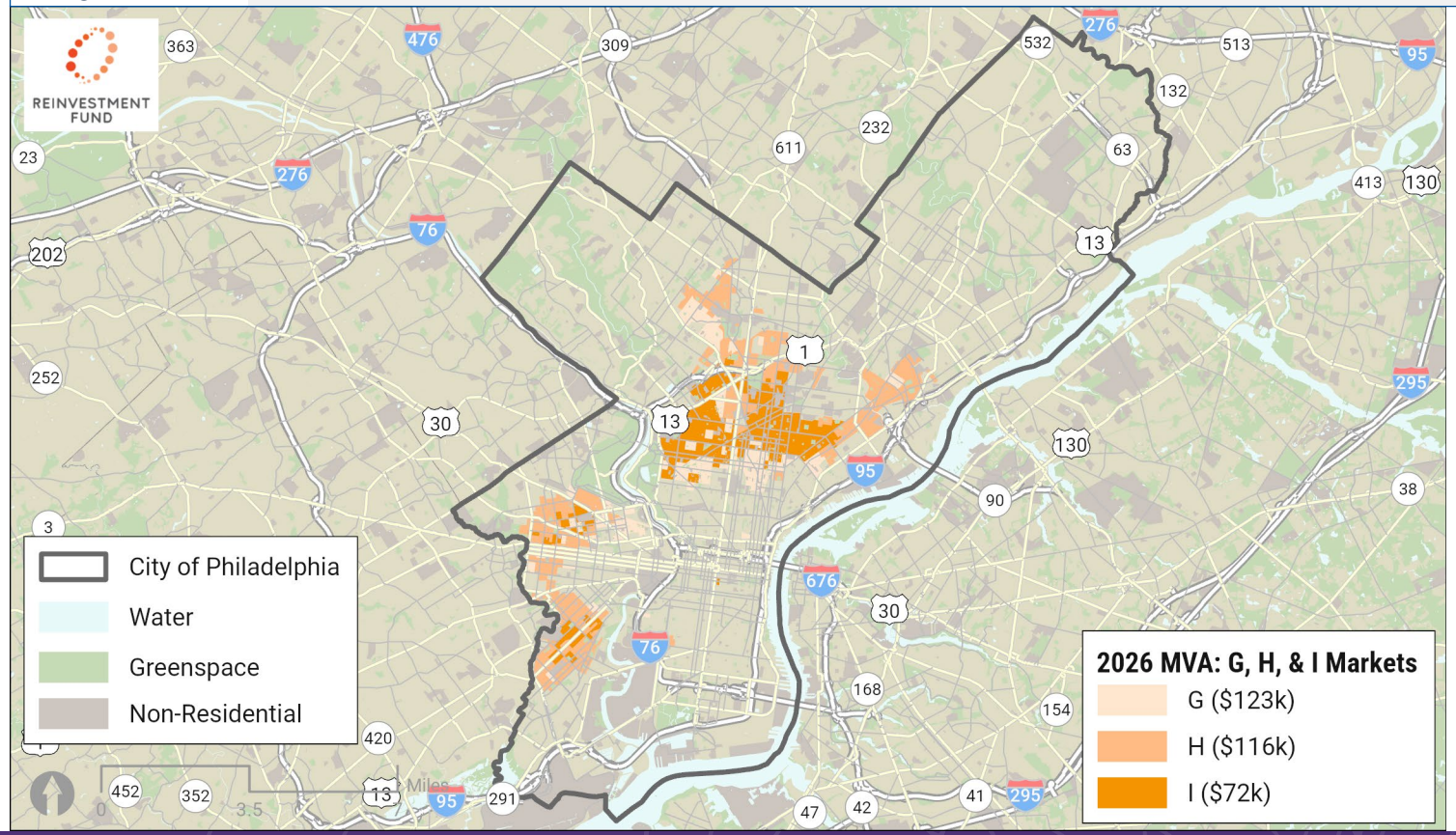


Market Characteristics

- D Markets characteristics are close to the city average except for high subsidy. They are also the least common market type. D Markets are often pockets of affordability adjacent to strong markets and may have become more exclusive markets without place-based subsidy.
- CDCs and the Philadelphia Housing Authority have invested in affordable housing in many of these markets over several decades, often in the form of townhomes that fit into the historic neighborhood fabric.

2026 G, H, and I Markets

MVA	# BGs	Med. Sale Price	Coef. of Variation	New Construction Permits	Alteration Permits	Vacant Res. Land	Clean & Seal (Vacant Buildings)	Financial Distress (Foreclosures + Sher. Sales)	Homeowners	Housing Dens. (Pop. Per Sq. Mi)	Subsidy (Excl. Senior)
G	56	$123,037	0.67	2.6%	6.8%	16.8%	1.6%	2.1%	43%	36,982	71%
H	161	$115,712	0.56	0.5%	8.2%	5.1%	1.2%	2.8%	50%	28,059	14%
I	108	$71,578	0.70	0.5%	6.5%	11.1%	1.8%	1.7%	49%	35,238	15%
Avg.	1,338	$220,000	0.45	1.1%	6.5%	3.5%	0.5%	1.6%	53%	27,685	13%



Market Characteristics

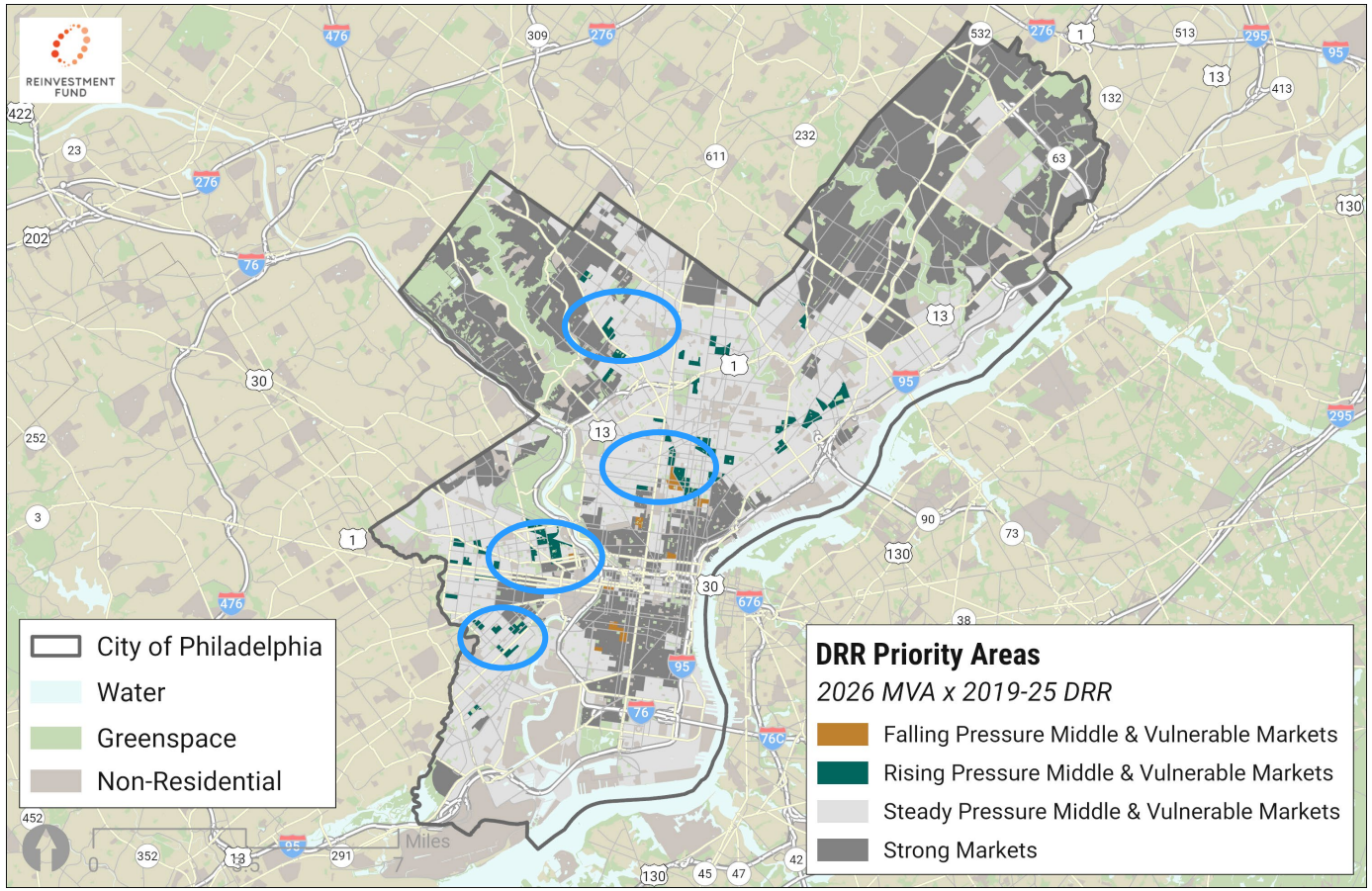
- G Markets have subsidy concentrations similar to D Markets. But they also have the highest vacant land share, lower ownership rates, and the greatest rate of new construction in the city. ***These areas are distressed but show signs of rapid change. Existing subsidized housing can mitigate price-based displacement over time. Today's G markets may be tomorrow's Ds.***
- H markets have the highest financial distress indicators in the city, but less vacant land than G and I and more alteration activity
- I markets are by far the lowest priced, have significant land and building vacancy, and little new construction.

Calculating Displacement Risk to Chart a Path Forward

Reinvestment Fund's Displacement Risk Ratio (DRR) measure the likelihood that long-time, lower income residents might be displaced by rising housing costs. The greatest risk is in areas with **rising pressure** where the DRR score has increased substantially.

Preserving affordable options in middle and vulnerable markets with **rising pressure** can have a big impact. This includes D and G Markets, where preservation of existing affordable units will be critical to maintaining a mix of income levels in the future. This also includes some areas that don't have a lot of building-based subsidy today but do have vacant land that could be suitable for affordable housing development.

1. Find incomes of residents who lived in area during start period (2019)
2. Use inflation rate to calculate income of long-term residents today (2025)
3. Calculate ratio of long-term resident income to actual home prices over time



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