

Property Value Changes and The Impact On Investments / Disinvestment in Various Communities Across Forsyth County, NC

**Second Draft Report
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Introduction

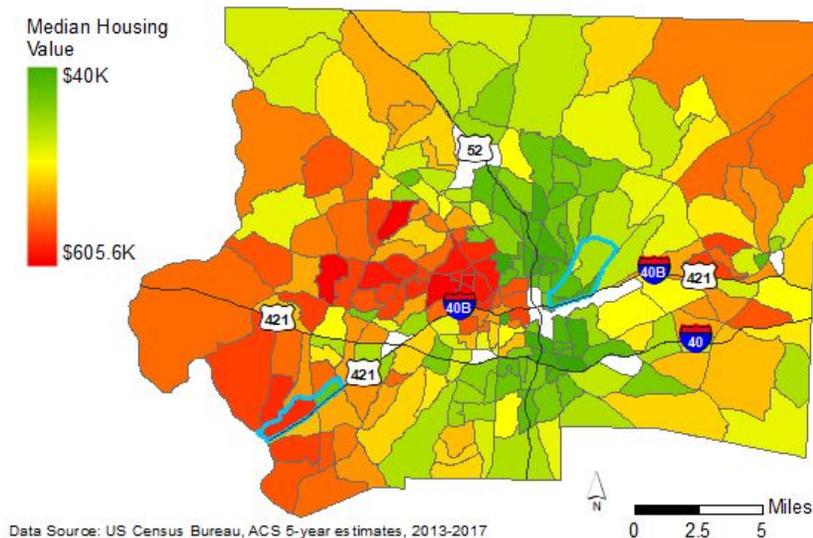
Changes in property values impact community investments and disinvestments in various communities across Forsyth County, NC. Forsyth County has known areas of resource deserts, particularly in specific neighborhoods in the Winston-Salem area, as well as in outer, more rural, pockets of the County. This project identifies indicators specific to Forsyth County

Literature

A brief literature review identified environmental and housing indicators pertinent to measuring predictability in property value changes. Common indicators included in literature include various housing characteristics such as number of rooms, square footage, building materials, and square footage; occupancy characteristics including tenure and; environmental surrounds including proximity to amenities such as parks, services, and grocery stores.

Areas of Interest

To date, preliminary research on property values and community investment has identified socio-economic factors that influence said investment and its subsequent impact on property values. Identification of the two tracts highlighted in this study has concluded. The two census tracts are Tract 40.13 and Tract 17.



Click image for larger image

The two tracts highlighted in the map above are the areas of interest for this study. Tract 17 is located in the eastern side of the County whereas Tract 40.13 is located in the southwestern side.

As far as property values, the median value of homes in these areas showed significant changes between the 2008-2012 and 2013-2017 sample estimates. Property values in Tract 17 showed significant decrease in value (from \$120,900 in 2012 to \$102,500 in 2017) whereas Tract 40.13 showed significant increase in property values (from \$148,000 in 2012 to \$223,000 in 2017).

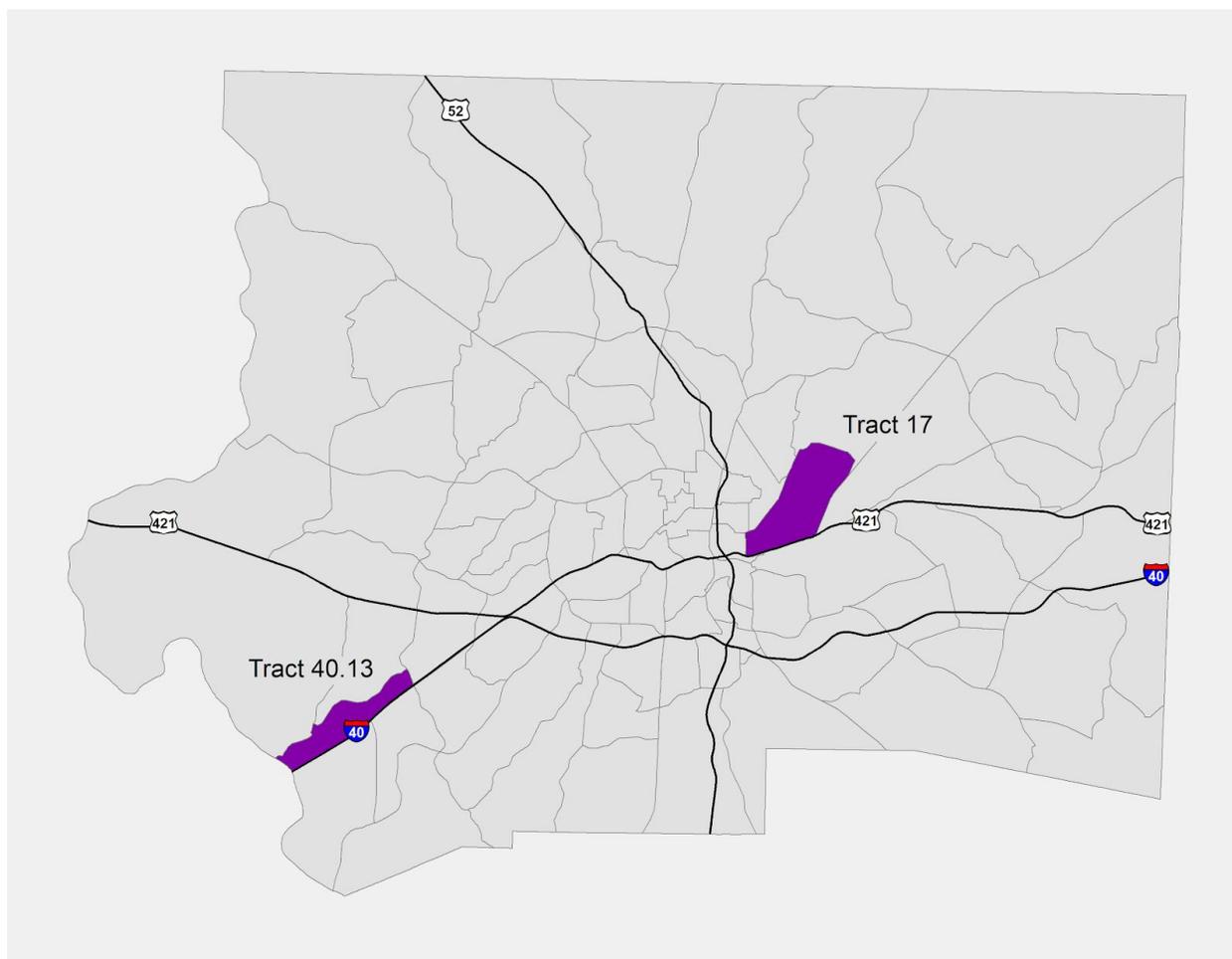
Factors associated with relatively higher house prices include more square footage; a larger lot size; better physical condition; the presence of fireplaces, central air conditioning, and/or a garage; and being either in or relatively close to downtown. Factors associated with relatively lower house prices include a street-corner location, being renter-occupied, and being a multi-unit dwelling (Wachter et al., 2006)

Data

Basic Descriptive

Census Tract 17: The population living in this area is skewed younger with the majority of the population being 34 years and younger; the median age is 32. This population is also predominantly black or african american. The median income is just under \$29,000 and 23% of the population 25 and older have a completed post-secondary education.

Census Tract 40.13: The population living in tract 40.13 is mixed in ages however, the median age is 36. The population is predominantly white and the majority of the residents 25 and older have at least a bachelor's degree. The median household income is just about \$50,000 and the majority of homes are owner-occupied.



Housing Descriptives

Tenure: About half of the homes in Tract 17 are renter-occupied compared to the majority of those in Tract 40.13 being owner-occupied.

Number of Bedrooms: As for the number of bedrooms, the two comparison tracts are similar in that in both tracts, the majority of homes have at least 3 bedrooms.

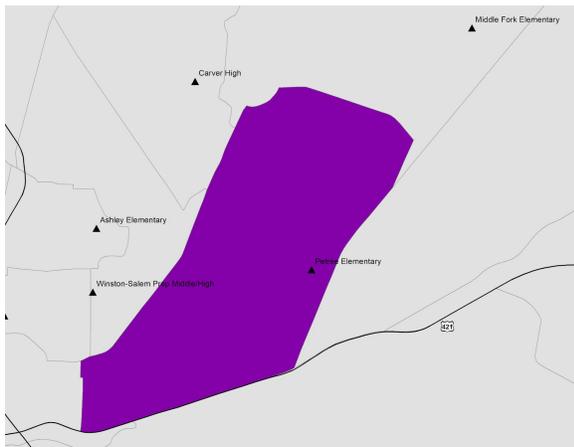
Living Space: The two tracts were also similar in median number of rooms; Tract 17 has a median number of 5.1 rooms while Tract 40.13 has a median number of 5.3 total rooms.

Year House Built: Houses in Tract 40.13 are more likely built in a more recent year than those in Tract 17. The majority of homes in 40.13 were built as late as 1980 while the majority of homes in 17 were built as late as 1960.

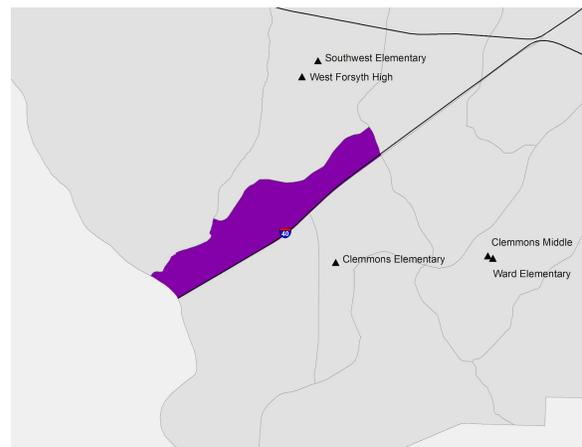
Heating Type: The majority of homes in both tracts are heated through electricity or utility gas, though 9% of homes in Tract 17 use fuel oil or kerosene.

Location Descriptors

Proximity to schools: All schools located in immediate proximity to Tract 17 are Title 1 schools. Title 1 schools are defined by their large concentrations of low-income students. These schools receive supplemental funding.



Tract 17



Tract 40.13

Grocery Stores: Tract 17 is a defined food desert. Residents living in food deserts do not always have adequate access to fresh, healthy food

Public transportation: Tract 17 is located within boundaries covered by the Winston Salem Transit Authority and has one line passing through the Tract. Tract 40.13 does not have any access to public transportation lines.

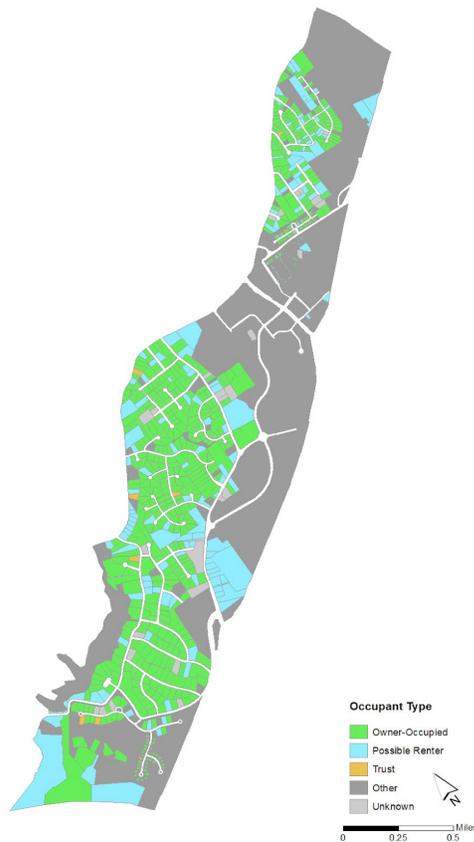
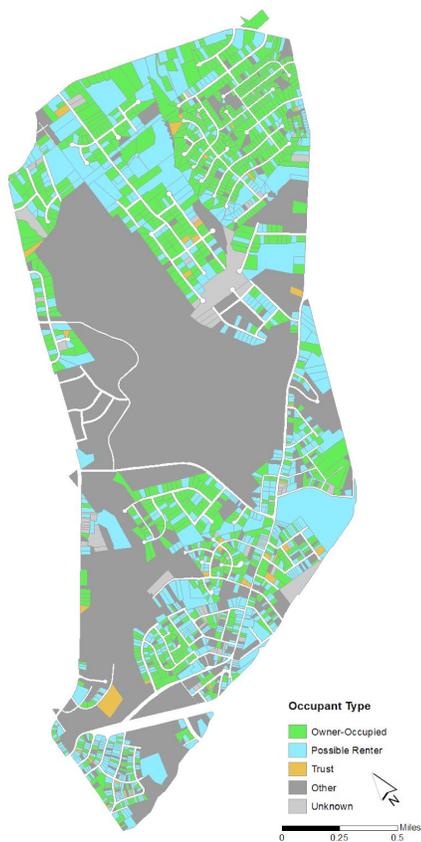
Indicators of Community Investment

This project takes a closer look at four different indications of community investment.

The first is community planning. This encompasses anything from city planning proposals to zoning change requests. For example, when a city or town is planning new roads or new pipes for water access to a potential neighborhood, that city or town is anticipating growing populations and is planning for the influx of residents.

The second indicator is new development. Whether the case be a resident purchases a plot of land with the intention of building a new residence, or a large parcel of land is split into lots by a developer looking to establish a new neighborhood, new development signifies interest in the area. Even if new residences are built before they are sold, a developer has some trust that there is a market for these homes. Rehabilitation of older, more established properties have a significantly positive impact on neighborhoods and encourage growth and continued investment. However, other case studies (Ding, 2000) have evidenced that new development may have a greater impact on property values rather than rehabilitation or revitalization.

The third indicator is tenure. Tenure refers to if the home is owner-occupied or renter-occupied. Renters, who are often more transient do not have a home they can invest in. Neighborhoods with higher rates of renter-occupied homes. Related to this is owner retention. This simply means that homeowners are staying in their homes. Satisfied with their living situation and their access to employment, recreation, and necessities, owners do not feel the need to relocate.

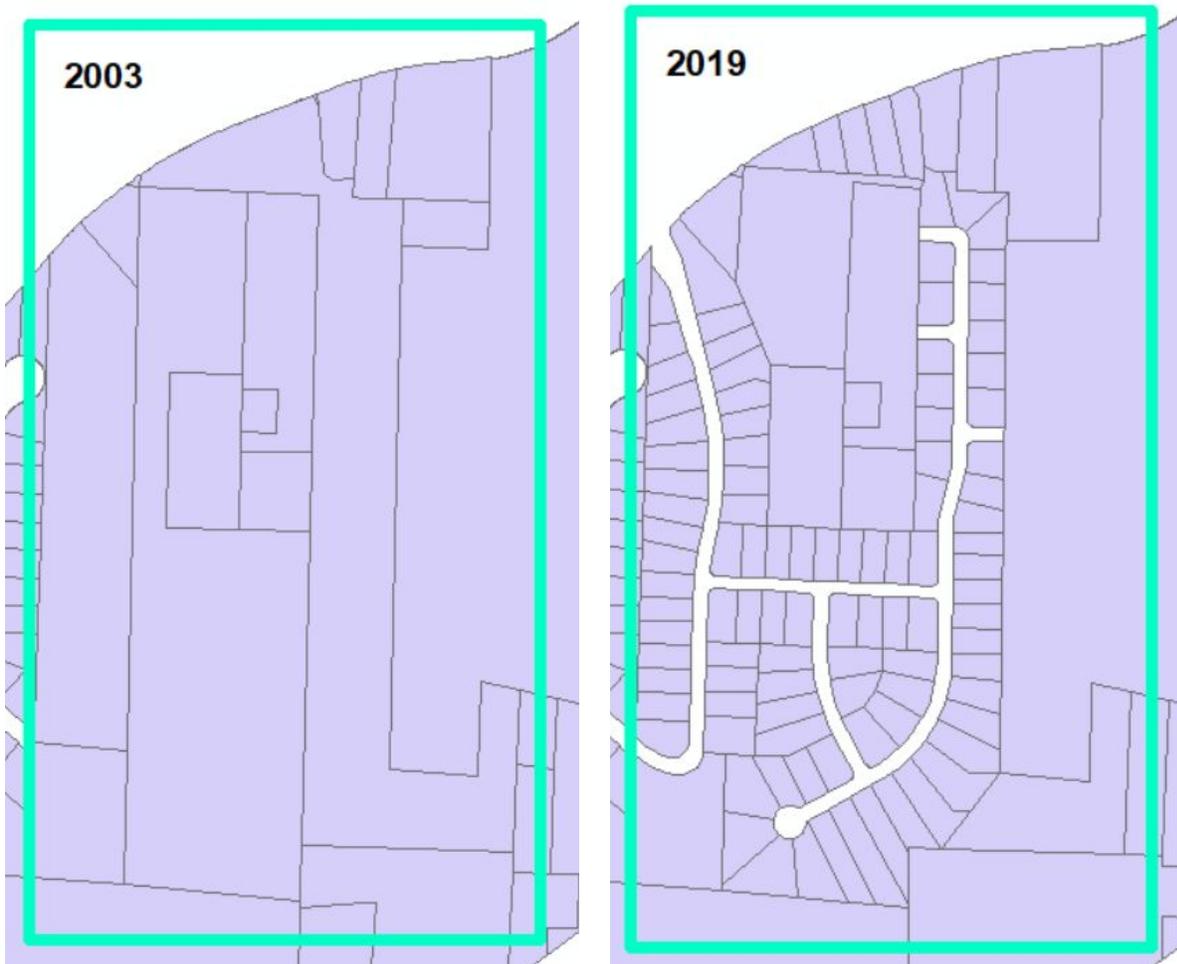


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Fourth, examining property values is an important piece to identifying areas of increased investment and suggests continued interest in a particular area. While increase in property values is good for homeowners, a gradual decrease in value followed by a sudden and sharp increase in value may spell trouble for neighbors and close community members. Literature points to this being a sign of gentrification and as these property values increase, those living in the area may not be able to afford to continue living in these neighborhoods.

Changes Over Time

To visualize changes in investment, one indication is changes in parcel boundaries.



For example, between 2003 and 2019, a new development, Cameron Village, was created in Tract 40.13. Noting these changes can help visualize where community investment is happening. It is also important to consider the type of development- whether it be residential like a new neighborhood or commercial like a new shopping plaza.

The Google Microsite will include a section that highlights some of these changes and what their potential impact may be / may have been.

Methods

Multiple data points were retrieved from the U.S. Census Bureau's American Community Survey and analyzed for statistically significant differences between years at the 90% confidence level using the statistical method described by the Census Bureau in A Compass for Understanding and Using American Community Survey Data: What General Data Users Need to Know (<http://www.census.gov/content/dam/Census/library/publications/2008/acs/ACSGeneralHandbook.pdf>).

Conclusions

At this time, this study is not at final stages and conclusions are not available. The Google Microsite will be updated once those are available.

Timeline

1. December 16, 2019: Identification of areas of interest; identification of lead and lag indicators
2. December 20, 2019: Submit data request for historical tax assessment records
3. January 1, 2020: Publically available data has been collected
4. June 1, 2020: Analysis of data completed
5. August 1, 2020 (projected): Completion of interactive website (Google Microsite) (<https://sites.google.com/forsythfutures.org/sjs-community-investment/>)

Project Deliverables

The final output of this project is a publicly-available Google Site. The site and its contents and attachments are available for public viewing and do not require an account to access. The Site is intended to be a vehicle for promoting this study while also encouraging continued study on the topic of housing in Forsyth County. The microsite can be found at this web address: <https://sites.google.com/forsythfutures.org/sjs-community-investment/>

Next Steps

The projected finish date for this study is August 1, 2020. At that time, the Google Microsite will be complete and published and promoted through various channels.

This study is intended to be a sample of a larger study on housing produced by Forsyth Futures, a Forsyth County non-profit specializing in research that informs and engages various community stakeholders.

Note on Changes

1. Originally, this project would have included a timeline of changes in property values. Unfortunately, this data is not publically available in a usable format. Rather than analyse a year-by-year timeline, this project compares the two available years of data: 2003 and 2018.
2. This project did not follow the intended timeline. Due to unforeseen circumstances, the completion of this project has been prolonged.

References

Chengri Ding, Robert Simons, and Esmail Baku (2000) The Effect of Residential Investment on Nearby Property Values: Evidence from Cleveland, Ohio. *Journal of Real Estate Research*: 2000, Vol. 19, No. 1, pp. 23-48.

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