



FEDERAL RESERVE BANK *of* KANSAS CITY

A Local Perspective on the Troost Corridor and the Urban Neighborhood Initiative

Where Do We Stand?

Urban Neighborhood Initiative

A Plan for Connecting People and Building Community

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Federal Reserve Bank of Kansas City

Who and What is the Troost Corridor?

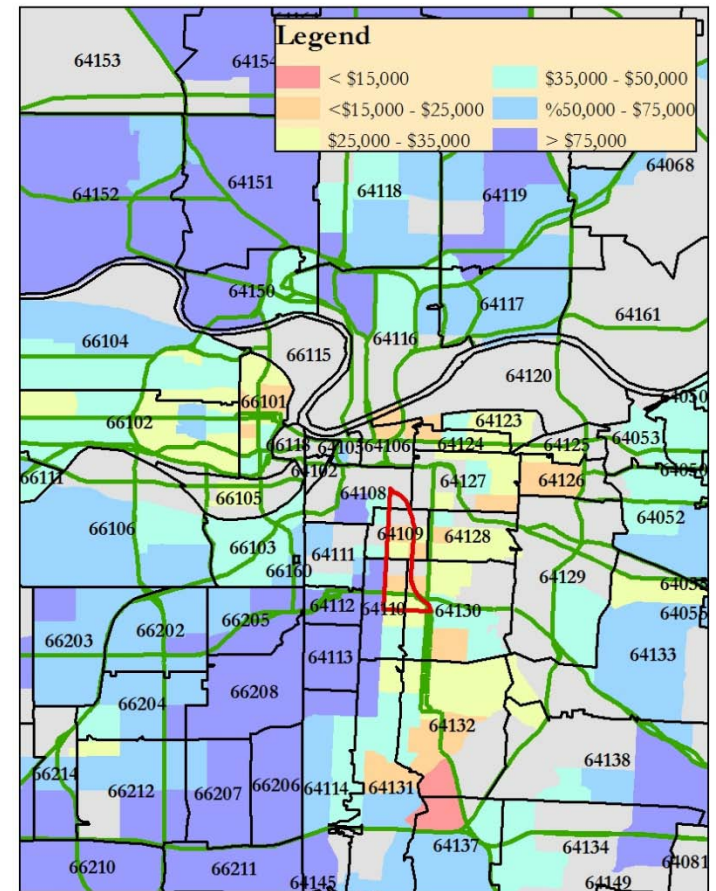
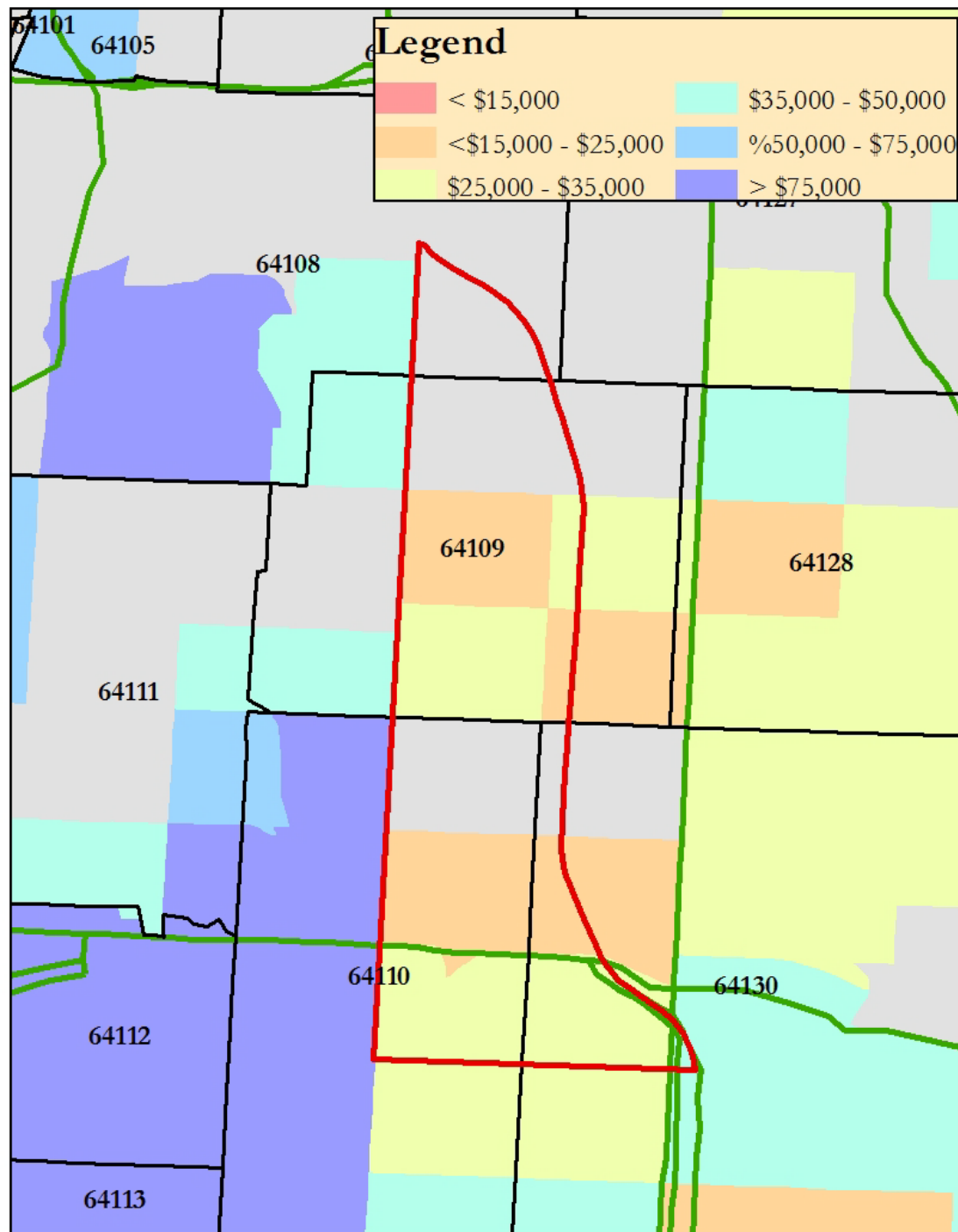
- Who/What are the Troost Corridor, and why them?
- The Link between the outcomes we want *and housing*.
- The state of housing in the Troost Corridor: Where are we now?

A Local Perspective on the Troost Corridor

**WHO/WHAT ARE THE TROOST
CORRIDOR, AND WHY THEM?**

Income

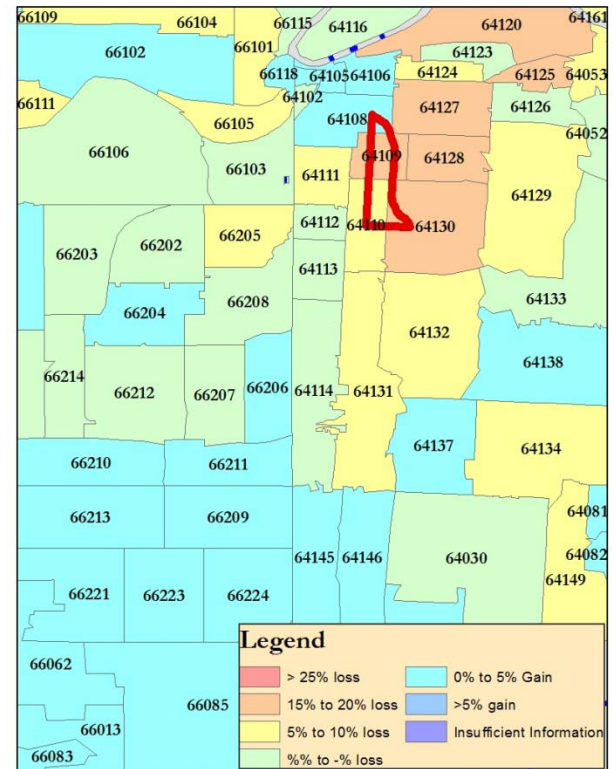
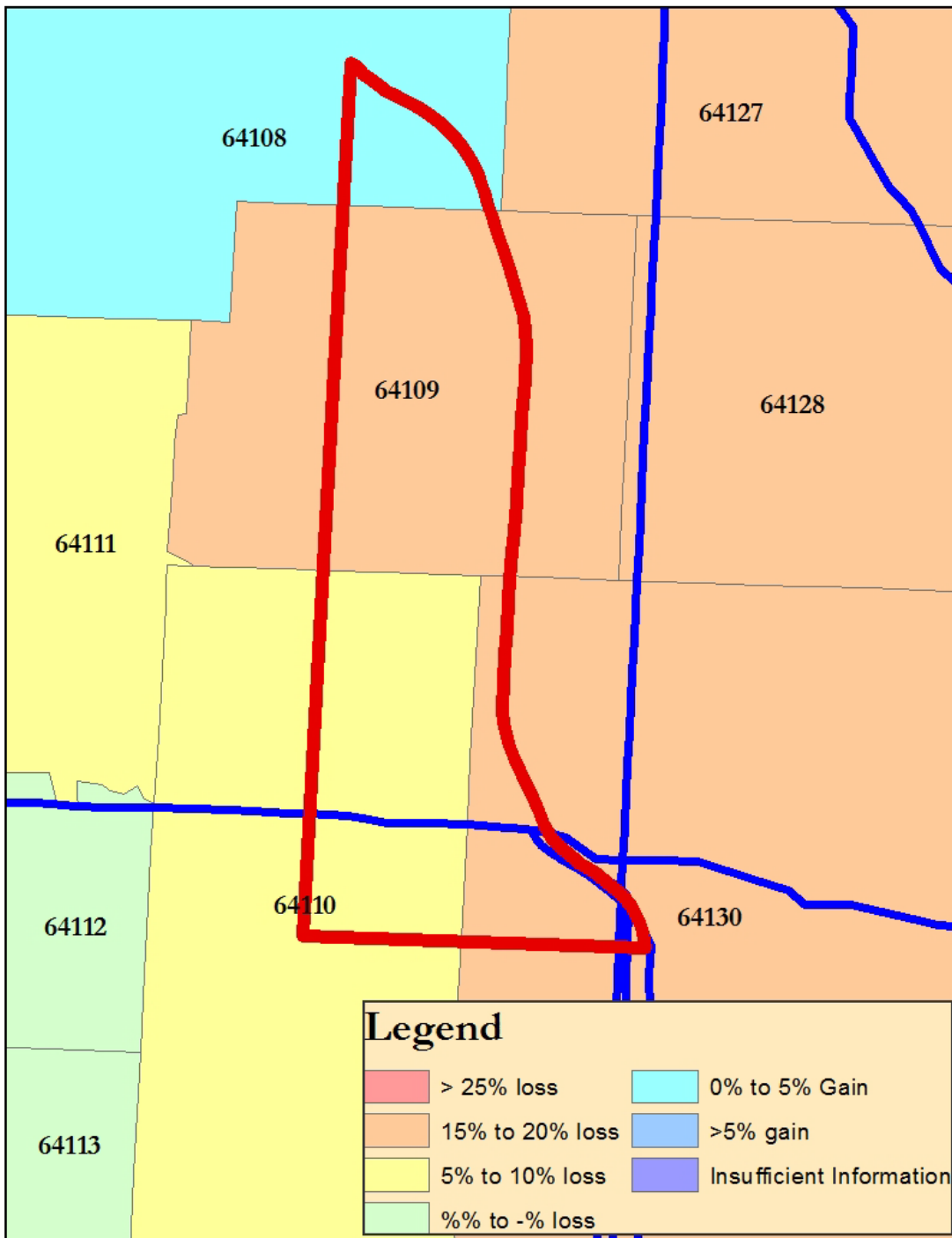
Incomes are low in the Troost Corridor, but the corridor is adjacent to many higher income areas. Other low-income areas are more isolated.



Population Change

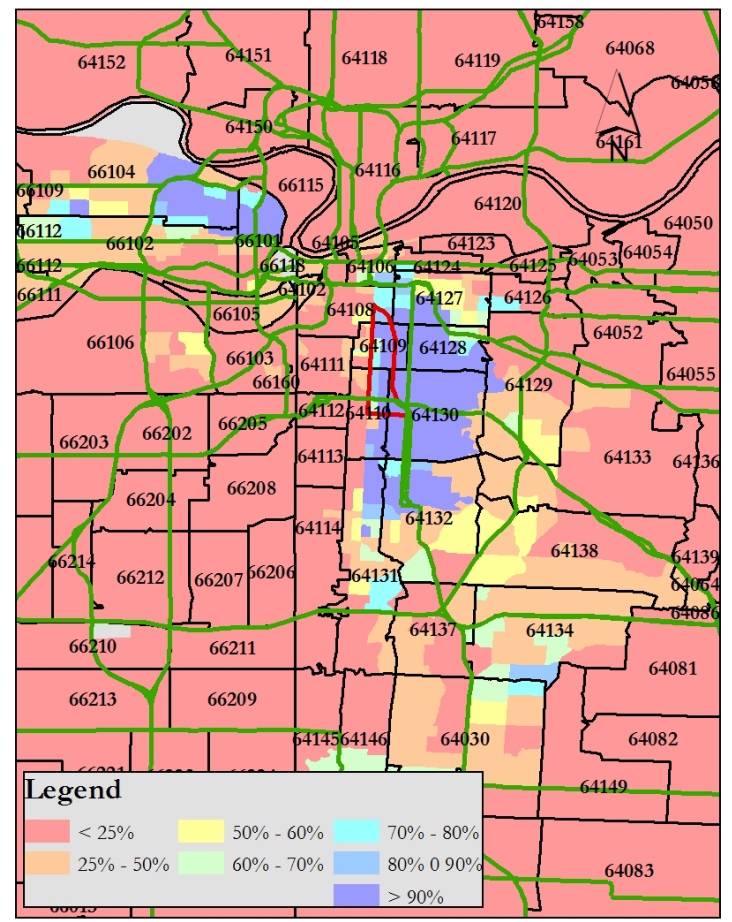
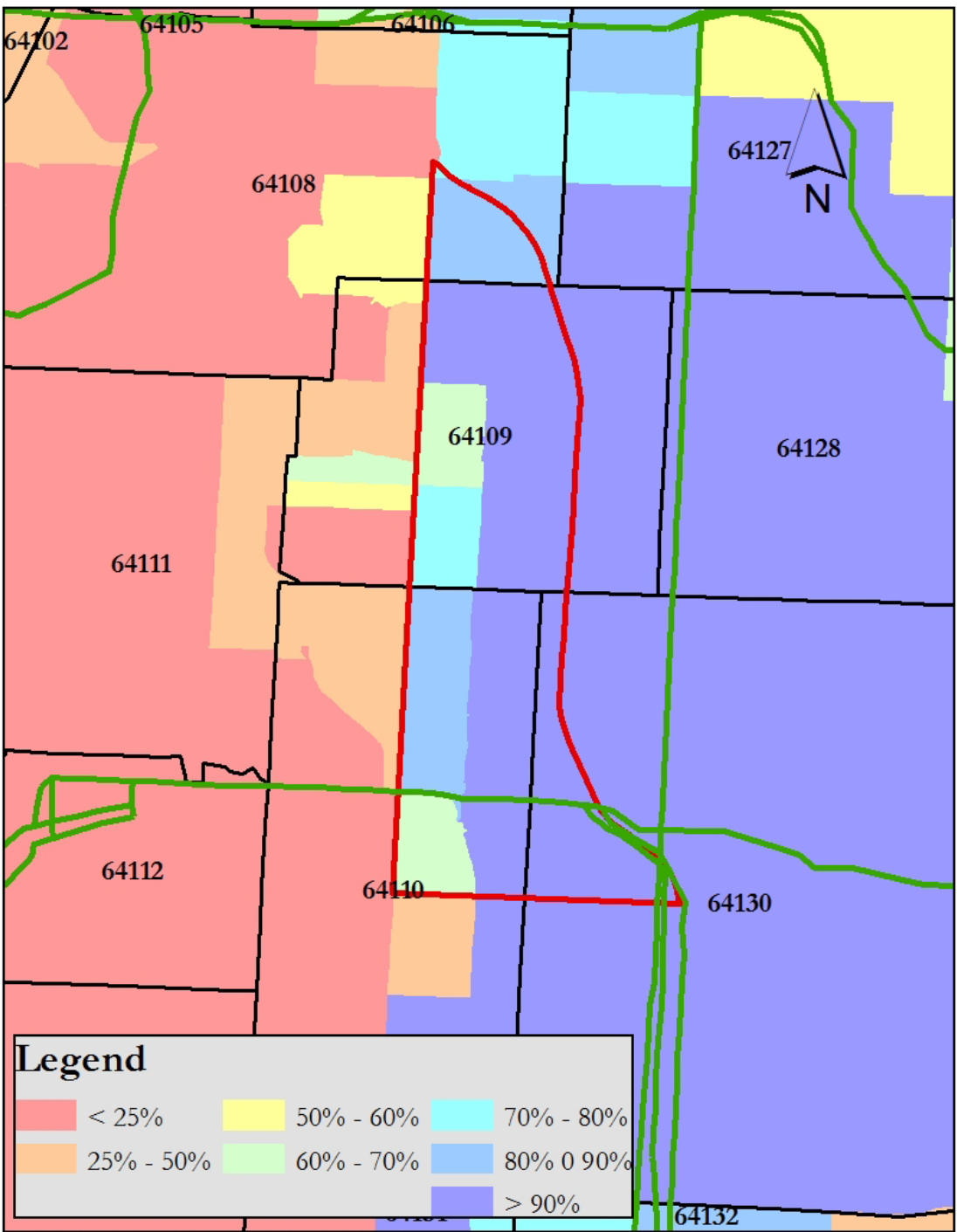
2000 – 2010

The Troost corridor lost population in the 5% to 20% range between 2000 and 2010



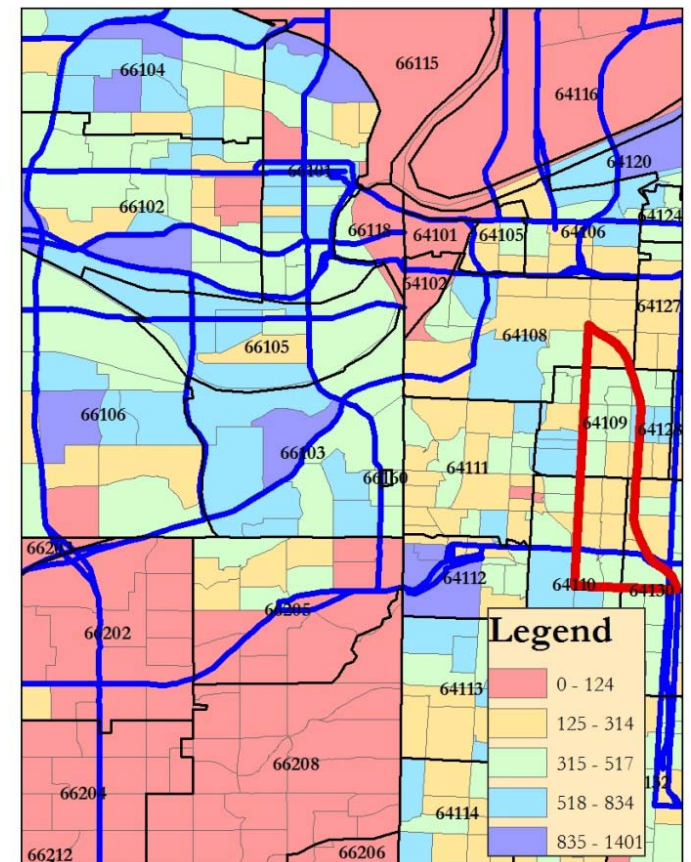
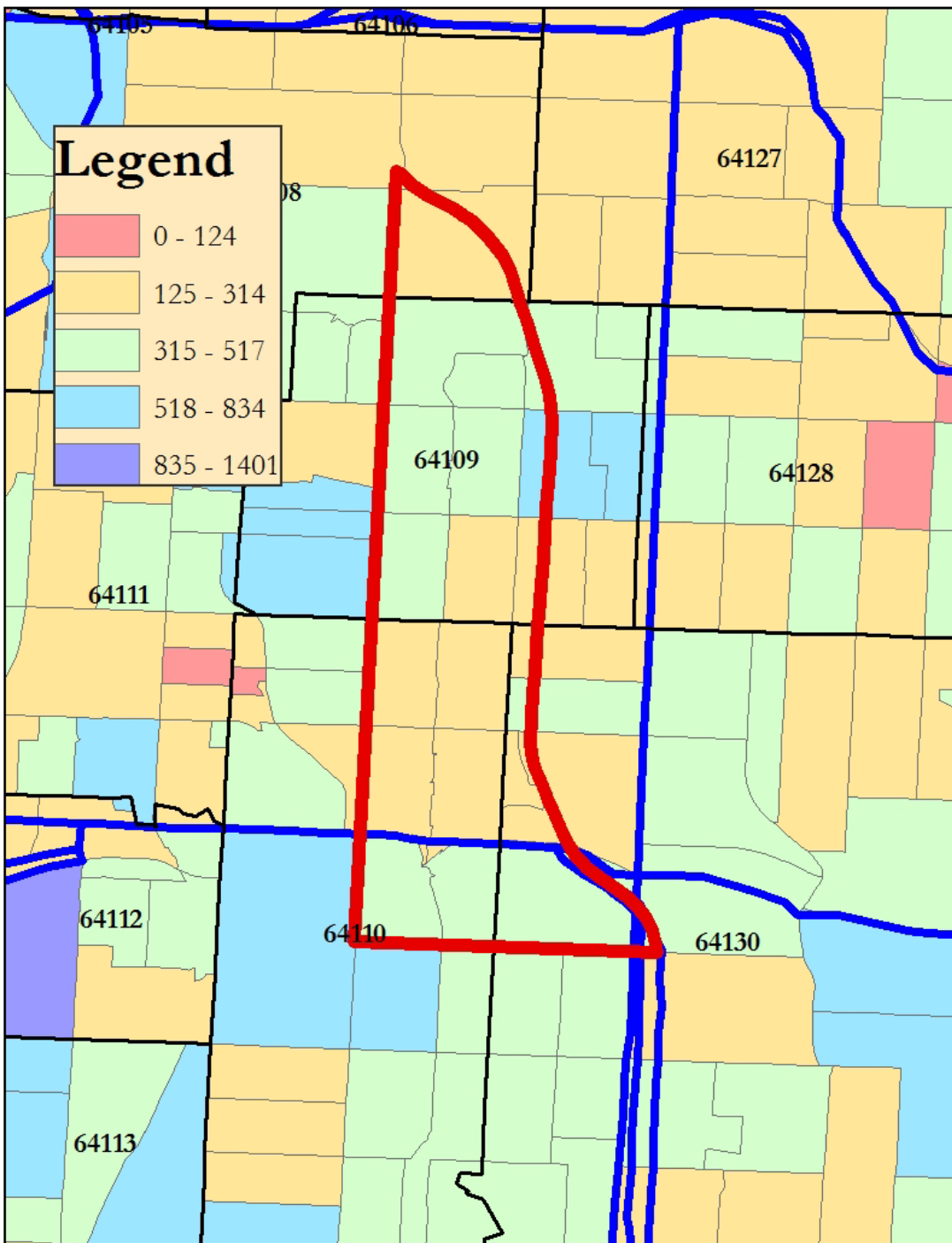
Demographics

The Troost Corridor is largely African-American /Black.



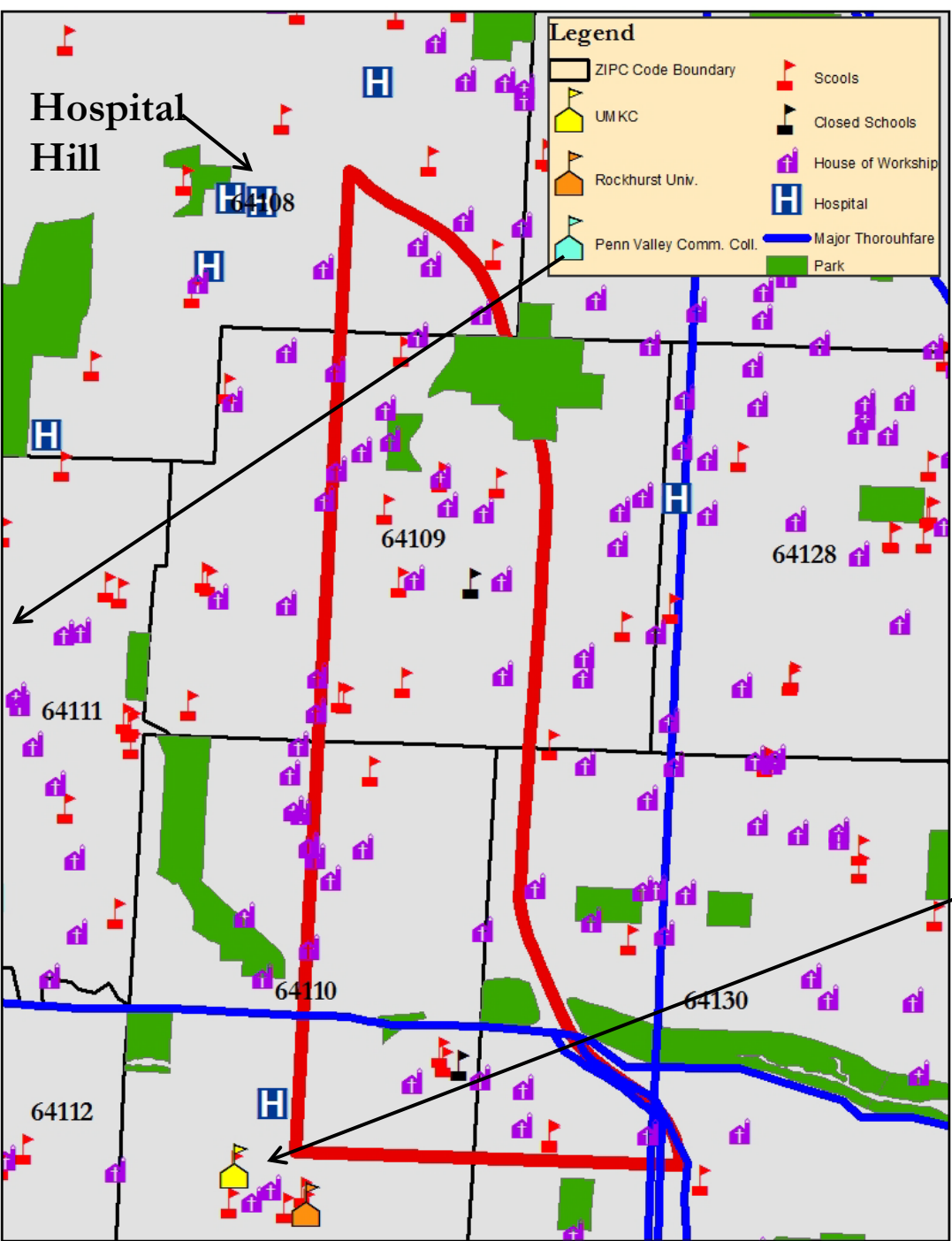
Crime Risk (per 100K)

Crime risk is a serious problem in the Troost Corridor, but is likely manageable.



Assets

Some major assets to exploit are just outside the Troost Corridor, with many minor ones inside.



UMKC and Rockhurst

A Local Perspective on the Troost Corridor

THE ROLE OF HOUSING

*American Journal of Economics and
Sociology* (April, 2009)

- While we find no independent effects of home ownership, there are positive significant effects of home environment, neighborhood quality, and residential stability on the reading and math performance of children between the ages of three and twelve.

Children and Youth Services Review

(September, 2010)

- The strongest evidence is provided for the deleterious associations between environmental toxins/hazards and crowding with children's health, and for residential mobility with children's short-term academic, social and emotional problems. The findings on assisted housing are mixed, and homeownership and affordability are not linked to children's outcomes.

Maternal and Child Health Journal

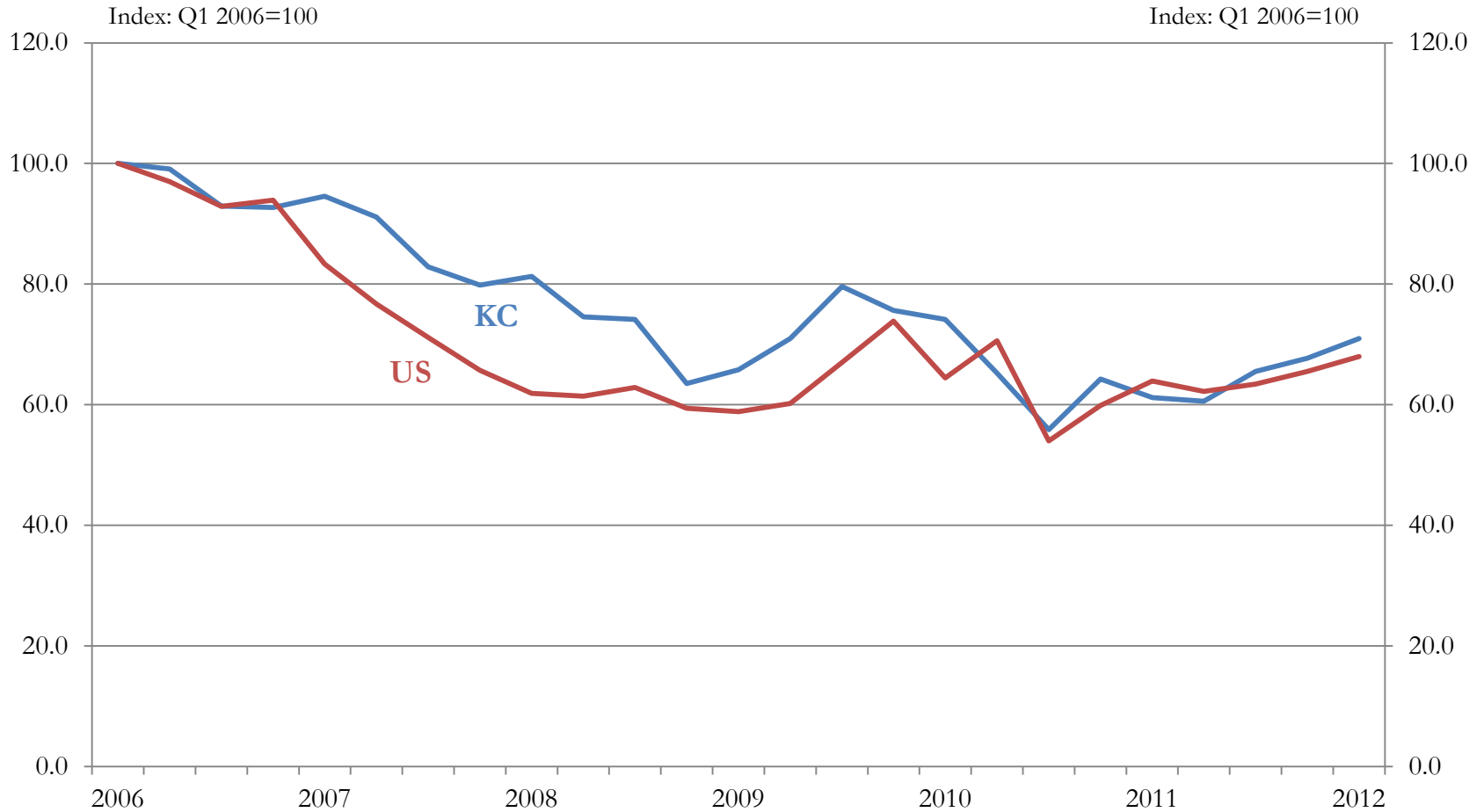
(Issue 1, 2012)

- “Higher levels of behavioral problems were associated with socially disadvantaged neighborhoods and lower household [socioeconomic status]. . . the most disadvantaged neighborhoods (those characterized by safety concerns, poor housing, garbage/litter in streets, and vandalism) had 1.9 times higher odds, children in poverty had 3.7 times higher odds, and children of parents with less than high school education had 1.9 times higher odds of serious behavioral problems than their more advantaged counterparts”

State of the Market

- Sales have picked up strongly in most areas, and inventories are low – a recipe for at least stable prices
 - But what about the shadow inventory?
- Servicing had gotten much better
- Delinquencies have stabilized
- But serious problems remain, and LMI is a totally different market

Existing Home Sales

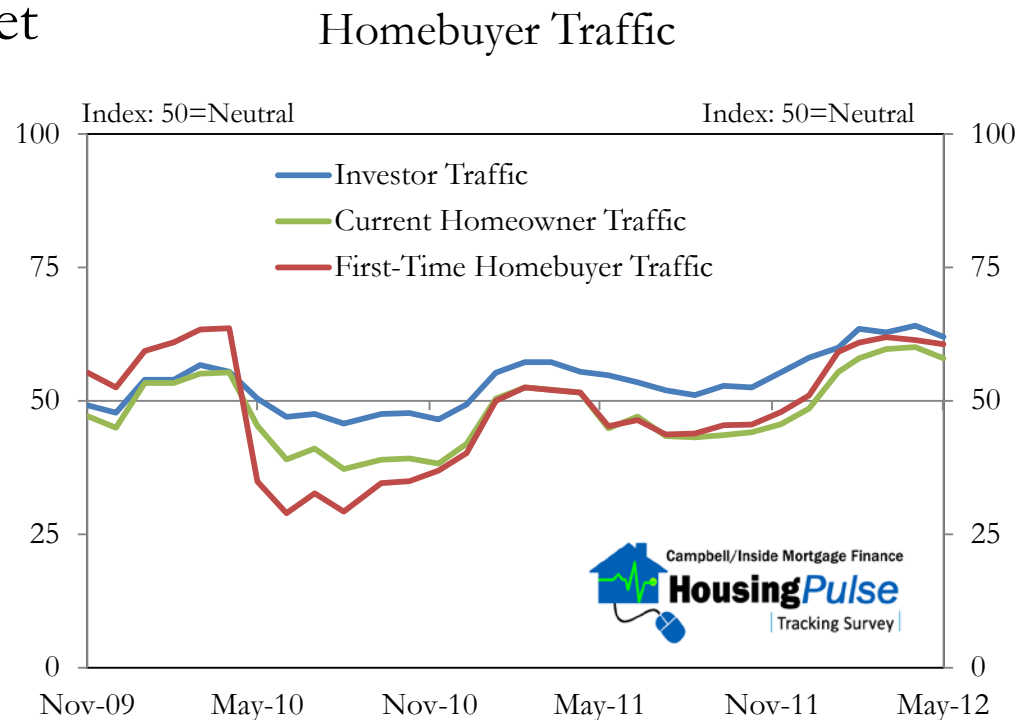


Sources: National Realtors Association; Kansas City Regional Association of Realtors

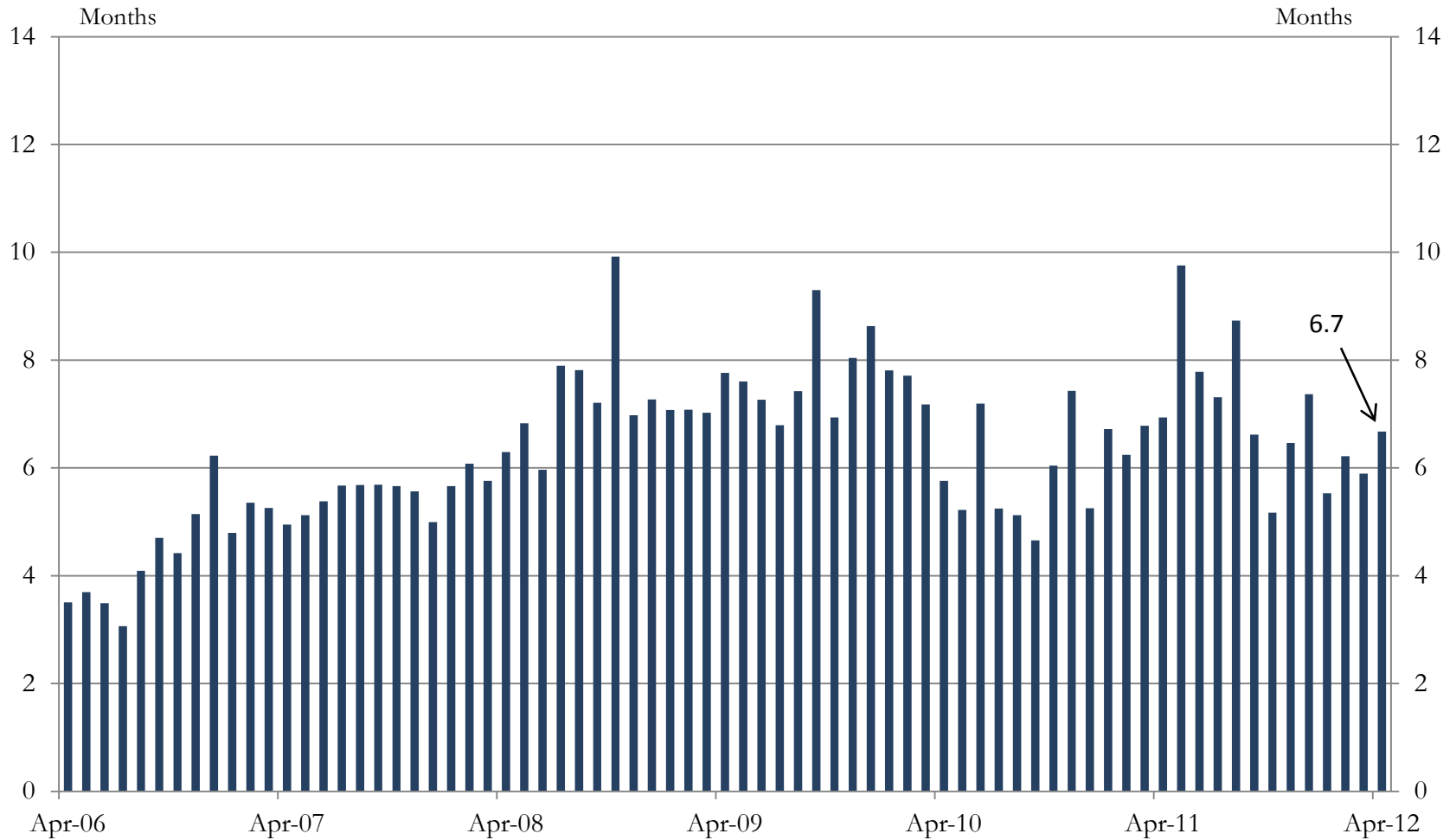
Existing Single-Family Home Sales

Demand Constraints

- Economy/Financial Security
- Uncertainty about Market
- Household Formation
- Credit Availability

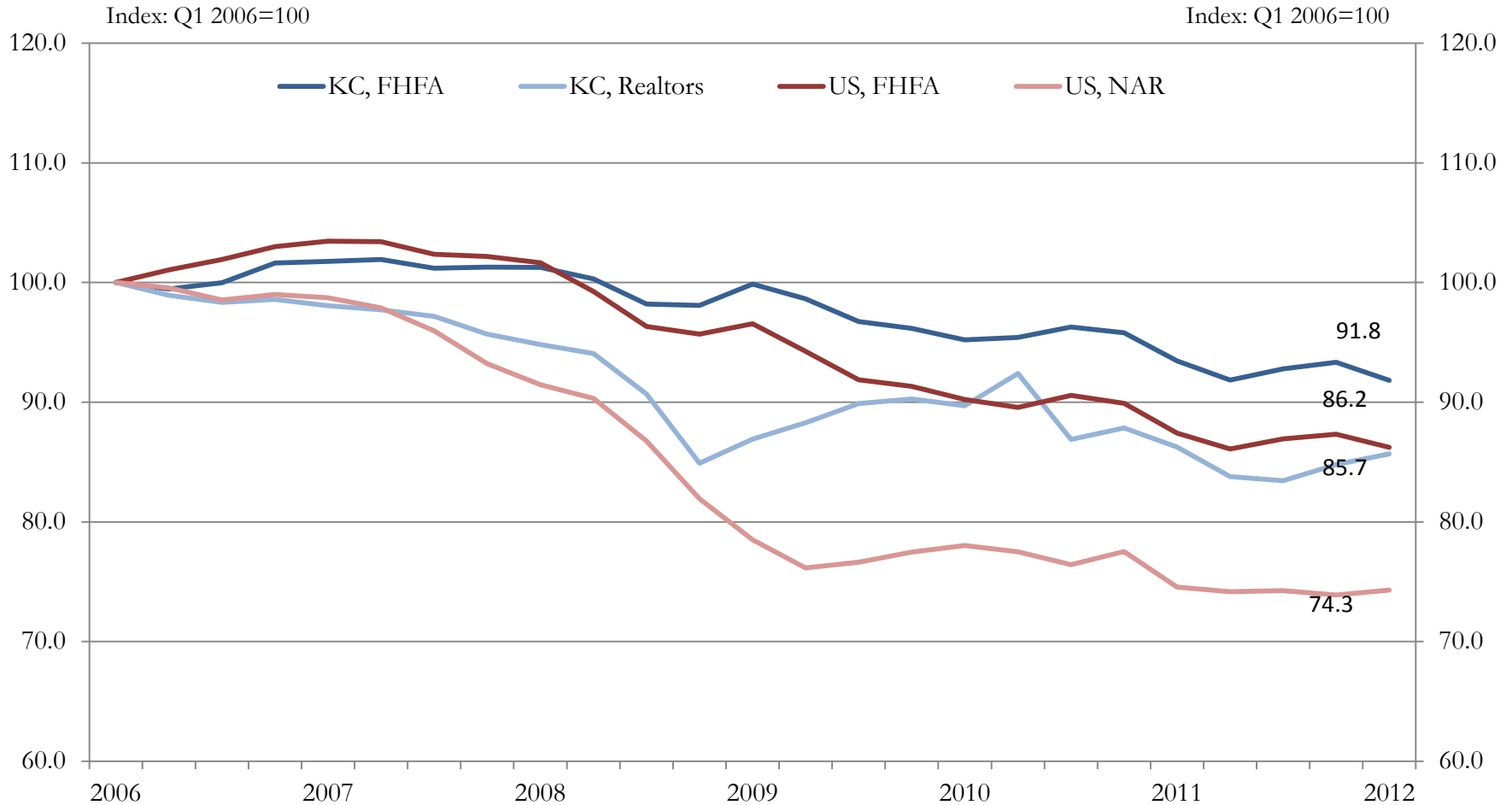


Months Supply of Existing Homes (KC MSA)



Source: Kansas City Regional Association of Realtors

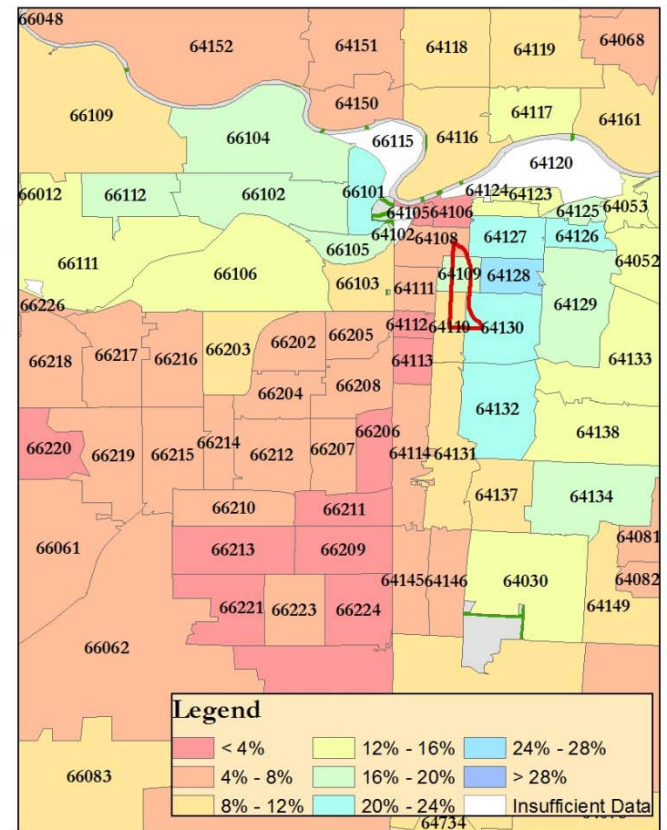
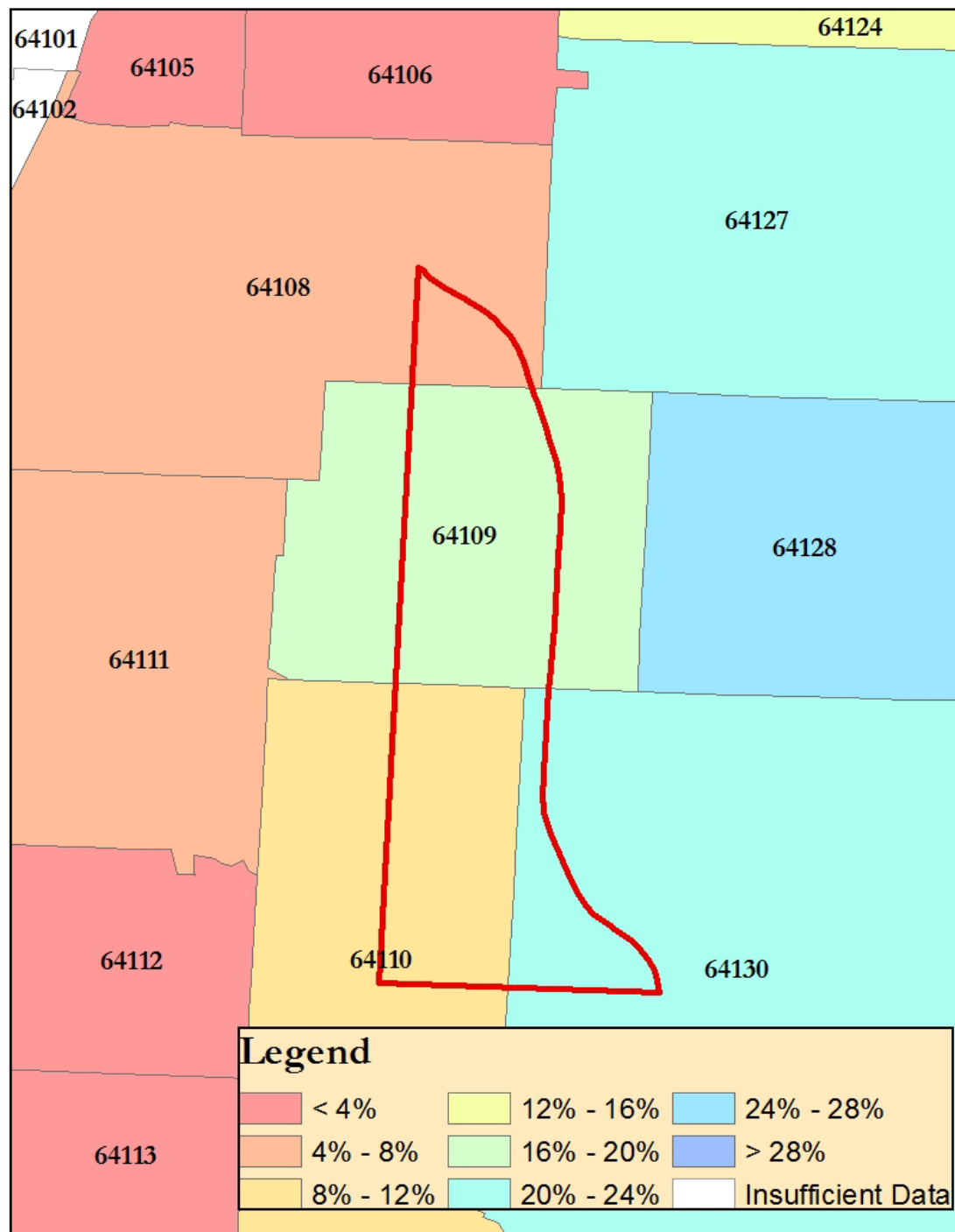
Existing Single-Family Home Prices



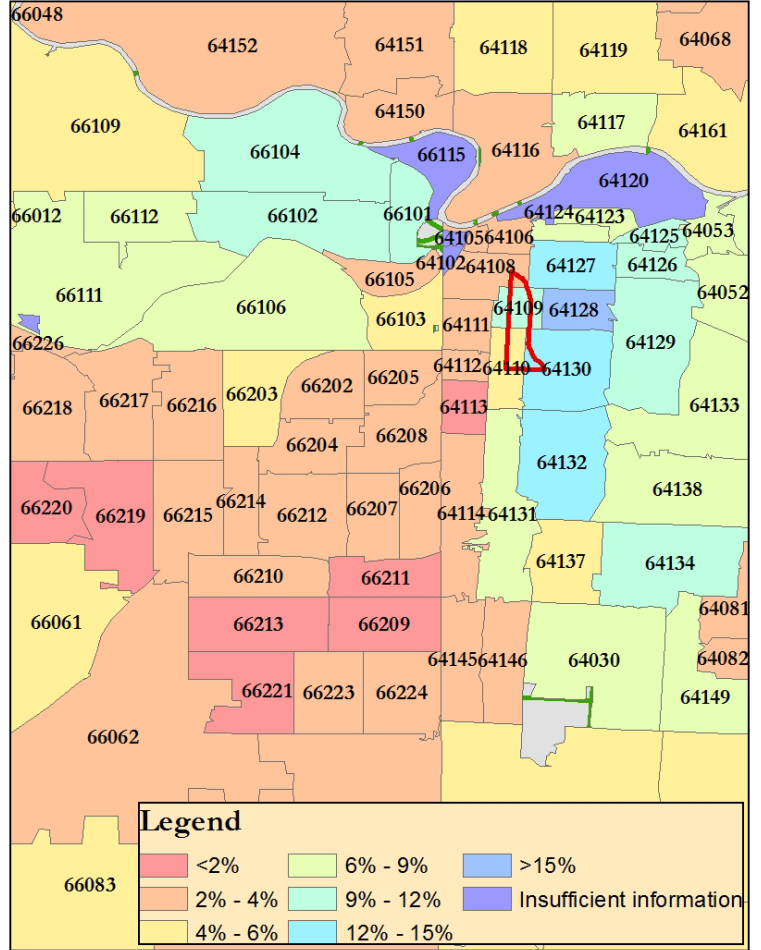
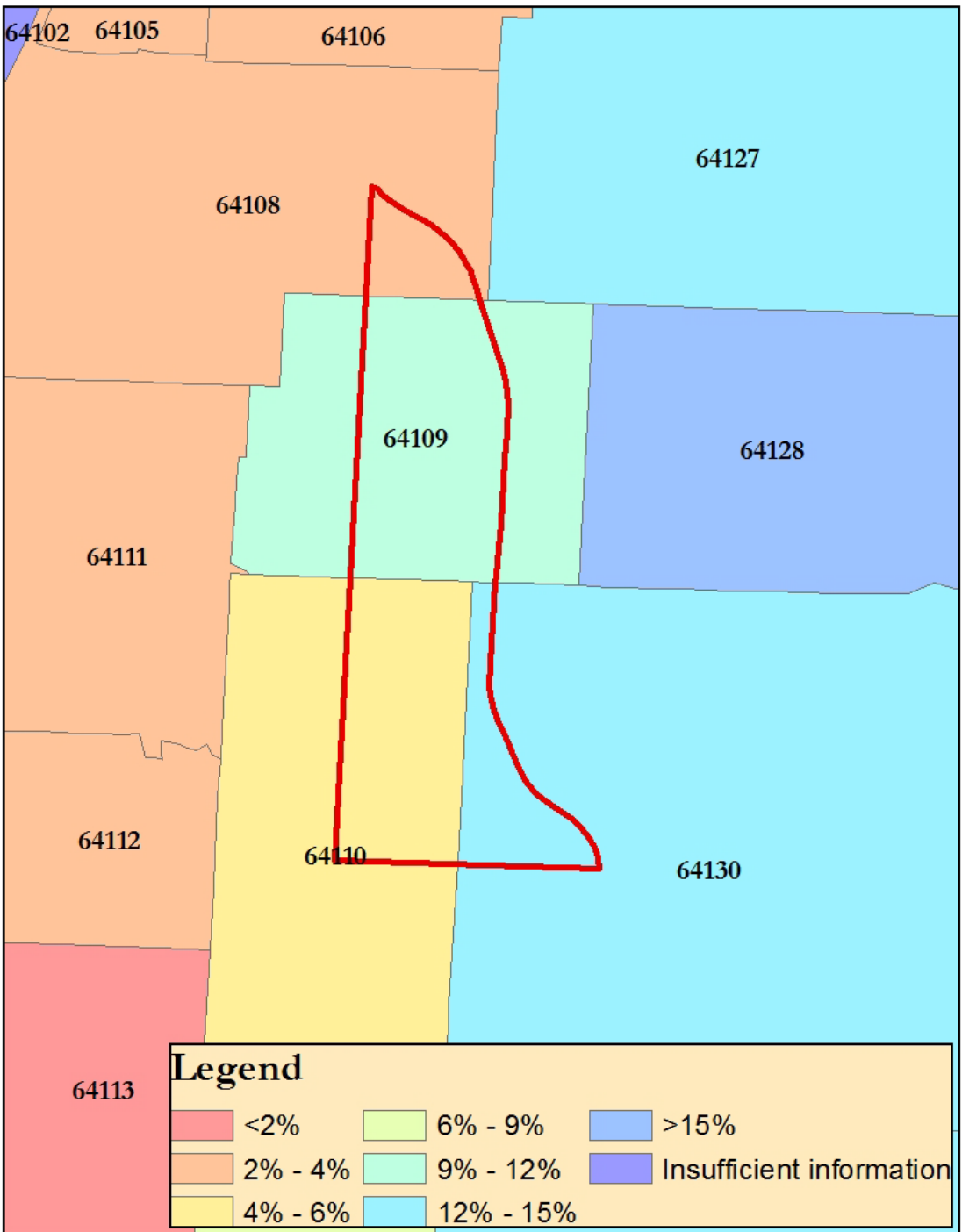
Source: FHFA, Kansas City Residential Realtors, National Association of Realtors

Mortgage Delinquency in the corridor

Mortgage delinquencies remain most serious in lower-income areas, but the problem has spread.

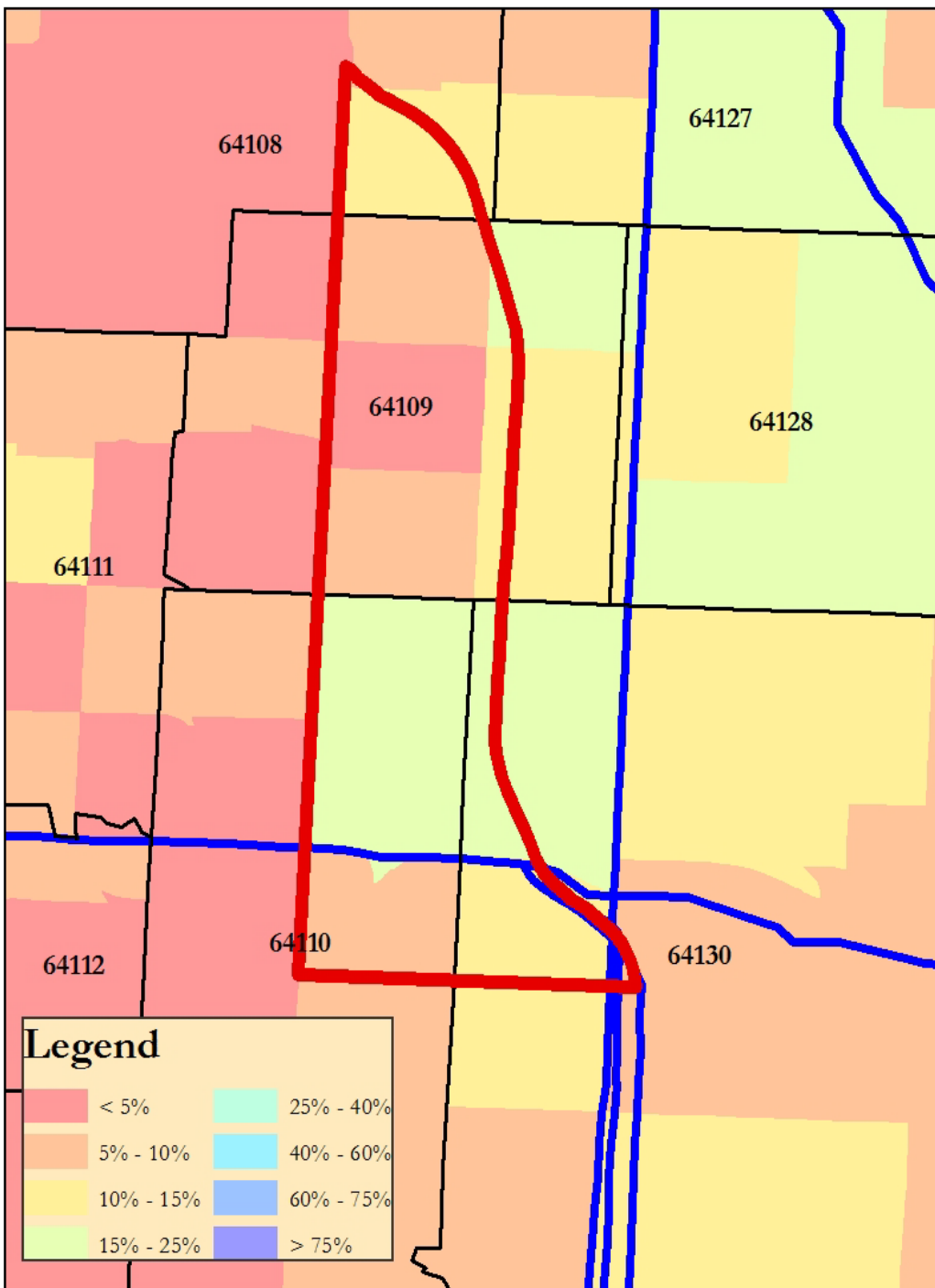


Serious Mortgage Delinquency in the corridor



Home Vacancy

In some areas of the Troost Corridor, vacancy rates within Census tracts are as high as 15 – 25 percent.



What do we do?

- Counseling
- Modification/short sale – getting better
- City ordinances ✓
- Demolition (green space? New homes?)
- Others?



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