Federal Reserve Bank of San Francisco

Community Development Data Guidebook

For CRA Bankers, Community Development Practitioners, and Everyone in Between

1st Edition

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CENTER FOR COMMUNITY DEVELOPMENT INVESTMENTS

Forward

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In "A Scandal in Bohemia" by Arthur Conan Doyle, Sherlock Holmes remarks, "It is a capital mistake to theorize before one has data. Insensibly one begins to twist facts to suit theories, instead of theories to suit facts." We may not be English detectives scouring the streets of 19th century London for clues, but for those in the community development field, good data is just as important. It allows us to be informed in our planning and pragmatic in our action. Therefore, it is important to use the right data in the right way.

This guide is meant to serve as a "how to" for those interested in conducting more robust community development research. This type of community-based research, often termed performance context in the regulatory world, is critical to bankers looking to make impactful investments and loans pursuant to Community Reinvestment Act (CRA) requirements. It is equally critical to community development practitioners looking to maximize impact in the areas in which they operate. In the first part of the guide, we provide a variety of data resources, divided by topic area, along with a practical application of how to retrieve the data and commentary on what to do when you have it. In the second part of the guide, we include an example of how different data pieces can come together to produce a strong performance context. While most of the sample resources referenced in this guide are publicly available and free, there are a few referenced items that are fee-based. Neither the inclusion of referenced resources nor their hyperlinks in this guide implies our sponsorship or endorsement of any third parties' views, products, or service. This guide is not meant to be final nor is it intended to be comprehensive. It is best to look at it as a starting point There are hundreds of other free and fee-based data resources available, and we encourage you to find the ones that add the best value to your organization's research strategy. The Office of the Comptroller of Currency has an extensive list of such resources in the Community Development Resource Guide available on their website. Finally, due to the insertion of hyperlinks, this guide is best viewed in an electronic format; however, we have included enough information about each resource that a user could find it even without the link.

By the end of this guide, we hope that you will have enough material to begin your own community development research. As with most things, practice makes perfect. The more you research community development needs, the better you will become at identifying trends and potential areas of impact.

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1. Demographics

1. a. Geography

Census Bureau, State-based County Outline Maps-County maps of all the states in the U.S.: http://www.census.gov/geo/maps-data/maps/stcou_outline.html

1. b. Population

Census Bureau, QuickFacts-The quickest way to determine the population of a given county is through the Census Bureau's QuickFacts page: http://quickfacts.census.gov/qfd/index.html

1. Click the state you're interested in → select a city or county.
2. The population is under the *People QuickFacts*. In addition to the most recent estimates, you can also see population increases since the last Census.

1. c. Income

Census Bureau, American Community Survey-The ACS provides annual estimates of median, family, and per capita income (among others). Due to the nature of this survey, the figures tend to be at least a year old, but they can still serve as a valuable proxy: http://factfinder2.census.gov

1. Select *Advanced Search.*
2. Type relevant geography into the *state, county or place* search bar → click on the DP03 ACS 1-year estimate data set.
3. Go to the *Income and Benefits* section.

Things to keep in mind…

- Census 1-year estimates are generally the right data sets to use for counties and larger cities, as they are the most current. For smaller geographies, sometimes only the 3 or 5-year estimates will be available.
- When checking the income of a given city or county, be sure to compare it against the statewide figures, and possibly those of neighboring municipalities. If it is significantly higher or lower, ask yourself why and keep this in mind when evaluating other economic development factors. Also compare income levels over time to see how the rate of change in one area compares to others, and ask why that might be the case.

2. Bank Presence and Performance

2. a. Deposit market share

Federal Deposit Insurance Corporation-The FDIC deposit market share reports list the number of offices, deposits, and deposit market share of banks operating in a given geography: http://www2.fdic.gov/sod/

1. Select the *Deposit Market Share* tab in the upper part of the page→ select a state → select a county, city, or list of zip codes → run report.

2. The chart is divided into two main components, “Outside of Market” and “Inside of Market”. *Inside of Market* gives data on the bank’s operations in the geography you previously selected, while *Outside of Market* gives data on their operations everywhere else.
3. You can also see the locations of each bank, their headquarters, certificate number, and charter class.

2. b. CRA performance evaluations

Federal Financial Institutions Examination Council-The CRA performance evaluations (PE)s provide information on the lending, investment, and service performances of all regulated banks as well as a summary of each bank’s activities and an analysis of market conditions: http://www.ffiec.gov/cra/ratings.htm

1. Select the state, exam period, rating, and geography in which you are interested (note: due to limitations in the search function, you can only find banks by the city in which they are headquartered, not the counties in which they operate) → download relevant pdfs.
2. For FRB PEs, information about **overall bank lending and investments** can be found in the “Conclusions with Respect to Performance Tests.” This includes small business, community development, and HMDA loans, as wells as community development investments.
3. Information about **specific markets** (generally on the county-level) can be found in the “Full-Scope Assessment Area Conclusions.” Each PE includes an analysis, called a performance context, of the markets in which a bank operates which features data on industries, housing, community development, etc. You can also see what loans or investments were made to a specific market during the review period.

Things to keep in mind…

- The performance context portion of the performance evaluation is a great way to get county-level economic data. Even if a bank is not a competitor, it can be worthwhile to read their PE for the regional analysis which will highlight needs facing low-income populations.
- While there is no precedent when it comes to performance evaluations, it can be helpful to see what rating various banks received based on their level of activity.

3. Labor Market

3. a. Employment

Bureau of Labor Statistics, Local Area Unemployment-BLS publishes data on the labor force size, unemployment rate, and number of individuals employed/unemployed for most states, counties, and cities: http://data.bls.gov/cgi-bin/dsrv?la

1. Select state → select state, metro, county or city → select the labor force statistic you are interested in (multiple statistics can be selected) → select seasonally adjusted or not seasonally adjusted (seasonally adjusted controls for seasonal spikes in employment) → retrieve data.
2. As a default, you will be given the labor statistics for the past 10 years. You can control that by selecting the *More Formatting Options* button.

Things to keep in mind…

- When comparing unemployment over years, it is best to use the annual numbers. This is the average of all the preceding months.
- If using monthly unemployment rates, keep in mind that employment will almost always increase in certain months due to seasonal hiring.
- When examining increases or decreases in the unemployment rate, it is helpful to examine the labor force size for that same time period. For example, if there is a decrease in the unemployment rate but also a decrease in the labor force, less people are competing for jobs.

3. b. Industry trends

Bureau of Labor Statistics, Quarterly Census of Employment and Wages-BLS will provide information on employment in various sectors along with wage data: http://data.bls.gov/cgi-bin/dsrv?en

1. Select *total, all industries* or the various industries you are interested in. Selections 1011-1029 are the main industry categories- everything below is a subcategory → select the county/counties in which you are interested → select whether you are interested in all employment, or if you want the sectors divided into government and private→ select the data type(s) you are interested in → select establishment size → retrieve data.
2. As a default, you will be given the labor statistics for the past 10 years. You can control that by selecting the *More Formatting Options* button.

Things to keep in mind…

- When selecting a county or counties, it is beneficial to also select the entire state and sometimes even the U.S. This gives you context for the county's figures.
- Compare overall increases or decreases in a particular sector to larger increases or decreases in the overall labor force. If a particular sector has experienced dramatic growth or reductions, ask yourself why.

Moody's Analytics, Précis Metro Report, Subscription-Moody's reports offer data on a number of economic factors in large metro areas throughout the U.S: https://www.economy.com/precismetro

Federal Reserve Bank of San Francisco, 12th District County Profiles-The 12th District County Profiles provide valuable information on the various labor-market, housing, and economic

development issues impacting communities throughout the nine western states:
http://www.frbsf.org/community-development/data/12th-district-county-profiles/

County Economic Development Departments-Many counties release annual reports on the local economy. It is worth checking the economic development websites of counties in your markets.

4. Housing

4. a. Current home values

National Association of Realtors-NAR has a website for each state's association of Realtors which will often publish reports on housing values and sometimes release the underlying data sets. Additionally, NAR lists median home price data available by metro:
http://www.realtor.org/topics/metropolitan-median-area-prices-and-affordability/data

Federal Reserve Bank of San Francisco, 12th District County Profiles-The 12th District County Profiles provide valuable information on the various labor-market, housing, and economic development issues impacting communities throughout the nine western states:
http://www.frbsf.org/community-development/data/12th-district-county-profiles/

Things to keep in mind….

- Compare county home values to larger state and national values. Are the price trends consistent with statewide trends? If prices are trending upwards, you may see rising rental prices and declining apartment vacancy rates in the area. If they are trending downwards, the opposite will probably be true.

Zillow, Local Data-Zillow lists home prices and values on the state, county, and city level. You also have the option to review a 1-year, 5-year, or 10-year time period: http://www.zillow.com/local-info/

4. a. Historic home values

Federal Housing Finance Agency, Housing Price Index-The housing price index (HPI) is based on transactions involving conventional and conforming mortgages (single-family properties only) that have been purchased or securitized by Fannie Mae or Freddie Mac. It is a weighted, repeat-sales index, measuring average price changes in repeat sales or refinancing on the same properties:
http://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index-Datasets.aspx

1. Download the U.S., state, and 100 largest metropolitan area Excel data sets. If your county is not one of the 100 largest metro areas, it can still be helpful to perform analysis on the next closest metro area.
2. Copy and paste the U.S., state, and metro columns next to each other according to the relevant year. Because this is an index, it is important that all columns have the same starting year.

3. Insert the data into a line graph.

Things to keep in mind…

- When comparing historical county housing values to state or national trends, consider factors such as the timing of when prices hit a peak or trough, or the relative severity of price declines during the recession and the pace of recovery after.

4. c. Housing construction

Census Bureau, Building Permits- Building permits can be a good proxy of housing construction: http://censtats.census.gov/bldg/bldgprmt.shtml

1. Select annual or monthly rates and the county in which you are interested → retrieve data.

Things to keep in mind…

- Observe changes in the number of issued permits over time. If issuance is increasing, it is generally a good sign for the housing market (and economy as a whole) as it means construction is on the rise.

4. d. Rental housing

Census Bureau, American Community Survey-The ACS provides annual estimates of rental costs for counties and states. Due to the nature of this survey, the figures tend to be at least a year old, but they can still serve as a valuable proxy: http://factfinder2.census.gov

1. Select *Advanced Search.*
2. Type relevant geography into the *state, county or place* search bar → click on the DP04 ACS 1-year estimate data set.

Department of Housing and Urban Development, Fair Market Rents-Fair market rent is the amount that a given property would go for if it were currently leasing: http://www.huduser.org/portal/datasets/fmr.html

REIS, Subscription-REIS offers current data on rental prices and vacancy rates for certain metro areas: https://www.reis.com/

4. e. Foreclosures

Federal Reserve Bank of San Francisco, Housing Market Reports, 12th District Only-FRBSF provides presentations on statewide foreclosure trends: http://www.frbsf.org/community-development/initiatives/foreclosure-resources/local-housing-mortgage-market-trends/

RealtyTrac-Publishes foreclosure data searchable by county or zip code: http://www.realtytrac.com/

5. Small Business

5. a. Small business lending

Federal Financial Institutions Examination Council, CRA Small Business Data- Banks and thrifts report data on small business and farm lending if they have assets greater than $1 billion (the exact asset level is adjusted annually for inflation). This information can be researched by geography or institution and allows the user to see what percentage of loans went to LMI census tracts: http://www.ffiec.gov/cra/craproducts.htm

1. Click on *Aggregate Reports* → select the year and state you are interested in → retrieve by county or MSA → "Small Business Loans-Originations" provides information on the dollar amount of small businesses loans parsed by loan amount and income track, while "Small Business Lenders in Area-Originations" provides information on small business loans parsed by the issuing financial institution.

Things to keep in mind…

- The "Loans to Business with Gross Annual Revenues <= $1 Million" tab will provide more targeted information on the number of loans that are going to businesses traditionally defined as small. As delineated by the other tabs of these tables, it is possible for small business loans to go to businesses that are not traditionally defined as small.
- While CRA small business data can give a valuable glimpse into the lending activities of institutions with assets over $1 billion, keep in mind that these institutions are only a part of those that are involved in small business lending, and the data is not necessarily representative of larger small business lending trends.

Small Business Administration, Small Business Profiles for States and Territories-These profiles provide an overview of statewide small business lending trends: https://www.sba.gov/advocacy/

Small Business Administration, Most Active SBA 7(a) Lenders-This list details the 100 banks most active in administering SBA 7(a) loans: http://www.sba.gov/lenders-top-100

Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices-This assessment, conducted quarterly, surveys up to eighty large domestic banks and twenty-four U.S. branches and agencies to get their opinions on lending conditions: http://www.federalreserve.gov/boarddocs/SnloanSurvey/

Community Reinvestment Act, Performance Evaluations-CRA performance evaluations provide data on the small business lending activities of regulated banks. Refer to 2.b. for information on how to access these evaluations.

5. b. Small business development centers

Small Business Development Centers-There are 900 SBDCs located throughout the country. Employees of these centers can provide invaluable information regarding the "on the ground" conditions in a given area: http://www.sba.gov/offices/headquarters/osbdc/resources/11409

1. Call the SBDC and speak to a representative about the lending conditions in a given county.

Things to keep in mind…

- Localized small business data is generally very hard to come by. The anecdotal feedback you will get from contacting local experts in small business or economic development can help to fill the gaps.

6. Community Development

6. a. Affordable housing

CNN Mortgage Calculator, Department of Housing and Urban Development Adjusted Median Family Income-You can use the CNN mortgage calculator and HUD adjusted incomes to determine the housing affordability for a given area:

1. Take the housing value for a given county as determined in 4.a. → plug that value into the CNN mortgage calculator: http://money.cnn.com/calculator/real_estate/mortgage-payment with the appropriate down payment (generally, it is fine to leave the defaults for interest rate and mortgage type) → note the monthly payment.
2. Determine the HUD adjusted median family income for the county: http://www.huduser.org/portal/datasets/il/il12/index.html → divide the median household income by 12 to determine the monthly income.
3. Housing is considered affordable if it is 30% or less of a family's income. Multiply the adjusted monthly family income determined above by 30%. If the result is less than the monthly mortgage payment determined in Step 1, the housing is affordable to a family earning the median income.

Things to keep in mind…

- While determining housing affordability for a family earning the median income can be a good proxy, it does not account for families earning less than the median income. HUD defines a low-income family as one whose income does not exceed 80 percent of median family income (MFI), and a very low-income family as one whose income does not exceed 50 percent of MFI.

6. b. Affordable rental housing

Urban Institute, Housing Assistance Matters Initiative-The Urban Institute has an affordability rating for every county in the U.S., in which they determine how many units of housing are available and affordable for every 100 extremely low-income households in the area. You can check affordability with Federal Housing Assistance either on or off: http://www.urban.org/housingaffordability/

Census Bureau, American Community Survey-The ACS provides annual estimates of the percentage of families paying more than 35 percent of their income on rent. Families that spend more than 30 percent of their income on rent are considered housing cost burdened. Due to the nature of this survey, the figures tend to be at least a year old, but they can still serve as a valuable proxy: http://factfinder2.census.gov

3. Select *Advanced Search.*
4. Type relevant geography into the *state, county or place* search bar → click on the DP04 ACS 1-year estimate data set.
5. One of the last entries in the data set is *Gross Rent as a Percentage of Household Income* where you can determine what percentage of households spend more than 35% of their income on rent.

Things to keep in mind…

- Home affordability and rental affordability generally go hand in hand. If housing prices are high, expect to see a high percentage of families spending more than 35 percent of their income on rent.
- When determining the affordability of a given county, it is important to look at the affordability of the larger state for context.

6. c. Homelessness

HUD Homeless Populations and Subpopulations Reports-HUD releases annual reports on the homeless populations in county and state geographies: https://www.hudexchange.info/resource-library/coc-homeless-populations-and-subpopulations-reports

1. Filter by year and geography → download relevant report.

6. d. Poverty and food stamp usage rates

Community Commons Mapping Tool-Allows the user to map various data sets by state, county, or zip code: http://maps.communitycommons.org/viewer/

1. Create a username.
2. Go to the mapping tool → select the *Add Data* tab → type "Poverty" into the search bar → select *Population Below the Poverty Level,* ACS*,* and the most recent year available. These are 5 year estimates as opposed to the 1 year estimates discussed earlier → add data to map → change the data geography as applicable.
3. Follow same steps for food stamp usage rates.

Things to keep in mind…

- The data mapper can be a great way to see where there are areas of need within a particular county. By looking at poverty and food stamp usage rates on the zip code level, you can gain a greater understanding of where there may be opportunities for community investments and services.

Census Bureau, American Community Survey- The Census Bureau provides annual estimates of the percentage of all people in poverty and food stamp usage rates. Historical data can also be downloaded to gain an understanding of year over year trends: http://factfinder2.census.gov

1. Follow the steps in 6.b. above. Instead of the DP04 data set, open the DP03 set.

Things to keep in mind…

- Has poverty been increasing or decreasing in recent years? Do these trends mirror the state? An increase in the unemployment rate, and/or a decrease in the labor force size accompanied by an increase in the poverty and food stamp usage rates may indicate that individuals are leaving the labor force without the means to get by.

6. e. Tax credits

Novogradac, Affordable Housing Resource Center, Low Income Housing Tax Credits- Novogradac delineates LIHTC allocations by state. Some states provide detailed reports on LIHTC allocations by county while others only provide aggregate figures: https://www.novoco.com/low_income_housing/lihtc/state_lihtc.php

CDFI Fund, New Market Housing Tax Credit Allocations- http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5

1. Go to the *Past Awards* section and download the relevant award booklet.

6. f. Regional resources

It is worth searching a county's website for community development information. Often times, the county's Economic Development Department or similar function will release annual reports on community development needs. It is also always helpful to get qualitative input from local community experts. Sometimes the easiest way to accomplish this is through a quick internet search of non-profits in your area. Some other resources for gathering such qualitative data include:

Community Development Financial Institutions-Finance a wide variety of community development projects: http://ofn.org/cdfi-locator

Vantage Point & other FRB Community Indicators Surveys-Most Federal Reserve Banks conduct an annual survey in which they collect input from community stakeholders: FRBF's survey: http://www.frbsf.org/community-development/publications/vantage-point/

Conferences and Round Tables-Can be a great way to connect with local bankers and non-profits: http://www.frbsf.org/community-development/events/

6h. Household Financial Stability

FDIC Unbanked-Offers information on the number of individuals who are unbanked or under banked: http://economicinclusion.gov/

CFED Assets& Opportunity Scorecards-Provide valuable data on household financial security: http://assetsandopportunity.org/scorecard/

7. Data Mapping Tools

Community Commons-Provides for the mapping of a variety of public data sources and the creation of reports like the Community Health Needs Assessment or Vulnerable Populations Footprint: http://www.communitycommons.org/maps-data/

Opportunity Finance Network, Coverage Map-Shows the location where CDFI loans were made, CDFI office locations, food access, bank branches, and public data layers: http://ofn.org/cdfi-coverage-map

PolicyMap, Subscription-Allows for the mapping of a wide variety of public and proprietary data sets: http://www.policymap.com/

Overview

We begin with some geographical context and a broad overview of population and income. **(1.a, 1.b, 1.c)**

Los Angeles County is located on the coast of southern California, north of Orange County and south of Ventura County, and is part of the Los Angeles-Long Beach-Glendale Metropolitan Division (Los Angeles MD). The county ranks 11th statewide in terms of total land area (4,058 square miles), and is the 3rd most densely populated county in California, with 2,420 people per square mile in 2010.[1] The geographic distribution of population, economic activity, and land use in Los Angeles County is diverse, and the county is home to numerous beaches, national forests, mountains, and deserts. The county contains 88 separate incorporated cities as well as many unincorporated communities. The City of Los Angeles is the county seat, and with a population of 3,884,307, the largest city in California and 2nd largest in the U.S.[2] In 2013, the county population was 10,017,068 -making Los Angeles the largest county in the U.S., and the median household income was $54,529.[3] The assessment period for this analysis will span from January 2012 to June 2014.

Note the timeframe of analysis.

Financial Market

FDIC data helps to paint the financial landscape and activity level of local banks. **(2.a)**

Los Angeles County is a very competitive market for financial services. As of June 2014, there were a total of 111 Federal Deposit Insurance Corporation-insured institutions operating 1,811 offices in the area with total deposits of $317.3 billion. The top 10 banks in the county, ranked by deposit size, are listed in Table 1 on the following page.

[1] California Land Area County Rank, USA.com; available from: http://www.usa.com/rank/california-state--land-area--county-rank.htm.
[2] U.S. Census Bureau, State & County QuickFacts; available from: http://quickfacts.census.gov/qfd/states/06/0644000.html.
[3] U.S. Census Bureau, American Community Survey 1-Yr Estimate, Selected Social Characteristics DPO3, 2013; available from: http://factfinder2.census.gov.

Table 1

Top Banks Operating in Los Angeles County

Institution Name	Offices in County	Deposits in County ($000)	Market Share in County
Bank of America	249	61,776,503	19.47%
Wells Fargo	242	47,694,794	15.03%
Union	71	36,178,128	11.40%
JPMorgan Chase	309	32,922,600	10.38%
City National	33	19,191,552	6.05%
Citibank	115	14,228,889	4.48%
East West	46	12,968,816	4.09%
OneWest	53	11,470,270	3.62%
Bank of the West	53	8,655,257	2.73%
U.S. Bank	144	7,958,676	2.51%

(2.a)

Although national banks have a strong presence in the area, the financial landscape of Los Angeles County is diverse and 97 of the 111 financial institutions in the area account for less than 1 percent of the total market share. [4]

Labor Market

Start with a broad description of the top industries before discussing recent performance. **(3.b)**

Los Angeles County's economy is highly diverse and is home to many industries including; manufacturing, trade, and entertainment.[5] The county is the largest manufacturing center in the U.S., employing 365,600 workers in manufacturing fields in 2012.[6] Trade is also a major driver of the local economy, and the Los Angeles Customs District, which includes the ports of Long Beach, Los Angeles, Port Hueneme, and Los Angeles International Airport (LAX), was the nation's largest trade district in 2013, with a two-way trade value of $414.8 billion. Plans are underway to expand the ports and LAX airport, opening the county up to even more import and export opportunities.[7] Bolstered by the presence of Hollywood, entertainment is also a key industry in Los Angeles County,

[4] FIDC, Deposit Market Share, Summary of Deposits, Los Angeles County, June 30, 2014; available from: http://www2.fdic.gov/SOD/

[5] Los Angeles County Economic Development Corporation (LAEDC), Industry Clusters in Los Angeles (pg. 2-4), available from: http://laedc.org/business-assistance/industry-clusters/

[6] LAEDC, L.A. Stats 2014 (pg. 3), available from: http://laedc.org/wp-content/uploads/2014/08/2014-LA-Stats_Final.pdf

[7] Ibid.

Now, we discuss the economy more broadly. **(3.b)**

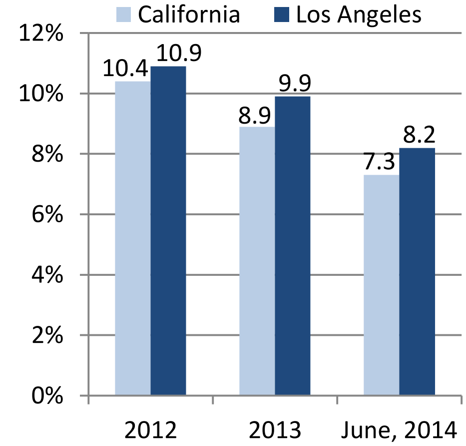
making up 63 percent of California's total entertainment employment.[8] Within the last year, nine out of the eleven main industries in Los Angeles County posted year over year growth and there are strong signs of improvement in the economy.[9]

Notice, we look at what happened to the labor force not just the unemployment rate. We also compare local trends to statewide trends for context. **(3.a)**

This improvement is further evidenced by the unemployment data shown in Table 2. The county unemployment rate has seen a consistent decline since the end of the Great Recession, and while the unemployment rate fell, the labor force grew, indicating increasing job growth. Despite these improvements, the unemployment rate remained nearly a percentage point higher than the statewide rate at the end of the assessment period, indicating that the local recovery may be lagging behind the state recovery in some aspects. At the end of the assessment period, there were 406,494 unemployed individuals in the county, accounting for 30 percent of the state total.

Table 2

Unemployment Rate (%)



Housing Market

Again, a general description of conditions sets up more detailed analysis.

Los Angeles County has a diverse housing market with some of the highest cost areas in the state, as well as areas that were hardest hit by the foreclosure crisis. During the assessment period, however, home prices generally increased consistent with larger statewide trends, as seen below in Table 3.[10]

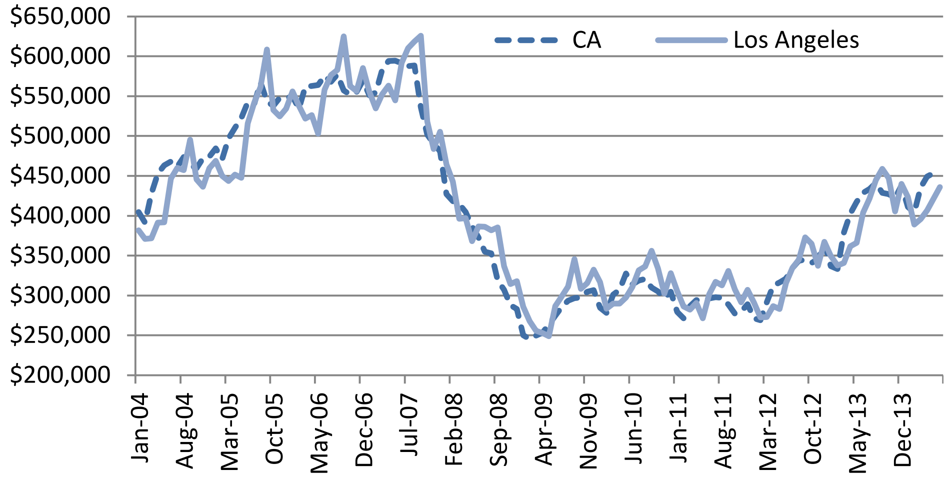
[8] LAEDC, Industry Clusters in Los Angeles (pg. 2).

[9] State of California, Employment Development Department, Los Angeles-Long Beach-Glendale Metropolitan Division, August 2014, available from: http://www.calmis.ca.gov/file/lfmonth/la$pds.pdf

[10] California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: http://www.car.org/marketdata/data/housingdata/

Table 3

Los Angeles Median Home Prices
2004-2014



Add about 10 years of home index values to show where prices stood pre, during, and post-recession. **(4.a)**

The same sources that provide housing data will often publish reports on housing conditions. **(4.a)**

Include foreclosure data only if relevant for the county. **(4.a)**

Consistent with rising home prices, the traditional housing affordability index (which measures the percent of families that can afford to purchase a median priced home) dropped in Los Angeles County, and at the end of the assessment period, only 30 percent of median income households in the county could afford the median priced home.[11] A recent study found that Los Angeles County ranked as the third least affordable area in the nation for a middle class family looking to buy a home.[12] Although the county has seen marked improvements in the housing market, the area was particularly hard hit by the foreclosure crisis and the lingering effects of the crisis can still be seen. As of October 2013, 1.0 percent of loans in the area were in foreclosure and 2.3 percent were more than 90 days delinquent (for comparison, 0.7 percent of state loans were in foreclosure and 1.5 percent were more than 90 days delinquent).[13]

(4.d)

Additionally, rental housing remains very unaffordable, and in some instances unavailable, for many households within the county. In 2013, median gross monthly rent was $1,205, and half of all households spent more than 35 percent of their income on rent (families who pay more than 30 percent of their income for housing are considered cost burdened).

[11] California Association of Realtors, Housing Affordability Index-Traditional; available from: http://www.car.org/marketdata/data/haitraditional/
[12] Kolko, Jed. Where Can the Middle Class Afford to Buy a Home? *Trulia*. October 10, 2013; available from: http://www.trulia.com/trends/2013/10/middle-class/
[13] Federal Reserve Bank of San Francisco, 12th District County Profiles; available from: http://www.frbsf.org/community-development/files/la-county-profile.pdf

When applicable, add historical context. **(4.d)**

Contributing to these issues, Los Angeles County has also experienced a tightening in the rental market with vacancies declining in many areas. In the Los Angeles metro area, apartment vacancy rates fell from 3.7 percent at the start of the assessment period to an 8-year low of 3.1 percent at the end of the assessment period.[14]

Credit and Community Development Needs

Poverty

Due to the size and diversity of many counties, it is useful to include more granular poverty data where available. **(4.d)**

During the assessment period, there was a slight decrease in the poverty rate, but a slight increase in the percentage of individuals on food stamps. Both these trends are consistent with broader statewide trends. Because of the diversity of the county, poverty rates vary tremendously by neighborhood. The median income of the most affluent neighborhood, Bel-Air, is over 10 times higher than that of downtown Los Angeles.[15] Additionally, the Los Angeles area is home to the nation's second largest population of Asian-American and Pacific Islanders living in poverty.[16] This general increase in poverty and uptake of social support suggest that nonprofit organizations serving low-income communities in the assessment area face greater demand for their services.

Table 4
Poverty and Food Stamp Usage

Area	All People in Poverty		Food Stamp Usage	
	2012	**2013**	**2012**	**2013**
LA Cty	19.1%	18.9%	8.6%	9.0%
CA	17.0%	16.8%	9.1%	9.4%

Small Business and Economic Development

Establish some national context. **(5.a)**

Access to credit for businesses, particularly for small business owners, was a concern nationwide during the Great Recession.[17] According to a 2013 report by the Small Business Administration, the value of small business loans outstanding ($1 million or less) declined by 3.1 percent between 2011

[14] Reis, Inc. Performance Monitor, Apartment 2nd Quarter 2014, Metro: Los Angeles County; available from: www.reis.com.
[15] Los Angeles Times, Mapping L.A., Median Income; available from: http://maps.latimes.com/neighborhoods/income/median/neighborhood/list/
[16] National Coalition for Asian Pacific American Community Development, Spotlight: Asian American and Pacific Islander Poverty, June 2013; available from: http://nationalcapacd.org/sites/default/files/u12/aapi_poverty_report-web_compressed.pdf
[17] Sloan, Steve. "Agencies Urge Loans to Small Businesses." *American Banker;* available from: http://www.americanbanker.com/issues/175_25/agencies-urge-loans-to-small-biz-1011031-1.html

(5.a)

and 2012, falling from $607 to $588 billion.[18] During that period, there was evidence of exceptionally high levels of risk aversion and uncertainty by both lenders and borrowers.[19] This risk aversion may have contributed to lower demand on the part of borrowers as well as tightened lending standards – such as requiring more or better quality collateral as security for a loan – by lenders. There has been some improvement; however, a recent report by the Federal Reserve Bank of Cleveland noted that while some measures of small business financing are now above their lowest levels since the Great Recession, they remain far below their levels before it.[20] Additionally, in a survey of senior loan officers by the Federal Reserve Board, 93 percent of banks reported that their lending standards to small firms with annual sales of less than $50 million have remained basically unchanged. This suggests that lending standards that became more conservative during the recession may still be an obstacle to many small businesses seeking financing.[21]

Often times, regional reports serve as a great source of data. **(5.a)**

Concerns noted at the national level were echoed in the state. Despite an improving economy, there is evidence that small businesses are still feeling the credit crunch. A 2013 study by one non-profit indicates that a review of loan data from the SBA and the Federal Reserve show a decline of two-thirds in the number of loans made to small businesses in the state of California between 2007 and 2012.[22] The same study included survey feedback from non-profit lenders indicating that they had many clients with relatively high credit scores that were being denied new loans from banks of which they had been longtime customers.[23] Lending standards that are still somewhat conservative may be contributing to this decreased lending. The data further suggests that there may be small business credit needs that are currently unmet by area banks.

[18] The value of small business loans outstanding for depository lenders. According to a 2011 survey by the National Federation of Independent Businesses, 85 percent of businesses reported a commercial bank as their primary financial institution. Small Business Administration. Small Business Lending in the United States 2012 (pg. 5); available from: http://www.sba.gov/sites/default/files/files/sbl_12study.pdf (accessed November 19, 2013).
[19] Chairman Ben S. Bernanke, "Banks and Bank Lending: The State of Play" (speech, Chicago, IL, May 10, 2012), available at http://www.federalreserve.gov/newsevents/speech/bernanke20120510a.htm
[20] Wiersch, Anne Marie, and Scott Shame. Why Small Business Lending Isn't What It Used to Be. August 14, 2013. Available from: http://www.clevelandfed.org/research/commentary/2013/2013-10.cfm.
[21] Federal Reserve Board, January 2014 Senior Loan Officer Opinion Survey, Office of the Comptroller of the Currency, 2012 Survey of Credit Underwriting Practices (pg. 12); available from: http://www.federalreserve.gov/boarddocs/snloansurvey/201402/default.htm
[22] California Reinvestment Coalition. *Small Business Access to Credit, The Little Engine that Could: If Banks Helped*, pp 3, 5. December, 2013; available from: http://calreinvest.org/crc-issues/small-business
[23] Ibid., (pg. 5).

Affordable Housing

A variety of factors also suggest that there is a need for affordable housing development and financing within Los Angeles County. High housing costs **(6.a)** and low affordability indices are evidence that home ownership is out of reach for the majority of individuals living in the county. The Urban Institute, a nonprofit social and economic policy research group, estimates that for every 100 very low-income renter households, there are only 17 housing units available in Los Angeles County.[24] This lack of affordable housing was worsened by the abolishment of California redevelopment agencies in late 2011. These agencies formerly provided yearly investments of $1 billion in California to finance affordable housing development.[25] In addition, sequestration – the across-the-board congressional spending cuts required by the Budget Control Act of 2011 – reduced the ability of local housing authorities to provide Section 8 vouchers, which subsidize rental costs for low- to moderate-income individuals. In March 2012, the Community Development Department of the FRBSF held an event in Los Angeles on neighborhood revitalization to address the impact of single family foreclosures on local economies and to identify programs that could serve as catalysts for sustainable economic development. Key themes from the event included the importance of public/private housing finance partnerships and the need for greater collaboration across sectors, particularly in light of the uncertainty resulting from the dissolution of redevelopment agencies.[26] Stemming from these issues, homeless is also a **(6.c)** large problem in the county and as of 2013, there were 53,798 homeless individuals living in the region. There are a number of resources in the area that are attempting to address these needs and that may provide an opportunity for participation by banks. From 2012-2013, the county **(6.e)** received a total of $845.2 million in Federal Low Income Housing Tax Credits (to be administered over a ten-year period) and $22.2 million in State Tax Credits.[27]

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[24] Urban Institute, Housing Assistance Matter Initiative; available from: http://www.urban.org/housingaffordability/

[25] Bostic, Raphael and Tony Salazar. February 4, 2013. L.A.'s real housing problem. *Los Angeles Times.* Available from: http://articles.latimes.com/2013/feb/04/opinion/la-oe-bostic-rental-housing-crisis-20130204

[26] Federal Reserve Bank of San Francisco, (2012), "Vision During Crisis: Reinventing Neighborhood Revitalization," Available from: http://www.frbsf.org/community/resources/2012/0301-Vision-During-Crisis-Reinventing-Neighborhood-Revitalization/Vision-During-Crisis-Proceedings.pdf.

[27] California Tax Credit Allocation Committee, 2012 and 2013 Annual Reports; available from: http://www.treasurer.ca.gov/ctcac

(6.f)

(6.h)

Financial Capability and Stability

According to a survey conducted by the Federal Reserve Bank of San Francisco, community development practitioners see three interwoven factors as inhibiting economic recovery in low- and moderate-income communities: unemployment, instability in household finances, and rising housing costs.[28] In light of increased poverty and lower household income as a result of the recent recession, there is an opportunity for banks to support activities that improve financial capability and household financial stability. One opportunity is to expand access to mainstream financial institutions through efforts such as "Bank On," which connect low-income unbanked and under banked individuals with free or low-cost starter or "second chance" bank accounts and access to financial education.[29] Finally, the economic crisis has revealed the need of local organizations serving LMI communities in Los Angeles County to undertake a wide range of community development activities, including small business lending, affordable housing development, and community development finance (e.g. finance for charter schools, health, early childhood education facilities and neighborhood revitalization).

[28] FRBSF, 2014. Vantage Point: The 12th District Community Indicators Project (pg. 2), survey conducted in 2013; available from: http://www.frbsf.org/community-development/publications/vantage-point/2014/march/2013-community-indicators-survey/

[29] Bank On. "What is Bank On?" Available from: http://joinbankon.org/about/#.

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