

# Analysis of Community Development Needs and Opportunities in Los Angeles County

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# Forward

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The following analysis spans from January 2012 to June 2015 and provides data on an array of community development needs and opportunities in Los Angeles County. This type of analysis, often termed “performance context” in the regulatory world, is important for financial institutions looking to align loans, investments, and services to community development needs in their markets. It is equally important for non-profits looking to maximize impact in the areas in which they operate. While the goal of this report is to be informative, it is in no way meant to be prescriptive. The views expressed herein are those of the author and do not necessarily represent those of the Federal Reserve Bank of San Francisco or the Federal Reserve System.

Finally, no report, whether 20 pages or 200 pages, can ever fully capture the story of a community, especially a community like Los Angeles County that is home to 10 million people. And so, while we hope that you find this analysis useful, we hope, too, that you will look at it as merely the starting point in your research. Ultimately, data is just one piece of the story, and anyone interested in gaining a true understanding of Los Angeles would be well served by talking to the businesses, non-profits, and residents that call the city and county home. If you are interested in conducting your own analysis on counties other than Los Angeles, we encourage you to read The Federal Reserve Bank of San Francisco’s [Community Development Data Guidebook](#), which provides helpful tips and suggestions on where to access data and how to best utilize it. Happy reading.

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## Overview

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.<sup>1</sup> The geographic distribution of population, economic activity, and land use in Los Angeles County is diverse, and the county is home to



numerous beaches,

**Table 1**  
**Demographics**

Race		
	LA	CA
White	55.7%	65.2%
Black or African American	9.3%	7.0%
Asian	15.8%	15.8%
Hispanic or Latino (of any race)	48.4%	38.6%
Native Born vs. Foreign Born		
	LA	CA
Native Born	65.2%	72.9%
Foreign Born	34.8%	27.1%

national forests, mountains, and deserts.

The county contains 88 separate incorporated cities as well as many unincorporated communities. The area has a strong Latin influence, due in large part to the county's close proximity to the Mexico-U.S. border. As detailed in Table 1,<sup>2</sup> the county is home to a much higher percentage of Latino residents than the state as a whole and a much higher percentage of residents

that are foreign born. 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.<sup>3</sup> The county population is 10,116,705, making Los Angeles the largest county in the U.S., and the median household income is \$54,529.<sup>4</sup>

The review period for this analysis will span from January 2012 to June 2015.

<sup>1</sup> California Land Area County Rank, USA.com; available from: <http://www.usa.com/rank/california-state--land-area--county-rank.htm>.

<sup>2</sup> U.S. Census Bureau, American Community Survey 1-Yr Estimate, Selected Social Characteristics DP02-DPO3, 2014; available from: <http://factfinder2.census.gov>.

<sup>3</sup> U.S. Census Bureau, State & County QuickFacts; available from: <http://quickfacts.census.gov/qfd/states/06/0644000.html>.

<sup>4</sup> U.S. Census Bureau, American Community Survey 1-Yr Estimate, Selected Social Characteristics DPO3, 2013; available from: <http://factfinder2.census.gov>.

## Financial Market

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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 2 below.

**Table 2**  
**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%

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.<sup>5</sup>

## Labor Market

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Los Angeles County's economy is highly diverse and is home to many industries including; manufacturing, trade, and entertainment.<sup>6</sup> The county is the largest manufacturing center in the U.S., with the Los Angeles, Long Beach, and Santa Ana metropolitan area employing 510,900 workers in manufacturing fields in 2014.<sup>7</sup> 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

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<sup>5</sup> FIDC, Deposit Market Share, Summary of Deposits, Los Angeles County, June 30, 2014; available from: <http://www2.fdic.gov/SOD/>

<sup>6</sup> Los Angeles County Economic Development Corporation (LAEDC), Industry Clusters in Los Angeles (pg. 2-4), available from: <http://laedc.org/2015/06/23/new-laedc-research-people-industry-jobs/>

<sup>7</sup> Hus, Tiffany. "Los Angeles is largest manufacturing center in U.S., government says." *Los Angeles Times*. September 1, 2014; available from: <http://www.latimes.com/business/la-fi-los-angeles-manufacturing-20140829-story.html>

opportunities.<sup>8</sup> Bolstered by the presence of Hollywood, entertainment is also a key industry in Los Angeles County, making up 63 percent of California’s total entertainment employment.<sup>9</sup> As detailed in Table 3,<sup>10</sup> the county has a higher percentage of workers employed in manufacturing, transportation and utilities, information, and education and health services than the state as a whole, but a lower percentage of workers employed in natural resources, construction, and government. Additionally, annual salaries in Los Angeles County tend to be lower than statewide averages, and the median household income in the county is nearly \$6,000 less than the statewide average (\$60,190 to \$54,529).<sup>11</sup>

**Table 3**  
**Industry Employment and Annual Income**

Sector	% of Total		Annual Earnings	
	LA	CA	LA	CA
<b>Private</b>				
Natural Resources & Mining	0.2%	2.8%	\$81,019	\$35,872
Construction	2.9%	4.2%	\$57,451	\$59,460
Manufacturing	8.7%	8.0%	\$61,016	\$81,380
Trade, Transportation & Utilities	18.9%	18.0%	\$45,960	\$47,153
Information	4.7%	2.9%	\$104,684	\$136,051
Financial Activities	5.0%	4.9%	\$93,667	\$91,671
Professional and Business Services	14.4%	15.3%	\$70,024	\$78,066
Education and Health Services	17.2%	14.7%	\$42,742	\$47,123
Leisure and Hospitality	11.2%	11.1%	\$34,474	\$25,800
Other Services	3.5%	3.2%	\$34,918	\$35,040
<b>Government</b>				
Federal Government	1.1%	1.5%	\$78,205	\$76,353
State Government	1.6%	2.8%	\$70,742	\$69,790
Local Government	10.1%	10.3%	\$63,614	\$57,961

Nevertheless, the county has seen significant economic improvement in recent years, which is further evidenced by the unemployment data shown in Table 4.<sup>12</sup> 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 review period, indicating that the local recovery is lagging behind the state recovery in some aspects.

<sup>8</sup> LAEDC, L.A. Stats 2014 (pg. 3), available from: [http://laedc.org/wp-content/uploads/2014/08/2014-LA-Stats\\_Final.pdf](http://laedc.org/wp-content/uploads/2014/08/2014-LA-Stats_Final.pdf)

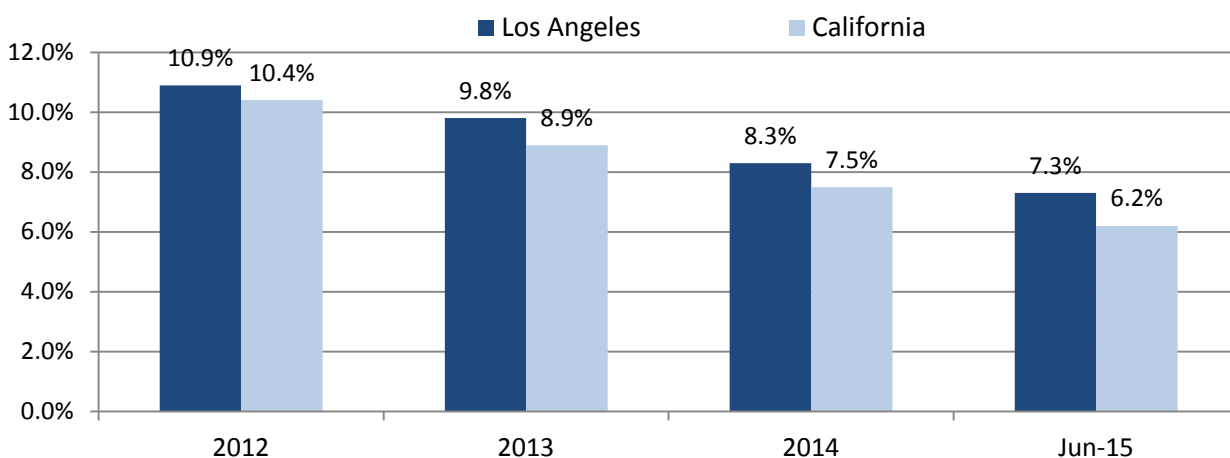
<sup>9</sup> LAEDC, Industry Clusters in Los Angeles (pg. 2).

<sup>10</sup> Bureau of Labor Statistics, Quarterly Census of Employment and Wages; available from: <http://data.bls.gov/cgi-bin/dsrv?en>

<sup>11</sup> U.S. Census Bureau, American Community Survey 1-Yr Estimate, Selected Social Characteristics DPO3, 2013; available from: <http://factfinder2.census.gov>.

<sup>12</sup> Bureau of Labor Statics, Local Area Unemployment Statistics; available from: <http://www.bls.gov/lau/>

**Table 4**  
**Unemployment Rate (%)**

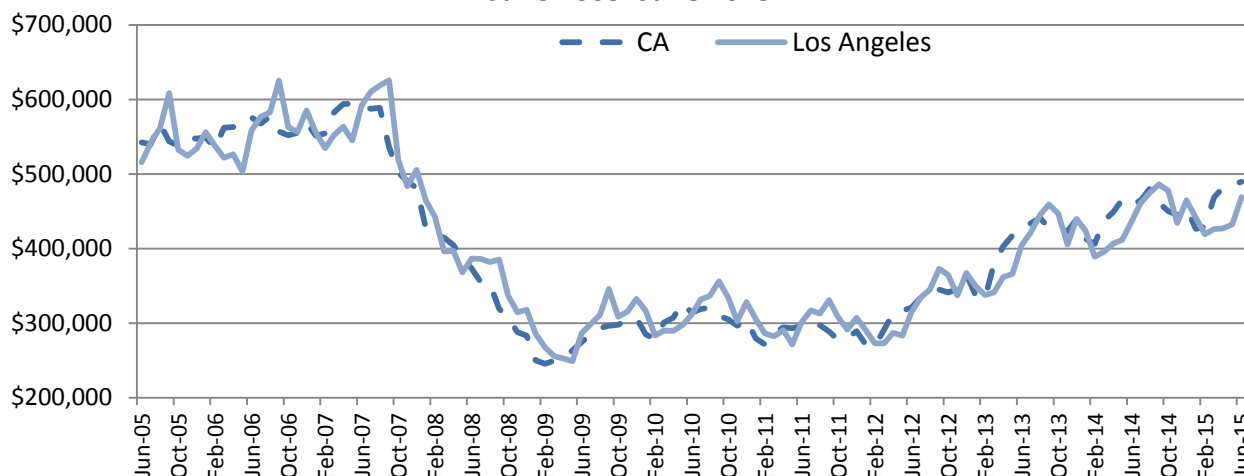


At the end of the review period, there were 373,273 unemployed individuals in the county, accounting for 32 percent of the state total.<sup>13</sup>

## Housing Market

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 review period, however, home prices generally increased consistent with larger statewide trends, as seen below in Table 5.<sup>14</sup>

**Table 5**  
**Los Angeles Median Home Prices**  
**June 2005- June 2015**



<sup>13</sup> Ibid

<sup>14</sup> California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: <http://www.car.org/marketdata/data/housingdata/>

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 June 2015, 0.6 percent of loans in the area were in foreclosure and 1.9 percent were more than 90 days delinquent (for comparison, 0.5 percent of loans in the state were in foreclosure and 1.7 percent were more than 90 days delinquent).<sup>15</sup>

## Poverty

As shown in Table 6, poverty and food stamp usage rates remained relatively high during the review period, suggesting that low-income individuals are still not seeing the full effects of the economic recovery.<sup>16</sup> The county is home to the nation’s second largest population of Asian-Americans living in poverty and the largest population of Asian-Americans living in extreme poverty neighborhoods (defined as census tracts where the poverty rate exceeds 40 percent).<sup>17</sup>

**Table 6**  
**Poverty and Food Stamp Usage**

Area	All People in Poverty			Food Stamp Usage		
	2012	2013	2014	2012	2013	2014
LA	19.1%	18.9%	18.7%	8.6%	9.0%	9.4%
CA	17.0%	16.8%	16.4%	9.1%	9.4%	9.5%

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.<sup>18</sup> The discrepancy in poverty rates is highlighted below in Table 7.<sup>19</sup>

<sup>15</sup> FRBSF Calculations of data provided by Lender Processing Services Analytics, Inc.

<sup>16</sup> U.S. Census Bureau, American Community Survey 1-Yr Estimate, Selected Social Characteristics DPO3, 2012-2014; available from: <http://factfinder2.census.gov>

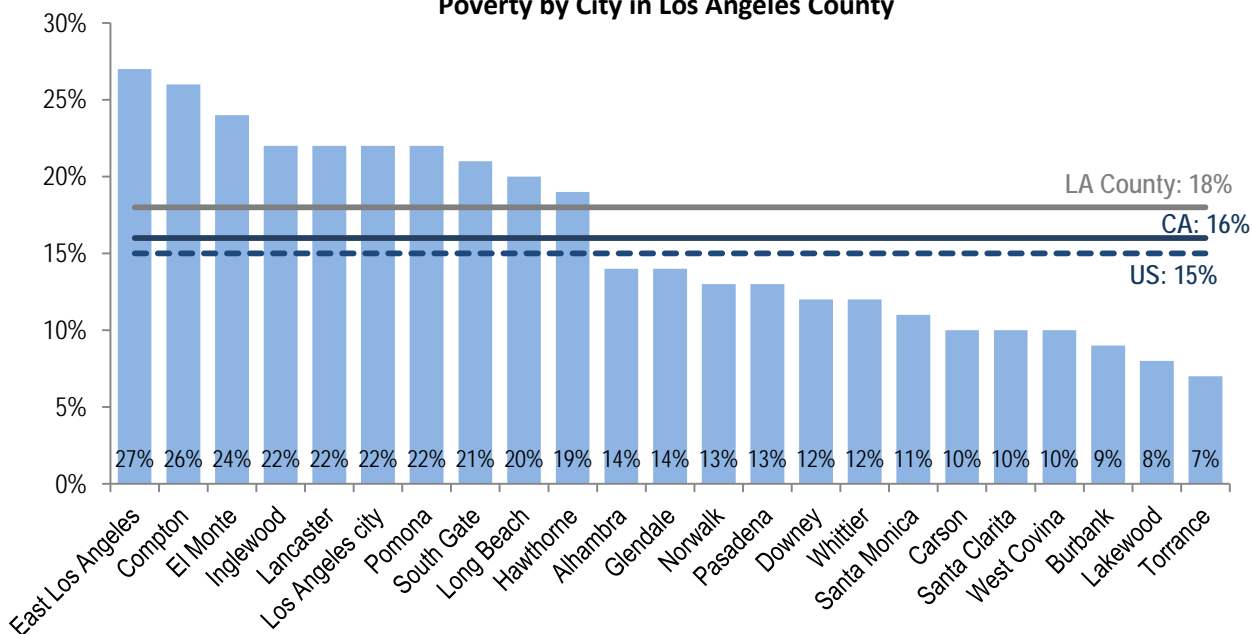
<sup>17</sup> National Coalition for Asian Pacific American Community Development, Spotlight: Asian American and Pacific Islander Poverty (pg. 31), June 2013; available at: [http://nationalcapacd.org/sites/default/files/u12/aapi\\_poverty\\_report-web\\_compressed.pdf](http://nationalcapacd.org/sites/default/files/u12/aapi_poverty_report-web_compressed.pdf)

<sup>18</sup> Los Angeles Times, Mapping L.A., Median Income; available from: <http://maps.latimes.com/neighborhoods/income/median/neighborhood/list/>

<sup>19</sup> FRBSF Vantage Point Community Indicators Project, Los Angeles County, 5-year data; available from: <http://www.frbsf.org/community-development/data/vantage-point-community-indicators-project/>



**Table 7**  
**Poverty by City in Los Angeles County**



Los Angeles-based respondents to the Federal Reserve Bank of San Francisco’s Vantage Point Survey<sup>20</sup> saw low-paying jobs as a large contributor to the county’s poverty rate, making the following points:

- “Available jobs for the very low-income tend to be agricultural. For farmworkers, they tend to live very close to where they work so their transportation expense is minimal, however, while their jobs are year-round (they do not migrate north), their jobs are not regular. There is a lack of economic or employment diversity, to boot.”
- “There are not enough good/high wage, blue collar jobs in the region. Service industry jobs pay low wages and are part time, and we have too many low-skill workers.”
- “Jobs do not match the skill sets of residents and tend to be low-wage/part time/seasonal. Additionally, some residents have a lack of reliable transportation to their jobs.”

A 2013 study found that many Californians find it difficult to make ends meet and that the situation would be much worse without state, federal, and local safety net programs.<sup>21</sup> At the same time, lower revenues resulting from decreased government support and difficulty attracting donations, among other factors have made it more difficult for local non-profits to

<sup>20</sup> The Federal Reserve Bank of San Francisco launched Vantage Point in 2010 to gather viewpoints from community stakeholders across the 12th District around local issues and trends affecting low- and moderate-income (LMI) communities; more information available at: <http://www.frbsf.org/community-development/data/vantage-point-community-indicators-project/>

<sup>21</sup> Holland, Gale “L.A. County Leads California in Poverty Rate, New Analysis Shows.” Los Angeles Times, September 30, 2013, available at: <http://articles.latimes.com/2013/sep/30/local/la-me-poverty-20131001> (

meet the needs of an expanding clientele.<sup>22</sup> In the Nonprofit Finance Fund’s State of the Sector Survey, 97 percent of non-profit respondents in Los Angeles County reported that service demand in 2014 either increased or stayed the same. Furthermore, 57 percent of respondents noted that they were unable to meet service demand in 2014, as seen in Table 8.<sup>23</sup> Contributing to this demand, many households are still struggling from the effects of the recession and those that withdrew funds from emergency accounts during the recession may find themselves doubly disadvantaged as they no longer have assets to draw upon.<sup>24</sup>

**Table 8  
Survey of Nonprofits**

Service Demand in 2014		
	LA	CA
Significantly increased	42%	37%
Slightly increased	37%	41%
Stayed the same	18%	19%
Slightly decreased	3%	3%
Significantly decreased	0%	0%
Able to Meet 2014 Demand		
	LA	CA
Yes	43%	44%
No	57%	56%

The prevalence of poverty and the need for social support services discussed earlier highlight the importance of community service organizations within the area. The ongoing demand for services often results in needs for these organizations in terms of financial supports and technical assistance as they attempt to service significant low-and moderate-income populations within the county. Ultimately, this has the potential to create community development service or investment opportunities for financial institutions.

## Education

The educational attainment rate in Los Angeles County remains below the statewide average. As of 2014, 77.5 percent of county residents over 25 had a high school degree or higher while 30.3 percent had a bachelor’s degree or higher, compared to 82.1 percent with a high school degree or higher and 31.7 percent with a bachelor’s degree or higher statewide. Similar to the poverty rate, the educational attainment rate varied widely within the county, as seen below in Table 9.<sup>25</sup> Expectedly, the areas with the lowest education attainment rates are often those with the highest poverty rates. This lack of education can be a huge barrier for individuals looking for work.

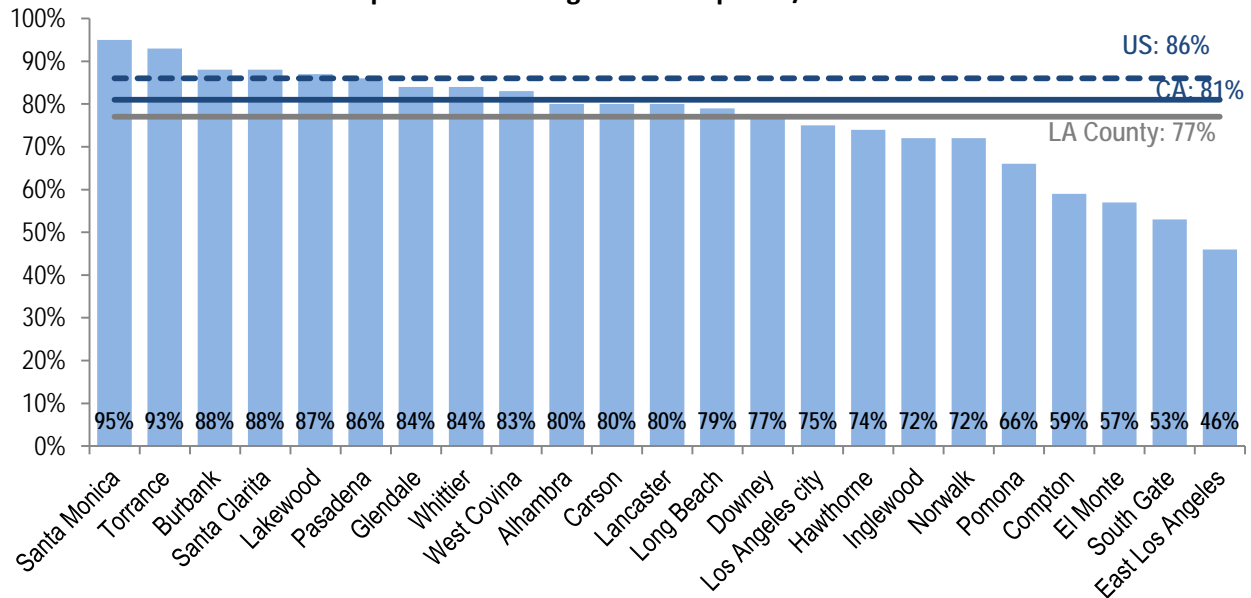
<sup>22</sup> UCLA Center for Civil Society. *Stressed and Stretched: The Recession, Poverty, and Human Services Nonprofits in Los Angeles*, p. vii; available from: <http://civilsociety.ucla.edu>

<sup>23</sup> Nonprofit Finance Fund, 2015 State of the Nonprofit Sector; available from: <http://survey.nonprofitfinancefund.org/>

<sup>24</sup> Rebalancing the American Dream: Forging Pathway to Financial Security. Community Investments (pg. 4). Federal Reserve Bank of San Francisco. Summer/Fall 2014; available from: [http://www.frbsf.org/community-development/files/ci\\_vol26no2.pdf](http://www.frbsf.org/community-development/files/ci_vol26no2.pdf)

<sup>25</sup> FRBSF Vantage Point Community Indicators Project, Los Angeles County, 5-year data; available from: <http://www.frbsf.org/community-development/data/vantage-point-community-indicators-project/>

**Table 9**  
**Population with High School Diploma/GED Above**



As previously discussed, the county is also home to a large Latino population, many of whom are immigrants. 26 percent of the population reports speaking English less than very well (compared to 19 percent statewide), which is another barrier in accessing higher wage jobs. Los Angeles respondents to the FRBSF Vantage Point Survey generally corroborated this data and made the following points:

- “Improved education will increase the opportunity for better jobs, income and financial stability.”
- “Low/no education is a huge barrier to employment and higher wage jobs. Our youth are lacking the opportunities and assistance to overcome the barriers that prevent them from accessing a good education.”
- “[English as a Second Language] classes in the adult schools are an important means for immigrants to learn English and be able to seek better jobs, but these have been drastically cut back.”
- “A failing K-12 public educational system has produced an unskilled workforce in LA.”
- “Across California, community schools are far and few in between and unfortunately, schools in communities with less tax revenues from high priced homes in the area simply suffer. Budgets have not traditionally supported career-tech vocational instruction because kids in those communities are typically behind the curve academically.... Adult education and career technology trades should be taught as core curriculum in the schools along with basic economics. Banks focus on ‘financial literacy’ and ‘budgeting’ but if you are poor, you know how to budget, what is needed is a lesson on how money works within the economy and a pathway to get there.”

- “Formal institutions find it too difficult to address the issues as they are systemic and difficult to turnaround in a short timeframe. However, what if banks partnered with a foundation to build partnerships with school districts to find out the needs of their students and then talked to Community College District Officials to develop a pipeline?”

Given educational needs in the area, there may be opportunities for banks to partner with school districts and provide finance for charter schools or early childhood education facilities.

## Small Business and Economic Development

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Access to credit for businesses, particularly for small business owners, was a concern nationwide during the Great Recession.<sup>26</sup> During that period, there was evidence of exceptionally high levels of risk aversion and uncertainty by both lenders and borrowers.<sup>27</sup> This risk aversion 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. According to a 2014 report by the Small Business Administration, the value of small business loans outstanding (\$1 million or less) declined by 17.8 percent between 2008 and 2013, falling from \$712 to \$585 billion.<sup>28</sup> Despite these declines, lending is starting to level off. From 2012 to 2013, there was only a 0.4 percent decrease in lending, compared to a 3.2 percent decrease from 2011 to 2012.<sup>29</sup>

An analysis of loans to businesses with revenues of less than \$1 million by institutions subject to the reporting requirements of CRA (a different metric than the one noted above) shows some improvements in lending levels within Los Angeles County. From 2012 to 2013, the number of loans in the county increased from 104,034 to 114,961 and the value of these loans increased from \$2.3 to \$2.5 billion, as seen below in Table 10.<sup>30</sup>

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<sup>26</sup> 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](http://www.americanbanker.com/issues/175_25/agencies-urge-loans-to-small-biz-1011031-1.html)

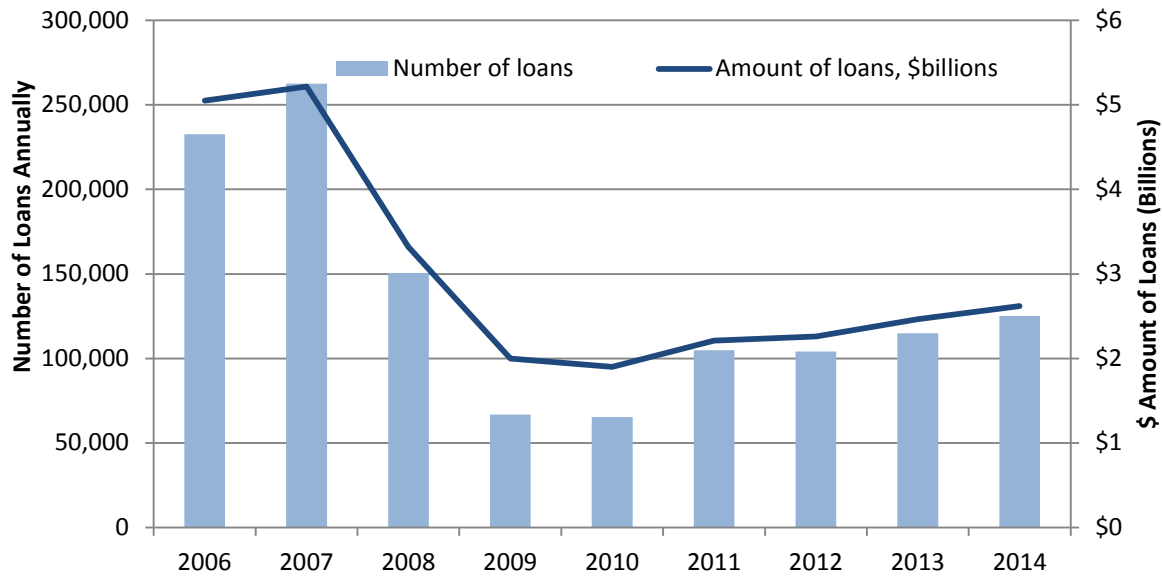
<sup>27</sup> Chairman Ben S. Bernanke, “Banks and Bank Lending: The State of Play” (speech, Chicago, IL, May 10, 2012); available from: <http://www.federalreserve.gov/newsevents/speech/bernanke20120510a.htm>

<sup>28</sup> The value of small business loans outstanding from all reporting lending institutions. 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 2013* (pg. 14); available from: <https://www.sba.gov/sites/default/files/2013-Small-Business-Lending-Study.pdf>

<sup>29</sup> Ibid

<sup>30</sup> Banks and thrifts are required to report CRA small business data only if they have total assets greater than \$1 billion. While Exhibit 5 provides information on small businesses lending trends among large banks, these trends are not necessarily representative of those among small and intermediate sized banks. Information based on 2006-2014 aggregate data consisting of institutions required to file annual CRA data; available from: <https://www.ffiec.gov/cra/craproducts.htm>

**Table 10**  
**Loans to Small Businesses in Los Angeles County**



These improvements notwithstanding, some measures of small business lending are still a fraction of what they were prior to the recession.<sup>31</sup> Studies suggest that there is both a weaker demand for credit among small businesses still reeling from the recession and tighter lending standards among banks, relative to the prior decade.<sup>32</sup>

Given these data, there may be opportunities for further bank involvement in small business lending within the area. In addition to direct lending, a number of community development entities (CDEs) serving the county received financial awards from the Treasury’s CDFI Fund during the review period, including \$343 million in New Markets Tax Credits, providing opportunities for financial institutions to invest in small business and economic development in the area.<sup>33</sup> During the review period, there were also ten California Enterprise Zones located throughout the county. These zones targeted economically distressed areas and provided incentives to encourage business investment and the creation of new jobs.<sup>34</sup> While the zones expired at the end of 2013, some government localities have created similar programs to

<sup>31</sup> Wiersch, Ann Marie. Good News and Bad News on Small Business Lending in 2014. Federal Reserve Bank of Cleveland; available from: <https://www.clevelandfed.org/en/Newsroom%20and%20Events/Publications/Community%20Development%20Briefs/Briefs/db%2020150105%20good%20news%20bad%20news%20small%20bus%20lending.aspx>

<sup>32</sup> Federal Reserve Board, Senior Loan Officer Survey, July 2015; available from: <http://www.federalreserve.gov/BoardDocs/snloansurvey/201508/default.htm>

<sup>33</sup> The New Markets Tax Credit program was created in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. Community Development Financial Institutions Fund, New Markets Tax Credit Awardees/Allocatees; available from: <http://www.cdfifund.gov/awardees/db/advancedSearchResults.asp>

<sup>34</sup> California.gov. Enterprise Zone Program; available from: <http://www.hcd.ca.gov/fa/ez/EZoverview.html>

encourage investment in underserved areas. These zones may provide a local opportunity for further bank involvement. There may also be opportunities to work with one of the regional networks of Small Business Development Centers that provide critical technical assistance to businesses or to participate in a variety of loan guarantee and other programs offered by the State of California or the Small Business Administration.<sup>35</sup> Given the importance of the trade sector within the county's economy, one relevant example of such a program is the SBA's export loan guarantee program that helps lenders and borrowers finance the exports of goods.<sup>36</sup> Finally, there are non-profits in the area that focus on economic development and entrepreneurship opportunities for low-income individuals and that may be willing to partner with local banks.

## Affordable Housing

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A variety of factors also suggest that there is a need for affordable housing development and financing within Los Angeles County. High housing costs and low affordability indices are evidence that home ownership is out of reach for the majority of individuals living in the county. In a recent study on housing, Los Angeles County ranked as the nation's third least affordable metro area for middle class families looking to buy a home.<sup>37</sup> According to the C.A.R. Traditional Affordability Index, the percentage of households that could afford to purchase the median priced home dropped in the county between the 1<sup>st</sup> quarter of 2012 and 2<sup>nd</sup> quarter of 2015, and at the end of the review period, only 30 percent of households could afford the median priced home (statewide, the figure was the same).<sup>38</sup>

Similarly, rental prices also increased during the review period and by the 2<sup>nd</sup> quarter of 2015, median asking rents were \$1,552 in Los Angeles County. According to 2014 Census data, 50.8 percent of households in the county spend 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).<sup>39</sup> The Urban Institute, a nonprofit social and economic policy research group, estimates that for every 100 very low-income renter households, there are only 18 housing

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<sup>35</sup> Small Business Development Center Locations: <http://www.sba.gov/tools/local-assistance/sbdc>

<sup>36</sup> Office of the Comptroller of the Currency, Community Development Insights, April 2011; available from: <http://www.occ.gov/topics/community-affairs/publications/insights/insights-sba-export-import-working-capital-loan-programs.pdf>

<sup>37</sup> 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/>

<sup>38</sup> California Association of Realtors, Housing Affordability Index-Traditional; available from: <http://www.car.org/marketdata/data/haitraditional/>

<sup>39</sup> U.S. Census Bureau, American Community Survey 1-Yr Estimate, Selected Social Characteristics DPO4, 2014; available from: <http://factfinder2.census.gov>

units available and affordable in Los Angeles County.<sup>40</sup> This lack of affordable housing was worsened by the abolishment of California redevelopment agencies in late 2011. These agencies formerly provided yearly allocations of \$1 billion in California to finance affordable housing development.<sup>41</sup> 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.

Los Angeles respondents to the FRBSF Vantage Point Survey generally saw housing affordability as one of the major issues facing the county:

- “Housing costs in Los Angeles go higher and higher while wages remain stagnate. More and more families are spending more of their income on housing, which reduces their ability to pay for other essentials, such as health insurance and food.”
- “Disrepair and squalid housing conditions in the area place families in danger and keep them vulnerable. The decrepit mobile home coaches, even the ones that are owner occupied, are far from a suitable place for children to grow up, let alone study or play in a safe environment. With the housing shortage, families are obligated to accept deplorable living conditions in order to have any kind of shelter.”
- “When housing cost rise and wages stay the same, there is a huge housing problem to deal with.”
- “Our clients are frequently forced to live with two, three or more other families in order to be able to afford housing.”
- “Lack of affordability keeps a certain segment of the population out. Moderate-income families struggle to make their mortgage payments and those that want to enter homeownership struggle to save for their down payments. Therefore, the dream of economic prosperity is not available to all because they cannot access it.”

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

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<sup>40</sup> Urban Institute, Housing Assistance Matter Initiative; available from: <http://www.urban.org/housingaffordability/>

<sup>41</sup> Bostic, Raphael and Tony Salazar. L.A.’s real housing problem. *Los Angeles Times*. February 4, 2013; available from: <http://articles.latimes.com/2013/feb/04/opinion/la-oe-bostic-rental-housing-crisis-20130204>

finance partnerships and the need for greater collaboration across sectors, particularly in light of the uncertainty resulting from the dissolution of redevelopment agencies.<sup>42</sup>

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 2012-2014, the county received a total of \$1.3 billion in Federal Low Income Housing Tax Credits (to be administered over a ten-year period) and \$32.8 million in State Tax Credits.<sup>43</sup> Additionally, there are CDFIs in the area that finance affordable housing development that may provide opportunities for partnership with local banks.<sup>44</sup>

## Health

Increasing evidence suggests that health is linked in many ways to the environment in which people live. Oftentimes, improving access to jobs, affordable housing, education, and transportation can have net positive impacts on health. Likewise, poor health outcomes often signal areas that are particularly distressed or underserved.<sup>45</sup> Los Angeles County fared better than the state as a whole on some health metrics, but worse on others. The county had a slightly higher life expectancy than the state and a smaller percentage of adults who are obese or smoke or drink heavily; however, the county also had a higher percentage of uninsured adults and children and a worse ratio of population to primary care providers than the state as whole, as seen below in Table 11.<sup>46</sup>

**Table 11**  
**Los Angeles County Health Factors**

	Los Angeles	California
Life expectancy (years)	80.7	80.4
Percentage of adults with poor or fair health	22%	18%
Percentage of adults who smoke	12%	13%
Percentage of adults who are obese	21%	23%
Percentage of adults who regularly drink heavily or binge drink alcohol	15%	17%
Ratio of population to primary care providers	1,389:1	1,294:1
Percentage of population experiencing food insecurity	16%	16%
Uninsured	30%	25%

<sup>42</sup> Federal Reserve Bank of San Francisco, Vision During Crisis: Reinventing Neighborhood Revitalization, 2012; available from: <http://www.frbsf.org/community/resources/2012/0301-Vision-During-Crisis-Reinventing-Neighborhood-Revitalization/Vision-During-Crisis-Proceedings.pdf>.

<sup>43</sup> California Tax Credit Allocation Committee, 2012, 2013, and 2014 annual reports; available from: <http://www.treasurer.ca.gov/ctcac>

<sup>44</sup> CDFI Locator; available from: <http://ofn.org/cdfi-locator>

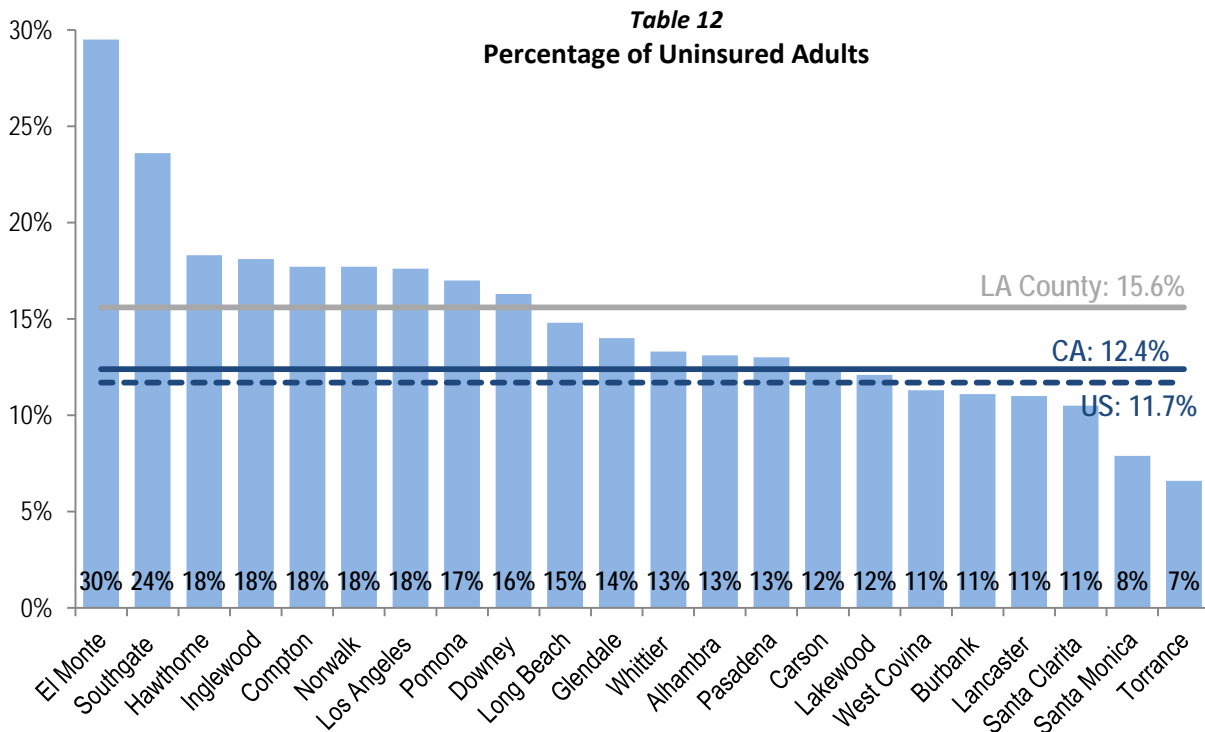
<sup>45</sup> FRBSF, Health Communities Initiative; available from: <http://www.frbsf.org/community-development/initiatives/healthy-communities/>

<sup>46</sup> Robert Wood Johnson Foundation, County Health Rankings; available from: <http://www.countyhealthrankings.org/app/california/2015/rankings/los-angeles/county/factors/overall/snapshot>



Could not see doctor due to cost	16%	12%
Homicide deaths per 100,000 population	7	6

Expectedly, there were large discrepancies in certain health factors when looked at on a city-level. For example, 30 percent of the population in El Monte did not have health insurance compared to 7 percent of the population in Torrance, as seen in Table 12.<sup>47</sup>



There may be opportunities for financial institutions to help fund local health clinics, health related programs, or housing that has a health focus.

## Financial Capability and Stability

According to the FRBSF Vantage Point survey, 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.<sup>48</sup> In light of increased poverty and lower household income as a result of the Great 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

<sup>47</sup> U.S. Census Bureau, American Community Survey 1-Yr Estimate, S2701, 2014; available from: <http://factfinder2.census.gov>

<sup>48</sup> FRBSF, 2014. Vantage Point: The 12<sup>th</sup> District Community Indicators Project (pg. 2); available from: <http://www.frbsf.org/community-development/publications/vantage-point/2014/march/2013-community-indicators-survey/>

individuals with free or low-cost starter or “second chance” bank accounts and access to financial education.<sup>49</sup> 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).

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<sup>49</sup> Bank On. “What is Bank On?” Available from: <http://joinbankon.org/about/#>.



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