

# Environmental Assessments

## 12th District

Following are the two-page summaries from each environmental assessment.

For the full state reports, visit:  
[www.frbsf.org/community/research/eas.html](http://www.frbsf.org/community/research/eas.html)

# BACKGROUND AND METHODOLOGY

In an attempt to provide a framework for performing our own community development work, the Community Affairs Department of the Federal Reserve Bank of San Francisco has produced separate reports entitled “environmental assessments” for each of the nine states which comprise the Federal Reserve’s Twelfth District: Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, and Washington. We hope that they may also help to inform your work.

Each report is divided into two sections: one covering the overall “Community Development Environment” in the state, and the other covering the “Community Development Needs and Resources” in the state. These environmental assessments are intended to bring together available research and information in both of these areas.

Specifically, the chapters in the “Community Development Environment” section cover the demographic, economic, governmental, and institutional underpinnings in each state, providing detail such as each state’s industrial structure, economic outlook, banking system, non-profit groups, and government departments involved in community development. In the second section, each report delves into four separate areas of “Community Development Needs and Resources:” affordable housing, small business, poverty and asset accumulation, and issues specific to native peoples and immigrants.

A key resource for both the data and the approach taken in this effort is the 2002 State Asset Development Report Card, published by an influential research and advocacy organization, CFED (formerly known as the Corporation for Enterprise Development). CFED’s report analyzes a great deal of data on a range of factors affecting asset accumulation and poverty for each state in the nation. The CFED report divides its analysis into separate evaluations of “Asset Outcomes” and “Asset Policies” for each state, producing an overall grade (A, B, C, D, or F) for each. Not only do our reports reference virtually all of the individual rankings which feed into CFED’s two overall grades, but they also follow a somewhat similar approach in dividing each of the community development areas in each state (affordable housing, small business, poverty and asset accumulation, and native people and immigrant issues) between “needs” and “resources” in a manner similar to CFED’s “Asset Outcomes” and “Asset Policies.”

The reports then build on these CFED comparisons by drawing on the considerable resources already produced by a variety of national and local organizations in these subject areas for each state, pulling together their major data, analyses, and conclusions into one single report. The reports were designed by Scott Turner, who also collaborated in writing the reports with two second-year students from the Goldman School of Public Policy at the University of California, Berkeley, Anne McDonough-Hughes and Ethan Jennings. The undertaking was also supported by significant data and material gathering by the Community Affairs Department’s field staff: Craig Nolte, Melody Winter Nava, Lena Robinson, John Olson, and Bruce Ito, with oversight and editing by Jack Richards. We should note here that while the Federal Reserve Bank of San Francisco sponsored these environmental assessments, they reflect only the views of the authors.

We gratefully acknowledge the community development practitioners in each state who agreed to review drafts of these reports and provide helpful feedback, including those who supplied the complementary quotes included in this print version of each report’s “Conclusions” section. While we have provided these two-page summaries in this edition of *Community Investments* for ease in reviewing the major findings of each report, we strongly encourage you to access the full environmental assessments, which are resident on our website at: <http://www.frbsf.org/community/research/eas.html>.

Finally, we have attempted to ensure there are no errors or omissions in these reports, but encourage you to contact us if you believe important changes are warranted. Please contact us by the end of February 2005, and we will be pleased to make appropriate revisions and post edited versions of the reports on our website in March 2005.

# Alaska



## OVERALL COMMUNITY DEVELOPMENT ENVIRONMENT

### DEMOGRAPHICS

Alaska is the largest state in the country in total area and has more miles of coastline than the contiguous U.S. combined.<sup>1</sup> The state is, however, the fourth least populous based on its 2003 population of 648,818.<sup>2</sup> The state's population increased by 14% between 1990 and 2000, slightly higher than the national average.<sup>3</sup> The state's population growth of 3.5% between 2000 and 2003 was also slightly above the national average.<sup>4</sup> Compared to the nation as a whole, Alaska has far smaller Black/African American and Hispanic/Latino populations and a slightly smaller White population. Alaska's population is both younger and more male than the U.S. on average.<sup>5</sup>

### ECONOMY

Alaska's economy was valued at \$31.4 billion in 2003. The state has the sixth-smallest state economy in the country but the third-highest gross state product per capita.<sup>6</sup> Industries of special importance include oil and gas, fishing, and tourism. The

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*In addition to very high development costs in Alaska, the affordable housing challenges of the native population are unique from those in the lower 48 states in several ways stemming from the large number of tribes, the dispersion of the population across the entire state, the remoteness of the small rural communities, and the fee-simple title structure as opposed to trust lands.*

*—Ricardo Worl, Tlinglet Haida Regional Housing Authority*

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oil and gas sector's share of the economy has been declining since peak production levels in 1989 (in 2000, production levels were half of 1989 levels),<sup>7</sup> but upward pressure on oil prices has helped improve the state's budget balance. Fishing has traditionally been an important sector, although local economies face immense challenges due to competition from foreign aquaculture.<sup>8</sup> Alaskans have long earned incomes above the U.S. mean, but the pace of real income growth has lagged behind the U.S. average,<sup>9</sup> which highlights the need for economic diversification and new avenues for employment growth.

### GOVERNMENT AND FINANCIAL SECTORS

Alaska's governmental system is unique among states. The majority of the state's land is ungoverned, with city/borough governments performing the functions that counties perform in many other states. Alaska's public debt per capita is the highest in the nation,<sup>10</sup> yet the state receives relatively strong

debt ratings.<sup>11</sup> The state's budget balance is highly sensitive to the value of oil; higher-than-projected oil prices in the first six months of FY 2005 are expected to generate an extra \$500 million for Alaska's general fund, enough to close the state's budget deficit of \$360 million. However, Alaska state lawmakers have cautioned against hoping that the price increase will permanently solve the state's fiscal troubles.<sup>12</sup> In the financial sector, Alaska is home to nine FDIC-insured banks and thrifts, which together hold \$5.9 billion in deposits in the state.<sup>13</sup> In addition, Alaska has 13 credit unions, which together control nearly half of the state's combined bank/credit union assets, far higher than the national average of 6.5%.<sup>14</sup> Alaska also has four certified Community Development Financial Institutions.<sup>15</sup>

## COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

### AFFORDABLE HOUSING

Alaska faces serious affordable housing challenges. Alaska's rental affordability rating is relatively strong at 13th in the U.S., but at the same time, the state's median rent is the seventh-highest in the country.<sup>16</sup> Alaska's homeownership rate grew faster than any other state's between 1990 and 2000,<sup>17</sup> but remains among the lowest in the country (Alaska ranks 38th in homeownership). Nearly half of all renters in Alaska are paying one third or more of gross income towards housing, but to the state's credit, only 18% of renters pay more than 50% of income towards housing, the fifth-best percentage in the country.<sup>18</sup> While Alaska has no housing trust fund or property tax circuit breaker program, it does have four out of six common types of first-time homebuyer assistance programs.<sup>19</sup>

### SMALL BUSINESS

Small business is particularly important to the Alaskan economy, but the sector has struggled in recent years. Businesses that employ fewer than 10 workers account for almost 15% of Alaska's employment, the fourth-highest small business employment share in the country. Additionally, between 1999 and 2000, small businesses represented 75% of net new non-farm employment

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*Challenges of geographic isolation, cash-poor economies, and arctic climate have driven some very creative thinking and resulted in programs that meet our unique community development needs. Some of these ideas, such as the concept of enhancing existing housing stock through energy-conservation measures, have taken root in the lower 48 after first having been proven in Alaska. —Mitzi Barker, RurAICAP*

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in Alaska.<sup>20</sup> Alaska has a high entrepreneurship level and ranks first in the nation in the level of private loans to small businesses, indicating good access to credit. However, despite good credit access and its importance to the state's economy, Alaska's business sector ranks well below average on measures of business vitality, performance, and development capacity.<sup>21</sup> Likewise, the technology sector is exhibiting decline: Alaska's new economy rankings fell from 13th in 1999 to 31st in 2002.<sup>22</sup> In an effort to improve the performance of the state's small businesses, new business associations have formed in recent years to develop the state's technology sector and to enhance its craft industry.

### POVERTY AND ASSET ACCUMULATION

Approximately 9% of Alaskans live in poverty, the ninth-lowest rate nationally. Additionally, Alaska scores well on asset accumulation measures, with relatively few residents counted among the asset poor or those with zero or negative net worth.<sup>23</sup> Also notable is Alaska's personal bankruptcy rate, which is the lowest in the nation.<sup>24</sup> However, in contrast to its strong poverty scores, Alaska earns very low rankings in insurance coverage.<sup>25</sup> The state also has no official state support for IDA programs, although a statewide alliance (the Alaska IDA Network) has been actively promoting IDA programs.<sup>26</sup>

### NATIVE AMERICANS AND IMMIGRANTS

Alaska has the seventh-largest American Indian/Alaska Native (AIAN) population in the nation and is ranked first in terms of the percentage of state population the groups represent.<sup>27</sup> Alaska's large AIAN population exhibits a significantly higher poverty rate than the state average, and is far more likely to be unemployed or live in substandard housing.<sup>28</sup> There is only one federal reservation in Alaska; as part of a settlement in exchange for land, Alaska Natives are organized into native corporations with unique powers and functions.

Approximately 6% of Alaskans are foreign born, well below the national average of 11.1%.<sup>29</sup> Half of Alaskan immigrants come from Asia, with approximately another 20% each from Europe and Latin America. Just over 11% of foreign-born Alaskans live in poverty, a rate below the national average for immigrants but slightly higher than the state mean.<sup>30</sup>

—Ethan Jennings

## STATE OF ALASKA SELECTED COMMUNITY DEVELOPMENT INDICATORS

AFFORDABLE HOUSING	RATE	RANK
Homeownership Rate <sup>31</sup>	67.3%	38th
Rental Affordability Rate <sup>32</sup>	—	13th
Severely Cost-Burdened Renter Households <sup>33</sup>	18.0%	5th
<b>SMALL BUSINESS</b>		
Small Business Employment Rate <sup>34</sup>	14.9%	4th
Entrepreneurship Rate <sup>35</sup>	14.0%	12th
Level of Private Loans to Small Business <sup>36</sup>	—	1st
<b>POVERTY AND ASSET ACCUMULATION</b>		
Poverty Rate <sup>37</sup>	9.0%	9th
Households with Zero Net Worth <sup>38</sup>	11.3%	5th
Personal Bankruptcy Rate <sup>39</sup>	5.8	1st
<b>NATIVE AMERICANS AND IMMIGRANTS</b>		
Native American Population <sup>40</sup>	15.6%	1st
Native American Poverty Rate <sup>41</sup>	20.2%	—
Foreign-Born Population <sup>42</sup>	5.9%	21st
Foreign-Born Poverty Rate <sup>43</sup>	11.2%	—

31 U.S. Census Bureau, U.S. Statistical Abstract 2003; represents the percentage of housing units that are occupied by owners, ranked from highest percentage (1st)

32 National Low Income Housing Coalition (NLIHC); Up Against a Wall, November 2004; rank is calculated based on a weighted average of the state's median gross rent, renter market affordability ratio, and percent of severely cost-burdened renters, ranked from most affordable (1st)

33 Ibid; represents the percentage of renter households in the state spending 50% or more of income on rent in 2003, ranked from lowest percentage (1st)

34 U.S. Census Bureau, County Business Patterns 2001; represents the share of total state employment attributable to firms with ten or fewer employees, ranked from highest share (1st)

35 CFED, SADRC; represents the percentage of the labor force that owns employer or non-employer firms as of 2000, ranked from highest percentage (1st)

36 Ibid; represents the dollar amount of private business loans under \$1 million per workers, ranked from highest amount (1st)

37 U.S. Census Bureau, Income, Poverty and Health Insurance Coverage in the United States: 2003; represents the average percentage of people living below the federal poverty level during the period from 2001 to 2003, ranked from lowest percentage (1st)

38 CFED, SADRC; represents the percentage of households with zero or negative net worth, ranked from lowest percentage (1st)

39 American Bankruptcy Institute; represents personal bankruptcy filings in 2003 per thousand households in the state, ranked from fewest filings (1st)

40 U.S. Census Bureau, Census 2000 Data; represents the percentage of the state's population composed of Native Americans and Alaska Natives (only), ranked from highest percentage (1st)

41 Ibid; represents the percentage of Native American/Alaska Native individuals living below the federal poverty level at any time in 1999

42 Ibid; represents the percentage of the state's population composed of foreign-born individuals, ranked from highest percentage (1st)

43 Ibid; represents the percentage of foreign-born individuals living below the federal poverty level at any time in 1999

### Footnotes

1 Netstate.com, The Geography of Alaska, [http://www.netstate.com/states/geography/ak\\_geography.htm](http://www.netstate.com/states/geography/ak_geography.htm).

2 U.S. Census Bureau, Statistical Abstract of the United States: 2003, <http://www.census.gov/statab/ranks/ranks.html>.

3 U.S. Census Bureau, Population Change and Distribution, 1990-2000, <http://www.census.gov/prod/2001pubs/c2kbr01-2.pdf>.

4 U.S. Census Bureau, Alaska QuickFacts, <http://quickfacts.census.gov/qfd/>.

5 Ibid.

6 Bureau of Economic Analysis, Regional Economic Accounts, <http://www.bea.gov/bea/regional/gsp.htm>.

7 State of Alaska Department of Commerce, Community and Economic Development, Alaska Economic Information System: Statewide Data, [http://www.commerce.state.ak.us/dca/AEIS/AEIS\\_Home.htm](http://www.commerce.state.ak.us/dca/AEIS/AEIS_Home.htm). For latest data, refer to the Alaska State Division of Oil and Gas, <http://www.dog.dnr.state.ak.us/oil/>.

8 Ibid.

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11 Division of Treasury, State of Alaska, Alaska Public Debt, 2003-2004, January 2004, <http://www.revenue.state.ak.us/treasury/AMBBA/Forms/PublicDebtBook2003-2004.pdf>.

12 Anchorage Daily News, Oil income Bridges Alaska's Fiscal Gap, December 2004, <http://www.adn.com/alaska/story/5858898p-5774344c.html>.

13 FDIC, Deposit Market Share Report: Alaska, June 2004.

14 Alaska Credit Union League, Credit Union Fact Sheet, [http://www.cuna.org/download/alaska\\_fs.pdf](http://www.cuna.org/download/alaska_fs.pdf).

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16 National Low Income Housing Coalition (NLIHC), Up Against a Wall, November 2004, <http://www.nlihc.org/pubs/uaw04/newrankings.pdf>.

17 U.S. Department of Housing and Urban Development, 2000 Census Results: Housing Trends 1990-2000, Table 1, U.S. Housing Market Conditions, Summer 2001, <http://www.huduser.org/periodicals/ushmc/summer2001/summary-2.html>.

18 NLIHC, Up Against a Wall, November 2004.

19 CFED, SADRC, pp. 129-133.

20 U.S. Small Business Administration, 2003 State Small Business Profile: Alaska, <http://www.sba.gov/advo/stats/profiles/03ak.pdf>.

21 CFED, 2004 Development Report Card for the States, <http://drc.cfed.org/grades/alaska.html>.

22 Robert Atkinson, Progressive Policy Institute, The 2002 State New Economy Index, June 2002.

23 CFED, SADRC.

24 American Bankruptcy Institute, U.S. Bankruptcy Statistics: Households per Filing, <http://www.abiworld.org/statcharts/HouseRank.htm>.

25 CFED, SADRC.

26 Juneau Economic Development Network, IDA Network, <http://www.jedc.org/ida/>.

27 U.S. Census Bureau, Census 2000 Data.

28 Ibid.

29 Ibid.

30 Ibid.

# Arizona



## OVERALL COMMUNITY DEVELOPMENT ENVIRONMENT

### DEMOGRAPHICS

Arizona is the sixth largest state in the U.S. in total area,<sup>1</sup> and its population of 5.58 million made it the 18th largest in terms of population as of 2003.<sup>2</sup> The state's population has grown rapidly, with an 8.8% increase between 2000 and 2003 following a 40% increase between 1990 and 2000.<sup>3</sup> In terms of race and ethnicity, Arizona has much lower proportions of Black/African American and Asian residents and much higher proportions of Native American residents and residents of Hispanic origin than the U.S. overall.<sup>4</sup>

### ECONOMY

Arizona's economy is dominated by services, although manufacturing and construction also play important roles in the state. The state's manufacturing sector is heavily concentrated in high-technology industries, which provide more than half of all manufacturing employment.<sup>5</sup> Arizona was especially hard hit by the recession of 2001-2002, during which its unemployment rate increased by

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*Title VI is one of the best resources available to abate the severe housing crisis on reservations in Arizona and nationwide. Because the program borrows against five years of NAHASDA for large-scale housing development, it is a great way for tribes to solve the housing shortage immediately and for lenders to enjoy a significant guarantee.*

*—Marlin Knight, HUD-Southwest ONAP*

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two percentage points.<sup>6</sup> In the past few months, however, the state has shown some of the strongest job growth in the nation.<sup>7</sup> Recent economic improvement has been driven largely by continued strong population growth, with demographic-based industries such as construction, retail, and real estate playing a major role in the upswing.<sup>8</sup> Nevertheless, while the overall economic outlook for Arizona is strong, its per capita income growth continues to lag that of the nation, indicating a need to attract better-paying jobs in sectors such as healthcare, technology, and defense.<sup>9</sup>

### GOVERNMENTAL AND FINANCIAL SECTORS

Arizona has relatively low state debt levels and enjoys strong credit ratings.<sup>10</sup> After weak revenue performance in FY 2002 and FY 2003, the state's financial position has improved during FY 2004.<sup>11</sup> In the financial sector, there are 78 separately-chartered banks and thrifts in Arizona, although more than two thirds of the FDIC-insured deposits in the state are controlled by

three of them.<sup>12</sup> There are also 65 credit unions, which together control almost 14% of combined bank/credit union assets, more than twice the national average.<sup>13</sup> Finally, Arizona also has 10 certified Community Development Financial Institutions,<sup>14</sup> which combined had \$32.3 million in financing outstanding to more than 12,000 customers in the state at the end of FY 2002.<sup>15</sup>

## COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

### AFFORDABLE HOUSING

Arizona faces a shortage of affordable housing. The state is ranked relatively poorly in the affordability of its rental housing and in its homeownership rate. An estimated 44% of renters and 20% of homeowners are experiencing either housing affordability or quality problems, and the growth in the number of housing units in the state, particularly affordable units, is constrained by the limited availability of private land available for development.<sup>16</sup> The degree of affordability problems varies by region, and in the most expensive areas, including the Flagstaff MSA and Coconino, Pinal, and Mohave Counties, nearly 60% of renters are unable to afford the two-bedroom fair market rent.<sup>17</sup> However, despite its low housing affordability, the state can be credited for a number of homeownership assistance programs, including a state housing trust fund, property tax circuit breaker programs, and first-time homebuyer assistance programs.<sup>18</sup> Overall, the availability of affordable housing has clearly not kept pace with the state's rapid growth and needs additional support.

### SMALL BUSINESS

Small business in Arizona lags somewhat behind the rest of the nation. Businesses with fewer than 10 employees account for only 10% of employment in the state, the seventh smallest share in the country. In addition, Arizona has a relatively low entrepreneurship level, and also ranks very low in the level of private loans to small business. The state is seen as having below-average overall business development capacity and business vitality,<sup>19</sup> but has been praised for its transformation toward a "new economy."<sup>20</sup> While a number of small business assistance

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*Affordable housing availability is affected by numerous factors. The increase in manufactured housing is driven by the demand for more affordable housing but at the cost of driving down the quality. Plus, investors from California and Nevada are buying starter homes as investment property and renting them which drives up prices and reduces inventory.*

*—Mary Boetel, Northern Trust Bank*

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programs are available from both governmental and nonprofit sources, local entrepreneurs assert that the state lacks many of the elements necessary for the success of small businesses, such as early-stage venture capital and educational opportunities.<sup>21</sup>

### POVERTY AND ASSET ACCUMULATION

Approximately 14% of Arizona's population lives in poverty, making Arizona's poverty rate 14th worst among all the states. Even more significantly, the state has low rankings in the area of asset accumulation, with large percentages of its households having zero net worth or otherwise considered asset poor.<sup>22</sup> However, Arizona ranks first in the country in terms of having the smallest difference between asset poverty of male- and female-headed households, and fourth in terms of the difference between white- and non-white headed households. The state also can be credited with a number of supportive asset accumulation and preservation policies, especially in the areas of workers' compensation and health insurance.<sup>23</sup> In addition, IDA programs are supported by both state policy<sup>24</sup> and a statewide alliance, which has set a goal of opening 10,000 IDA accounts in the state over the next five years.<sup>25</sup>

### NATIVE AMERICANS AND IMMIGRANTS

Arizona has the third-largest Native American population in number and the sixth largest in terms of percentage of population in the nation.<sup>26</sup> However, Native Americans in the state face higher-than-average unemployment<sup>27</sup> and more than 35% of them live below the poverty level. While there are a number of supportive institutions in the state serving this population, the problems faced by Native Americans in areas such as affordable housing are significant.

An even larger percentage of the state's population is foreign born (12.8%), ranking Arizona eighth highest on this measure. The bulk of the state's foreign born hail from Latin America, with the largest percentage born in Mexico. Eighty-five percent of the foreign-born residents speak a language other than English at home,<sup>28</sup> and one quarter of this immigrant population lives below the poverty level, compared to only 17.9% of immigrants nationwide. Again, a number of resources are available to serve the foreign-born population, but as with Native Americans, additional support is critical.

— Anne McDonough-Hughes

## STATE OF ARIZONA SELECTED COMMUNITY DEVELOPMENT INDICATORS

AFFORDABLE HOUSING	RATE	RANK
Homeownership Rate <sup>29</sup>	65.9%	43rd
Rental Affordability Rate <sup>30</sup>	—	43rd
Severely Cost-Burdened Renter Households <sup>31</sup>	23.8%	40th
SMALL BUSINESS		
Small Business Employment Rate <sup>32</sup>	9.8%	44th
Entrepreneurship Rate <sup>33</sup>	11.1%	35th
Level of Private Loans to Small Businesses <sup>34</sup>	—	46th
POVERTY AND ASSET ACCUMULATION		
Poverty Rate <sup>35</sup>	13.9%	37th
Households with Zero Net Worth <sup>36</sup>	16.3%	42nd
Personal Bankruptcy Rate <sup>37</sup>	14.2	28th
NATIVE AMERICANS AND IMMIGRANTS		
Native American Population <sup>38</sup>	5.0%	6th
Native American Poverty Rate <sup>39</sup>	37.3%	—
Foreign-Born Population <sup>40</sup>	12.8%	8th
Foreign-Born Poverty Rate <sup>41</sup>	25.0%	—

29 U.S. Census Bureau, U.S. Statistical Abstract 2003; represents the percentage of housing units that are occupied by owners, ranked from highest percentage (1st)

30 NLIHC; rank is calculated based on a weighted average of the state's median gross rent, renter market affordability ratio, and percent of severely cost-burdened renters, ranked from most affordable (1st)

31 NLIHC; Up Against a Wall, November 2004; represents the percentage of renter households in the state spending more than 50% of their income on rent in 2003, ranked from lowest percentage (1st)

32 U.S. Census Bureau, County Business Patterns 2001; represents the share of total state employment attributable to firms with fewer than 10 employees, ranked from highest share (1st)

33 CFED, SADRC; represents the percentage of the labor force that owns employer and non-employer firms as of 2000, ranked from highest percentage (1st)

34 Ibid; represents the dollar amount of private business loans under \$1 million per worker, ranked from highest amount (1st)

35 U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2003; represents the average percent of people living below the federal poverty level during the period from 2001 to 2003, ranked from lowest percentage (1st)

36 CFED, SADRC; represents the percentage of households with zero or negative net worth, ranked from lowest percentage (1st)

37 American Bankruptcy Institute; represents personal bankruptcy filings in 2003 per thousand households in the state, ranked from fewest filings (1st)

38 U.S. Census Bureau, Census 2000; represents the percentage of the state's population composed of Native Americans and Alaska Natives (only), ranked from highest percentage (1st)

39 Ibid; represents the percentage of Native American/Alaska Native (only) individuals living below the federal poverty level at any time in 1999

40 Ibid; represents the percentage of the state's population composed of foreign-born individuals, ranked from highest percentage (1st)

41 Ibid; represents the percentage of foreign-born individuals living below the federal poverty level at any time in 1999

### Footnotes

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2 U.S. Census Bureau, Statistical Abstract of the United States: 2003, <http://www.census.gov/statab/www/ranks.html>.

3 U.S. Census Bureau, Arizona QuickFacts, <http://quickfacts.census.gov/qfd/>.

4 U.S. Census Bureau, Census 2000 Data, <http://www.census.gov/main/www/cen2000.html>.

5 Arizona Department of Commerce, Arizona Economy, <http://www.commerce.state.az.us/business/economy.asp>.

6 Economy.com, Arizona's Economic Future, August 2002, p. 3.

7 FDIC, Arizona State Profile, Fall 2004.

8 Economy.com, Arizona State Profile, August 2004.

9 Economy.com, Arizona State Profile, December 2003.

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11 Ibid.

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13 Arizona Credit Union League, Credit Union Fact Sheet, [http://www.cuna.org/download/arizona\\_fs.pdf](http://www.cuna.org/download/arizona_fs.pdf).

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15 CDFI Coalition, CDFIs in Arizona: 2004 Fact Sheet, <http://www.cdfi.org/states/Arizona2004.pdf>.

16 Arizona Housing Commission (AHC), The State of Housing in Arizona 2000, pp. 4-5.

17 National Low Income Housing Coalition (NLIHC), Out of Reach 2003, Arizona state data.

18 CFED, State Asset Development Report Card (SADRC), 2002, p. 34.

19 CFED, 2004 Development Report Card for the States, <http://drc.cfed.org/grades/arizona.html>.

20 Robert Atkinson, Progressive Policy Institute, The 2002 State New Economy Index, June 2002, tables.

21 Dee Power and Brian Hill, Arizona Entrepreneurs: Critical Factors to Success, April 2002, <http://www.capital-connection.com/azsurveyprinter.html>.

22 CFED, SADRC, p. 34.

23 Ibid.

24 Ibid, p. 121.

25 Assets for Arizona Alliance, IDAs in Arizona: A Case Statement, September 2003, p. 1.

26 U.S. Census Bureau, Statistical Abstract of the United States: 2003.

27 Arizona Department of Economic Security, 2003 Special Unemployment Report, June 2003.

28 U.S. Census Bureau, Census 2000 Data.

# California



## OVERALL COMMUNITY DEVELOPMENT ENVIRONMENT

### DEMOGRAPHICS

California is the third largest state in the U.S. in total area<sup>1</sup> and, based on its 2003 population of approximately 35.5 million people, the largest overall in terms of population.<sup>2</sup> The state's population has been increasing relatively quickly in the past few years, growing 4.8% between 2000 and 2003, the ninth fastest growth rate in the country during that time period.<sup>3</sup> In terms of race and ethnicity, California has much lower proportions of White and Black/African-American residents and much higher proportions of Asian residents and residents of Hispanic or Latino origins than the U.S. as a whole.<sup>4</sup>

### ECONOMY

California's economy is the largest in the U.S. and the sixth largest in the world.<sup>5</sup> The state's gross state product (GSP) in 2003 exceeded \$1.4 trillion, with the largest shares of GSP contributed by services, finance and real estate, and manufacturing.<sup>6</sup> California's economy appears to be improving, although

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*The close working relationship between banks, CDFIs, and nonprofit organizations has had tremendous impact toward improving the lives of low-income families and the underserved populations in California. The economic investment by banks in CDFIs has provided significant returns from both a financial and social perspective.*

*—Doug Bystry, Clearinghouse CDFI*

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it is still feeling the effects of the recession of 2001-2002. Signs of improvement include increases during FY 2004 in taxable sales, personal income, permits for new construction, and company profits.<sup>7</sup> However, job growth continues to be a problem for the state. In the second quarter of 2004, California ranked 33rd nationally for job growth, although, as a whole, it has stopped losing jobs. Job growth has been concentrated in central and rural California, while the San Francisco Bay Area continues to lose jobs, albeit at a slower pace.<sup>8</sup>

### GOVERNMENTAL AND FINANCIAL SECTORS

The State of California's financial position was damaged by the recent recession, and has yet to fully recover.<sup>9</sup> Despite higher-than-expected tax revenues in FY 2004, California's Legislative Analyst's Office (LAO) has forecast that, assuming present spending and revenue policies continue, the state will face a nearly \$10 billion structural budget shortfall by 2006-2007.<sup>10</sup>

In California's financial sector, there are 329 separately chartered banks and thrifts, though nearly half of the FDIC-insured deposits in the state are controlled by three of them.<sup>11</sup> There are also 589 credit unions, which together control 9.1% of combined bank/credit union assets, slightly higher than the national average.<sup>12</sup> California also has 60 certified Community Development Financial Institutions,<sup>13</sup> which together had \$450 million in financing outstanding to more than 34,500 customers in the state at the end of FY 2002.<sup>14</sup>

## COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

### AFFORDABLE HOUSING

Housing supply in California remains tight, which has contributed to a serious shortage of affordable housing in the state. California has the third-lowest homeownership rate in the country, with only 58% of households owning their own home. This situation does not seem likely to change in the near future, as only 19% of California households were able to afford the median-priced home in the state in September 2004, down five percentage points from September 2003.<sup>15</sup> Rental housing is not much more affordable for lower-income individuals and families, as California has the most unaffordable rental housing in the country. A recent analysis by the state's Department of Housing and Community Development suggests that California's housing woes will likely plague the state well into the future and that aggressive action will be necessary to address them.<sup>16</sup>

### SMALL BUSINESS

Small business is important to California's economy, with 10.6% of the state's employment attributable to firms with fewer than 10 employees. California receives relatively positive reviews for certain non-cost related aspects of its business climate and small business resources, earning praise for its job growth due to new business, entrepreneurship rate, and resource efficiency,<sup>17</sup> and ranking 3rd overall on its transformation from a traditional economy to an economy based on ideas and innovation.<sup>18</sup> However, the cost of doing business in California is among the highest in

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*For California to create positive economic futures for low- and moderate-income families, it must create policies that help people to accumulate, leverage and preserve assets. Healthy communities must also be given the opportunity to create assets where they live.*

*—Ben Mangan, EARN*

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the country,<sup>19</sup> and the state has been rated as having the least-friendly policy environment for entrepreneurship.<sup>20</sup>

### POVERTY AND ASSET ACCUMULATION

Overall, California ranks somewhat below average on measures of poverty and asset accumulation. California's mean net worth is relatively high, ranking the state 11th nationally on that measure.<sup>21</sup> However, this strong ranking masks other troubles. The state's poverty rate is slightly higher than the nation's as a whole, and is the 16th highest of all the states. The state also has the third highest asset poverty level and the eighth highest percentage of households with zero or negative net worth.<sup>22</sup> Poverty rates in California vary widely by county, ranging from 5.8% in Placer and San Mateo Counties to 23.9% in Tulare County.<sup>23</sup> In contrast to its relatively weak asset outcomes, the state is credited with a number of supportive asset accumulation and preservation policies, particularly its support for affordable homeownership, its low income tax threshold, and its expansion of Medicaid coverage.<sup>24</sup>

### NATIVE AMERICANS AND IMMIGRANTS

California has the largest Native American population in the nation,<sup>25</sup> although it ranks only 16th nationally in terms of Native Americans as a percentage of state population. Despite widespread attention to tribal gaming in recent years, fewer than half of California's 107 federally-recognized tribes operate gaming facilities, and Native Americans in California have higher rates of poverty, lower household incomes, less education, and higher rates of unemployment than non-California reservation Indians.<sup>26</sup> California's state government has made some legislative efforts to help Native Americans in the past several years, but there are still significant challenges to be addressed.<sup>27</sup>

Approximately 26% of California's population is foreign-born, the highest proportion among the states. More than half of foreign-born residents hail from Latin America, and another third come from Asia.<sup>28</sup> Nineteen percent of California's immigrants live below the poverty level, slightly higher than the national average for immigrants. The state does provide more generous TANF benefits to legal immigrants than many states, but additional resources are required to meet the needs of this population.<sup>29</sup>

—Anne McDonough-Hughes

## STATE OF CALIFORNIA SELECTED COMMUNITY DEVELOPMENT INDICATORS

AFFORDABLE HOUSING	RATE	RANK
Homeownership Rate <sup>30</sup>	58.0%	48th
Rental Affordability Rate <sup>31</sup>	—	50th
Severely Cost-Burdened Renter Households <sup>32</sup>	25.3%	46th
<b>SMALL BUSINESS</b>		
Small Business Employment Rate <sup>33</sup>	10.6%	31st
Entrepreneurship Rate <sup>34</sup>	14.3%	11th
Level of Private Loans to Small Businesses <sup>35</sup>	—	26th
<b>POVERTY AND ASSET ACCUMULATION</b>		
Poverty Rate <sup>36</sup>	12.9%	35th
Households with Zero Net Worth <sup>37</sup>	16.7%	43rd
Personal Bankruptcy Rate <sup>38</sup>	11.1	19th
<b>NATIVE AMERICANS AND IMMIGRANTS</b>		
Native American Population <sup>39</sup>	1.0%	16th
Native American Poverty Rate <sup>40</sup>	21.9%	—
Foreign-Born Population <sup>41</sup>	26.2%	1st
Foreign-Born Poverty Rate <sup>42</sup>	19.1%	—

30 U.S. Census Bureau, U.S. Statistical Abstract 2003; represents the percentage of housing units that are occupied by owners, ranked from highest percentage (1st)

31 NLIHC; rank is calculated based on a weighted average of the state's median gross rent, renter market affordability ratio, and percent of severely cost-burdened renters, ranked from most affordable (1st)

32 NLIHC; Up Against a Wall, November 2004; represents the percentage of renter households in the state spending more than 50% of their income on rent in 2003, ranked from lowest percentage (1st)

33 U.S. Census Bureau, County Business Patterns 2001; represents the share of total state employment attributable to firms with fewer than 10 employees, ranked from highest share (1st)

34 CFED, SADRC; represents the percentage of the labor force that owns employer and non-employer firms as of 2000, ranked from highest percentage (1st)

35 Ibid; represents the amount of private business loans under \$1 million per worker, ranked from highest amount (1st)

36 U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2003; represents the average percent of people living below the federal poverty level during the period from 2001 to 2003, ranked from lowest percentage (1st)

37 CFED, SADRC; represents the percentage of households with zero or negative net worth, ranked from lowest percentage (1st)

38 American Bankruptcy Institute; represents personal bankruptcy filings in 2003 per thousand households in the state, ranked from fewest filings (1st)

39 U.S. Census Bureau, Census 2000; represents the percentage of the state's population composed of Native Americans and Alaska Natives (only) ranked from highest percentage (1st)

40 Ibid; represents the percentage of Native American/Alaska Native (only) individuals living below the federal poverty level at any time in 1999

41 Ibid; represents the percentage of the state's population composed of foreign-born individuals, ranked from highest percentage (1st)

42 Ibid; represents the percentage of foreign-born individuals living below the federal poverty level at any time in 1999

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# Hawaii



## OVERALL COMMUNITY DEVELOPMENT ENVIRONMENT

### DEMOGRAPHICS

Hawaii, with only 10,932 square miles, is the 43rd largest state in total area,<sup>1</sup> and its 2003 population of nearly 1.3 million makes it only the 42nd largest state in population.<sup>2</sup> Hawaii's population increased by 3.8% between 2000 and 2003, a slightly greater increase than the U.S. overall, although the state's population grew more slowly than the nation overall between 1990 and 2000.<sup>3</sup> When it comes to race and ethnicity, Hawaii varies substantially from the U.S. as a whole. Only 24.3% of Hawaii's population is White, less than one third of the level for the U.S., and more than 40% of Hawaii's residents are Asian, compared to 3.6% for the U.S.<sup>4</sup>

### ECONOMY

Hawaii's economy is dominated by tourism and, to a much lesser extent, military and agriculture.<sup>5</sup> The state's economy stagnated during much of the 1990's as economic difficulties in California and Japan hurt the critical tourism sector and planta-

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*The mismatch between incomes and home prices is only one of the barriers to homeownership here. Lack of savings, too much debt, poor credit histories, insufficient information, a lack of a tradition of homeownership, and even the hopelessness from being rejected in the past are all issues that we must overcome with educational classes and one-on-one counseling.*

*—Kendall Hirai, Hawaii's HomeOwnership Center*

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tion and sugar mill closings hurt the agricultural industry. The tourism sector finally began to turn around in 1999, only to be severely impacted by the events of September 11th.<sup>6</sup> In recent months, though, economic conditions have been improving, led by expansion in the tourism and construction sectors.<sup>7</sup> Hawaii ranked fourth nationwide for job growth during the second quarter of 2004,<sup>8</sup> and the state's economy is expected to continue its strong performance in the near future. However, in the longer term, growth prospects are less positive, due to the high cost of doing business in the state and the state's dependence on tourism.<sup>9</sup>

### GOVERNMENT AND FINANCIAL SECTORS

Hawaii has a uniquely centralized state and local governmental structure consisting primarily of only the state government, three county governments, and one combined city/county government. Hawaii's county governments perform most services

usually associated with cities and towns.<sup>10</sup> Despite high debt levels,<sup>11</sup> the state enjoys solid credit ratings.<sup>12</sup> In the financial sector, Hawaii is served by 10 insured depository institutions, although the two largest control almost 60% of FDIC-insured deposits in the state.<sup>13</sup> Hawaii's banks are also complemented by 99 credit unions, which together control 16.2% of total deposits in the state.<sup>14</sup> Finally, Hawaii also has 14 certified Community Development Financial Institutions,<sup>15</sup> which combined had more than \$2.5 million in financing outstanding to 1,279 customers in the state at the end of FY 2002.<sup>16</sup>

## COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

### AFFORDABLE HOUSING

Hawaii's top community development need is affordable housing, both rental and ownership. The state ranks among the worst in the nation in terms of the severity of need for low-income rental housing, with the state government currently able to produce only a very small fraction of the needed affordable rental units.<sup>17</sup> Similarly, Hawaii is nearly the worst in the nation in its rate of homeownership, although the state's rate has increased from 53.9% in 1990<sup>18</sup> to 57.4% in 2002. However, it may be difficult for this increase to continue, as several factors in recent years have combined to cause a substantial increase in housing prices.<sup>19</sup> While the state can be credited with a number of important housing programs, including a state housing trust fund and various homebuyer assistance programs,<sup>20</sup> far more effort is needed in this area.

### SMALL BUSINESS

Small businesses are critical to the Hawaiian economy, with 12% of employment found in firms with fewer than 10 employees, a fairly large share relative to the U.S. average. Moreover, the level of entrepreneurship is high, with 12.6% of the state's workforce owning a business. The state also exhibits strong levels of business ownership by minorities and women.<sup>21</sup> However, despite its small business achievements, Hawaii ranks low in its level of private loans to small business, and there is a

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*Perhaps more so than most states, Hawaii's identity, future and ability to maintain the lifestyle and character of its residents is hinged on its ability to preserve and advance the Native Hawaiian culture and community well-being. Many successes have been built by empowering Natives in the design and implementation of community development solutions.*

*—Robin Puanani Danner, Council for Native Hawaiian Advancement*

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documented need for capital for small businesses.<sup>22</sup> The cost of doing business in the state is also high at 114% of the national average.<sup>23</sup> Finally, the overall vitality and development capacity of the business sector in Hawaii is below average, with the state exhibiting particular weaknesses in areas such as infrastructure resources and energy cost.<sup>24</sup>

### POVERTY AND ASSET ACCUMULATION

In poverty and asset accumulation, Hawaii's results are also mixed, but the underlying deficiencies are quite serious. Hawaii's overall poverty rate is slightly lower than the U.S. average, and the state ranks in the middle of the states on this measure. Additionally, the state ranks first nationally in mean net worth, although this statistic is particularly influenced by high home prices.<sup>25</sup> However, while high home prices support the overall level of household net worth, the state's mean net worth ranking masks serious problems. Chief among these problems is the state's ranking as among the worst in the nation in its percentage of households with zero or negative net worth, which indicates a high level of people living at the margin and underscores the importance of mechanisms, such as IDA programs, to help boost savings.

### NATIVE HAWAIIANS AND IMMIGRANTS

Finally, Hawaii has its own unique community development needs centered on its Native Hawaiian population and its immigrants. The states' large Native Hawaiian/Pacific Islander population, which at 9.4% of the state's population is larger than most states' native populations, is poorer than the non-native population and has greater housing needs.<sup>26</sup> Hawaii also has a large proportion of foreign-born residents, the fourth-highest proportion nationally. Overall, Hawaii's immigrants are more likely to be U.S. citizens than immigrants nationwide and less likely to live in poverty,<sup>27</sup> but recently-arrived immigrants and refugees face multiple transitional problems and are often hindered by language and culture barriers. While a number of institutions in the state provide support to both groups, additional housing and other services—including in areas such as financial education—are critically needed.

—Scott Turner and Anne McDonough-Hughes

## STATE OF HAWAII SELECTED COMMUNITY DEVELOPMENT INDICATORS

AFFORDABLE HOUSING	RATE	RANK
Homeownership Rate <sup>28</sup>	57.4%	49th
Rental Affordability Rate <sup>29</sup>	—	41st
Severely Cost-Burdened Renter Households <sup>30</sup>	23.4%	36th
SMALL BUSINESS		
Small Business Employment Rate <sup>31</sup>	12.0%	17th
Entrepreneurship Rate <sup>32</sup>	12.6%	18th
Level of Private Loans to Small Businesses <sup>33</sup>	—	43rd
POVERTY AND ASSET ACCUMULATION		
Poverty Rate <sup>34</sup>	10.7%	23rd
Households with Zero Net Worth <sup>35</sup>	18.1%	47th
Personal Bankruptcy Rate <sup>36</sup>	7.9	5th
NATIVE HAWAIIANS/PACIFIC ISLANDERS AND IMMIGRANTS		
Native Hawaiian/Pacific Islander Population <sup>37</sup>	9.4%	—
Native Hawaiian/Pacific Islander Poverty Rate <sup>38</sup>	21.4%	—
Foreign-Born Population <sup>39</sup>	17.5%	4th
Foreign-Born Poverty Rate <sup>40</sup>	12.7%	—

28 U.S. Census Bureau, U.S. Statistical Abstract 2003; represents the percentage of housing units that are occupied by owners, ranked from highest percentage (1st)

29 NLIHC; rank is calculated based on a weighted average of the state's median gross rent, renter market affordability ratio, and percent of severely cost-burdened renters, ranked from most affordable (1st)

30 NLIHC; Up Against a Wall, November 2004; represents the percentage of renter households in the state spending more than 50% of their income on rent in 2003, ranked from lowest percentage (1st)

31 U.S. Census Bureau, County Business Patterns 2001; represents the share of total state employment attributable to firms with fewer than 10 employees, ranked from highest share (1st)

32 CFED, SADRC; represents the percentage of the labor force that owns employer and non-employer firms as of 2000, ranked from highest percentage (1st)

33 Ibid; represents the dollar amount of private business loans under \$1 million per worker, ranked from highest amount (1st)

34 U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2003; represents the average percent of people living below the federal poverty level during the period from 2001 to 2003, ranked from lowest percentage (1st)

35 CFED, SADRC; represents the percentage of households with zero or negative net worth, ranked from lowest percentage (1st)

36 American Bankruptcy Institute; represents personal bankruptcy filings in 2003 per thousand households in the state, ranked from fewest filings (1st)

37 U.S. Census Bureau, Census 2000; represents the percentage of the state's population composed of Native Hawaiians and other Pacific Islanders (only)

38 Ibid; represents the percentage of Native Hawaiian and other Pacific Islander (only) individuals living below the federal poverty level at any time in 1999

39 Ibid; represents the percentage of the state's population composed of foreign-born individuals, ranked from highest percentage (1st)

40 Ibid; represents the percentage of foreign-born individuals living below the federal poverty level at any time in 1999

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## OVERALL COMMUNITY DEVELOPMENT ENVIRONMENT

### DEMOGRAPHICS

Idaho is the 14th largest state in total area,<sup>1</sup> but only the 39th largest in population.<sup>2</sup> The state's population grew very quickly (increasing 28.5%, more than twice the national rate) from 1990 to 2000, and continued to grow in the years that followed, increasing another 5.6% between 2000 and 2003.<sup>3</sup> In terms of race and ethnicity, 91% of Idaho's residents are White, a much higher percentage than nationally, and only 7.9% identify as Hispanic/Latino, a much lower percentage.<sup>4</sup>

### ECONOMY

Idaho's economy has a heavier concentration of resource-based industries than the nation overall, most importantly in timber and wood products, mining and chemicals, and agriculture and food processing. The state has witnessed a significant loss of jobs in these sectors over the past decade, and this has particularly affected the 35 rural counties in the state.<sup>5</sup> In contrast, the Boise City MSA was ranked 13th in the Milken Institute's

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*Idaho's affordable housing needs require solutions in at least four unique and challenging areas: fast growing urban areas, economically troubled rural communities, several popular and expensive resort locations and on tribal land. No one program, plan or organization can address all needs, but effective housing policy could assist many groups in developing solutions.*

*—Tom Lay, Boise Neighborhood Housing Services*

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ranking of the "best performing cities," which examines U.S. metro areas based on their ability to create and sustain jobs.<sup>6</sup> Idaho's small computer and electronics sector saw huge growth in the late 1990's and helped support strong overall growth in the state economy, though it suffered from the bursting of the high-tech bubble and has not yet recovered.<sup>7</sup> The state followed the nation into recession in 2001 and 2002, and only last year began to post employment gains, but overall the economic outlook is moderately favorable, with job growth of 1.7% expected over the next several years.<sup>8</sup>

### GOVERNMENTAL AND FINANCIAL SECTORS

Idaho enjoys reasonably strong credit ratings. In the financial sector, there are 34 separately chartered insured depository institutions, with combined deposits in the state of \$13.8 billion.<sup>9</sup> There are also 69 active credit unions, which control one third of combined bank/credit union assets, more than five times the mar-

ket share of U.S. credit unions.<sup>10</sup> According to local practitioners, Idaho's non-profit sector is struggling with issues of capacity and mission. Finally, Idaho has four organizations certified as Community Development Financial Institutions,<sup>11</sup> which together had \$3.2 million in financing outstanding to their customers, most of whom are located in rural areas, at the of FY2002.<sup>12</sup>

## COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

### AFFORDABLE HOUSING

Like all states, Idaho faces a shortage of affordable housing, though the problem seems less acute than elsewhere. The state ranks high on the affordability of its rental housing and also enjoys a high rate (and state ranking) on homeownership. Nevertheless, an estimated 46% of renters spend 30% or more of their income on rent,<sup>13</sup> and over one fifth of renters are severely cost burdened, meaning that they pay more than 50% of their income in rent. A state-commissioned study identified some of the top barriers to the creation of affordable housing, including the need to clarify the property tax relief provisions for low-income individuals, address accessibility standards for multifamily housing under the Fair Housing Act, attract new workers to the construction industry, and help smaller local governments in the development process.<sup>14</sup> The state can be credited with a number of supportive affordable housing programs, including the highest ranking in the country for its allocation of private-activity bonds for mortgage revenue bonds and five separate first-time homebuyer assistance programs,<sup>15</sup> but its housing trust fund has yet to be funded and the state allocates virtually no state funds for housing programs.

### SMALL BUSINESS

Small business is extremely important to the Idaho economy and people. Very small businesses (those with fewer than 10 employees) employ a large percentage of Idaho residents, and the state has one of the highest rates of entrepreneurship in the nation. On the other hand, small businesses face some difficulty in obtaining financing, as evidenced by the state's average

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*A market analysis conducted for the Idaho-Nevada CDFI documented an acute need for lending capital for small businesses. In the most distressed areas of the state, there is the need for an additional \$50 million in small business lending capital over the next two years, of which 15-20 percent would be for rural areas. —Chuck Prince, Idaho-Nevada CDFI*

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ranking in the level of private loans provided to this sector and by views expressed in surveys of local small businesses, which listed “access to capital” as their top concern.<sup>16</sup> At the same time, Idaho receives only average grades in the areas of development capacity, business vitality, and overall economic dynamism,<sup>17</sup> and is criticized for its general lack of supportive programs for small business,<sup>18</sup> so additional support would be beneficial. Local sources have highlighted non-financial areas of need for Idaho’s small businesses including overall operational training, basic skills development, and marketing.

### POVERTY AND ASSET ACCUMULATION

Idaho ranks about in the middle of all the states in terms of its poverty rate, though poverty is especially acute in about a quarter of its counties.<sup>19</sup> The state ranks in the bottom half in terms of the percentage of households with zero or negative net worth, and it has a very high personal bankruptcy rate, indicating a high amount of personal financial stress. In terms of asset policies, the state is heavily criticized, especially in the various measures of asset protection policies such as wage protection and health insurance.<sup>20</sup> The state currently has only one operating IDA program, although efforts are underway to expand them across the state.

### NATIVE AMERICANS AND IMMIGRANTS

Idaho has a relatively small Native American population, though given the state’s small size, it ranks fairly high in terms of the share of population represented by this group. Idaho’s Native American population has a poverty rate more than double that of the rest of the state. The state’s immigrant population is also quite small, about half the share nationally, although this population has grown quickly, more than doubling between 1990 and 2000 (a 121.7% increase), compared to only a 57.4% increase nationally during the same period.<sup>21</sup> These foreign-born residents face a high poverty rate that is also double that of the overall state, as well as linguistic and other economic challenges.<sup>22</sup>

—Scott Turner

## STATE OF IDAHO SELECTED COMMUNITY DEVELOPMENT INDICATORS

AFFORDABLE HOUSING	RATE	RANK
Homeownership Rate <sup>23</sup>	73.0%	15th
Rental Affordability Rate <sup>24</sup>	—	16th
Severely Cost-Burdened Renter Households <sup>25</sup>	20.6%	15th
<b>SMALL BUSINESS</b>		
Small Business Employment Rate <sup>26</sup>	14.6%	5th
Entrepreneurship Rate <sup>27</sup>	15.8%	8th
Level of Private Loans to Small Businesses <sup>28</sup>	—	22nd
<b>POVERTY AND ASSET ACCUMULATION</b>		
Poverty Rate <sup>29</sup>	11.0%	27th
Households with Zero Net Worth <sup>30</sup>	15.3%	30th
Personal Bankruptcy Rate <sup>31</sup>	18.1	41st
<b>NATIVE AMERICANS AND IMMIGRANTS</b>		
Native American Population <sup>32</sup>	1.4%	10th
Native American Poverty Rate <sup>33</sup>	25.2%	—
Foreign-Born Population <sup>34</sup>	5.0%	27th
Foreign-Born Poverty Rate <sup>35</sup>	22.0%	—

23 U.S. Census Bureau, U.S. Statistical Abstract 2003; represents the percentage of housing units that are occupied by owners, ranked from highest percentage (1st)

24 NLIHC; rank is calculated based on a weighted average of the state’s median gross rent, renter market affordability ratio, and percent of severely cost-burdened renters, ranked from most affordable (1st)

25 NLIHC; Up Against a Wall, November 2004; represents the percentage of renter households in the state spending more than 50% of their income on rent in 2003, ranked from lowest percentage (1st)

26 U.S. Census Bureau, County Business Patterns 2001; represents the share of total state employment attributable to firms with fewer than 10 employees, ranked from highest share (1st)

27 CFED, SADRC; represents the percentage of the labor force that owns employer and non-employer firms as of 2000, ranked from highest percentage (1st)

28 Ibid; represents the dollar amount of private business loans under \$1 million per worker, ranked from highest amount (1st)

29 U.S. Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2003; represents the average percent of people living below the federal poverty level during the period from 2001 to 2003, ranked from lowest percentage (1st)

30 CFED, SADRC; represents the percentage of households with zero or negative net worth, ranked from lowest percentage (1st)

31 American Bankruptcy Institute; represents personal bankruptcy filings in 2003 per thousand households in the state, ranked from fewest filings (1st)

32 U.S. Census Bureau, Census 2000; represents the percentage of the state’s population composed of Native Americans and Alaska Natives (only), ranked from highest percentage (1st)

33 Ibid; represents the percentage of Native American/Alaska Native (only) individuals living below the federal poverty level at any time in 1999

34 Ibid; represents the percentage of the state’s population composed of foreign-born individuals, ranked from highest percentage (1st)

35 Ibid; represents the percentage of foreign-born individuals living below the federal poverty level at any time in 1999

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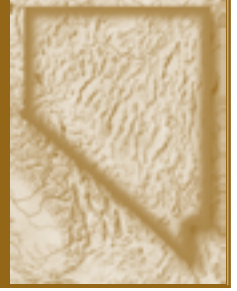
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# Nevada



## OVERALL COMMUNITY DEVELOPMENT ENVIRONMENT

### DEMOGRAPHICS

Nevada is the seventh largest state in total area, but only the 35th largest state based on population.<sup>1</sup> However, Nevada's population is witnessing explosive growth, with a 12.2% increase between 2000 and 2003 (the strongest growth in the nation) coming on top of a 66.3% increase between 1990 and 2000.<sup>2</sup> The bulk of the state's population is contained in Clark County (containing Las Vegas), and to a somewhat lesser extent, Washoe County (containing Reno).<sup>3</sup> The state's racial and ethnic breakdown follows relatively closely that of the nation, with the exceptions that the Black/African American population's share is only half that of the nation's, and the Hispanic/Latino population's share is almost 60% greater.<sup>4</sup>

### ECONOMY

With a small manufacturing base, Nevada's economy is dominated by the service sector, which is responsible for almost one third of the state's economy, as compared to only 23% nationally.<sup>5</sup> In particular, the thriving, gaming-driven tourism industry

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*Nevada's high personal bankruptcy rate in large part reflects a shortfall among the huge numbers of people relocating here between the incomes they were expecting to earn and the much higher cost of living that they have encountered, especially in the areas of housing, child care and even automobile insurance, much of which is being financed with credit cards.*

*—Michelle Johnson, Consumer Credit Counseling Service*

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dominates economic activity, with the leisure and hospitality services sub-sector supplying 28.0% of the jobs in Nevada, compared to only 9.3% in the nation.<sup>6</sup> These service jobs tend to pay relatively low wages and limit overall household income levels. Moreover, while low energy costs and a very low tax burden make the state quite competitive, a severe lack of economic diversity renders the state somewhat vulnerable to a national economic downturn or another tourism-impacting event such as September 11th.<sup>7</sup> Supported by strong net in-migration, booming construction, and a quick recovery in neighboring California,<sup>8</sup> Nevada's economy easily weathered the recent recession and is rebounding strongly, with the state now leading the nation in job creation.<sup>9</sup> These same factors should continue to underpin strong economic growth going forward.

### GOVERNMENTAL AND FINANCIAL SECTORS

Nevada enjoys solid credit ratings.<sup>10</sup> The state's tax structure

relies heavily on sales and other taxes that fall heavily on tourists, thereby allowing the state to export a large portion of its tax burden. However, this tax system is criticized for its regressive impact on lower-income residents, and its limited nature constrains overall state finances. In the financial sector, there are 52 separately chartered insured depository institutions with combined deposits in the state of \$40.7 billion,<sup>11</sup> many of which have aggressively added branches in the state in recent years.<sup>12</sup> These banks are augmented by 29 credit unions.<sup>13</sup> Finally, the state has four certified Community Development Financial Institutions,<sup>14</sup> which together had \$5.8 million in financing outstanding to their more than 500 mostly low-income customers at the end of FY 2002.<sup>15</sup>

## COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

### AFFORDABLE HOUSING

Affordable housing had long been one of the key ingredients driving Nevada's explosive growth, but recent rapid price appreciation has eroded that advantage and in turn has put pressure on the state's supply of affordable rental housing. Overall, despite recent gains, the state still ranks quite low for its homeownership rate. On the rental side, the state ranks only average in its overall rental housing affordability, with recent data showing that more than one fifth of the renters in the state pay more than 50% of their household income on housing.<sup>16</sup> Nevada is specifically lauded by CFED for its housing trust fund and its large devotion of its private-activity bond authority to mortgage revenue bonds,<sup>17</sup> but strong expected growth in the future and increasingly limited land in Clark County only further underscore the importance of affordable housing assistance for the state's low- and moderate-income community.

### SMALL BUSINESS

Small businesses and entrepreneurs comprise a smaller part of the Nevada economy than in any other state. Specifically, the state ranks last in the nation in both its level of entrepreneurship and the share of employment in small businesses (firms with fewer than 10 employees). Nevada is also ranked relative-

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*Rapid home price increases in Clark County over the past 18 months have led to a dramatic deterioration in the affordability of homeownership in the county. A relatively modest single-family home affordable to families at 100% of the median income in the summer of 2003 is now affordable only to families at 137% of median income.*

*—Douglas Bell, Clark County Community Resources Management*

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ly low in the level of private finance provided to small businesses. Finally, the state fails on virtually every CFED measure of small business policy.<sup>18</sup> While the usual array of SBA and other programs is augmented with a few local rural and microenterprise programs, clearly this segment of the state's economy could benefit from additional support.

### POVERTY AND ASSET ACCUMULATION

Nevada enjoys a relatively good ranking for the percentage of its residents who fall below the poverty level. However, the state fares worse on measures of the "near-poor," with some 37% of its residents falling under the level of 200% of poverty.<sup>19</sup> At the same time, Nevada has one of the worst personal bankruptcy rates in the nation, indicating severe financial stress. The state is ranked near the bottom in the percentage of households with zero or negative net worth, and CFED gives the state a failing grade in terms of overall asset outcomes.<sup>20</sup> At the same time, CFED also gives Nevada a failing grade for its asset policies, citing its lack of any legislation or support for IDA programs as well as an array of other deficiencies in this area.<sup>21</sup> However, a group of bankers has recently assembled a funding collaborative with the goal of increasing IDA programs in the state.

### NATIVE AMERICANS AND IMMIGRANTS

Nevada's overall population of Native Americans is fairly small, only the 21st highest in the nation, though Native Americans are more significant as a share of the state's population. This group has a much higher poverty rate than the state, lower education levels, and a lower rate of homeownership.<sup>22</sup> While an array of federal programs is available, the usage of the primary Native American homeownership program is quite limited, and further assistance to address the needs of the native population is needed. In contrast, Nevada's immigrant population is significant, with one of the highest rankings in terms of its share of the total population. Moreover, this population has grown quickly, and while some have found quick success in the Las Vegas economy, overall, immigrants are poorer and face greater difficulties in housing.<sup>23</sup>

—Scott Turner

## STATE OF NEVADA SELECTED COMMUNITY DEVELOPMENT INDICATORS

AFFORDABLE HOUSING	RATE	RANK
Homeownership Rate <sup>24</sup>	65.5%	44th
Rental Affordability Rate <sup>25</sup>	—	23rd
Severely Cost-Burdened Renter Households <sup>26</sup>	20.4%	12th

### SMALL BUSINESS

Small Business Employment Rate <sup>27</sup>	8.5%	50th
Entrepreneurship Rate <sup>28</sup>	9.3%	50th
Level of Private Loans to Small Businesses <sup>29</sup>	—	38th

### POVERTY AND ASSET ACCUMULATION

Poverty Rate <sup>30</sup>	9.0%	9th
Households with Zero Net Worth <sup>31</sup>	22.0%	48th
Personal Bankruptcy Rate <sup>32</sup>	23.3	47th

### NATIVE AMERICANS AND IMMIGRANTS

Native American Population <sup>33</sup>	1.3%	11th
Native American Poverty Rate <sup>34</sup>	18.7%	—
Foreign-Born Population <sup>35</sup>	15.8%	6th
Foreign-Born Poverty Rate <sup>36</sup>	15.1%	—

24 U.S. Census Bureau, U.S. Statistical Abstract 2003; represents the percentage of housing units that are occupied by owners, ranked from highest percentage (1st)

25 NLIHC; rank is calculated based on a weighted average of the state's median gross rent, renter market affordability ratio, and percent of severely cost-burdened renters, ranked from most affordable (1st)

26 NLIHC; Up Against a Wall, November 2004; represents the percentage of renter households in the state spending more than 50% of their income on rent in 2003, ranked from lowest percentage (1st)

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# Oregon



## OVERALL COMMUNITY DEVELOPMENT ENVIRONMENT

### DEMOGRAPHICS

Oregon is the ninth largest state in the U.S. in total area<sup>1</sup> and the 27th largest in terms of population, based on its 2003 population of approximately 3.6 million.<sup>2</sup> The state's population increased faster than that of the U.S. overall from 1990 to 2000, growing by 20.4%, but its growth slowed to an average pace between 2000 and 2003, when Oregon's population increased only slightly more than that of the U.S. as a whole.<sup>3</sup> In terms of race and ethnicity, Oregon has much lower proportions of Black/African American residents and residents of Hispanic/Latino origin than the U.S. overall, and a much higher proportion of White residents.<sup>4</sup>

### ECONOMY

Manufacturing plays a large role in Oregon's economy, and within the manufacturing sector, high technology manufacturing, food processing, primary metals and metal fabrication, and forest-product manufacturing are key subsectors.<sup>5</sup> Oregon's employment rate was significantly affected by the recession of 2001-2002.

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*Indian Country is a land of great contrasts. While tribes are becoming a major economic force in their regions, the needs of their population remain substantial as measured by socio-economic indicators. The success of tribal entrepreneurial efforts is encouraging individual entrepreneurship with self-employment increasing in popularity among Native Americans as a viable lifestyle option. —Tom Hampson, ONABEN*

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During 2002 and 2003, the state's unemployment rate was among the worst in the nation, ranking 49th in 2002 and 50th at times during 2003.<sup>6</sup> Recently, however, Oregon's economy has been slowly improving, exhibiting the 7th highest job growth nationally during spring 2004,<sup>7</sup> although unemployment in the state still remains higher than the national average (7.2% in October 2004 versus 5.5% for the U.S. as a whole).<sup>8</sup> Oregon's economic growth has been led by improvements in the manufacturing and construction industries,<sup>9</sup> and is expected to continue to increase in line with that of the U.S. as a whole, albeit more slowly.<sup>10</sup>

### GOVERNMENTAL AND FINANCIAL SECTORS

Oregon generally fares well on measures of fiscal soundness, receiving strong bond ratings from credit rating agencies for its general obligation bonds.<sup>11</sup> After suffering during the recession of 2001-2002, the state's financial picture looks to be improving. From 2002 through mid-2003, Oregon was faced with seven

straight quarters of lower-than-expected tax revenues, but by year-end 2003, revenues appeared to have stabilized.<sup>12</sup> In the financial sector there are 55 separately chartered banks and thrifts in the state, though nearly half of the FDIC-insured deposits in Oregon are controlled by three of them.<sup>13</sup> There are also 102 credit unions, which together control one third of combined bank/credit union assets, more than five times the national average.<sup>14</sup> Oregon also has 11 certified Community Development Financial Institutions,<sup>15</sup> which together had \$162 million in financing outstanding to more than 18,000 customers in the state at the end of FY 2002.<sup>16</sup>

## COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

### AFFORDABLE HOUSING

Oregon's housing market has had difficulty keeping up with the state's changing economy and demographics. As of 2002, Oregon had the ninth-lowest homeownership rate in the country, with only 66% of households owning their own home. This situation does not seem likely to change in the near future, as median home values have increased much faster than median income in the recent past.<sup>17</sup> Rental housing is not much more affordable for lower-income individuals and families, as Oregon is ranked 48th on rental housing affordability, making it the third-least affordable state for renters.<sup>18</sup> Despite efforts by the state to address its housing affordability problem, such as the adoption of a state housing trust fund, a variety of state tax credits, and a package of programs targeted towards first-time homebuyers,<sup>19</sup> Oregon appears to have made little progress toward solving its housing affordability challenges.<sup>20</sup>

### SMALL BUSINESS

Small business is important to Oregon's economy, with businesses with fewer than 10 employees accounting for 13% of the state's employment, among the highest shares in the country. Oregon receives relatively positive reviews of its business climate and small business resources, earning praise for its strong infrastructure resources, quality of life, and resource efficiency,<sup>21</sup> and ranking 11th best on its transformation from a traditional economy to an econ-

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*Oregon's rapid real estate appreciation is great for current homeowners as an asset building strategy. However, renters, low-income households, and diverse families are not enjoying these benefits equally. We are particularly concerned about making the dream of homeownership a reality for these households.*

*—Jon Gail, Oregon Housing and Community Services*

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omy based on ideas and innovation.<sup>22</sup> State government, the U.S. Small Business Administration, and private organizations provide a variety of educational and financial resources to Oregon's small businesses, but recent reports suggest that entrepreneurs in the state are concerned with the lack of small business financing available and would like to see more services tailored to their needs.<sup>23</sup>

### POVERTY AND ASSET ACCUMULATION

Overall, Oregon ranks relatively well on measures of poverty and asset accumulation. The state's poverty rate is slightly lower than the nation's, and is the 21st highest of all the states.<sup>24</sup> Oregon also has the seventh-highest mean net worth nationally, and the 12th lowest percentage of households with zero or negative net worth.<sup>25</sup> However, poverty rates in Oregon declined less than the U.S. average decline between 1990 and 1999, and vary widely between counties.<sup>26</sup> Oregon is credited with a number of supportive asset accumulation and preservation policies, particularly its efforts to increase homeownership and to ensure that more state residents have access to health insurance.<sup>27</sup>

### NATIVE AMERICANS AND IMMIGRANTS

Oregon has the 11th highest proportion in the nation of Native American residents in its population. Despite active participation in the gaming industry by eight of Oregon's nine federally-recognized tribes,<sup>28</sup> Oregon's Native Americans continue to face higher-than-average poverty rates. Oregon's state government is attempting to address tribal concerns by requiring each Cabinet-level department to enter into a contract that formally recognizes the interests of Native Americans and provides processes for ensuring tribal concerns are addressed.<sup>29</sup>

Approximately 9% of Oregon's population is foreign born, the 16th-highest proportion among the states. The largest group of foreign born in Oregon hails from Latin America, although sizable proportions also come from Asia and Europe. Twenty percent of Oregon's immigrants live below the poverty level, nearly double the overall poverty rate for the state.<sup>30</sup> Oregon does provide more generous TANF benefits to legal immigrants than many states, but additional resources are required to meet the needs of this population.<sup>31</sup>

—Anne McDonough-Hughes

## STATE OF OREGON SELECTED COMMUNITY DEVELOPMENT INDICATORS

AFFORDABLE HOUSING	RATE	RANK
Homeownership Rate <sup>32</sup>	66.2%	42nd
Rental Affordability Rate <sup>33</sup>	—	48th
Severely Cost-Burdened Renter Households <sup>34</sup>	26.3%	49th
SMALL BUSINESS		
Small Business Employment Rate <sup>35</sup>	13.1%	11th
Entrepreneurship Rate <sup>36</sup>	16.2%	7th
Level of Private Loans to Small Businesses <sup>37</sup>	—	27th
POVERTY AND ASSET ACCUMULATION		
Poverty Rate <sup>38</sup>	11.7%	30th
Households with Zero Net Worth <sup>39</sup>	13.0%	12th
Personal Bankruptcy Rate <sup>40</sup>	16.9	38th
NATIVE AMERICANS AND IMMIGRANTS		
Native American Population <sup>41</sup>	1.3%	11th
Native American Poverty Rate <sup>42</sup>	22.2%	—
Foreign-Born Population <sup>43</sup>	8.5%	16th
Foreign-Born Poverty Rate <sup>44</sup>	19.9%	—

32 U.S. Census Bureau, U.S. Statistical Abstract 2003; represents the percentage of housing units that are occupied by owners, ranked from highest percentage (1st)

33 NLIHC; rank is calculated based on a weighted average of the state's median gross rent, renter market affordability ratio, and percent of severely cost-burdened renters, ranked from most affordable (1st)

34 NLIHC; Up Against a Wall, November 2004; represents the percentage of renter households in the state spending more than 50% of their income on rent in 2003, ranked from lowest percentage (1st)

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## OVERALL COMMUNITY DEVELOPMENT ENVIRONMENT

### DEMOGRAPHICS

Utah is the 13th-largest state in total area, covering 84,904 square miles.<sup>1</sup> The state experienced rapid population growth of 5.3% between 2000 and 2003, the eighth highest in the nation.<sup>2</sup> As of July 2003, the state's population was estimated at 2.38 million, with 7.5% of residents living in Salt Lake City and 4.7% in West Valley City, the state's two largest urban areas.<sup>3</sup> While the state population posted a remarkable 29.6% growth between 1990 and 2000 (the fourth-fastest growth nationwide), the Provo-Orem MSA grew even faster, ranking as the 10th-fastest growing MSA in the country.<sup>4</sup> Utah has a more predominantly White population than the U.S. on average, and smaller percentages of Blacks/African-Americans and Hispanics/Latinos.<sup>5</sup>

### ECONOMY

Utah's economy totaled \$75.8 billion in 2003, making it the 33rd-largest state economy in the country.<sup>6</sup> The state's unem-

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*More families in Utah are asset poor than income poor. Asset development is critical to building an equitable Utah economy. With Individual Development Accounts, low-income Utahns can increase their assets through matched savings accounts.*  
—Martha Wunderli, *Utah Issues*

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ployment rate has consistently been better than the U.S. rate, averaging 5.8% in 2003,<sup>7</sup> although Utah had the fourth-lowest personal income per capita in that year.<sup>8</sup> Utah's economic outlook is extremely positive due to the state's projected strong employment growth in high-paying jobs in the professional and business service and educational sectors. Manufacturing in Utah has also posted strong growth as a result of the awarding of significant defense contracts.<sup>9</sup>

### GOVERNMENT AND FINANCIAL SECTORS

Utah's state government is in a sound fiscal position, experiencing a \$1.9 billion surplus in state funds in FY 2003.<sup>10</sup> Not surprisingly, the state earns top bond ratings on its obligations from the major credit rating agencies.<sup>11</sup> In its financial sector, Utah had three operating Community Development Financial Institutions as of November 2004,<sup>12</sup> as well as 73 FDIC-insured institutions with combined deposits in the state of \$102

billion.<sup>13</sup> Among these 73 institutions are numerous state-chartered Industrial Banks, which in 2004 accounted for more than 40% of financial institutions in the state and held more than 50% of the state's banking assets.<sup>14</sup>

## COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

### AFFORDABLE HOUSING

Utah faces modest affordable housing challenges. The state's housing stock grew 27.9% between 1990 and 2000 (the fourth-highest rate nationally), and homeownership also increased during this time period, growing at the fifth-fastest rate in the country.<sup>15</sup> Utah ranked slightly above average in its housing affordability at 19th nationwide, although in 2004, more than one fifth of renters were spending more than 50% of their incomes on housing.<sup>16</sup> Utah ranks in the top half nationally (17th) in homeownership, with 72.7% of residents owning their homes. This is notable given the high median value of homes in the state.<sup>17</sup> Utah has made efforts to improve housing affordability, including a state housing trust fund and property tax circuit breakers, but operates only two of six common first-time homebuyer assistance programs.<sup>18</sup>

### SMALL BUSINESS

Small business is important to Utah's economy, but less so than in other Western states: 75% of all firms employ fewer than 10 workers, and just over 10% of workers in the state are employed by such firms (ranking Utah just 36th in the nation).<sup>19</sup> Business bankruptcies were down 13.8% in 2003,<sup>20</sup> but access to credit remains an issue for small businesses: Utah ranks a below-average 29th in the level of private loans to small businesses and earns the same ranking for its small business entrepreneurship rate.<sup>21</sup> The state also earns only average scores in gender and racial cross-sections of small business ownership data,<sup>22</sup> indicating that there is room for improvement in the minority business environment.

### POVERTY AND ASSET ACCUMULATION

Asset poverty may be the single most important community development issue in Utah. Between 2001 and 2003, Utah's

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*Utah has a diverse landscape of urban and rural communities; each with its own unique challenges, each dependent in so many ways on the other.*  
—Ed Meyer, *Utah Office of Rural Development*

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poverty rate averaged 9.8% (17th-best nationwide). Yet the state has a low net worth per household<sup>23</sup> and the highest personal bankruptcy rate in the country.<sup>24</sup> In addition, real per capita income in Utah actually decreased slightly between 2002 and 2003, and as many as 32% of the impoverished in Utah lack health insurance.<sup>25</sup> Utah scores respectably on measures of educational attainment, with 26% of Utahns over 25 having a college degree (20th).<sup>26</sup> Inequality in educational attainment by race is relatively small, but the gender gap in the state poses a problem: men have a 47% higher attendance rate in higher education than women (the eighth-largest gap nationally).<sup>27</sup> Utah has taken steps to address its asset accumulation-related challenges by supporting IDAs, having passed IDA legislation in 1997 and integrated TANF credits into its IDA policy.<sup>28</sup> The nascent Utah IDA Network is also increasing access to IDAs in the state.

### NATIVE AMERICANS AND IMMIGRANTS

Utah ranks 11th in the percentage of state population (1.3%) accounted for by the American Indian/Alaska Native (AIAN) population.<sup>29</sup> The state has seven reservations, which were home to more than 25,000 American Indians as of 2000.<sup>30</sup> Housing conditions and poverty levels for the AIAN population are uniformly worse than the state averages: in 2000, the AIAN poverty rate was 33.4%, the median value of AIAN-owned homes was well below the state mean, and nearly 40% of AIAN renters were paying more than 30% of their income towards rent.<sup>31</sup>

Approximately 7% of Utahns are foreign born, the 19th-largest population share nationwide. The foreign-born population grew 171% in Utah between 1990 and 2000, the fifth-fastest rate of growth and three times as much as the national average of 57.4%. Nineteen percent of the foreign born in Utah live in poverty, and significantly fewer foreign born in Utah are citizens (30% in Utah versus 40% nationwide). Most immigration to Utah is from Latin America (55%), Asia (18%), and Europe (16%).<sup>32</sup>

—Ethan Jennings

## STATE OF UTAH SELECTED COMMUNITY DEVELOPMENT INDICATORS

AFFORDABLE HOUSING	RATE	RANK
Homeownership Rate <sup>33</sup>	72.7%	17th
Rental Affordability Rate <sup>34</sup>	—	19th
Severely Cost-Burdened Renter Households <sup>35</sup>	21.9%	24th
SMALL BUSINESS		
Small Business Employment Rate <sup>36</sup>	10.3%	36th
Entrepreneurship Rate <sup>37</sup>	11.6%	29th
Level of Private Loans to Small Business <sup>38</sup>	—	29th
POVERTY AND ASSET ACCUMULATION		
Poverty Rate <sup>39</sup>	9.8%	17th
Households with Zero Net Worth <sup>40</sup>	14.9%	27th
Personal Bankruptcy Rate <sup>41</sup>	27.4	50th
NATIVE AMERICANS AND IMMIGRANTS		
Native American Population <sup>42</sup>	1.3%	11th
Native American Poverty Rate <sup>43</sup>	33.4%	—
Foreign-Born Population <sup>44</sup>	7.1%	19th
Foreign-Born Poverty Rate <sup>45</sup>	19.4%	—

33 U.S. Census Bureau, U.S. Statistical Abstract 2003; represents the percentage of housing units that are occupied by owners, ranked from highest percentage (1st)

34 NLIHC; Up Against a Wall, November 2004; rank is calculated based on a weighted average of the state's median gross rent, renter market affordability ratio, and percent of severely cost-burdened renters, ranked from most affordable (1st)

35 Ibid.; represents the percentage of renter households in the state spending more than 50% of income on rent in 2003, ranked from lowest percentage (1st)

36 U.S. Census Bureau, County Business Patterns 2001; represents the share of total state employment attributable to firms with ten or fewer employees, ranked from highest share (1st)

37 CFED, SADRC; represents the percentage of the labor force that owns employer or non-employer firms as of 2000, ranked from highest percentage (1st)

38 Ibid.; represents the dollar amount of private business loans under \$1 million per workers, ranked from highest amount (1st)

39 U.S. Census Bureau, Income, Poverty and Health Insurance Coverage in the United States: 2003; represents the average percentage of people living below the federal poverty level during the period from 2001 to 2003, ranked from lowest percentage (1st)

40 CFED, SADRC; represents the percentage of households with zero or negative net worth, ranked from lowest percentage (1st)

41 American Bankruptcy Institute; represents personal bankruptcy filings in 2003 per thousand households in the state, ranked from fewest filings (1st)

42 U.S. Census Bureau, Census 2000; represents the percentage of the state's population composed of Native Americans and Alaska Natives (only), ranked from highest percentage (1st)

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# Washington



## OVERALL COMMUNITY DEVELOPMENT ENVIRONMENT

### DEMOGRAPHICS

Washington is the 18th largest state in total area and the 15th most populous state in the U.S., home to more than 6.1 million residents as of 2003.<sup>1</sup> While the state's population growth of 4% between 2000 and 2003 was slightly above the national average,<sup>2</sup> the growth appears to have slowed, with the state's population increasing by just 0.9% in FY 2003, the lowest annual growth rate since 1983.<sup>3</sup> Whites, Asians, and Pacific Islanders represent a larger percentage of the state population than of the national population, while the state's Black/African American and Hispanic/Latino populations are significantly smaller.<sup>4</sup>

### ECONOMY

Washington's economy is the 14th largest in the nation (\$245 billion in 2003),<sup>5</sup> although the state's economic growth has lagged the rest of the nation since 2000. However, despite slower-than-average growth, the state's per capita income remains high, ranking 13th highest in the country.<sup>6</sup> Nearly

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*The Washington market is well served by both public and private mortgage providers for people above 80% of median. In order to expand homeownership in the state, we need to better serve borrowers below 80% of median, particularly in high cost areas like Puget Sound.*

*—Ki Herman, Washington State Housing Finance Commission*

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all industries in Washington have been adding jobs recently, and the state's unemployment rate, regularly above the U.S. average over the last few years, is now only slightly above the U.S. average. As a result of many positive factors, including expansion in many of the state's industries, increased hiring by Boeing, and the presence of a highly skilled workforce, the Washington economy is expected to continue improving in 2005, bringing economic growth above the national average.<sup>7</sup> As the fifth-largest exporter in the nation, Washington is highly dependent on international trade.<sup>8</sup>

### GOVERNMENT AND FINANCIAL SECTORS

Washington's state government is in a somewhat precarious financial position, with growth of state expenditures predicted to outpace the growth of state revenue. The state's Office of Financial Management predicts a possible \$1.7 billion gap between revenues and expenses in the 2005-2007 biennium.<sup>9</sup> In the financial sector, there are 117 FDIC-insured financial insti-

tutions, although more than half of the FDIC-insured deposits in the state are controlled by three of them.<sup>10</sup> There are also 150 credit unions, which together control 19.6% of combined bank/credit union assets, approximately three times the national average.<sup>11</sup> Washington is also home to 17 certified Community Development Financial Institutions as of November 2004,<sup>12</sup> which combined had \$19.8 million in financing outstanding to more than 500 customers at the end of FY 2002.<sup>13</sup>

## COMMUNITY DEVELOPMENT NEEDS AND RESOURCES

### AFFORDABLE HOUSING

Washington faces a severe shortage of affordable housing, caused in part by the state's rapid population growth during the 1990s.<sup>14</sup> The state's rental housing affordability rating is a weak ninth-lowest in the nation, with nearly one quarter of renters paying more than 50% of their income towards housing. Washington's median home value was fifth highest in the country in 2000,<sup>15</sup> and rapid increases in home prices have resulted in a homeownership rate of 67%, the tenth lowest in the nation. The gap between homeownership rates of top-quintile income earners and bottom-quintile is the ninth-highest nationwide,<sup>16</sup> partially due to the fact that growth in the availability of affordable homes has not kept pace with the general upswing in the housing market.

### SMALL BUSINESS

Small business is essential to Washington's economy, with firms that employ fewer than 10 employees accounting for 12.5% of all employment in the state.<sup>17</sup> Business bankruptcies increased 5.6% in 2003, the ninth-highest increase in the nation.<sup>18</sup> This high rate is due in part to Washington's very high rates of business formation and termination, both third highest in the nation.<sup>19</sup> One source of the problem may be weak access to credit, since Washington is rated 35th in the country in its level of private loans available to small businesses. Despite these weak indicators, the entrepreneurial energy and technological sophistication of Washington firms are among the highest nationwide.<sup>20</sup>

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*In an attempt to fill the small business credit gap, CDFI's such as Cascadia Revolving Fund provide both capital and technical assistance to unbankable small businesses. Our mission and work is to strengthen and grow these businesses and aid them in building assets, allowing them to qualify for traditional bank financing. —Shaw Canale, Cascadia Revolving Fund*

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## POVERTY AND ASSET ACCUMULATION

Between 2001 and 2003, Washington's poverty rate averaged 11.4%, making it the 23rd highest among all the states. Washington ranks eighth-highest in terms of mean net worth in the country and has the smallest gap in the nation between assets of men and women.<sup>21</sup> However, Washington scores poorly on measures of asset accumulation. Almost 25% of its households are asset poor, and 16% have zero or negative net worth, indicating a high degree of vulnerability for Washington households.<sup>22</sup> The state scores well on human capital measures such as college attainment (ranking 14th nationally at 28.3%)<sup>23</sup> and health insurance coverage (ninth-best coverage for low-income parents and 16th-best for low-income children).<sup>24</sup> To its credit, Washington has a strong IDA policy, including a state-designed plan and TANF credits.<sup>25</sup> In addition, Washington operates many state-level income supplementation programs that do not receive federal funds.

## NATIVE AMERICANS AND IMMIGRANTS

Washington has the eighth-largest American Indian/Alaska Native (AIAN) population in number and the ninth largest in terms of percentage of overall state population.<sup>26</sup> There are 29 federally-recognized tribes in Washington, occupying 29 reservations dispersed across the state.<sup>27</sup> The community development needs faced by the AIAN population are immense, as indicated by poverty rates for AIAN individuals in the state that are double the state's average poverty rate.<sup>28</sup> As federal and state aid has declined, tribes in the state have been turning to gaming revenues as a way to reduce tribal dependence on government aid.

Approximately 10% of Washingtonians are foreign born, compared to 11.1% for the nation as a whole.<sup>29</sup> Washington ranks ninth in the nominal size of the foreign population and 13th in the percentage of foreign born as a share of the total state population. Nearly 19% of Washington's foreign born live in poverty, well above the state's average poverty rate.<sup>30</sup> In the 10 years between 1990 and 2000, the size of Washington's foreign-born population grew by 91%, with most immigration to the state from Asia (39%), but with significant percentages also from Latin America (28%) and Europe (21%).<sup>31</sup> Washington operates a number of state programs designed to aid immigrants, including language training and income support programs.

—Ethan Jennings

## STATE OF WASHINGTON SELECTED COMMUNITY DEVELOPMENT INDICATORS

AFFORDABLE HOUSING	RATE	RANK
Homeownership Rate <sup>32</sup>	67.0%	41st
Rental Affordability Rate <sup>33</sup>	—	42nd
Severely Cost-Burdened Renter Households <sup>34</sup>	23.6%	38th
SMALL BUSINESS		
Small Business Employment Rate <sup>35</sup>	12.5%	13th
Entrepreneurship Rate <sup>36</sup>	13.8%	15th
Level of Private Loans to Small Business <sup>37</sup>	—	35th
POVERTY AND ASSET ACCUMULATION		
Poverty Rate <sup>38</sup>	11.4%	28th
Households with Zero Net Worth <sup>39</sup>	16.1%	37th
Personal Bankruptcy Rate <sup>40</sup>	16.15	36th
NATIVE AMERICANS AND IMMIGRANTS		
Native American Population <sup>41</sup>	1.6%	9th
Native American Poverty Rate <sup>42</sup>	23.8%	—
Foreign-Born Population <sup>43</sup>	10.4%	13th
Foreign-Born Poverty Rate <sup>44</sup>	18.6%	—

32 U.S. Census Bureau, U.S. Statistical Abstract 2003; represents the percentage of housing units that are occupied by owners, ranked from highest percentage (1st)

33 NLIHC; Up Against a Wall, November 2004; rank is calculated based on a weighted average of the state's median gross rent, renter market affordability ratio, and percent of severely cost-burdened renters, ranked from most affordable (1st)

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