

ASSETS & OPPORTUNITY PROFILE: NEW ORLEANS



ASSETS & OPPORTUNITY PROFILE



Cities have long been thought of as places of opportunity for low-income workers to forge pathways to the middle class. Yet, far too many urban households struggle to gain a foothold in the mainstream economy. In major U.S. cities, one out of every four households owe more than they own, and an average of 57% of consumers have subprime credit scores. More than one-third of families do not have enough assets to live for three months at the federal poverty level should they lose their main source of income. Not only does financial insecurity destabilize families, it also jeopardizes the long-term vitality of cities and local economies.

That is why a growing number of local leaders are expanding the vision of what cities can and should do to create financial security and opportunity for low-income residents. Local asset-building programs have proliferated in the nonprofit sector for more than a decade, but across the country, local leaders are pioneering new ways to leverage those programs, along with new policies and resources to expand the reach of asset-building opportunities for low- and moderate-income families.

At their best, these new efforts utilize a systems approach that works across departmental silos and public/private sector divides to improve access to the information, products and protections that help families become more financially stable.

ABOUT THE PROFILE

This Assets & Opportunity Profile was created to fuel a local conversation about wealth, poverty and opportunity in New Orleans. It includes a data snapshot of the financial security and opportunities for New Orleans residents. It also contains an overview of what cities are doing nationally to help financially educate, empower and protect residents and enable them to build a more prosperous future.

KEY HIGHLIGHTS

10%

of New Orleans working households don't have access to a vehicle

21%

of New Orleans residents have no health insurance

37%

of New Orleans households live in asset poverty

24%

of New Orleans households live in extreme asset poverty

71%

of New Orleans residents have subprime credit scores

10%

of New Orleans workers are self-employed

FINANCIAL CHALLENGES AND OPPORTUNITIES IN NEW ORLEANS

From 1999 to 2007, the city’s poverty rate fell from 28% to 21% due primarily to the greater obstacles poor residents faced in returning. But by 2010, the effects of the Great Recession were felt and poverty in New Orleans had risen again to 27% - statistically the same as a decade ago, and well above the national rate of 15%.¹

Among New Orleans families, 23% live in poverty, with African America families experiencing poverty at much higher rates (30%) than white families (8%).

Beyond traditional poverty rates, this report looks at the extent to which families have sufficient savings to support themselves for a short time should they suddenly lose their income. Asset poverty rates indicate the percent of households that do not have enough assets (specifically net worth) to survive at the poverty level for three months without income. In total, 37% of New Orleans households are asset poor.

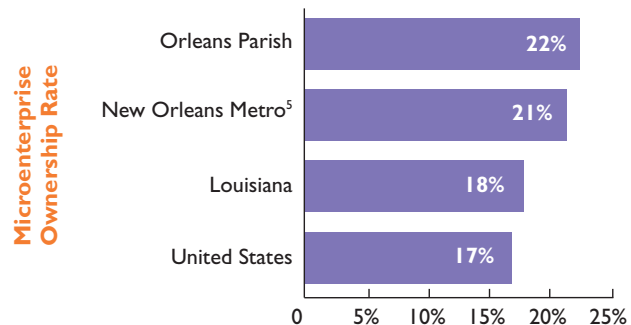
Although black and Latino households are more likely to be asset poor in New Orleans, asset poverty spans race categories with 50% of black households, 40% of Latino households, 24% of Asian households, and 22% of white households living in asset poverty in New Orleans.

Households with lower levels of education are more likely to be asset poor, but too many households with college degrees also have insufficient savings. In fact, 22% of New Orleans households with at least a bachelor’s degree do not have sufficient net worth to sustain themselves at a poverty level for three months should they lose their income. Thus, even middle-income families face asset poverty. For example, 28% of New Orleans households earning between \$45,655 and \$70,014 are asset poor.

Asset poverty has particularly severe implications for New Orleans residents who are forced to evacuate the city every few years. Evacuation is more feasible when a family owns a car, and too many New Orleans households do not have access to a vehicle including fully 10% of those that have at least one worker in the home. Beyond access to a vehicle, evacuating is costly. For example, families typically need to buy a tank of gas at a minimum, and these costs can be out of reach for households that live paycheck to paycheck.²

An important financial asset is health insurance. Having health insurance helps to ensure that a family does not have to dip into savings in the event of a medical emergency. In addition, having health insurance improves health by increasing the chances that families will get the primary care they need. In New Orleans, fully 21% of the non-elderly population lacks health insurance compared to 18% nationally.

On the positive side, entrepreneurship has spiked in the New Orleans metro post-Katrina.³ New Orleans has a microenterprise ownership rate of 22 per 100 people in the labor force compared to only 17 nationally. For these microenterprises to become strong income producers, effective business training, financial literacy education, financing and professional service supports are critical.⁴



1 Ortiz, E. (September 2011). Who lives in New Orleans and the Metro Area now? Retrieved July 23, 2012 from www.gnocdc.org/Demographics/index.html.

2 Liu, A., Anglin, R., Mizelle, R., & Plyer, A. (Eds.). (2011). Resilience and Opportunity: Lessons from the U.S. Gulf Coast after Katrina and Rita. Washington D.C.: Brookings Institution Press.

3 Plyer, A. & Ortiz, E. (August 2011). The New Orleans Index at Six: Measuring Greater New Orleans' Progress Toward Prosperity. Retrieved July 24, 2012 from www.gnocdc.org/s3.amazonaws.com/reports/GNOCDC_NewOrleansIndexAtSix.pdf.

4 CFED. (September 2009). 2009-2010 Assets & Opportunity Scorecard: State Microenterprise Support. Retrieved June 27, 2011 from http://scorecard.cfed.org/downloads/pdfs/policy_briefs/MicroenterpriseSupport.pdf.

5 The New Orleans Metro is defined as the 7-parish region of: Jefferson Parish, Orleans Parish, Plaquemines Parish, St. Bernard Parish, St. Charles Parish, St. John the Baptist Parish, and St. Tammany Parish.

STRATEGIES TO BUILD FINANCIAL SECURITY

This report highlights the specific and sometimes unique financial challenges and opportunities facing New Orleans' households. Many programs and organizations are already working in New Orleans to address these challenges. But leaders from the public, private and nonprofit sectors also have an opportunity to help New Orleans families become economically secure by working together in new ways. Together it is possible to leverage the capacity and resources in New Orleans to identify and fill gaps in existing services and infrastructure in ways that expand financial access and financial security among vulnerable residents.

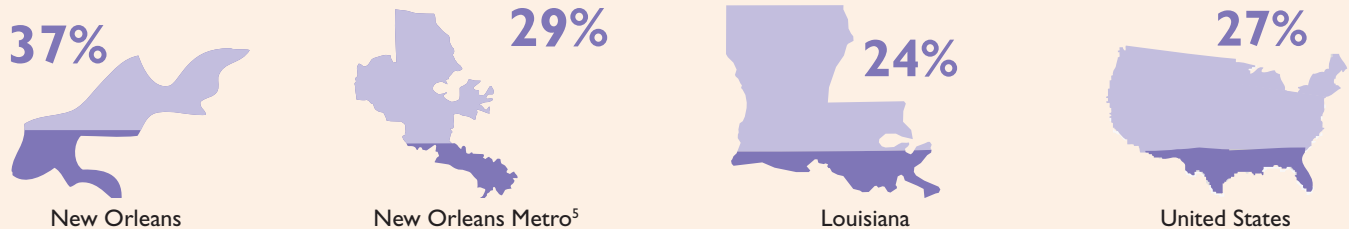
There are a number of communities across the nation where local leaders have taken up this challenge. They are expanding access to mainstream banking and wealth building opportunities as well as helping families protect the assets that they have. These local leaders are pioneering new ways to leverage the resources and regulatory power of municipalities to work across departmental silos and public/private sector divides to scale up economic inclusion and asset-building opportunities for low- and moderate-income families. Below are examples of goals and strategies these communities are implementing to financially educate, empower and protect their residents. These examples can serve as starting point for a conversation about priorities and opportunities to improve financial security in New Orleans.

GOAL	CITY STRATEGIES
Improve access to high quality financial information, education and counseling	<ul style="list-style-type: none"> ■ Create financial education and counseling networks and referral structures ■ Open neighborhood-based financial one-stop centers ■ Incorporate financial education into social service and workforce programs ■ Standardize and certify financial education services and providers
Increase access to income-boosting supports and tax credits	<ul style="list-style-type: none"> ■ Leverage technology to streamline public benefits screening and uptake ■ Create access points for benefits screening in high-need communities ■ Launch VITA and EITC public awareness campaigns ■ Fund free or low-cost tax prep services ■ Enact a locally-funded EITC
Connect residents to safe, affordable financial products and services	<ul style="list-style-type: none"> ■ Increase access to low-cost transaction and savings products through Bank On campaigns or in partnership with financial institutions ■ Create affordable credit products, e.g., small dollar, refund anticipation (RALs) or auto refinance loans ■ Encourage employers to use direct deposit
Create opportunities to build savings and assets	<ul style="list-style-type: none"> ■ Provide access to short-term and emergency savings products ■ Offer incentivized savings accounts, e.g., Individual Development Accounts (IDAs), college savings accounts, or other accounts for uses such as buying a home or a vehicle ■ Expand access to small business capital and training and use tax time to connect businesses and the self employed to training and resources ■ Provide opportunities for first-time homeownership through homeownership counseling or shared equity programs
Protect consumers in the financial marketplace	<ul style="list-style-type: none"> ■ Limit or manage the proliferation of alternative, high-cost alternative financial service providers through licensing and zoning powers ■ Curb predatory consumer lending through enforcement of local disclosure laws or litigation ■ Implement foreclosure prevention strategies, including foreclosure counseling, forgivable emergency loans, encouraging lender workouts, and assistance to tenants in foreclosed properties

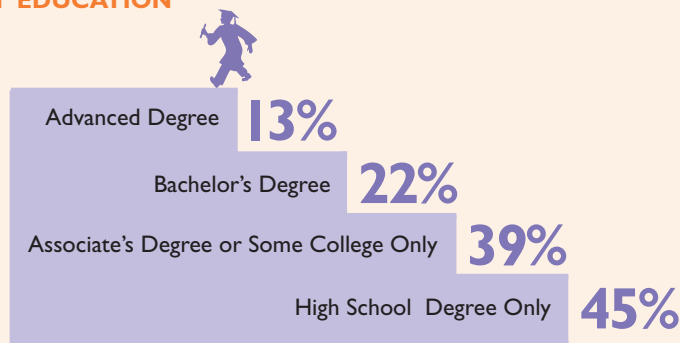
THE ASSET POOR IN NEW ORLEANS

Asset poverty is a measure that expands the notion of poverty to establish a minimum threshold of wealth needed for household security. A household is asset poor if it has insufficient net worth to support itself at the federal poverty level for three months in the absence of income, i.e., net worth of less than \$4,632 for a family of three in 2011. Asset poor households would not have enough savings or wealth to provide for basic needs during a sudden job loss or a medical emergency.

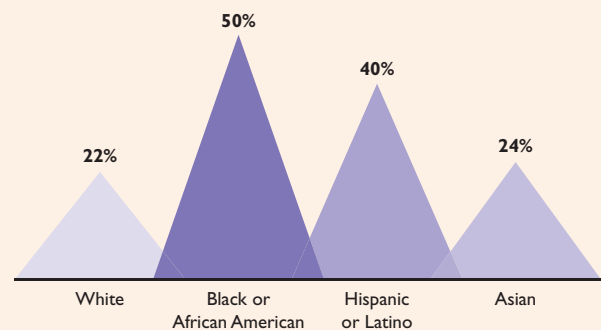
HOUSEHOLDS IN ASSET POVERTY ... BY GEOGRAPHY



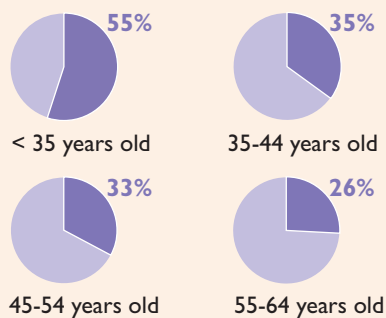
BY EDUCATION



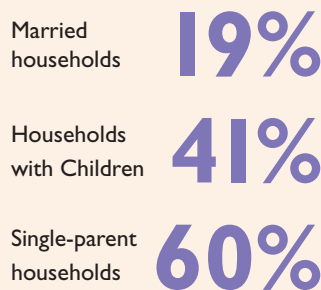
BY RACE & ETHNICITY



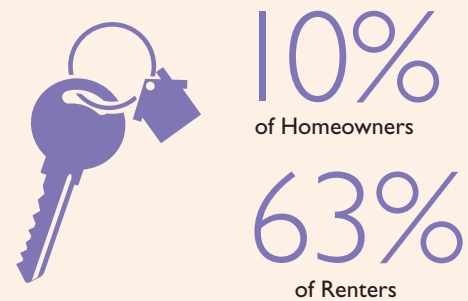
BY AGE OF HOUSEHOLDER



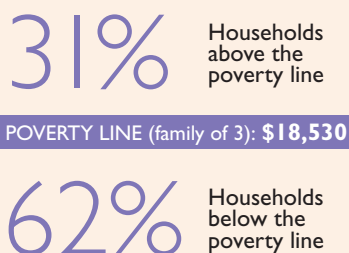
BY FAMILY STATUS



BY HOUSING TENURE

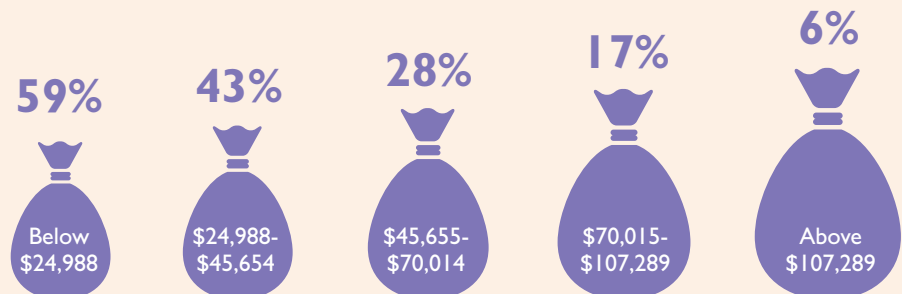


BY POVERTY STATUS



2011 POVERTY LINE (family of 3): \$18,530

BY HOUSEHOLD INCOME



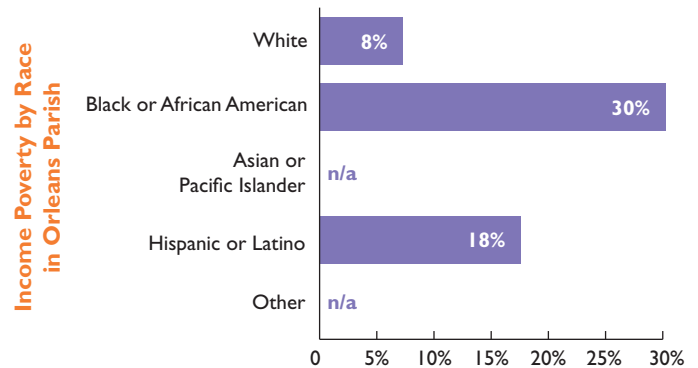
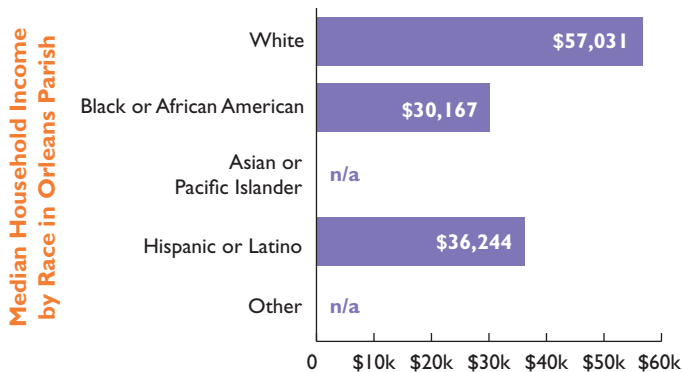
Note: Asset poverty figures at geographies below the national and state levels in the Profile are estimates derived from a model based on 2009 data from the Survey of Income and Program Participation (SIPP) and the 2007-2009 American Community Survey (ACS) Public Use Microdata Sample. While these estimates are CFED's best efforts to measure local wealth holding, the model is based on a national survey of approximately 50,000 households, and caution should be used when interpreting data at a local level.

NEW ORLEANS POPULATION DEMOGRAPHICS

MEASURE	Orleans Parish	New Orleans Metro ⁵	Louisiana	United States
Total Population	343,829	1,167,764	4,533,372	308,745,538
White	30%	54%	60%	64%
Black or African American	60%	34%	32%	12%
Asian or Pacific Islander	3%	3%	2%	5%
Hispanic or Latino	5%	8%	4%	16%
Other	2%	2%	2%	3%
U.S. Citizen	96%	96%	98%	93%
Speak English Less Than "Very Well"	4%	5%	3%	9%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	Orleans Parish	New Orleans Metro ⁵	Louisiana	United States
Median Household Income	\$37,726	\$46,134	\$42,505	\$50,046
Income Poverty Rate	23%	14%	15%	11%
Asset Poverty Rate	37%	29%	24%	27%
Extreme Asset Poverty Rate	24%	19%	16%	19%
Households Receiving SNAP	19%	14%	15%	12%
Households w/ Interest, Dividend or Net Rental Income	16%	18%	16%	22%
Unbanked Households	13%	5%	9%	8%
Underbanked Households	26%	18%	23%	18%
Median Credit Score	606	635	621	666
Consumers with Subprime Credit Scores	71%	63%	65%	56%
Average Revolving Debt	\$8,609	\$8,377	\$7,109	\$10,807
Average Revolving Credit Utilization	31%	28%	27%	30%
Average Installment Debt	\$30,466	\$25,567	\$24,358	\$23,819
Borrowers 90+ Days Overdue	5%	5%	4%	4%

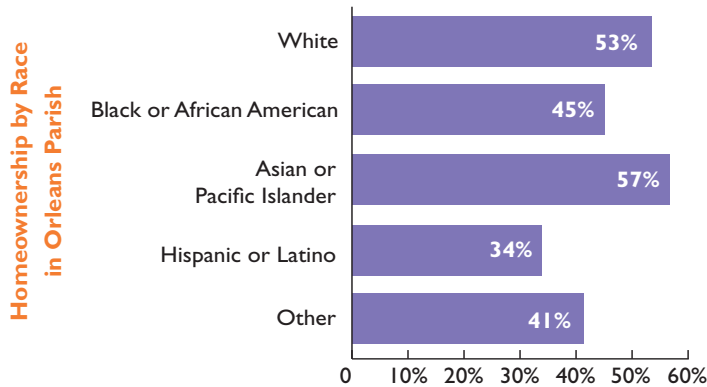


EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	Orleans Parish	New Orleans Metro ⁵	Louisiana	United States
Annual Unemployment Rate	8.8%	7.2%	7.3%	8.9%
Average Annual Pay	\$49,804	\$46,108	\$41,461	\$46,751
Self-Employed Workers	10%	10%	9%	10%
Microenterprise Ownership Rate	22%	21%	18%	17%
Vehicle Non-Availability by Working Household	10%	5%	4%	5%

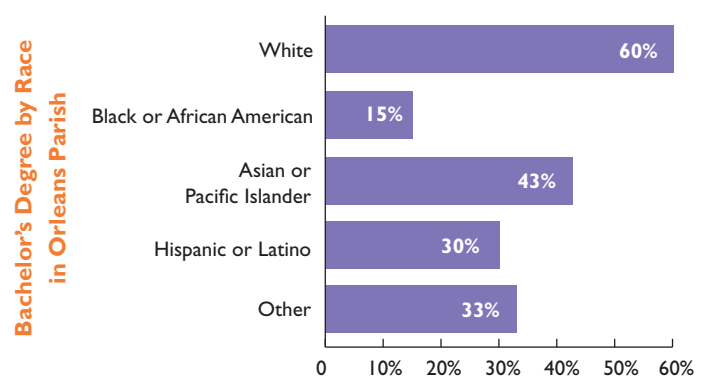
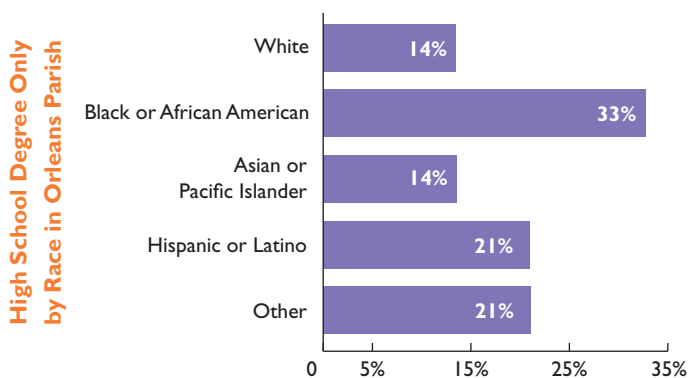
HOUSING & HOMEOWNERSHIP

MEASURE	Orleans Parish	New Orleans Metro ⁵	Louisiana	United States
Homeownership Rate	48%	63%	67%	65%
Cost Burdened Renters	60%	56%	53%	53%
Cost Burdened Owners	43%	37%	30%	38%
Affordability of Homes	4.7	3.8	3.2	3.6
Average Mortgage Debt	\$185,359	\$151,791	\$127,507	\$190,115
High-Cost Mortgage Loans	10%	8%	10%	5%
Seriously Delinquent Mortgages	6%	5%	4%	5%



EDUCATIONAL ATTAINMENT

MEASURE	Orleans Parish	New Orleans Metro ⁵	Louisiana	United States
Less than High School	16%	16%	18%	14%
High School Degree Only	25%	30%	34%	29%
Associate's Degree or Some College Only	26%	28%	26%	29%
Bachelor's Degree	33%	27%	21%	28%
Graduate or Professional Degree	14%	9%	7%	10%



HEALTH INSURANCE

MEASURE	Orleans Parish	New Orleans Metro ⁵	Louisiana	United States
Uninsured Rate	21%	20%	20%	18%
Uninsured Low-Income	29%	31%	30%	30%
Uninsured Low-Income Children	6%	6%	6%	12%

⁵ The New Orleans Metro is defined as the 7-parish region of: Jefferson Parish, Orleans Parish, Plaquemines Parish, St. Bernard Parish, St. Charles Parish, St. John the Baptist Parish, and St. Tammany Parish.

DATA MEASURES & SOURCES

	Data Measure	Measure Description	Source
Population Demographics	Total Population	Total population (Note: Percentages of population by race and ethnicity may not add up to 100% due to rounding.)	U.S. Census Bureau, 2010 Census
	White	Percentage of population that is White, non-Hispanic	U.S. Census Bureau, 2010 Census
	Black or African American	Percentage of population that is Black or African American, non-Hispanic	U.S. Census Bureau, 2010 Census
	Asian or Pacific Islander	Percentage of population that is Asian or Pacific Islander, not Hispanic	U.S. Census Bureau, 2010 Census
	Hispanic or Latino	Percentage of population that is Hispanic or Latino	U.S. Census Bureau, 2010 Census
	Other	Percentage of population that is American Indian, some other race, or two or more races	U.S. Census Bureau, 2010 Census
	U.S. Citizen	Percentage of population that are U.S. citizens	U.S. Census Bureau, 2010 American Community Survey
	Speak English Less Than "Very Well"	Percentage of population that speaks English less than "very well"	U.S. Census Bureau, 2010 American Community Survey
Household Finances & Use of Services	Median Household Income	Median household income in the past 12 months	U.S. Census Bureau, 2010 American Community Survey
	Income Poverty Rate	Percentage of all families with income in the past 12 months below the federal poverty threshold	U.S. Census Bureau, 2010 American Community Survey
	Asset Poverty Rate	Percentage of households without sufficient net worth to subsist at the poverty level for three months in the absence of income	Estimates calculated by the Bay Area Council Economic Institute. Data at the national and state levels are calculated using the U.S. Census Bureau's 2008 Survey of Income and Program Participation, Wave 4 (2009) and data below the national and state levels also use the 2007-2009 American Community Survey Public Use Microdata Sample to derive estimates from a statistical model.
	Extreme Asset Poverty Rate	Percentage of households that have zero or negative net worth	Estimates calculated by the Bay Area Council Economic Institute. Data at the national and state levels are calculated using the U.S. Census Bureau's 2008 Survey of Income and Program Participation, Wave 4 (2009) and data below the national and state levels also use the 2007-2009 American Community Survey Public Use Microdata Sample to derive estimates from a statistical model.
	Households Receiving SNAP Benefits	Percentage of households that have received SNAP (Supplemental Nutrition Assistance Program) benefits in the past 12 months	U.S. Census Bureau, 2010 American Community Survey
	Households with Interest, Dividend or Net Rental Income	Percentage of households reporting any interest, dividend or net rental income in the past 12 months	U.S. Census Bureau, 2010 American Community Survey
	Unbanked Households	Percentage of households lacking both a checking and savings account	FDIC National Survey of Unbanked and Underbanked Households (2009); data at the city and county level are CFED estimates derived from a model based on the 2009 FDIC Survey and 2005-2009 American Community Survey (ACS) Public Use Microdata Sample and aggregate data available through American FactFinder
	Underbanked Households	Percentage of households that have a checking or savings account but have used non-bank money orders, non-bank check-cashing services, payday loans, rent-to-own agreements, or pawn shops at least once or twice a year or refund anticipation loans at least once in the past five years.	FDIC National Survey of Unbanked and Underbanked Households (2009); data at the city and county level are CFED estimates derived from a model based on the 2009 FDIC Survey and 2005-2009 American Community Survey (ACS) Public Use Microdata Sample and aggregate data available through American FactFinder
	Median Credit Score	Median TransUnion TransRisk score	TransUnion (Q1 2011)
	Consumers with Subprime Credit Scores	Percentage of consumers with a TransRisk Score <=700 [on a scale of 150-934]	TransUnion (Q1 2011)
	Average Revolving Debt	Average amount of revolving debt (including debt from credit cards, private label cards, and lines of credit) per revolving borrower.	TransUnion (Q1 2011)
	Average Revolving Credit Utilization	Average percentage of credit limit in use per revolving borrower.	TransUnion (Q1 2011)
	Average Installment Debt	Average amount of installment debt per installment borrower. Here, installment debt refers to any debt that is paid back in fixed monthly installments (e.g. vehicle loans, student loans) but excludes mortgage debt.	TransUnion (Q1 2011)
Borrowers 90+ days overdue	Percentage of borrowers who are 90 days or more past due on any debt payments	TransUnion (Q1 2011)	
Employment & Business Ownership	Annual Unemployment Rate	Annual average unemployment rate of the civilian noninstitutional population 16 years of age and older, not seasonally adjusted	U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics (2010)
	Average Annual Pay	Average annual pay for all workers covered by unemployment insurance	U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (2010)
	Self-Employed Workers	Percentage of workers 16 years and over who are self-employed	U.S. Census Bureau, 2010 American Community Survey
	Microenterprise Ownership Rate	Number of firms with 0-4 employees (non-employer firms plus establishments with 1-4 employees), per 100 people in the labor force	CFED calculation based on U.S. Census Bureau, Non-Employer Statistics, 2007; and 2007 County Business Patterns.
	Vehicle Non-Availability by Working Household	Percentage of households (with at least one worker) lacking access to a vehicle	U.S. Census Bureau, 2010 American Community Survey

	Data Measure	Measure Description	Source
Health Insurance	Uninsured Rate	Percentage of the non-elderly civilian noninstitutionalized population without health insurance	U.S. Census Bureau, 2010 American Community Survey
	Uninsured Low-Income	Percentage of the non-elderly civilian noninstitutionalized population at or below 200% of the federal poverty line without health insurance	U.S. Census Bureau, 2010 American Community Survey
	Uninsured Low-Income Children	Percentage of civilian noninstitutionalized children under 18 years of age at or below 200% of the federal poverty line without health insurance	U.S. Census Bureau, 2010 American Community Survey
Housing & Homeownership	Homeownership Rate	Percentage of occupied housing units that are owner occupied	U.S. Census Bureau, 2010 Census
	Cost-Burdened Renters	Percentage of renter-occupied units spending 30% or more of household income on rent and utilities	U.S. Census Bureau, 2010 American Community Survey
	Cost-Burdened Owners	Percentage of mortgaged owners spending 30% or more of household income on selected monthly owner costs	U.S. Census Bureau, 2010 American Community Survey
	Affordability of Homes	Median housing value divided by median household income	CFED calculation based on U.S. Census Bureau, 2010 American Community Survey data
	Average Mortgage Debt	Average mortgage debt per mortgage borrower	TransUnion (Q1 2011)
	High-Cost Mortgage Loans	Percentage of all home purchase loans (1-4 family, owner-occupied dwelling) with interest rates 3 or more percentage points for a first lien loan or 5 or more percentage points for a second lien loan above the yield on a comparable term treasury security	Home Mortgage Disclosure Act (HMDA) data (2008), accessed through Policy Map
	Seriously Delinquent Mortgages	Percentage of all mortgage borrowers currently 90 days or more past due on mortgage loans, which is an indication that the loan will foreclose or needs modification	TransUnion (Q1 2011)
Educational Attainment	Less than High School	Percentage of population 25 and older who have not completed high school	U.S. Census Bureau, 2010 American Community Survey
	High School Degree Only	Percentage of population 25 and older whose highest attainment is a high school degree, GED or alternative degree	U.S. Census Bureau, 2010 American Community Survey
	Associate's Degree or Some College Only	Percentage of population 25 and older whose highest attainment is an associate's (2 year college) degree or attended some college but did not receive a degree	U.S. Census Bureau, 2010 American Community Survey
	Bachelor's Degree	Percentage of population 25 and older who have at least a bachelor's (4 year college) degree	U.S. Census Bureau, 2010 American Community Survey
	Graduate or Professional Degree	Percentage of population 25 and older who have a graduate or professional degree	U.S. Census Bureau, 2010 American Community Survey

ABOUT CFED

CFED (Corporation for Enterprise Development) expands economic opportunity by helping Americans start and grow businesses, go to college, own a home, and save for their children's and own economic futures. We identify promising ideas, test and refine them in communities to find out what works, craft policies and products to help good ideas reach scale, and develop partnerships to promote lasting change. We bring together community practice, public policy and private markets in new and effective ways to achieve greater economic impact.



www.cfed.org

ABOUT GREATER NEW ORLEANS COMMUNITY DATA CENTER

The Greater New Orleans Community Data Center gathers, analyzes and disseminates data to help nonprofit and civic leaders work smarter and more strategically. By publishing the most reliable data in a highly usable format, www.gnocdc.org has become the definitive source for information about New Orleans and the metro area. The Data Center was founded in 1997 and is relied on by federal agencies, national media, elected officials, and local nonprofits. The Data Center is a product of Nonprofit Knowledge Works, and is a longtime member of the Urban Institute's National Neighborhood Indicators Partnership – local data experts dedicated to community change.



www.gnocdc.org

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