

Economic Conditions in the U.S., Region, and LMI Communities

Community Development Advisory Council

Federal Reserve Bank of Kansas City

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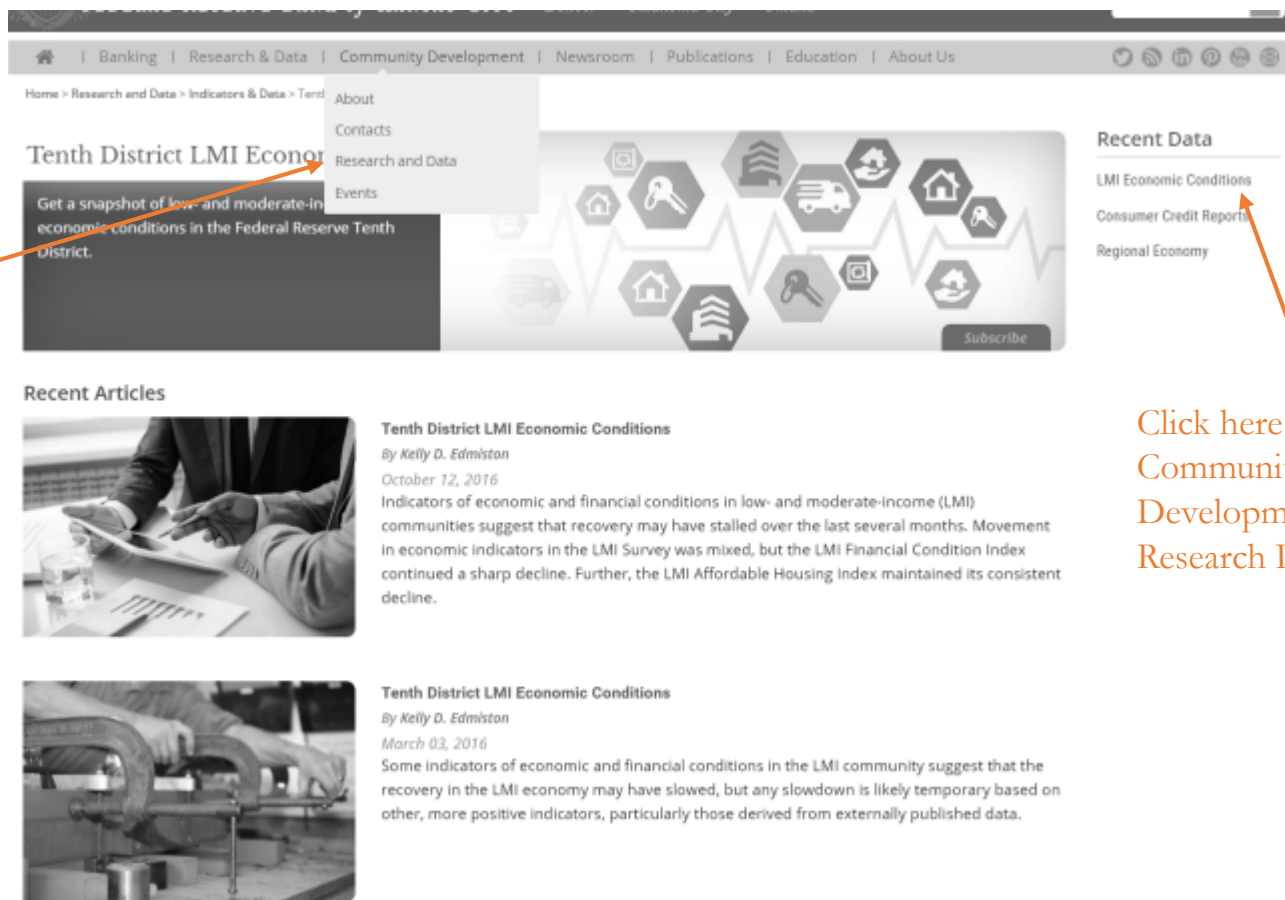
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“STRONG *leadership* ON THE PART
OF THE RESERVE BANKS IN THE SEVERAL DISTRICTS
IS A NECESSARY REQUISITE FOR THE SUCCESS OF THE FEDERAL RESERVE SYSTEM
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Accessing the LMI Economic Conditions Report

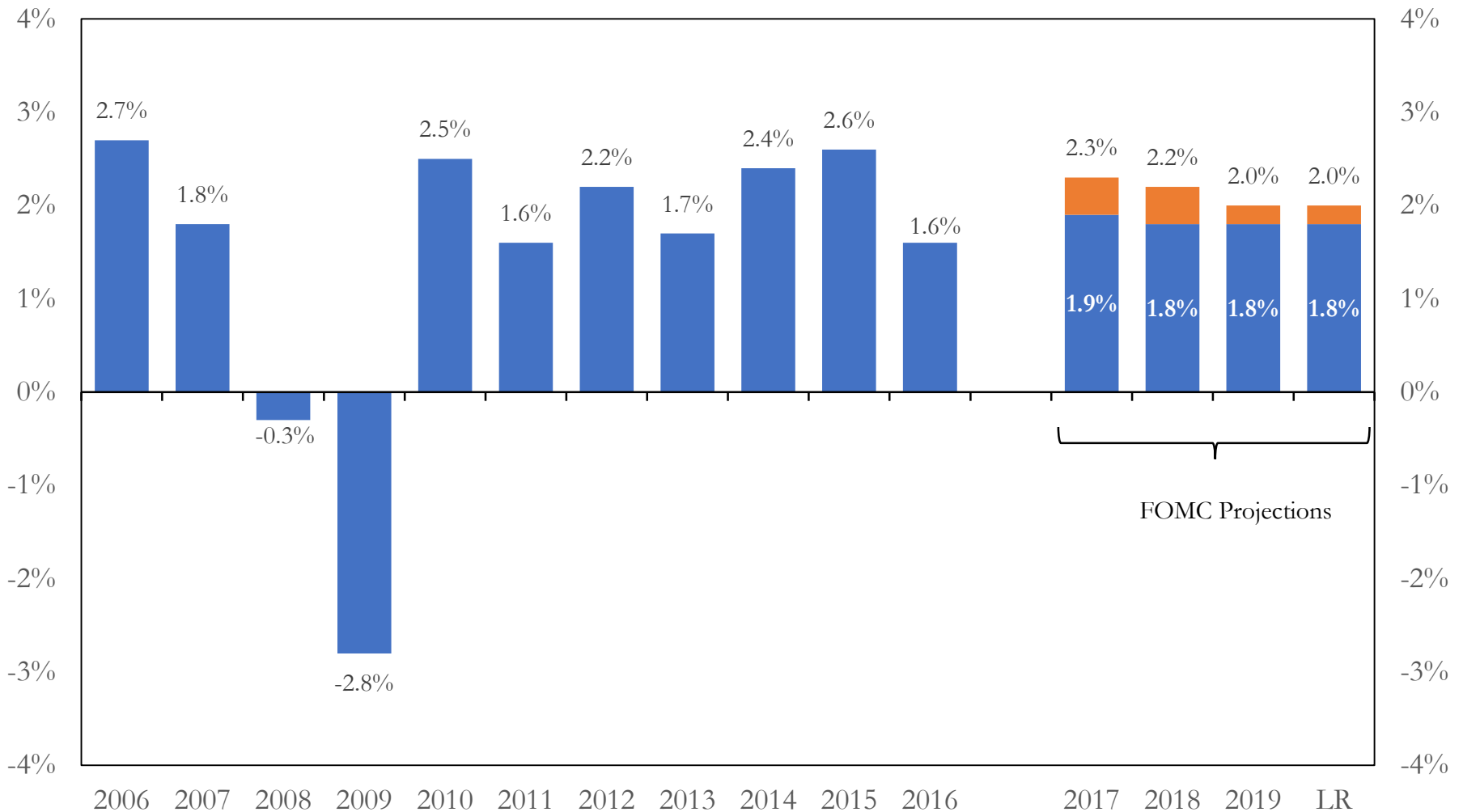


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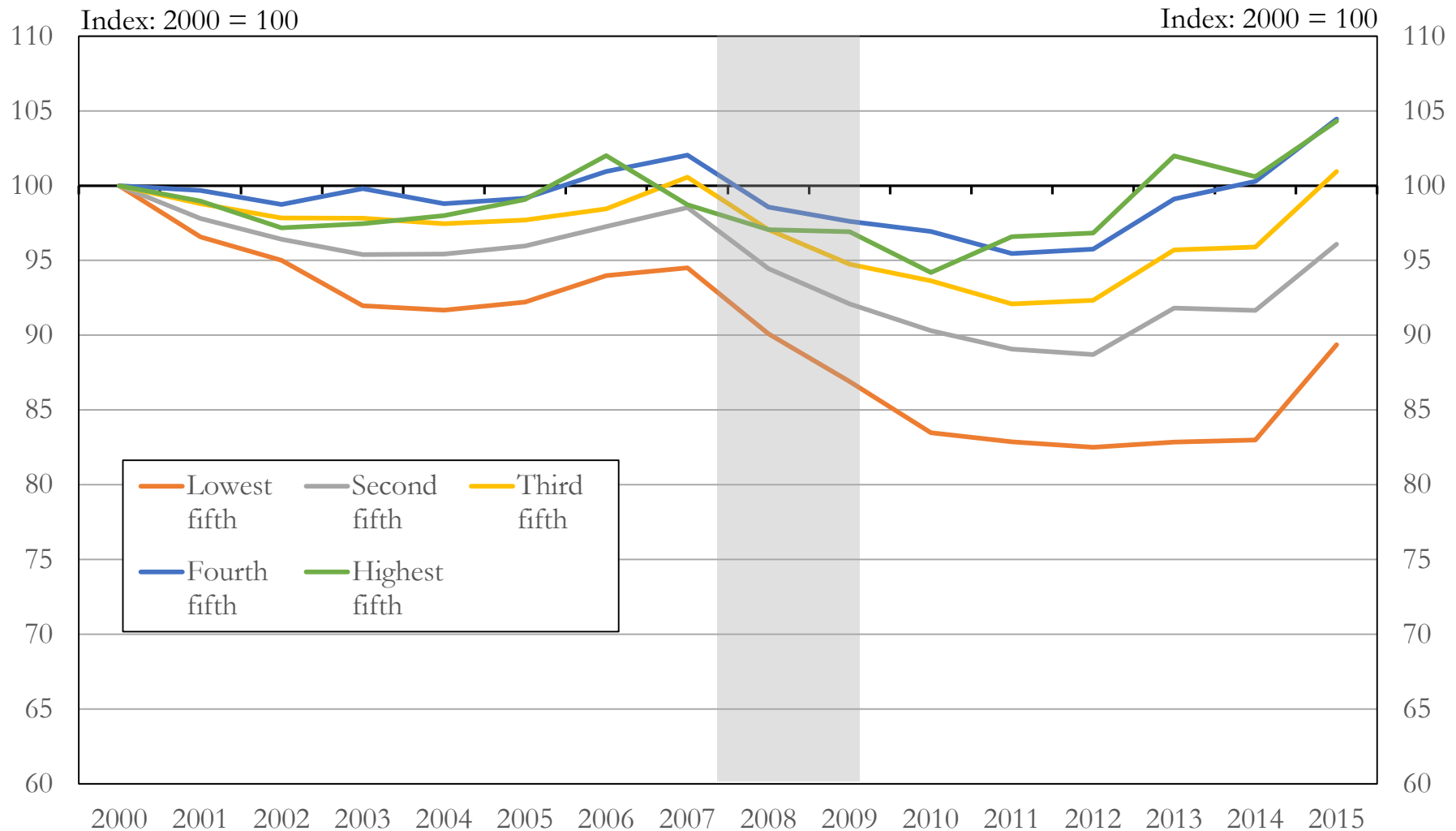
Captured from <https://www.kansascityfed.org/research/indicatorsdata/lmieconomicconditions> with SnagIt 11

The Federal Reserve projects that the economy is expected to continue its moderate expansion over the near term. Long-run economic growth will be slower than in previous decades.



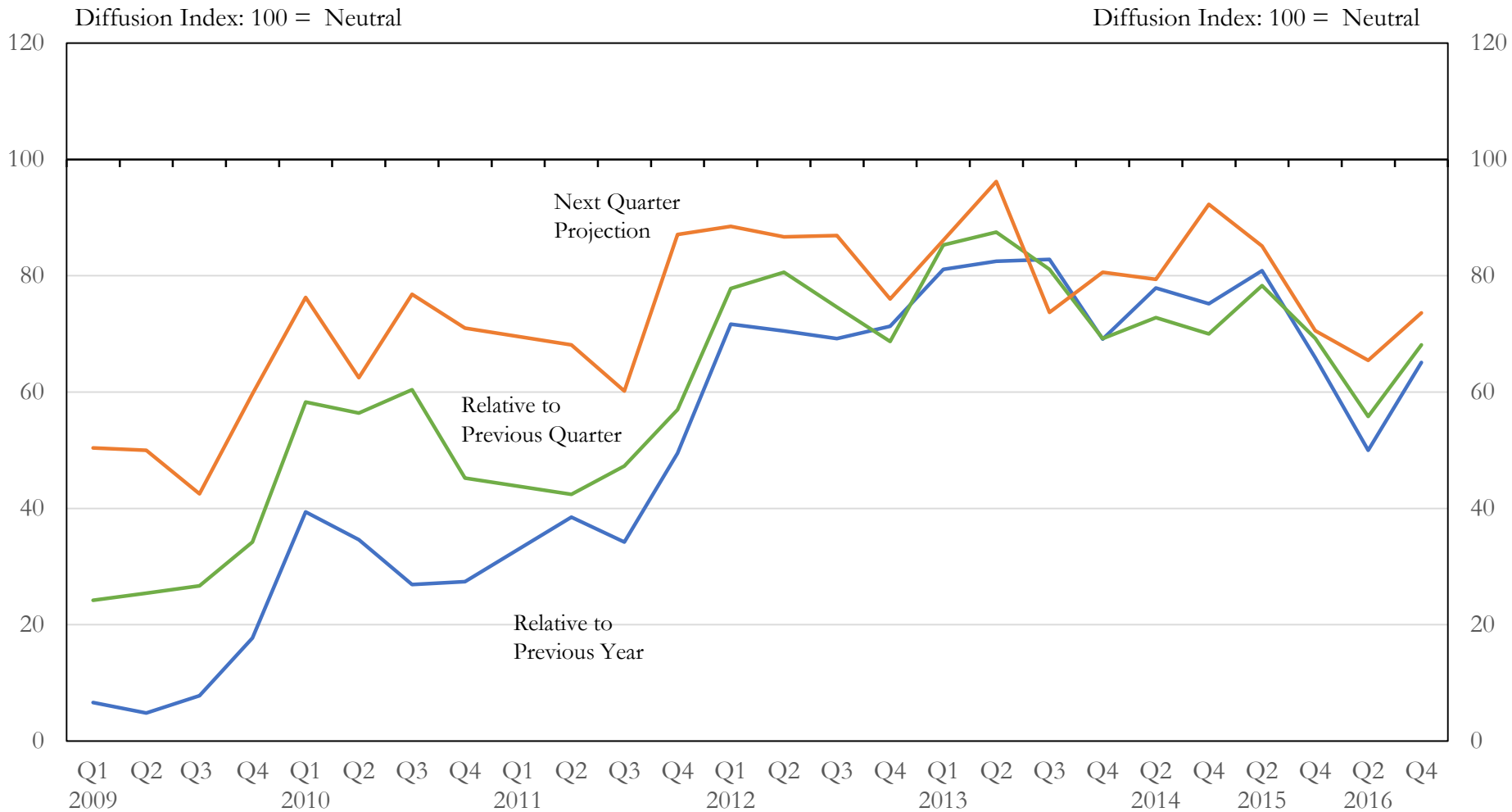
Sources: Bureau of Economic Analysis; Haver Analytics; FOMC, *Summary of Economic Projections* (March 15, 2017)

Inflation-adjusted family income fell for all quintiles over the course of the recession and early recovery, but especially for families with the lowest incomes. Incomes have not recovered for those with the lowest incomes.



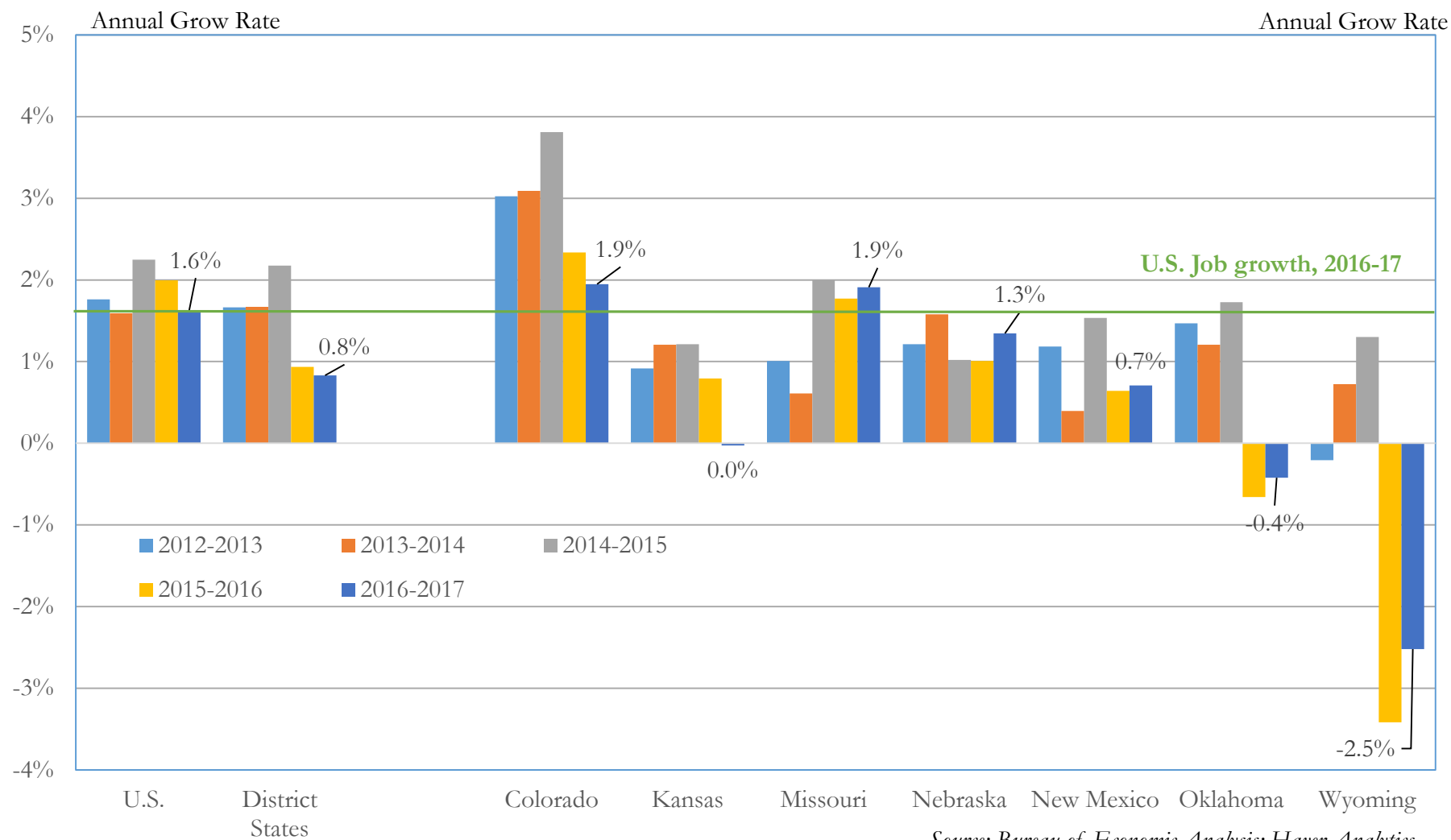
Data Source: Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements

The overall consensus of LMI Survey respondents is that economic conditions in LMI areas continue to deteriorate. The LMI Financial Condition index is significantly lower than 2013 highs.

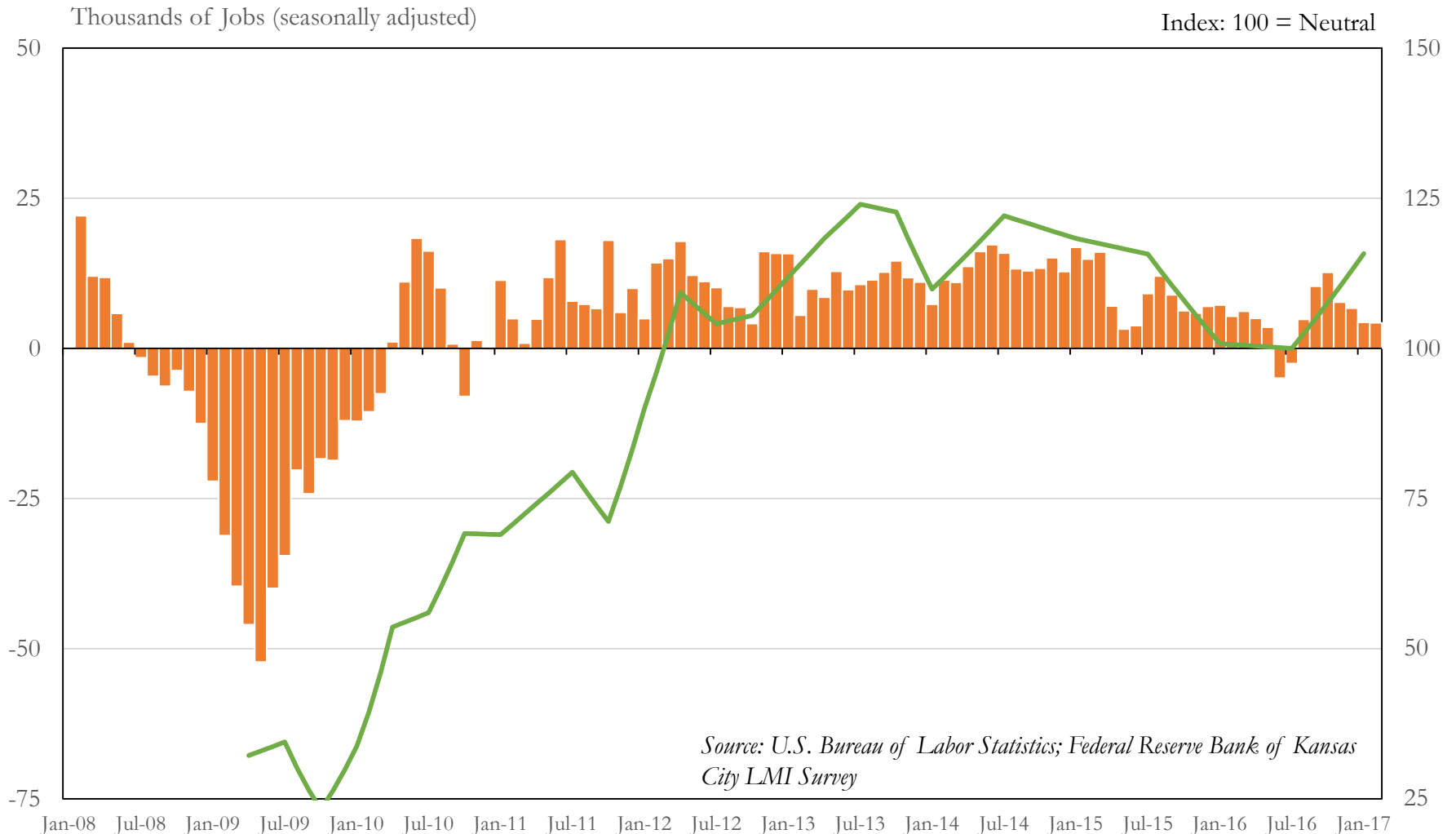


Source: Federal Reserve Bank of Kansas City, LMI Survey

Generally, U.S. job growth has been outpacing job growth in District states.



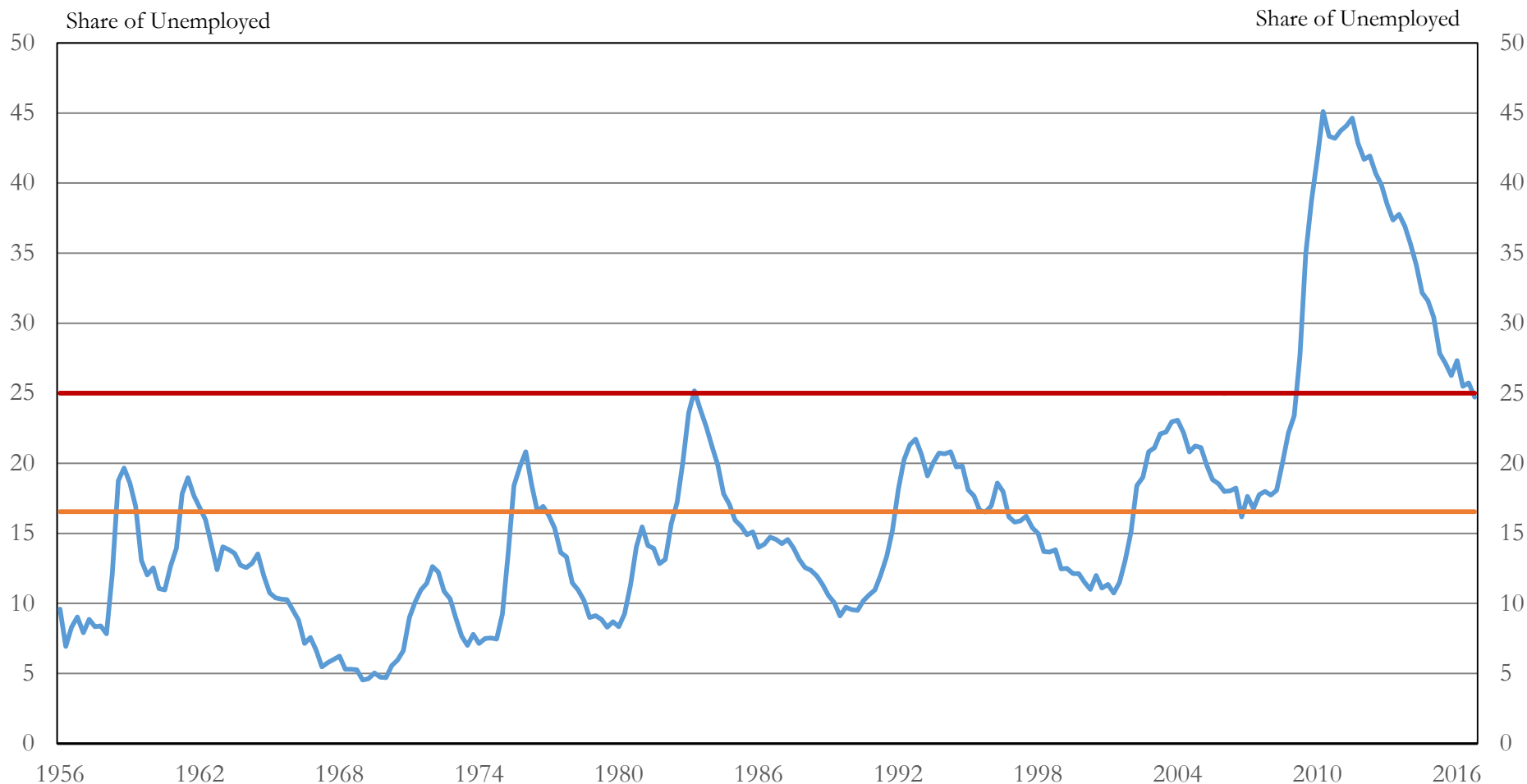
Job availability for LMI workers lagged overall employment growth but recently has followed a similar pattern.



Other labor market considerations (LMI)

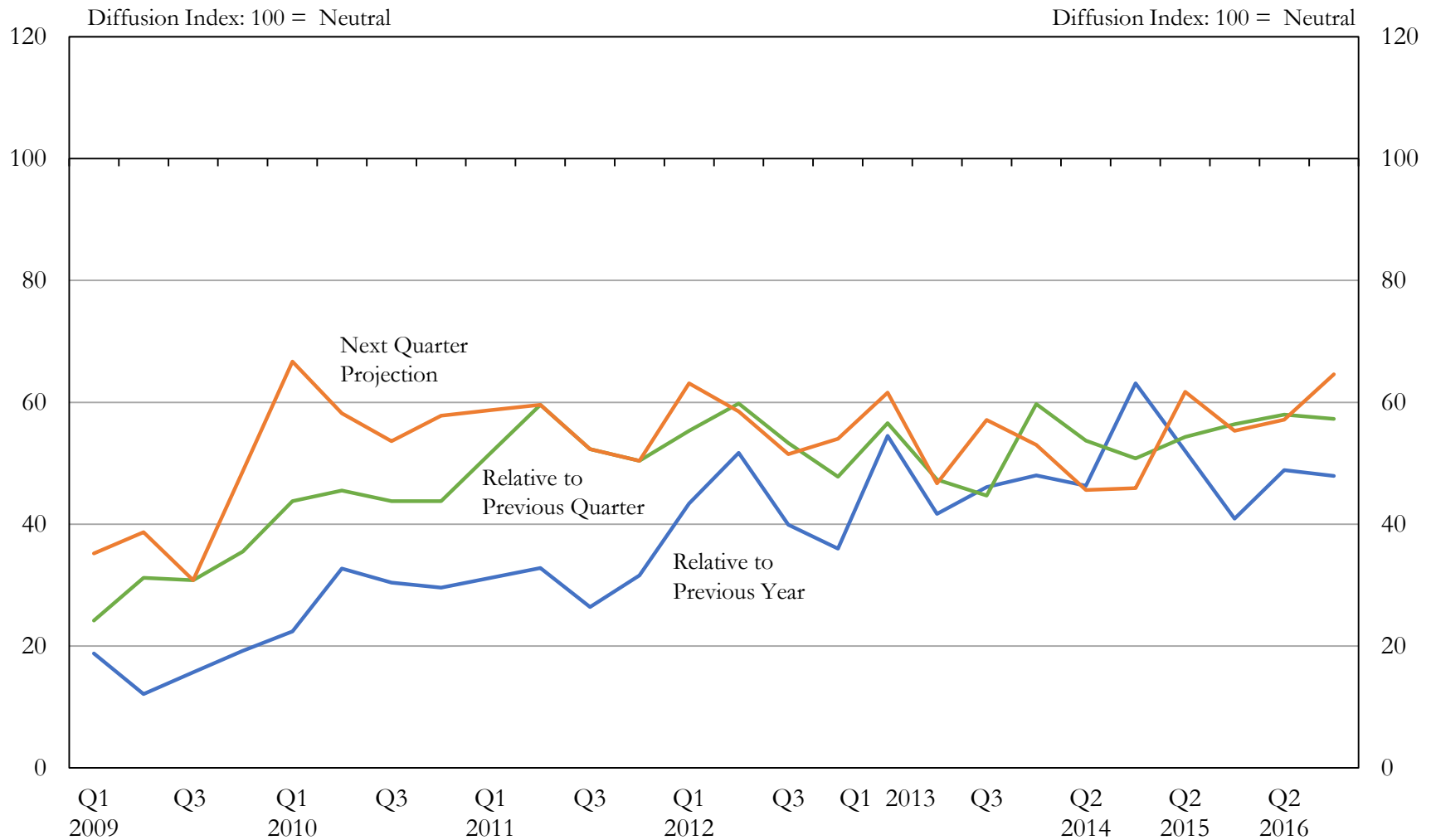
- Jobs, but not necessarily “good jobs”
 - In most larger places in the District, jobs are available for LMI workers (especially retail) if they are willing to accept the conditions and wages offered and are not especially difficult to employ
 - But many of the job gains have been part-time jobs
 - Most survey contacts report that wages have been stagnant with job growth
- A number of labor market issues continue to challenge LMI workers
 - Education, training, and experience needed to advance
 - Childcare
 - Transportation
 - Frequent change in residency

Long-term unemployment (> 26 weeks) has declined sharply, but remains well above typical highs in previous recessions. Long-term unemployment is marginally higher for LMI workers.



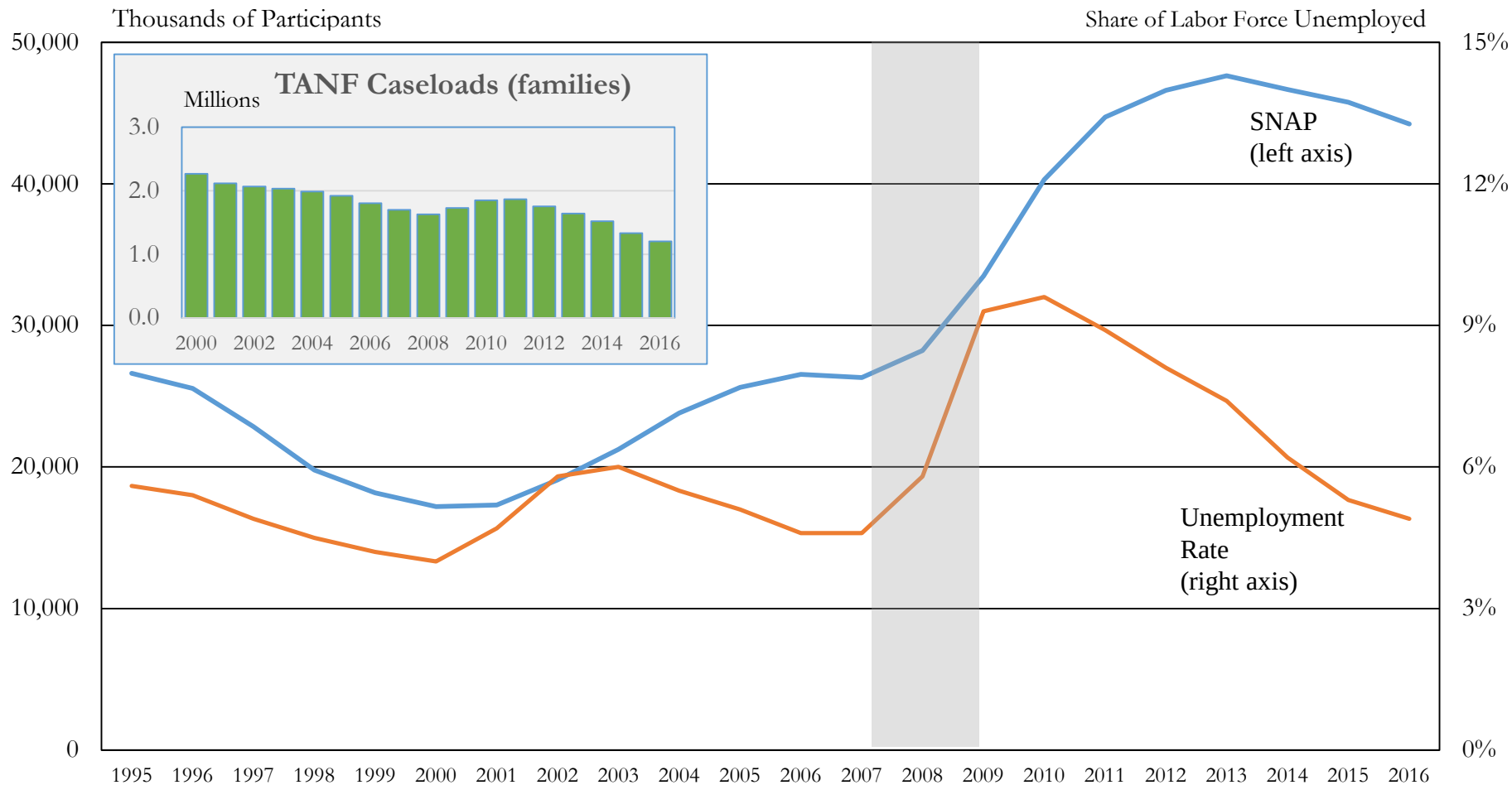
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research; Haver Analytics; Federal Reserve Bank of Kansas City (internal data)

Long-term unemployment is likely a key driver for continuing increases in the demand for social services.



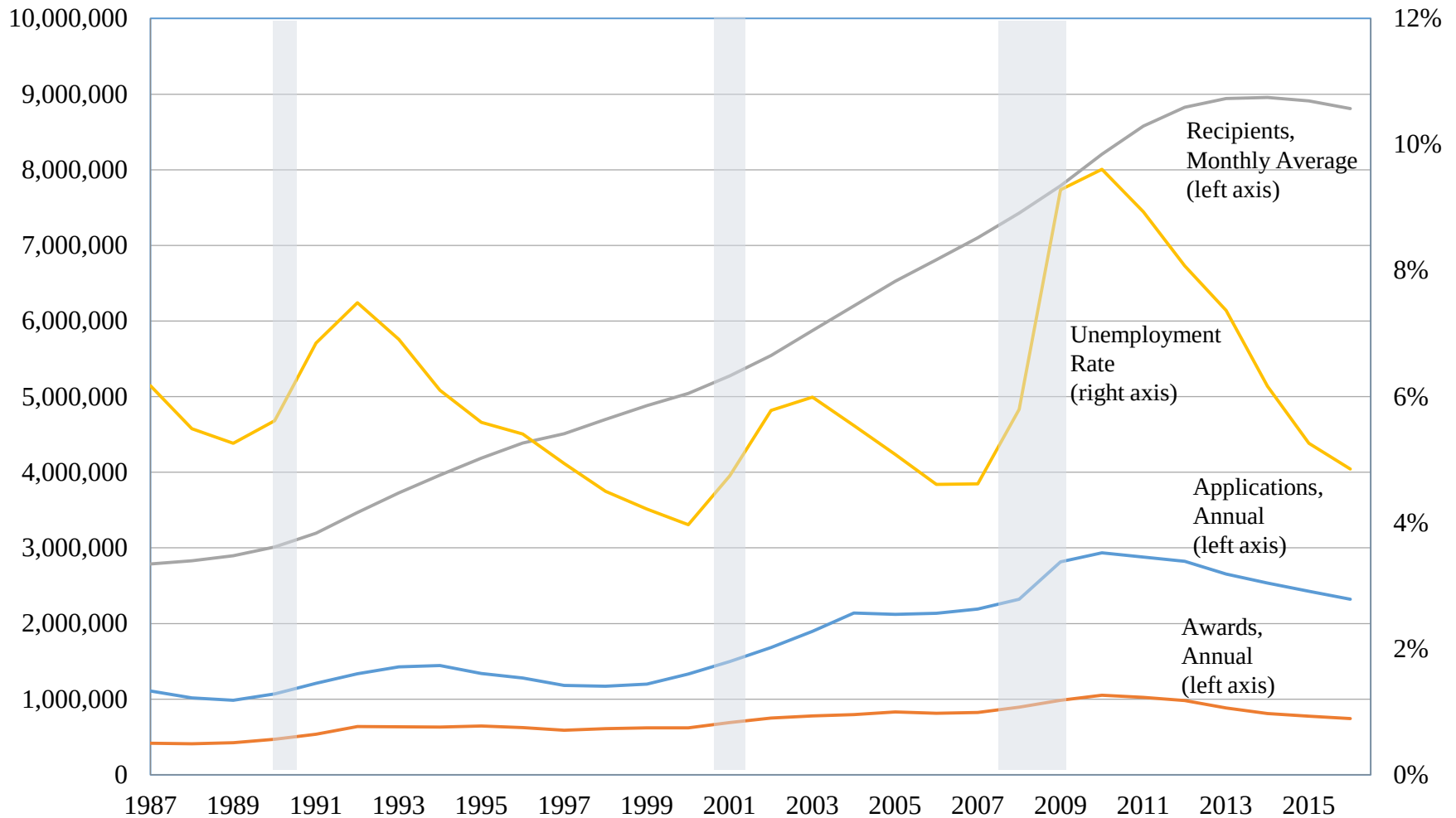
Source: Federal Reserve Bank of Kansas City, LMI Survey

... and public assistance.



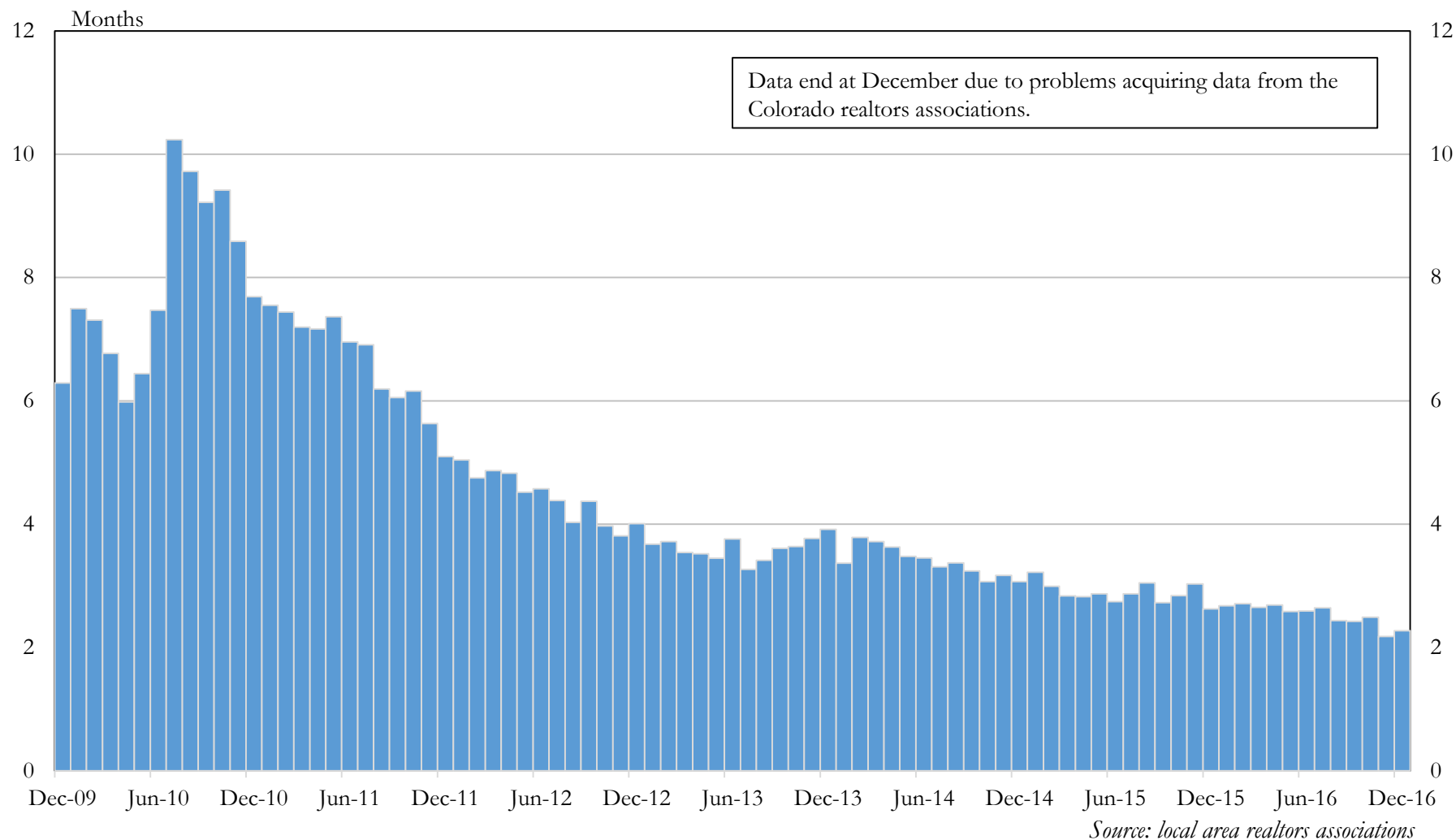
Sources: U.S. Department of Agriculture; U.S. Bureau of Labor Statistics; Office of Family Assistance

Disability applications, and to some extent, awards and recipients, tend to be procyclical.

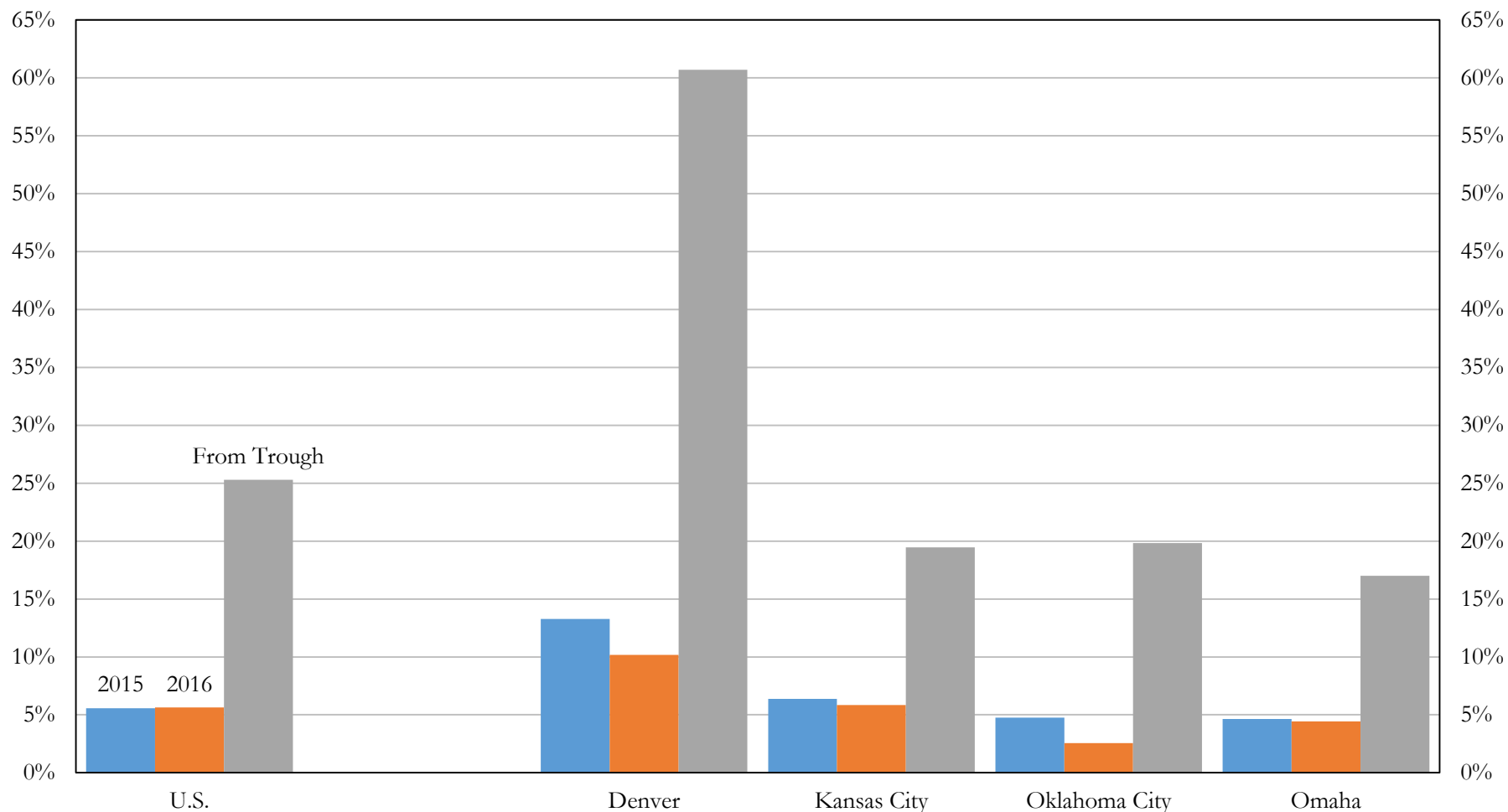


Source: U.S. Social Security Administration

The months supply of homes has dwindled, putting downward pressure on sales and providing support for increasing prices.

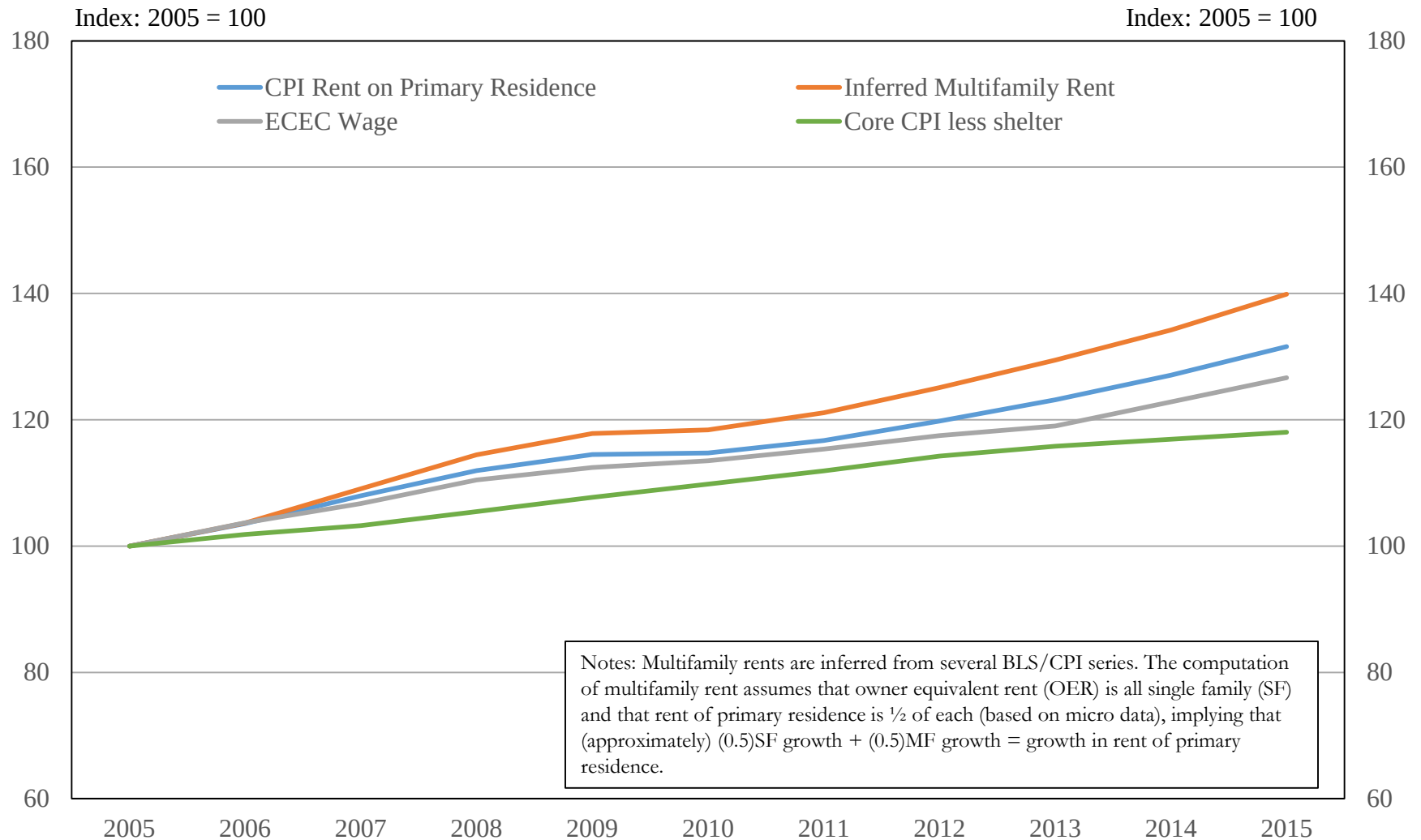


Change in Single-Family Home Prices



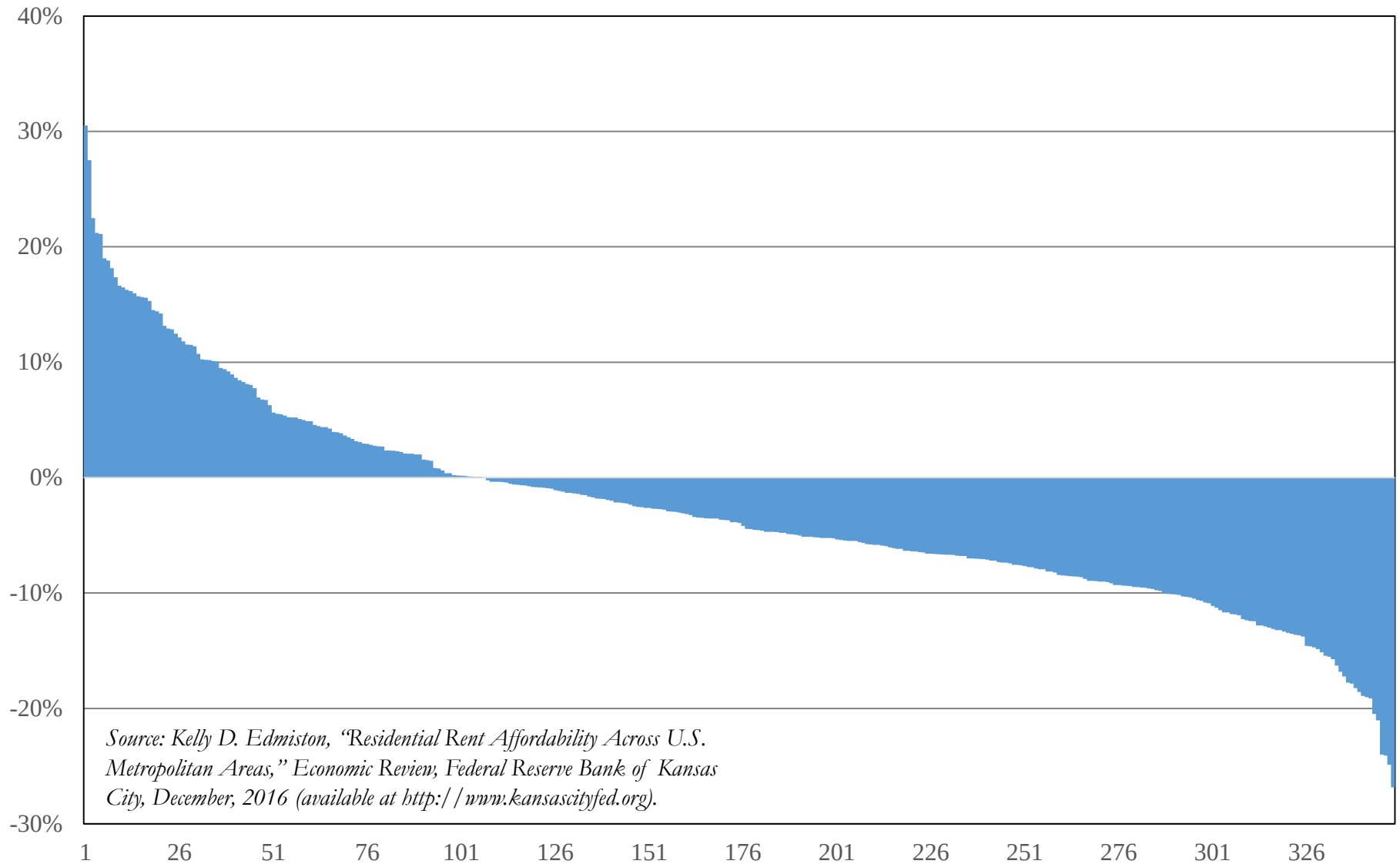
Source: Federal Housing Finance Authority / Haver Analytics

Rent Affordability in the U.S.

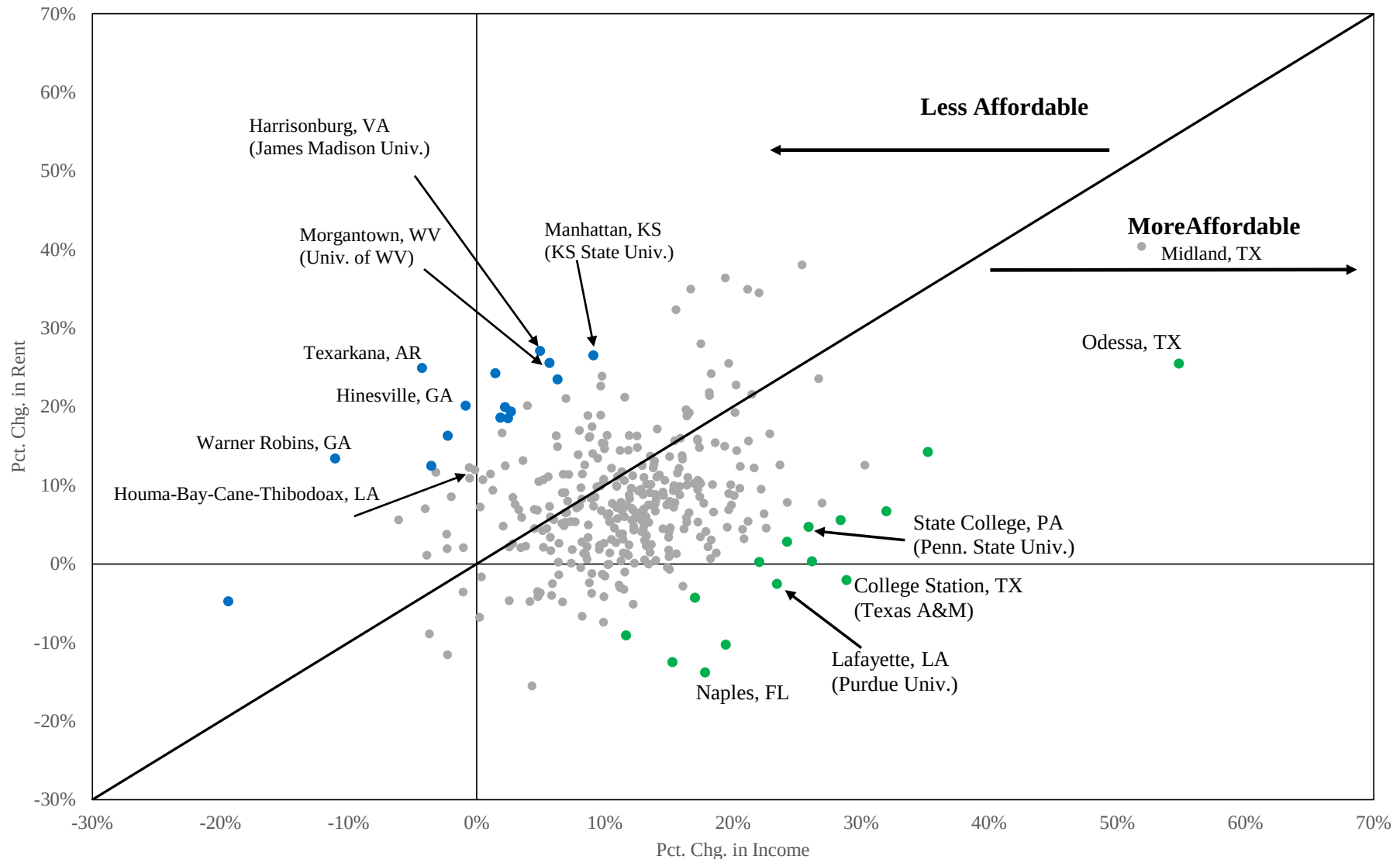


Source: Kelly D. Edmiston, "Residential Rent Affordability Across U.S. Metropolitan Areas," *Economic Review*, Federal Reserve Bank of Kansas City, December, 2016 (available at <http://www.kansascityfed.org>).

Percent Change in Affordability Ratio, 2010-2015

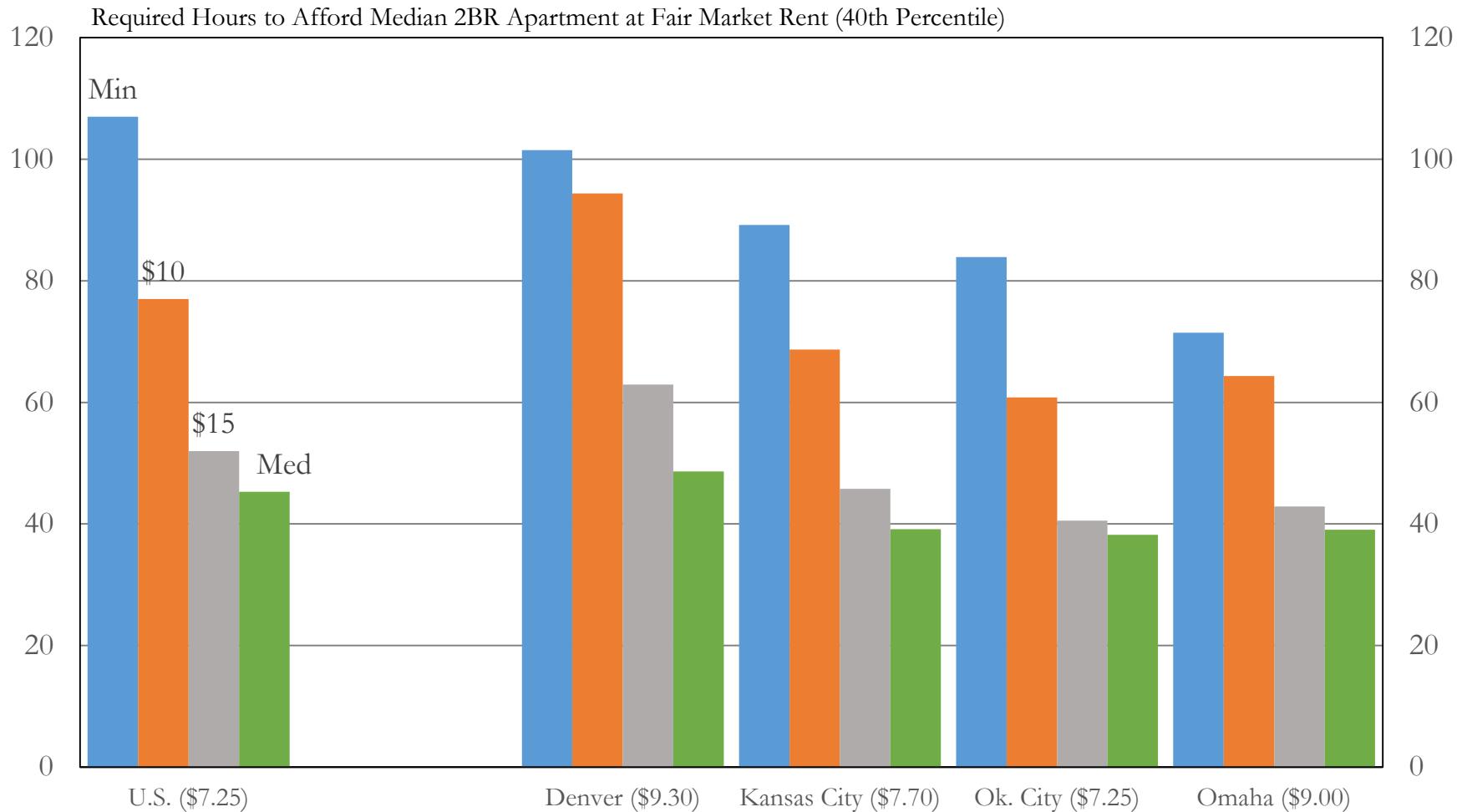


Change in Housing Affordability Across MSAs, 2010-2015



Source: Kelly D. Edmiston, "Residential Rent Affordability Across U.S. Metropolitan Areas," *Economic Review*, Federal Reserve Bank of Kansas City, December, 2016 (available at <http://www.kansascityfed.org>).

Regardless of trends, “typical” rents are unaffordable for many lower-income individuals and families.



Note: Number of work hours required to afford (30% of income or less) a 2-bedroom apartment at Fair Market Rent (HUD).
Data Source: Low-Income Housing Coalition; U.S. Bureau of Labor Statistics, Occupational Wages; U.S. Department of Labor, Wage and Hour Division, “Minimum Wage Laws in the States - January 1, 2017.”



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