SURVEY FINDS FINANCIAL CONDITIONS IN LOW- AND MODERATE-INCOME COMMUNITY IMPROVE BUT REMAIN NEGATIVE

Indicators of economic and financial conditions in the Tenth Federal Reserve District’s low- and moderate-income (LMI) community remained negative but moved closer to neutral territory during the first quarter, according to the Kansas City Fed’s LMI Survey.

The quarterly survey measures the economic conditions of LMI populations and the organizations that serve them in the Kansas City Fed’s seven-state district. Results from the survey are used to construct five indicators of economic conditions in LMI communities and two indicators of the conditions of LMI-focused organizations. LMI populations are those with incomes of less than 80 percent of an area’s median income.

The survey’s broadest measure of financial status, the LMI Financial Condition Index, rose to 58.3 in the first quarter, compared to 34.2 in the prior quarter and 24.2 in the first quarter of 2009. The index’s values range from zero, which indicates the most deterioration in conditions, to 200, which indicates the most improvement in conditions. A value of 100 is considered neutral.

Indexes measuring job availability and affordable housing showed more substantial progress toward a neutral level, suggesting the potential for near-term gains. Survey respondents reported that underemployment and unemployment, lack of credit, debt struggles and persistent foreclosure activity were factors that continued to hinder recovery.

Organizations serving the needs of LMI communities reported a neutral evaluation of their organizational capacity and financial resources, suggesting that while funding and capacity challenges remain, their situations did not deteriorate in general, and in some cases, improved.

The Federal Reserve Bank of Kansas City and its branches in Denver, Oklahoma City and Omaha serve the Tenth Federal Reserve District: western Missouri, Nebraska, Kansas, Oklahoma, Wyoming, Colorado, and northern New Mexico.

###