



November 2019

Family Financial Security Matters for Cities

The financial health of Houston residents



The financial health of cities depends on financially secure residents. When families have little to no savings and experience a disruption in their income or expenses, bills may be missed and consequences such as eviction may result.

The financial security of Houston is tied to the financial health of its residents

**\$39–90
million**

The minimum cost to
Houston government of family
financial insecurity from
eviction and unpaid property
taxes and utility bills

518,000

of the 838,000 families in
Houston are financially insecure

38%

of Houston residents have
subprime credit scores

Among families in Houston, 62% were financially insecure, with less than \$2,000 in savings, compared with 52% nationally.

Financial Health of Houston Residents

Indicators of the financial health of city residents

Three ways of characterizing financial health using credit data

1) Delinquent debt

- Having delinquent debt is an indicator of financial distress
- Delinquent debt is debt that is 60 or more days past due or in collections

2) Credit score

- Credit scores are a composite indicator of overall financial health
- Scores range from 300 to 850; a score below 600 is subprime

3) Credit use

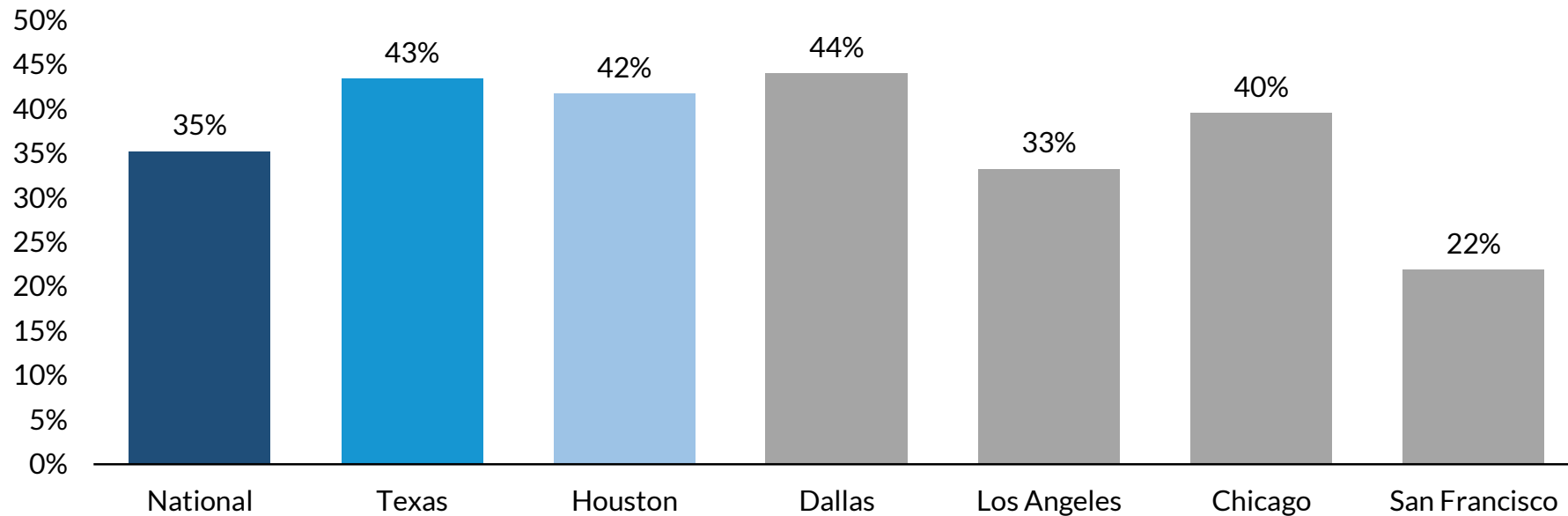
- Having a credit card or other revolving debt indicates access to credit, which families may use to meet their financial needs
- But the share of available credit used is a measure of debt burden

Delinquent Debt

More than 40 percent of Houston residents have delinquent debt

Delinquent debt indicates residents have trouble meeting financial obligations

Share of residents with delinquent debt



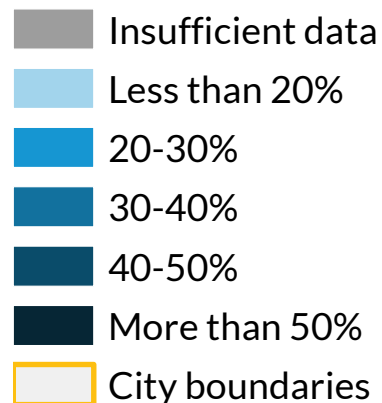
Source: Urban Institute tabulations of data from a major credit bureau, 2018.

Notes: Delinquent debt includes debt that is 60 or more days past due or in collections. Houston and other city residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).

There are geographic disparities in delinquency within Houston

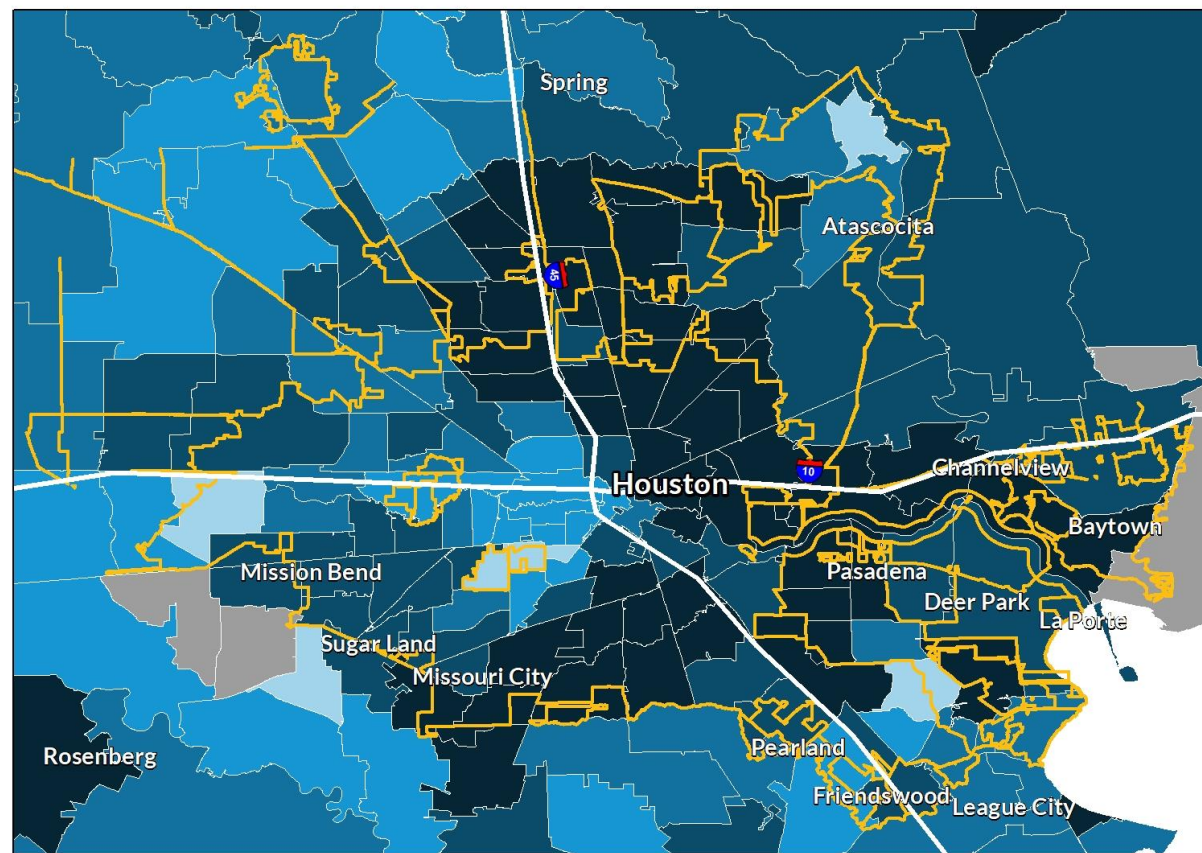
In some neighborhoods, more than half of residents have delinquent debt

Percent of residents with delinquent debt



Source: Urban Institute tabulations of data from a major credit bureau, 2018.

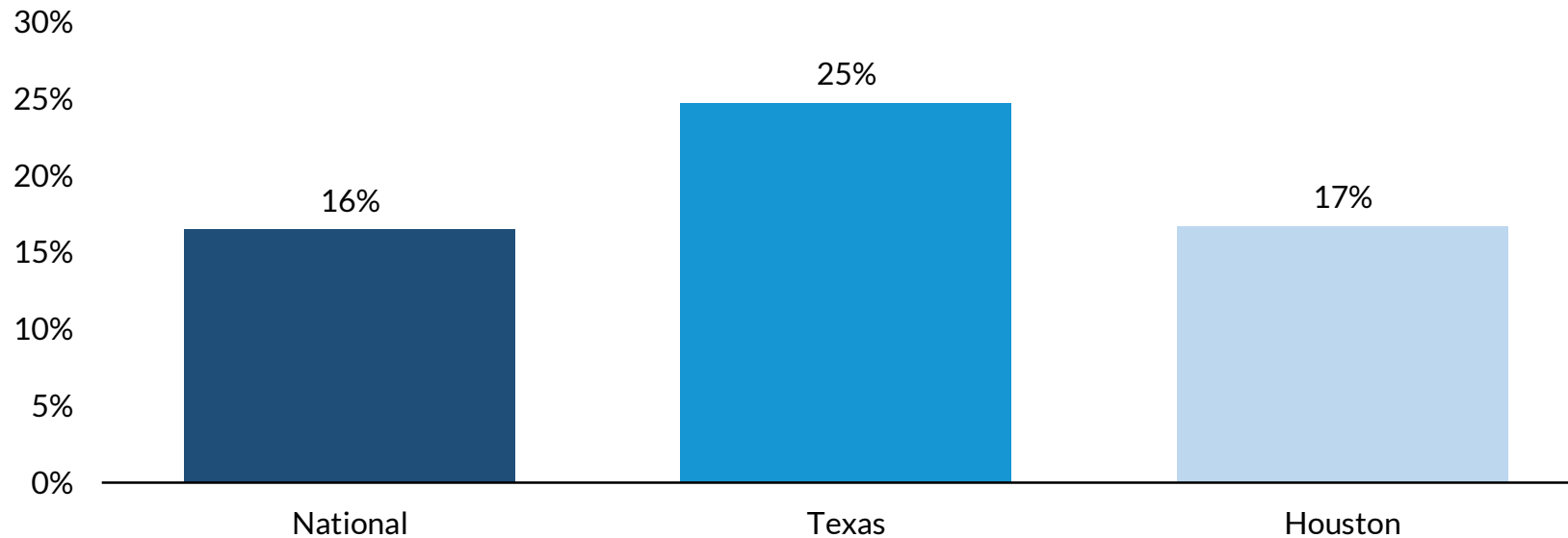
Notes: Delinquent debt includes debt that is 60 or more days past due or in collections. Houston residents include consumers with a credit record living within city limits. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau). Data are visualized at the zip-code level.



Many Houston residents struggle with medical debt

One in six residents have medical debt in collections, close to the national average

Share of residents with medical debt in collections



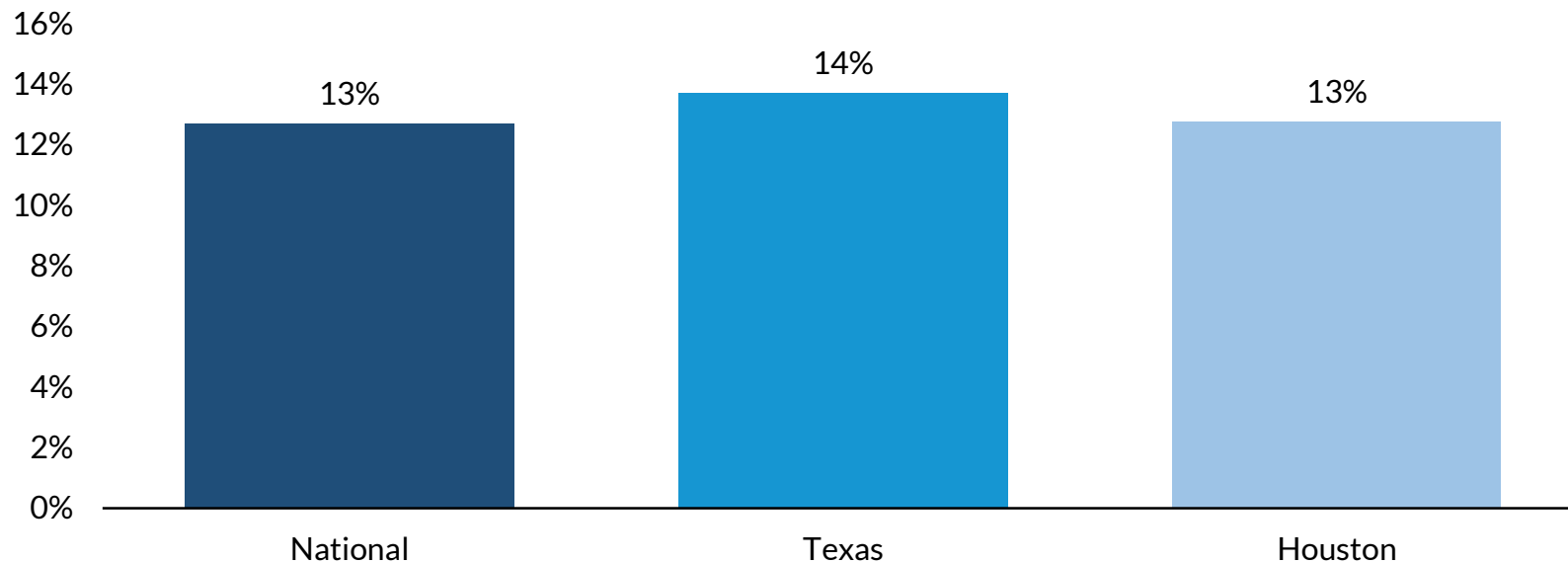
Source: Urban Institute tabulations of data from a major credit bureau, 2018.

Notes: Houston residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).

Student debt may be a challenge for some Houston residents

Thirteen percent of residents with student debt have loans in collections, on par with the national average

Share of student loan holders with student loan debt in collections



Source: Urban Institute tabulations of data from a major credit bureau, 2018.

Notes: Student collections are among those with any student loan debt. Houston residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).

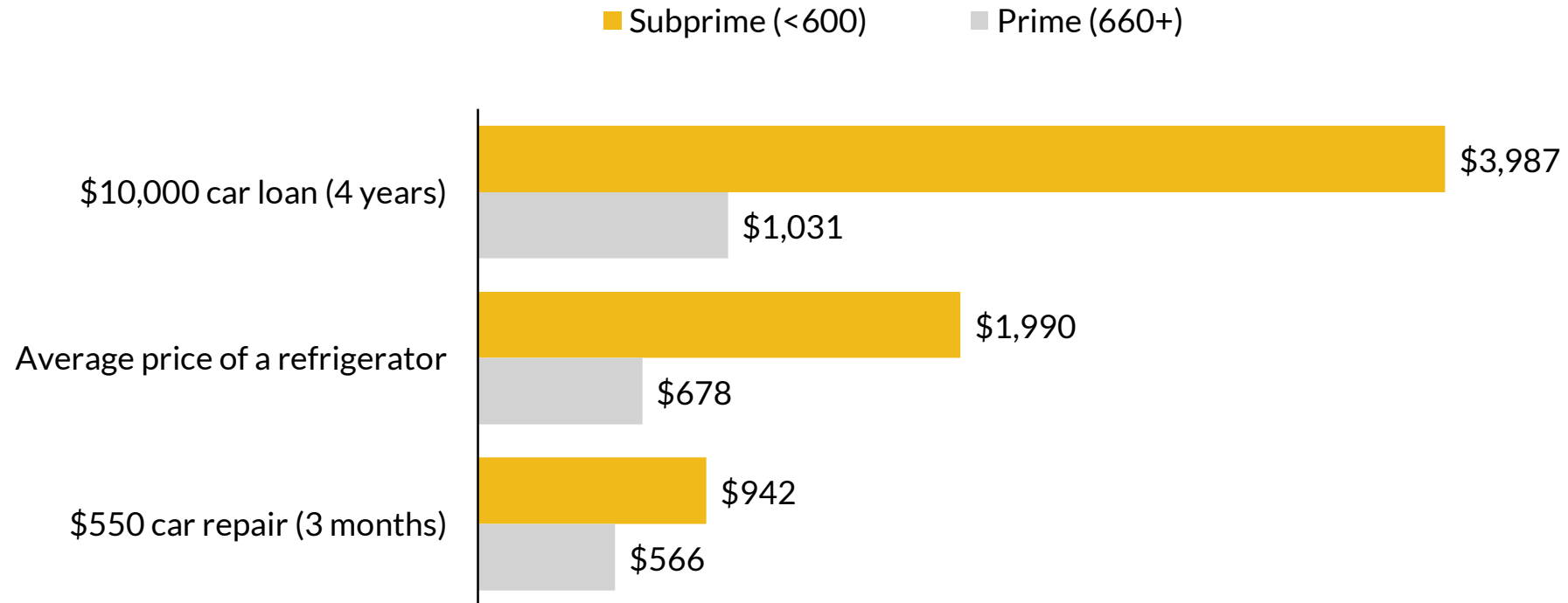
Summary of findings on delinquent debt

- 1) Delinquent debt is a measure of financial distress. It indicates that residents have trouble meeting financial obligations.
- 2) Over 40 percent of Houston residents have delinquent debt, a rate that is higher than the national average.
- 3) In some Houston neighborhoods, more than half of residents have delinquent debt.

Credit Score

Credit health affects residents' costs of living

Having a subprime credit score increases the costs of common consumer purchases

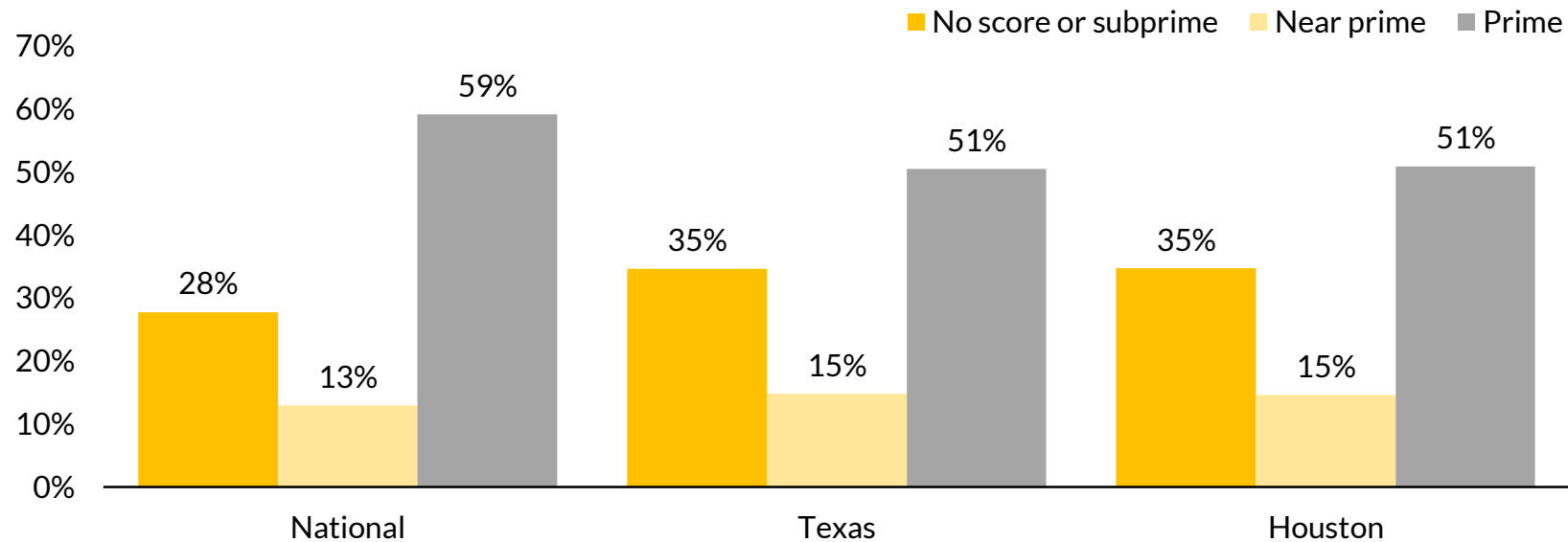


Source: Elliott and Lowitz. 2018. What Is the Cost of Poor Credit. Washington, DC: Urban Institute.

Houston residents have relatively poor credit compared with the national average

Nearly half of Houston residents have a credit score that is below prime

Share of residents by credit score range



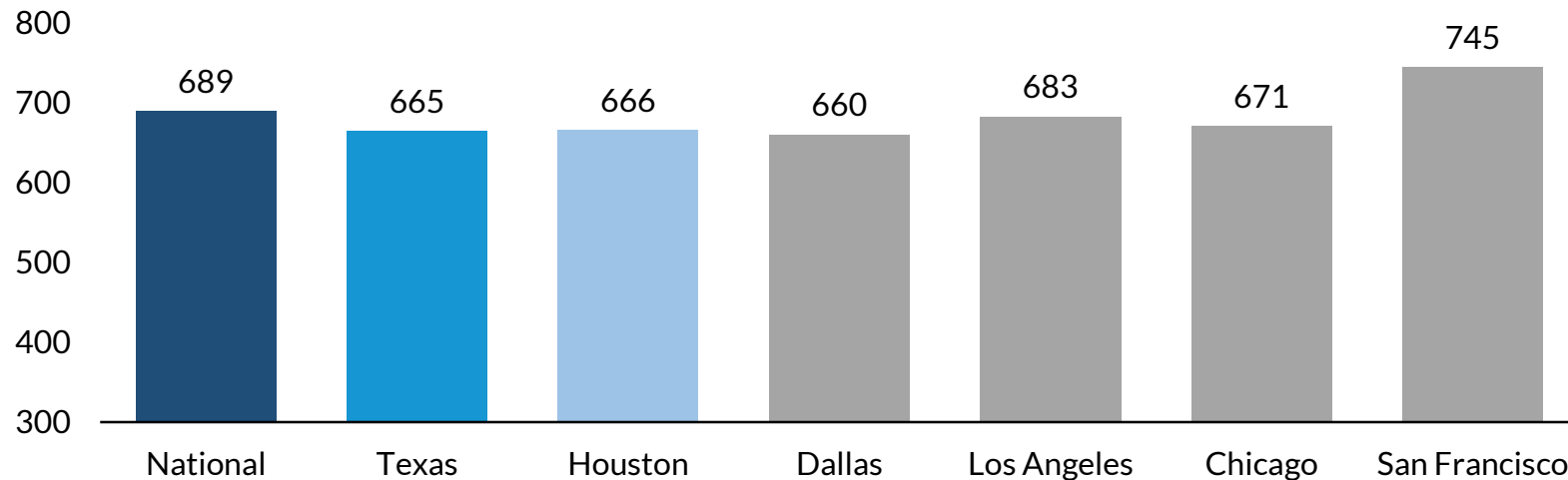
Source: Urban Institute tabulations from a major credit bureau, 2018.

Notes: The VantageScore credit score ranges from 300 to 850. Subprime scores range from 300 to 600, near-prime from 601 to 660, and prime or more from 661 to 850. Houston residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).

Houston residents have somewhat poorer credit than residents in some other cities

Houston's median credit score is below the national median

Median credit score



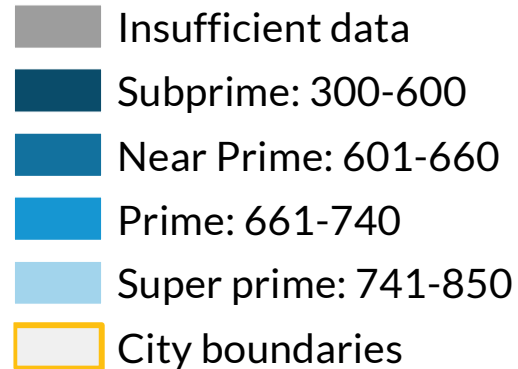
Source: Urban Institute tabulations of data from a major credit bureau, 2018.

Notes: The VantageScore credit score ranges from 300 to 850. Subprime scores range from 300 to 600, near-prime from 601 to 660, and prime or more from 661 to 850. Houston residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).

There are geographic disparities in credit health within Houston

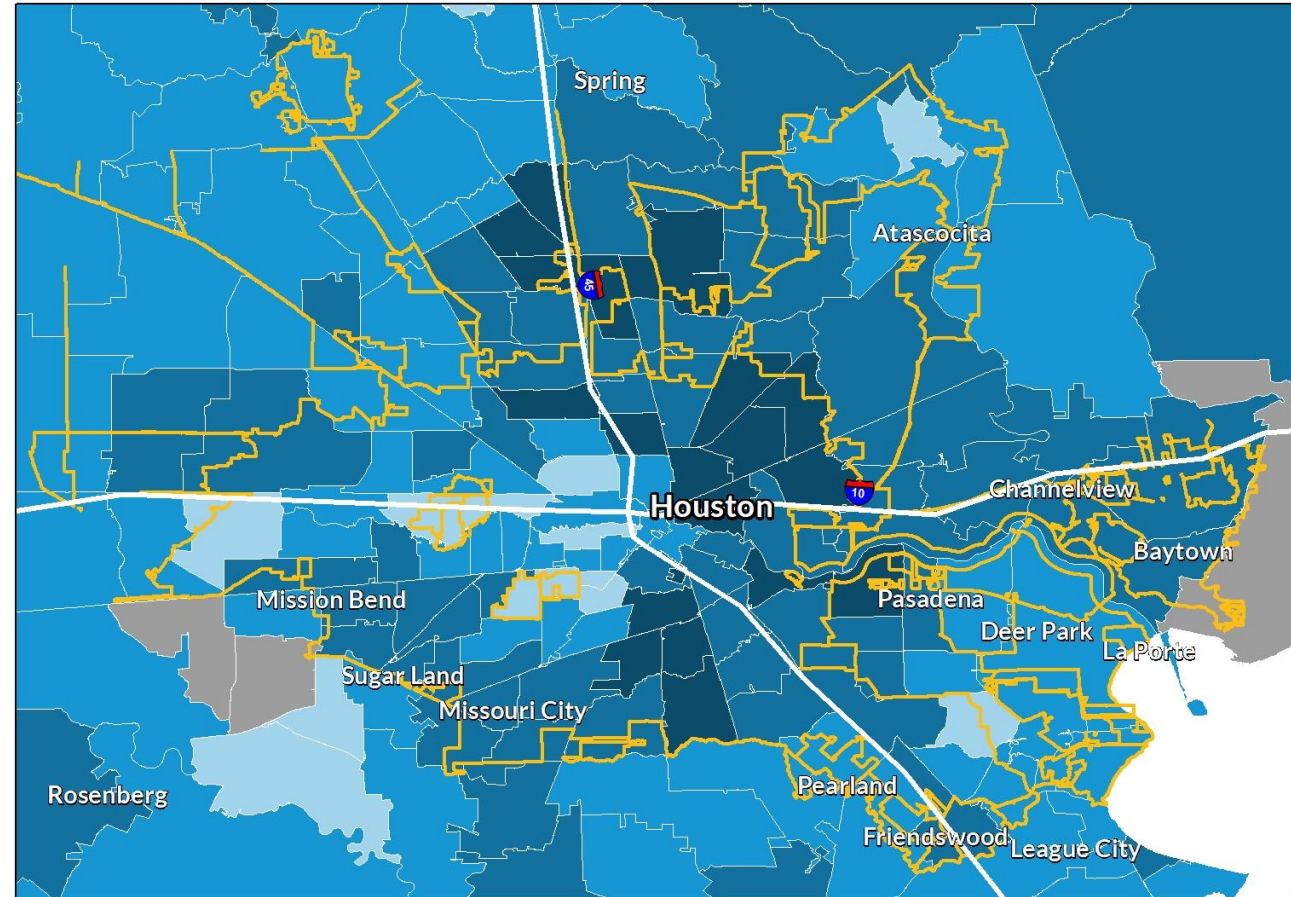
In some neighborhoods, the median credit score is subprime

Median credit score



Source: Urban Institute tabulations of data from a major credit bureau, 2018.

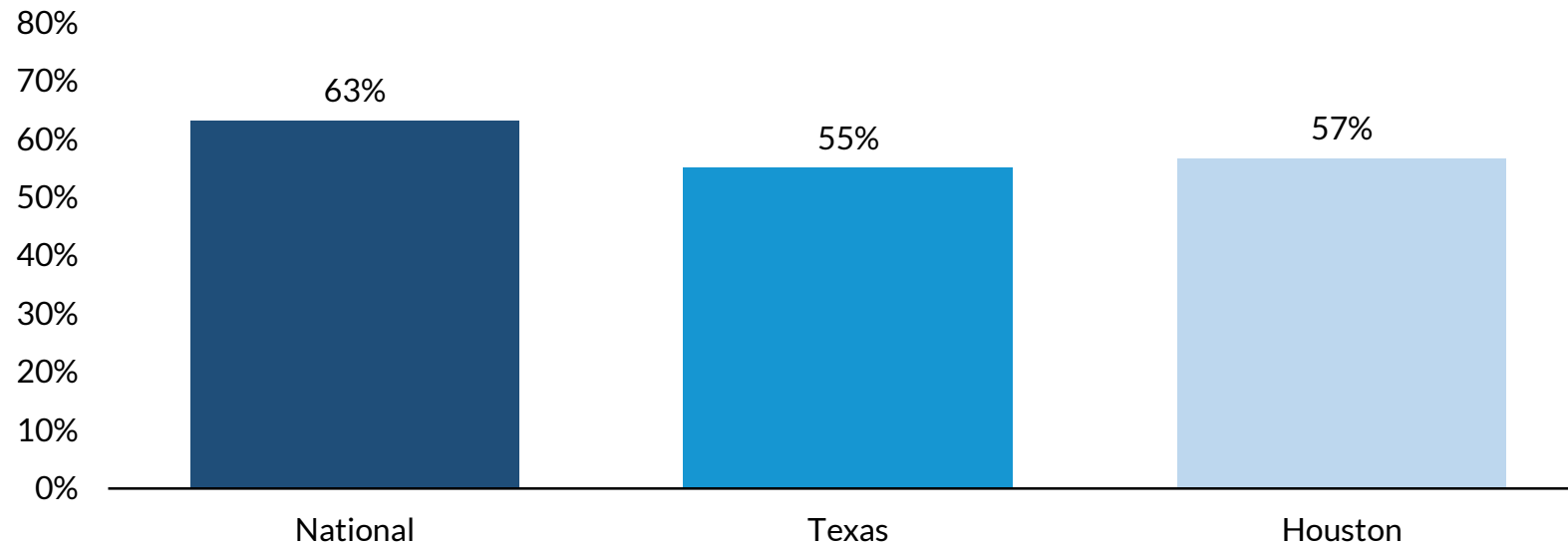
Notes: The VantageScore credit score ranges from 300 to 850. Houston residents include consumers with a credit record living within city limits. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau). Data are visualized at the zip-code level.



Just over half of Houston residents have healthy credit

Houston residents have poorer credit health than US residents overall

Share of residents with healthy credit



Source: Urban Institute tabulations of data from a major credit bureau, 2018.

Notes: Consumers with healthy credit have at least one line of credit never delinquent in the past year and no lines of credit paid 60 or more days late in the past two years. Houston residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).

Summary of findings on credit score

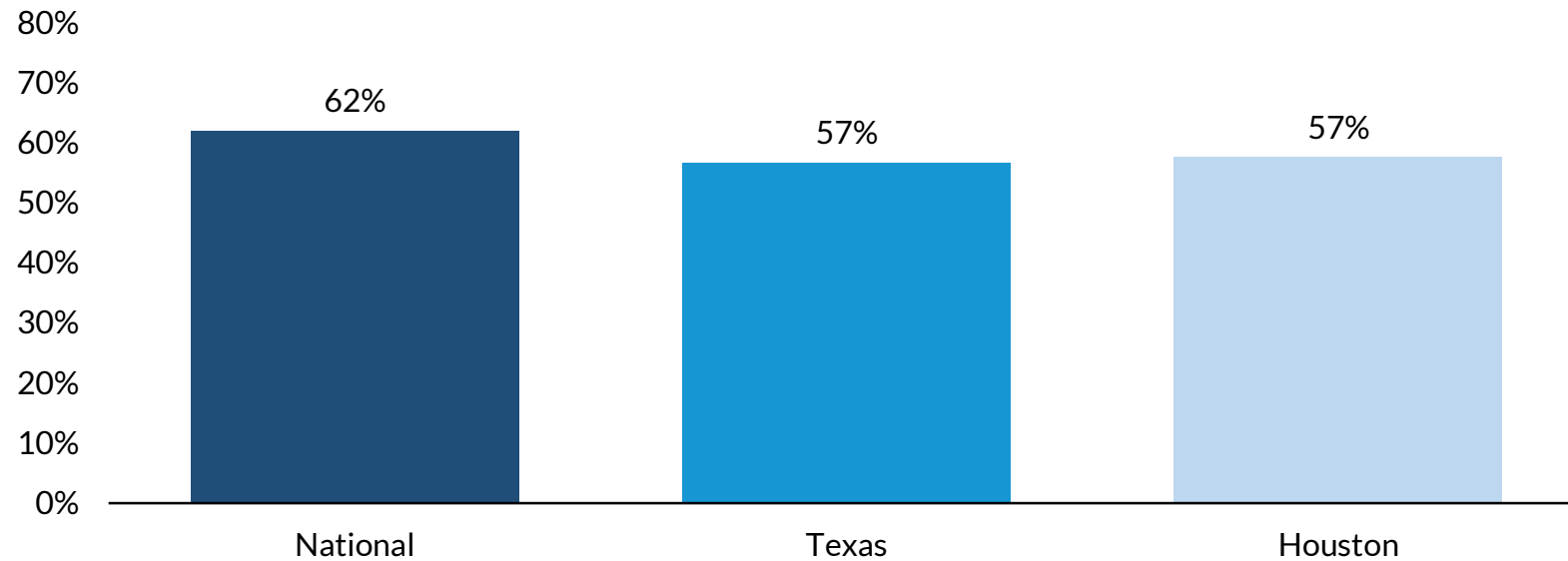
- 1) Credit scores are a composite indicator of overall financial health. Poor credit is costly for city residents.
- 2) Houston residents, on average, have relatively poor credit compared with US residents or residents of some other cities. Just half of Houston residents have prime credit, compared with 59 percent nationally.
- 3) There are geographic disparities in credit health within Houston. In some neighborhoods the median credit score is subprime, while in others it is prime or higher.

Credit Use

Over half of Houston residents have access to credit

A credit card or other sources of credit can help residents meet their financial needs

Share of residents with credit card or other revolving credit



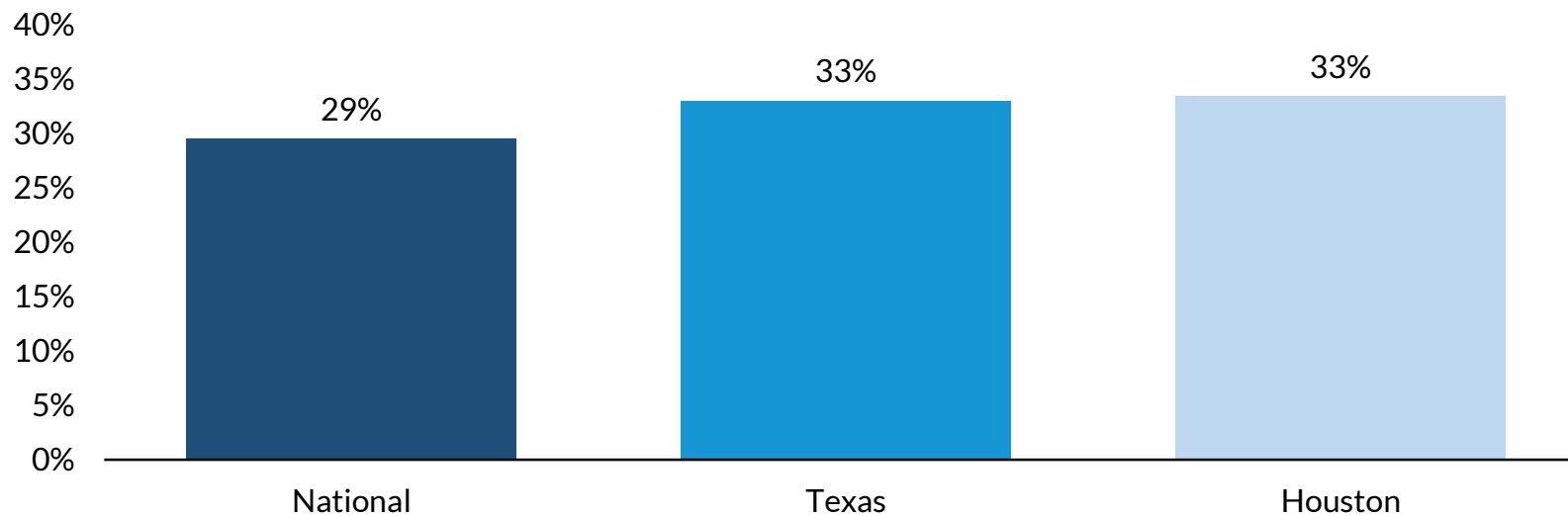
Source: Urban Institute tabulations of data from a major credit bureau, 2018.

Notes: A revolving account is one in which the credit may be used or withdrawn repeatedly up to a pre-approved credit limit. Credit cards are the most common type of revolving account. Houston residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).

Credit burden for Houston residents is similar to the national average

Credit card holders using a larger share of their available credit have larger debt burdens

Share of available credit used, among credit card holders



Source: Urban Institute tabulations of data from a major credit bureau, 2018.

Notes: Available credit is the credit amount available for the borrower to use; the amount difference between the credit limit and outstanding balance. Houston residents include consumers with a credit record living within city limits. National and state figures include consumers with a credit record living in the US or within Texas. Approximately 89 percent of US adults have a credit record (Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. *Data Point: Credit Invisibles*. Washington, DC: Consumer Financial Protection Bureau).

Summary of findings on credit use

- 1) Having a credit card or other revolving debt indicates access to credit, which families may use to meet their financial needs. The share of available credit used is a measure of debt burden.
- 2) Over half of Houston residents have access to these sources of credit. The credit burden faced by Houston residents with a credit card is similar to the national average.

Key takeaways

- Residents' financial health is linked to cities' financial health.
- Steps cities can take:
 - Offer financial coaching, counseling, and innovative uses of technology to help build residents' financial well-being, including savings strategies.
 - Integrate financial interventions—such as those that help residents repay rent and utility debt—into other programs to meet people where they are.
 - Make saving easy through incentivized programs that provide matching funds to help residents build an emergency savings cushion and move up the economic ladder.
- To learn more about how Houston's financial health compares to similar cities across the country and specific actions cities can take to improve their residents' financial health, explore Houston's profile on our [interactive City-Level Dashboard](#).

Thriving Residents, Thriving Cities

INTERACTIVE FEATURE

The Financial Health of Residents: An Interactive Dashboard

RESEARCH BRIEF

Thriving Residents, Thriving Cities

BLOG

Financially Insecure Residents Can Cost Cities Millions



URBAN
WIRE

DATA/
VIZ

FEATURES

POLICY
DEBATES

PARTNER
PROJECTS

NEXT50

Thriving Residents, Thriving Cities

The economic health of cities and communities depends on residents' financial health and stability. When residents thrive, cities are better able to thrive. And when residents struggle to make ends meet, cities can too. By improving family financial health, cities can bolster their own financial security and ensure that all residents have the chance to succeed.



Financial Health of Residents: A City-Level Dashboard



Credit scores perpetuate racial disparities, even in America's most prosperous cities



Thriving Residents, Thriving Cities: Family Financial Security Matters for Cities



Why Cities Should Care about Family Financial Security



The Financial Health of Detroit Residents



Detroit's financial future is looking up, but residents have a long way to go



Debt in America: An Interactive Map

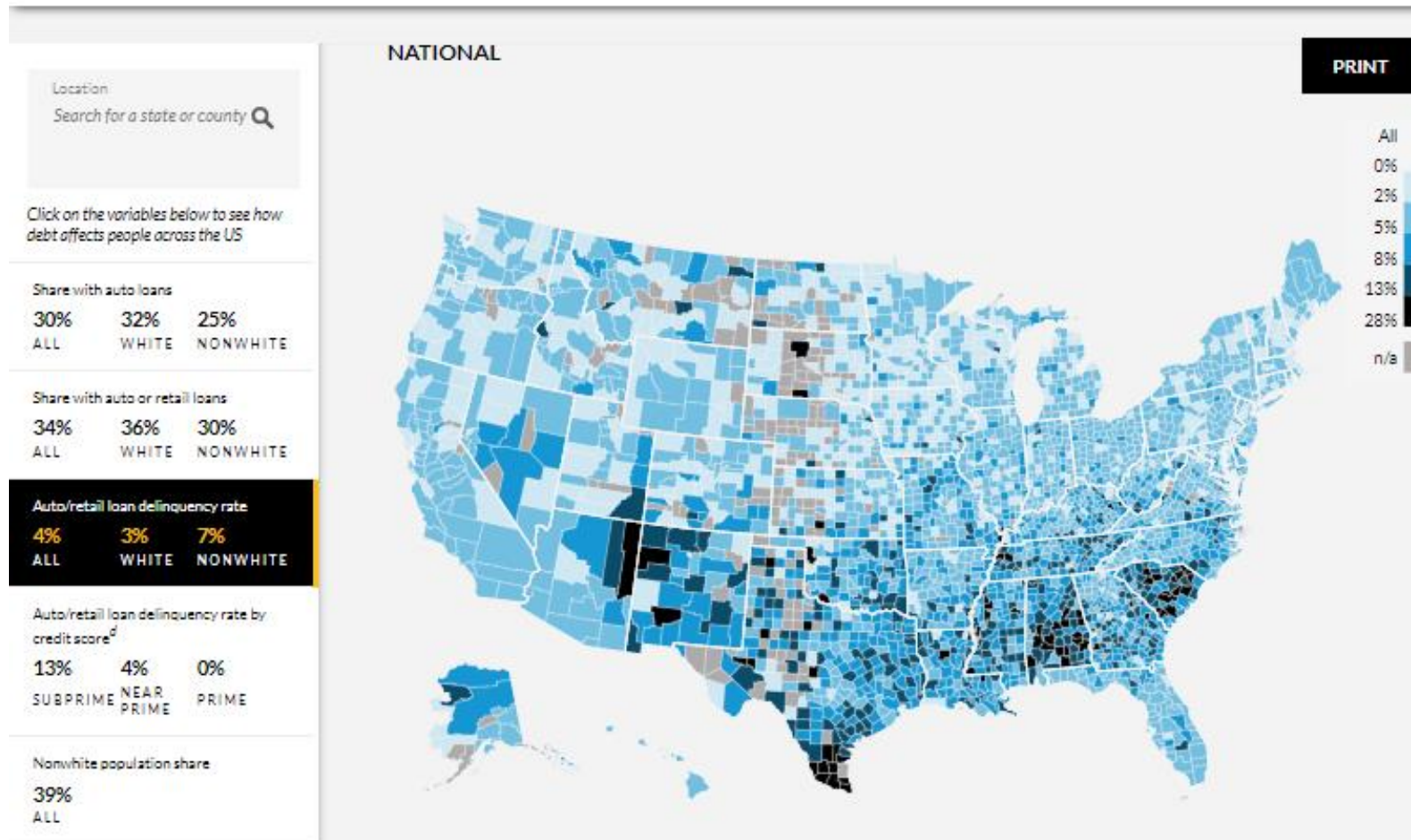
INTERACTIVE FEATURE

apps.urban.org/features/debt-interactive-map/

Debt in America: An Interactive Map

Credit can be a lifeline during emergencies and a bridge to education and homeownership. But debt, which can stem from credit or unpaid bills, often burdens families and communities and exacerbates wealth inequality. This map shows the geography of debt in America at the national, state, and county levels. How does your community compare?

Currently viewing: **AUTO LOAN DEBT (LAST UPDATED 12/13/18)**



Family Financial Security Matters for Cities

The financial health of Houston residents

November 2019

Diana Elliott, William Congdon, Breno Braga, Kassandra Martinchek, and Alex Carther

Acknowledgments

This research is funded by a grant from JPMorgan Chase. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Further information on the Urban Institute's funding principles is available at urban.org/fundingprinciples.

The authors thank Signe-Mary McKernan for guidance and advice, John Wehmann for design, and Alexandra Tammaro for her editorial work.

Copyright © November 2019. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.