



November 2019

# Family Financial Security Matters for Cities

The financial health of New Orleans 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 New Orleans is tied to the financial health of its residents

**\$13–30  
million**

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

**101,000**

of the 155,000 families in New Orleans are financially insecure

**43%**

of New Orleans residents have subprime credit scores

Among families in New Orleans, 65% were financially insecure, with less than \$2,000 in savings, compared with 52% nationally.

# Financial Health of New Orleans 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

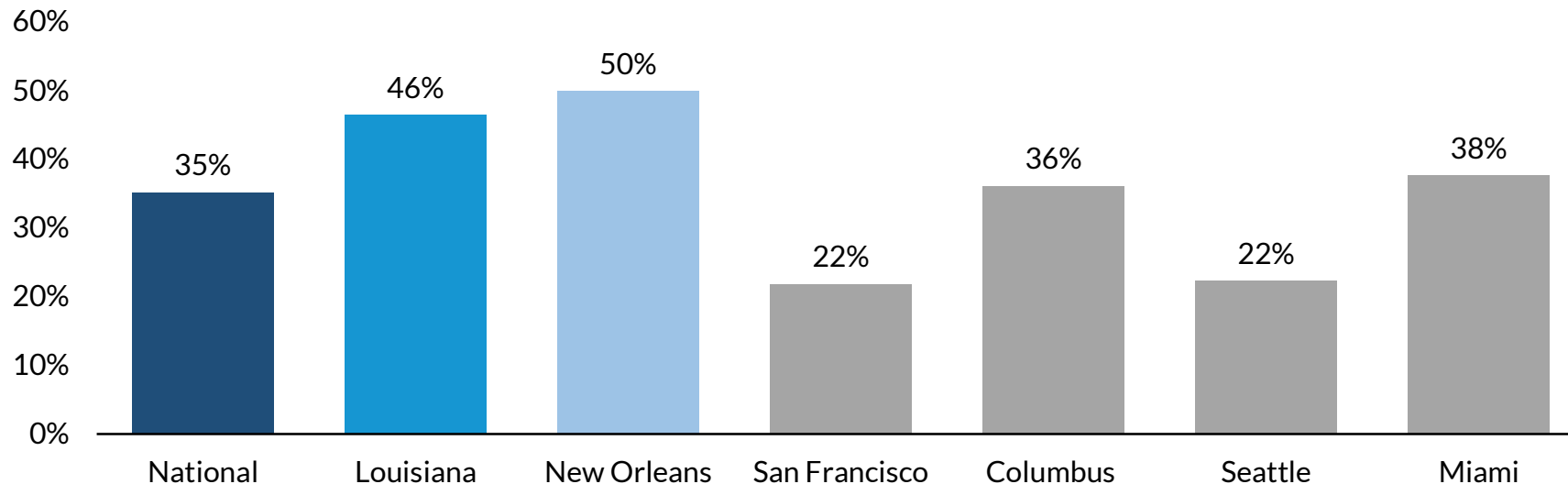
- Having a credit card or other revolving debt indicates access to credit, which families may use to meet their financial needs
- But the share of available credit used is a measure of debt burden

# Delinquent Debt

# Half of New Orleans residents have delinquent debt

*Delinquent debt indicates residents have trouble meeting financial obligations*

## Share of residents with delinquent debt



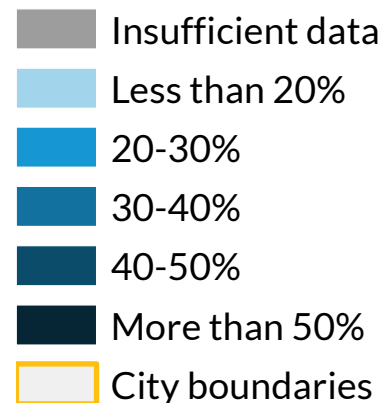
**Source:** Urban Institute tabulations of data from a major credit bureau, 2018.

**Notes:** Delinquent debt includes debt that is 60 or more days past due or in collections. New Orleans 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 Louisiana. 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).

# Delinquency impacts many New Orleans neighborhoods

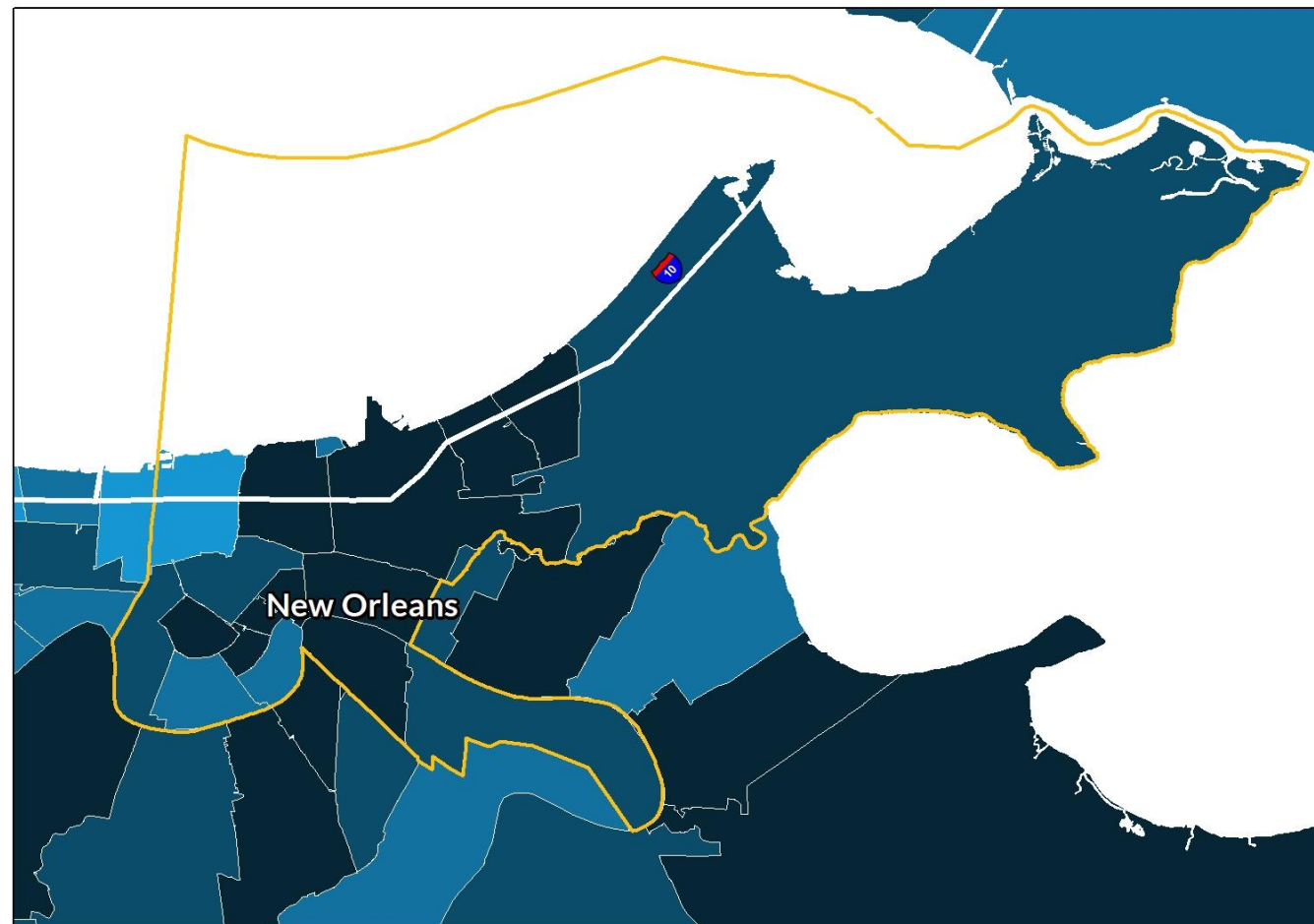
*In a number of neighborhoods, more than half of residents have delinquent debt*

## 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. New Orleans 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.

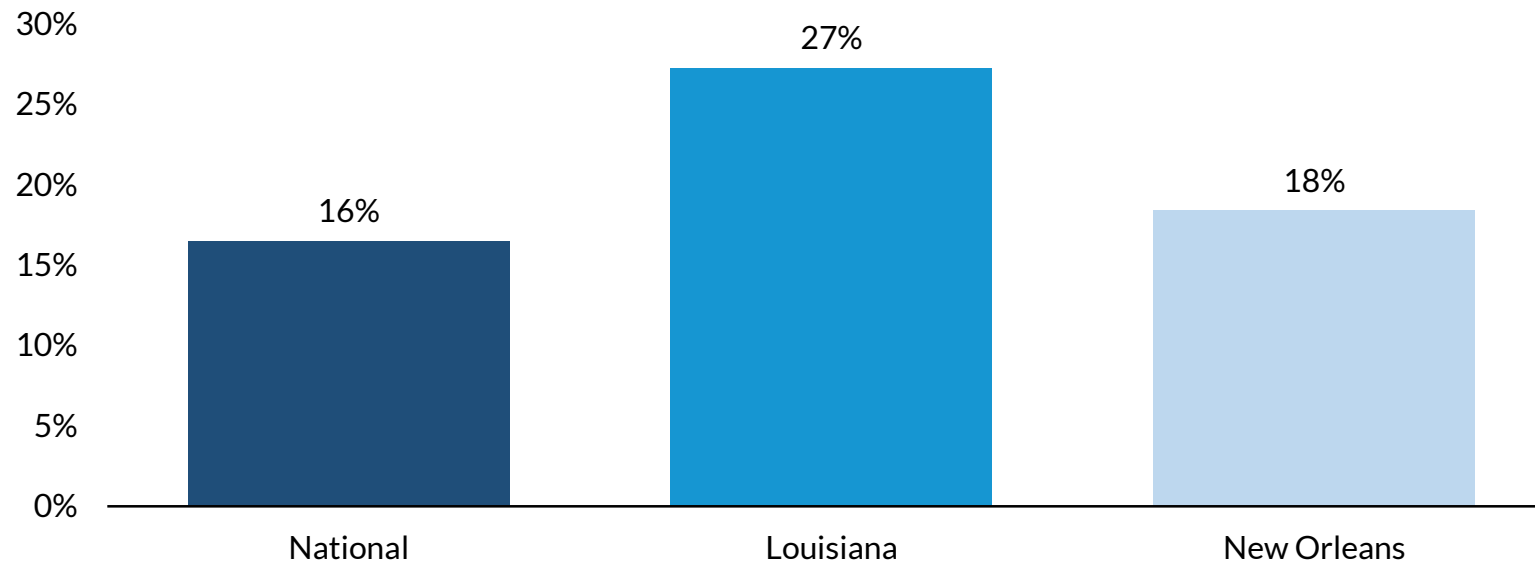




# Many New Orleans residents struggle with medical debt

*Nearly one in five residents have medical debt in collections, close to the national average*

## Share of residents with medical debt in collections



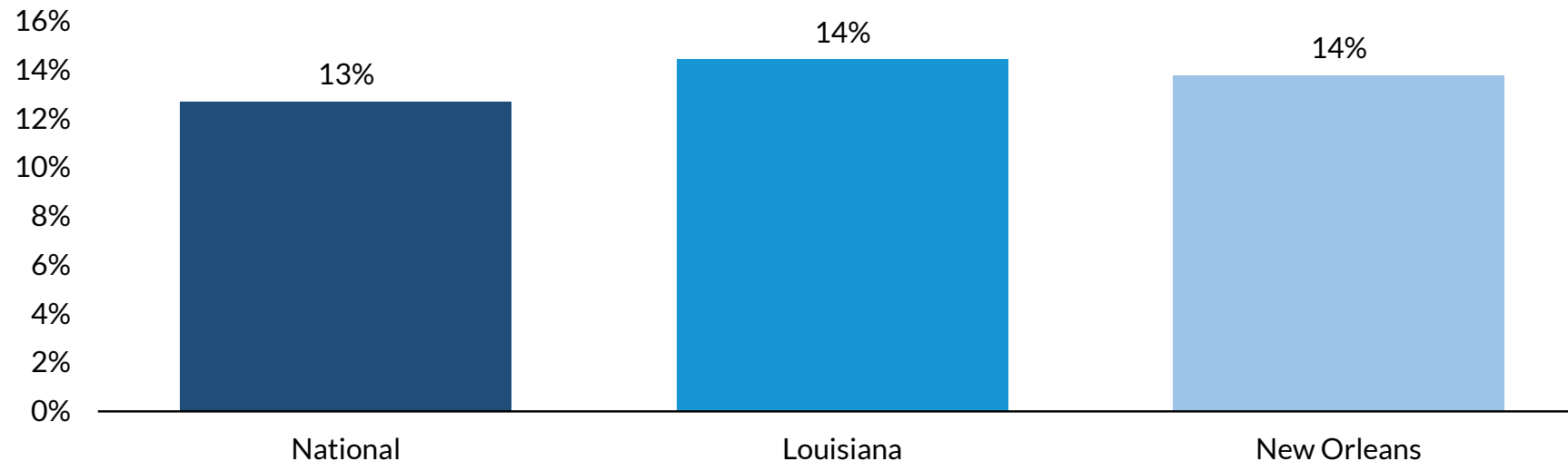
**Source:** Urban Institute tabulations of data from a major credit bureau, 2018.

**Notes:** New Orleans 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 Louisiana. 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 New Orleanians

*One in seven 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. New Orleans 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 Louisiana.

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).

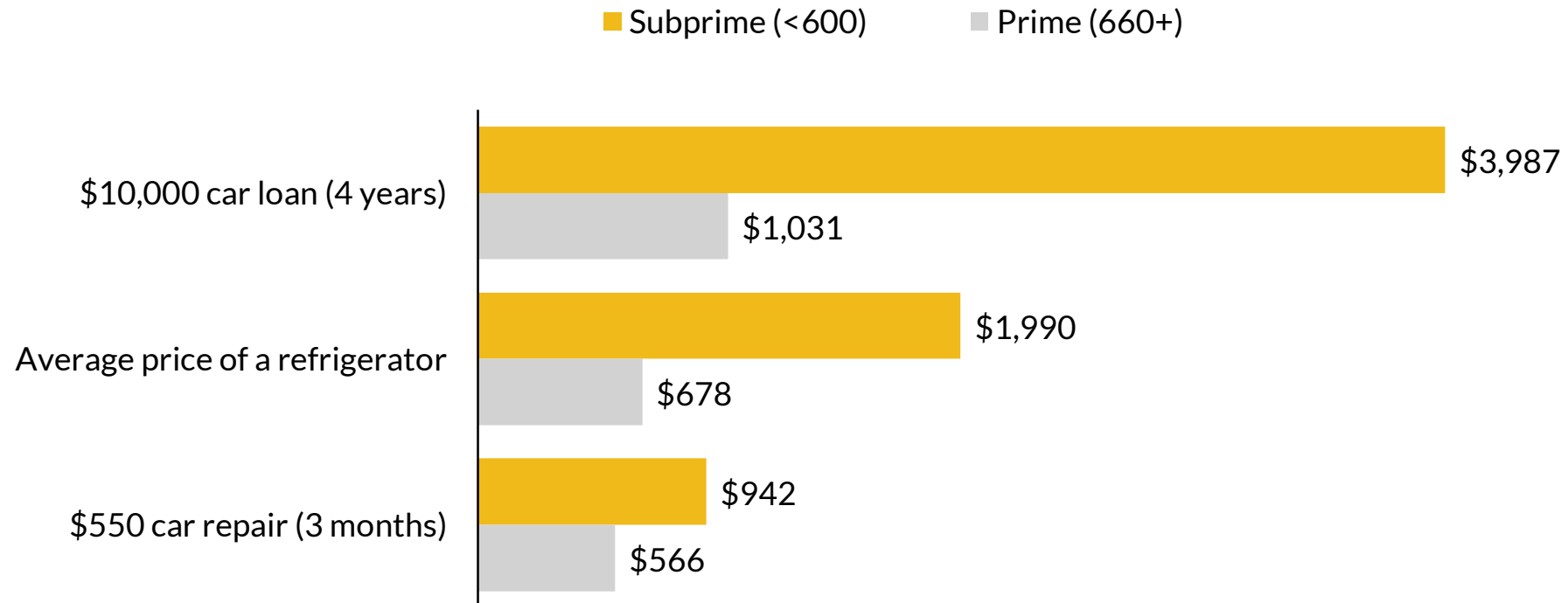
## Summary of findings on delinquent debt

- 1) Delinquent debt is a measure of financial distress. It indicates that residents have trouble meeting financial obligations.
- 2) Half of New Orleans residents have delinquent debt, a rate above the US and Louisiana state averages.
- 3) In a number of New Orleans 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*

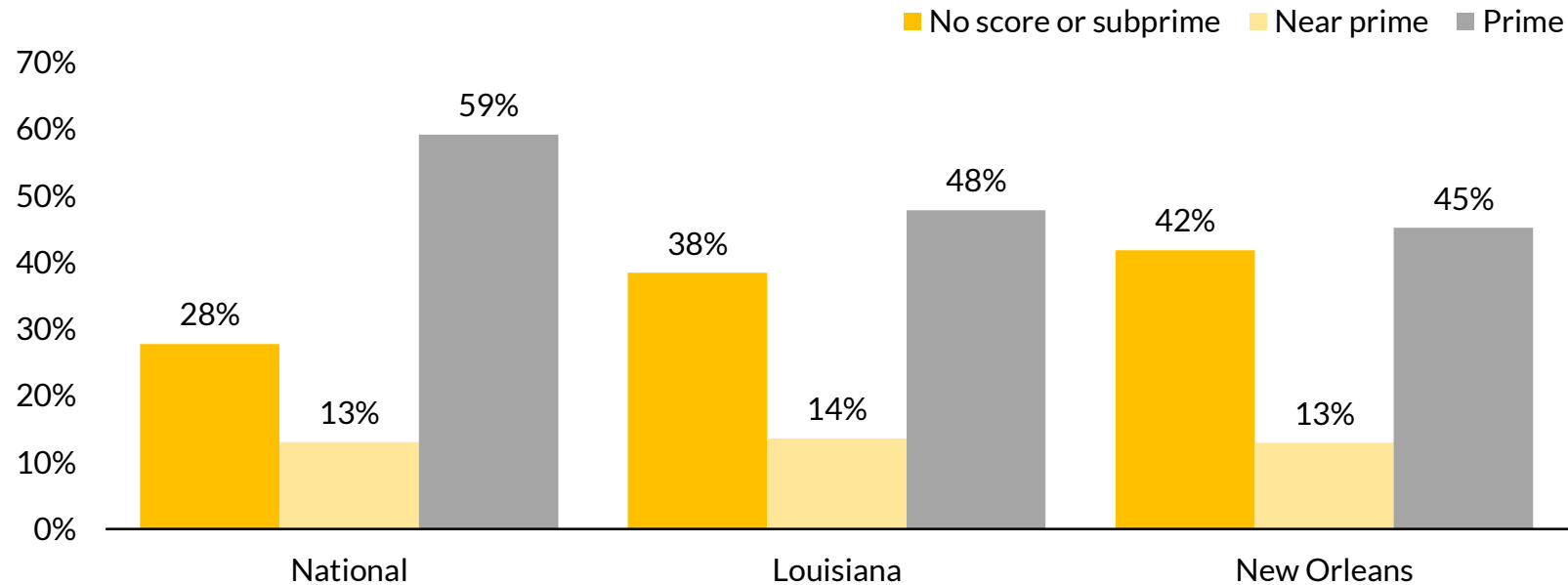


Source: Elliott and Lowitz. 2018. What Is the Cost of Poor Credit. Washington, DC: Urban Institute.

# New Orleanians have relatively poor credit health compared with the national average

*Less than half of New Orleans residents have prime credit scores*

## Share of residents by credit score range



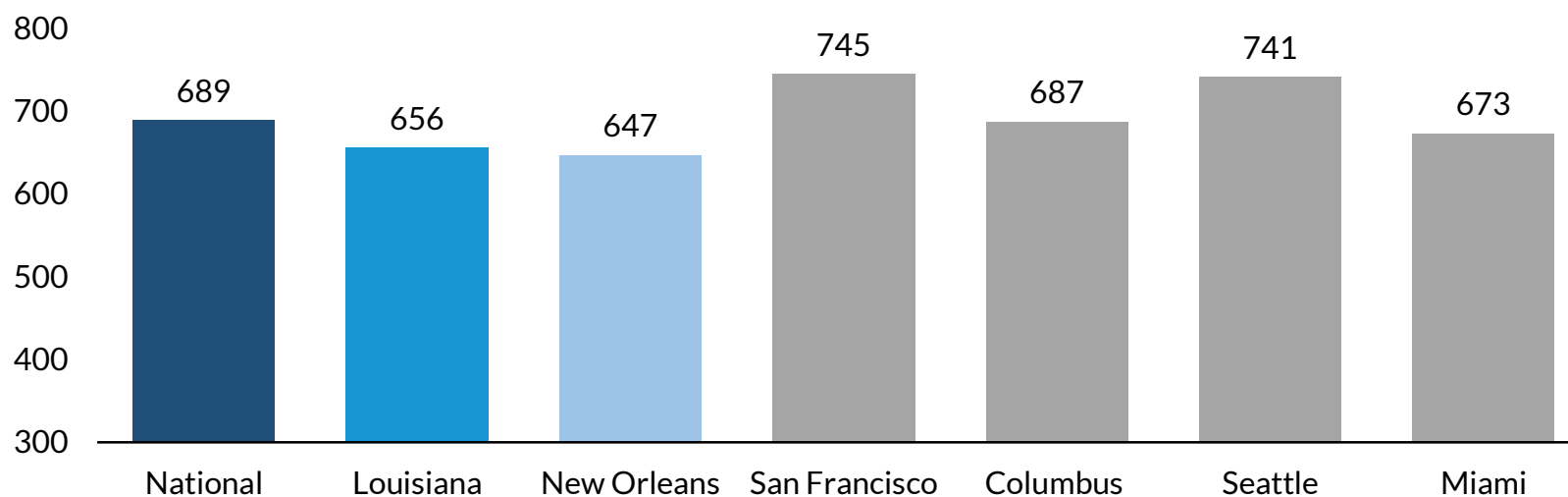
**Source:** Urban Institute tabulations from a major credit bureau, 2018.

**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. New Orleans 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 Louisiana. 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).

# New Orleanians have poorer credit than residents in other cities, on average

*New Orleans' median credit score is below prime and falls below the national average*

## Median credit score



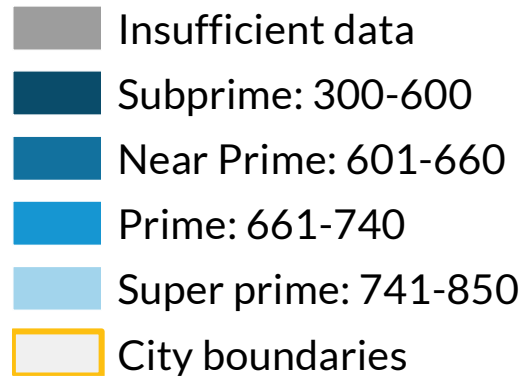
**Source:** Urban Institute tabulations of data from a major credit bureau, 2018.

**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. New Orleans 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 Louisiana. 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 New Orleans

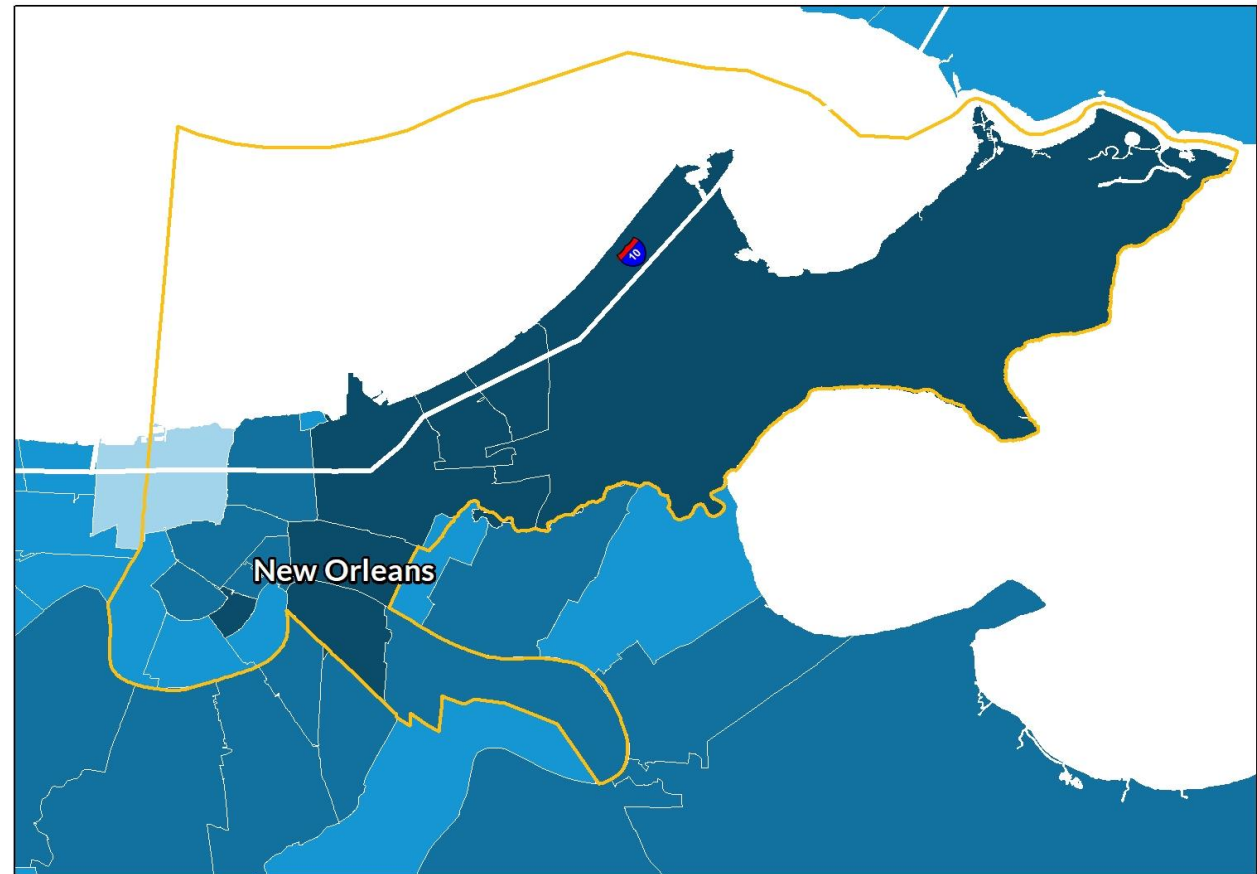
*In some neighborhoods, the median credit score is subprime*

## 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. New Orleans 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.

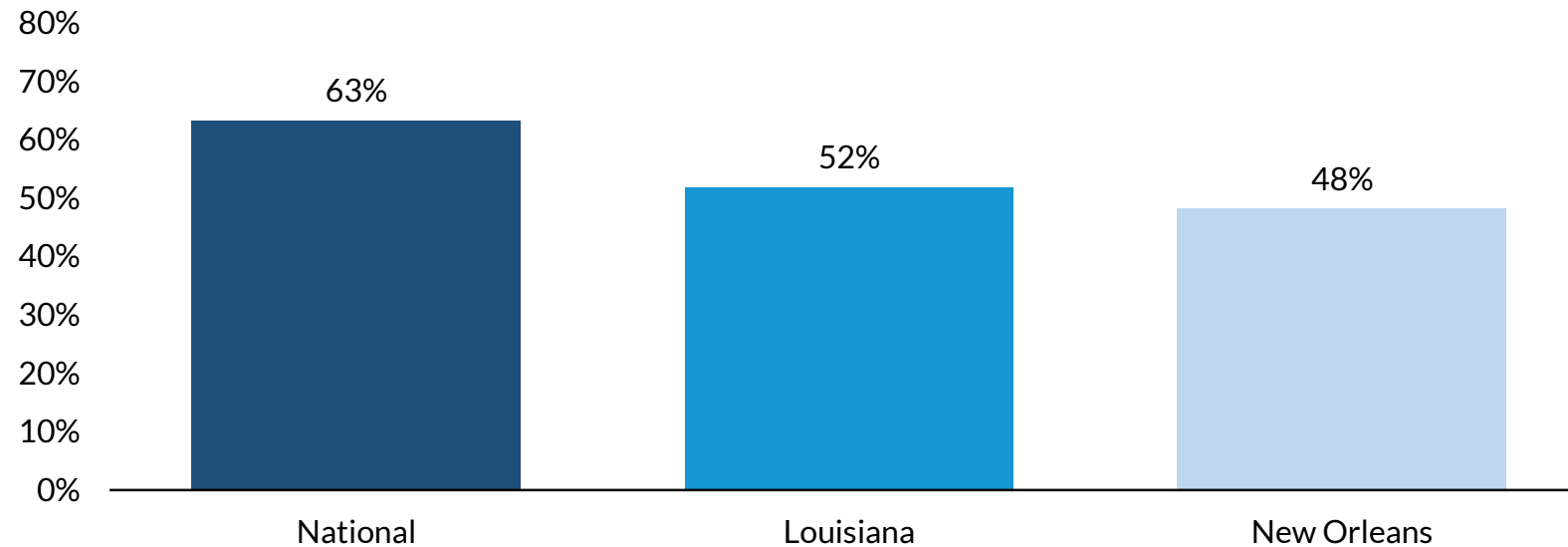




# Less than half of New Orleans residents have healthy credit

*Fewer New Orleanians have healthy credit 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. New Orleans 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 Louisiana.

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

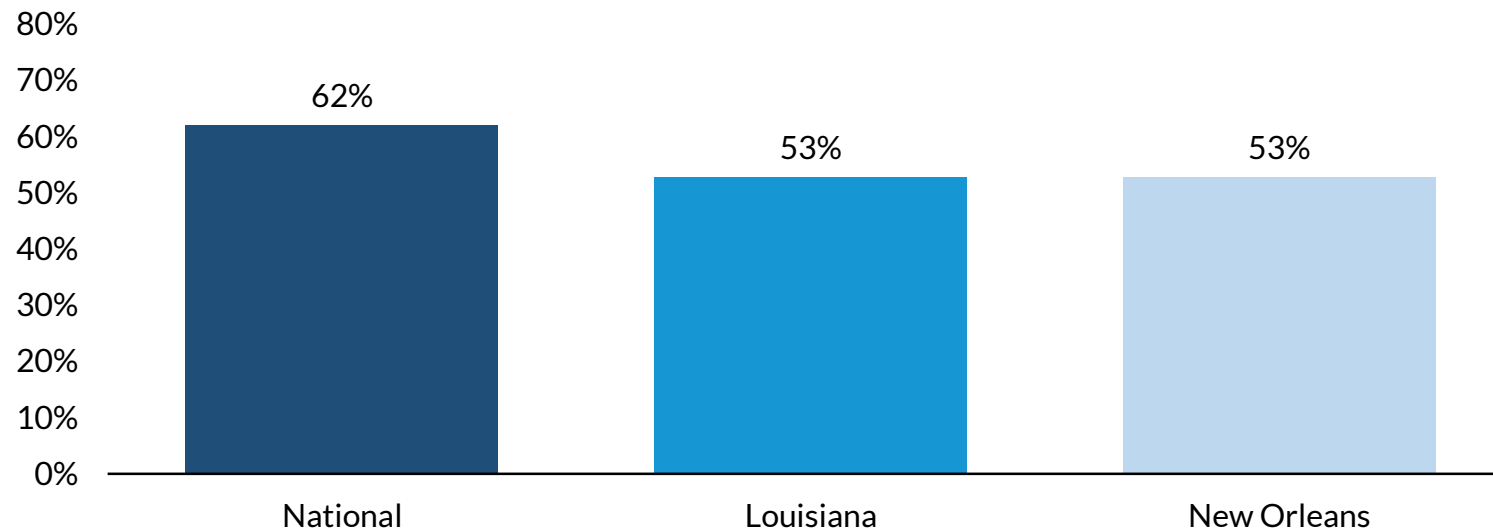
- 1) Credit scores are a composite indicator of overall financial health. Poor credit is costly for city residents.
- 2) New Orleans residents, on average, have poorer credit compared with residents of other cities. Less than half of New Orleanians have prime credit.
- 3) In some New Orleans neighborhoods, the median credit score is subprime.

# Credit Use

# About half of New Orleans 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



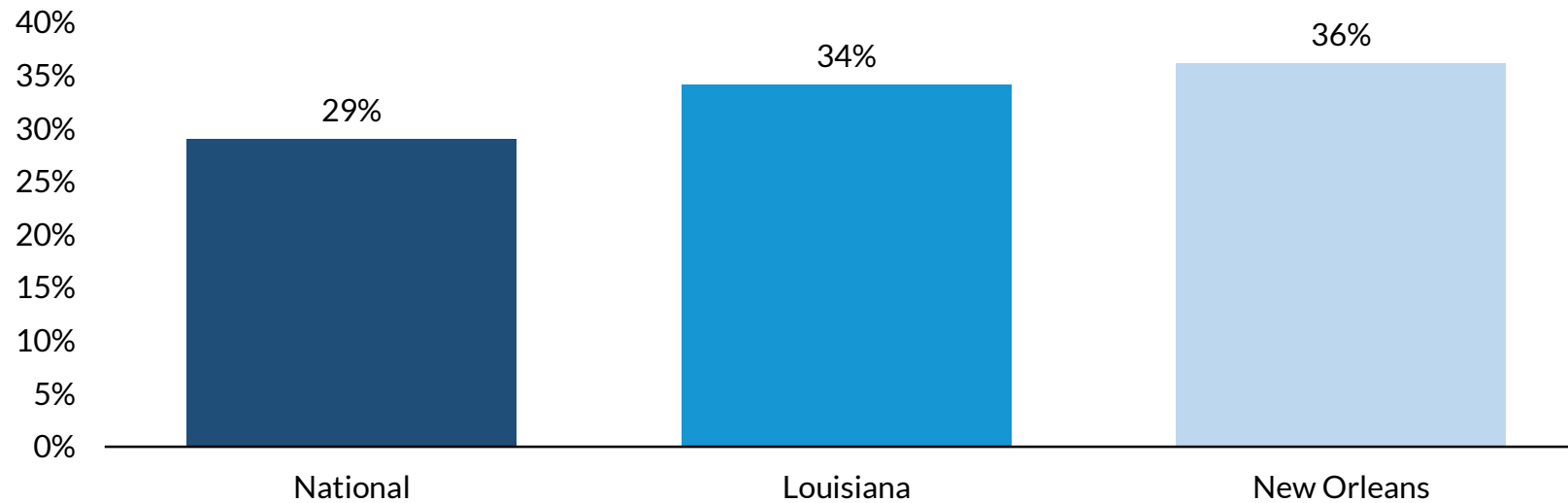
**Source:** Urban Institute tabulations of data from a major credit bureau, 2018.

**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. New Orleans 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 Louisiana. 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 New Orleans residents is somewhat higher than 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. New Orleans 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 Louisiana. 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) Approximately half of New Orleanians have access to these sources of credit. The credit burden faced by New Orleans residents with a credit card is somewhat higher than 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 New Orleans's financial health compares to similar cities across the country and specific actions cities can take to improve their residents' financial health, explore New Orleans'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](#)

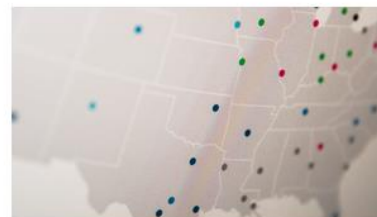
[POLICY DEBATES](#)

[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/](https://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)**

Location  
Search for a state or county 🔍

Click on the variables below to see how debt affects people across the US

Share with auto loans		
30%	32%	25%
ALL	WHITE	NONWHITE

Share with auto or retail loans		
34%	36%	30%
ALL	WHITE	NONWHITE

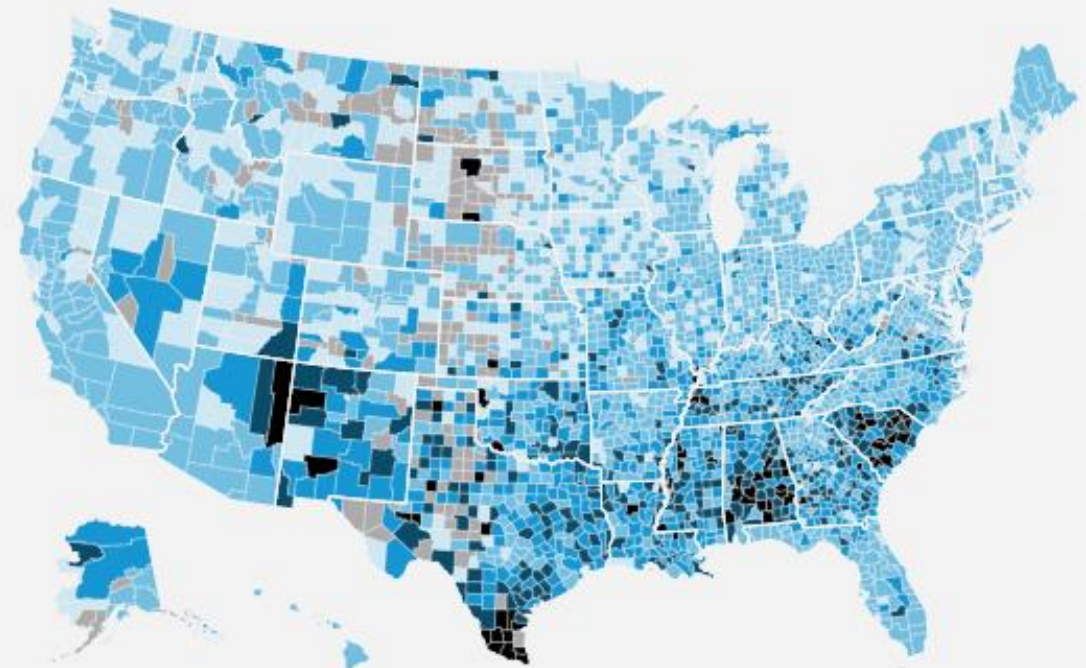
Auto/retail loan delinquency rate		
4%	3%	7%
ALL	WHITE	NONWHITE

Auto/retail loan delinquency rate by credit score <sup>d</sup>		
13%	4%	0%
SUBPRIME	NEAR PRIME	PRIME

Nonwhite population share	
39%	ALL

NATIONAL

PRINT



All  
0%  
2%  
5%  
8%  
13%  
28%  
n/a

# Family Financial Security Matters for Cities

The financial health of New Orleans 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](https://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.