

Tracking the Unequal Distribution of Community Development Funding in the US

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ABOUT THE RESEARCH

We tracked **four dimensions**: housing, small business, impact finance (funding from community development financial institutions and via the New Markets Tax Credit program), and other community development using 2011–15 data.

We **scaled each dimension by a per capita denominator** (either the number of people who earn below 200 percent of the federal poverty level or the number of people working in small businesses).

Our **data include only federally connected funds** (not state, local, or philanthropic funds), and though we include many important programs, we lack information about the full set of federal community development financing.

Despite these limitations, the investment flows we track are **vital for communities**.

How well are community development financial flows targeted to places that need them? There are clear winners and losers in the competition to attract this capital, including resources coming from the federal government, with some areas drawing more capital than others, even after adjusting for relative needs.

To learn more about community development funding trends at the local level, we measured flows of federally sponsored or incentivized community development capital to all US counties with more than 50,000 residents (which accounts for 88 percent of the US population).

Below are the community development funding trends we found at the local level.

LARGE COUNTIES GET DISPROPORTIONATELY MORE FUNDING

Large counties (with populations over 300,000) receive more funding than small counties (with populations from 50,000 to 99,999). This is true even after adjusting for such factors as the number of low-income people or the number of small business employees. Depending on the funding category, the typical large county receives 1.25 to 4 times what the typical small county receives.

TABLE 1

Median Amounts of Community Development Funding

By category and county population

County population	Federal housing funding per person below 200% of FPL	Small business lending per small business employee	Impact finance investments per person below 200% of FPL	Other community development investments per person below 200% of FPL
50,000 to 99,999	\$31	\$7,607	\$84	\$24
100,000 to 299,999	\$58	\$9,203	\$141	\$36
300,000 or more	\$100	\$9,525	\$333	\$62

Source: "Community Development Financial Flows," Urban Institute, June 26, 2018, <http://www.urban.org/cdff>.

Note: FPL = federal poverty level.

EVEN AMONG LARGE COUNTIES, THERE ARE STARK DIFFERENCES IN THE AMOUNT OF PER CAPITA FUNDING

Among large counties with more than 300,000 residents, the top-performing quintile of counties receives 2 to 10 times more funding than the lowest performers and substantially more than middle-of-the-pack counties. For example, Denver County, Colorado, attracts 3.5 times the amount of impact finance funding per person below 200 percent of the federal poverty level than Sarasota County, Florida.

SOME COUNTIES APPEAR TO GET NO FUNDING FROM CERTAIN SOURCES

Even for well-known, widely distributed and available sources, such as the US Department of Housing and Urban Development (HUD) HOME awards and the HUD Community Development Block Grant, many counties, especially small counties, received no funding between 2011 and 2015.

THE LEVEL OF DISTRESS THAT A COUNTY EXPERIENCES GENERALLY DOES NOT DIRECTLY RELATE TO FUNDING

Counties in the top (worst) quintile for poverty and unemployment generally received less funding per low-income person (someone living below 200 percent of the federal poverty level) and less funding per small business employee than other counties. The only exception was in impact finance, where counties in the top quintile for poverty received somewhat more funding than others.

TABLE 2

Median Amounts of Community Development Funding

By category and county measure of distress

	Federal housing funding per person below 200% of FPL	Small business lending per small business employee	Impact finance investments per person below 200% of FPL	Other community development investments per person below 200% of FPL
Poverty				
Top quintile for poverty rate	\$48	\$7,960	\$180	\$33
Bottom quintile for poverty rate	\$52	\$8,389	\$160	\$39
Unemployment				
Top quintile for unemployment rate	\$45	\$7,292	\$153	\$29
Bottom quintile for unemployment rate	\$54	\$8,784	\$166	\$39

Source: "Community Development Financial Flows," Urban Institute, June 26, 2018, <http://www.urban.org/cdff>.

Note: FPL = federal poverty level.

This fact sheet draws from the Urban Institute feature "Community Development Financial Flows," www.urban.org/cdff. See the feature for more information about the data.

HOW DOES MY COMMUNITY FARE?

Understanding how your area fares in accessing capital can inform necessary areas of improvement. Although some funding flows are more readily changeable than others, local officials—in partnership with others—can make improvements and grow capacity.

Use our tool to see how your county fares in securing capital: <https://www.urban.org/cdff>.

For questions to guide discussion as you use the tool, go to <https://urban.org/urban-wire/how-does-your-county-fare-accessing-federal-community-development-funding>.

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