

# 5th District Footprint

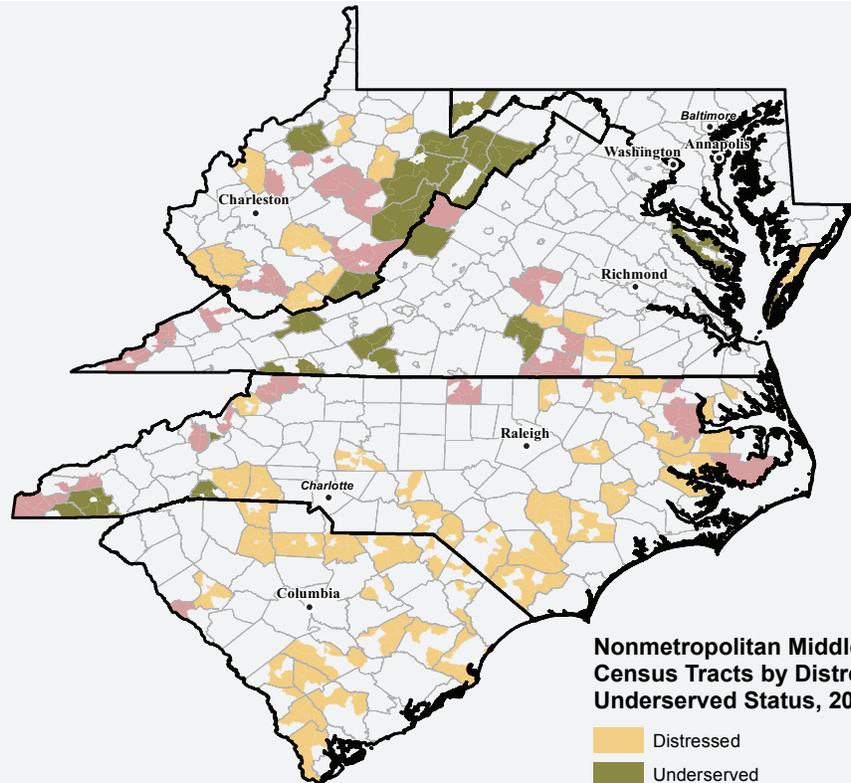


## Distressed and Underserved Areas in the Fifth District

Federal regulators of financial institutions annually release a listing of distressed or underserved areas.<sup>1</sup> An area is identified as “distressed” if its county meets at least one of the threshold values for poverty, unemployment or population loss.<sup>2</sup> It is designated as “underserved” if its county’s population is sufficiently small, sparse and distant from a major city.<sup>3</sup> As a result, it may be challenging for the area to meet its infrastructure and community facility needs such as schools, hospitals and sewer lines. The purpose of both designations is to bring attention to areas that need revitalization or stabilization through funding from financial institutions under their Community Reinvestment Act (CRA) activities. This issue of *5th District Footprint* looks at the designated tracts for 2012.

In 2012, 3,446 nonmetropolitan middle-income census tracts across the U.S. and Puerto Rico were designated as distressed, underserved or both. Fourteen percent of the designated tracts (473) are in the Fifth District. Sixty-nine percent of the Fifth District’s designated tracts are distressed; 14 percent are underserved and 17 percent are both distressed and underserved. The majority of tracts were designated as distressed due to their county’s poverty rate.<sup>4</sup>

The total number of designated census tracts fluctuates annually. In 2011, there were 512 designated tracts in the Fifth District.



Source: Federal Financial Institutions Examination Council (FFIEC)

Nonmetropolitan Middle-Income Census Tracts by Distressed or Underserved Status, 2012

- Distressed
- Underserved
- Distressed and Underserved

Every state in the Fifth District has at least one census tract on the 2012 list. Maryland has the smallest share with less than 1 percent of its middle-income tracts on the designated list. West Virginia has the largest share with 34 percent of its middle-income tracts listed.

In South Carolina, distressed census tracts are spread statewide. Eighty-five percent of the state’s distressed tracts received their designation based on poverty rates. All of Maryland’s designated tracts are located in Garrett County and classified as underserved because of the county’s remote rural location in the Allegheny Mountains.

North Carolina, Virginia and West Virginia have tracts in all three category designations; however, there are distinct differences in designated tract locations within each state. North Carolina has distressed tracts spread across the state while underserved tracts are concentrated in the western region. In Virginia, all three category designations are geographically clustered in the southern central region. Underserved tracts are concentrated

in West Virginia’s eastern counties. This is a rural region dominated by the Monongahela National Forest.

[www.richmondfed.org/publications/community\\_development](http://www.richmondfed.org/publications/community_development)

<sup>1</sup> Specifically, they categorize nonmetropolitan middle-income census tracts. A middle-income census tract has a median family income at least 80 percent but less than 120 percent of the MSA’s (or state’s if not in a MSA) median family income.

<sup>2</sup> The county has an unemployment rate at least 1.5 times the national average; a poverty rate of 20 percent or more; or a population loss of 10 percent or more between the two most recent decennial censuses or a net migration loss of 5 percent or more for five years prior to the most recent decennial census.

<sup>3</sup> A census tract is underserved if its county has an “urban influence code” of 7, 10, 11 or 12. For example, a code value of “7” means a noncore area county without a town of at least 2,500 residents but adjacent to a small metro area. See <http://www.ers.usda.gov/data-products/urban-influence-codes.aspx> for more details.

<sup>4</sup> For information on poverty rates in the Fifth District, see the *March 2011 Issue of 5th District Footprint*.