

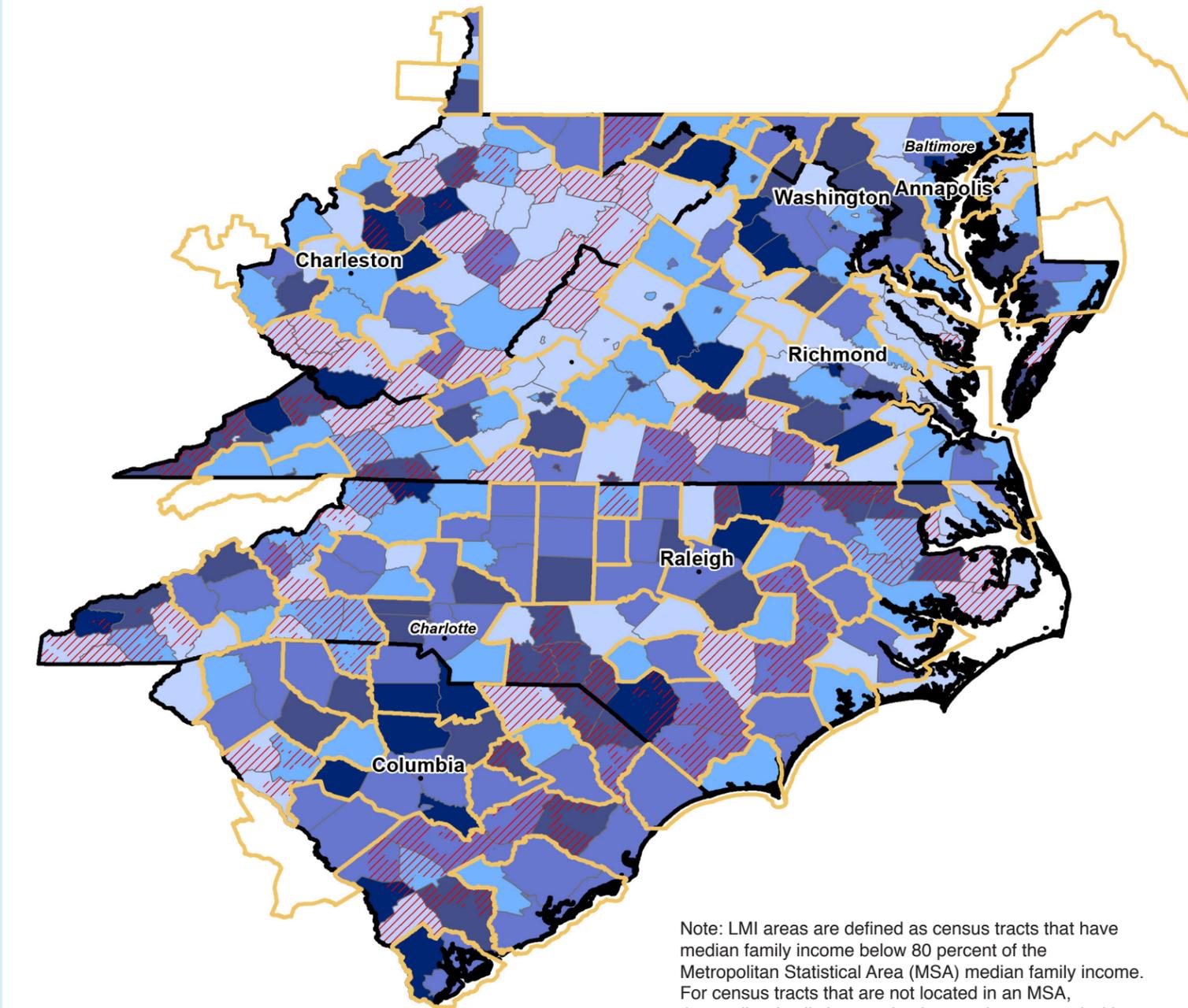
Population Living in LMI Areas in the Fifth District

This issue of *5th District Footprint* examines the share of people living in a county's low- and moderate-income (LMI) areas. The Federal Financial Institutions Examination Council (FFIEC) annually releases data indicating whether a census tract's income level is low, moderate, middle, upper, or not available. A low-income area is a tract whose median family income (MFI) is greater than zero but less than 50 percent of the MFI for the Metropolitan Statistical Area (MSA) in which the tract is located. A moderate-income area has the MFI threshold of greater than or equal to 50 percent but less than 80 percent of the MFI for the MSA in which the tract is located.

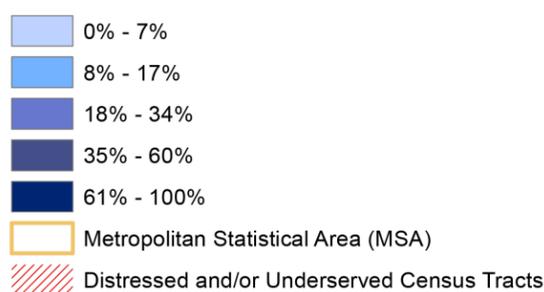
If a tract is not located in a MSA, then its MFI is compared to the MFI of a state's non-MSA areas. For example, McDowell County, West Virginia, has nine tracts with a 2015 median family income range of \$27,525 to \$37,600. McDowell is not located in a MSA, so the statewide non-MSA MFI (\$47,100) is used to classify the income levels of the tracts. All of the tracts are classified as "moderate" because their MFIs are greater than or equal to 50 percent of the non-MSA MFI but less than 80 percent of it.

Financial institutions and regulators use the income level indicator to determine whether banking activity is taking place in targeted areas. Under the Community Reinvestment Act (CRA), federally regulated financial institutions are expected to engage in banking activity that benefits "low-, moderate-, and middle-income individuals and geographies in [a] bank's assessment area(s) or areas outside the bank assessment area(s) provided the bank has adequately address[ed] the community development needs of its assessment area(s)."¹ For middle-income areas (tracts where MFI is greater than or equal to 80 percent but less than 120 percent of the MSA MFI), CRA activity only targets nonmetropolitan middle-income tracts that have been designated by FFIEC as distressed and/or underserved (see map legend for definitions of these terms). These areas are often seen as being in need of revitalization or stabilization funding.²

To determine the share of the 2014 population living in LMI areas, the population from tracts designated as low- or moderate-income within a county are aggregated and divided by that county's total population. Just



Percentage of Population Living in Low- and Moderate-Income (LMI) Areas in 2014



Note: LMI areas are defined as census tracts that have median family income below 80 percent of the Metropolitan Statistical Area (MSA) median family income. For census tracts that are not located in an MSA, the median family income for the tract is compared with the state's non-MSA median family income.

A nonmetropolitan middle-income census tract is identified as "distressed" if its 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.

A nonmetropolitan middle-income census tract is identified as "underserved" if its county has an "urban influence code" of 7, 10, 11 or 12.

Source: FFIEC 2014 Census Data Release; U.S. Census Bureau, 2010 to 2014 American Community Survey, 5-Year Estimates.

over 26 percent of the population (8.1 million people) living in the Fifth District (Maryland, Virginia, West Virginia, North Carolina, South Carolina and the District of Columbia) in 2014 resided in designated LMI areas. Among Fifth District states, Maryland had the largest share of its 2014 population residing in LMI areas (32 percent) while West Virginia had the smallest share (18 percent). Roughly 56 percent of the District of Columbia's 2014 population (356,703 people) lived in LMI areas.

In the Fifth District, the average county's percentage of population living in LMI areas was 23 percent with a median of 18 percent. One hundred and ten counties comprised the lowest distribution category (0% - 7%). Thirty counties made up the highest distribution category (61% - 100%). In four Fifth District counties (McDowell County, West Virginia; Warren County, Virginia; Dickenson County, Virginia; and Buckingham County, Virginia), 100 percent of the population lived in LMI areas. All of these counties had 2014 populations of less than 40,000.

Dickenson, Warren and McDowell counties are also tied for the largest share of moderate-income population in the Fifth District with 100 percent of their populations living in moderate-income tracts. The largest share of low-income population belonged to Allendale County, South Carolina, where 51 percent of its population (5,091 people) lived in a low-income tract and no residents lived in an upper-income tract.

richmondfed.org/publications/community_development

¹Part 228—Community Reinvestment Act (Regulation BB), §228.12(5)(iii), <http://www.ecfr.gov/cgi-bin/text-idx?SID=90abc9d86535d6d12dc582833d67fa9&mc=true&node=pt12.3.228&rgn=div5>.

²For more information on nonmetropolitan middle-income tracts designated as distressed and/or underserved, see the November 2012 issue of *5th District Footprint*, https://www.richmondfed.org/publications/community_development/5th_district_footprint/2012/footprint_201211.