Family Financial Security Matters for Cities

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May 2, 2018

Increasing the Financial Health of San Antonio Residents
San Antonio Area Asset Funders Network
Family financial health

• Examine relationship between family financial health—measured by savings and debts—and four outcomes that matter for cities:
  • Ability to pay rent/mortgage, ability to pay utility bills, and eviction

• Examine family financial health in the face of three income disruptions:
  • Involuntary job loss, health-related work limitation, income drop of at least 50%

• For families that experience an income disruption, is increased financial health associated with decreased financial hardship?
Why family financial health matters to cities

- City budgets rely on tax revenue (e.g., property and sales taxes)
- When families can pay rent or mortgage, more likely to pay property taxes
- When utilities city-owned, non-payment of utility bills reduces revenue
- Evictions can lead to homelessness, increasing shelter costs for cities and potentially disrupting children’s education
Families with even small savings less likely to experience hardship

<table>
<thead>
<tr>
<th>Savings</th>
<th>Missed housing payment</th>
<th>Missed utility payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,000+</td>
<td>4%***</td>
<td>5%***</td>
</tr>
<tr>
<td>$5,000–$19,999</td>
<td>6%***++</td>
<td>8%***</td>
</tr>
<tr>
<td>$2000–$4,999</td>
<td>11%***</td>
<td>11%***++</td>
</tr>
<tr>
<td>$750–$1,999</td>
<td>13%***</td>
<td>16%***</td>
</tr>
<tr>
<td>$250–$749</td>
<td>15%***++</td>
<td>19%***+++</td>
</tr>
<tr>
<td>$1–$249</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>$0</td>
<td>20%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**/*** Savings category differs significantly from $1–$249 at the 0.05/0.01 level.
++/*** Category differs significantly from previous category at the 0.05/0.01 level.
Savings matter beyond income

- After an income disruption, low-income families with $2,000-$5,000 in savings are better off than middle-income families without savings

- Savings is important for families at all income levels
Income disruptions happen often

<table>
<thead>
<tr>
<th>Income disruption</th>
<th>Share of families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involuntary job loss</td>
<td>6%</td>
</tr>
<tr>
<td>Health-related work limitation</td>
<td>5%</td>
</tr>
<tr>
<td>Income drop of 50 percent or more</td>
<td>18%</td>
</tr>
<tr>
<td>Any of three disruptions</td>
<td>26%</td>
</tr>
</tbody>
</table>

Share of Families with an Income Disruption over a Year
Many families are not prepared to weather income disruptions

About half

- 24% for $0
- 13% for $1-$249
- 8% for $250-$749
- 9% for $750-$1,999
- 9% for $2,000-$4,999
- 14% for $5,000-$19,999
- 24% for $20,000 or more
Families with debt not worse off after income disruption

• No significant evidence that families with more debt experience greater hardship when an income disruption occurs

• Debt is related to access to credit, so families with debt can be more advantaged than families without debt
San Antonio: Economically strong with threats to financial stability

Web feature: https://apps.urban.org/features/city-financial-health/
Half of San Antonio residents have delinquent debt

*Share of residents with debt 60 or more days delinquent*

Source: Urban Institute tabulations from a major credit bureau, 2016 (Financial Health of Residents: A City-Level Dashboard)
Half of San Antonio residents have delinquent debt

Share of residents with debt 60 or more days delinquent

- National Average: 34%
- San Antonio: 49%
- Dallas: 51%
- Houston: 47%

Source: Urban Institute tabulations from a major credit bureau, 2016
(Financial Health of Residents: A City-Level Dashboard)
Half of San Antonio residents have delinquent debt

*Share of residents with debt 60 or more days delinquent*

- National Average: 34%
- San Antonio: 49%
- Dallas: 51%
- Houston: 47%
- Austin: 37%

*Source: Urban Institute tabulations from a major credit bureau, 2016 (Financial Health of Residents: A City-Level Dashboard)*
Credit score below national average

Median credit score

National average: 675
San Antonio: 646

Source: Urban Institute tabulations from a major credit bureau, 2016
(Financial Health of Residents: A City-Level Dashboard)
Credit score below national average

Median credit score

- National average: 675
- San Antonio: 646
- Dallas: 626
- Houston: 642

Source: Urban Institute tabulations from a major credit bureau, 2016
(Financial Health of Residents: A City-Level Dashboard)
Credit score below national average

Median credit score

<table>
<thead>
<tr>
<th>City</th>
<th>Credit Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>National average</td>
<td>675</td>
</tr>
<tr>
<td>San Antonio</td>
<td>646</td>
</tr>
<tr>
<td>Dallas</td>
<td>626</td>
</tr>
<tr>
<td>Houston</td>
<td>642</td>
</tr>
<tr>
<td>Austin</td>
<td>675</td>
</tr>
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Source: Urban Institute tabulations from a major credit bureau, 2016
(Financial Health of Residents: A City-Level Dashboard)
Credit scores substantially higher in predominantly white vs. nonwhite areas

*Median credit score*

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<thead>
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<th>National Average</th>
<th>San Antonio</th>
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<tbody>
<tr>
<td>White areas</td>
<td>697</td>
<td>721</td>
</tr>
<tr>
<td>Nonwhite areas</td>
<td>621</td>
<td>615</td>
</tr>
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*Source: Urban Institute tabulations from a major credit bureau, 2016* (Financial Health of Residents: A City-Level Dashboard)
San Antonio housing-cost burden high, but near national average

*Share of low-income households that are housing-cost burdened*

![Bar chart showing comparison between national average and San Antonio.](chart)

**Source:** Urban Institute tabulations from the American Community Survey (2015) *(Financial Health of Residents: A City-level Dashboard)*
San Antonio housing-cost burden high, but near national average

Share of low-income households that are housing-cost burdened

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<th>Percentage</th>
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<td>National average</td>
<td>61%</td>
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<tr>
<td>San Antonio</td>
<td>62%</td>
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<td>Dallas</td>
<td>66%</td>
</tr>
<tr>
<td>Houston</td>
<td>68%</td>
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Source: Urban Institute tabulations from the American Community Survey (2015)
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</tr>
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<td>Austin</td>
<td>78%</td>
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*Source: Urban Institute tabulations from the American Community Survey (2015)*

*(Financial Health of Residents: A City-level Dashboard)*
San Antonio has more unbanked than national average

Share of households that do not have a bank account (MSA)

- National average: 7%
- San Antonio: 11%

Source: FDIC Survey of Unbanked and Underbanked Households, 2015 (Financial Health of Residents: A City-level Dashboard)
San Antonio has more unbanked than national average

Share of households that do not have a bank account

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Source: FDIC Survey of Unbanked and Underbanked Households, 2015 (Financial Health of Residents: A City-level Dashboard)
San Antonio has more unbanked than national average

*Share of households that do not have a bank account*

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- San Antonio: 11%
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- Austin: 9%

*Source:* FDIC Survey of Unbanked and Underbanked Households, 2015 (Financial Health of Residents: A City-level Dashboard)
Approaches cities can take to improve financial security

- **Integrate financial and savings interventions into existing programs**
  - Housing, employment, community colleges, tax preparation, and public utilities

- **Provide financial coaching** to help residents save, manage their debt, and build credit scores.

- **Help residents save through savings programs with incentives.**

- **Assess the city’s employment practices** and take steps to boost city employees’ financial security.

Feature: Debt in America

Web Feature: https://apps.urban.org/features/debt-interactive-map/
Key takeaways

• Families with a small amount of savings are less likely to experience a hardship when income disruptions occur

• Many families have only a small financial cushion

• Many San Antonio residents have delinquent debt and low credit scores

• Steps to improve San Antonio residents’ financial health can improve the city’s financial health
Learn more

Thriving Residents Thriving Cities Landing Page

https://www.urban.org/policy-centers/cross-center-initiatives/opportunity-ownership/projects/thriving-residents-thriving-cities

City-Level Dashboard
Financial Health of Residents

Interactive feature
Why Cities Should Care About Family Financial Security

Blog
Financially Insecure Residents Can Cost Cities Millions

Debt in America: An Interactive Map

https://apps.urban.org/features/debt-interactive-map/
Multi-sector Collaborations to Address Barriers to Financial Well-Being

Texas Appleseed
Credit & Financial Services
• At least **600 fewer families lose a car** to an auto title lender every year.
• **$29.7 million fewer dollars drained** from struggling families.
• **San Antonio has a slightly higher concentration** of payday and auto title loan businesses compared to the state as a whole.
• **247%** increase in RAL Providers from 2014-2017, from 47 to 163.
Debt
• New cases **growing at rates faster** than the state (82% and 6% for Texas)
• Default judgments at nearly **50%** for both case types. (33% and 31% for Texas)
• Bexar County has a **3.97%** eviction rate (evictions per 100 renter homes), almost twice the state average.
Contact Information

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