Adapting to COVID-19: Impacts on Lower-Income Communities and Organizations Serving Them in 2022

February 9, 2023
3:00 to 4:00 PM ET
Views expressed during this session are those of the speakers and are intended for informational purposes. They do not necessarily represent the views of Fed Communities or the Federal Reserve System.
Today's Moderator

Nishesh Chalise, Manager
Institute for Economic Equity
Federal Reserve Bank of St. Louis
COVID-19 Community Impact Survey

- Insights into economic disruptions that the pandemic caused.
- Implemented by the community development function of the FRS and seven national partners.
- Latest survey was administered August 3–31, 2022 and resulted in 1,743 responses.
COVID-19 Community Impact Survey

Significant number of respondents were nonprofit organizations.
Incredible signs of improvement

<table>
<thead>
<tr>
<th>Significant disruptions to</th>
<th>Decreased by</th>
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<tbody>
<tr>
<td>Household financial stability</td>
<td>40%</td>
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<tr>
<td>Small business</td>
<td>45%</td>
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<tr>
<td>Access to healthcare</td>
<td>40%</td>
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<tr>
<td>Services for children</td>
<td>50%</td>
</tr>
<tr>
<td>Basic consumer needs</td>
<td>30%</td>
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<tr>
<td>Organizations serving LMI communities</td>
<td>61%</td>
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</table>
But challenges remain

Disruptions persist, especially within the following themes:

• Increasing prices of goods and services
• Expiration of government relief
• Lack of child care
• Staff shortages
Housing stability remains a key challenge

What level of disruption is COVID-19 having on housing stability in the communities you serve?

N=1731

2022

- No disruption
- Significant disruption
- Minimal disruption
- Some disruption
- Unsure

48%

2021

52%

2022 Federal Reserve COVID-19 Survey
Lack of access to mental health services emerges as a key challenge in the healthcare sector.

Which of the following is the most disruptive to access to healthcare in the communities you serve?

N=1115

- Lack of access to mental health services: 35%
- Shortage of healthcare staff: 17%
- Lack of access to health insurance: 28%
- Other: 6%
- Access to virtual healthcare: 3%
- Distance to healthcare: 2%
- Lack of supplies: 1%

2022 Federal Reserve COVID-19 Survey
Community based organizations play a crucial role in relief, recovery, and resilience.
Graciela Kahn
Director of Business Intelligence
NeighborWorks America
The NeighborWorks network

245+ affordable housing and community development organizations, representing all 50 states, Washington DC, and Puerto Rico

- Real Estate Development/Asset Management
- Homeownership Promotion
- Homeownership Preservation Services
- Community Building and Engagement
- Property Management
- Lending and Loan Portfolio Management
NeighborWorks network total investment

- **Commercial Lending Investment**
  - 2017: 8.2B
  - 2018: 8.4B
  - 2019: 9.6B
  - 2020: 9.3B
  - 2021: 16.8B
  - 2022: 10.8B

- **All other Lines of Business**
  - 2017: 7.4B
  - 2018: 7.7B
  - 2019: 8.3B
  - 2020: 8.3B
  - 2021: 7.6B
  - 2022: 9.2B
COVID-19 network impact and response

NWOs responded directly to their communities’ most basic needs

Government programs helped stabilize network organizations at the start of the pandemic

Organizations serving communities of color felt a longer lasting impact from the crisis

The NeighborWorks network expanded its capacity
NeighborWorks workforce

• More than half of network organizations hired additional staff in Fiscal Year 21 (FY21)

• Total full-time equivalents (FTEs) as of FY21: 18,208 (+6% from FY20)
  o Growth: Homeownership preservation, Lending and loan portfolio management
  o Decline: Community building and engagement, Homeownership promotion

• Median network organization staff size in FY21: 29 FTEs
Homeownership affordability gap

33% increase in total cost for new homeowner clients from FY19 to FY22 (to $227,601)

Fewer lower-income clients
53% of new homeowner clients had household incomes under 80% AMI in FY2022, down from 64% in FY2013

Gap financing increases fail to make up for rising home prices
Median gap financing increased 11% since FY19, but median purchase price for these homebuyers increased 36% during that time
Housing Stability Counseling Program (HSCP)

The American Rescue Plan Act of 2021

https://www.stablecommunities.org/HSCP
Housing Stability Counseling Program (HSCP)

- 42,461 counseled clients
- 48% are homeowners
- 52% are renters
- 82% are low-income
- 67% are people of color
Dawn Brown
Director
National Alliance on Mental Illness (NAMI)
Kevin Dean
CEO
Momentum Nonprofit Partners
Nonprofits during COVID-19: National

The nonprofit sector
• employs 12.3 million individuals
• spends more than $826 billion on salaries, benefits, and payroll taxes each year
• is the third-largest employer in the US economy
Nonprofits during COVID-19: National

Since the pandemic began

• 50.2% of nonprofits saw an increase in demand for programs and services
• 64% of nonprofits had to cut back programs
• 83% of nonprofits reported that they suffered financially
Nonprofits during COVID-19: Memphis

62.71% saw an increase in demand for services since the pandemic began.

68.12% saw a decrease in revenues since the pandemic began.
Reserves/Investments and Race

- Reserves or Investments: 44.74% of Black-led orgs, 81.63% of White-led orgs
- Endowments: 2.70% of Black-led orgs, 34.69% of White-led orgs
Panel Discussion 
and 
Q & A
Closing remarks and requests

• Complete the post-event survey

• Visit www.fedcommunities.org for more Fed resources on community development topics

• Follow Fed Communities on social media. We’re on LinkedIn, Instagram, and Twitter

• Mark your calendars for March 9, 2023, and plan to join us for the next Connecting Communities webinar. Registration opens soon!
Thank you for joining us!