

San Diego Imperial Corridor Socio-Economic Review

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I. EXECUTIVE SUMMARY

The Casey study area or “Imperial Avenue Corridor” is a unique socio-economic island in the City and County of San Diego. It is an older community with declining employment opportunity and a deteriorating housing stock. The residents are increasingly young and Hispanic with average incomes near poverty level. Household sizes tend to be larger than average in an area with constricted housing supply. From most indications, for a variety of reasons, capital for home purchase or small business formation or expansion are difficult to access. Job skills are generally “old” economy. The ratio of jobs per housing indicates that most employment is outside the community. Resident incomes remain, over the next twenty years, low, while the anticipated total population is projected to expand. SANDAG projections call for the addition of 17,783 housing units by 2020.

Identifiable levels of vacant and under-built residential and commercial property exist in the area. Large portions of the community are within redevelopment borders and the largest property owner is the government.

The Imperial Corridor exists in the context of a regional planning strategy that calls for increased density and development in these communities. Redevelopment in the adjacent downtown area, planned area redevelopment and increasing real estate values, are some of the external pressures that will impact the future of neighborhood residents. The ability of residents to adjust or productively respond to internal population increases, income restrictions, limited employment opportunities and growing ethnic isolation is measured. When juxtaposed against external market and civic dislocation activities the tension and contradictions create a very complex and strenuous environment. It is within this environment that the Casey initiative must maneuver and identify, with the assistance of local leaders, concrete strategies for coping and growth.

This report provides some analysis of key socio-economic indicators as well as general policy guidelines with which to move forward with organizing activities. Specific program suggestions will be needed to put the general policy guidelines into focus.

II. KEY FINDINGS

The following summarizes the key findings identified in the socio-economic review:

Review of Plans

- ❑ All communities express a need for more public improvements, such as lighting, street repair, landscaping, and maintenance.
- ❑ There is a lack of participation or recognition of the role of private sector capital in economic revitalization.

Population and Ethnicity

- ❑ The Imperial Avenue Corridor has the highest concentration of people of color and low-income households within the City of San Diego.
- ❑ The area will show strong growth in Hispanic and Asian populations through the year 2020.
- ❑ Hispanics will represent approximately 75% of the population in the Imperial Avenue Corridor in 2020 compared to only 33% in the county.
- ❑ 38% of the residents in the Imperial Avenue Corridor are 17 or younger versus only 27% in the county. 78% of those residents that are under 17 are of Hispanic descent.

Income Characteristics

- ❑ Most of the tracts within the Imperial Avenue Corridor are classified as either low or moderate-income.
- ❑ The area is expected to show moderate increases in the household income from 2000 to 2020, however the area will continue to show one of the highest concentrations of low-income households compared to the county income distribution.
- ❑ By 2020, almost 45 percent of the households in the Imperial Avenue Corridor will have annual household incomes below \$25,000 compared to the county total of 21 percent.

Employment Characteristics

- ❑ In 1990 there were approximately 1.75 working people per job in the study area. By 2020 there will be 2.6 working people per job, exceeding the county ratio of 2.4.
- ❑ The employment to housing ratio is expected to decline from 1.91 in 2000 to 1.33 in 2020. This is based on a large increase in the housing stock.
- ❑ There is a larger percentage of production, construction and maintenance and professional and technical jobs in the Imperial Avenue Corridor and a smaller percentage of Services and Sales jobs.

Land Use

- ❑ Based on County Assessor data, there are 3,059 parcels zoned for commercial and industrial use in the study area, representing approximately 800 acres of land. There are 1,637 commercial and 1,422 industrial zoned parcels.
- ❑ Based on County Assessor data, only 8 percent of the industrial zoned parcels are owner occupied and 16 percent of the commercial zoned parcels are owner occupied.
- ❑ There are 218 vacant commercial parcels representing a total of 39 acres and 240 vacant industrial parcels representing approximately 73 acres.
- ❑ There are 576 vacant residential parcels in the study area with a total assessed value of \$14,581,840. The mean assessed value for these vacant residential properties is \$25,316.
- ❑ Local and regional government is the group with the highest percentage of ownership of the top 25 owners segregated both by number of parcels and number of acres.

Housing Needs

- ❑ The total housing stock as a percent of the population is significantly lower in the Imperial Avenue Corridor than in the county.
- ❑ The Imperial Avenue Corridor has one of the highest residential densities of any area in the county.
- ❑ The residential density is projected to increase 58%, with more than 23 housing units per one acre of residential land in the Imperial Avenue Corridor by 2020.

Access to Capital

- ❑ The Imperial Avenue Corridor is not receiving a proportionate amount of bank loans or bank loan dollars based on the business characteristics of the study area.
- ❑ The number of small business loans in the Imperial Avenue Corridor did increase 52 percent and loan dollars increased 70.8 percent from 1998 to 1999. These increases exceeded the county totals of 41 percent and 27 percent respectively.
- ❑ For every home loan denied in the study area 1.3 loans were approved – compared to the county rate of 3.2.
- ❑ 88 percent of the home loan denials were in the low-income tracts, within the Imperial Avenue Corridor, compared to 3.8 percent in low-income tracts for the county.
- ❑ Based on total applications approved and taken plus denials, 41 percent of the home loan applications were denied in the Imperial Avenue Corridor compared to a 23% denial rate for the county overall.

Bank Branch Distribution

- ❑ Total deposits within the Imperial Avenue Corridor, as of June 2000, were \$55.943 million among the four banks in the area at that time.
- ❑ Within the Imperial Avenue Corridor, there are approximately 6,440 households per bank branch. This is more than 3 times greater than the county average of 2,025 households per branch.

III. INTRODUCTION

For more than half a century, the Annie E. Casey Foundation has worked to build better futures for disadvantaged children and their families in the United States. Their mission is to foster public policies, human service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families.

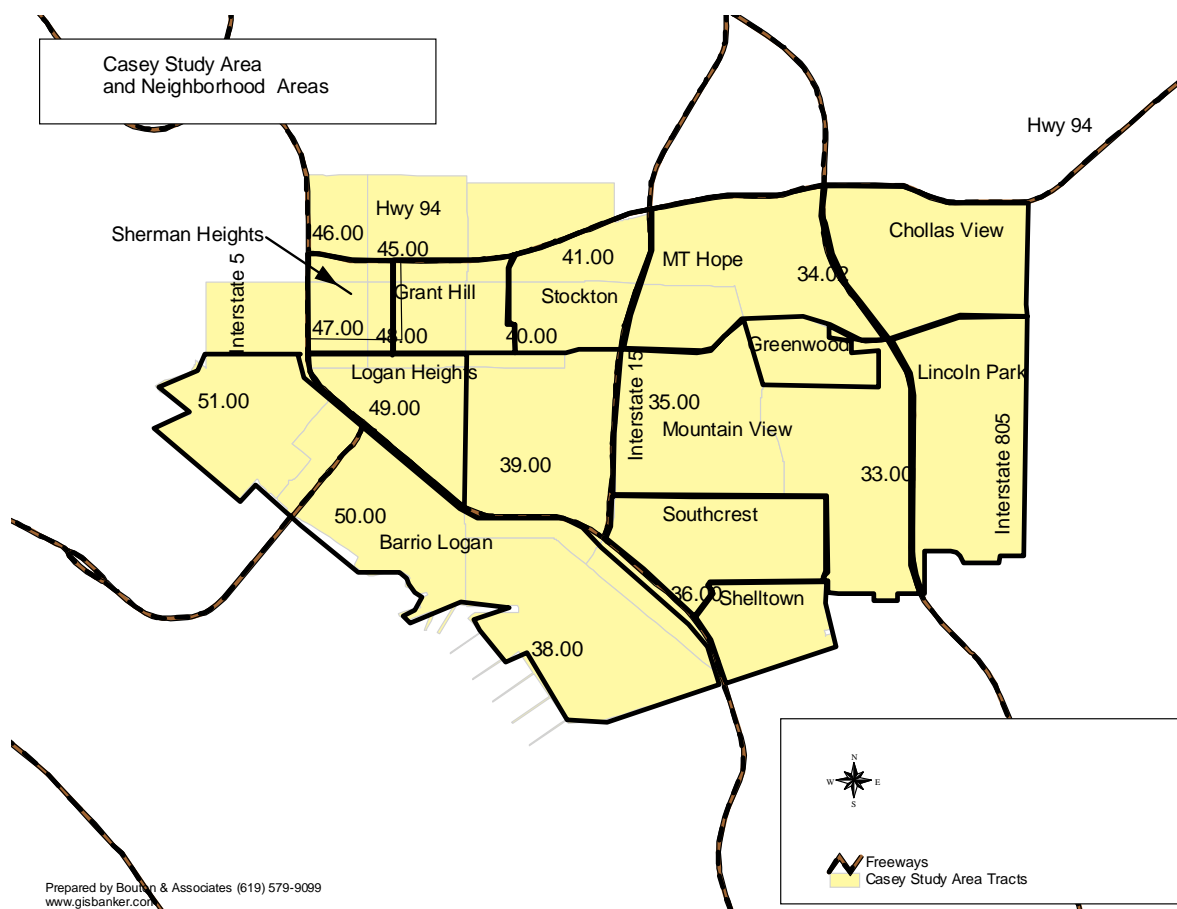
Making Connections is the centerpiece of the Annie E. Casey Foundation's multi-faceted effort to improve the life chances of vulnerable children by helping to strengthen their families and neighborhoods. *Making Connections* begins with a three-year demonstration phase in which the foundation will work with neighborhoods in 22 cities to promote programs, activities, and policies that contribute to strong families. The primary aim of this effort is to stimulate and support a local movement that engages residents, civic groups, political leaders, grassroots groups, public and private sector leadership, and faith-based organizations in an effort to help transform tough neighborhoods into family-supportive environments.

The Foundation is working with neighborhoods to identify relevant indicators and interim benchmarks that can be used to gauge progress in improving conditions for families. After three years, sites should emerge with a stronger and more interconnected array of neighborhood-level programs and activities that promote family strengthening. If that occurs, the Foundation expects to extend and deepen their commitment over the next decade in those sites where residents and grassroots, civic, and political leadership embrace family strengthening as a core strategy to improve child outcomes and where the policy climate offers genuine promise for meaningful and durable change.

IV. PURPOSE AND SCOPE OF ANALYSIS

The City-County Reinvestment Task Force was created in 1977 to monitor lending practices and to develop strategies for reinvestment in the San Diego region. Our mission is to "spur private and public financing of affordable housing and economic development activities in those communities experiencing disinvestment."

The Annie E. Casey Foundation has hired us to assess the socio-economic conditions within the Imperial Avenue Corridor, including the neighborhoods of Barrio Logan, Logan Heights, Sherman Heights, Grant Hill, Stockton, Mt. Hope, Chollas View, Mountain View, Lincoln Park, Southcrest, and Shelltown. This analysis focuses on the current and forecasted economic situation and strategies for economic development in the assessment area.



As part of our assessment we have reviewed current programs and activities within the communities and contracted with Steve Bouton of Bouton & Associates to perform a socio-economic analysis using Geographic Information Systems (GIS) software. After summarizing the data, we convened two focus groups to get community feedback. The research and the feedback from the focus groups form the basis for our conclusions and recommendations.

V. REVIEW OF PROGRAMS AND ACTIVITIES

To help define our socio-economic analysis, we reviewed current programs and activities in the targeted communities (project area) to assess the key development efforts that have been proposed to address the needs of the communities. We assessed various documents including community plans, revitalization and redevelopment plans, housing elements of the general plan, empowerment zone strategies, and other reports and plans.

We compiled a matrix to summarize the basic information in the documents we reviewed (attachment 1). The first matrix provides basic information on the plans and reports that we reviewed, including their author, title and data, and the communities they cover. The second set of matrices provides more detailed information about the key documents (the documents listed in bold), including identifying the main issues and solutions and the related sources of financing.

The Southeast San Diego Community Plan is the key document that covers the current development strategies in the project area. The plan was written in 1987 and amended in 1990, 1992, 1995 and 1996. It covers all of the communities in the project area except Barrio Logan. Also adopted with the plan was the Southeast Planned District Ordinance, which addresses the needs of each community with specific zoning strategies.

Barrio Logan is covered by the Barrio Logan/Harbor 101 Community Plan (1978), the Barrio Logan Revitalization Action Plan (1997), and the Barrio Logan Redevelopment Project 2nd Implementation (1999).

The Southeastern Economic Development Corporation (SEDC) is charged with the revitalization of a seven square mile area in the southeastern section of the Imperial Avenue Corridor. Accordingly, it has developed redevelopment implementation plans for the project areas of Gateway Center West, Central Imperial (Imperial Corridor east of 805), Mount Hope and Southcrest. The plans focus on reducing blight and deterioration within these communities by addressing current and future land use needs and spurring new public and private investment.

Key Issues and Recommendations Identified

The major issues and recommendations that we consistently found in the documents are as follows:

- All communities express a need for more public improvements, such as lighting, street repair, landscaping, and maintenance.
- Increase business attraction and retention to help address high unemployment.
- Encourage redevelopment along the trolley line to benefit from the increased traffic through the transportation corridor (line runs along Imperial Avenue).
- Work with the city to increase access to affordable housing.
- Strengthen neighborhood policing and neighborhood watch programs.
- Improve and increase number of community centers and parks.
- Many of the communities have strong community identity and significant historical landmarks that should be preserved and may be promoted for tourism.

Gaps in the Recommendations

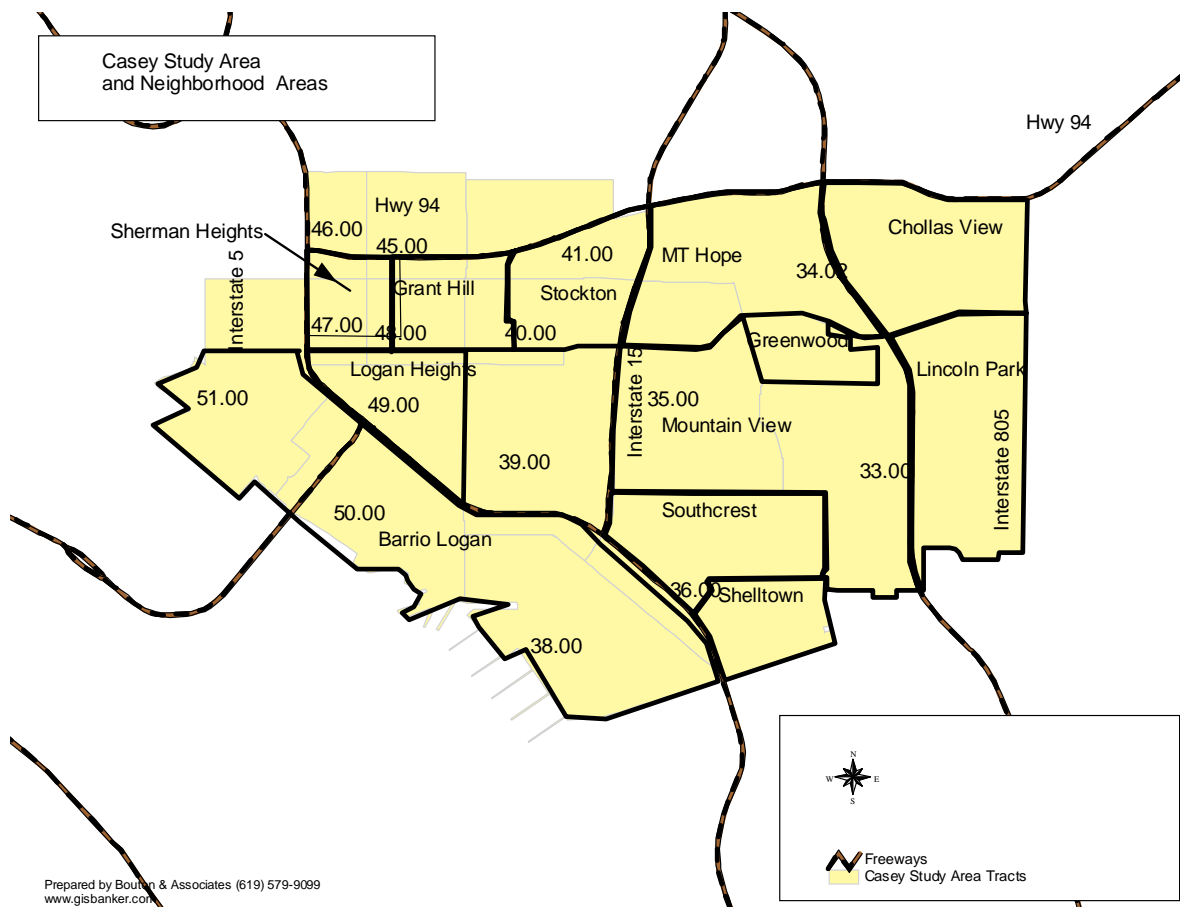
Key gaps in the recommendations that we identified are as follows:

- Increasing access to capital is usually not included as a community development strategy. The plans don't address the restrictions the low number of bank branches and strict credit requirements put on amount of wealth creation within the communities.
- Private capital is often not listed as a primary source of capital. This capital is available and should be utilized more. SEDC does list private projects and other activities as funding sources for their redevelopment plans.
- There is a focus on attracting and retaining distributive industries (retail and service businesses) instead of economic bases industries (manufacturing). Economic base industries stimulate economic growth of an area by importing new income and jobs into a community through exporting goods and services outside the area. This creates better jobs and allows the economy to grow.
- Issues regarding gentrification are usually not addressed in the plans.

VI. SOCIO-ECONOMIC ANALYSIS

Casey Study Area

The Casey Foundation together with various community interest groups has defined a unique area within San Diego, the Imperial Avenue Corridor, which can be described as an area of economic disenfranchisement. This area is comprised of 15 census tract (1990) that include the neighborhoods of Barrio Logan, Logan Heights, Sherman Heights, Grant Hill, Stockton, Mt. Hope, Chollas View, Mountain View, Lincoln Park, Southcrest, and Shelltown. The following map outlines the census tracts, which are included in the Casey Study area. This economic analysis of the area will be based on census tract data.

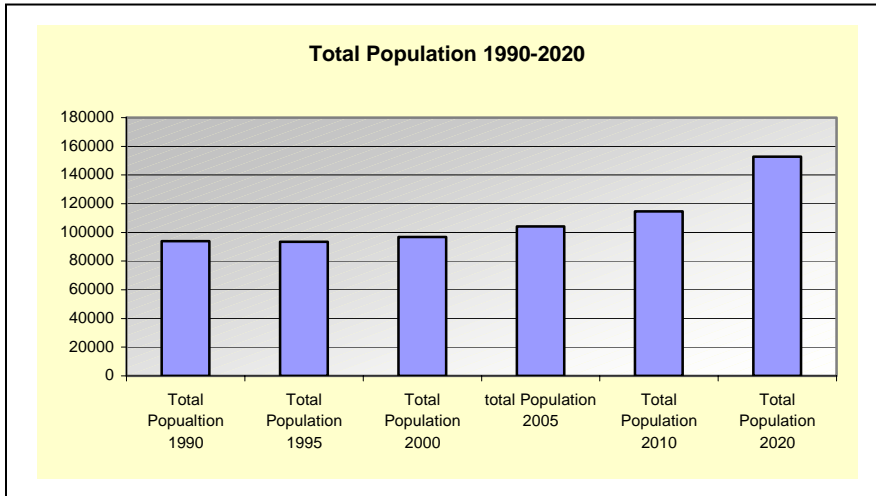


The study area has one of the most ethnically diverse populations in San Diego.

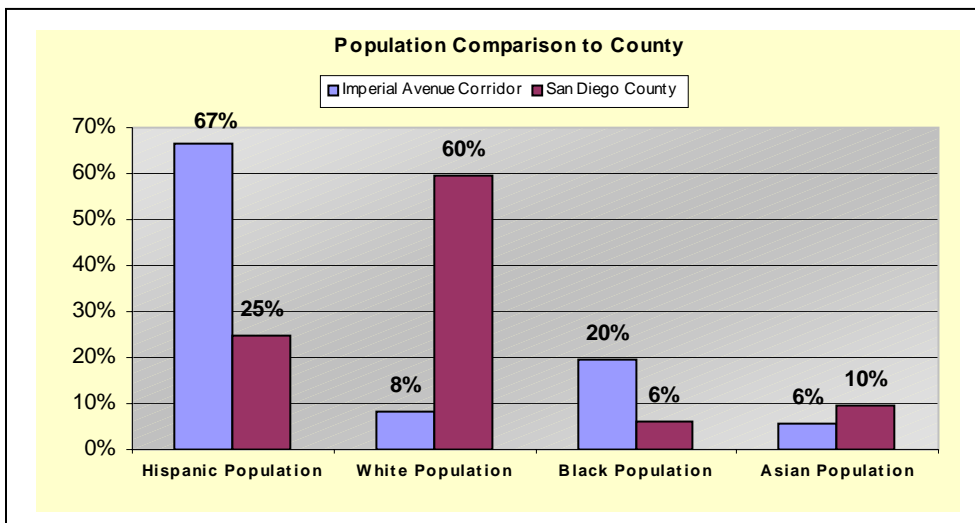
- ❑ It has the highest concentration of people of color and low-income households (see graph page 8).
- ❑ The study area will show strong growth in Hispanic and Asian populations through the year 2020.
- ❑ Hispanics will represent approximately 75 percent of the population in the study area in 2020 compared to only 33 percent of the total in the county.
- ❑ By 2020, almost 45 percent of the households in the study area will have annual household incomes below \$25,000 compared to the county total of 21 percent.

Demographics¹

Population in the study area will increase from 96,877 in 2000 to 152,723 in 2020, based on SANDAG estimates. This represents a 57.6 percent increase. Regional population growth from 2000 to 2020 is estimated at 30.8 percent.²



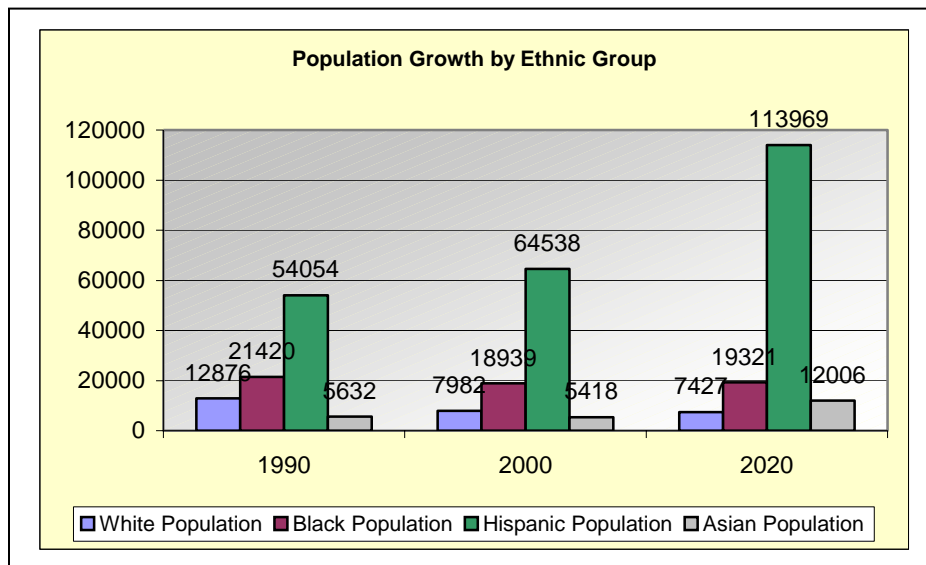
According to the 2000 census, 67% of the residents in the study area are of Hispanic descent, compared to only 25% in the county. The proportion of non-Hispanic Blacks is also higher. The proportion of non-Hispanic Whites and non-Hispanic Asians and Others is less.



¹ Raw demographic data supplied by SANDAG

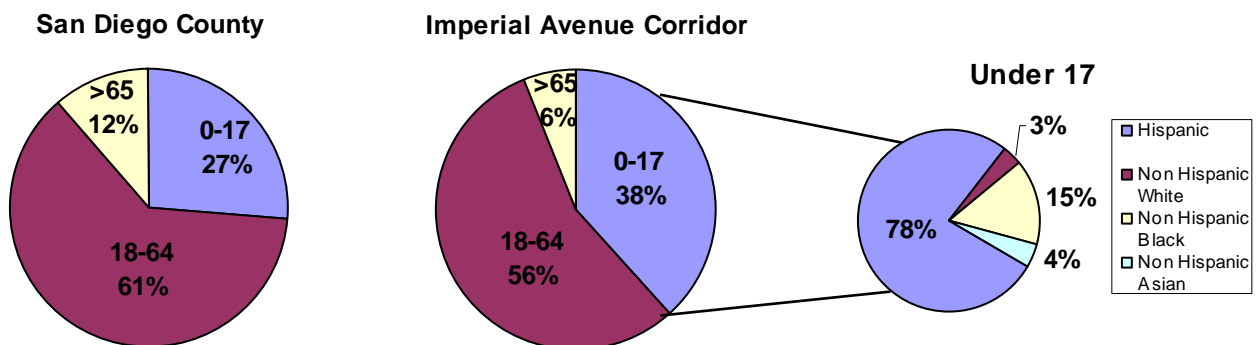
² Source 2020 Regional Forecast – San Diego Region by SANDAG

The largest growth segment of the population within the study area will continue to be the Hispanic population, as shown in the following graph. The Hispanic population will represent approximately 33 percent of the county in 2020. Within the study area, the Hispanic population will represent approximately 75 percent of the total population.



Age Distribution

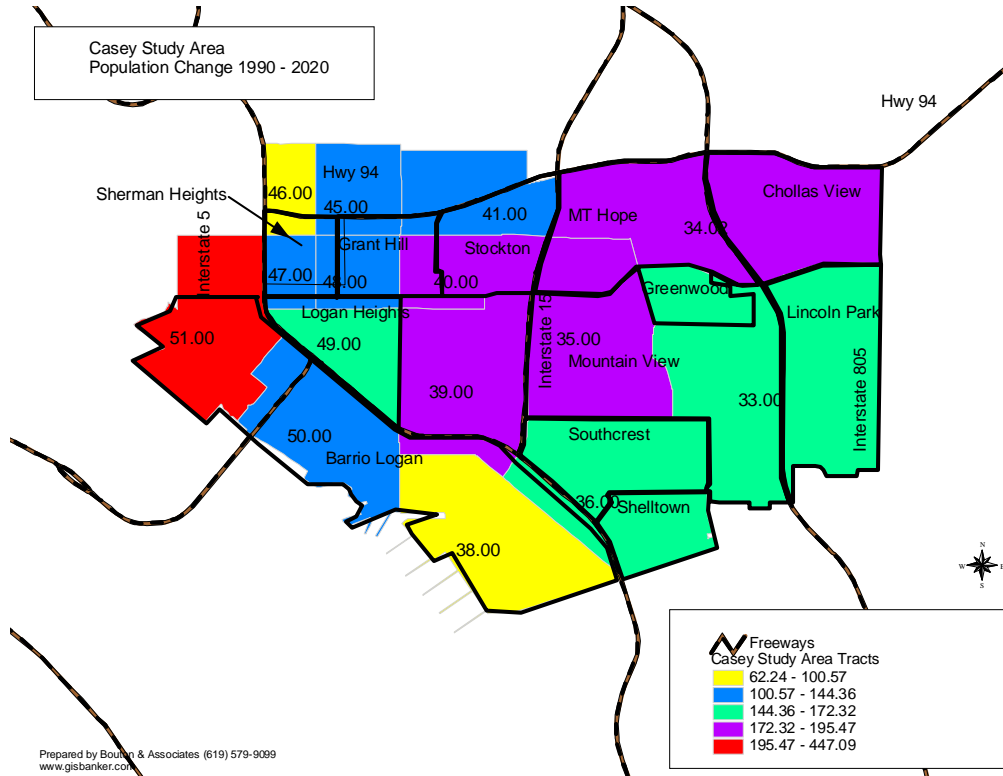
The residents in the study area are much younger than the county. 38% of the residents in the area are 17 or younger versus only 27% in the county. 78% of those residents that are under 17 are of Hispanic descent (see Appendix 1). 50% of the residents 64 and under are male, while only 43.9% are female.



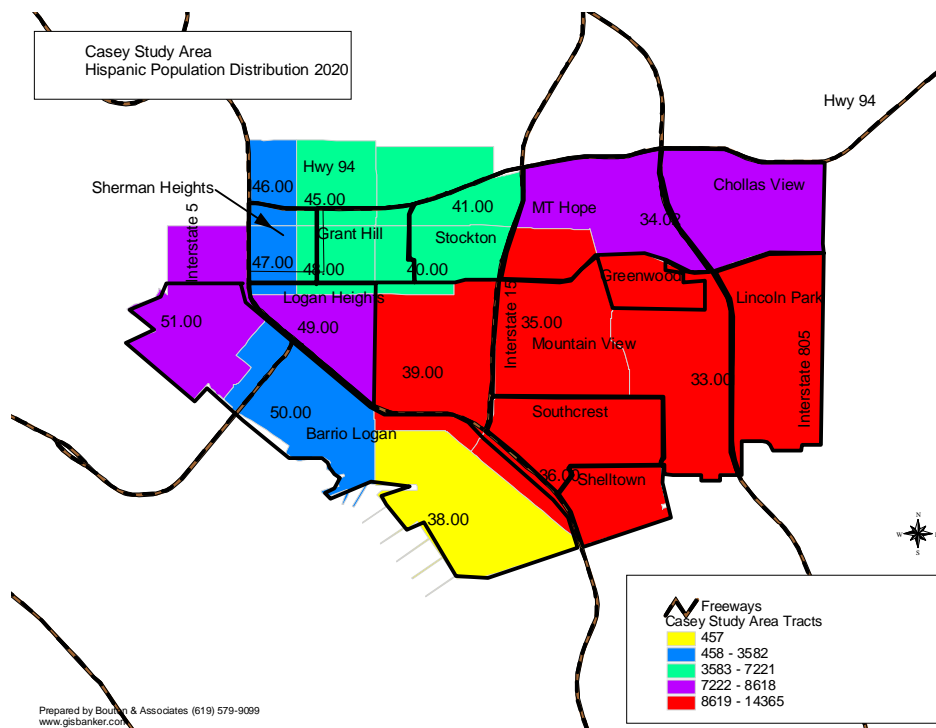
Age and Gender 2000	Male 0-17	Female 0-17	Male 18-64	Female 18-64	Male >64	Female >64
Hispanic	15.1%	14.6%	17.7%	16.4%	1.2%	1.6%
Non Hispanic White	0.7%	0.6%	5.0%	1.5%	0.2%	0.3%
Non Hispanic Black	3.0%	2.8%	5.9%	5.6%	0.8%	1.5%
Non Hispanic Asian	0.8%	0.8%	1.8%	1.7%	0.2%	0.3%
Total	19.5%	18.8%	30.5%	25.1%	2.5%	3.7%

Source: San Diego Association of Governments Data Warehouse, 2001

The following map summarizes the change in projected total population by census tract.

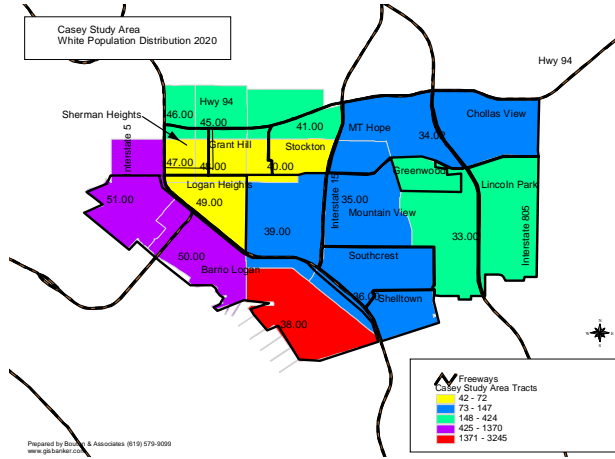


The area expected to see the largest concentration of Hispanic population is highlighted in the following map.

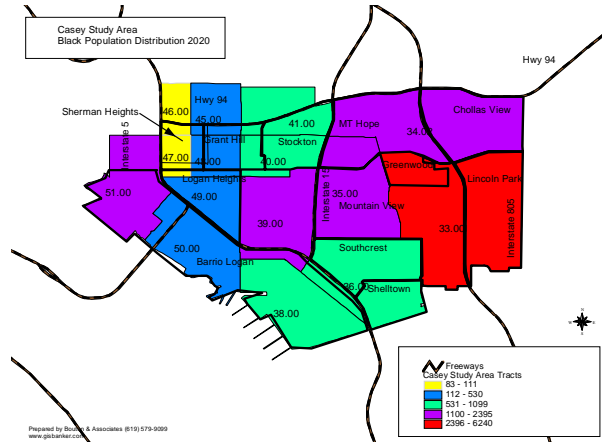


The 2020 estimated distribution of ethnic group populations are summarized in the following maps.

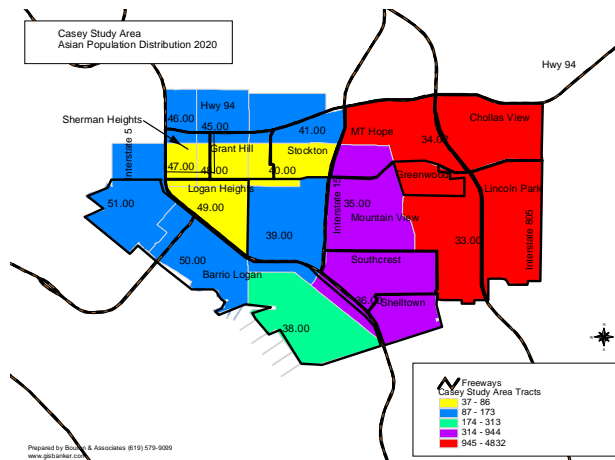
White Population Distribution 2020



Black Population Distribution 2020



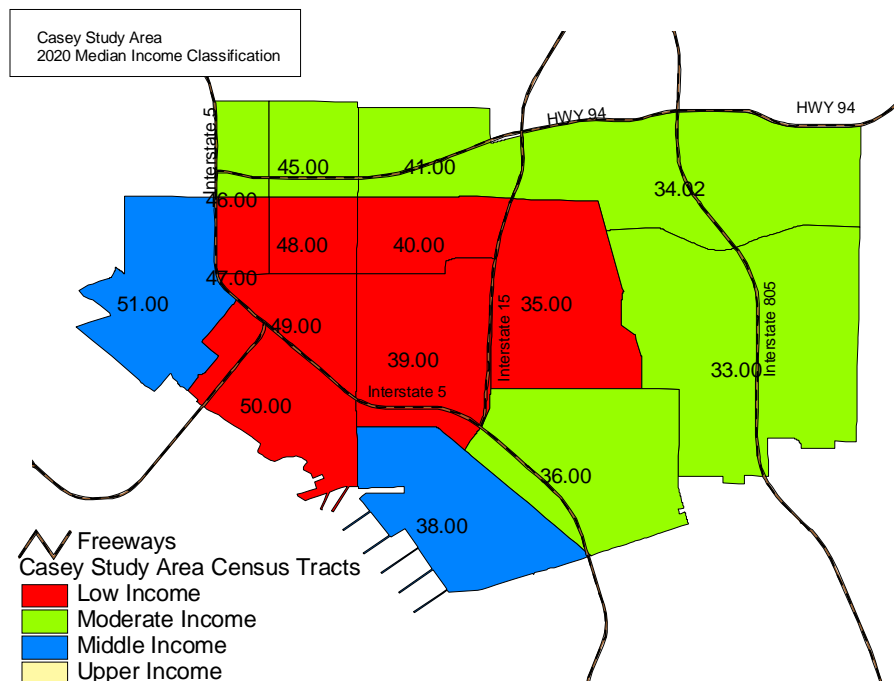
Asian Population Distribution 2020



Tract Income Characteristics³

The following table summarizes the income classification of each census tract within the study area for the year 2020. These income classifications are based on Community Reinvestment Act definitions and applied to the year 2020 income estimates. There are a number of advantages to examining these classifications, not the least of which is the Federal Banking regulatory requirements for banks to reinvest into low and moderate income defined areas.

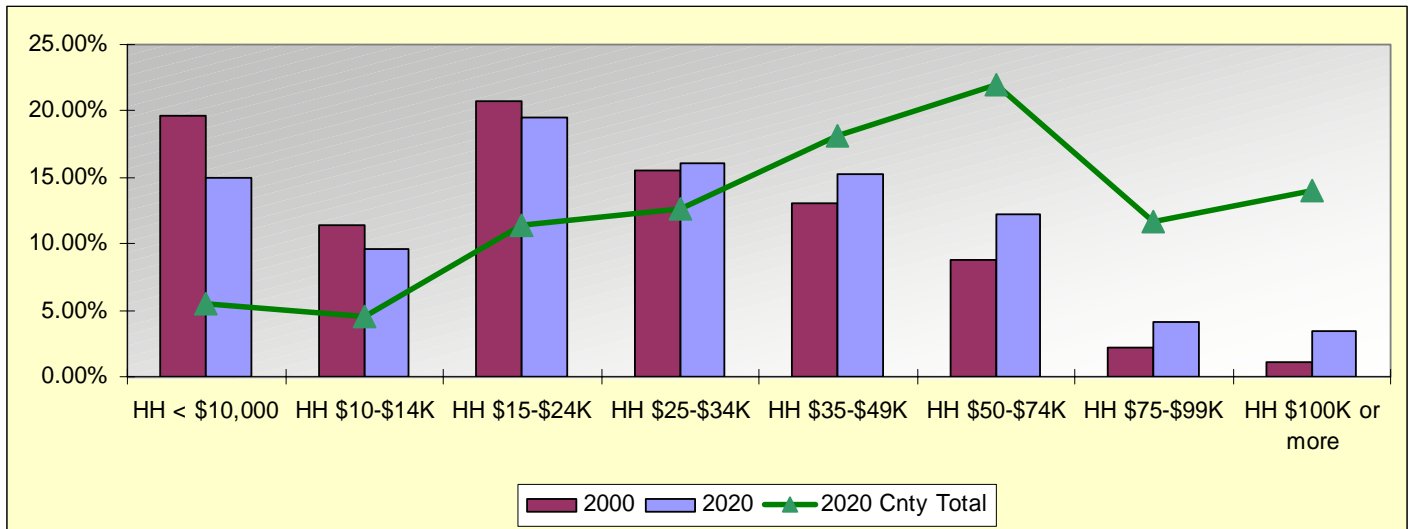
	YR 2020 Median Income	Percent County Average Median Income	Income Classification
Tract 33.00	\$25,647	51.91	Moderate Income
Tract 34.02	\$25,395	51.40	Moderate Income
Tract 35.00	\$24,699	49.99	Low Income
Tract 36.00	\$26,382	53.40	Moderate Income
Tract 38.00	\$42,500	86.02	Middle Income
Tract 39.00	\$22,151	44.83	Low Income
Tract 40.00	\$22,100	44.73	Low Income
Tract 41.00	\$29,462	59.63	Moderate Income
Tract 45.00	\$28,383	57.45	Moderate Income
Tract 46.00	\$27,632	55.93	Moderate Income
Tract 47.00	\$21,239	42.99	Low Income
Tract 48.00	\$23,449	47.46	Low Income
Tract 49.00	\$24,093	48.76	Low Income
Tract 50.00	\$21,916	44.36	Low Income
Tract 51.00	\$52,763	106.79	Middle Income



³ Low-income is median household income that is less than 50 percent of the area median household income. Moderate-income is median household income that is at least 50 percent and less than 80 percent of the area median household income. The 2020 median household income in the County is \$48,054 (constant dollars).

The study area is expected to show moderate increases in the household income from 2000 to 2020, however the area continues to show one of the highest concentrations of low income households compared to the county income distribution as shown in the following graph.

It is estimated that by 2020, over 44 percent of the households, within the study area, will have annual household incomes less than \$25,000. This compares to 21 percent for the county.



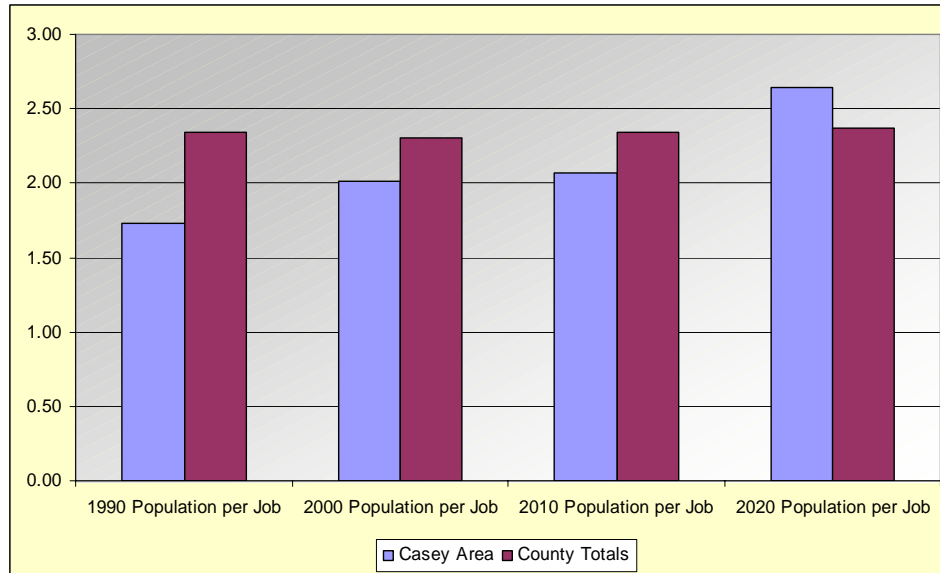
The following table shows the amount of public housing assistance within the study area⁴. The rental assistance and public housing combined comprise 5.7% of the total housing units. The rental assistance in the study area is 14.7% of the total assistance in the city.

Public Housing Assistance		
Tracts	Rental Assistance	Public Housing
033.00	463	0
034.02	152	18
035.00	200	0
036.00	127	5
038.00	0	0
039.00	109	5
040.00	71	0
041.00	75	0
045.00	53	0
046.00	17	0
047.00	13	0
048.00	35	0
049.00	61	0
050.00	7	0
051.00	14	0
Total	1397	28

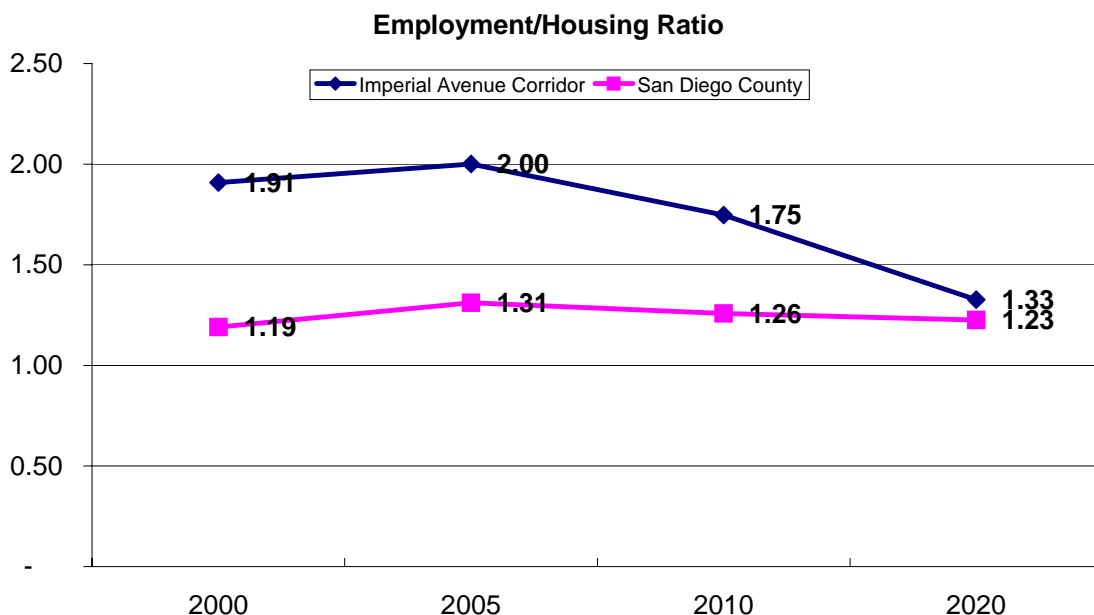
⁴ Data courtesy of the San Diego Housing Commission

Employment Characteristics

The total working population (age 18-64) as a ratio to the total number of jobs forecasted in the area will exceed the county ratio, based on the SANDAG forecasts, as shown in the following graph. In 1990 there were approximately 1.75 working people per job in the study area. By 2020 there will be 2.6 working people per job in the study area, this exceeds the county ratio of 2.4. Unemployment in the area will likely be higher.



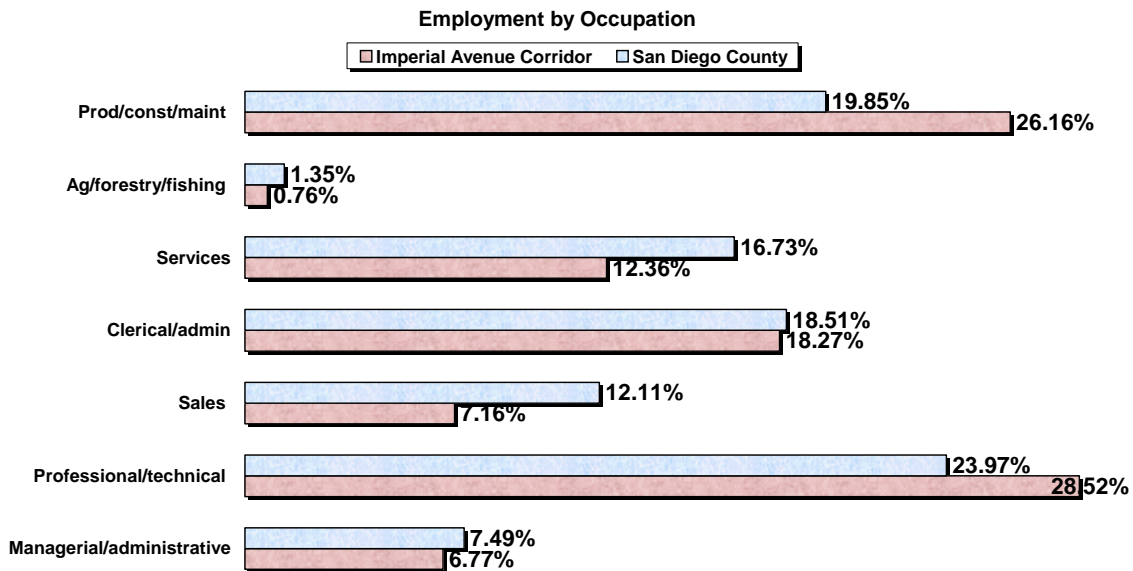
The employment to housing ratio provides another perspective of the study area's employment composition. The ratio is expected to be 1.33 for the study area by 2020. To reduce the current employment ratio of 1.91 down to 1.33, SANDAG projects that there will be 23.1 housing units per developed residential acre by 2020, far greater than the county density of 3.7 (see Housing Needs – page 19).



The following table highlights the City & County's expected changes in the employment within the study area, from 2000 to 2020 (See Appendix 2 for complete estimates and forecasts).

	Ag & Mining	Construction	Transp., Comm. and Utilities				Finance, Insurance, and Real Estate				Self Employed & Domestic Workers	Total Employment
			Manufacturing	TCPU	Wholesale Trade	Retail Trade	Fire	Services	Government	Military		
2000 Est.	86	2,295	6,738	1,316	1,845	2,615	442	5,150	13,661	13,116	1,903	49167
2020 Projection	87	2,749	6,319	1,031	2,240	3,445	2,000	8,450	15,639	13,116	2,684	57760
Net Change	1	454	-419	-285	395	830	1558	3300	1978	0	781	8593
% Change	0.01	0.20	-0.06	-0.22	0.21	0.32	3.52	0.64	0.14	0.00	0.41	0.17

According to 2000 SANDAG estimates, there is a larger percentage of production, construction and maintenance and professional and technical positions in the study area than in the county. Services and Sales have a smaller percentage in the study area.



Land Use Data

Current Land Use

- ❑ Based on County Assessor data, there are 3,059 parcels zoned for commercial and industrial use in the Casey Study Area, representing approximately 800 acres of land. There are 1,637 commercial and 1,422 industrial zoned parcels.
- ❑ Based on County Assessor data, only 8 percent of the industrial zoned parcels are owner occupied and 16 percent of the commercial zoned parcels are owner occupied.
- ❑ There are 218 vacant commercial parcels representing a total of 39 acres and 240 vacant industrial parcels representing approximately 73 acres.
- ❑ There are 576 vacant residential parcels in the study area with a total assessed value of \$14,581,840. The mean assessed value for these vacant residential properties is \$25,316.

The following table summarizes the vacant residential parcels by census tract.

Residential - Vacant Parcels			
		Data	
TRACT		Number of Parcels	Total Assessor Value
33.00		108	\$ 3,905,728
34.02		71	\$ 1,276,900
35.00		53	\$ 856,577
36.00		98	\$ 2,938,973
39.00		85	\$ 1,266,838
40.00		40	\$ 900,061
41.00		52	\$ 1,868,125
45.00		19	\$ 671,778
46.00		4	\$ 47,266
48.00		22	\$ 376,731
49.00		20	\$ 338,905
50.00		3	\$ 117,300
51.00		1	\$ 16,658
Grand Total		576	\$ 14,581,840

The following table summarizes the vacant commercial parcels by census tract within the study area.

- When examining parcel ownership, individuals or companies who own 3 or more vacant commercial parcels, over 70 percent of the owners are outside the area

Vacant Commercial Parcels				
	Data			
TRACT	Number of Parcels	Total Assessed Value	Total Acres	
33.00	13	\$ 1,234,655	6.52	
34.02	19	\$ 926,347	9.764	
35.00	16	\$ 433,232	1.866	
36.00	26	\$ 1,806,527	5.413	
38.00	1	\$ 25	0.005	
39.00	40	\$ 1,317,700	4.527	
40.00	29	\$ 1,036,305	3.742	
41.00	13	\$ 267,595	1.44	
45.00	27	\$ 733,157	2.578	
47.00	2	\$ 67,709	0.19	
48.00	11	\$ 265,954	1.085	
49.00	2	\$ 27,474	0.142	
50.00	16	\$ 716,101	1.744	
51.00	3	\$ 495,665	0.57	
Grand Total	218	\$ 9,328,446	39.586	

The following table summarizes the vacant industrial parcels by census tract within the study area.

- When examining parcel ownership, individuals or companies who own 3 or more vacant industrial parcels, over 60 percent of the owners are outside the area.

Vacant Industrial Parcels				
	Data			
TRACT	Number of Parcels	Total Assessed Value	Total Acres	
33.00	2	\$ 3,215,188	17.957	
34.02	3	\$ 731,200	4.133	
35.00	12	\$ 120,931	1.419	
36.00	28	\$ 1,608,492	3.845	
38.00	1	\$ 18,360	0.279	
39.00	19	\$ 619,451	3.499	
40.00	8	\$ 693,855	1.572	
41.00	5	\$ 294,648	0.646	
47.00	7	\$ 655,491	1.033	
48.00	18	\$ 607,797	1.39	
49.00	4	\$ 184,777	0.411	
50.00	58	\$ 13,616,684	26.735	
51.00	75	\$ 6,455,496	10.496	
Grand Total	240	\$ 28,822,370	73.415	

Land Ownership

The following table summarizes the top 25 owners of land by number of parcels in the study area segregated into five classifications: local and regional government, federal government, corporations and partnerships, non-profits organizations, and individuals. Local and regional government comprises the largest number of parcels out of the top 25 owners. There are a total of 16,564 parcels within the study area. The top 25 owners comprise 4.8% of the total number of parcels (see Appendix 3 for list of owners).

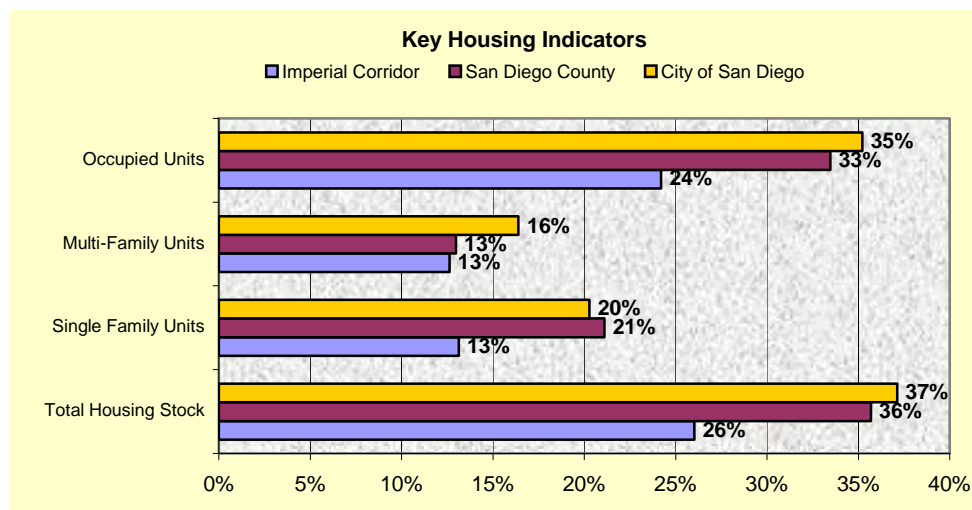
Top 25 Owners by Number of Parcels		
Classification	Number of Parcels	Acres
Local and Regional Government	320	466.64
Individuals	210	34.78
Corporations and Partnerships	188	252.66
Non-Profit Organizations	57	24.26
Federal Government	21	276.30
Total	796	1054.54

The next table summarizes the top 25 owners of land by number of acres in the study area segregated into five classifications: local and regional government, federal government, corporations and partnerships, non-profits organizations, and individuals. Local and regional government also comprises the largest number of acres out of the top 25 owners. There are 5,588 acres in the study area. The top 25 owners comprise 22% of the total acreage.

Top 25 Owners by Number of Acres		
Classification	Number of Parcels	Acres
Local and Regional Government	392	503.11
Corporations and Partnerships	184	362.43
Federal Government	21	276.30
Non-Profit Organizations	49	95.52
Individuals	-	-
Total	583	1237.36

Housing Needs

The following graph summarizes key housing indicators for the study area, the City of San Diego and the County as a percent of each areas total population. The city and county have a higher percentage of occupied units⁵ (households). The city has a higher percentage multi-family units and the study area has significantly less single-family units. The total housing stock (25,212) as a percent of the population is also less in the study area.



The study area has one of the highest residential densities⁶ of any area in the county, if not the highest. This is a result of both the low percentage of housing stock and the small number of available residential acres. The area will get denser due to the rapid population growth that will occur in the area. The number of residents aged 18-64 is projected to increase from 53,855 in 2000 to 82,200 by 2020, a 53% increase. As shown in the following table, the residential density is projected to increase 58%, with more than 23 housing units per one acre of residential land in the study area by 2020.

Household Characteristics	2000 Residential Density	2020 Residential Density	2000 Persons per Household	2000 Median Household Income
Imperial Corridor	14.6	23.1	3.55	\$23,169
Mid City area	12.0	13.3	2.55	\$30,867
City of San Diego	9.3	10.0	2.60	\$45,040
San Diego County	4.6	3.7	2.71	\$46,502

The number of residents aged 18-64 is projected to increase from 53,855 in 2000 to 82,200 by 2020, a 53% increase. Even with the greater household size, the median household income in 2000 was still only \$23,169. The statistics are even more undesirable than the traditionally underserved Mid City area. Both the lower housing stock and the lower median family income has forced a greater number of residents of the Imperial Avenue Corridor to live under one roof.

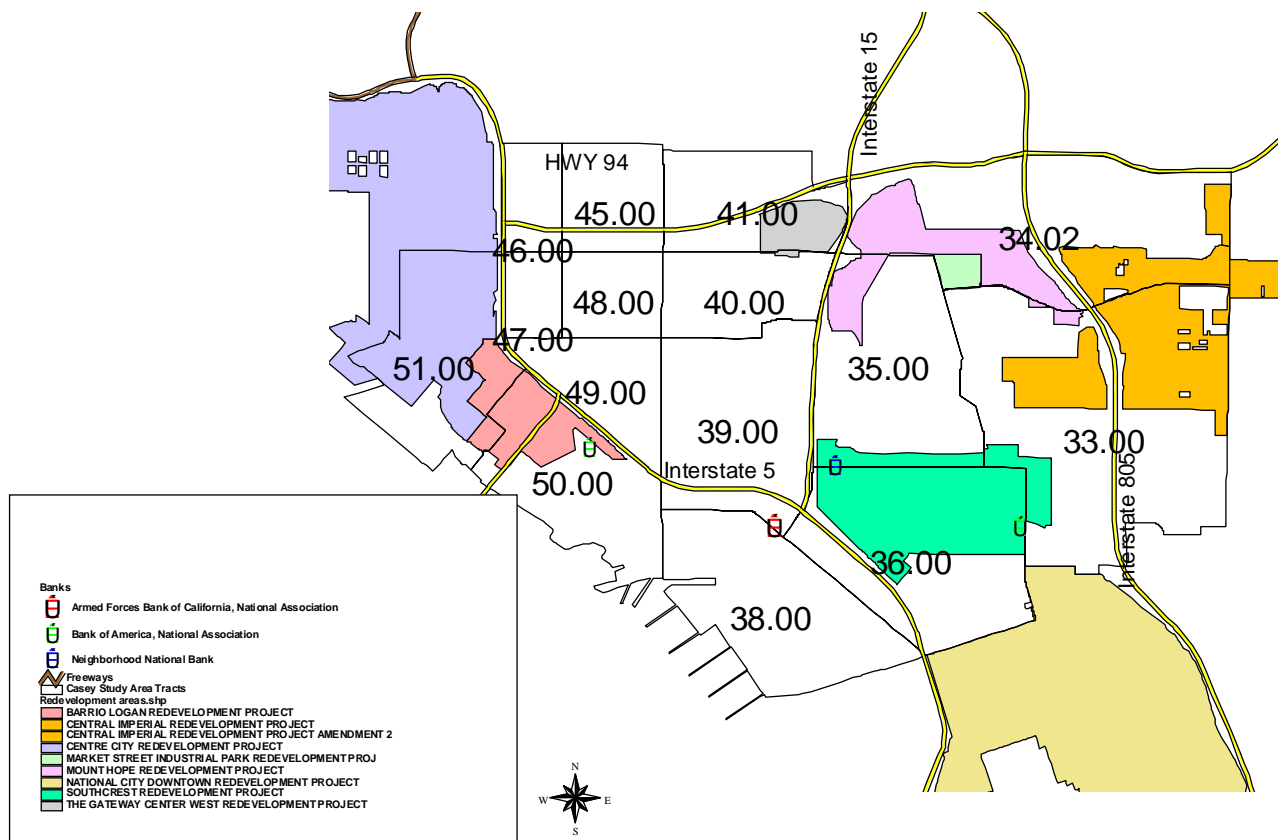
⁵ Occupied units is the same as households, but is based on the census count instead of a sample count

⁶ Residential density is total housing units per developed residential acre

Redevelopment Areas

There are a number of redevelopment zones⁷, which are inside the study area. They are highlighted on the following map.

Redevelopment Zones Inside Casey Study Area



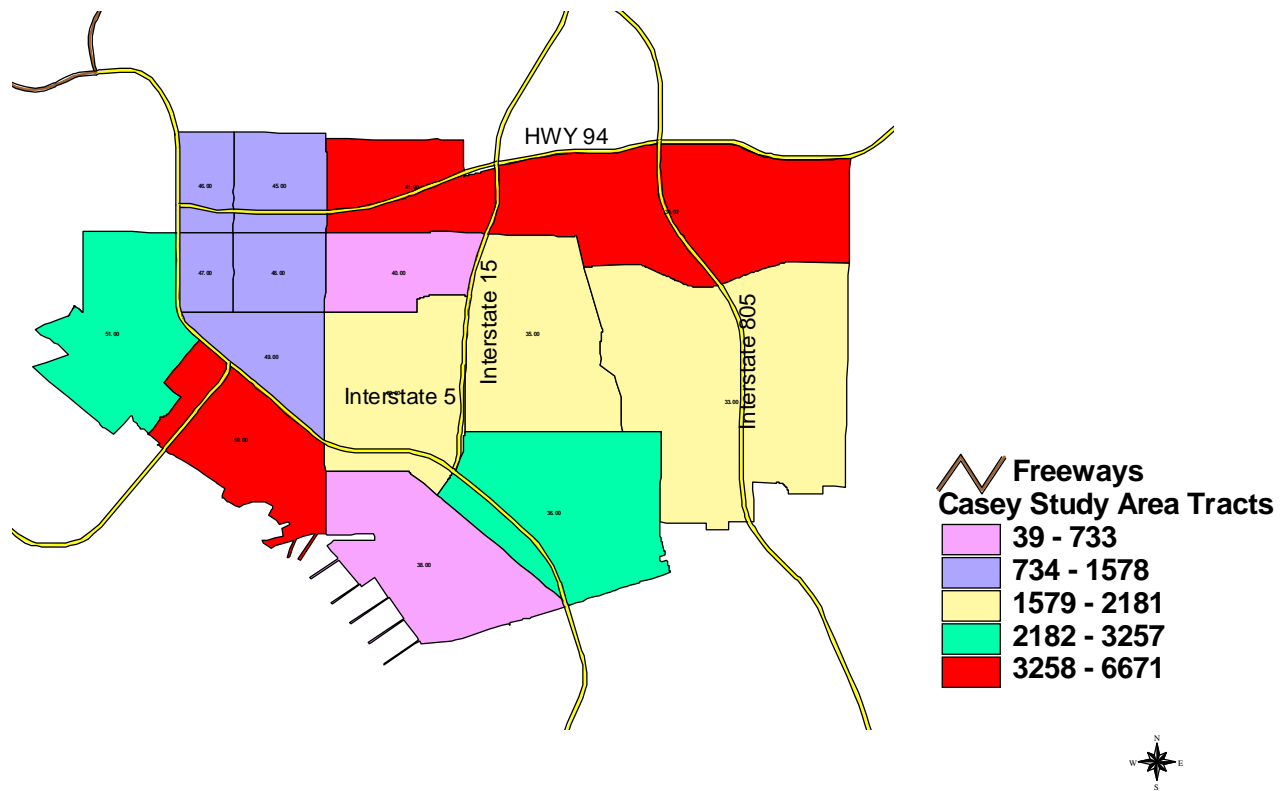
⁷ Redevelopment zone shape file data from SANGIS

Access to Capital

Small Business Lending⁸

The number of small business loans in the study area increased 52 percent and loan dollars increased 70.8 percent from 1998 to 1999. These increases exceeded the county totals of 41 percent and 27 percent respectively. The total number of loans per 100 businesses in the study area increased from 18 in 1998 to 20 in 1999. However, this is considerably below the average number of loans per 100 businesses in high-income tracts, in the county, which were approximately 60 loans per 100 businesses. The following map highlights the 1999 small business loan dollar distribution by census tract, within the study area.

1999 Small Business
Loan Dollar Distribution

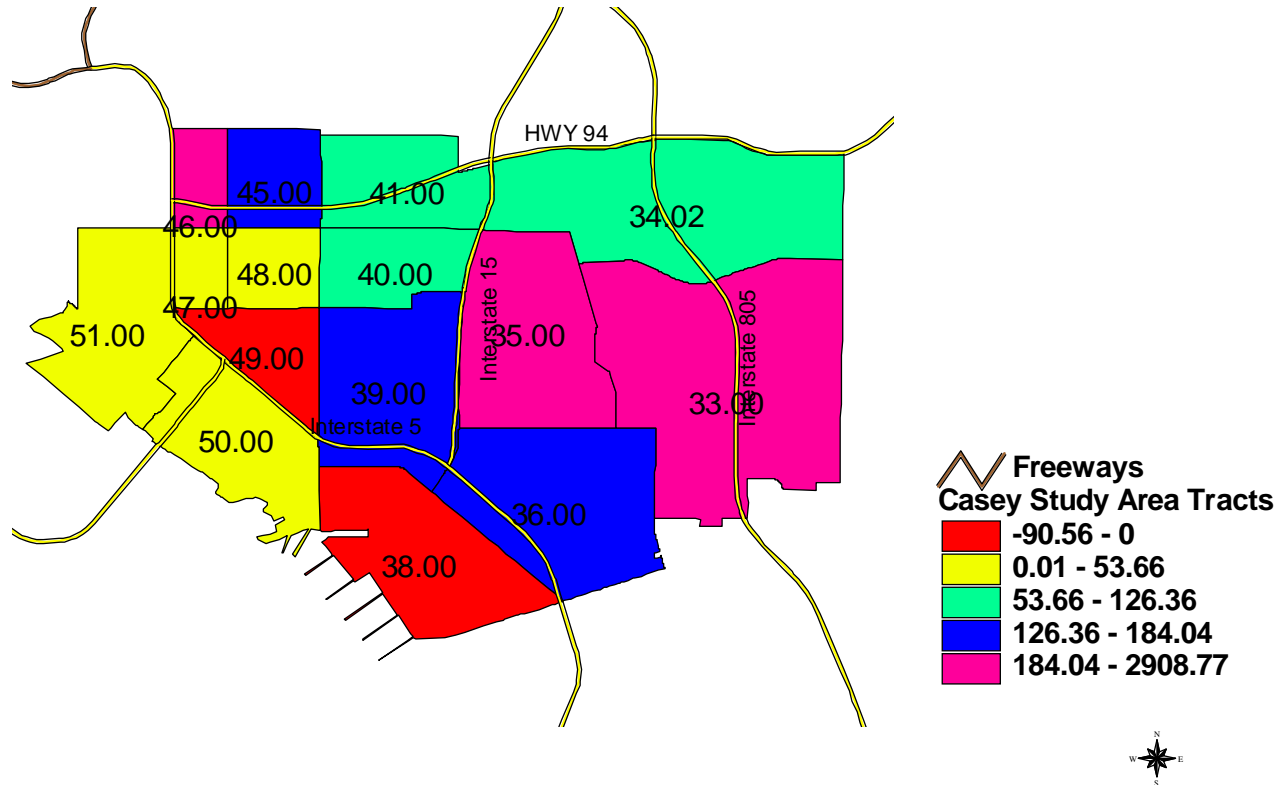


⁸ Small business lending data from FFIEC (Federal Financial Institutions Examination Council)

Loan Change

Two tracts declined in small business loan dollars from 1998 to 1999. The change is summarized in the following map.

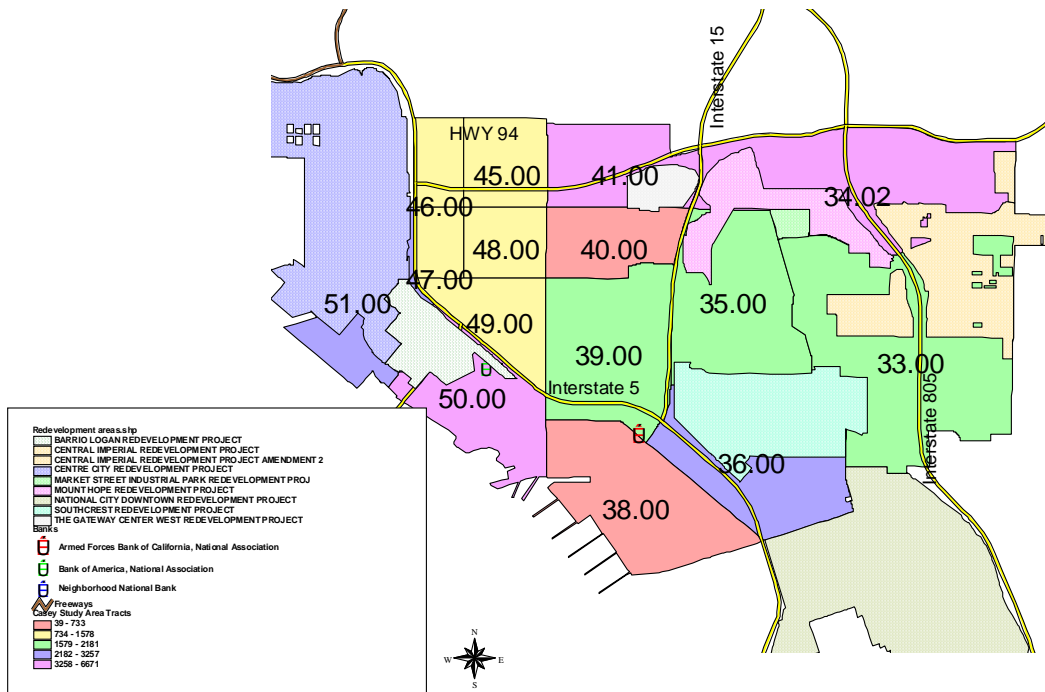
Small Business Loan Dollar Increase 1998 to 1999



The analysis indicates that the study area is not receiving a proportionate amount of bank loans or bank loan dollars based on the business characteristics of the study area. This could be the result of many factors including: poor credit histories of borrowers, lack of bank products to meet the specific needs of the businesses in the community, lack of access to credit within the community as a result of the small number of banking facilities, and lack of knowledge with business owners as to sources of financing, just to mention a few.

There is a strong correlation to the bank lending patterns in the study area and those tracts that contain or fall within a redevelopment zone. It should be noted that banks benefit directly for CRA compliance by making loans inside redevelopment areas and low or moderate-income areas. This is clearly demonstrated by noticing the lending pattern of the red or yellow census tracts, which are tracts with the lowest loan volume in 1999. None of those tracts are contained or included in a redevelopment zone.

Redevelopment Zones Compared
to Bank Lending Inside Casey Study Area



The issue is that all businesses, in census tracts throughout the study area, need access to capital, not just those in redevelopment zones. Loan programs, policies, agreements and commitments from financial institutions need to be developed and maintained to ensure that communities like these are not overlooked in the bank lending process. In addition, alternative-financing sources should be developed and made available and an organized program should be developed to connect financing sources and programs to the business community.

Additional reasons for this low lending rate within the study may include:

- ❑ Inadequate marketing of loan products in the study area,
- ❑ Cultural barriers that discourage debt,
- ❑ Lack of understanding of financing among many small business owners,
- ❑ Greater difficulty in providing equity or collateral.

The top ten CRA Small Business Loan lenders in 1998⁹ within the study area are summarized in the following table. Six of the top ten banks were locally owned independent banks, none of which had offices within the study area.

Top Ten Lenders 1998	
CRA Small Business Loans (\$000)	
Union Bank	\$ 6,951
First National Bank	\$ 6,641
Bank of Commerce	\$ 2,145
Penninsula Bank	\$ 2,003
Bank of America	\$ 1,792
Wells Fargo Bank	\$ 1,688
California Bank & Trust	\$ 1,508
San Diego National Bank	\$ 1,278
Bank of Coronado	\$ 1,010
Ranch Santa Fe National Bank	\$ 800

⁹ The City-County Reinvestment Task Force in the 1998 Credit Needs Assessment Study acquired 1998 bank CRA Small Business lending data. Individual bank lending data was not collected for 1999. The Task Force will be collecting 1999 and 2000 data in August 2001.

1999 HMDA Data

Based on 1999 Home Mortgage Disclosure Act LAR data, the following should be noted regarding HMDA activity within the study area:

- ❑ For every loan denied in the study area 1.3 loans were approved – compared to the county rate of 3.2
- ❑ 88 percent of the denials were in the low-income tracts, within the study area, compared to 3.8 percent in low-income tracts for the county
- ❑ Based on total applications approved and taken plus denials, 41 percent of these applications were denied in the study area compared to a 23% denial rate for the county overall.

The following table highlights the top ten HMDA loan originators within the study area.

Casey Study Area Top Ten HMDA Lenders 1999		
Name	Number Applications Approved & Taken	Total Loan Amount (\$000)
Washington Mutual	116	\$ 17,042
Bank of America	93	\$ 7,007
Greenpoint Mortgage Funding	54	\$ 5,433
Countrywide Home Loans	53	\$ 4,743
Old Kent Mortgage Company	39	\$ 4,278
North American Mortgage Co.	36	\$ 3,814
Downey Saving & Loan	33	\$ 3,151
World Savings & Loan	30	\$ 2,460
First Franklin Financial Corp	29	\$ 2,130
Accubanc Mortgage Corp.	28	\$ 2,778

These data suggest that despite the availability of capital many homebuyers may have difficulty qualifying for available loans (41 percent denied) due to any one of a number of factors including:

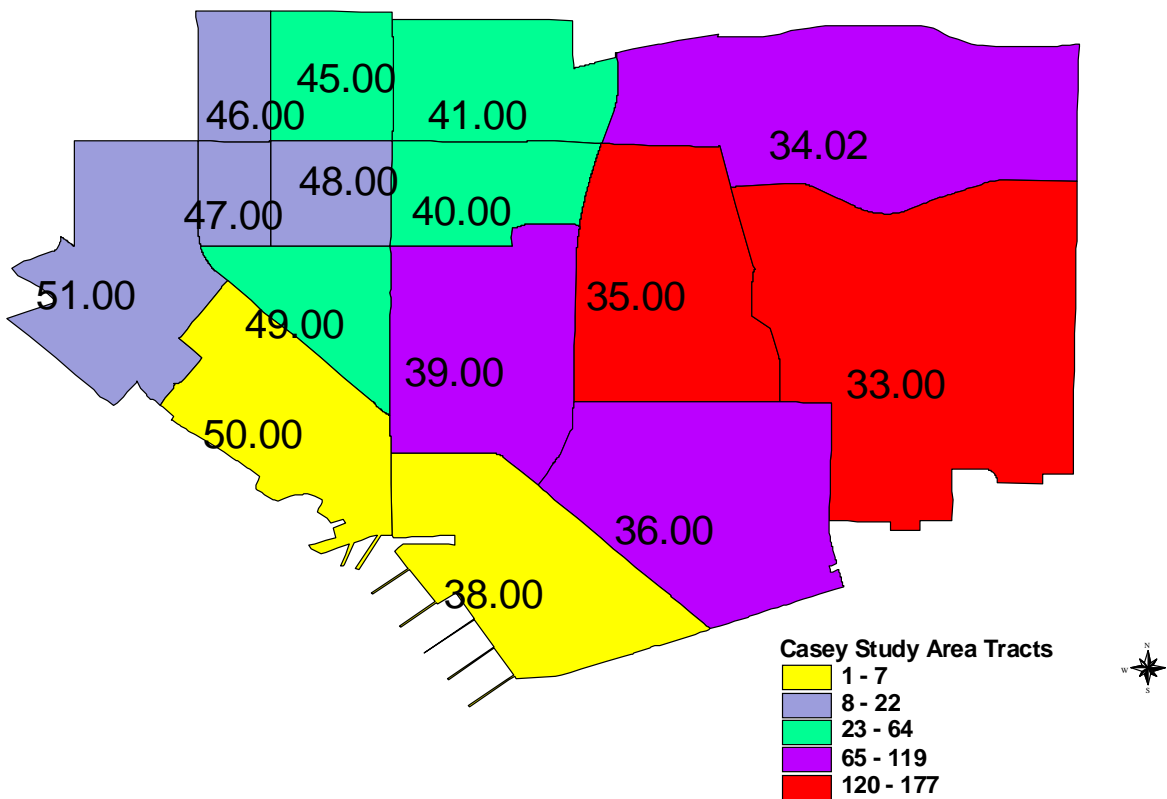
- ❑ High cost of housing stock relative to their qualifying incomes,
- ❑ Lack of financial knowledge and understanding of how the loan process works, and
- ❑ Difficulty in meeting the standard equity and debt requirements.

The following table summarizes the top ten HMDA lenders based on denials.

Casey Study Area Top Ten HMDA Lenders Based on Denials 1999			
Name	Number Applications Denied	Total Loan Amount (\$000)	
Bank of America	82	\$ 6,405	
Ameriquest Mortgage Company	50	\$ 5,183	
Courtesy Mortgage Company	49	\$ 4,705	
Pan American Bank	46	\$ 4,597	
The Money Store	30	\$ 1,323	
Royal Mortgage Partners	27	\$ 3,066	
Washington Mutual Bank	27	\$ 3,891	
New Century Mortgage	24	\$ 2,151	
Conseco Finance Servicing Corporation	19	\$ 569	
Downey Savings & Loan	19	\$ 2,189	

The following map highlights the number of HMDA loans denied by census tract within the study area.

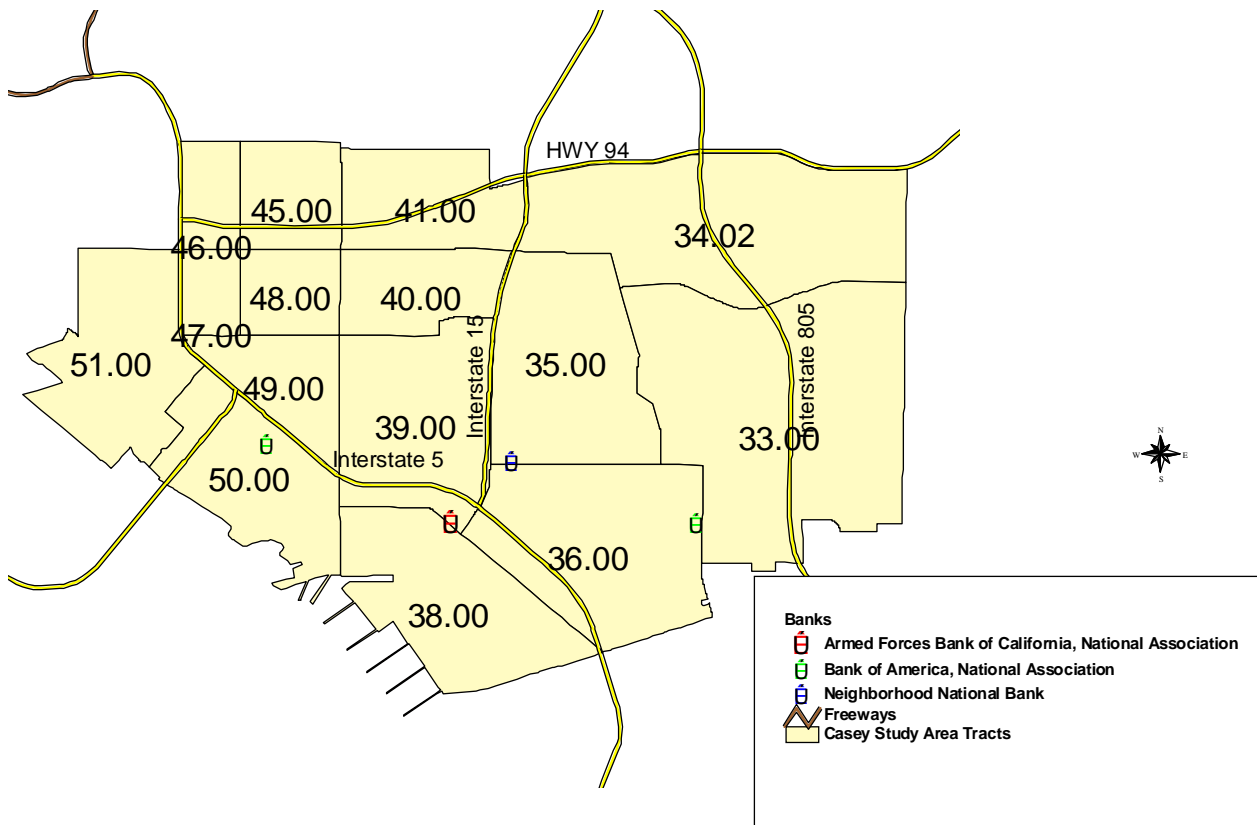
1999 HMDA Loan Denials



Bank Branch Distribution¹⁰

The following map shows the distribution of bank branches within the study area. It has been noted that there is a new Washington Mutual branch in the Gateway Center area, which is not shown on this map. Total deposits within the study area, as of June 2000, were \$55.943 million among the four banks shown on the following map.

Bank Locations Inside Casey Study Area



Within the study area, there are approximately 6,440 households per bank branch. This is more than 3 times greater than the county average of 2,025 households per branch.

Access to capital and necessary banking services is less than adequate for the area. This lack of access will impact both the economic viability and well being of the area.

¹⁰ Bank data is based on June 2000 FDIC Branch Data.

VII. PROPOSED POLICY DIRECTIONS

The accumulative socio-economic data provides some general policy directions or a framework for continued discussion during the ongoing Casey organizing process. What remains to be identified are specific programs to implement the policy guidelines.

Housing Policies

- Encourage existing and create new non-profit structures and programs to facilitate community oriented, home ownership and housing development initiatives.
- Develop guidelines for the construction of multi-family, community-owned housing for families.
- Encourage faith based real estate and housing development efforts.

Small Business Policies

- Access and establish strategies to increase small business ownership of commercial and industrial properties.
- Establish programs to enhance the capacity of local businesses to grow.

Land Use Policies

- Develop an aggressive effort to implement community controlled, land-banking strategies for industrial, residential and commercial property focusing on vacant and underutilized land.
- Develop housing and small businesses that are located on transportation corridors and expand housing while encouraging small business growth.
- Encourage City and redevelopment agency policies that balance housing development with local job creation.

Access to Capital

- Implement locally based, geographically focused, initiatives to modify home mortgage lending practices of banks and mortgage companies.
- Develop sources and capacity to utilize equity capital for housing and small business development.

Community Policies

- Encourage socio-culture and language sensitive programs and activities oriented toward cross cultural education and dialogue.
- Implement strategies to educate and strengthen community groups involved in community zoning and planning activity.