LISC Building Sustainable Communities Initiative
Neighborhood Quality Monitoring Report

Neighborhood: Clarke Square, Milwaukee, WI

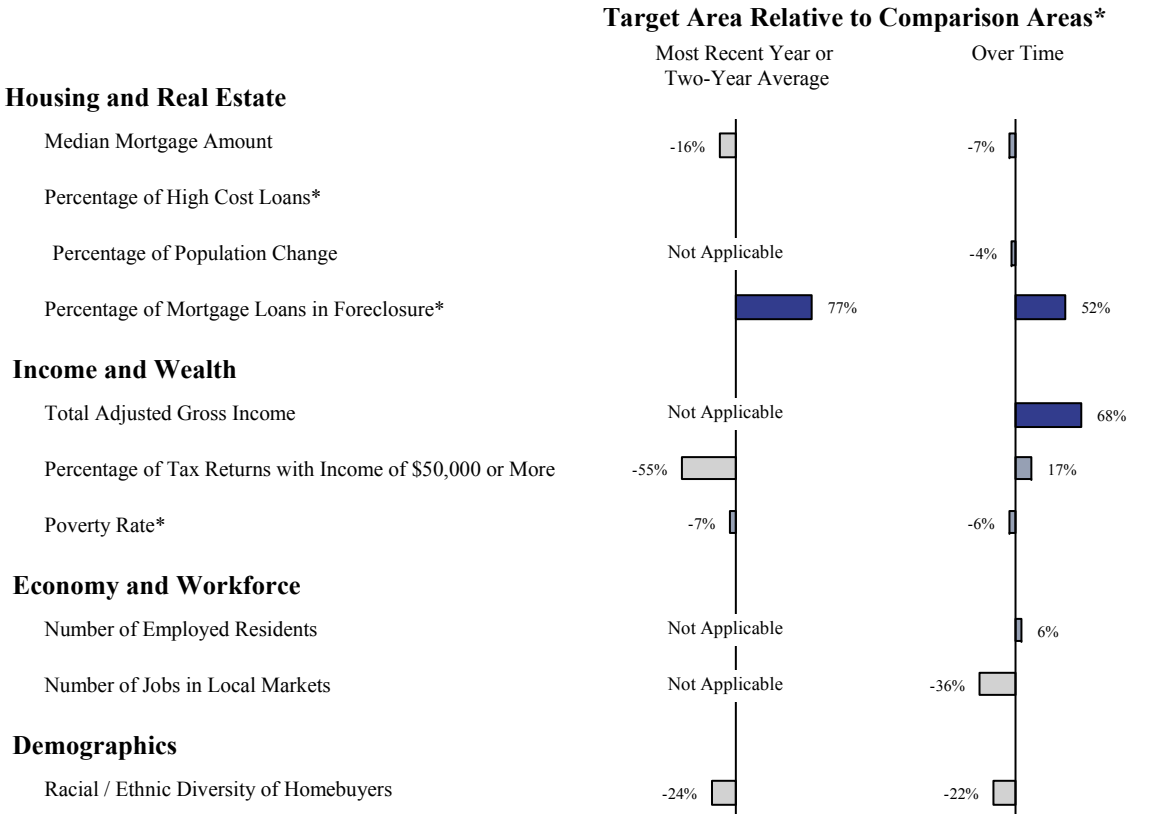
The LISC Building Sustainable Communities (BSC) Initiative supports community efforts to revitalize low-income neighborhoods through comprehensive approaches to change. This data report identifies levels and trends of critical neighborhood quality indicators in this target neighborhood. These are compared to a statistically similar set of low-income neighborhoods in the same city. The exact comparisons differ by data source. See Appendix for details on comparisons, data sources and geographies.

This report and its annual updates can help identify changing neighborhood trends. They cannot yet be used to assess community development program results, which is a topic for future specialized analysis.

The graphs to follow are based on the best-available information from national sources. They are intended to help local funders, civic and neighborhood leaders, and LISC staff monitor change in areas of concentrated investment. Although these indicators do not show everything about neighborhoods, they do refer to items many residents believe are important to know about.

Each page to follow contains three charts covering some aspect of neighborhood quality. The summary "Interpretation" refers to the primary indicator found in the upper right-hand chart of each page. These assessments are based on the value of the indicator in the target area relative to comparison neighborhoods for (1) the most recent year available and (2) change over time. An explanation of comparison percentages is at right. In the "Interpretation" text on each page, the phrase "BSC neighborhoods nationwide" refers to 115 of LISC's urban BSC neighborhoods.

Summary of Trends in Neighborhood Quality



Most Recent Year Comparison is the percentage by which the target area value is greater (or less) than the comparison area value for the most recent year data are available. Comparison Over Time is the percentage by which the target area indexed value is greater (or less) than the comparison area indexed value for the most recent year data are available. Values are indexed to year 2000 or the first year data are available (if data period started after 2000).

Target area value is at least 10 percent less than comparison area value

Target area value is within 10 percent of comparison area value

Target area value is at least 10 percent greater than comparison area value

*Percentages for High Cost Loans, Mortgage Loans in Foreclosure and Poverty Rate show comparison areas relative to target area. See Appendix for explanation.

Mortgage Loans and Housing Tenure

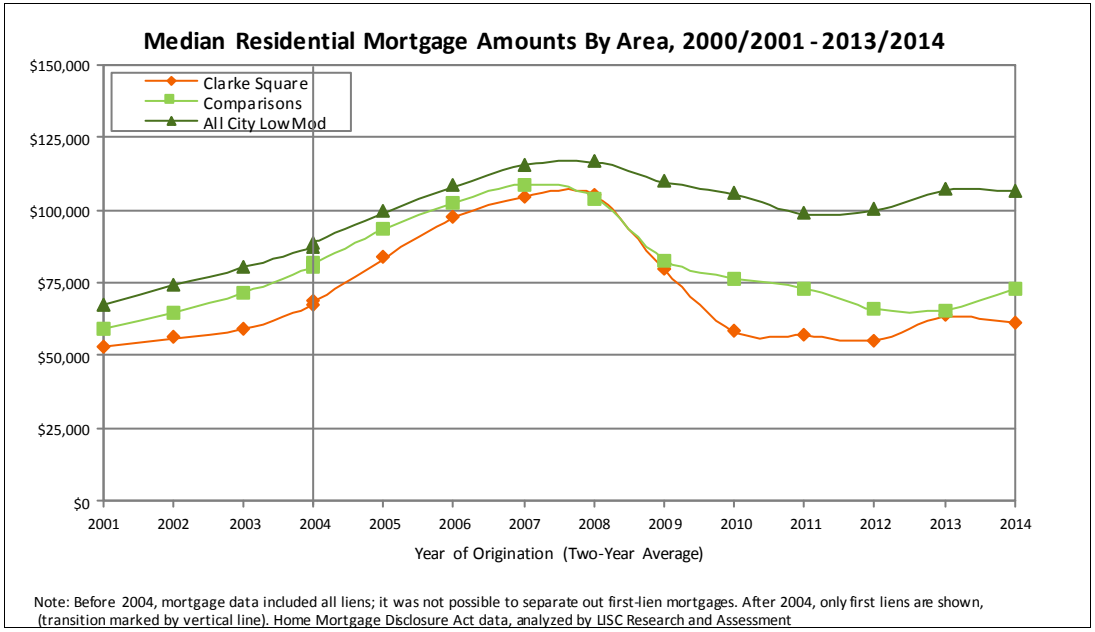
Home mortgage amounts track house prices, making them a good indicator of market improvement or decline. Because markets reflect neighborhood quality, rising mortgage amounts relative to other neighborhoods can mean that neighborhood quality is improving, although this is a tricky to interpret under current conditions. Recently, many neighborhoods, especially those with a high share of rentals, have seen an upswing in units bought and sold by investors, often for speculation.

Interpretation of Mortgage Amounts (Chart at Right)

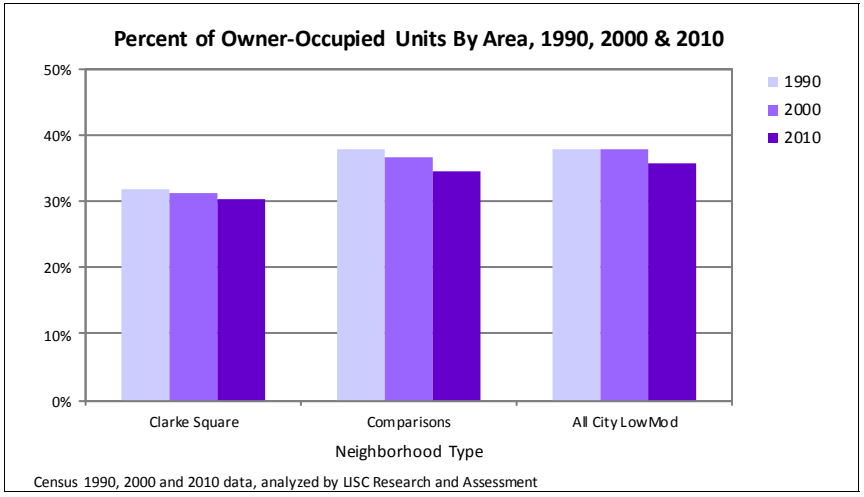
For most years between 2001 and 2014, residential mortgage loan amounts in Clarke Square were slightly lower than values in comparison areas. Over the thirteen-year period that included a mid-decade upswing and then decline, neighborhood mortgage values increased 15% overall (an average of about 1.1% per year). Owner-occupancy in the neighborhood is roughly equal to comparisons.

Target Area Percent of Comparison Area Values:

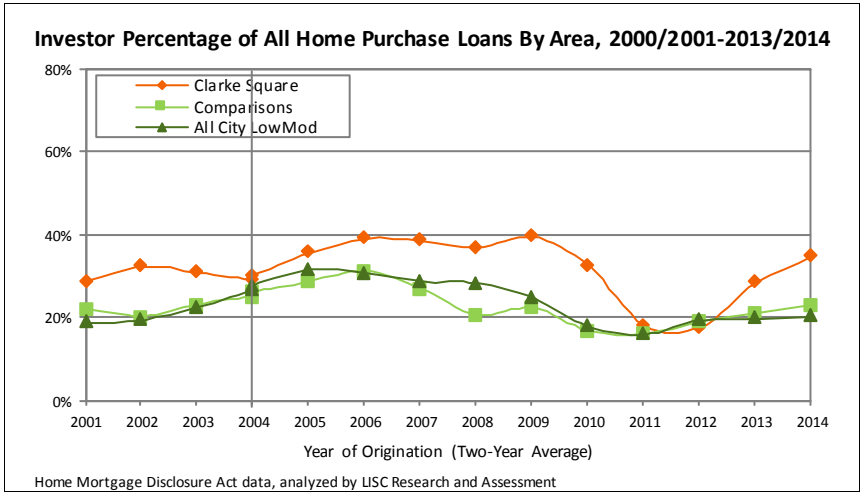
Most Recent Year	**- 16%**
Over Time	**- 7%**



Note: Before 2004, mortgage data included all liens; it was not possible to separate out first-lien mortgages. After 2004, only first liens are shown, (transition marked by vertical line). Home Mortgage Disclosure Act data, analyzed by LISC Research and Assessment



Census 1990, 2000 and 2010 data, analyzed by LISC Research and Assessment



Home Mortgage Disclosure Act data, analyzed by LISC Research and Assessment

Velocity of Mortgage Lending

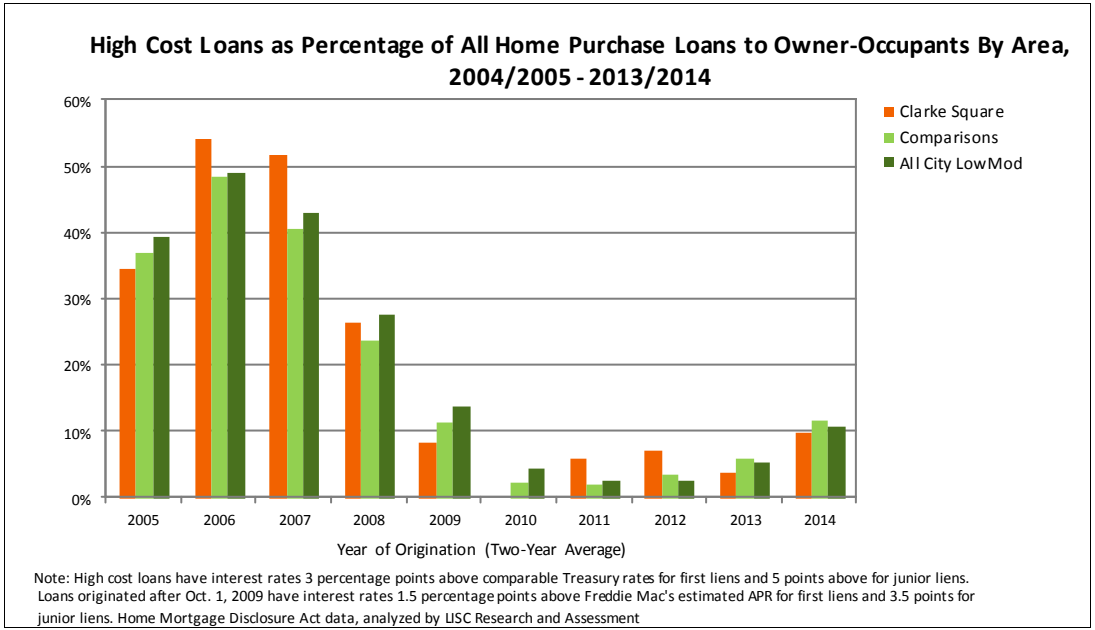
Mortgage velocity, the number of new loan originations relative to total housing units, increased in the mid 2000s but fell dramatically towards the end of the decade. Subprime loans were a large portion of the increased activity and helped create the financial crisis of 2008-2009. Defaults on subprime loans and more recently prime loans created large numbers of foreclosed homes. Lower-income neighborhoods have been particularly hard hit.

Interpretation of High Cost Loans (Chart at Right)

Relative to comparison neighborhoods, the home purchase mortgage market in Clarke Square during the national housing market upswing in the mid 2000s was about equally dependent on high-cost loans. Nationally, there is an increase in high cost lending in recent years and it is almost entirely driven by FHA loans that only barely qualify as high cost. According to the Federal Reserve, more than 75% of the higher-priced FHA home-purchase loans in 2014 were at most 0.5 percentage points above the high-cost rate.

Comparison Area Percent of Target Area Values:

Most Recent Year	Too Few High Cost to Calculate
Over Time	Too Few High Cost to Calculate



Note: High cost loans have interest rates 3 percentage points above comparable Treasury rates for first liens and 5 points above for junior liens. Loans originated after Oct. 1, 2009 have interest rates 1.5 percentage points above Freddie Mac's estimated APR for first liens and 3.5 points for junior liens. Home Mortgage Disclosure Act data, analyzed by LISC Research and Assessment

Home Purchase and Refinance Loans in Clarke Square Originated 2009-2014

	2009		2010		2011		2012		2013		2014	
	High Cost	Non High Cost	High Cost	Non High Cost	High Cost	Non High Cost	High Cost	Non High Cost	High Cost	Non High Cost	High Cost	Non High Cost
Home Purchase Loans	1	29	0	22	2	20	0	12	1	22	2	21
Refinance Loans	7	54	4	31	0	27	0	38	4	41	0	20
Total	8	83	4	53	2	47	0	50	5	63	2	41

Home Mortgage Disclosure Act data, analyzed by LISC Research and Assessment

Population and Housing Unit Change

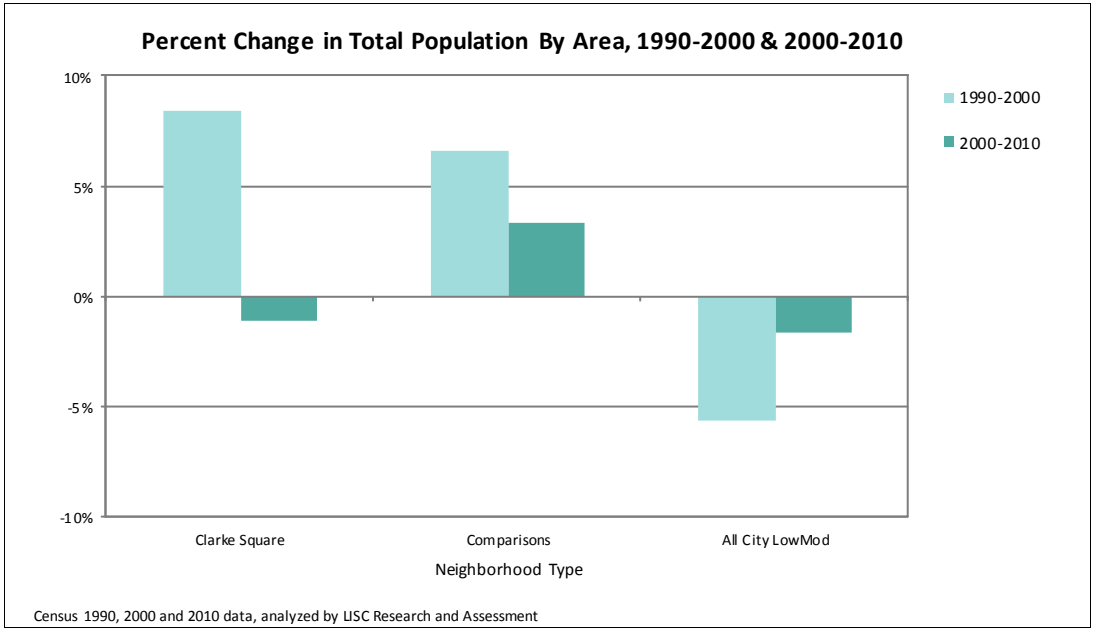
The population in many poor areas declines as better-off people leave and fewer new people move in. The number of housing units often drops as well. But sometimes population decline happens as larger poor families are replaced by smaller higher-income households. And other poor neighborhoods increase population through immigration or creation of new housing units. Places where many residents are new are often in transition: up or down.

Interpretation of Population Change (Chart at Right)

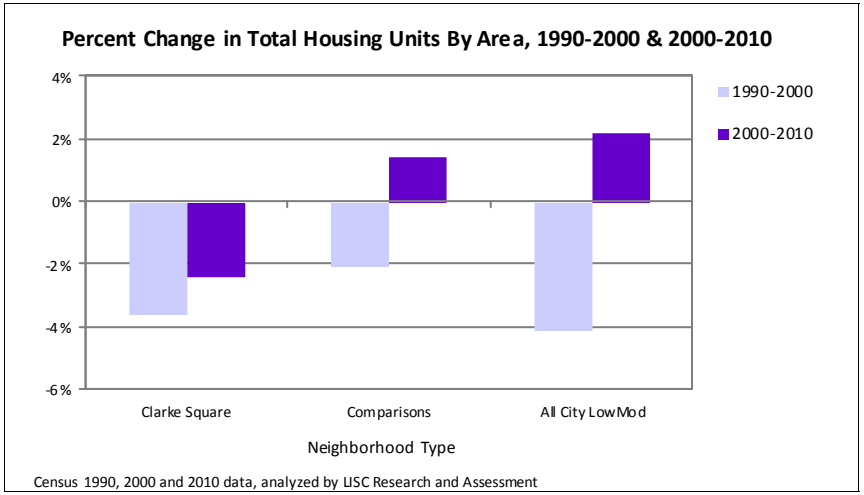
Clarke Square lost population and housing units between 2000 and 2010. Its comparisons saw gains in both. Among all BSC neighborhoods nationwide, a small population loss is typically accompanied by a small housing unit gain. Clarke Square had an unusually large housing unit loss given its small population loss (compared to all BSC neighborhoods).

Target Area Percent of Comparison Area Values:

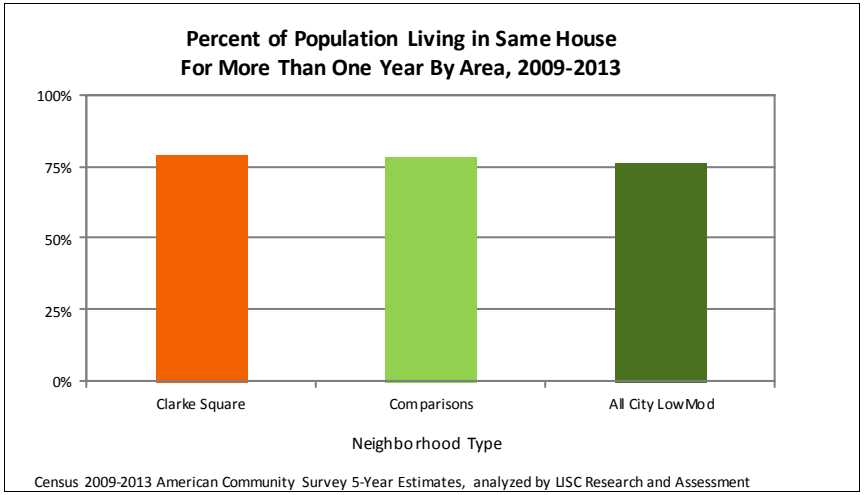
Most Recent Year	Not Applicable	
Over Time		**- 4%**



Census 1990, 2000 and 2010 data, analyzed by LISC Research and Assessment



Census 1990, 2000 and 2010 data, analyzed by LISC Research and Assessment



Census 2009-2013 American Community Survey 5-Year Estimates, analyzed by LISC Research and Assessment

Vacant Addresses and Foreclosures

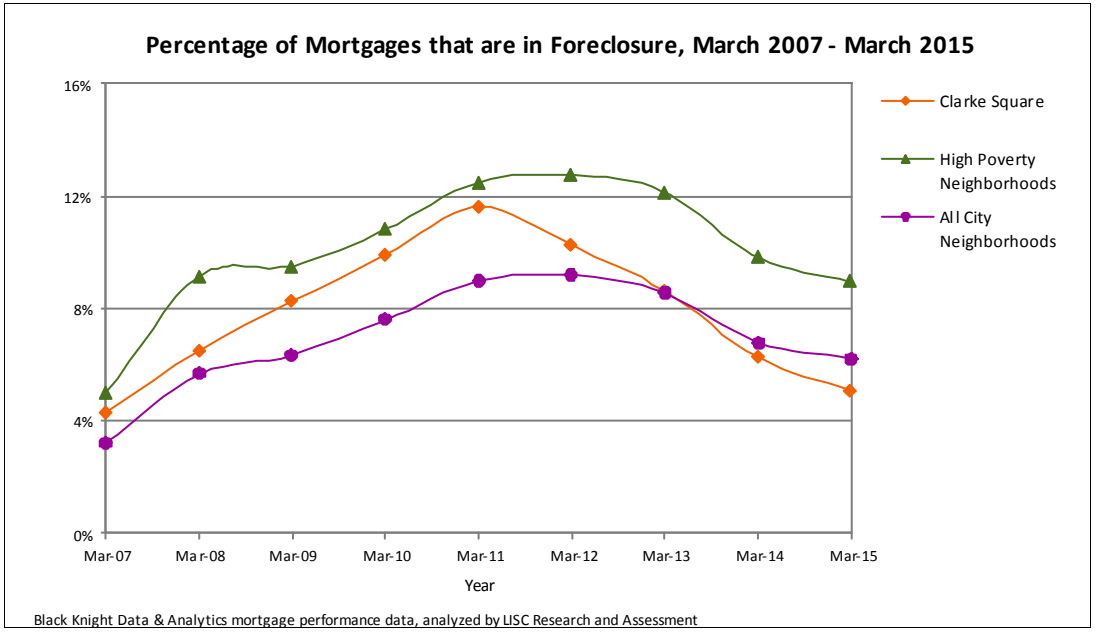
Throughout the United States, lower-income neighborhoods are full of foreclosed, bank-owned, and vacant properties. This inventory has risen rapidly, and especially troubling are the increasing numbers of Real Estate Owned (REO) properties. Generally speaking, the higher the percentage of REO properties in a community, the larger the number of vacant properties and the corresponding threat to health and safety.

Interpretation of Foreclosures (Chart at Right)

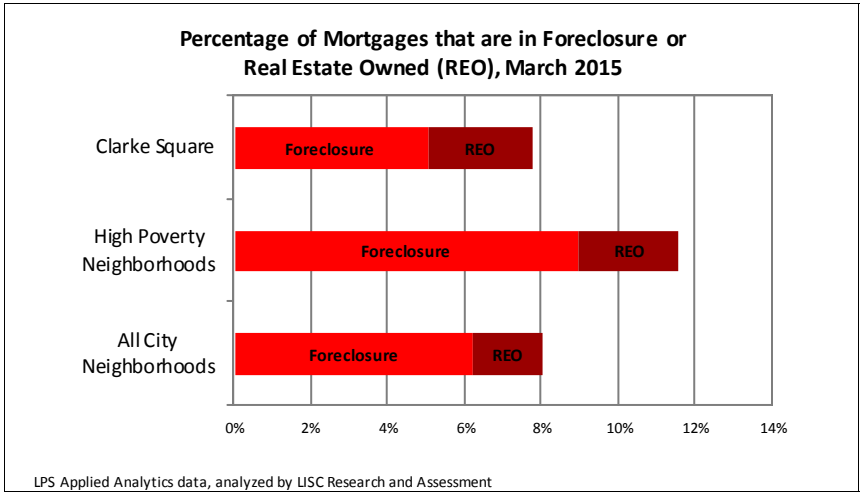
Since March 2007, the percentage of mortgages in foreclosure in the Clarke Square ZIP Code has been lower than in all high-poverty neighborhoods in Milwaukee and the gap is increasing. Vacancy rates are increasing and are nearly equal to rates in comparisons at the end of the period.

Comparison Area Percent of Target Area Values:

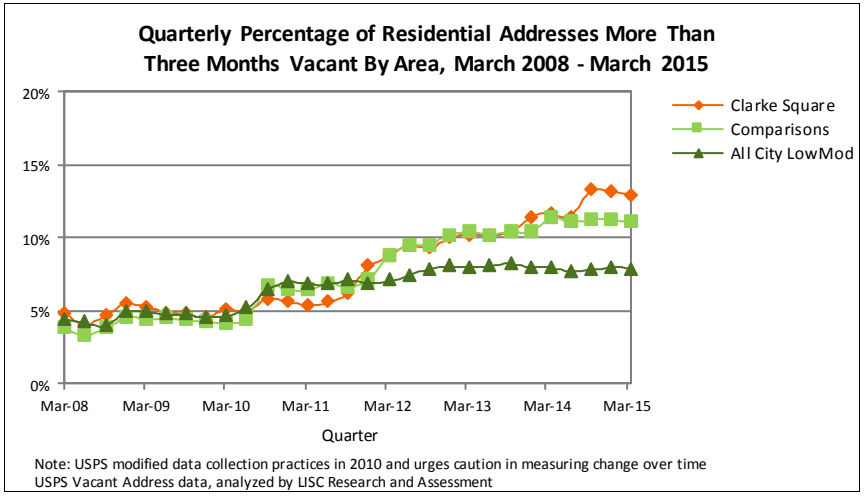
Most Recent Year		**+ 77%**
Over Time		**+ 52%**



Black Knight Data & Analytics mortgage performance data, analyzed by LISC Research and Assessment



LPS Applied Analytics data, analyzed by LISC Research and Assessment



Note: USPS modified data collection practices in 2010 and urges caution in measuring change over time
USPS Vacant Address data, analyzed by LISC Research and Assessment

Resident Incomes

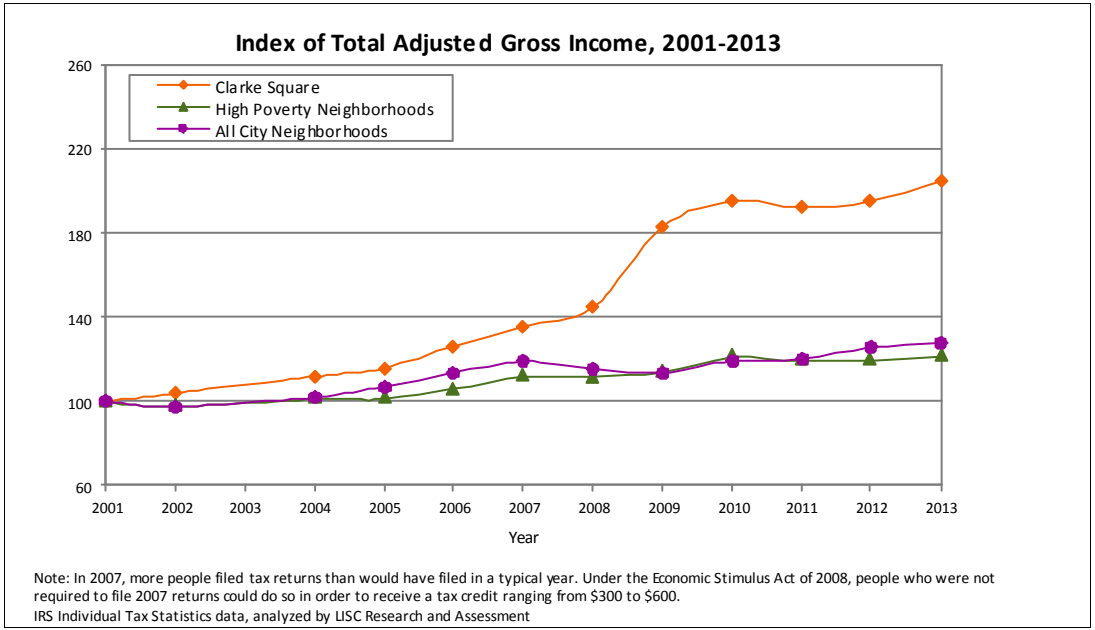
The total flow of money into a neighborhood is one factor that contributes to neighborhood well-being, in terms of demand for housing or products and services of local business. And many low-income communities welcome an increase in economic diversity, often signaled by a rise in the percentage of persons earning moderate incomes or above. This can happen as new people move in, existing households earn more, or the poorest people move elsewhere.

Interpretation of Resident Income (Chart at Right)

Since 2001, total income in Clarke Square's ZIP Code has outpaced all high-poverty areas in Milwaukee by almost 70%. Total tax returns increased 63% during the time period. Based on the pattern set by all BSC neighborhoods nationwide, Clarke Square had an unusually large increase in tax returns given its small population loss.

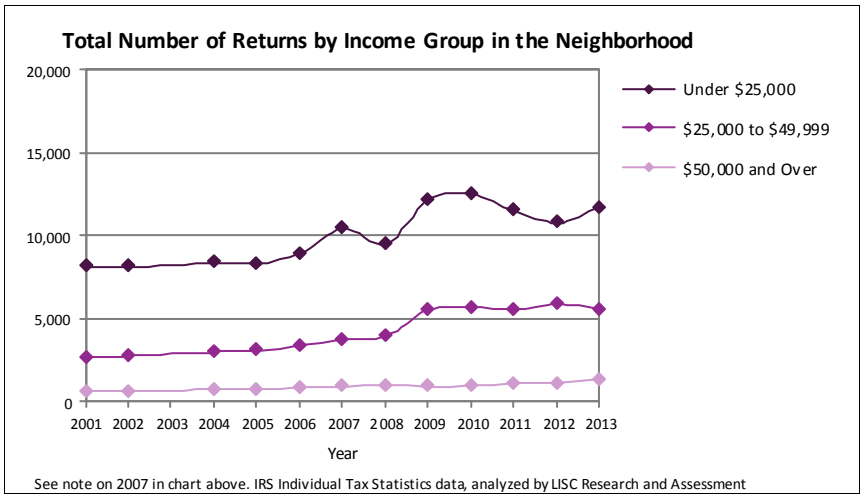
Target Area Percent of Comparison Area Values:

Most Recent Year	Not Applicable
Over Time	+ 68%



Note: In 2007, more people filed tax returns than would have filed in a typical year. Under the Economic Stimulus Act of 2008, people who were not required to file 2007 returns could do so in order to receive a tax credit ranging from $300 to $600.
IRS Individual Tax Statistics data, analyzed by LISC Research and Assessment

Local Employment Dynamics data, analyzed by LISC Research and Assessment



See note on 2007 in chart above. IRS Individual Tax Statistics data, analyzed by LISC Research and Assessment

Resident Income Distribution

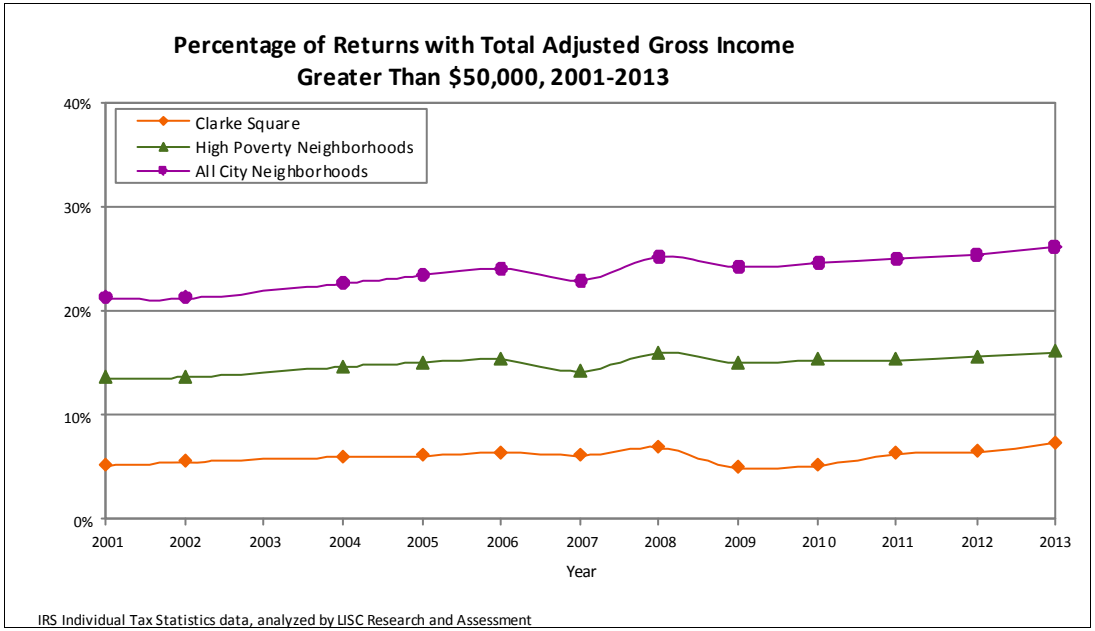
The distribution of incomes across the full range of income is important to know – how well-off are people in target neighborhoods compared to people in other nearby areas? And are the households in each band growing less or more numerous over time? Increasing percentages of tax returns coming from the highest income group are a strong signal of perceived community quality (even though it might be a sign of possible displacement).

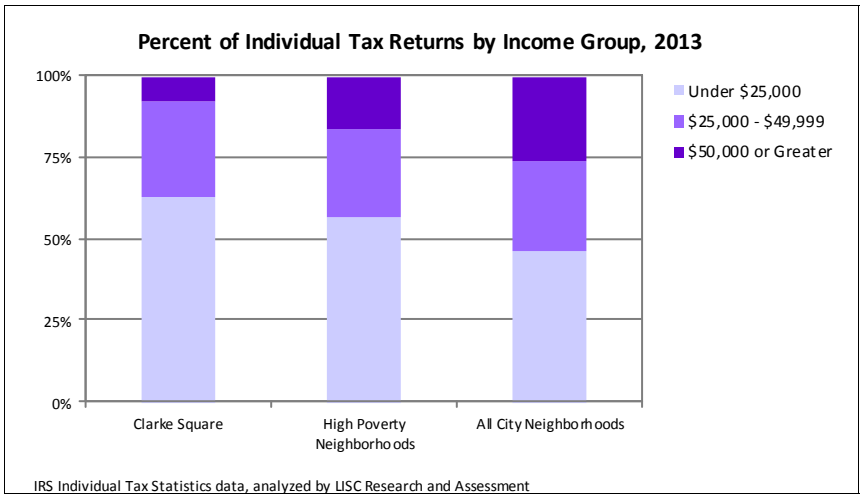
Interpretation of Income Distribution (Chart at Right)

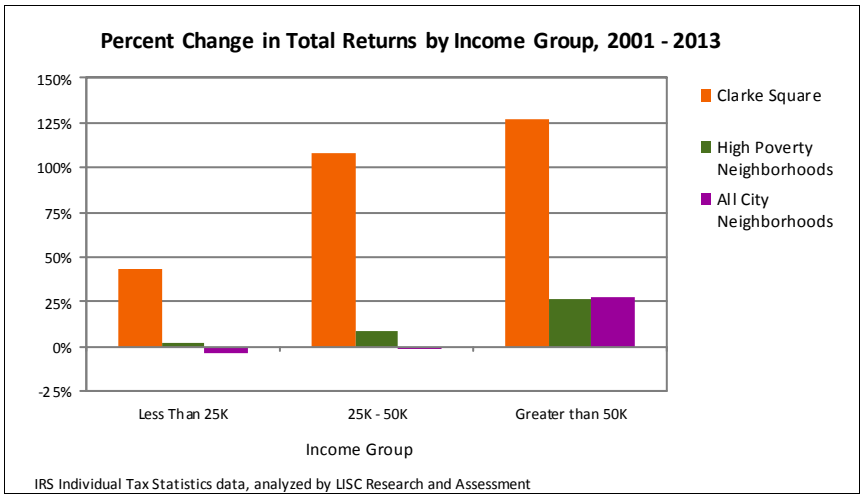
Between 2001 and 2013, the share of total tax returns with Adjusted Gross Income above $50,000 increased in absolute terms and relative to other high-poverty neighborhoods. However, the percentage of filers in this category is still 55% lower in Clarke Square's ZIP Code than in all high-poverty neighborhoods in the city. The number of filers in the highest income category increased by about 130% over the period.

Target Area Percent of Comparison Area Values:

Most Recent Year		**- 55%**
Over Time		**+ 17%**







Poverty and Income

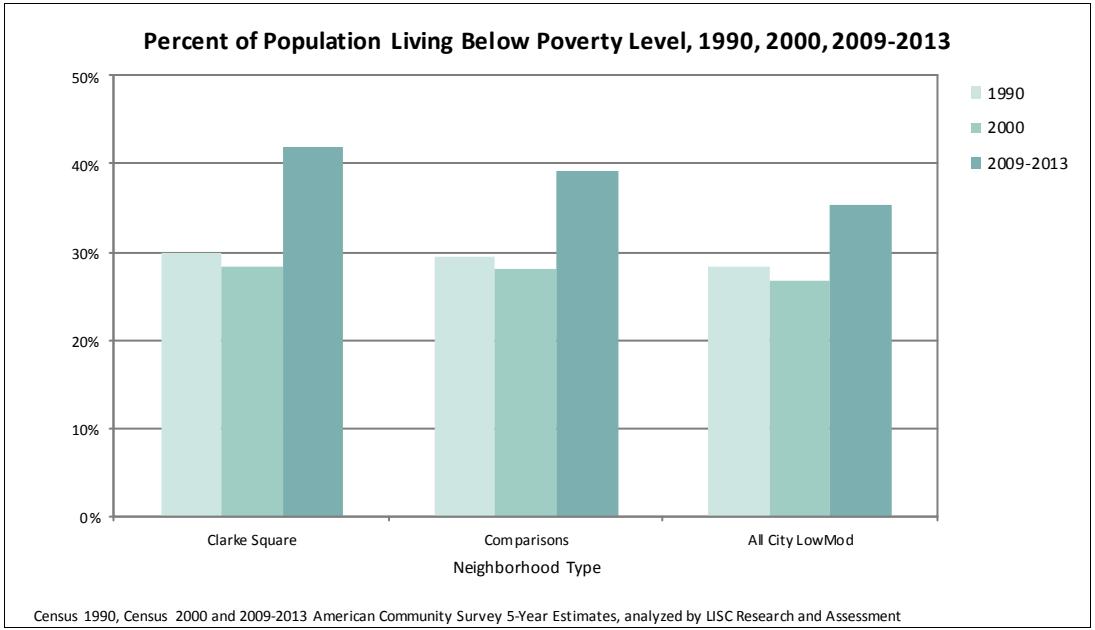
Poverty percentage is the share of area households that earn the least. Half of all households earn above the median income and half earn below. Because incomes generally rise over time, a "flat" median income from census to census means the neighborhood is losing ground. Of special interest is the percentage of people who earn income through work -- wages and salaries -- and not only from public benefits or social security.

Interpretation of Poverty and Income (Chart at Right)

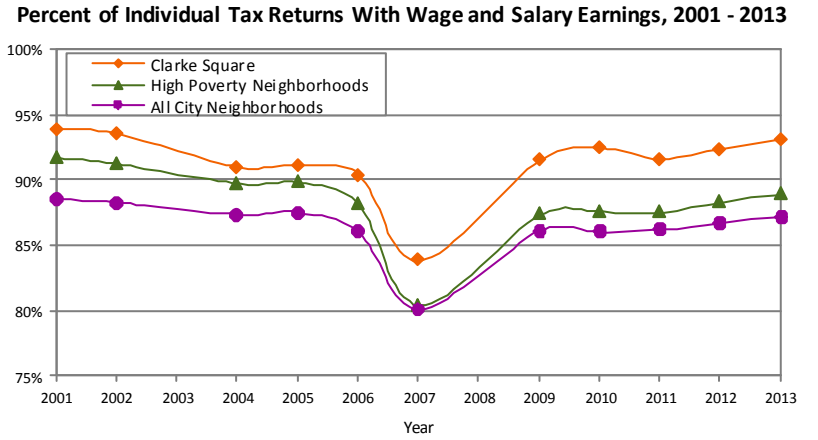
Clarke Square has a similar poverty rate but slightly lower median household income relative to its comparison neighborhoods. Over time, Clarke Square had a 48% increase in poverty and a 29% drop in real (inflation-adjusted) median income, a relationship that is roughly consistent with the pattern set by BSC neighborhoods nationwide.

Comparison Area Percent of Target Area Values:

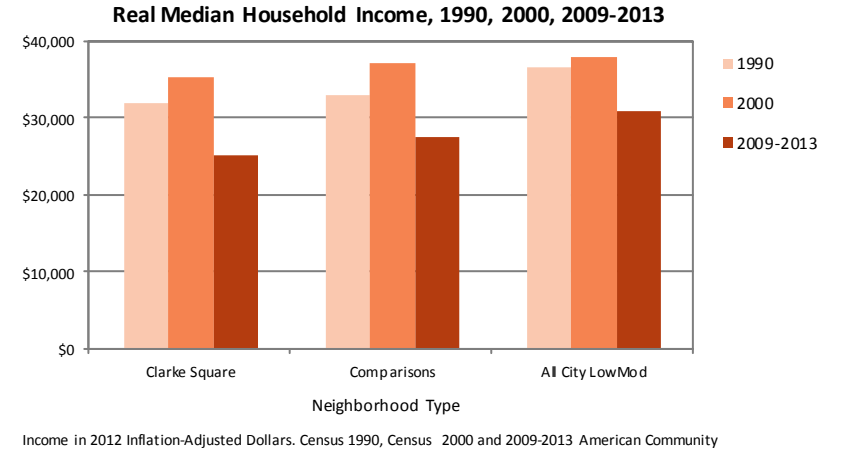
Most Recent Year		**- 7%**
Over Time		**- 6%**



Census 1990, Census 2000 and 2009-2013 American Community Survey 5-Year Estimates, analyzed by LISC Research and Assessment



See note on 2007 in top chart on page 6. IRS Individual Tax Statistics data, analyzed by LISC Research and Assessment



Income in 2012 Inflation-Adjusted Dollars. Census 1990, Census 2000 and 2009-2013 American Community Survey 5-Year Estimates, analyzed by LISC Research and Assessment

Resident Employment

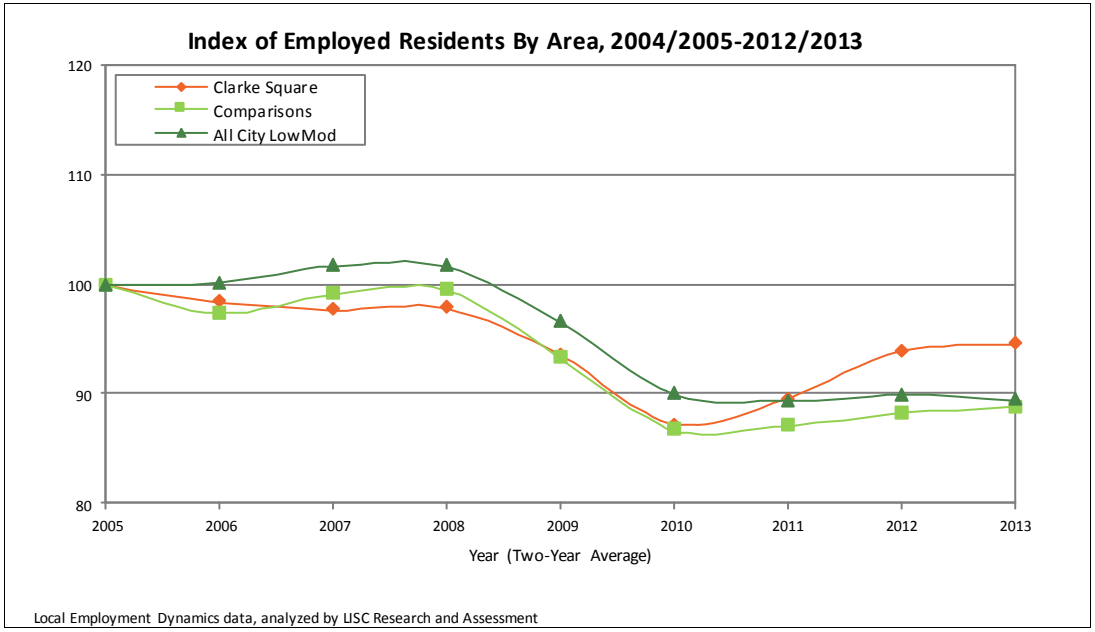
Helping low-income residents get jobs and keep them is one of the most difficult community development challenges. Increased numbers of employed residents are a welcome sign of neighborhood strength. Changes in employment levels, as well as the incomes earned by residents, often are tied to the performance of specific economic sectors, which display different patterns of gain and loss.

Interpretation of Employed Residents (Chart at Right)

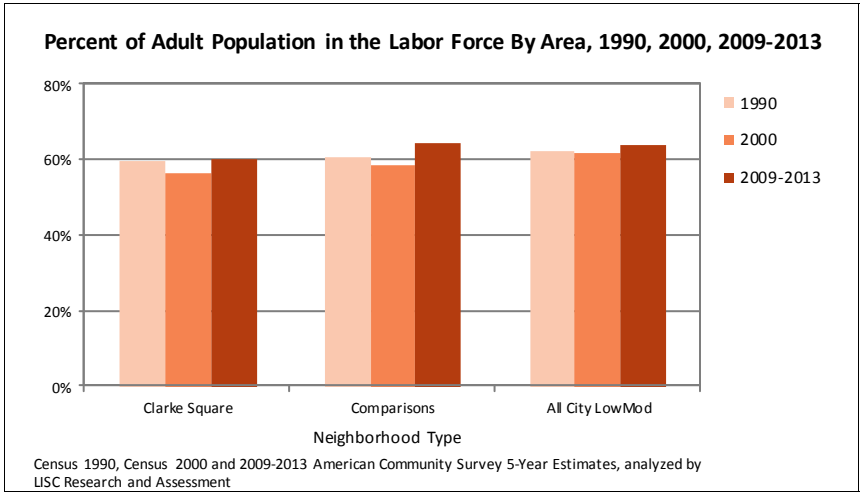
Overall, the number of employed residents in Clarke Square declined slightly between 2005 and 2013. Comparison neighborhoods had similar declines. As noted on page 4, the neighborhood's population was nearly unchanged between 2000 and 2010. Based on the pattern among BSC neighborhoods nationwide, Clarke Square's loss of employed residents is roughly consistent with the size of its change in population.

Target Area Percent of Comparison Area Values:

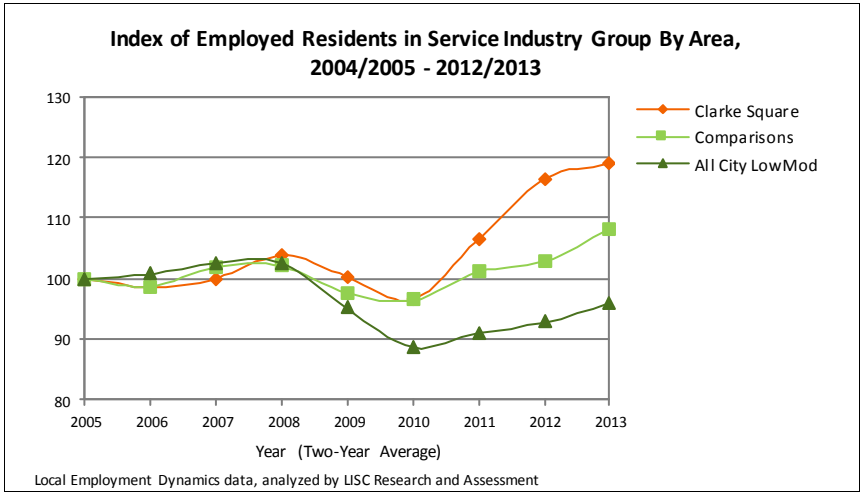
Most Recent Year	Not Applicable	
Over Time		+ 6%



Local Employment Dynamics data, analyzed by LISC Research and Assessment



Census 1990, Census 2000 and 2009-2013 American Community Survey 5-Year Estimates, analyzed by LISC Research and Assessment



Local Employment Dynamics data, analyzed by LISC Research and Assessment

Local Jobs & Business Vacancies

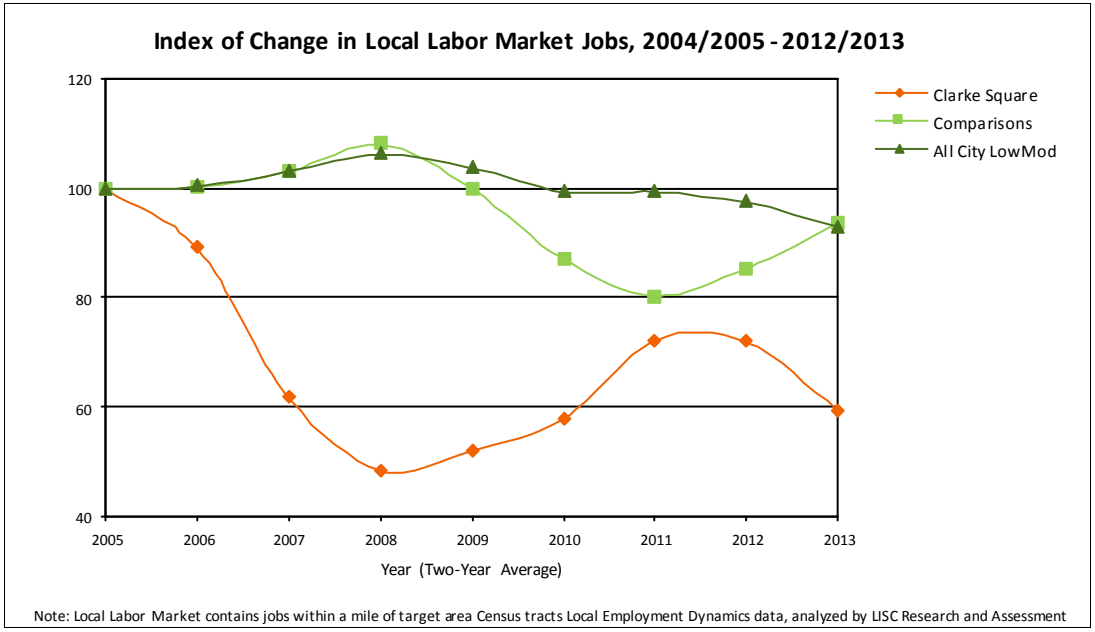
The strength of local labor markets, including availability of nearby jobs (within one mile of target area Census tracts), may have an effect on resident ability to find work. Increased area job numbers also signal the economic strength of nearby businesses as providers of retail and other services. The long-term business vacancy rate is another solid indicator of local economic strength; high vacancies also tend to deter needed investment in commercial areas.

Interpretation of Local Jobs (Chart at Right)

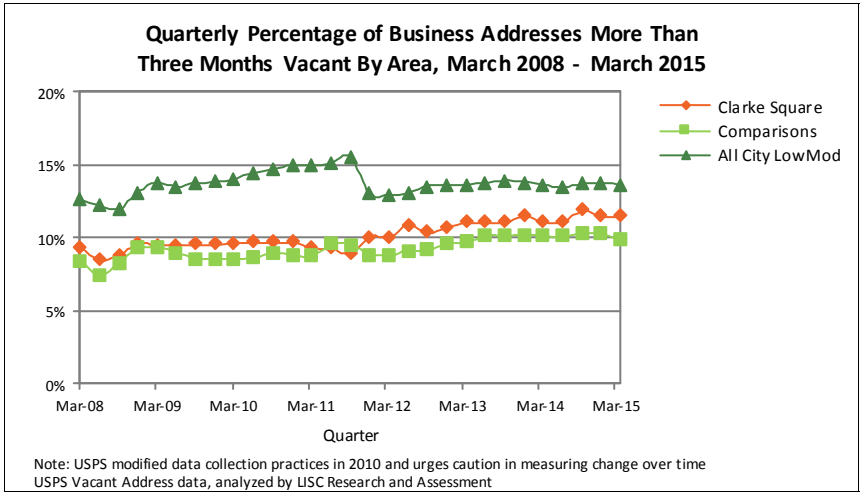
Overall, the availability of jobs in the Clarke Square local labor market fell sharply between 2005 and 2013 and lagged job growth in comparison neighborhoods and all low and moderate income areas. The Clarke Square local labor market is led by administrative services, manufacturing, and health care.

Target Area Percent of Comparison Area Values:

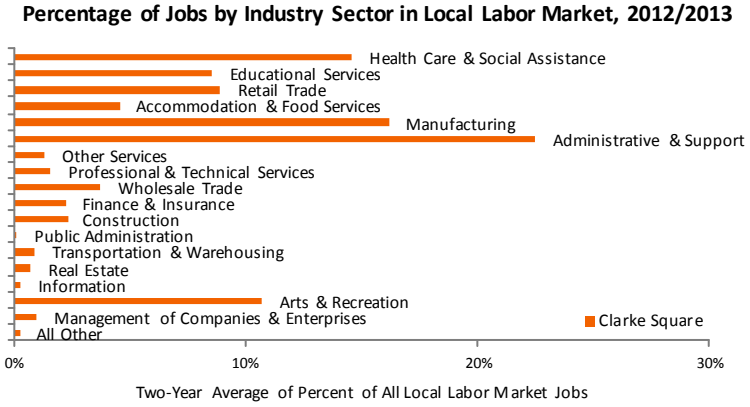
Most Recent Year	Not Applicable	
Over Time		**- 36%**



Note: Local Labor Market contains jobs within a mile of target area Census tracts Local Employment Dynamics data, analyzed by LISC Research and Assessment



Note: USPS modified data collection practices in 2010 and urges caution in measuring change over time
USPS Vacant Address data, analyzed by LISC Research and Assessment



Note: Local Labor Market contains jobs within a mile of target area Census tracts Local Employment Dynamics data, analyzed by LISC Research and Assessment

Racial & Ethnic Diversity

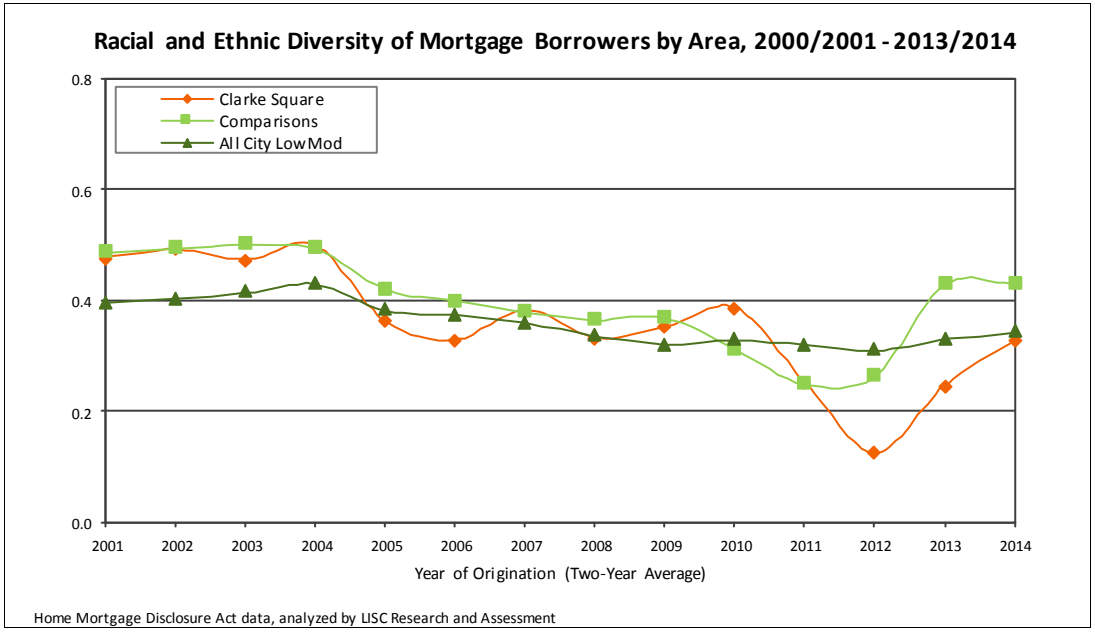
Pew Research Center surveys show that most people say they would prefer to live in a racially and ethnically diverse neighborhood, although this diversity has proven difficult to create and sustain. The Index of Diversity at right measures the probability that two randomly selected mortgage borrowers will not be the same race/ethnicity. An increase in Index value means an increase in the racial/ethnic diversity of mortgage borrowers. See Appendix for more on this Index of Diversity.

Interpretation of Diversity of Borrowers (Chart at Right)

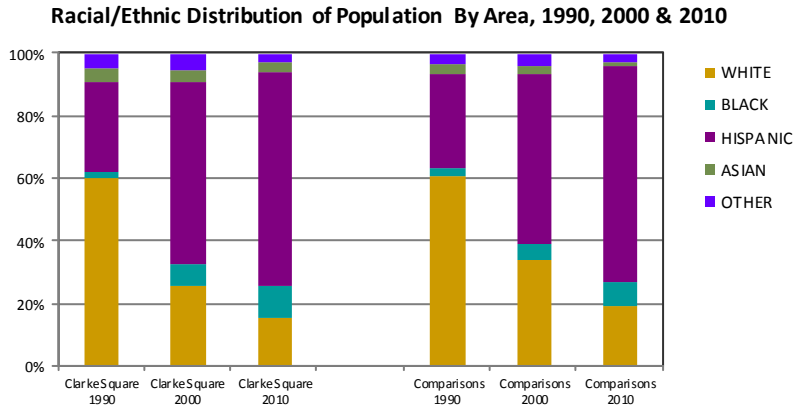
Compared to national BSC neighborhood patterns, Clarke Square's mortgage borrowers are a less diverse group in the most recent time period. Between 2001 and 2014, borrower diversity in the neighborhood declined – with Hispanics the largest group of new borrowers.

Target Area Percent of Comparison Area Values:

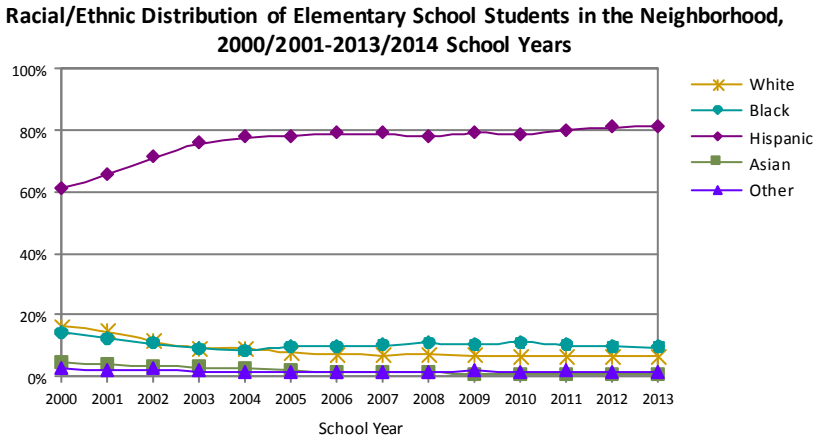
Most Recent Year		**- 24%**
Over Time		**- 22%**



Home Mortgage Disclosure Act data, analyzed by LISC Research and Assessment



Census 1990, 2000 and 2010 data, analyzed by LISC Research and Assessment



NCES Public Elementary School Universe Survey Data, analyzed by LISC Research and Assessment

Appendix

Geographic Levels of Data

Data used in this report are available at the ZIP Code, census tract, or point level. LPS Applied Analytics mortgage and IRS income data are available by ZIP Code; Home Mortgage Disclosure Act, USPS Vacant Address, Decennial Census, American Community Survey, and LED Employment data are available by census tract; Public School Student data are available at the point level but were aggregated to census tract.

Comparison Neighborhoods

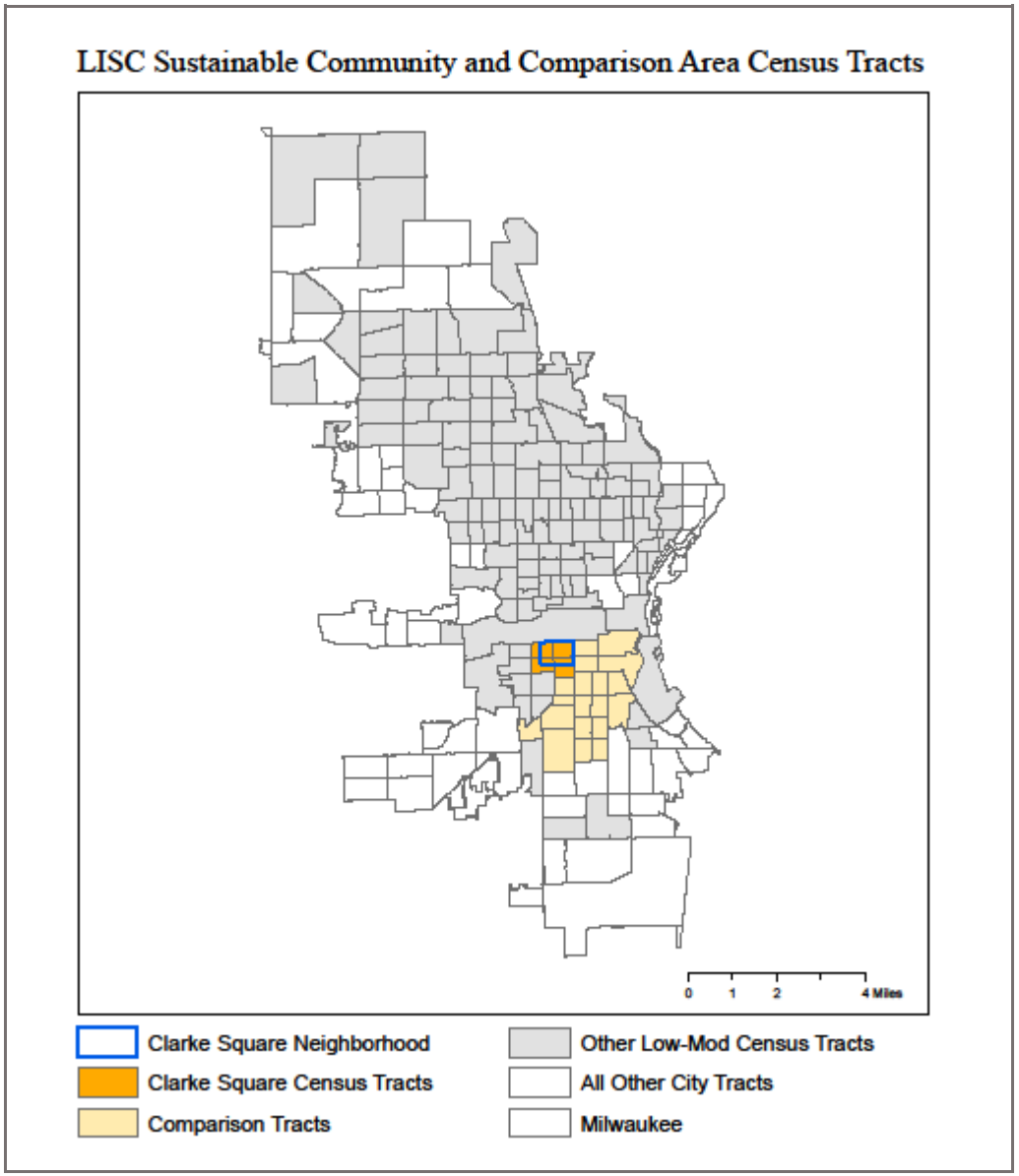
For data available or collected by census tract, comparison areas consist of city low-and-moderate income areas that statistical cluster analysis identified as most similar to BSC neighborhoods based on population change, change in percent white, Hispanic, and African-American, poverty rate, vacancy rate, percent renter, and median mortgage amount. For data available by ZIP Code, comparison neighborhoods are all other ZIP Codes with a poverty rate greater than 15%. Cluster analysis was not feasible for ZIP Codes because they are typically large and heterogeneous.

Location of Neighborhood and Comparison Areas

The map at right shows the relationship between target area boundaries and corresponding census tracts as well as the number and location of comparison area tracts.

Calculation of Most Recent Year and Over Time Comparisons

For most indicators in this report, the comparison calculation for the Most Recent Year is the percentage by which the target area value is greater (or less) than the comparison area value for the most recent year data are available. Comparison Over Time is the percentage by which the target area indexed value is greater (or less) than the comparison area indexed value for the most recent year data are available. For these indicators, an increase is a good thing for the neighborhood and a positive percentage change can be read as the target neighborhood doing "better" than the comparison neighborhood. However, for both the Percentage of High Cost Loans and Percentage of Mortgage Loans in Foreclosure indicators, an increase is usually harmful to a neighborhood. For these two indicators the comparison calculation is inverted to be the percentage by which the comparison area value is greater (or less) than the target area value. With this adjustment, a positive percentage change for all indicators can be read as the target neighborhood doing "better" than the comparison neighborhood.



Appendix

Core Indicators, Data Treatments and Sources

Mortgage Amounts
These data are available through the Home Mortgage Disclosure Act (HMDA) and provided to the public by the Federal Financial Institutions Examination Council (FFIEC). Indicator is based on amount of each home purchase loan for units intended for owner-occupancy, and calculated as median loan amount for each tract. Data are available 1981-2014; 2015 data will be available October 2016.

Investor Loan Percentage
These data are available through the Home Mortgage Disclosure Act (HMDA) and provided to the public by the Federal Financial Institutions Examination Council (FFIEC). Data are available 1981-2014; 2015 data will be available October 2016.

Owner-Occupied Units
Data available through decennial US Census 1990, 2000 and 2010.

High Cost Mortgage Loans
These data are available through the Home Mortgage Disclosure Act (HMDA) and provided to the public by the Federal Financial Institutions Examination Council (FFIEC). Indicator is based on percentage of home purchase mortgage loans that are high cost. Prior to October 2009, high cost loans had interest rates 3 percentage points above comparable Treasury rates for first liens and 5 points above for junior liens. Loans originated after Oct. 1, 2009 have interest rates 1.5 percentage points above Freddie Mac's estimated APR for first liens and 3.5 points for junior liens. Data are available 1981-2014; 2015 data will be available October 2016.

Mortgage Velocity
Indicator is ratio of owner-occupier home purchase mortgage loans to owner-occupied housing units. Mortgage data are available through the Home Mortgage Disclosure Act (HMDA) and provided to the public by the Federal Financial Institutions Examination Council (FFIEC). Data are available 1981-2014; 2015 data will be available October 2016. Housing unit data are available through US Census 2000 and 2010. Unit counts for years 2001-2009; 2011-2014 were interpolated by assuming a linear relationship from 2000 to 2010.

Change in Total Housing Units
Data available through decennial US Census 1990, 2000 and 2010.

Population Change
Data available through decennial US Census 1990, 2000 and 2010.

Population Mobility. Population living in the same house one year ago. Data available through US Census 2009-2013 American Community Survey 5-Year Estimates.

Foreclosures
These data are available through LPS Applied Analytics. Indicator is based on percentage of mortgaged properties that are in foreclosure or Real Estate Owned. Data are available annually for March 2007 – March 2015; March 2016 data will be available May 2016.

Vacant Addresses
Data are available through the USPS's Administrative Data on Address Vacancies. Data are available quarterly January 2008-March 2015; next release of data unknown.

Resident Income
Data are available through the Internal Revenue Service Statistics of Income Data. Data are available 2001-02, 2004-2013; release date for 2014 data unknown.

Resident Earnings
Data are available through the Local Employment Dynamics (LED) Partnership & US Census Bureau. Data are available 2004-2013; release date for 2014 data unknown.

Population Living Below Poverty
Data available through decennial US Census 1990 and 2000, and 2009-2013 American Community Survey 5-Year Estimates.

Household Income
Data available through decennial US Census 1990 and 2000, and 2009-2013 American Community Survey 5-Year Estimates.

Tax Returns with Wage and Salary Income
Data are available through the Internal Revenue Service Statistics of Income Data. Data are available 2001-02, 2004-2013; release date for 2014 data unknown.

Resident Employment
Data are available through the Local Employment Dynamics (LED) Partnership & US Census Bureau. Main indicator is based on the change in number of employed residents. Data are available 2004-2013; release date for 2014 data unknown.

Resident Employment by Sector
Data are available through the Local Employment Dynamics (LED) Partnership & US Census Bureau. LED data are available by two-digit North American Industry Classification System (NAICS) codes. LISC Research & Assessment created four sector groups from the 20 NAICS codes. These industry groups are: Industrial, Technical, Education/Health and Service. The LED sector graph shows the change in employment of the largest sector group in the BSC neighborhood. Data are available 2004-2013; release date for 2014 data unknown.

Labor Force Participation
Data available through decennial US Census 1990 and 2000, and 2009-2013 American Community Survey 5-Year Estimates

Local Job Availability
Data are available through the Local Employment Dynamics (LED) Partnership & US Census Bureau. Main indicator is based on the average number of jobs available with one mile of target area census tracts. D Data are available 2004-2013; release date for 2014 data unknown.

Borrower Racial Diversity
These data are available through the Home Mortgage Disclosure Act (HMDA) and provided to the public by the Federal Financial Institutions Examination Council (FFIEC). The Index of Diversity measures the probability that two randomly selected mortgage borrowers will not be the same race/ethnicity. An increase in Index value means an increase in the racial/ethnic diversity of mortgage borrowers. Data are available 1981-2014; 2015 data will be available October 2016.

Student Racial Diversity
Data are available through the National Center for Education Statistics' Public Elementary/Secondary School Universe Survey Data. Downloadable file contains number of total students and number of students by race and ethnicity. Data are available 1998-2013; release date for 2014 school-year data unknown.

Racial/Ethnic Population
Data available through decennial US Census 1990, 2000 and 2010.