

# APPENDIX C



# INDUSTRIAL CITIES INITIATIVE

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## Appendix C: Glossary

**Community Bank:** a bank with total assets less than \$1 billion or total assets greater than or equal to \$1 billion with: (1) a loan to assets ratio greater than 33%; (2) a core deposits (see below) to assets ratio greater than 50%; (3) more than one office but no more than the indexed maximum number of offices, currently 75; (4) not more than two offices in large MSAs; (5) offices in no more than three states; no single office with deposits of more than \$5 billion.<sup>1</sup>

**Community Development Block Grant (CDBG):** a flexible program created under the Housing and Community Development Act of 1974 that provides communities with resources to address a wide range of community development needs.<sup>2</sup>

**Community Development Entity (CDE):** a domestic corporation or partnership, often an intermediary between mainstream financial institutions and/or government agencies and the public, that provides loans, investments, or financial counseling (and potentially other services) in low-income communities. Designation is administered by the CDFI Fund of the U.S. Department of the Treasury (see below).<sup>3</sup>

**Community Development Financial Institution (CDFI):** a financial institution, which may be a loan fund (including microloan funds), credit union, bank, or venture capital fund, that has a primary purpose of providing financial services to or for the benefit of lower income populations.

**Community Development Financial Institution Fund (Fund):** a program designed to economically empower America's underserved and distressed communities. The CDFI Fund is an agency within the U.S. Department of the Treasury.<sup>4</sup>

**Community Reinvestment Act (CRA):** a law originally passed in 1977 and revised in 1989 and 1994 intended to encourage depository institutions to help meet the credit needs of all communities in which they operate, including areas with predominantly lower-income and minority populations, consistent with safe and sound lending practices.<sup>5</sup>

**Core Based Statistical Area (CBSA):** a collective term for metropolitan and "micropolitan" statistical areas. A metro area contains a core population of at least 50,000; and a micro area contains a core population between 10,000 and 50,000.<sup>6</sup>

**Core Deposits:** deposits that are stable and lower cost and that reprice more slowly than other deposits when interest rates rise. These deposits are typically funds of local customers that also have a borrowing or other relationship with the bank.<sup>7</sup>

**Dissimilarity Index:** shows differences in residential patterns of one racial/ethnic group (non-Hispanic White, non-Hispanic Black, Hispanic and Asian) in relation to another.<sup>8</sup>

**Foreclosure Inventory Rate:** represents the number of loans in foreclosure as a proportion of active loans (usually referred to as the "foreclosure rate").<sup>9</sup>

**Home Mortgage Disclosure Act (HMDA):** requires lending institutions to report public loan data, including the race and location of borrowers.<sup>10</sup>

**Housing and Urban Development (HUD):** the United States federal department that administers federal programs established to bring about better housing and urban renewal; created in 1965.<sup>11</sup>

**Human Capital:** knowledge and skills gained through education, training, and experience.<sup>12</sup>

**Incubator:** an organization or place that aids the development of new business ventures by providing low-cost commercial space, management assistance, or shared services.<sup>13</sup>

**Labor Productivity (Output):** relates output to the labor hours used in the production of that output.<sup>14</sup>

**Living Wage:** an estimated minimum of the cost of living for low wage families.<sup>15</sup>

**Location Quotients (LQs):** measurements of (group) representation between distinct geographies. In the paper, we use the measurement for industry and occupation employment. They are compiled by the Bureau of Labor Statistics (BLS).<sup>16</sup>

**Low- and Moderate-income (LMI):** a descriptive term for individuals and geographies having a median family income less than 50 percent of the area median income (low-income), and individuals and geographies having a median family income of at least 50 percent and less than 80 percent of the area median income (moderate-income).<sup>17</sup>

**Low-Income Housing Tax Credit:** a federal program providing incentive for the private sector (any person or entity

with federal tax liability) to make equity investments in low-income housing development.

**Median Family Income (MFI):** the median divides the income distribution into two equal parts: one-half of the cases falling below the median income and one-half above. For households and families, the median income is based on the distribution of the total number of households and families including those with no income. Median income for households, families, and individuals is computed on the basis of a standard distribution.<sup>18</sup>

**Metropolitan Statistical Area (MSA):** a geographic entity delineated by the Office of Management and Budget (OMB) for use by federal statistical agencies in collecting, tabulating, and publishing federal statistics.<sup>19</sup>

**Neighborhood Stabilization Program (NSP):** established for the purpose of stabilizing communities that suffered from foreclosures and abandonment during the Great Recession.<sup>20</sup> It was established by the Housing and Economic Recovery Act of 2008.<sup>21</sup>

**New Markets Tax Credit (NMTC) Program:** a program of the CDFI Fund (see above) permits individual and corporate taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in qualified community development entities (CDEs [see above]).<sup>22</sup>

**Nominal Income:** income that has not been adjusted for inflation.<sup>23</sup>

**Poverty Level:** the level of pre-tax cash income below which a family is considered poor. Thresholds vary by family size, age of head, and number of children.<sup>24</sup>

**Real Estate Transfer Taxes (RETT):** imposed by states, counties and municipalities on the transfer of the title of real property within the jurisdiction.<sup>25</sup>

**Real Income:** the value of income after accounting for inflation. Real income is usually calculated by subtracting inflationary income (e.g., capital gains due to inflation) from nominal income.<sup>26</sup>

**Right to Work Law:** any state law forbidding various union-security measures, particularly the union shop, under which workers are required to join a union within a specified time after they begin employment.<sup>27</sup>

**Section 8 Existing Rental Assistance:** a federal program that provides rental assistance to low-income families unable to afford market rents (given in vouchers or certificates).<sup>28</sup>

**Section 8 Homeownership Program:** allows low-income families who qualify for Section 8 rental assistance to use their certificates or vouchers to pay for home ownership costs under a mortgage.<sup>29</sup>

**Section 8 Moderate Rehabilitation Single Room Occupancy (SRO):** a program that provides rental assistance to homeless individuals in connection with the moderate rehabilitation of SRO dwellings.<sup>30</sup>

**Science, Technology, Engineering, and Mathematics (STEM):** an interdisciplinary approach to learning where rigorous academic concepts are coupled with real-world lessons as students apply science, technology, engineering, and mathematics in contexts that make connections between school, community, work, and the global enterprise.<sup>31</sup>

**Small Business Administration (SBA):** a U.S. government agency established in 1953 that provides loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses.<sup>32</sup>

**Small Business Development Centers (SBDC):** provide many forms of technical assistance to small businesses and aspiring entrepreneurs supporting business performance and sustainability and enhancing the creation of new businesses entities. SBDCs are federally funded through the SBA (see above).<sup>33</sup>

**Service Corps of Retired Executives (SCORE):** a nonprofit association dedicated to helping small businesses get started and grow through education and mentorship. SCORE is federally funded through the SBA (see above).<sup>34</sup>

**Tax Increment Financing (TIF):** a public financing method that creates subsidy for community development and infrastructure using future gains in taxes resulting from these improvements.

## Notes

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