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News Release

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Colorado Earns Mixed Results for Financial Security of its Residents

Lack of Housing Affordability Putting a Damper on Coloradans' Ability to Get Ahead

Washington, D.C. — Colorado's booming housing market has made it more difficult for people to afford homes, while more and more renters struggle to make their monthly payments, according to new research released today by the Corporation for Enterprise Development (CFED). The state ranks among the lowest in the nation for housing affordability (41st) and for homeownership overall (36th), according to CFED's 2015 *Assets & Opportunity Scorecard.*

Additionally, more than half (51.9%) of the state's renters are considered housing cost burdened, meaning they spend more than 30% of their incomes on housing. The *Scorecard* ranked Colorado 37th among all states for the housing cost burden of renters. The findings point to the need for improved housing policies such as more mixed-income and affordable housing units and better protections for Section 8 voucher recipients.

"The *2015 Assets & Opportunity Scorecard* data highlight the critical need for policies that make affordable housing available in all areas of the state," said Josiah Masingale, Executive Director of the Colorado Community Action Association, an Assets & Opportunity Network lead organization. "From the four-corners of the state to the high-prairie farmlands to the western slope, the lack of safe and affordable housing is a major barrier to thriving communities and self-sufficient families."

CFED's 2015 *Assets & Opportunity Scorecard* offers the most comprehensive look available at American's ability to save and build wealth, fend off poverty and create a more prosperous future. The *Scorecard* provides rankings for the 50 states and District of Columbia on both the ability of residents to achieve financial security and policies designed to help them get there. Colorado ranks near the top of the country with an outcome ranking of 13, and an overall policy ranking of 9.

The *Scorecard* evaluates how residents are faring across 67 measures in five different issue areas—Financial Assets & Income, Businesses & Jobs, Housing & Homeownership, Health Care and Education. The state's relatively high standing is due in part to receiving a rating of "A" in Education, driven by Colorado's high percentage of two-year (46.1%, ranked 3rd) and four-year (37.8%, ranked 3rd) degree holders. Unfortunately, not everyone is benefitting equally in this area—*Scorecard* data reveal that despite otherwise high degree attainment rankings, Colorado ranks 49th in four-year degree holders by race, as the number of white four-year degree holders is 2.4 times higher than the number of people of color with these degrees. Colorado also performed poorly in Health Care, receiving a "D" and finding itself among the lower half of all states on nearly all measures in this area. The state has one of the highest rates of uninsured low-income children (ranked 44th), with 11.4% of these children left without coverage. As mentioned above, overall affordability of homes and low levels of homeownership are largely to blame for the state's "C" rating in Housing &

Homeownership. While Colorado received a "B" in Financial Assets & Income, the state's high bankruptcy rate (4.2 per 1,000 residents) and high average credit card debt ($10,417) continue to hinder residents' abilities to achieve economic security.

The *Scorecard* also evaluates 68 different policy measures to determine how well states are addressing the challenges facing residents. The data show that Colorado has made good strides in adopting policies designed to strengthen the financial well-being of the state's low- and moderate-income families, ranking 9th overall. Colorado ranked among the top ten states in four of the five policy categories assessed in the *Scorecard*, including Financial Assets & Income (8th), Businesses & Jobs (3rd), Housing & Homeownership (3rd), and Health Care (6th). The state ranked 18th in Education.

However, several other policy options would further boost the incomes and savings of Colorado households, including funding the state's Earned Income Tax Credit, which was enacted in 2013, and funding Individual Development Account (IDA) programs, which match savings account deposits by low- and moderate-income people to be used for education or a downpayment on a home.

Nationally, the *Scorecard* data finds millions of Americans have been left out of the economic recovery with little opportunity to take charge of their financial lives or plan for a more secure future. Large percentages of these households are experiencing profound levels of exclusion from the financial mainstream as they struggle in low-wage jobs and are forced to rely on fringe, often high-cost financial services just to make ends meet. Among the key findings:

- Low-wage jobs have increased in all but two states. Thirty-six states and Washington, D.C., saw decreases in average annual pay between 2012 and 2013.
- Nationally, 56% of consumers have subprime credit scores, meaning they cannot qualify for credit or financing at prime rates and are more likely to use costly alternative financial products. One in five households regularly relies on fringe financial services, such as payday loans, to meet their needs.
- Liquid asset poverty rates – the percentage of households with less than three months of savings at the poverty level – are particularly high in states with the greatest levels of income inequality. This trend is most evident in poor states in the South and Southwest and high-cost states on the East and West coasts, all of which have large populations of color. If families can't save, closing the wealth gap is all but impossible.
- In 34 states, the gap in homeownership rates between households of color and white households has widened. The 10 states where the gap is greatest are Rhode Island, New York, Massachusetts, Connecticut, Wisconsin, South Dakota, North Dakota, Minnesota, New Jersey and Kentucky.
- High-cost (or subprime) mortgage loans—one of the main culprits behind the housing boom and bust—are on the rise. The percentage of homeowners with high-cost mortgages is higher in 42 states than it was in 2010.

"The economic recovery experienced by some segments of our society is barely a blip in the lives of millions of Americans who continue to struggle in low-wage jobs and have little ability to save and build a better future for themselves and their children," said Andrea Levere, president of CFED. "In far too many cases, these households are living outside the financial mainstream, relegated to using often high-cost financial services that trap them in a cycle of debt and financial insecurity."

To read an analysis of key findings from the 2015 *Assets & Opportunity Scorecard*, click here. To access the complete *Scorecard*, visit http://assetsandopportunity.org/scorecard. Visit our media resources page for interactive data tools, including our asset poverty calculator, downloadable infographics, customizable charts and maps, and other data visualizations.

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CFED empowers low- and moderate-income households to build and preserve assets by advancing policies and programs that help them achieve the American Dream, including buying a home, pursuing higher education, starting a business and saving for the future. As a leading source for data about household financial security and policy solutions, CFED understands what families need to succeed. We promote programs on the ground and invest in social enterprises that create pathways to financial security and opportunity for millions of people. Established in 1979 as the Corporation for Enterprise Development, CFED works nationally and internationally through its offices in Washington, DC; Durham, North Carolina; and San Francisco, California.

To improve policies and programs that promote financial security and opportunity, CFED is the backbone organization for a national Assets & Opportunity Network, which is comprised of more than 1,700 advocates, service providers, researchers, financial institutions and others representing all 50 states and DC. To learn more about the Assets & Opportunity Network, visit http://assetsandopportunity.org/network.