

Record of Meeting
Community Advisory Council and the Board of Governors
September 25, 2025

Introduction

Observations expressed in this memo are those of Community Advisory Council members based on their experiences and their conversations with colleagues and community members, as well as local data and narratives.

This memo begins with an overview of current market conditions—with an emphasis on access to capital—followed by a review of housing, labor market conditions, and a section on “[Additional Matters](#).” The council members did not have a special question to respond to for this meeting.

The economic uncertainty caused by changes in federal spending and global trade policies and inflation reported at the May Council meeting continued to affect local market conditions. As a result, Council members reported that overall consumer and business sentiment softened in the communities they represent, particularly in low- to moderate-income (LMI) areas.

Several key themes emerged from Council member input:

- Current economic conditions have created a cautious lending environment, particularly for small businesses, affordable housing developers, and LMI consumers seeking capital and credit, though lending outcomes varied by region. Market uncertainty and some elevated consumer lending delinquencies have also led to increased lender caution.
- Home mortgage demand remained steady or increased slightly over the past six months, and the mortgage credit quality of both new and existing borrowers remained strong. However, higher housing costs and constrained household budgets continued to curb demand for home loans among LMI homebuyers.
- Funding reductions in federal programs targeted to LMI communities and households are affecting the capacity of nonprofit organizations to serve their lower-income clients. In particular, cuts to federal health and food programs have been identified as a risk for lower-income households and communities, especially in rural areas.
- Childcare and transportation remain persistent barriers to gaining and sustaining employment for LMI workers.
- Artificial intelligence and data centers are major areas of interest in rural communities, but some stakeholders are also raising cautions about their significant energy consumption and potential to drive up electricity rates for surrounding consumers and businesses.

Current Market Conditions

This section includes key themes regarding the current condition of—and the outlook for—loan markets, financial markets, and economic development activities.

Several Council members reported that the current economic conditions have contributed to a cautious lending environment, particularly for small businesses, affordable housing developers, and LMI consumers. For instance, one Council member from Indiana who works in regional and rural development noted that while the lending market had transitioned from a reactive to a more stable phase, heightened caution still prevailed among lenders and financial market participants navigating an uncertain regulatory and economic environment. Similarly, a Council member from Ohio observed that

the current economic conditions had reduced lenders' confidence in business investment and consumer spending projections, particularly for LMI communities. In contrast, home mortgage lending strengthened in some regions, and some lenders expressed cautious optimism that conditions for borrowers could ease somewhat by mid-2026.

Regarding economic development activities, Council members reported that the broader outlook had weakened, in part due to (1) continued uncertainty surrounding new and ongoing small business investments, which was caused by a recent pause in some specific local, state, and federal spending policies; and (2) ongoing uncertainty of economic and fiscal policy.

Small business lending

Several Council members noted that lenders in regional lending markets remained active but cautious. Some lenders expressed notable concern about the current inflation and uncertain effect of tariffs on regional economies and specific economic sectors. For example, in New England, one large bank reported to a Council member that small businesses report facing uncertainty over the effect of tariffs, government contracts, and borrowing costs on their margins and overall credit profiles. In response to these conditions, lenders have further restricted their credit underwriting. Moreover, some commercial lenders wanted to evaluate additional historical performance data over a longer period and were unwilling to accept future performance indicators provided by small businesses into their lending requirements.

Additionally, a different New England credit provider reported that small businesses are turning to high-rate short-term lenders for cash needs or seeking expensive equity capital. In Indiana, strict loan terms and high borrowing costs limit entrepreneurial growth, and a two-tier credit system is emerging where prime small business borrowers benefit from competitive rates and access, while subprime small business borrowers face mounting debt and limited options. In Florida, one owner shared that their line of credit was recently cut in half despite a spotless repayment history. To address some of these financial challenges, one Council member reported that a few nonprofit community grant programs in Florida have facilitated increased access to capital and job creation to fill some of the lending gaps.

Several Council members also noted that small business lending outcomes differed by specific economic sector. Some small businesses in certain economic sectors, such as those focused on luxury services (e.g., spas, lawn care) or dependent on export markets, may face additional financial challenges from current market conditions. One council member noted shifting consumer preferences among some New England portfolio companies with primarily domestic supply chains—favoring healthier, local products and reduced alcohol consumption. However, one portfolio company dependent on raw materials from China is facing supply disruptions and rising costs, which are squeezing gross margins. Additionally, a rural composite manufacturer is being sold to a foreign buyer seeking to mitigate tariff-related cost issues through direct control. In contrast, a Council member from Ohio noted an optimistic outlook for economic growth in several sectors within his community, particularly health care and technology, which continue to be in high demand.

Home mortgage lending and insurance

Some Council members noted that home mortgage demand remained steady or increased slightly over the past six months, and the mortgage credit quality of both new and existing borrowers remained strong. For instance, citing industry data and outreach to lenders in different parts of the country, one Council member reported home loan demand in Oklahoma, New England, and the Rocky Mountain West has been steady, credit quality was resilient, and delinquencies remained low. A financial institution in

the Pacific Northwest reported a modest increase in the number of loans in its mortgage pipeline after reaching a low in April. Furthermore, a financial institution in Washington state reported that home equity line of credit (HELOC) lending remained steady and strong, though overall utilization was low.

However, other Council members noted that elevated interest rates and rising insurance costs have continued to constrain the demand for home loans among LMI homebuyers. The challenge was particularly notable in areas susceptible to natural disasters, such as Miami. For example, one Council member reported that a recent homebuyer in Florida was nearly derailed at closing when their insurance quote doubled overnight, forcing them to borrow from other sources to make up the shortfall. According to a recent state insurance report, property insurance premiums in Florida have risen by 34 percent since late 2022.¹

While mortgage rates have remained steady, the overall cost of homeownership continued to rise, causing buyers with limited income to be squeezed out by appraisal gaps, as well as increasing taxes and insurance premiums. For example, consumers in Oklahoma continued to face pressure in the home insurance space, with nearly 20 percent of all homes in the state reportedly uninsured, a rate notably higher than the national average of 13.6 percent.²

Consumer lending

Several Council members noted that consumer deposit and loan growth in some markets slowed product types, suggesting growing pressure on household finances on the deposit side and caution on the lending side. For many LMI consumers, price increases in insurance, utilities and food continue to constrain household budgets.³ When these pressures are combined with economic uncertainty and market volatility, some consumers “hunkered down” and reduced their consumption of non-essentials.

Some Council members noted that households experiencing greater financial strain increasingly turned to high-cost credit to meet basic needs. For example, a banker in the Rocky Mountain region expressed concern to a Council member about the increase in payday lenders in their area, given the perceived lack of financial education among vulnerable populations. Additionally, some local nonprofits reported being overwhelmed with demand for financial services and support, with one regional Ohio nonprofit seeing year-over-year increases in requests for housing, shelter, and utility assistance.⁴

Over the past 12 months, market uncertainty and persistently high delinquency rates, particularly in auto and unsecured loans, led some financial institutions, including one in Washington state, to tighten their credit policies. However, these institutions do not anticipate further tightening of credit in the foreseeable future.

Economic development activities

Council members reported that changes in specific local, state, and federal policies constrained local economic development activities led by mission-driven organizations. They noted that these examples

¹ See William Rabb, “Florida Property Insurance Premiums Surged 34% since Late 2022,” *Insurance Journal*, June 17, 2025, <https://www.insurancejournal.com/news/southeast/2025/06/17/827996.htm>.

² See “Nearly 1 in 7 Homes across U.S. are Uninsured,” Lending Tree, March 17, 2025, <https://www.lendingtree.com/insurance/homes-uninsured-study/>.

³ See “State of Home Insurance: 2025,” Lending Tree, June 9, 2025, <https://www.lendingtree.com/insurance/state-of-home-insurance/>.

⁴ See, for example, 211 call center statistics for Ohio’s Medina, Summit, and Portage counties, <https://summit.211counts.org/>.

underscore how disruptions in program delivery directly affected the ability of community-focused financial institutions to support underserved regions.

For example, the recent federal grant recessions created financial strain for some communities in Indiana, complicating their efforts to sustain momentum in industrial and infrastructure development. In St. Louis, federal grant recessions to some universities and hospitals resulted in pay freezes and a slowdown in general spending and community investments. Additionally, the city will no longer issue city construction contracts due to recent federal directives, stalling an estimated \$3 billion in planned development in the near-term.

Furthermore, there was increased demand from many small, community-based banks in Massachusetts for the state's small business credit initiative, which did not receive additional funding from the state or federal government. One large lender reported concerns about the future sustainability of this vital credit program given the excess of demand and no additional support. Similarly, in South Carolina, two significant economic developments projects in rural communities were either paused or canceled, raising concerns about the durability of large-scale investments in rural markets.⁵

In contrast, some Council members noted prominent ongoing economic development projects in their respective regions. For example, Delaware has been intentionally developing the state's innovation ecosystem, aiming to bolster economic development and diversify its economic sectors. One way they are achieving this goal is by increasing R&D funding and making significant investments in infrastructure. These efforts have demonstrated success as evidenced by Delaware's top ranking among all states for the microbusiness count growth year-over-year (65 percent) and over a five-year period (359 percent).⁶ Similarly, South Carolina has continued to make progress with key investments, including infrastructure improvements and the development of a workforce training center to support future economic development in the region.

In Indiana, the region is experiencing a surge of development activity, with numerous projects in various stages of planning and constructions. Data centers have emerged as a prominent trend. However, local resistance has been a challenge in attracting a proposed large-scale data center complex. Additionally, some major financial institutions are raising concerns about overbuilding and market saturation regarding additional data centers in this region. These challenges are compounded by the warm summer temperatures, which have shed light on broader issues of energy affordability and availability.

Housing Markets

Council members reported three key housing market themes:

- LMI households continue to face increased housing costs in both the rental and homeownership markets.
- Workforce housing is in short supply in many communities.
- Communities were making important investments and policy changes in a concerted effort to increase the local supply of affordable housing.

⁵ See Maayan Schechter, "EV battery maker AESC pauses Florence SC plant construction," South Carolina Public Radio, June 6, 2025, <https://www.southcarolinapublicradio.org/sc-news/2025-06-06/ev-battery-maker-aesc-pauses-florence-sc-plant-construction>.

⁶ See "GoDaddy Venture Forward, 2024 Annual Report: U.S. Edition," https://www.godaddy.com/research/wp-content/uploads/2024/10/GoDaddy-Venture-Forward-Report-2024-US-Edition_20241105.pdf.

Housing costs remain elevated

Unaffordable housing remains a top concern for most Council members. They have seen housing costs continue to rise in their communities. For example, Florida was recently ranked the least affordable state for renters, with an estimated 24 affordable and available units per 100 extremely low-income renters.⁷ Some bankers in New England and the Rocky Mountain west report that increasing rental costs have led to increases in homelessness and housing insecurity in their regions.

Council members expressed concern for lower-income households facing ongoing challenges with rising housing costs. These households were allocating an increasingly larger share of income to cover these expenses. Nationally, half of renters are considered rent-burdened, meaning they spend over 30 percent of their annual income on housing.⁸ Furthermore, 65 percent of working-age renters are unable to cover basic non-housing expenses after rent.

Even in markets where new multifamily construction is occurring, low-income tenants are often excluded by pricing, income screening, or lease conditions. Homeownership opportunities for low-income renters continue to remain out of reach. Nationally, the median monthly mortgage payment reached \$2,570, requiring an annual income of \$126,700—affordable to only 6 million of the nation's 46 million renters.⁹

The national estimates are reflected in Council members' local communities. In Florida, for instance, over 860,000 renters earning less than 60 percent of the Area Median Income spend more than 40 percent of their income on housing.¹⁰ In addition, an estimated 44 percent of renters in Cuyahoga County, Ohio, are rent-burdened when it comes to paying rent.¹¹ The demand for affordable homeownership opportunities is placing additional market pressure in some communities. For example, in St. Louis, some real estate brokers have noticed a pattern of lower-quality homes, particularly in emerging and speculative markets, commanding relatively high asking and offer prices despite noticeable deficiencies. According to these brokers, first-time homebuyers are eager to purchase these homes that may not be up to standard but appear to be financially attainable, as they fear supply is limited and their window of opportunity is closing.

Workforce and lower-income housing in short supply

Council members reported that workforce housing is in short supply in the communities they serve. For example, in rural Kansas and Missouri, one Council member reported that it is particularly difficult to build new homes that sell for under \$150,000, creating a significant gap in the housing market. Similarly, in Oklahoma City, the market presents a specific challenge for first-time homebuyers due to a substantial lack of workforce housing. Additionally, much of the existing supply of properties with values between

⁷ See Florida Housing Finance Corporation and Shimberg Center for Housing Studies University of Florida, "2025 Rental Market Study, June 2025," <https://www.floridahousing.org/docs/default-source/press/newsroom/publications/rental-housing/2025-rental-market-study.pdf>.

⁸ See Diana Ionescu, "U.S. Rents Squeezing Low-Income Tenants," Planetizen, June 25, 2025, <https://www.planetizen.com/news/2025/06/135366-us-rents-squeezing-low-income-tenants>.

⁹ Joint Center for Housing Studies of Harvard University, "The State of the Nation's Housing 2025," <https://www.jchs.harvard.edu/state-nations-housing-2025>.

¹⁰ See Florida Housing Finance Corporation and Shimberg Center for Housing Studies University of Florida, "2025 Rental Market Study, June 2025," <https://www.floridahousing.org/docs/default-source/press/newsroom/publications/rental-housing/2025-rental-market-study.pdf>.

¹¹ See Cleveland State University, "Cuyahoga County Housing Study: February 2025," <https://cuyahogacms.blob.core.windows.net/home/docs/default-source/development/housingstudy.pdf>.

\$200,000 and \$250,000 is quickly being purchased by investors, while builders are not creating new inventory at that price range.¹²

One Council member noted that this lack of affordable housing, combined with fixed 30-year mortgage rates at 25-year highs, are the primary barriers preventing first-time buyers from entering the market and achieving homeownership. Furthermore, a Council member from North Dakota observed that the workforce housing supply shortage could negatively affect major infrastructure and data center projects in the state, as the sudden labor demand is not matched by housing availability.

While workforce housing is a significant need in many regions, some Council members reported supply challenges for affordable housing for lower-income households. For example, a recent report found that nearly half of the housing stock within the City of Cleveland was built before 1939, raising concern for the aging affordable housing stock particularly in urban areas.¹³ Moreover, in St. Louis, as households displaced by the May tornado search for temporary or even permanent new housing, there are few options for them to stay within the region at a price point and unit size they could afford before the disaster. Many of the most impacted households were in the lowest income census tracts within the region, which also had the highest concentration of homeowners without mortgages. Before the tornado, housing costs in these areas were relatively low. Finding a move-in ready replacement for their previous housing has proven challenging for most of these displaced households, who are now facing expiring temporary shelter arrangements.

Several Council members identified price increases and inflation as the primary challenge to increasing the affordable housing supply in their communities. For example, one Council member reported construction project delays of six months due to budget shortfalls caused by unexpected cost increases (in labor and materials), which pushed total costs 30 percent above estimates. Project sponsors are now seeking additional soft funding and considering scaling back affordability levels to keep the project viable.

Moreover, some bankers in New England reported that the high development costs make affordable units cost-prohibitive without substantial contributions from state and local government. Similarly, in Indiana, rising construction costs and declining tax credit valuations have led to the cancellation of affordable housing projects, even in areas with urgent revitalization needs. Increased operating expenses depress net operating income and make new affordable housing projects more challenging to obtain financing. For example, across northwest Florida and the broader Gulf region, one Council member shared that credit markets largely remained tight, particularly for affordable housing developers and LMI consumers.

In addition to higher prices, Council members identified other impediments to increasing the affordable housing supply in their communities. For example, regional housing forums held by one nonprofit organization in Oklahoma noted these impediments: restrictive zoning and building ordinances that prevent density and alternative housing types, expensive and delayed permit approvals, and lack of financial incentives for small developers in rural areas.¹⁴ Across rural Kansas and Missouri, a Council member noted labor supply constraints that make it difficult for homebuilders to operate. In Ohio, a

¹² See Kathryn McNutt, "First-Time Homebuyers Face Low Inventory, High Rates," *The Journal Record*, July 25, 2025, <https://journalrecord.com/2025/07/25/first-time-homebuyers-oklahoma/>.

¹³ See Cleveland State University, "Cuyahoga County Housing Study: February 2025," <https://cuyahogacms.blob.core.windows.net/home/docs/default-source/development/housingstudy.pdf>.

¹⁴ See "Regional Housing Forums," Housing for Communities, <https://www.housingforcommunities.org/Regional-Housing-Forums>.

Council member found that many rental properties are owned by out-of-state entities, leading to delays in addressing code violations and/or making necessary building repairs. Finally, one Council member noted that changes to specific regulations could help add housing units to some communities. For instance, increasing the Supervisory Loan to Value guidance limit to allow for higher loan sizes would be helpful to expand accessory dwelling unit supply availability.

Several council members found that recent changes in state and federal policies and practices affected the supply of affordable housing at the local level. In Florida, developers are facing constraints because of dwindling labor capacity stemming from older worker retirements and a reduction in immigrant workers (38 percent of the construction workers in Florida). There is concern in the industry that the worker shortage may delay or drive up the price of projects.¹⁵ Nationwide, the industry required an estimated 439,000 new workers in 2025 to maintain current construction momentum.¹⁶ In addition, some bankers in the Rocky Mountain west reported to a Council member that while federal immigration policy changes have not yet affected their housing workforce, they do expect it to happen. Additionally, the city of Tulsa, Oklahoma, recently announced that it is freezing its public housing voucher waitlist, notably affecting LMI renters. In Indiana, a Council member reported that local and state funding gaps—often exceeding \$1.5 million—have made it difficult to close financing deals for housing projects. Furthermore, in North Dakota, funding for many large state housing programs that depend on federal pandemic-era support is expiring in September 2025.¹⁷

Investments in affordable housing projects

Council members reported that their communities were making important investments and policy changes to increase local affordable housing supply. These efforts vary in size and scope, leveraging existing tools and practices while also adopting new funding and policy innovations.

For example, in North Dakota, two community-led solutions to affordable housing demonstrate that local ownership, innovation, and strategic investments can drive meaningful progress. First, a grassroots, community-owned financing tool addresses persistent rural housing gaps, and given its success, the local housing development financial model is being replicated in other small towns across the state. Second, in urban and regional centers, a new community land trust (CLT) is building momentum through a shared-equity ownership model that keeps homes affordable across generations. Each home investment is structured to serve five to eight families over 35 to 50 years. The CLT has already sold multiple homes to essential workers—such as nurses, sanitation staff, electricians, and retail employees—who were otherwise priced out of homeownership.

In Delaware, the new Workforce Housing Initiative aims to provide more affordable housing for middle-class working community members to live near their workplaces. The initiative is modeled after the successful Downtown Development District initiative in Delaware. While the program is just getting started with \$5 million in initial funding, the hope is that, similar to the Downtown Development District

¹⁵ See “The Industry Is in a Crisis:’ Construction Worker Shortage Delaying Projects, Driving up Costs, Experts Say,” *News 6*, February 24, 2025, <https://www.clickorlando.com/news/local/2025/02/24/the-industry-is-in-a-crisis-construction-worker-shortage-delaying-projects-driving-up-costs-experts-say/>.

¹⁶ See Associated Builders and Contractors, “ABC: Construction Industry Must Attract 439,000 Workers in 2025,” press release, January 24, 2025, <https://www.abc.org/News-Media/News-Releases/abc-construction-industry-must-attract-439000-workers-in-2025>.

¹⁷ See Gretchen Hjelmstad, “North Dakota Ramping down Housing Support Programs as Funding Expires,” *Valley News Live*, March 6, 2025, <https://www.valleynewslive.com/2025/03/06/north-dakota-ramping-down-housing-programs-funding-expires/>.

Initiative, it will attract private investments in a 10:1 ratio of private to state funding. In Indiana, innovative approaches, including LIHTC rehabs, container homes, and expanded voucher programs, are gaining traction and may help stabilize property values and promote inclusive growth. In New Hampshire, the state recently passed legislation making accessory dwelling units more available, potentially increasing the affordable housing supply in the future.¹⁸

In Richland County, South Carolina, approximately \$98 million in tax-exempt bonds were issued to preserve 576 units of affordable housing across two large multifamily properties.¹⁹ Additionally, in Greenville, South Carolina, an 88-unit property opened serve household earning between 20 percent and 60 percent of area median income (AMI), with nearly a quarter of units reserved for those below 30 percent AMI.²⁰ In Florida, the recently announced Sarasota Housing Action Plan brings together housing and child development services to address the affordable housing crisis.²¹ Similarly, in Washington state, the recent state budget provided a significant increase in funding for affordable housing initiatives, spanning from shelter for the unhoused through rental assistance to homeownership.

In Ohio, the mayor of Columbus recently outlined a plan to place a \$500 million bond issue on the ballot in the fall. The goal is to raise funds for affordable housing and add 100,000 new homes over the next 10 years.²² To address the issue, the city has created a new Division of Housing Stability. The division will focus on registering vacant properties, improving protections for renters, and establishing emergency relocation assistance for those who need it. Additionally, the recently passed city capital budget includes a \$50 million allocation for affordable housing initiatives and permanent supportive housing for the homeless.²³

In Cuyahoga County, Ohio, the county executive recently announced plans to establish a \$1 million low-interest loan program to support the construction of affordable single-family homes in the inner-ring suburban communities adjacent to the City of Cleveland.²⁴ Another proposal would establish a \$500,000 fund to assist in safety-related repairs to rental properties, thereby improving the living conditions of tenants.

Furthermore, a financial institution in the Pacific Northwest has observed encouraging trends of increased interest and engagement from LMI and Native American households in credit education,

¹⁸ See Ethan DeWitt, "Ayotte Signs Slate of Bills to Encourage Housing Construction, but Not All Ideas Advance," *New Hampshire Bulletin*, July 23, 2025, <https://newhampshirebulletin.com/2025/07/23/ayotte-signs-slate-of-bills-to-encourage-housing-construction-but-not-all-ideas-advance/>.

¹⁹ See Jason Thomas, "\$98M in Bonds Fund Affordable Housing in Richland County," *Columbia Business Report*, May 28, 2025, <https://columbiabusinessreport.com/affordable-housing-richland-county-98m-bond/>.

²⁰ See Megan Fitzgerald, "Riley at Overbrook Adds to Greenville's Affordable Housing Supply," *Greenville Journal*, June 4, 2025, <https://greenvillejournal.com/affordable-housing/riley-at-overbrook-adds-to-greenvilles-affordable-housing-supply/>.

²¹ See Florida Housing Coalition, *Sarasota Housing Action Plan 2025*, https://www.cfsarasota.org/files/galleries/Sarasota_Housing_Action_Plan_FINAL.pdf.

²² See Chelsea Wiley, "100K New Homes, Safer Streets, and Smart Lights: Inside the 2025 State of the City," *Columbus Navigator*, April 17, 2025, <https://www.columbusnavigator.com/columbus-state-of-the-city-2025/>.

²³ See 10TV Web Staff, "Columbus City Council Approves Historic \$2.9B Capital Budget," via MSN, July 28, 2025, <https://www.msn.com/en-us/money/realestate/columbus-city-council-approves-historic-29b-capital-budget/ar-AA1Jt3fR>.

²⁴ See Megan Sims, "Cuyahoga County Pitches \$1M Loan Fund, Other Fixes to Make Homes More Affordable," Cleveland.com, July 14, 2025, <https://www.msn.com/en-us/money/realestate/cuyahoga-county-pitches-1m-loan-fund-other-fixes-to-make-homes-more-affordable/ar-AA1B8MV>.

homebuyer certification programs, and financial coaching. The financial institution working with Native American populations attributes this achievement to targeted outreach, trusted messengers in the community, and a growing awareness that culturally informed coaching and down-payment assistance programs can help bridge historical credit access gaps. This success helps to build a stronger pipeline of educated and motivated buyers, many of whom are creditworthy but lack earlier access to the right tools or guidance.

Labor Markets

Council members reported three key labor market themes:

- Reductions in federal funding for workforce development programs are affecting the capacity of nonprofit organizations to serve their lower-income clients.
- Childcare and transportation remain persistent barriers to gaining and sustaining employment for LMI workers.
- New labor market opportunities are developing in some communities, while other communities are challenged by potential labor shortages.

Impacts of recent funding reductions

Council members reported that recent cuts in federal funding are affecting organizations that directly serve and provide workforce development and related support services to LMI individuals and households.

One Council member described how the reductions in government funding for volunteer service programs are leaving communities around the country struggling to meet local needs.²⁵ For example, in North Dakota, program volunteers were working at sites across the state, ranging from schools to food pantries to community gardens. However, many of these service programs were informed earlier in 2025 that they would be cut or not renewed, leading to cuts in volunteer staffing. The decline in funding has exposed capacity gaps that local organizations were neither prepared to nor able to absorb.²⁶

Meanwhile, a large nonprofit in San Antonio is facing the possibility of a significant workforce reduction. Under recent federal policy changes, the organization has been advised to prepare for possible reductions of up to 25 percent to 30 percent in service contracts for its employment program for individuals with disabilities. This could have a major impact on the organization's nearly 700 employees, many with documented disabilities. The staff at the organization have also been impacted by changes to other programs. In June 2025, it was alerted that due to cuts in a federal grant program, nearly 40 senior citizen employees would be unable to continue working there. This change affected the employees' income and the organization's operations.

²⁵ See Hannah Fingerhut and Lekan Oyekanmi, "AmeriCorps Cuts Leave People Who Serve and Community Organizations Scrambling for Alternatives," Associated Press, May 2, 2025, <https://apnews.com/article/american-corps-trump-doge-f9f15b48cd67d0ca5dc7b18643f0ca4a>.

²⁶ See Michael Standaert, "AmeriCorps Cuts Hit Rural North Dakota Schools, Communities," North Dakota News Cooperative, May 13, 2025, <https://www.newscoopnd.org/american-corps-cuts-hit-rural-north-dakota-schools-communities/>.

Barriers to sustained employment for LMI workers

Council members reported that access to affordable and available childcare and transportation remain persistent barriers that LMI workers face in sustaining employment. Despite efforts by local communities to address these challenges, these initiatives remain insufficient in both size and scale. For instance, in San Antonio, the scarcity of high-quality, reliable, and affordable childcare—especially for children under one year old and in low-income neighborhoods—continues to hinder labor market participation.²⁷ This problem is exacerbated by limited funding, budget cuts, new regulations, and a shortage of qualified caregivers.

Even with recent investments in childcare and the expansion of licensed childcare slots, the demand far exceeds the supply, particularly for infant care and summer programs. Long waitlists and limited voucher usability further compound the issue, making access to affordable childcare one of the most significant impediments to expanding the labor pool. Local governments, including the City of Pensacola, Florida, are making efforts to address these needs, such as providing grants and technical assistance to childcare providers and partnering with local employers to incentivize on-site childcare.²⁸

Transportation is another major obstacle for LMI workers. Transportation difficulties, such as unreliable vehicles and long commutes, prevent workers from attending classes or jobs. For example, in Allendale County, South Carolina, students in a technical college program struggled to attend classes due to a lack of transportation. Similarly, in San Antonio, the VIA Metropolitan Transit Authority is working on a new Advanced Rapid Transit system to overcome transportation barriers and promote economic development.

New opportunities and challenges

Several Council members reported new labor market opportunities and developments in their communities. In southwest Florida, for instance, the education and health services sectors are growing. From June 2024 to June 2025, the Cape Coral–Fort Myers metro area added 2,100 jobs in these sectors, and the Naples–Marco Island area added another 1,100 positions.²⁹ These jobs are potential pathways into economic stability for LMI residents, especially when paired with wraparound support.

And Oklahoma is seeing bright spots of job growth as a result of economic development taking place across the state. In June, the state announced a new historic industrial park and power generation initiative in Chickasha, a community of around 18,000 people located about 40 miles southwest of downtown Oklahoma City. This initiative is expected to inject \$3.5 billion into the local economy and potentially create thousands of jobs over the next several years.³⁰ In addition, CBC Global Ammunition

²⁷ See Earlymatters San Antonio, “Early Childcare: Challenges for Businesses,” <https://earlymatterssa.org/early-childcare-challenges-for-businesses/>.

²⁸ See City of Pensacola, “Mayor D.C. Reeves Launches ‘Mayor’s Childcare Access Program’ to Expand Support for Pensacola Families,” press release, May 8, 2025, <https://www.cityofpensacola.com/CivicSend/ViewMessage/message/260177>.

²⁹ See Adam Regan, “Education, Health Jobs Grow in Southwest Florida,” *Gulfshore Business*, August 15, 2025, https://www.gulfshorebusiness.com/gb-daily/education-health-jobs-grow-in-southwest-florida/article_797fcf55-b93c-414d-ba9d-6115d9f9cd3f.html.

³⁰ See “Governor Stitt, Chickasha Leaders Celebrate Largest Private Investment in City History with Announcement of New Industrial Park and Power Generation Joint Venture,” press release, Oklahoma.gov, June 5, 2025, <https://oklahoma.gov/governor/newsroom/newsroom/2025/governor-stitt-chickasha-leaders-celebrate-largest-private-inve.html>.

recently announced it will invest \$300 million to build an ammunition manufacturing plant in the northeast Oklahoma town of Pryor. The new facility, which will be located in the MidAmerica Industrial Park, is expected to bring 350 new jobs to the area.³¹

One of the Council members highlighted innovative work in the behavioral health field in the Pacific Northwest. These efforts are expanding the workforce and addressing the supervision bottleneck for new providers. One such initiative involves the piloting of an AI-powered training platform. In partnership with multiple providers, this tool simulates client scenarios, giving new staff and interns the chance to practice assessments, referrals, and treatment planning in a safe and scalable environment. This reduces strain on supervisors while accelerating skills development.

In addition, a regional health care career fund has created the area's first behavioral health apprenticeships program. Six providers are now hosting 16 apprentices, with plans to expand the program further. This is helping to build a stronger, more diverse talent pipeline in a field facing urgent need, especially amid the ongoing opioid and fentanyl crisis. The behavioral health focus is also supported by large-scale suicide prevention training efforts, which have reached 250 individuals across one of the state's largest counties. Overall, these multifaceted strategies are working to expand the behavioral health workforce and enhance the capabilities of new providers in the region.

However, challenges remain for employers, particularly around labor supply. Several Council members reported concerns they had heard from employers in their local communities. One developer from Alabama shared that their company was "not budgeting for raises—we're budgeting for labor shortages."

One Council member reported that the uncertainty regarding immigration policy is having a negative effect on Kansas's economy, which depends heavily on agriculture and livestock production. Industry leaders shared that worker concerns and anxiety have prompted labor shortages on farms, dairies, and meatpacking plants. This disruption is leading to delays in production, increased operational costs, and, ultimately, rising prices for consumers. The Kansas Livestock Association noted that the uncertainty is straining already tight labor resources and threatening the long-term viability of family-run ranching operations across the state. Industry leaders warn that if the shortage of labor continues, Kansas could see diminished agricultural output and economic instability in rural communities that rely on immigrant labor to function.

Another Council member reported that in North Dakota, local and regional discussions are starting to happen around immigration as a necessary workforce strategy. There is concern that without sufficient levels of immigrant workers, rural North Dakota may not be able to meet its future labor demands in industries such as artificial intelligence, energy, agriculture, or human services.

Immigrants have played a vital role in Delaware's workforce. From 2010 to 2023, the state's foreign-born population grew by 44 percent, contributing nearly half of total labor force growth.³² However, this increase has not offset the effect of an aging population—the population aged 65 and older grew by 92

³¹ See Xavier Richardson, "Major Ammunition Manufacturer Announces Oklahoma Plant," Oklahoma News 4, May 12, 2025, <https://kfor.com/news/local/major-ammunition-manufacturer-announces-oklahoma-plant/>.

³² See Ted Abernathy, "The Trends Shaping Delaware's Future," Delaware State Chamber of Commerce website, March 31, 2025, https://www.dscc.com/wp_trendsshapingdefuture.html.

percent from 2006 to 2023, while the working-age population rose by just 13.2 percent.³³ As more residents retire, Delaware faces declining labor force participation and rising demand for services like health care.³⁴

Additional Matters

Rural health care

Cuts to federal health programs have been identified as a risk for lower-income households and communities, especially in rural areas. Since 2015, Oklahoma has seen the closure of six rural hospitals and four inpatient service programs. Recently, a hospital in far eastern Oklahoma announced that it will be closing in the very near future.³⁵ According to a report by the Center for Healthcare Quality and Payment Reform, 47 of Oklahoma's rural hospitals are at risk of closing, with 23 of them facing an immediate risk of closure.³⁶ In addition to job losses from closed hospitals, many communities will likely be forced to cut programs such as labor and delivery services. The shortage of pregnancy and delivery care services is a problem affecting other parts of rural America as well. One Council member shared that in rural North Dakota, entire counties now lack practicing obstetrician-gynecologists (OB-GYNs). Residents in those areas are driving long distances for prenatal checkups, making comprehensive care throughout pregnancy a significant challenge.³⁷

Food access

Several Council members reported that food insecurity remains a concern for LMI individuals and families in their communities. Federal budget cuts are affecting food banks and their distribution partners at a time when the need for food assistance is growing. Nationally, nearly 50 million people live in food-insecure households.³⁸ One Council member, citing data from the Regional Food Bank of Oklahoma, described the growing need for food services in their home state. The number of people facing hunger in the food bank's service area of central and western Oklahoma continues to rise, from 14.1 percent in 2023 to 16.7 percent in 2024.

³³ See Ted Abernathy, "The Trends Shaping Delaware's Future," Delaware State Chamber of Commerce website, March 31, 2025, https://www.dscc.com/wp_trendsshapingdefuture.html.

³⁴ See Johnny Perez-Gonzalez, "Delaware's Aging Population, Shrinking Workforce, and Rising Costs Signals a Pivotal Economic Shift, Report Warns," WHYY website, April 16, 2025, <https://whyy.org/articles/delaware-demographic-shifts-shrinking-workforce/>.

³⁵ See David Prock, "Stilwell Memorial Hospital Closure Raises Concerns about Rural Health Care Access," News On 6, June 26, 2025, <https://www.newsOn6.com/story/685da26cad653cb96cc699de/stilwell-memorial-hospital-closes-raises-concerns-about-rural-healthcare-access>.

³⁶ See Addison Kliewer, "Oklahoma Hospitals Faced Closure before the 'Big, Beautiful Bill.' Medicaid Cuts Amplify Those Fears," KOCO, July 3, 2025, <https://www.koco.com/article/oklahoma-medicaid-cuts-hospital-closure-big-beautiful-bill-impacts/65292331>; and Center for Healthcare Quality and Payment Reform, "Rural Hospitals at Risk of Closing," August 2025, https://ruralhospitals.chqpr.org/downloads/Rural_Hospitals_at_Risk_of_Closing.pdf.

³⁷ See Michael Standaert, "OB-GYN Fears, Maternity Deserts Impact Health Care in North Dakota," North Dakota News Cooperative, September 3, 2024, <https://www.newscoopnd.org/ob-gyn-fears-maternity-deserts-impact-health-care-in-north-dakota/>.

³⁸ See Jazmin Orozco Rodriguez, "Federal Cuts Gut Food Banks as They Face Record Demand," *KFF Health News*, May 1, 2025, <https://kffhealthnews.org/news/article/food-banks-snap-benefits-federal-cuts-rural-needs/>.

Extreme weather and insurance costs

Council members described how extreme weather events continue to affect insurance prices. One Council member shared that in parts of Florida, small landlords are exiting the market or raising rents in response to increases in insurance premiums. Another member described the aftereffects of the EF-3 tornado that swept across the St. Louis region's urban core in May 2025. In the northern areas of the City of St. Louis, more than 2,000 households were left with completely flattened or significantly damaged homes.³⁹

According to the Missouri Department of Commerce and Insurance, an estimated 70 percent to 90 percent of households within this area were uninsured or severely underinsured at the time of the tornado.⁴⁰ Without proper insurance, the most these households can expect to receive from typical government funding is less than \$90,000—far below the cost to rebuild. In total, the estimated cost to rebuild is \$1.6 billion and rising. The combination of homeowners with no insurance or those who are underinsured, along with the shortage of temporary housing options, will contribute to the ongoing depopulation trend in the region's core. This trend may now go beyond the region altogether, as direct aid providers see impacted households move out of state for lack of options in the near term.

Farm debt and loan delinquency

A Council member noted that rising operating costs are contributing to increased farm debt and loan delinquencies in agricultural communities, including North Dakota. According to a recent Ag Credit Survey by the Minneapolis Fed, declining farm incomes across the Federal Reserve's Ninth District have led to reduced spending on capital equipment and household purchases.⁴¹ As a result, loan demand has grown while repayment rates have fallen, raising concerns among industry stakeholders about the potential long-term effects of these trends.⁴²

Artificial intelligence and data centers

One Council member reported that data centers are a key area of interest in North Dakota communities, with stakeholders raising alarms about their significant energy consumption and potential to drive up electricity rates for surrounding consumers and businesses. For example, one local community is undergoing a once-in-a-century economic shift with the arrival of a \$22 billion artificial intelligence and

³⁹ See American Red Cross, "2025 Missouri Tornadoes—Partner Brief," <https://arc-nhg-gis.maps.arcgis.com/apps/MapSeries/index.html?appid=310e7ebe54b74e87b9683eaaf094df7>.

⁴⁰ See Missouri Department of Commerce and Insurance, "Missouri Department of Commerce and Insurance Provides Preliminary Estimates for Uninsured Homes Following St. Louis EF3 Tornado," May 22, 2025, <https://dci.mo.gov/node/2176>.

⁴¹ See Joe Mahon, "Farm Finances Weakened Further during the Growing Season," *Second Quarter 2025 Ag Credit Survey*, Federal Reserve Bank of Minneapolis, August 25, 2025, https://www.minneapolisfed.org/article/2025/farm-finances-weakened-further-during-the-growing-season?utm_source=Big+Blast&utm_medium=email.

⁴² See Will Bauer, "Farmers Are Taking on More Debt. Some Worry More Financial Stress Could Be Ahead," KCUR, June 2, 2025, <https://www.kcur.org/news/2025-06-02/farmers-take-on-more-debt>.

data center investment.⁴³ The project is expected to bring 300 to 350 jobs to the center itself, as well as add other jobs in the community, dramatically affecting the town's population of 1,000 people.⁴⁴

Along with this development opportunity, however, the town is also facing challenges related to its housing supply, lack of local childcare availability, an increase in school district size, and increased pressure on its public sector infrastructure.⁴⁵ Town residents—some excited, some skeptical—are navigating the tension between the promise of economic opportunity and the preservation of their current way of life.

⁴³ See Applied Digital, "Applied Digital Announces 250MW AI Data Center Lease with CoreWeave in North Dakota," press release, <https://ir.applieddigital.com/news-events/press-releases/detail/123/applied-digital-announces-250mw-ai-data-center-lease-with>.

⁴⁴ See Jeff Beach, "Company Announces Plan for \$3 Billion Data Center North of Fargo," North Dakota Monitor, August 18, 2025, <https://northdakotamonitor.com/2025/08/18/company-announces-plan-for-data-center-north-of-fargo/>.

⁴⁵ See Michael Standaert, "Housing Complicates ND Town's Business Expansion," North Dakota News Cooperative, December 19, 2023, <https://www.newscoopnd.org/housing-complicates-nd-towns-business-expansion/>.