

Record of Meeting  
Community Advisory Council and the Board of Governors  
May 14, 2026

## Introduction

This memo begins with the Community Advisory Council members' overview of current market conditions, including the current credit environment for low-to-moderate income (LMI) consumers and small businesses, followed by a review of housing and labor market conditions. The "[Labor Market Conditions](#)" section also includes responses to a "[special question](#)" exploring what educators, employers, and other community partners are doing to improve the career pathways for young adults and what new approaches, programs, and partnerships are being observed in communities. The memo concludes with a final section which raises other topics not addressed in the prior sections.

Several key themes emerged from Council member input:

- LMI consumers are struggling with debt and credit card payments given rising household expenses.
- Lending to small businesses has slowed.
- Some economic development projects are paused due to ongoing uncertainty.
- Housing affordability increasingly varies from place to place.
- Innovative partnerships are creating employment opportunities in some markets.
- Federal funding cuts perpetuate shortfalls and undermine planning.
- The construction of data centers emerged as a source of community concern.

## Current Market Conditions

Comments from Council members suggest both LMI consumers and small businesses are using a wide array of credit options to meet their financial needs, ranging from credit cards and buy now, pay later (BNPL) loans to riskier short-term unregulated liquidity options. Uncertainty due to shifting federal policies (including tariffs and immigration), inflation, and interest rates has led to some investment and economic development activity being paused. Overall, lending activity has been mixed, according to Council members, with small business lending slowing and mortgage credit being available but out of reach for many LMI potential borrowers due to affordability challenges.

Rural economies have also faced challenges, including tighter margins for producers across multiple agricultural sectors and rising credit demand in agricultural lending.

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Note: Observations expressed in this memo are those of Community Advisory Council members based on their experiences and conversations with colleagues and community members in February and March of 2026, as well as local data and narratives. Opinions do not necessarily reflect those of the Federal Reserve System, the Federal Reserve Board of Governors, or any of the individual Federal Reserve Banks.

Despite these concerns, Council members note increased investment and activity in select industries, including electrical equipment suppliers, semiconductor expansion, and health care.

### ***LMI consumers struggling with debt and credit card payments***

One Council member shared that in the Pacific Northwest, many nonprofit organizations are consistently hearing concerns about rising household expenses. LMI consumers are especially concerned about higher gas prices, increases in the cost of home insurance and property taxes, and broader insurance premium hikes. As a result, financial institutions are seeing higher delinquencies in broad consumer debt, even among LMI consumers who are employed. These rising cost of living expenses are making it harder for LMI consumers to stay financially stable as evidenced by data from a financial institution in the Pacific Northwest showing that LMI consumers are leaning more on short-term liquidity and unsecured credit as they prioritize payments on mortgages and auto loans. Unsecured debt is beginning to show losses beyond expanded forecasts as higher costs put pressure on consumers. A Council member in California shared a similar picture of sharply rising credit balances for deep subprime borrowers, defined as having a credit score below 580.

In the auto loan space in particular, concerning trends have been observed in Oklahoma. Primary of these concerns is inflated loan to book values on trade-in financing, which may be due to larger trade-in deficits where borrowers are bringing forward balances from the trade-in vehicle. Multiple community development organizations across Oklahoma mentioned other indicators of household financial stress, including the usage of BNPL loans, payday loans, furniture rentals, and auto title loan services.

### ***Slowing of lending activity to small businesses***

Several Council members noted a slowing of small business lending activity. In fiscal year 2026 so far, Small Business Association (SBA) 504 lending is weaker than last year, which tends to represent a reluctance on the part of small business owners to make longer-term investments.<sup>1</sup> A cautious credit posture and recent bank mergers happening across the country have slowed lending to small businesses. In some cases, in an effort to mitigate risk, banks have stopped some commercial lending or curtailed lending as a merger approaches.

Some Council members expressed concerns over small businesses sourcing capital from unregulated, high-cost lenders and attributed this shift to several causes:

1. Tightening of credit standards by banks and traditional sources of capital.
2. The inability to pass higher input costs onto consumers and navigate fluctuations in commodity prices, putting a strain on operating margins.
3. Increased costs causing small business owners to turn to short-term liquidity solutions, including operating lines of credit and high-interest rate business credit cards, to manage cash flow and working capital needs.

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<sup>1</sup> U.S. Small Business Administration, 7(a) and 504 Segment Report, as of May 14, 2026, <https://sballmstab.sbalenderportal.com/t/ExternalSBA/views/7a504SummaryReport/Report?%3Aembed=yes&%3Atoolbar=no>.

These conditions have resulted in an overall decline in credit quality, compounded by observed weak financial planning skills, particularly among small business startups, such as poorly prepared or unclear financial statements and lack of a business plan and fundamental business acumen.

***Macroeconomic challenges are impacting small businesses***

Uncertainty surrounding federal policy and its impact on broader macroeconomic conditions is affecting community-level small businesses. In Kansas, for example, recent survey data and regional reporting indicate business owners' uncertainty around inflation, input costs, and future economic conditions is shaping a more curtailed borrowing behavior, even where credit is technically available.<sup>2</sup>

In the Pacific Northwest, a Council member reports commercial real estate lending has been flat, driven by weaknesses and closures among local small businesses and national chains, which is also leading to higher small business loan delinquencies. Further, increased pressure from higher inventory costs, supply chain disruptions related to tariffs, and significant increases in insurance premiums and local taxes are all putting pressure on the bottom line. Finally, immigration policy is impacting "main street" businesses as reductions in foot traffic in immigrant communities is thought to depress local economic activity.

In Minnesota, nearly two-thirds of respondents to a business survey reported greater than 50 percent revenue losses due to immigration enforcement.<sup>3</sup>

***Affordability challenges are impacting LMI borrowers in the mortgage market***

Affordability struggles continue to affect buyers, regardless of credit availability. For instance, in Pensacola, Florida, mortgage credit remains available, but local lenders and housing providers report monthly payment affordability—not underwriting standards—is increasingly the primary barrier for potential buyers. To deal with affordability challenges in competitive single-family home markets like St. Louis, Missouri, real estate agents and lenders specializing in LMI clients observe that more buyers are leveraging "buy now, sell later" mortgages, programs that allow the seller to use bridge financing to purchase the next home before obtaining proceeds from the sale of the current home. One Council member also noted bankers in the Rocky Mountain West are reporting stretched debt-to-income ratios across many income levels for those seeking homeownership.<sup>4</sup>

Mortgage bankers in New England, the Rocky Mountain West, and Central Plains indicate home mortgage demand ticked up as rates declined through the fall and end of 2025, but they have seen a slowing since February 2026 as mortgage rates increased.

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<sup>2</sup> NEW NFIB SURVEY: Small Business Optimism Remains Above 52-Year Average - NFIB. (2026, February 10). NFIB - NFIB Small Business Association. <https://www.nfib.com/news/press-release/new-nfib-survey-small-business-optimism-remains-above-52-year-average-4/>

<sup>3</sup> Latino Economic Development Center (2026). Survey Response Data and Charts, Internal Briefing, January.

<sup>4</sup> Fannie Mae, April 2026, <https://capitalmarkets.fanniemae.com/media/20926/display>.

***Uncertainty increases the costs of economic development projects***

Several members noted a pattern of pausing economic development projects due to heightened uncertainty, resulting in increased financing costs and labor challenges and causing local leaders to take a “wait and see” approach rather than actively deploying capital for expansion.

For instance, one member shared an account of an economic development director in New England passing on a building expansion project because of an inability to accurately estimate profit margins due to tariff uncertainty.

In Indiana, informal conversations with business leaders across the state reflect pervasive and persistent uncertainty. While there are investments and activity in specific industries (e.g., microelectronics, semiconductors, etc.), facilities, infrastructure, land, equipment, and labor decisions on significant projects are being put on hold. In St. Louis, capital from community development financial institutions is playing an important role in offsetting increased costs and lengthened project times due to uncertain economic conditions

Cities across the country will be hosting the World Cup 2026 and anticipate economic boosts, especially to local small businesses, often associated with these types of large events. However, in Kansas City, some are less optimistic about an economic boom, amid concerns about rising fuel prices and other travel-related disruptions.

***Increasing economic activity and investments in specific industries and locations***

Despite persistent uncertainty, multiple Council members described increased investments and activity in select industries and places. For instance, in Indiana, there are generally strong economic conditions in manufacturing, aerospace, and specialized equipment sectors for which there is steady demand. Part of the growing demand for electrical equipment suppliers is attributed to the rapid expansion of data center infrastructure. The emerging opportunities are leading to more regional cooperation and coordination, particularly around semiconductor supply chains in the region.

Similarly in Austin, Texas, a Council member noted large capital investments in semiconductor expansion. Recent confirmed semiconductor and semiconductor-adjacent announcements in central Texas total roughly \$41 billion to \$43 billion, anchored by Samsung’s expansion in this region of the state. This activity is expected to generate thousands of direct and indirect jobs across the regional supply chain, potentially supporting sustained labor demand even if national hiring trends soften. The member also noted large regional projects, including the expansion of an international airport and investments in transit infrastructure, are likely to require 10,000 new and replacement workers in construction and trades annually in the region over the coming years.

In the area of health care, Oklahoma’s tribal nations are creating access across their respective reservations and, in turn, creating opportunities for health-care workers. In February of 2026, the Chickasaw Nation broke ground on a new 95,000 square foot pediatric clinic in Ada, Oklahoma, its

capital. Located in south central Oklahoma, Ada is a town of about 17,000 people. The clinic will bring comprehensive pediatric services and support for families.<sup>5</sup>

Despite the robust activity mentioned above, other members raised concerns about the development of data centers. This is a topic addressed under "[Additional Matters](#)".

### ***Rural challenges persist amidst rising input costs***

Some Council members noted particularly challenging and uncertain conditions in rural economies. One member described tighter margins felt by producers across multiple agricultural sectors due to the combination of lower revenues from crop sales and elevated input costs. Farmer-owned cooperatives are dependable sales channels for small farmers, who are managing significant marketplace complexity, as well as the erosion of demand for U.S. agricultural exports. Another member shared observations from community bankers on the current state of agricultural lending and credit in their markets of rural northwest and northern Oklahoma. Credit demand has seen a pickup in the cattle sector as operators are asking for increases in their lines of credit because of increases in the price of cattle. Feeder cattle prices have increased 16 percent since late November and almost 25 percent in the past 12 months, while live cattle prices have increased almost 12 percent for both periods of time.<sup>6</sup> According to a conversation with a small business owner in Kansas, as of April, the cost of fertilizer has gone up at least 20 percent over the past month.

### **Housing Markets**

Council members reported three key housing market themes:

- The availability and cost of housing appear to vary across geographic areas.
- Any signs of a softening market have yet to reach low-income renters and homebuyers, as moderate-income households appear to benefit more from increased housing availability.
- Innovative solutions and partnerships, including state tax credits for housing projects, developer training programs for residents, and access to low-cost capital from Federal Home Loan Banks, are increasing the supply of affordable housing.

### ***Rentals: decreases in rents or softening demand?***

Some geographic areas are showing signs of softening in the rental market. For example, in Austin, Texas, median rent declined while active lease listings rose, indicating increased renter bargaining power as inventory expanded.<sup>7</sup> However, local housing analysis indicates that these affordability gains are uneven across income groups. Falling rents appear to benefit moderate-income renters more than very low-

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<sup>5</sup> See "Chickasaw Nation Breaks Ground for New Pediatric Clinic," *Chickasaw Times*, May 2026, <https://www.chickasawtimes.net/Online-Articles/Chickasaw-Nation-breaks-ground-for-new-pediatric-clinic.aspx>.

<sup>6</sup> Trading Economics, Feeder Cattle Summary, <https://tradingeconomics.com/commodity/feeder-cattle>.

<sup>7</sup> ABOR, Central Texas Housing Reports, April 2026, <https://abor.com/news/>.

income households, as workers in occupations such as childcare, caregiving, and food service still face significant affordability gaps even after recent market softening.<sup>8</sup>

Elsewhere, the pace of rent increases seems to have moderated. In the Philadelphia-Camden-Wilmington metro area, for example, the reported apartment rental prices increased around 1 percent year over year from January 2025 through January 2026; in Delaware, those yearly changes equated to around 4 percent.<sup>9</sup>

***Rentals: rising rents and lack of availability***

However, constrained supply still presented affordability challenges in other markets. According to one Council member, affordability for both renters and homebuyers remains the most significant economic challenge affecting LMI households in northwest Florida. In Minnesota, almost half of renters are considered cost burdened, paying more than 30 percent of their gross income towards housing costs.<sup>10</sup> A Minnesota nonprofit organization that provides free legal advice to tenants reports a 116 percent increase in requests for rental assistance in January 2026 compared to the same time in 2025.<sup>11</sup>

Both Kansas and New Hampshire Council members report the supply of affordable and available rental homes for low- or extremely low-income households is constrained.<sup>12</sup> In Kansas, data indicates many workers would need to work more than two full-time jobs to afford fair market rent.<sup>13</sup>

Across the Austin market, Multiple Listing Service data show clearer rent declines and rising lease inventory.<sup>14</sup> Austin's February 2026 housing gap analysis identified the largest rental affordability gap among households earning below 60 percent of median family income (MFI), with the most acute shortage among households between 30 percent and 50 percent MFI.<sup>15</sup> Meanwhile, San Francisco recently passed its Family Zoning Plan, which requires that at least 15 percent of new homes be affordable to families earning less than \$156,000. With an overall need estimated at 32,000 new units, many families face a long wait.<sup>16</sup>

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<sup>8</sup> City of Austin Housing Gap Analysis, Housing and Planning Committee Meeting Transcript, February 10, 2026, <https://services.austintexas.gov/edims/document.cfm?id=467516>.

<sup>9</sup> Philadelphia-Camden-Wilmington, PA-NJ-DE-MD apartment rental price report, March 2026, <https://data.delawareonline.com/apartment-rental-price-report/?ref=mom#map>.

<sup>10</sup> Minnesota Housing Partnership, 2026 State Profile, <https://mhponline.org/2026-state-profile/>.

<sup>11</sup> Mike Vraa, "Evictions Drive Record Contact Volume in January," Home Line, February 8, 2026, <https://homelinemn.org/11661/evictions-drive-record-contact-volume-in-january/>.

<sup>12</sup> National Low Income Housing Coalition, "2026 New Hampshire Housing Profile," [https://nlihc.org/sites/default/files/SHP\\_NH.pdf](https://nlihc.org/sites/default/files/SHP_NH.pdf), and "2026 Kansas Housing Profile," [https://nlihc.org/sites/default/files/SHP\\_KS.pdf](https://nlihc.org/sites/default/files/SHP_KS.pdf).

<sup>13</sup> National Low Income Housing Coalition, "2026 Kansas Housing Profile," [https://nlihc.org/sites/default/files/SHP\\_KS.pdf](https://nlihc.org/sites/default/files/SHP_KS.pdf).

<sup>14</sup> City of Austin Housing Gap Analysis, Housing and Planning Committee Meeting Transcript, <https://services.austintexas.gov/edims/document.cfm?id=467516>.

<sup>15</sup> City of Austin Housing Gap Analysis.

<sup>16</sup> Sydney Johnson, "Everything You Need to Know About San Francisco's Family Zoning Plan," KQED, November 26, 2025, <https://www.kqed.org/news/12065204/everything-you-need-to-know-about-san-franciscos-family-zoning-plan>.

One Council member described both an increase in rent debt as of February 2026 carried by low-income renters as well as evidence of stable rent collections. The member noted the possibility that mutual aid and philanthropic grants to nonprofits have kept rental collections steady for the first quarter.

***Homeownership: prices and supply shortages make homeownership inaccessible for LMI families***

From geographies across the country—including some that are usually thought of as affordable—Council members report similar constraints facing prospective homebuyers.

In Minnesota, 20 percent of homeowners are cost burdened.<sup>17</sup> Moreover, the cost of entry-level homes continues to be out of reach for the majority of prospective buyers with incomes 70 percent or less of area median income.<sup>18</sup> Home prices are still elevated in some areas of Indiana, specifically southern Indiana. Similarly, housing prices in southeast Connecticut continued to rise over the past six months, though at a more moderate pace than seen in prior years.<sup>19</sup>

***Council members highlighted several region-specific drivers of lack of affordability and tightened conditions in local housing markets:***

- Artificial intelligence companies investing in San Francisco over the past year have attracted more tech workers to the area, thereby driving up rent and average home prices.<sup>20</sup>
- Rising property insurance premiums and property tax assessments, which do not fully account for affordability restrictions, in coastal Florida can unintentionally undermine affordable housing programs.
- Kansas homeowners are potentially carrying a disproportionate property tax burden relative to commercial properties.<sup>21</sup>
- In Oklahoma, a Council member observed an increased demand for home equity lines of credit (HELOCs) over the past six months. The predominate purpose has been for home improvement, but banks are seeing a growing number of requests for HELOCs for debt consolidation purposes.
- Construction growth in Tulsa, Oklahoma, continues to slow for the seventh consecutive quarter.<sup>22</sup>
- In Indiana, population growth and job creation place pressure on the availability of workforce housing across the state.<sup>23</sup>
- There is waning willingness from owners in Missouri to sell in a market where housing prices seem to be rising, whereas the quality of the housing is not increasing.

<sup>17</sup> Minnesota Housing Partnership's, 2026 State Housing Profile, <https://mhponline.org/2026-state-profile/>.

<sup>18</sup> See 2019–2023 IPUMS ACS, <https://usa.ipums.org/usa/>.

<sup>19</sup> CT DOL, Hearst Media, NBC Connecticut, CT Mirror, CT Insider, Zillow.

<sup>20</sup> Sophia Rerucha, "AI is pushing S.F. rents higher and higher. Here's How Tenants Are Dealing," *Mission Local*, February 24, 2026, <https://missionlocal.org/2026/02/san-francisc-rents-ai-boom-tenants/>.

<sup>21</sup> Dale Hogg, "Kansas Homeowners Carry Bigger Tax Burden than Commercial Property Owners," *Kansas Reflector*, February 25, 2026, <https://kansasreflector.com/2026/02/25/kansas-homeowners-carry-bigger-tax-burden-than-commercial-property-owners/>.

<sup>22</sup> Kathryn McNutt, "Rental Markets Remain Competitive in Oklahoma City and Tulsa," *The Journal Record*, January 4, 2026, <https://journalrecord.com/2026/01/04/rental-markets-okc-tulsa-2025/>.

<sup>23</sup> Indiana LEDO, <https://iedc.in.gov/resources/organizations/economic-development-organizations>.

- Migration of people from higher-cost regions such as Greater Boston to further out in New England, such as New Hampshire, is resulting in strong demand for housing.

***Homeownership: signs of a “buyer’s market?”***

Even as many regions have faced significant affordability challenges, elsewhere, housing dynamics are shifting to favor the buyer. In Austin, home prices eased since the September 2025 Community Advisory Council meeting as supply has increased.<sup>24</sup> However, much of the new supply is priced at levels more accessible to moderate-income households, contributing to a split market in which housing availability has improved for some income groups but remains constrained for very low-income households.<sup>25</sup> In Oklahoma City, over 20 percent of all active listings carried a price reduction,<sup>26</sup> and in Tulsa, there are indications that the housing market has transitioned from a seller’s to a buyer’s market.<sup>27</sup> On the West Coast, housing listings in the Pacific Northwest are taking longer to sell and inventory is increasing, suggesting softer demand.<sup>28</sup>

Several Council members noted lending on the housing side showing signs of improvement. Through late February 2026, a financial institution in Washington state reported seeing greater than projected loan origination volume. This growth in lending may be driven in part by the strong performance of commercial multifamily properties representing the majority of new loan requests.

***Regional and local strategies to increase housing supply and affordability***

Within a tight market for low-income renters and homebuyers, local solutions are at work to ease supply and affordability.

In reference to San Francisco, a member described “a set of rezoning ordinances, which would change the landscape of the city and could add tens of thousands of housing units.”<sup>29</sup> In Minnesota, proposed legislation expands emergency rental assistance by \$40 million.<sup>30</sup>

In Austin, there has been notable new affordable-housing pipeline activity since the last Council meeting. In February 2026, the Austin City Council supported several low-income housing tax credit (LIHTC) applications expected to generate hundreds of units of income-restricted housing across multiple

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<sup>24</sup> “Central Texas Housing Reports,” Austin Board of Realtors (ABOR), <https://www.unlockmls.com/stats>.

<sup>25</sup> City of Austin Housing Gap Analysis, Housing and Planning Committee Meeting Transcript, <https://services.austintexas.gov/edims/document.cfm?id=467516>.

<sup>26</sup> “Real Estate Market Trends in Oklahoma City, OK: Prices Fall,” Realtor.com, March 21, 2026, <https://finance.yahoo.com/markets/stocks/articles/real-estate-market-trends-oklahoma-150832408.html>.

<sup>27</sup> “Real Estate Market Trends in Tulsa, OK: Prices Fall,” Realtor.com, March 20, 2026, <https://finance.yahoo.com/markets/stocks/articles/real-estate-market-trends-tulsa-223832214.html?guccounter=1>.

<sup>28</sup> Redfin, Realtor.com, Zillow.

<sup>29</sup> KTVU Staff, “Lurie’s Family Zoning Plan approved by majority of San Francisco supervisors,” KTVU FOX 2, December 2, 2025, <https://www.ktvu.com/news/luries-family-zoning-plan-approved-majority-san-francisco-supervisors>.

<sup>30</sup> Minnesota Legislature, H. F. No. 1141, <https://www.revisor.mn.gov/bills/94/2025/0/HF/1141/versions/ccr/A/>.

districts, many targeting 30 to 60 percent of MFI households.<sup>31</sup> The city is also relying more heavily on publicly controlled land and layered subsidy financing to achieve deeper affordability.<sup>32</sup> In Delaware, efforts include statewide changes to policies intending to ease burdens on commercial developers, as well as affordable housing projects led by grassroots local developers or nonprofits.

In Missouri, a partnership among a major homebuilder, a community foundation, and a regional community development corporation built 178 single-family homes in one subdivision and is offering downpayment and other forms of purchase assistance to LMI buyers.<sup>33</sup>

***Some innovative solutions also emerged:***

- In Minnesota, taxpayers can contribute to housing in their community by designating their contribution to a specific project and receiving a state tax credit equal to 85 percent of the total contribution.<sup>34</sup>
- In Kansas, modular and prefabricated housing partnerships reduce construction costs and timelines while expanding the supply of attainable housing.<sup>35</sup>
- In New England, many cities and towns are allowing for more density and use of accessory dwelling units to ease housing pressures.
- In Oklahoma, new affordable multifamily units will be 100 percent solar powered with cost savings passed directly on to the tenants to help them manage rising living expenses.<sup>36</sup>
- Delaware will absorb the cost of a traffic study if at least 15 percent of units are affordable to renters making a certain percentage of the area median income.<sup>37</sup>
- A developer training program in Delaware enables “residents and people committed to revitalizing [the community] to become developers of their own neighborhood” through quality, community-focused real estate development training and financing options. The program’s

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<sup>31</sup> “6 Affordable Housing Proposals Receive Support from Austin City Council for Competitive LIHTC Funding Applications,” City of Austin, February 5, 2026, <https://www.austintexas.gov/housing/news/6-affordable-housing-proposals-receive-support-austin-city-council-competitive-lihtc>.

<sup>32</sup> “AHFC Strategy for Developing Vacant Land for Affordable Housing,” City of Austin, January 23, 2026, <https://services.austintexas.gov/edims/document.cfm?id=466483>.

<sup>33</sup> Kate Marijolic, “McBride Homes to Invest \$52M, Partner with 2 Nonprofits, for 178-Home North Country Redevelopment,” KDSK, February 5, 2026, <https://www.ksdk.com/article/news/local/mcbride-homes-invest-52m-partner-2-nonprofits-north-county-redevelopment/63-5e5e3b93-a4ff-4784-8537-bec69cb35320>.

<sup>34</sup> Minnesota Housing, State Housing Tax Credit (SHTC) Program, <https://www.mnhousing.gov/home/rental-housing/housing-development-and-capital-programs/deferred-loans-and-grant-programs/state-housing-tax-credit-shtc>.

<sup>35</sup> Matthew Self, “SENT Forms New Partnership to Bring Affordable Housing to Manhattan Area,” ksnt.com, March 6, 2026, <https://www.ksnt.com/news/local-news/sent-forms-new-partnership-to-bring-affordable-housing-to-manhattan-area/>.

<sup>36</sup> Bailey Coyle, “127-Unit Affordable Housing Project Breaks Ground in North Tulsa after Years of Delay,” Fox23, January 8, 2026, [https://www.fox23.com/news/127-unit-affordable-housing-project-breaks-ground-in-north-tulsa-after-years-of-delays/article\\_209a6256-135f-481c-9a5d-26e8efe4cd20.html](https://www.fox23.com/news/127-unit-affordable-housing-project-breaks-ground-in-north-tulsa-after-years-of-delays/article_209a6256-135f-481c-9a5d-26e8efe4cd20.html).

<sup>37</sup> Olivia Marble, “To Push Affordable Housing, Gov. Meyer Eases Road Upgrade Rules,” *Spotlight Delaware*, March 13, 2026, <https://spotlightdelaware.org/2026/03/13/to-push-affordable-housing-gov-meyer-eases-road-upgrade-rules/>.

success resulted in its replication across two Delaware counties.<sup>38</sup> Federal Home Loan Banks (FHLB) have played a role in increasing access to low-cost capital to support housing production. For instance, the FHLB Des Moines recently launched a new voluntary program: “0% Advance Rate to Support Housing Affordability.”<sup>39</sup>

## Labor Market Conditions

Council members reported three key labor market themes:

- Some geographic areas, particularly rural communities, are struggling to attract skilled workers.
- Job seekers, especially those seeking specialized roles or facing multiple barriers to employment, are challenged by lengthy hiring processes and lower wages.
- Local innovations, including training programs and employer-connected talent systems for young adults, work to meet labor force demands.

### ***A skilled worker shortage and other structural factors affect business growth***

In the Northeast, suburban facilities are attracting skilled rural residents because of the likelihood of better compensation. As a result, skilled labor is becoming scarcer and more expensive in rural areas, particularly for specialty crops that require more manual maintenance and harvest work. Similarly, in Indiana, employers across manufacturing, construction, logistics, and technical services report ongoing difficulty recruiting experienced skilled trades and technical professionals.

With the potential to further contribute to worker shortages, in some areas, increasing activities to recruit new business are creating a strong demand for labor. This hiring activity is happening in southeast Georgia, where unemployment is around 3.3 percent.<sup>40</sup>

In New Hampshire, persistent housing shortages are now affecting workforce recruitment and retention, particularly in health care, education, and skilled trades, and are increasingly viewed as a constraint on economic growth and community stability.<sup>41</sup> However, New Hampshire’s labor market remains comparatively strong but shows clear signs of cooling after several years of extreme tightness as job growth has slowed and employers are hiring more cautiously.<sup>42</sup>

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<sup>38</sup> Jumpstart Wilmington: Creating Opportunities One Property at a Time in Wilmington, Delaware, <https://jumpstartwilmington.org/>; Madd Lauria, “Jumpstart Sussex Trains Developers to Fill Affordable Housing Gap,” *Delaware Business Times*, April 2, 2026, <https://delawarebusinesstimes.com/insider-only/jumpstart-sussex-trains-developers/>.

<sup>39</sup> “Housing Affordability Advance,” FHLB Des Moines, <https://www.fhlbdm.com/products-services/advances/housing-affordability-advance/>.

<sup>40</sup> “Georgia Labor Force Estimates,” Georgia Department of Labor, March 2026, <https://dol.georgia.gov/document/press-release/civilian-labor-force-estimates/download>.

<sup>41</sup> NH Fiscal Policy Institute (NHFPI).

<sup>42</sup> Phil Sletten, “Headwinds Hit the New Hampshire Economy,” New Hampshire Fiscal Policy Institute, August 27, 2025, <https://nhfpi.org/resource/headwinds-hit-the-new-hampshire-economy/>.

***Labor—job hunters face difficulty***

Despite the worker shortages affecting many communities, Council members reported that some prospective employees—especially those facing multiple barriers to employment—face significant challenges securing a job.

Hiring timelines for specialized roles have lengthened and wage pressures remain elevated for certain occupations in Indiana. These jobs include semiconductor design and related advanced electronics engineering as well as certain advanced manufacturing roles requiring both domain expertise and automation/controls knowledge.

Delaware’s workforce continues to face high unemployment. As of February 2026, in Delaware, the unemployment rate was 5.4 percent, higher than national average with Wilmington and Dover having even higher rates, at 7 percent.<sup>43</sup>

Meanwhile, in Washington state, higher costs for household expenses like transportation, insurance, and housing reduce flexibility and make job changes, variable hours, or short-term income disruptions harder to manage. Two Council members note housing affordability has become a constraint on workforce recruitment and retention in Florida and greater Minnesota. In Florida, workers increasingly commute from surrounding counties where housing costs are lower. In greater Minnesota, jobs are going unfilled because there is an insufficient supply of housing for new workers in many communities.

Another member commented that childcare continues to be an impediment for workers in Indiana: two or three years ago, the lack of childcare centers was the issue. Today, it is affordability.

***As part of a special question, Council members were asked to share examples of what educators, employers, and other community partners are doing to improve career pathways for young adults. What new approaches, programs, and partnerships are emerging in their communities?***

Responses highlighted the need for partnerships, which often included philanthropy and employers; alignment with local workforce needs; and intentional engagement starting in the primary grades and extending through young adulthood.

In the Pacific Northwest, educators, employers, and community partners are collaborating to align training programs with workforce demand. Community support organizations have invested in earn-and-learn programs, paid internships, and on-the-job training to reduce financial barriers for young adults. These approaches create clearer, more accessible pathways that connect young adults to employment and stable careers.

In Delaware, the governor established the Office of Workforce Development. Under the Delaware Department of Labor, the office works alongside other state entities, businesses, schools, and labor groups to “align training programs with current industry needs,” including increasing access to apprenticeships, certifications, and online training.

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<sup>43</sup> Katie Tabeling, “Delaware’s February Unemployment Rate Sticks at 5.4%,” *Delaware Business Times*, April 22, 2026, <https://delawarebusinesstimes.com/news/february-2026-labor-report/>.

In Indiana, an employer-connected talent system for young adults focuses on retention and advancement, as well as access and entry. One aspect of the system provides a proven, employer-sponsored pathway where companies invest in their employees to earn a degree with structured support, aimed at strong retention and a clear return on investment for both the employer and the individual. Another aspect creates early connection points by linking graduating high school students and adult learners to job opportunities, career exposure, and work-based experiences.<sup>44</sup>

Northwest Florida has seen increased collaboration between educational institutions, workforce agencies, and employers to strengthen career pathways for young adults. One regional college is expanding career-technical education programs aligned with workforce demand in construction, health care, advanced manufacturing, and technical trades. The region also benefits from a program to retain separating military personnel in the region.<sup>45</sup>

The concept of career-connected learning is gaining traction among schools through partnerships with businesses in Ohio. Historically, this approach was accomplished through career technical education programs within schools; more recently, however, the approach has taken the form of transforming the entire school, with education delivered through a career-themed lens and very active school-business partnerships.<sup>46</sup> In one of Ohio's public school systems, a program called Essential Experiences takes elementary school students to certain cultural institutions to explore the related careers with links to the classroom curriculum and tie that to the curriculum through classroom lessons.<sup>47</sup>

In St. Louis, a large private foundation has launched a regional partnership to explore, invest in, and test means to support low-wage earners with access to quality jobs. The partnership includes multiple local foundations, mid-large corporations, vocational and higher education institutions, workforce development organizations, economic development agencies, and representatives from the population that the effort is intended to benefit.<sup>48</sup> A school district recently announced an expansion to their career and technical education program to include HVAC, machinery, audio/visual, automotive, electrical, and culinary trades.<sup>49</sup>

Educators, employers, and community partners are co-designing career pathways, which softens the line between classroom learning and real-world work in Kansas. Rather than relying solely on traditional

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<sup>44</sup> Indiana LEDO & Local Indiana Community College Representative.

<sup>45</sup> T.S. Strickland, "New Data Underscores, Northwest Florida's Military-to-Civilian Talent Pipeline," WUWF, August 18, 2025, <https://www.wuwf.org/text/local-news/2025-08-18/new-data-underscores-northwest-floridas-military-to-civilian-talent-pipeline>.

<sup>46</sup> "Fact Sheet: Bolstering Student Attendance, Engagement, and Success Through Career-Connected Learning," United States Department of Education, <https://files.eric.ed.gov/fulltext/ED665666.pdf>; "Career-Connected Learning Can Improve Student Success and Strengthen the Economy," Education Finance Council, [https://www.efc.org/wp-content/uploads/2025/03/ResearchBrief\\_EFC\\_Career-ConnectedLearning.pdf](https://www.efc.org/wp-content/uploads/2025/03/ResearchBrief_EFC_Career-ConnectedLearning.pdf); *A Launchpad for Life: A Vision for Purposeful Pathways for All Students*, Education First, <https://www.education-first.com/insights/our-resources/commission-on-purposeful-pathways/>.

<sup>47</sup> "Essential Experiences<sup>SM</sup>," GAR Foundation, <https://www.garfoundation.org/ee>.

<sup>48</sup> "Growing an Economy That works for All," Inclusive Prosperity Partnership, <https://ippstl.org/>.

<sup>49</sup> "East St. Louis School District Breaks Ground on Education Facility Expansion," ksdk.com, March 23, 2026, <https://www.ksdk.com/video/news/east-st-louis-school-district-breaks-ground-on-education-facility-expansion/63-ec89bcc6-bfb7-4ee0-9d2a-fac49169e44f>.

coursework, students work on real challenges sourced from businesses, nonprofits, and public sector organizations.<sup>50</sup>

In Delaware, employers are putting great emphasis on soft skills and critical thinking as paramount for the next generation's work; those desired traits are starting to show up in educational models around the state. To that end, one technical and community college in the state integrated empathy and communication training into its health-care and paramedic programs.

Meanwhile, in Oklahoma, 29 CareerTech districts exist statewide. The CareerTech system works to prepare students who may not be college bound to obtain meaningful job skill training to succeed post high school.<sup>51</sup>

### **Additional Matters**

- Federal funding cuts perpetuate shortfalls and undermine planning, resulting in budgetary constraints for local governments, state-level infrastructure improvements, and rural health care.
- Data centers emerge as sources of localized concern.

### ***Adapting to changes in federal funding***

Multiple Council members noted concerns in their regions regarding changes to federal funds as some sunset and other funding sources are affected by more recent fiscal policy changes. These events create significant challenges for nonprofit organizations and the communities they serve.

There are significant budgetary constraints facing local governments large and small in Missouri, as spending limits are reached for some federal funds. This changing fiscal picture is leading governments to substantively explore mergers and larger system streamlining and collaboration across jurisdictions.

Another member shared that infrastructure improvements in Indiana are requiring debt as federal funding has slowed, putting a heavier burden on state programs for lending.

A Council member in St. Louis described gaps in federal support needed for recovery efforts stemming from an August 2025 tornado. This funding shortage has led to the deterioration of damaged homes and families continuing to relocate.

One area of particular concern to LMI and rural communities in Oklahoma is the effect of funding cuts on health insurance access and rural hospitals. The Oklahoma Hospital Association estimated that the proposed federal cuts would reduce reimbursements to Oklahoma hospitals by \$6.7 billion over the next decade.<sup>52</sup>

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<sup>50</sup> "Student Professional Study Programs," CAPS Network, <https://yourcapsnetwork.org/>.

<sup>51</sup> "Oklahoma CareerTech," Oklahoma Department of Career and Technology Education, <https://oklahoma.gov/careertech.html>.

<sup>52</sup> Jillian Taylor, "Oklahoma Lawmakers Explore Impacts of Federal Cuts to Medicaid in Interim Study," KGOU, October 15, 2025, <https://www.kgou.org/health/2025-10-15/oklahoma-lawmakers-explore-impacts-of-federal-cuts-to-medicaid-in-interim-study>.

***Uncertainty and pushback around data centers***

The topic of data centers came up for multiple Council members, as these developments—often located in smaller communities—present complex job opportunity and resource usage dilemmas. One Council member described increasingly strong demand among electrical equipment suppliers due to the expansion of data centers, while also noting concerns around the impact of data centers on electricity costs for the local community and environment, with ongoing research needed on the environmental effects of electromagnetic pulses. This concern was echoed by another member noting that in the power sector, rural electric cooperatives and other market participants are grappling with a rapidly emerging supply–demand imbalance in the industry driven by investment in artificial intelligence and the proliferation of data centers.

While new and large data center proposals are emerging across St. Louis from urban to rural communities, there is community pushback and municipal uncertainty around zoning and regulation. Similarly, a *Consumer Reports* survey revealed widespread concern about the effect of data centers on household energy bills with 78 percent of respondents indicating they were at least somewhat concerned that their energy bills will increase because of data centers being built nationwide.<sup>53</sup> Beyond the concerns associated with these investments as one-off transactions, some Council members noted the potential for data centers to become part of a broader and longer-term economic development strategy.<sup>54</sup>

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<sup>53</sup> Consumer Reports, “New Survey From Consumer Reports Finds Majority of Households Strained by Energy Bills, Concerned over Data Centers’s Impact on Bills,” press release, March 11, 2026, [https://advocacy.consumerreports.org/press\\_release/new-survey-from-consumer-reports-finds-majority-of-households-strained-by-energy-bills-concerned-over-data-centerss-impact-on-bills/](https://advocacy.consumerreports.org/press_release/new-survey-from-consumer-reports-finds-majority-of-households-strained-by-energy-bills-concerned-over-data-centerss-impact-on-bills/).

<sup>54</sup> Daniel Goetzl, Mark Muro, and Shriya Methkuppally, *Turning the Data Center Boom into Long-Term, Local Prosperity* (Brookings, February 6, 2026), <https://www.brookings.edu/articles/turning-the-data-center-boom-into-long-term-local-prosperity/>.