

metropolitan areas, covering 36 percent of the metropolitan population, 51 percent of the OMB-defined central city population, and 23 percent of the suburban population. In rural (non-metropolitan) areas, the underserved area definition includes 3,160 tracts, or 21 percent of the total 15,045 rural tracts, which covers 21 percent of the rural population.⁵⁵

Underserved tracts are substantially more distressed than served tracts. Poor persons are highly concentrated in underserved areas—64 percent of the metropolitan area poor live in underserved areas as do 76 percent of the central city poor. Underserved areas have higher poverty rates, higher minority concentration, lower incomes, and

⁵⁵The Preamble discusses issues related to the choice of tracts or counties to define underserved areas in non-metropolitan sections of the country.

higher unemployment rates. For instance, the average poverty rate in underserved areas is 23 percent, compared with only 7 percent in served areas. Underserved areas also have more boarded-up units, older housing, and lower valued housing than do served areas. The average value of owner-occupied housing in underserved areas was \$81,681, compared with \$127,423 in served areas. (See Table B.3 in Section B.)

Table B.7 shows that the Secretary's definition covers most of the population of the nation's most distressed OMB-defined central cities: Newark (99 percent), Detroit (94 percent), Hartford (95 percent), Baltimore (85 percent), and Cleveland (80 percent). The nation's five largest cities also contain large concentrations of underserved areas: New York (60 percent), Los Angeles (68 percent), Chicago (72 percent), Houston (66 percent), and Philadelphia (69 percent). It should be

noted that HUD's definition of underserved excludes high minority tracts with median income above 120 percent of area median income. As shown in Table B.8, these tracts, which represent about two percent of metropolitan area population, appear to be relatively well off: they have low levels of poverty (7 percent), high house values (\$185,000), and incomes almost 50 percent greater than area median. The high income minority tracts are concentrated in a few metropolitan areas: 10 percent of Los Angeles' population lives in them; the corresponding figures are 6% for New York, 24% for Miami, 26% for Honolulu, and 10% for San Antonio. By contrast, most relatively distressed metropolitan areas have few households in such areas—for example, Cleveland and Detroit (1%); and Memphis, Milwaukee, and Philadelphia (0%).

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