

# NEIGHBORHOOD FINANCIAL HEALTH (NFH) INDEX: SOURCES AND METHODOLOGY

## NEIGHBORHOOD FINANCIAL HEALTH (NFH) GOALS AND INDICATORS

| Goal  | Priority  | Indicator                                      | Definition   |
|---|-----------|--|--|
| <b>1. ACCESS TO AFFORDABLE, HIGH-QUALITY FINANCIAL SERVICES</b> | Primary   | Bank/Credit Union-to-Nonbank Ratio             | Ratio of banks/credit unions to check cashers/pawnshops  |
|   |           | Bank/Credit Union Density                      | Number of bank and credit union branches per 10,000 residents  |
|   | Secondary | IDNYC Acceptance                               | Percentage of bank and credit union branches that accept IDNYC as primary ID   |
|   |           | Mortgage Origination by Race                   | Racial/ethnic mix of mortgage loans originated in the past year  |
|   |           | Bank/Credit Union Utilization                  | Percentage of residents with a bank or credit union account  |
|   | Tertiary  | Affordable Products                            | Percentage of bank and credit union branches offering checking accounts that meet the requirements of New York's basic banking law |
|   |           | Mobile Banking Utilization                     | Percentage of residents who used mobile banking in the past year   |
| <b>2. ACCESS TO AFFORDABLE, HIGH-QUALITY GOODS AND SERVICES</b> | Primary   | Access to Groceries                            | Supermarket square footage per 100 residents   |
|   | Secondary | Child Care Capacity                            | Percentage of 3- and 4-year-olds enrolled in early education programs  |
|   |           | Health Care Access                             | Percentage of adults who did not receive needed medical care in the past year  |
|   | Tertiary  | Cost of Transportation                         | Average (mean) amount of money spent monthly on transportation per household   |
|   |           | Cost of Transportation                         | Percentage of median household income spent on transportation  |
|   |           | Journey to Work Time                           | Average (mean) travel time to work in minutes  |
| <b>3. ACCESS TO QUALITY JOBS AND INCOME SUPPORTS</b>            | Primary   | Job Training and Placement Support             | Number of job training and placement programs per 10,000 unemployed residents  |
|   |           | Jobs with Health Insurance                     | Percentage of the population that has private health insurance through a current or former employer or union                       |
|   | Secondary | Labor Force Participation                      | Percentage of noninstitutionalized residents age 16 or older who are employed or looking for work                                  |
|   |           | Job Quality                                    | Median income of neighborhood residents (with 5 or more years housing tenure)  |
|   |           | Educational Attainment                         | Percentage of high school students who graduate on time (within 4 years)   |
|   | Tertiary  | Public Benefits Utilization                    | Percentage of people eligible for SNAP <sup>1</sup> who receive the benefit  |
|   |           | Tax Credit Utilization                         | Percentage of eligible Tax Units claiming EITC <sup>2</sup>  |
| Adults with High School Diploma                                 |           | Percentage of adults with a high school degree |  |

<sup>1</sup> Supplemental Nutrition Assistance Program (SNAP).

<sup>2</sup> Earned Income Tax Credit (EITC).

| Goal  | Priority  | Indicator  | Definition   |
|---|-----------|--|--|
| <b>4. STABLE HOUSING AND CAPACITY TO LIMIT FINANCIAL SHOCKS</b> | Primary   | Ability to Borrow at Low Cost                        | Percentage of residents with a prime credit score  |
|   |           | Housing Stability                                    | Percentage of rental housing units that are under regulatory protection                      |
|   | Secondary | Health Insurance Access                              | Percentage of residents with health insurance  |
|   |           | Rent Burden  | Percentage of households that pay more than 30% of income on rent                            |
|   |           | Severe Rent Burden                                   | Percentage of households that pay more than 50% of income on rent                            |
|   | Tertiary  | Home Foreclosures                                    | Number of pre-foreclosure notices issued per 1,000 1-4 family homes and condominium units    |
|   |           | Financial Counseling                                 | Full-time equivalent counselors per 100,000 residents aged 18-64                             |
| <b>5. OPPORTUNITIES TO BUILD ASSETS AND PLAN FOR THE FUTURE</b> | Primary   | Homeownership Opportunity                            | Percentage of housing units that are owner-occupied  |
|   |           | Neighborhood Tenure                                  | Percentage of residents who have lived in their homes for 10 or more years                   |
|   | Secondary | Minority and Women-Owned Business Enterprise (M/WBE) | Number of NYC certified M/WBEs per 100,000 residents   |
|   |           | Retirement Security                                  | Median income-to-poverty line ratio of residents aged 65 and older                           |
|   |           | Community Efficacy                                   | Number of community and public institutions per 10,000 residents                             |
|   | Tertiary  | Small Business Employment Opportunity                | Percentage of jobs in small businesses (less than 20 employees)                              |
|   |           | Participatory Budgeting                              | Percentage of eligible residents casting a vote in most recent participatory budgeting cycle |

# DATA SOURCES FOR NEIGHBORHOOD FINANCIAL HEALTH (NFH) INDICATORS (2021)

## GOAL 1: ACCESS TO AFFORDABLE, HIGH-QUALITY FINANCIAL SERVICES

### **Bank/Credit Union-to-Nonbank Ratio**

Bank branch data was retrieved from the Federal Deposit Insurance Corporation's "Summary of Deposits," June 30, 2021.

Check Cashier locations were retrieved from the New York State Department of Financial Services, February 2022.

Pawn Shop locations were retrieved from NYC Open Data, "Legally Operating Businesses" table, May 2022.

Credit union branch data was retrieved from the National Credit Union Administration, May 2022.

### **Bank/Credit Union Density**

Bank branch data was retrieved from the Federal Deposit Insurance Corporation's "Summary of Deposits," June 30, 2021.

Credit union branch data was retrieved from the National Credit Union Administration, May 2022.

Population data was retrieved from the U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **IDNYC Acceptance**

Bank and credit union acceptance information was retrieved from the NYC Mayor's Office of Immigrant Affairs, March 2022.

### **Mortgage Origination by Race**

Home Mortgage Disclosure Act, 2020, Consumer Financial Protection Bureau.

### **Bank/Credit Union Utilization**

OFE's June 2019 replication of prediction model by Urban Institute's report "Where Are the Unbanked and Under-banked in New York City" (2015).

### **Affordable Products**

Affordable product data at bank branches derived from banks offering accounts that meet the NY Basic Banking requirements described in the New York City Comptroller's report "Take It to the Bank: A New Yorker's Guide to Affordable Checking Options" (2015).

Affordable product data at credit unions were based on desk research and phone surveys of New York City credit unions performed by OFE staff in 2018.

NY Basic Banking product requirements can be found at <http://www.dfs.ny.gov/consumer/brbba.htm>.

### **Mobile Banking Utilization**

Retrieved from ESRI (Environmental Systems Research Institute) report "Finances Market Potential" (2021).

## **GOAL 2: ACCESS TO AFFORDABLE, HIGH-QUALITY GOODS AND SERVICES**

### **Access to Groceries**

OFE's July 2022 replication of the NYC Department of City Planning and the NYC Mayor's Office of Food Policy's data on supermarket square footage using New York State "Retail Food Stores" data, available at: [data.ny.gov/Economic-Development/Retail-Food-Stores/9a8c-vfzj](https://data.ny.gov/Economic-Development/Retail-Food-Stores/9a8c-vfzj)

Population data retrieved from U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Child Care Capacity**

Derived from the U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Health Care Access**

Data was retrieved from the NYC Department of Health and Mental Hygiene's 2019-2020 "New York City Community Health Survey."

### **Cost of Transportation**

Transportation expenditure estimates and median household incomes were derived from ESRI's (Environmental Systems Research Institute) report "Household Budget Expenditures" (2021).

### **Journey to Work Time**

Derived from the U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

## **GOAL 3: ACCESS TO QUALITY JOBS AND INCOME SUPPORTS**

### **Job Training and Placement Support**

Job training and placement sites derived from three data sources:

- NYC Department of Small Business Services Workforce1 Centers, September 2022.

- NYC Employment and Training Coalition members provided in September 2022.

- NYC Open Data "NYCHA Resident Jobs Programs and Training" data set retrieved September 2022.

Unemployment data were retrieved from the U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Jobs with Health Insurance**

U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Labor Force Participation**

U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Job Quality**

U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Educational Attainment**

Retrieved from NYC Department of Education 2018-2019 Graduation Outcomes for the 2015 cohort via NYC Open Data.

### **Public Benefits Utilization**

Civis Analytics estimates for the Robin Hood Foundation of the EITC and SNAP eligible populations at the Public Use Microdata Area (PUMA) level for NYC. Report published July 15, 2016 using 2013 American Community Survey data for EITC and 2014 American Community Survey data for SNAP. Special thanks to the Robin Hood Foundation for their support with this data.

### **Tax Credit Utilization**

Civis Analytics estimates for the Robin Hood Foundation of the EITC and SNAP eligible populations at the Public Use Microdata Area (PUMA) level for NYC. Report published July 15, 2016 using 2013 American Community Survey data for EITC and 2014 American Community Survey data for SNAP. Special thanks to the Robin Hood Foundation for their support with this data.

### **Adults with High School Diploma**

U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

## **GOAL 4: STABLE HOUSING AND CAPACITY TO LIMIT FINANCIAL SHOCKS**

### **Ability to Borrow at Low Cost**

Data from 2018 purchased by OFE from Urban Institute, derived from a major credit bureau.

### **Housing Stability**

Microdata from New York City 2017 Housing and Vacancy Survey.

### **Health Insurance Access**

U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Rent Burden and Severe Rent Burden**

U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Home Foreclosures**

Data from 2020 from the NYU Furman Center's "CoreData.nyc."

### **Financial Counseling**

Based on OFE analysis of all free financial counseling and coaching provided by nonprofit and government organizations available in each community district in 2018.

Population numbers retrieved from U.S. Census American Community Survey 2012-2015 5-year Estimates via the American Fact Finder.

## **GOAL 5: OPPORTUNITIES TO BUILD ASSETS AND PLAN FOR THE FUTURE**

### **Homeownership Opportunity**

U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Neighborhood Tenure**

U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Minority and Women-Owned Business Enterprise**

Certified Minority- and Women-owned Business Enterprises (M/WBEs) retrieved from NYC Open Data, June 2022.

Population data pulled from U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Retirement Security**

U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Community Efficacy**

OFE analysis of community and public institutions data derived from National Center for Charitable Statistics IRS Business Master File of Tax-Exempt Entities for 2020, using National Taxonomy of Exempt Entities to determine community-efficacy related institutions.

Population data pulled from U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

### **Small Business Employment Opportunity**

Derived from U.S. Census Bureau's Longitudinal Employer-Household Dynamics Origin-Destination Employment Statistics Workplace Area Characteristics, 2019.

### **Participatory Budgeting**

Participatory Budgeting vote counts from the New York City Civic Engagement Commission's (CEC) 2021 Taskforce on Racial Inclusion and Equity (TRIE) focused on the participatory budgeting process.

Population data pulled from the U.S. Census Bureau's "2016-2020 American Community Survey Public Use Microdata Sample (PUMS) 5-year Estimates."

## **OTHER DEMOGRAPHICS**

**Median Income (Household):** U.S. Census American Community Survey Public Use Microdata Sample (PUMS) 2016-2020 5-year Estimate data.

**Poverty Rates:** NYC Government Poverty Measure, Mayors office of Economic Opportunity, 2015-2019

**Percent Asian, non-Hispanic:** U.S. Census American Community Survey Public Use Microdata Sample (PUMS) 2016-2020 5-year Estimate data.

**Percent Black, non-Hispanic:** U.S. Census American Community Survey Public Use Microdata Sample (PUMS) 2016-2020 5-year Estimate data.

**Percent Hispanic of Any Race:** U.S. Census American Community Survey Public Use Microdata Sample (PUMS) 2016-2020 5-year Estimate data.

**Other Race:** U.S. Census American Community Survey Public Use Microdata Sample (PUMS) 2016-2020 5-year Estimate data.

**Percent White, non-Hispanic:** U.S. Census American Community Survey Public Use Microdata Sample (PUMS) 2016-2020 5-year Estimate data.

# DATA SOURCES FOR NEIGHBORHOOD FINANCIAL HEALTH (NFH) INDICATORS (2018)

## GOAL 1: ACCESS TO AFFORDABLE, HIGH-QUALITY FINANCIAL SERVICES

### **Bank/Credit Union-to-Nonbank Ratio**

Bank branch data was retrieved from the Federal Deposit Insurance Corporation's Summary of Deposits, June 30, 2018.

Check casher locations were retrieved from the New York State Department of Financial Services, November 2018.

Pawnshop locations were retrieved from NYC Open Data, "Legally Operating Businesses" table, March 2019.

Credit union branch data was retrieved from National Credit Union Administration, November 2018.

### **Bank/Credit Union Density**

Bank branch data was retrieved from the Federal Deposit Insurance Corporation's Summary of Deposits, June 30, 2018.

Credit union branch data was retrieved from National Credit Union Administration, November 2018.

Population data was retrieved from U.S. Census American Community Survey 2012-2016 5-year Estimates via the American Fact Finder.

### **IDNYC Acceptance**

Bank and credit union acceptance information was retrieved from the NYC Mayor's Office of Immigrant Affairs, March 2019.

### **Mortgage Origination by Race**

Home Mortgage Disclosure Act, 2017, Consumer Financial Protection Bureau.

### **Bank/Credit Union Utilization**

Urban Institute, "Where Are the Unbanked and Under-banked in New York City", Caroline Ratcliffe, Signe-Mary McKernan, Emma Kalish, and Steven Martin (September 2015).

### **Affordable Products**

Affordable product data at bank branches derived from banks offering accounts that meet NY Basic Banking requirements in New York City Comptroller, "Take It to the Bank: A New Yorker's Guide to Affordable Checking Options." (2015).

Affordable product data at credit unions based on desk research and phone surveys of New York City credit unions performed by NYC Department of Consumer and Worker Protection Office of Financial Empowerment (OFE) staff in 2018.

NY Basic Banking product requirements can be found at:

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### **Mobile Banking Utilization**

Retrieved from ESRI (Environmental Systems Research Institute) Finances Market Potential report, 2018.

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### **Access to Groceries**

Data on supermarket square footage provided by the NYC Department of City Planning and the NYC Mayor's Office of Food Policy.

Population data retrieved from U.S. Census American Community Survey 2012-2016 5-year Estimates via the American Fact Finder.

### **Child Care Capacity**

Derived from Citizens Committee for Children of New York: Status of NYC Children Early Education Enrollment, 2017.

### **Health Care Access**

Data was retrieved from NYC Department of Health and Mental Hygiene's NYC Community Health Profiles, 2018.

### **Cost of Transportation**

Transportation expenditure estimate and median household income are derived from ESRI's (Environmental Systems Research Institute) Household Budget Expenditures report, 2018.

### **Journey to Work Time**

U.S. Census American Community Survey 2012-2016 5-year Estimates via NYC Planning Population FactFinder.

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### **Jobs with Health Insurance**

U.S. Census Public Use Microdata Sample for individuals, 2012-2016 5-year Estimates.

### **Labor Force Participation**

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### **Job Quality**

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### **Adults with High School Diploma**

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### **Ability to Borrow at Low Cost**

Data from 2017 purchased by OFE from Urban Institute, derived from Experian.

### **Housing Stability**

Microdata from New York City 2017 Housing and Vacancy Survey.

### **Health Insurance Access**

U.S. Census American Community Survey 2012-2016 5-year Estimates via NYC Planning Population FactFinder.

### **Rent Burden and Severe Rent Burden**

U.S. Census American Community Survey 2012-2016 5-year Estimates via NYC Planning Population FactFinder.

### **Home Foreclosures**

Data from NYU Furman Center – CoreData.nyc 2017.

### **Financial Counseling**

Based on OFE analysis of all free financial counseling and coaching provided by nonprofit and government organizations available in each community district in 2018.

Population numbers retrieved from U.S. Census American Community Survey 2012-2015 5-year Estimates via the American Fact Finder.

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### **Neighborhood Tenure**

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### **Minority and Women-Owned Business Enterprise**

Certified Minority- and Women-owned Business Enterprises (M/WBEs) retrieved from NYC Open Data, September 2018.

Population data pulled from U.S. Census American Community Survey 2012-2016 5-year Estimates via the American Fact Finder.

### **Retirement Security**

U.S. Census Public Use Microdata Sample for individuals, 2012-2016 5-year Estimates.

### **Community Efficacy**

OFE analysis of community and public institutions data derived from National Center for Charitable Statistics IRS Business Master File of Tax-Exempt Entities for August 2016, using National Taxonomy of Exempt Entities to determine community-efficacy related institutions.

Population data pulled from U.S. Census American Community Survey 2012-2016 5-year Estimates via the American Fact Finder.

### **Small Business Employment Opportunity**

Derived from U.S. Census Bureau's Longitudinal Employer-Household Dynamics Origin-Destination Employment Statistics Workplace Area Characteristics, 2015.

### **Participatory Budgeting**

Participatory Budgeting vote counts for the 6th cycle of voting (2016-2017) courtesy of the New York City Council.

Population data pulled from U.S. Census American Community Survey 2015 5-year Estimates via the American Fact Finder.

## **OTHER DEMOGRAPHICS**

**Median Income (Household):** ACS 2012-2016 5-year estimates, via NYC Planning Population FactFinder (<https://popfactfinder.planning.nyc.gov/>)

**Poverty Rates:** NYC Government Poverty Measure, Mayors office of Economic Opportunity, 2013-2017

**Percent Asian, non-Hispanic:** ACS 2012-2016 5-year estimates, via NYC Planning Population FactFinder (<https://popfactfinder.planning.nyc.gov/>)

**Percent Black, non-Hispanic:** ACS 2012-2016 5-year estimates, via NYC Planning Population FactFinder (<https://popfactfinder.planning.nyc.gov/>)

**Percent Hispanic of Any Race:** ACS 2012-2016 5-year estimates, via NYC Planning Population FactFinder (<https://popfactfinder.planning.nyc.gov/>)

**Other Race:** ACS 2012-2016 5-year estimates, via NYC Planning Population FactFinder (<https://popfactfinder.planning.nyc.gov/>)

**Percent White, non-Hispanic:** ACS 2012-2016 5-year estimates, via NYC Planning Population FactFinder (<https://popfactfinder.planning.nyc.gov/>)

# METHODOLOGY FOR NEIGHBORHOOD FINANCIAL HEALTH (NFH) INDEX

## INDEXING THE FIVE GOALS FOR FINANCIALLY HEALTHY NEIGHBORHOODS

The intent of the Neighborhood Financial Health Indicators is to provide a holistic perspective on the financial health of each community district that is more useful for diagnostic and prescriptive purposes than a narrow focus on several independent data points. The NYC Department of Consumer and Worker Protection Office of Financial Empowerment (OFE) considers the relationships between indicators and goals within a given community district and between community districts to be as important as the values of the indicators themselves in understanding the financial health of neighborhoods.

To render relationships, patterns, and trends more apparent, OFE synthesized the indicators through a ranking and indexing system. As with any method for summarizing information, OFE's ranking and indexing system inevitably smooths over some distinctions within the data while emphasizing others. OFE strove to reduce as much as possible any of this distortion by testing several ranking and indexing systems. OFE ultimately decided on an indexing methodology that relies on z-scoring (a measure of a given value's relative distance from the mean within a given data set) to normalize indicator values and compare across neighborhoods.

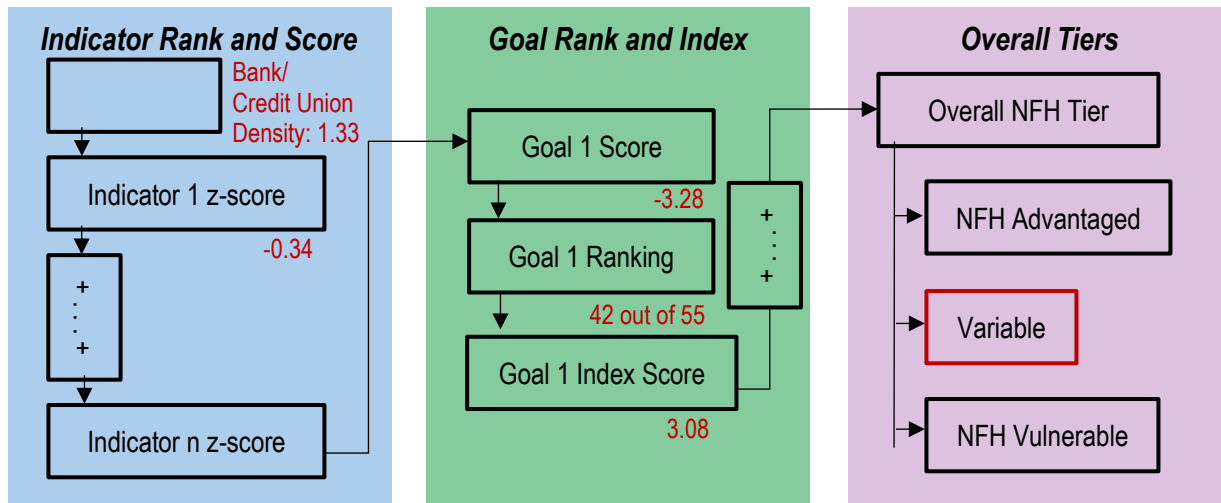
The bullets below describe in detail how OFE assigned its indices and ranks for each indicator and goal.

- For each indicator, the value of the indicator for each community district is normalized by assigning a z-score according to this formula:  $Z_{CD, I} = (X_{CD, I} - \mu_I) / \delta_I$ , where:
  - $Z_{CD, I}$  is the z-score for community district CD for indicator I
  - $X_{CD, I}$  is the value of indicator I for community district CD
  - $\mu_I$  is the mean value for indicator I
  - $\delta_I$  is the standard deviation for indicator I
- To produce a goal score for each community district, the z-scores of each indicator associated with the goal in question are summed together for each community district.
- To produce an index score for a given goal, the goal score of each community district is evaluated according to this formula:  $IS_{CD, G} = [(X_{CD, G} - \min_G) / (\max_G - \min_G)] * 10$ , where:
  - $IS_{CD, G}$  is the index score for community district CD for goal G
  - $X_{CD, G}$  is the goal score for community district CD for goal G
  - $\min_G$  is the minimum goal score of all community districts for goal G
  - $\max_G$  is the maximum goal score of all community districts for goal G

This method is a variation on “min-max” normalization and returns a range of index scores from 0 to 10.

- For each indicator, community districts are ranked according to standard competition ranking, such that the most desirable indicator value is ranked first and the least desirable ranked last. For some indicators, the most desirable value corresponds to the highest value. For others, it corresponds to the lowest value.
- For each goal, community districts are ranked according to standard competition ranking by their respective goal scores, such that the community district with the highest goal score is ranked first and the one with the lowest is ranked last.
- Rankings are not considered in any of the scoring or indexing calculations; they are produced only to give a quick reference for where a given community district falls relative to other community districts for a given indicator or goal.

## Neighborhood Financial Health (NFH) Index Example: Brooklyn Community District 3 (2021)



## MAPPING THE NEIGHBORHOOD FINANCIAL HEALTH INDEXES

On the Neighborhood Financial Health (NFH) Index Map, each map of the five different goals for financially healthy neighborhoods divides the neighborhoods by terciles—top third, middle third, bottom third—of NFH Index scores.

The overall NFH Advantages and Vulnerabilities map displays those neighborhoods that:

- rank in the top third of scores for at least four of five NFH goals (NFH Advantaged neighborhoods);
- rank in the bottom third of scores for at least four of five NFH goals (NFH Vulnerable neighborhoods);
- do not meet either criterion (Variable neighborhoods).