Gateways to Opportunity?
Neighborhood Trajectories of Massachusetts Residents
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The views expressed in this paper are those of the authors and do not necessarily represent those of the Federal Reserve Bank of Boston or the Federal Reserve System.
Abstract

Residents of high-poverty neighborhoods have disproportionately suffered adverse health, social, and economic effects of COVID-19. This brief offers insight into pre-pandemic conditions in high-poverty neighborhoods in Massachusetts, and in the gateway cities in particular, by describing differences in residential mobility and how this relates to exposure to neighborhood poverty from 2000 to 2016. We tracked residents who moved from high-poverty neighborhoods and found that while the majority of gateway city residents moved to lower-poverty neighborhoods, they did so less frequently than residents of high-poverty neighborhoods in the city of Boston or elsewhere in the state. The brief further considers both the research and the policy implications of our findings, particularly in light of the recent impacts of the pandemic on the gateway cities. We detail how our research can take a people-focused approach to placed-based interventions, including those that might occur in the post-pandemic period.

Introduction

The disproportionate impact of COVID-19 in high-poverty neighborhoods makes visible what researchers have long known: high-poverty neighborhoods disproportionately suffer adverse health, social, and economic outcomes. Prior to the COVID-19 pandemic, Massachusetts had lower poverty rates than the national average, but the number of people living in neighborhoods with poverty rates over 40% nevertheless doubled from 2000 to 2017. In the absence of effective health and economic intervention, the pandemic is likely to contribute to new pockets of persistent poverty, making research on transitions in and out of high-poverty neighborhoods particularly pressing.

This brief offers insight into conditions in the gateway cities prior to the pandemic by summarizing recent research we conducted examining residential mobility and neighborhood poverty in the gateway cities from 2000 to 2016. The brief then considers both the research implications of our methods and the policy implications of our findings, particularly in light of the recent impacts of the pandemic on the gateway cities. We detail how our research can take a people-focused approach to placed-based interventions, including those that might occur in the post-pandemic period.

Background

Recessions like the one induced by the current pandemic tend to increase neighborhood poverty. For example, the Great Recession of 2007–2008 increased concentrated neighborhood poverty: from 2000 to 2010, the percentage of people living in census tracts with poverty rates over 20% increased from 18.1% to 25.7% nationally. Moreover, macroeconomic recovery does not necessarily immediately translate into reduced neighborhood poverty; even in 2016, after seven years of economic recovery, rates of concentrated poverty remained above prerecession levels. The ongoing COVID-19 pandemic is also likely to reentrench neighborhood poverty because the relationship between health and poverty is self-reinforcing: infection rates are higher in high-poverty neighborhoods.
neighborhoods, and poverty is more likely for people who have recently experienced illness.7

In 2007, the Brookings Institute and Mass INC8 identified 11 cities9 that were home to high levels of neighborhood poverty.10 These former manufacturing centers have large immigrant and low-income populations, stocks of affordable housing, and well-established infrastructure,11 leading to their designation as “gateway cities” because of their historical potential to serve as gateways to the “American dream”.12 However, the gateway cities have struggled with both population and job loss.13 Although they had more recently begun to see population and economic revival, these cities have been particularly hard hit by COVID-19; as of July 1, 10 of the 11 gateway cities ranked in the 10% of Massachusetts cities with the highest rates of coronavirus infection.14

That these cities may serve as gateways to economic opportunity highlights a process that has received limited empirical examination: that residence in economically disadvantaged but affordable neighborhoods may actually promote later moves to more economically advantaged places. In a recent Federal Reserve Bank working paper, we developed a methodology for understanding how residents change neighborhoods and, in particular, for assessing the changes in neighborhood poverty levels associated with a move. Comparing the gateway cities with Boston and the rest of Massachusetts, we asked:

1. How many residents of Massachusetts in general and the gateway cities in particular moved out of high-poverty neighborhoods between 2000 and 2016?

2. When residents of high-poverty neighborhoods in the gateway cities moved, did they tend to move to lower-poverty neighborhoods or to neighborhoods of the same poverty level? How did these patterns compare with those who moved out of high-poverty neighborhoods elsewhere in Massachusetts?

3. For those who moved to lower-poverty places, did they stay in their new locations?

Data

We obtained residential move data for individuals from the Federal Reserve Bank of New York (FRBNY)/Equifax Consumer Credit Panel (CCP), a longitudinal panel that includes data for a 5% random, anonymized sample of all U.S. adults with a credit file.15 We drew neighborhood poverty rates from the decennial census and the American Community Survey (ACS). Given evidence of threshold effects in neighborhood poverty rates,16 we constructed categorical measures for low-poverty (< 5%) and high poverty (≥ 20%) following the Census Bureau’s designation of neighborhoods with 20% or higher poverty rates as “poverty areas,”17 commonly used to target interventions.18

Results

Moves Out of High-Poverty Neighborhoods

We first examined the relationship between residential moves and concentrated poverty for residents of the gateway cities in comparison with residents of Boston and elsewhere
in Massachusetts. We estimate that from 2000 to 2016 approximately 3,800,000 individuals moved at least once. Approximately 750,000, or about 20%, of those movers relocated from a neighborhood with over 20% poverty to a lower-poverty neighborhood—including more than 260,000 people from the gateway cities.

**Poverty Levels in Destination Neighborhoods**

First, high-poverty neighborhoods are unevenly distributed throughout the Commonwealth, with relatively fewer people moving from high-poverty neighborhoods outside of the gateway cities and Boston (Figure 1). Second, when residents of high-poverty neighborhoods moved, they most frequently moved to a lower-poverty neighborhood—a finding that holds for gateway cities residents, Boston residents, and residents elsewhere in Massachusetts. However, the probability of moving to a lower-poverty neighborhood was significantly lower in the gateway cities (60.8%) than in high-poverty neighborhoods in Boston (69.6%) or high-poverty neighborhoods elsewhere in Massachusetts (77.6%); this was a large and statistically significant difference, though further research is needed to understand why the difference exists. Because of the nature of the data, we can confidently conclude that something other than chance is causing these differences; however, this data alone cannot specify that cause or, possibly, causes. For that, we would need further study, including use of qualitative methods, to learn more about what events make it more probable that a Boston mover will move to a lower-poverty neighborhood than a gateway city mover.

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**Figure 1: Moves across Policy-Relevant Neighborhood Poverty Thresholds**

It is also not clear what the implications of these moves are for an individual’s long-term well-being. Although social scientists have well documented the adverse effects of exposure to neighborhood poverty, moves from high-poverty neighborhoods...
may not be beneficial if, for example, they reflect displacement from a rapidly gentrifying neighborhoods closer to Boston.

The Durability of Moves

Finally, we observed that the majority of people who moved out of high-poverty neighborhoods in Massachusetts made "durable" moves. That is, they remained in lower-poverty neighborhoods for at least five years, despite a statewide and national context of increasing poverty. However, moves out of gateway cities were significantly less durable than moves in Massachusetts overall; those who left high-poverty neighborhoods in the gateway cities had a 66.3% probability of remaining outside of a high-poverty neighborhood five years later, compared with 72% for movers originating in Boston and 73.7% elsewhere in Massachusetts. Nevertheless, of the residents of high-poverty neighborhoods in gateway cities who left those neighborhoods between 2000 and 2016, a majority made durable moves to lower-poverty neighborhoods despite a statewide and national context of increasing poverty concentration.

For individuals followed in our study, the durability of exits from high-poverty neighborhoods varies considerably across different cities (Figure 2). For example, while a person who moves out of a high-poverty neighborhood in Haverhill has a 23.1% chance of returning to a high-poverty neighborhood within five years, a person who makes a similar move starting from Springfield has a 40.8% chance of returning to a high-poverty neighborhood within the same span of time.

Our results highlight a need for further research to uncover the factors that foster durable moves out of poverty. However, we note that because we use consumer credit
data, we are unable to compare outcomes by race or ethnicity—an important gap given evidence that neighborhood attainment outcomes differ across racial groups.\textsuperscript{19} Our findings should also be interpreted cautiously, given the potential for selection bias in consumer credit data; that is, the CCP may lead us to underestimate the prevalence of households experiencing increasing or stable neighborhood poverty because it fails to account for “credit invisibles”—people who lack a social security number or credit history, estimated to comprise 11% of the population and to disproportionately reside in low-income areas.\textsuperscript{20} Nevertheless, mover flows estimated from the CCP are similar to those observed in gold-standard IRS data,\textsuperscript{21} and these data have thus been used to study mobility and neighborhood-level disadvantage in a number of previous studies.\textsuperscript{22}

**Policy Implications**

The places in which people live shape access to essential resources for wellbeing.\textsuperscript{23} Our study suggests that even prior to the COVID-19 pandemic, the residents of the gateway cities were less able than people elsewhere in Massachusetts to access places that held these resources—though a majority of those gateway city residents who moved out of high-poverty neighborhoods ended up making long-term moves to lower poverty neighborhoods. Given disparities in coronavirus infection rates in the gateway cities relative to the rest of the state, and because places are also a critical factor in how well people are able to weather a disaster like the pandemic,\textsuperscript{24} this research further underscores the need for targeted policies and assistance to disproportionately affected areas.\textsuperscript{25} Although we conducted our research prior to the pandemic, making it unlikely the relocation patterns we found would apply to mobility patterns during the pandemic, we note that the new context makes further study of entries into and exits from high-poverty neighborhoods particularly pressing because this period is likely to be highly disruptive and to disproportionately affect higher-poverty households.

Given the evidence that residents of high-poverty neighborhoods experience poorer health, educational, and economic outcomes even after accounting for individual characteristics,\textsuperscript{26} researchers are increasingly interested in identifying the neighborhoods that best foster these outcomes.\textsuperscript{27} This analysis indicated that residents starting in gateway city neighborhoods were less likely to move to lower poverty places than were residents who moved from other high-poverty Massachusetts neighborhoods. We note that this result does not imply that gateway city neighborhoods were causing disadvantage, because we are not able to directly examine the aspirations of households or the reasons behind their moves. It remains possible that gateway cities launched moves to neighborhoods that, although not lower poverty, were more desired along other important characteristics. We also cannot differentiate the extent to which these differences are attributable to differences in the effects of places versus differences in the composition of the populations in those places because our data do not include individual-level data on poverty rates or racial/ethnic characteristics. Moreover, many of those gateway city residents who moved out of high-poverty neighborhoods were able to stay out of high-poverty neighborhoods for at least five years—though differences in the durability of exits suggest important differences between cities. We note that our
Devising effective policies to provide neighborhood-based opportunity for individuals is complex. Our intention here was to create a method to track how individuals, through residential mobility, are exposed to neighborhoods with different levels of resources and to consider how these patterns vary by community. This work enabled us to establish some general facts about moves across different neighborhood types. Though the pandemic has disrupted the patterns we uncovered, its economic impacts highlight a continued need for policymakers to understand trends in residential mobility as the effects of the pandemic unfold, and for researchers to identify better data sets and methods to track these trends as they seek to understand the impact of policies designed to mitigate the pandemic’s effects. By taking steps toward tackling this complexity, stakeholders can work with households and communities to evaluate the effects of interventions on all people who resided in the targeted places during critical intervention periods.
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Endnotes


9 The “gateway cities” designation has since been expanded to include 15 additional cities. For the purposes of this study, we focus on the experiences of individuals in the 11 original gateway cities—Brockton, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, New Bedford, Pittsfield, Springfield, and Worcester—because of their high numbers of people in concentrated poverty and the emphasis, in the Gateway Cities report, on their role in fostering moves (Gateway Cities Innovation Institute, 2013).

10 For the purpose of this study, we operationalize neighborhoods as census tracts, small geographic areas that usually have a population between 2,500 and 8,000 persons. In the 2005–2009 American Community Survey, for example, the gateway cities accounted for 241 out of 1,356 census tracts (17.8%) in Massachusetts for which poverty rates were available. However, they were home to 32.5% of the 243 tracts with poverty rates over 20% and 55.3% of the 47 tracts with poverty rates over 40%.


18 A number of studies support a higher threshold of 40% or more for concentrated poverty (Wilson, W. J. (1987). *The truly disadvantaged: The inner city, the underclass, and public policy*. University of Chicago Press; Jargowsky, P. A. (1997). *Poverty and place: Ghettoes, barrios, and the American city*. Russell Sage Foundation; Jargowsky, P. A. (2013). Concentration of poverty in the new millennium: Changes in the prevalence, composition, and location of high-poverty neighborhoods. Century Foundation and Rutgers Center for Urban Research and Education), so our working paper includes tests of the robustness of our results to the use of different cutoffs for the policy-relevant neighborhood poverty thresholds (10%, 20%, and 40%). Results are robust to the use of these stricter cutoffs.


