



# ADDRESSING CONCENTRATED

The Federal Reserve/Brookings Institution study of concentrated poverty in America is out.<sup>1</sup> The findings suggest that despite certain differences, census tracts with a poverty rate of 40 percent or higher have a lot in common.<sup>2</sup> The 16 case studies cover a range of locations, including former industrial cities like Springfield, Massachusetts, rural areas, and Indian reservations. Generally, the rural case studies covered only one census tract, whereas urban case studies covered more. Brookings and individual Federal Reserve Banks worked together to identify understudied communities and communities in different settings. (See “The 16 Communities.”)

The communities were similar in that they faced challenges regarding jobs, housing, education, and the like. But the reasons that poverty became concentrated and the initiatives launched to address poverty often differed. The report’s authors hope that creating a “nuanced picture of concentrated poverty in America” will provide an informed starting point for policymakers.

## The National Study

The researchers chose a descriptive case-study method, one that combined quantitative data collection with qualitative interviews. Quantitative data came from sources such as the U.S. Census, the Bureau of Labor Statistics, and County Business Patterns. Qualitative data came from answers to agreed-on questions directed to interviewees and to focus groups involving community residents, schools, nonprofit organizations, law enforcement officials, and other stakeholders.

## Commonalities

Although the reasons poverty became concentrated varied, communities shared some common elements: for example, isolation, demographic change, and lack of workforce readiness. Sometimes the isolation had human causes, such as construction of highways and railroads. Other times it had natural causes. For example, rural communities like Martin County and the Blackfeet Reservation, already remote from population centers, were further cut off by mountains.

In still other cases, segregation caused the isolation. The report points to Latinos in East Austin, Texas, and African Americans in Northwest Milwaukee and West Greenville, North Carolina, who underwent a “forced settlement and/or experienced the negative impacts of redlining and exclusionary zoning.” Minorities ended up being cut off from the economic development going on around them.

A second common characteristic was demographic change. The researchers looked at the 30-year period between 1970 and 2000 and found that many communities experienced “a rise in immigrant households, a rise in single-parent families, or both.” Births to unmarried mothers tripled between 1970 and 2000. And in each case-study area, the number of single-parent households was higher than in the surrounding area.

Third, there was a lack of labor force readiness and little revitalization or reinvention. Postindustrial cities and rural counties with economies dominated by coal, for example, had serious job losses.



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A final common trait was the incremental nature of communities' descent into concentrated poverty, the result of trends such as economic restructuring, suburbanization, and public housing policy.

In West Fresno, downtown Cleveland, and East Austin, highways built as part of urban renewal cut off poorer neighborhoods. In Greenville, "thriving African American-owned businesses were relocated ... under the guise of 'urban renewal.' Very few of them survived," the report says. In Cleveland an interviewee noted, "The Cuyahoga Metropolitan Housing Authority located more than half of the county's public housing units within the Central Neighborhood." And Springfield residents mentioned the location of social service and low-income housing agencies in low-income neighborhoods—a situation not only resulting from poverty concentration but also tending to intensify it.

## Differences

Among the differences observed in areas of concentrated poverty, two stand out:

(1) historical experiences (segregation, loss of industry, economic restructuring, demographic change, and combinations of those factors) and (2) the economy in the surrounding areas. Although it was not entirely possible to separate the two, the report did try to consider them individually.

Both factors were involved in the immigration differences researchers observed. Communities such as Fresno, Miami, and South Texas experienced an influx of the foreign-born over the last several decades—newcomers that the report describes as risk-taking and generally hard-working. In the Little Haiti section of Miami, the new families were poorer than the existing population, and their arrival raised the poverty rate. In contrast, rural counties saw little immigration.

Another historical factor responsible for differences among case-study communities was public policy. In Native American communities such as the Blackfeet Reservation in Montana and CrownPoint in New Mexico, the potential for economic development was hindered by policies on land

ownership and resettlement. In communities such as Cleveland, El Paso, and Atlantic City, the policies causing poverty concentration had more to do with assigning public housing to specific neighborhoods.

In addition to those historical factors, the report noted the impact of the wider economic environment in which communities existed. Concentrated poverty in strong market areas (with their growing population, increased job opportunities, high demand for houses) is different from concentrated poverty in a weak market (characterized by population loss, lack of jobs, houses that buyers don't want).

East Austin and Little Haiti in Miami are located amid strong markets. The City of Austin saw house prices increase from 2000 to 2006, making housing for the poor in East Austin less affordable. The same was true in the strong market of Miami, where there had been a vigorous effort by the city to redevelop neighborhoods.

The challenges for the poor in those cities differ from the challenges in weak market cities like Springfield,



Springfield, Massachusetts, photographs: Kai-yan Lee

## The 16 Communities

The following communities were the focus of the case studies on concentrated poverty in America:

- Fresno, California:** West Fresno neighborhood
- Cleveland, Ohio:** Central neighborhood
- Miami, Florida:** Little Haiti neighborhood
- Martin County, Kentucky**
- Blackfeet Reservation, Montana**
- Greenville, North Carolina:** West Greenville
- Atlantic City, New Jersey:** Bungalow Park/Marina District
- Austin, Texas:** East Austin neighborhood
- McKinley County, New Mexico:** Crownpoint
- McDowell County, West Virginia**
- Albany, Georgia:** the East Albany neighborhood
- El Paso, Texas:** Chamizal neighborhood
- Springfield, Massachusetts:** Old Hill, Six Corners, and the South End neighborhoods
- Rochester, New York:** Northern Crescent neighborhoods
- Holmes County, Mississippi**
- Milwaukee, Wisconsin:** Northwest neighborhood

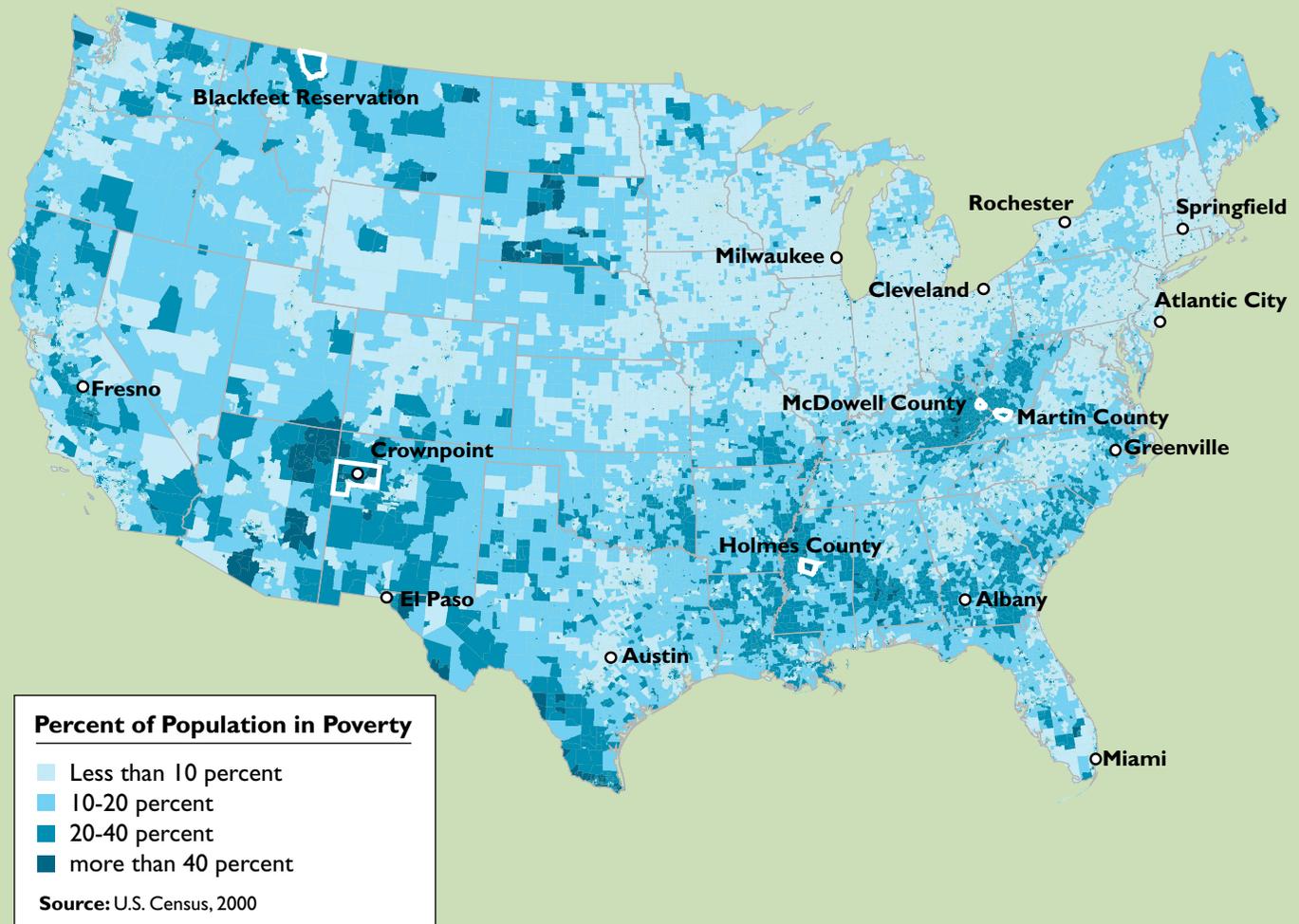
Rochester, and Milwaukee. When “there is no private [market and] little potential for private investment,” residents struggle harder to build assets.<sup>3</sup> In Springfield, interviewees contended that their home values were hurt by the weak market and would have been more saleable in another part of the city or in a different market.

And although the need for jobs was a common theme, the details varied. For some rural counties and Native American areas, isolation and a complete lack of economic diversity created the worst employment situation.

But in postindustrial cities like Springfield, Rochester, and Cleveland, the report noted the existence of jobs in “advanced manufacturing, higher education, health care, and financial services”—a consolation to the cities as they worked to replace manufacturing jobs, but not much consolation to unskilled workers.

Hence, although Springfield is home to a growing health-care sector anchored by a hospital, inner-city residents who have jobs in health care are employed in the lower-wage occupations.<sup>4</sup> In spite of the mismatch between available jobs and trained workers,

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Springfield is better positioned than, say, rural McDowell and Martin counties. At least there is some nearby economic activity on which to build.

## A Good Starting Point

The report is designed to help policymakers understand concentrated poverty and think about ways to address the issues.

For example, schools could use more attention. As early as elementary school, students living in concentrated poverty underperformed on standardized tests when compared with students in their larger metro region. (The only exception was Fresno.) Moreover, in nearly every case study at least 40 percent of the adult population lacked a high school diploma, which hurt efforts to build a skilled workforce and to combat unemployment.

The study found that the more collaboration there was between schools, families,

and other stakeholders, the more that local initiatives were successful. In Springfield, for example, an elementary school joined with Springfield College to create an ongoing initiative, the Springfield Partners Program. The program matches students with mentors who help with everything from homework to extracurricular activities. Students dine with their mentors at the college each week. And someone from the college takes them home, where a parent is required to be present.

The Federal Reserve Bank of Boston focused on Springfield, but its collaboration with researchers around the country produced insights that enriched overall understanding of concentrated poverty. The report should help policymakers formulate solutions that take into account the factors that are common in communities with concentrated poverty as well as the factors that depend on locale.

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## Endnotes

<sup>1</sup> *Concentrated Poverty: Observations from Communities Across the U.S.* (Washington, DC: Federal Reserve System, 2008).

<sup>2</sup> DeAnna Green, "Understanding Concentrated Poverty," *Communities & Banking* 18, no. 4 (fall 2007): 24-25.

<sup>3</sup> Peter Gagliardi, "Incentives for Urban Pioneers," *Communities & Banking* 18, no. 3 (summer 2007): 3-4.

<sup>4</sup> Paul N. Foster et al., *A Demographic and Economic Analysis of the City of Springfield* (West Springfield, Massachusetts: Pioneer Valley Planning Commission, 2006).