Neighborhoods of Choice and Connection

Presentation to the Welsh Assembly
February 2, 2005
Neighborhoods of Choice and Connection

I. What are neighborhoods of deprivation in the United States?

II. What are the impacts of these neighborhoods?

III. What strategies have been pursued in the U.S. to address areas of deprivation?

IV. Where should U.S. and British policy go from here?
What are neighborhoods of deprivation in the United States?

Defined by concentration of poverty

Substantial, but declining over the past decade

Vary across and within metropolitan areas

Vary across racial and ethnic groups
Concentrated poverty has emerged as the standard indicator for areas of deprivation.

A federally established poverty standard allows for uniform measurement across the nation.

There is strong evidence in the United States that the clustering of poor families in neighborhoods has negative effects.
Poverty is defined by the federal government as those individuals and households living below a certain income threshold.

The 2000 federal poverty standard for a family of four was $17,463, roughly £9,615.

To compare, median household income in 2000 was $41,994, roughly £23,120.
A high-poverty neighborhood is a census tract with an exceedingly high poverty rate

High-poverty neighborhoods will be defined here as those neighborhoods with a poverty rate greater than **30 percent**
What are neighborhoods of deprivation in the United States?

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Vary across and within metropolitan areas

Vary across racial and ethnic groups
The number of poor people in U.S. metropolitan areas is large and has been increasing for the past two decades.

Number of poor residents (US Metropolitan Areas), 1980-2000

By contrast, the number of poor people living in high-poverty neighborhoods declined slightly in the 1990s.

Number of poor residents in high-poverty neighborhoods (US Metropolitan Areas), 1980-2000

As a result, the share of metropolitan poor living in high-poverty neighborhoods declined in the 1990s.

Concentrated Poverty (US Metropolitan Areas), 1980-2000

What are neighborhoods of deprivation in the United States?

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Concentrated poverty varies significantly with respect to region.

- West: 24%
- Midwest: 26%
- South: 25%
- Northeast: 30%


Percent of poor population in high-poverty tracts, 2000
The rate of change in concentrated poverty also varies significantly across regions.

Percentage point change in concentrated poverty (U.S. Metropolitan Areas), 1990-2000

Within metropolitan areas, high-poverty neighborhoods are mostly located within the largest central cities.

High-Poverty tracts by location (U.S. Metropolitan Areas), 1990-2000

What are neighborhoods of deprivation in the United States?

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Vary across and within metropolitan areas

Vary across racial and ethnic groups
High-poverty neighborhoods that are predominantly African-American have declined, while similar Hispanic neighborhoods are on the rise.

High-Poverty tracts by predominant race/ethnicity (U.S. Metropolitan Areas), 1990-2000

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II What are the impacts of these neighborhoods?

- Job Access
- Child Education
- Individual Health
- Neighborhood Vitality
In the Chicago metro area, a spatial mismatch exists between higher poverty neighborhoods and areas of high job growth.


Job losses are high where jobs are most needed.
What are the impacts of these neighborhoods?

- Job Access
- Child Education
- Individual Health
- Neighborhood Vitality
In Miami, neighborhoods of high poverty are also neighborhoods of high-poverty schools

Percentage of students eligible for free lunch by school (Miami), 1997

Source: Metropolitan Area Research Corporation
Research has shown that children from high-poverty neighborhoods are at greater risk for school failure than their suburban counterparts.

Educational achievement rates, fourth grade students:

- **Reading**
  - High-Poverty: 25%
  - Suburban: 67%

- **Math**
  - High-Poverty: 33%
  - Suburban: 67%
What are the impacts of these neighborhoods?

Job Access

Child Education

Individual Health

Neighborhood Vitality
Evidence is mounting that living in high-poverty neighborhoods has negative health implications:

- Asthma
- Diabetes
- Obesity
- Heart Ailments
- Cancer
What are the impacts of these neighborhoods?

- Job Access
- Child Education
- Individual Health
- Neighborhood Vitality
Concentrated poverty also affects the broader economic life and fiscal capacity of central cities.
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III

What strategies have been pursued in the U.S. to address areas of deprivation?

- Improving the neighborhood (Place)
- Expanding opportunity (People)
- Transforming the neighborhood (People and Place)
Neighborhood improvement is the dominant strategy among neighborhood policies

- Seeks to improve housing stock and expand economic activity in neighborhoods
- Gives community institutions a central role in planning and implementation
- Generally takes concentrated poverty as a given
Neighborhood improvement relies on a wide range of housing policies

- Mandates on banks to meet **credit needs** of deprived communities
- Federal block grants to states and cities to acquire, build or renovate affordable housing
- Federal **Low Income Housing Tax Credits** to stimulate affordable housing production
- Federal investments in **community capacity**
Neighborhood improvement has made impressive gains

- 1 million units of low income housing tax credit units
- Broad network of community development corporations throughout the country
- Evidence on appreciating property values and catalyzed market investment
Neighborhood improvement suffers from limits of scale and perspective

Scale:
- Housing investment too small
- Neighborhood the wrong geography

Perspective: Neighborhood revitalization alone does not alleviate poverty
III What strategies have been pursued in the U.S. to address areas of deprivation?

- Improving the neighborhood (Place)
- Expanding opportunity (People)
- Transforming the neighborhood (People and Place)
The opportunity strategy invests in people rather than places

Gives residents greater access to quality jobs and good schools

Looks beyond the neighborhood for the geography of opportunity

Focuses on moving people to better neighborhoods or linking them to possibilities
The opportunity strategy principally relies on housing vouchers

- Housing vouchers in place since 1974
- Vouchers pay the difference between 30 percent of a recipient’s income and the rent of a moderately priced apartment
- Now 2.1 million households are served by vouchers
Housing vouchers are a proven success

- Allow residents to decide where to live
- Has shown improvements in health, educational achievement and employment
- Has shown reductions in juvenile delinquency and school dropouts
The potential of vouchers is limited by several factors:

- Racism and exclusionary zoning limits housing choices of African-Americans and Hispanics.
- Voucher administration is parochial while housing markets are metropolitan.
- There are fewer supportive services and social networks in the suburbs.
What strategies have been pursued in the U.S. to address areas of deprivation?

- Improving the neighborhood (Place)
- Expanding opportunity (People)
- Transforming the neighborhood (People and Place)
Neighborhood transformation is the most recent strategy

Aims to create economically integrated neighborhoods as well as increase opportunity for low-income residents

Has placed based components: housing redevelopment, school reform

Has people based elements: linkages to opportunity
Neighborhood transformation is best exemplified by “HOPE VI”

- 10 year, $5 billion effort to tear down and replace the worst public housing
- 165 revitalization grants awarded
- 15 developments completed and fully occupied
- Housing vouchers given to relocating tenants
- Support services given to returning tenants
Neighborhood Transformation: Murphy Park of St. Louis, Missouri
Murphy Park replaced the Vaughn Public Housing Project on the North side of St. Louis.

**Vaughn High Rises**

- Four nine-story buildings
- 656 units
- Typical of 1950s-era, urban renewal public housing towers

George L. Vaughn High Rises, 1995
Under the direction of Richard Baron, the community has been transformed into a less dense, more dignified and safer neighborhood.

Murphy Park Development

- Townhouses, garden apartments and single-family homes
- 413 units
- “New Urbanist” design and “defensible space” technique
The developers have been successful at attracting a much more economically integrated community.

<table>
<thead>
<tr>
<th>Income Bracket</th>
<th>Percent</th>
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</thead>
<tbody>
<tr>
<td>Under $10,000</td>
<td>31%</td>
</tr>
<tr>
<td>$10,000 to $30,000</td>
<td>44%</td>
</tr>
<tr>
<td>$30,000 to $50,000</td>
<td>16%</td>
</tr>
<tr>
<td>Above $50,000</td>
<td>10%</td>
</tr>
</tbody>
</table>

Neighborhood conditions have also improved markedly during the transformation.

- The **median household income** rose by 18 percent between 1989 and 1999, compared to four percent regionally.

- **Unemployment** fell by 35 percent from 1989 to 1999, compared to a 3.7 percent city wide increase.

- Private investment in the form of **residential and commercial development** has since located in the surrounding area.
At the heart of Murphy Park’s transformation lies a completely overhauled local school.

Jefferson Elementary School

- $5 million in corporate and philanthropic money to modernize the school
- One of the most technologically advanced education facilities in the region
- New principal with wider control over teachers and curriculum
Finally, the local school, Jefferson Elementary, has witnessed dramatic improvement in student performance.

Share of students reading on level by grade (Jefferson Elementary School), 1999-2002

Source: Richard Baron, James W. Rouse Lecture on the American City, 2003
Yet concerns remain about neighborhood transformation and HOPE VI with regard to original tenants.

Many housing authorities failed to plan adequately for relocation or provide sufficient support to residents during the process.

Studies find that less than half of the original residents return, with some estimates as low as 19 percent.

Particular concern surrounds the treatment of “hard-to-house” families that cannot meet the stricter screening criteria of the new developments.
What are neighborhoods of deprivation in the United States?

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What strategies have been pursued in the U.S. to address areas of deprivation?

Where should U.S. and British policy go from here?
At this critical juncture in the evolution of neighborhood policy a new, unified goal should be considered:

Creating Neighborhoods of **Choice and Connection**

- Improving the Neighborhood
- Expanding Opportunity
- Transforming the Neighborhood
Creating Neighborhoods of Choice and Connection

1. Set Within Metro Context
2. Align with Broader Policies
3. Embrace Diversity
4. Engage the Private Sector
5. Implement Effectively
Neighborhoods and neighborhood policy need to be set within the metropolitan context.
Implications for Britain

Clear efforts to tailor housing interventions to market realities (e.g., demolitions in northern cities)

Focus on labor markets, housing markets, and travel-to-work patterns
Broader national, state, and local policies need to align with the goals of neighborhood policy.
Align with Broader Policies

Implications for Britain

Marked focus on reinvestment, strong commitment to rewarding work

Empower local governments
Neighborhood policy needs to embrace economic and demographic diversity in both cities and suburbs.
Embrace Diversity

Implications for Britain

- Some efforts on economic integration
- Foster greater receptivity to immigration
Neighborhood policy needs a new mix of private and community sector action in both cities and suburbs.
Engage the Private Sector

Implications for Britain

- Growing private-sector involvement
- Create more incentives to engage
Neighborhood policy needs to be implemented in an integrated, accountable and sustainable fashion.
Implications for Britain

- Dedication to integrating disparate policies and enforcing accountability
- Allow programs to mature
Creating Neighborhoods of Choice and Connection

1. Set Within Metro Context
2. Align with Broader Policies
3. Embrace Diversity
4. Engage the Private Sector
5. Implement Effectively
Are the implications the same for England and Wales?

<table>
<thead>
<tr>
<th>Work-poverty rates (measure of economic inactivity) in Wales and England, 2001</th>
<th>Wales</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of wards/electoral districts with work-poverty rates ≥ 30%</td>
<td>31.19%</td>
<td>9.73%</td>
</tr>
<tr>
<td>Percentage of wards/electoral districts with work-poverty rates ≥ 40%</td>
<td>5.87%</td>
<td>1.77%</td>
</tr>
</tbody>
</table>

Source: Brookings calculations of UK Census data
Concentrated poverty in Wales is largely rural in nature

Work-poverty rates (measure of economic inactivity) in Wales, 2001

red dot = Electoral District with work-poverty rate $\geq 40\%$

Source: Brookings calculations of UK Census data
“…search out the under-lying causes of weakness or evil in the community, rather than...remedy their most superficial manifestations.”

- Joseph Rowntree


**Metropolitan Policy Program**

Brookings > Metropolitan Policy

Redefining the challenges facing metropolitan America and promoting innovative solutions to help communities grow in more inclusive, competitive, and sustainable ways.

**ANNOUNCEMENT**

Urban Center Becomes Metropolitan Program

In a major promotion, the Center on Urban and Metropolitan Policy this month became the Brookings Metropolitan Policy Program—and the first new Brookings department established since 1948. The new status reflects the rising importance of metropolitan issues to the domestic and global challenges Brookings seeks to address.

- read an open letter from Brookings President Strobe Talbott

**METROPOLITAN GROWTH**

Mechanisms for Market-Based Land Use Control

Using case studies and a national survey, this paper examines transfers of development rights (TDRS) and other market-based land preservation techniques like mitigation banking and density transfer fees.

**IMMIGRATION**

Washington Goes Polyglot

Metro Washington’s "limited English proficient" (LEP) population

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