### The Brookings Institution

Metropolitan Policy Program
Bruce Katz, Director



#### Racial Division and Concentrated Poverty in U.S. Cities

Urban Age Conference Johannesburg, South Africa July 7, 2006



### Racial Division and Concentrated Poverty in U.S. Cities

I What is the spatial nature of America's racial divide?

How does racial separation relate to concentrated poverty?

What are the broader societal effects of racial separation and concentrated poverty?

IV What public policies have exacerbated these problems?

How can we address these problems today?



I

What is the spatial nature of America's racial divide?

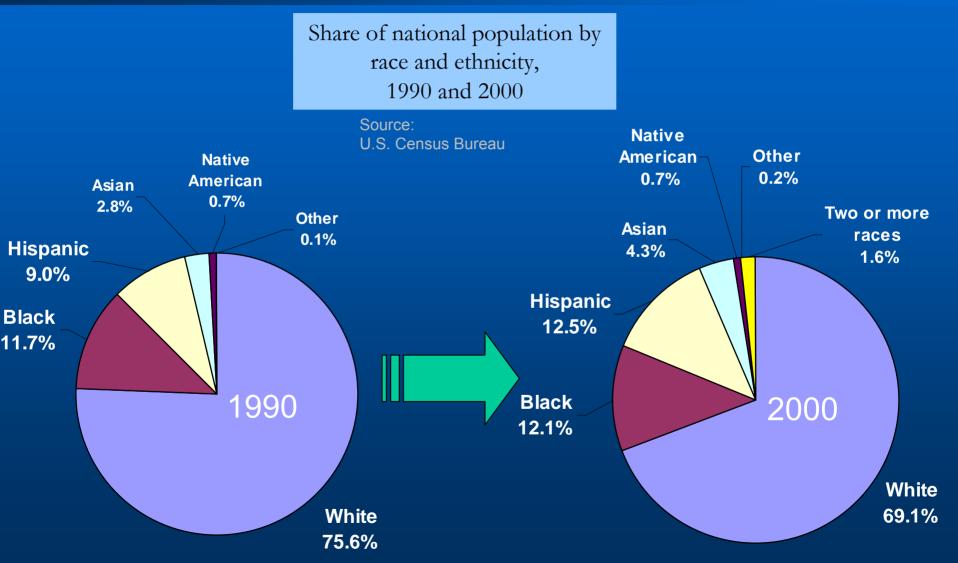
The country is rapidly diversifying

De facto racial segregation persists

Case studies: Chicago, Washington, and New Orleans



### The United States is becoming an increasingly diverse society

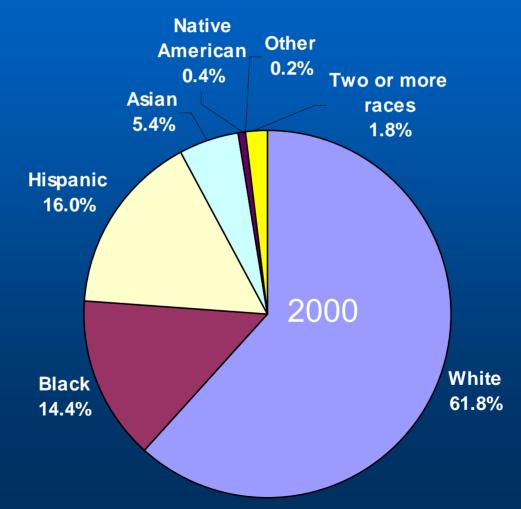




## This diversity is even greater within the largest metropolitan areas...

Share of population by race and ethnicity in the 50 largest metros, 2000

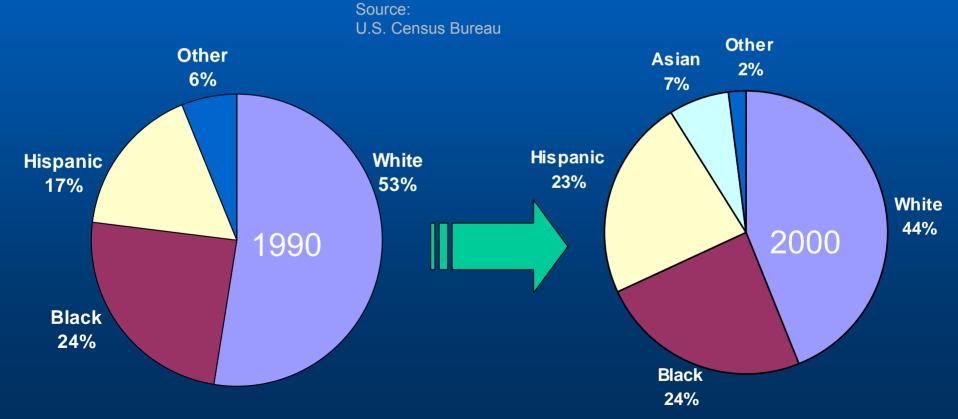
Source: U.S. Census Bureau



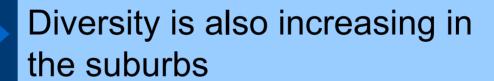


### ...And it is greater still in the 100 largest cities, which became "majority minority" in 2000

Share of population by race and ethnicity, 100 largest cities, 1990 and 2000





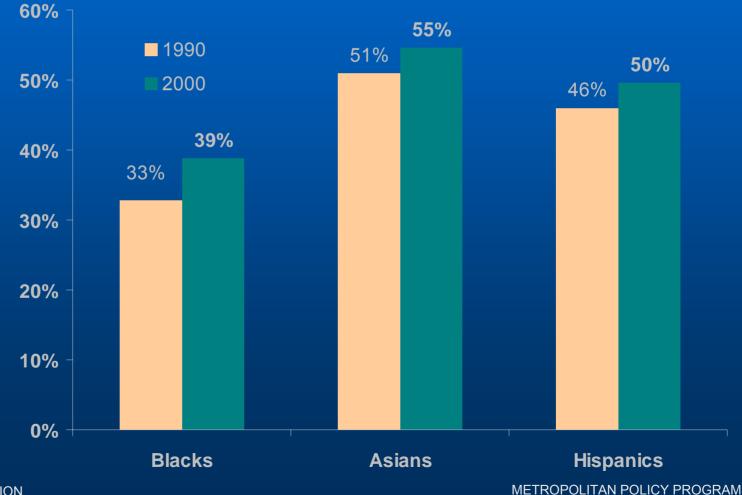




## The share of each racial/ethnic group living in the suburbs increased substantially during the 1990s...

Share of total population living in suburbs by race and ethnicity, 1990 and 2000

Source: U.S. Census Bureau

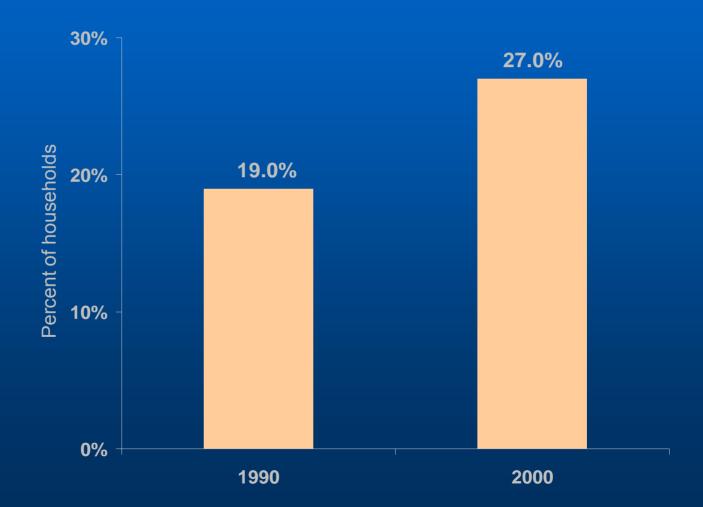




# ...Such that now more than 1 in 4 suburban households are minority

Minority share of suburban population, 1990 and 2000

Source: U.S. Census Bureau





I

What is the spatial nature of America's racial divide?

The country is rapidly diversifying

De facto racial segregation persists

Case studies: Chicago, Washington, and New Orleans



### In the United States, as in other countries, racial integration is viewed as a benchmark for social progress



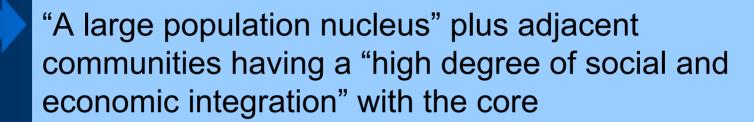


Unfortunately, fifty years after the court-mandated desegregation of schools and public facilities, high levels of residential segregation persist in most metropolitan areas





#### What is a "metro"?



A metropolitan statistical area (MSA) can be one or more counties. The U.S. Census Bureau figures out which counties to include in each metro by looking at job and commuting patterns

The U.S. has 361 MSAs, which collectively include 83% of the country's population



#### A study of 15 large metros revealed that, in 2000....



63% of whites lived in predominantly white neighborhoods (>90% white)



71% of blacks lived in predominantly black or black-Hispanic neighborhoods (>50% black or black-Hispanic)



61% of Hispanics lived in predominantly Hispanic or black-Hispanic neighborhoods (>50% Hispanic or black-Hispanic)

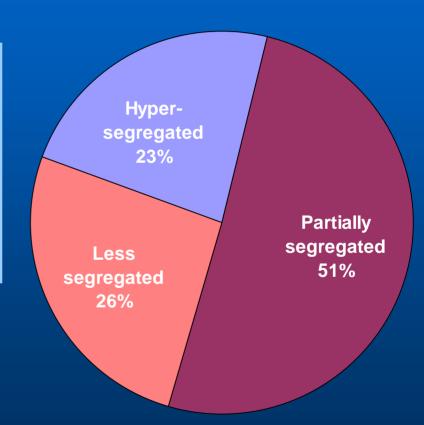
#### Source:

The Institute on Race and Poverty (Univ. of Minnesota), "Minority Suburbanization, Stable Integration, and Economic Opportunity in Fifteen Metropolitan Regions," February 2006



## Most metropolitan areas still have extremely high levels of segregation

- 74 metros are "hyper-segregated" (statistical dissimilarity index above 0.6)
- 160 metros are "partially segregated" (statistical dissimilarity index of 0.4 to 0.6)
- Only 83 metros are "less segregated" (statistical dissimilarity index below 0.4)



#### Source:

Glaeser and Vigdor, "Racial Segregation in the 2000 Census: Promising News" (Washington: The Brookings Institution, 2000)



# However, from 1990 to 2000, slight improvements have occurred in most areas throughout the country



More than 90% of all U.S. metros were less segregated in 2000 than in 1990



During the 1990s, the overall level of segregation between blacks and non-blacks fell by 6 percent

Source:

Glaeser and Vigdor, "Racial Segregation in the 2000 Census: Promising News" (Washington: The Brookings Institution, 2000)



# These improvements have been driven by increases in Hispanic populations rather than by black-white integration

#### These neighborhood types have become more common....

- Predominantly Hispanic neighborhoods (large increase)
- Mixed black-Hispanic neighborhoods (large increase)
- Mixed white-Hispanic neighborhoods (small increase)
- Predominantly black neighborhoods (small increase)

#### These neighborhood types have become less common....

- Predominantly white neighborhoods (large decrease)
- Mixed black-white neighborhoods (small decrease)

#### Source:

The Institute on Race and Poverty (Univ. of Minnesota), "Minority Suburbanization, Stable Integration, and Economic Opportunity in Fifteen Metropolitan Regions," February 2006



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#### A tale of three metros





### Chicago, Illinois

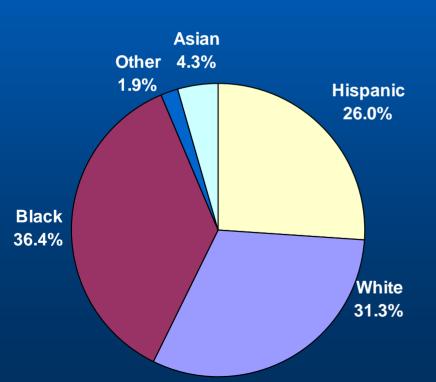




#### Chicago contains about 1/3 of the whole metro's population

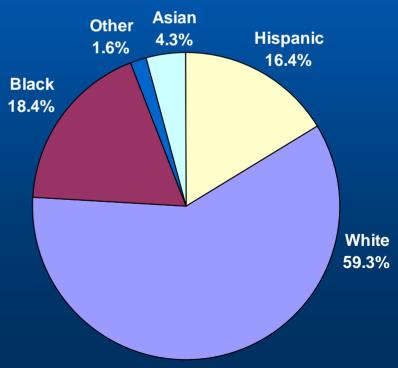


Pop. (2000): 2,896,016



#### **METRO**

Pop. (2000): 9,098,316



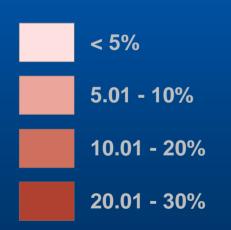
Source: U.S. Census Bureau



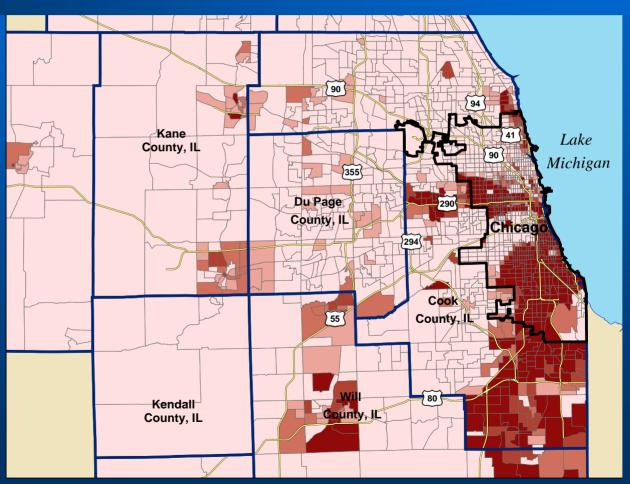
### The African American population is concentrated on the south side of Chicago and in the southern suburbs

Percent black by census tract, 2000

Source: U.S. Census Bureau



> 30%





#### Hispanics are concentrated in the north and west sides of Chicago

Percent Hispanic or Latino by census tract, 2000

Source: U.S. Census Bureau

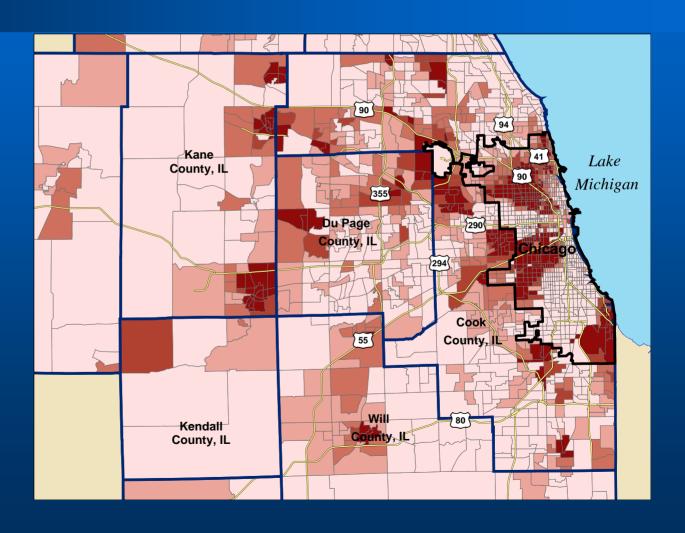


5.01 - 10%

10.01 - 20%

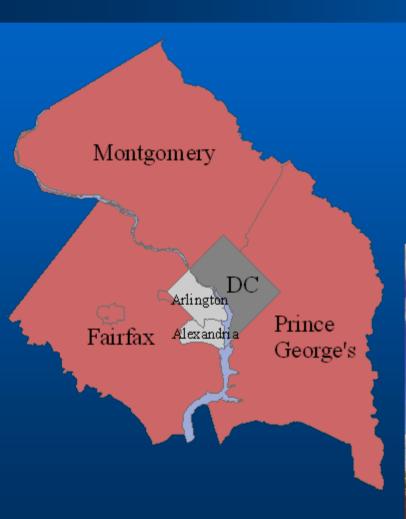
20.01 - 30%

> 30%





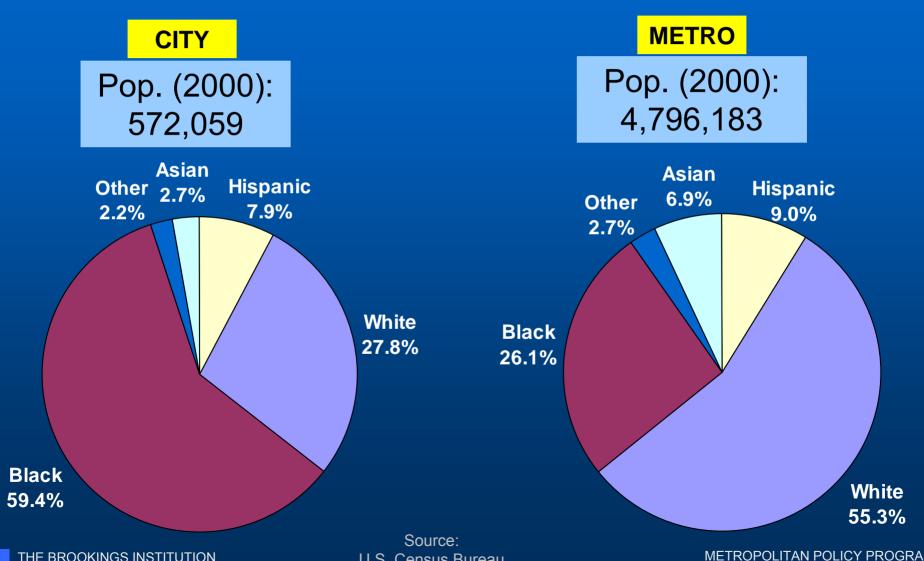
### Washington, DC







#### The District contains little more than 10% of the metro population



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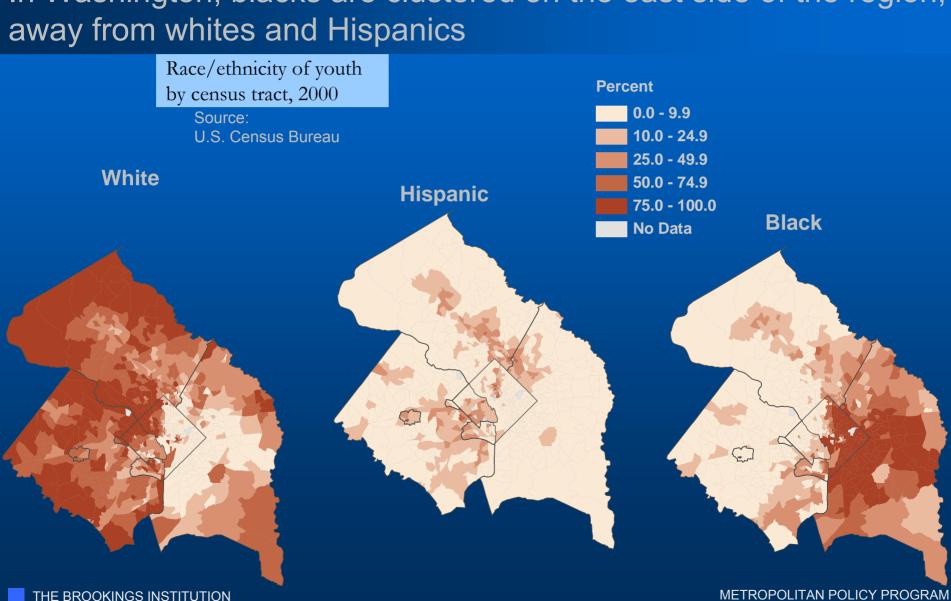
U.S. Census Bureau

METROPOLITAN POLICY PROGRAM



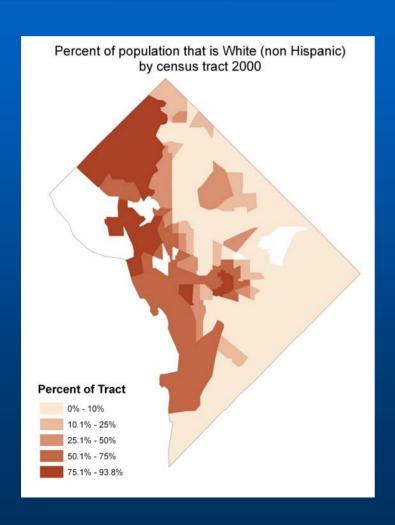
THE BROOKINGS INSTITUTION

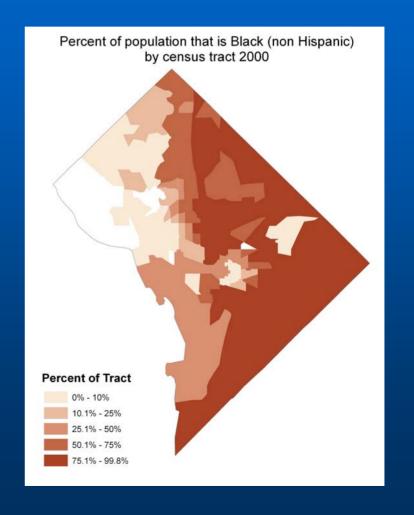
### In Washington, blacks are clustered on the east side of the region,





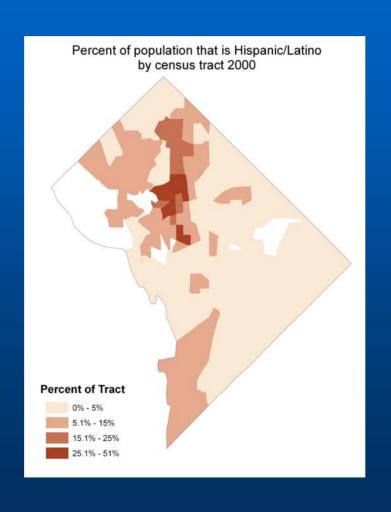
### This east-wide divide is mirrored within the District itself, with whites mainly living in the west, blacks in the east...







#### ...and Hispanics in the middle



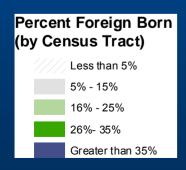


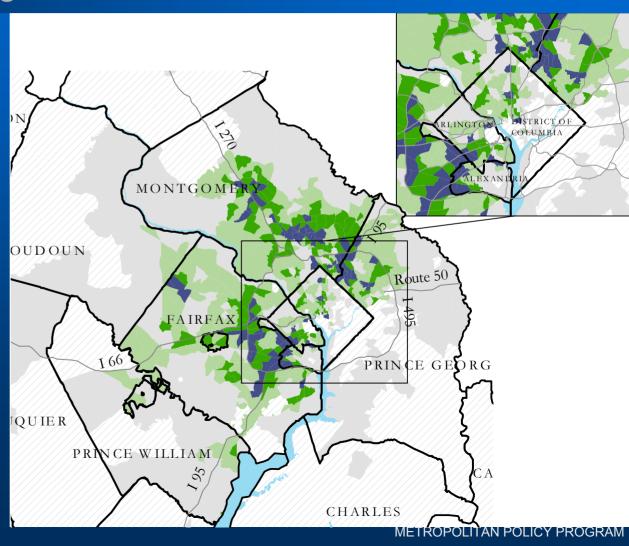
## In Washington, as in many other metros, the locus of immigration is shifting to the suburbs

Foreign-born population as share of total population by census tract, 2000

#### Source:

Singer, "At Home in the Nation's Capital" (Washington: The Brookings Institution, 2003)





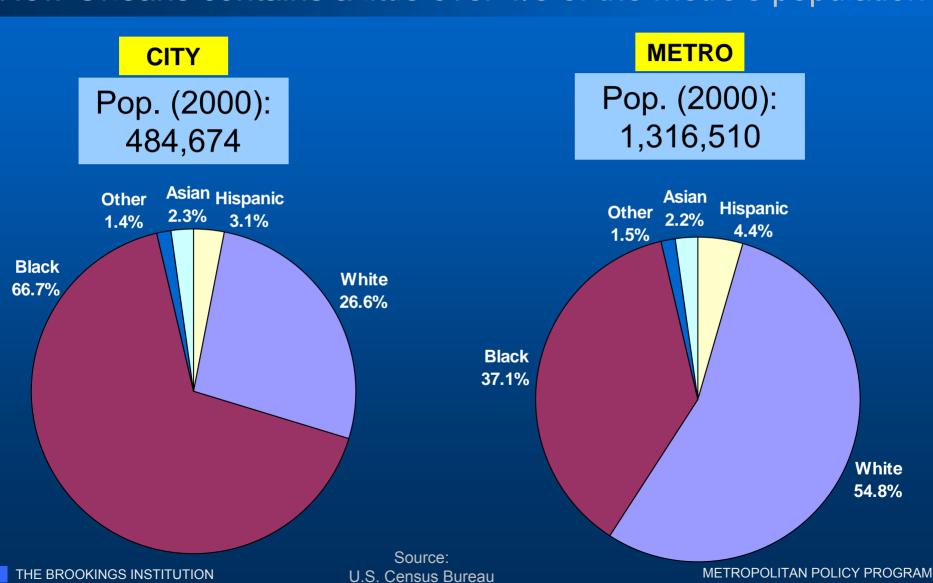


### New Orleans





#### New Orleans contains a little over 1/3 of the metro's population

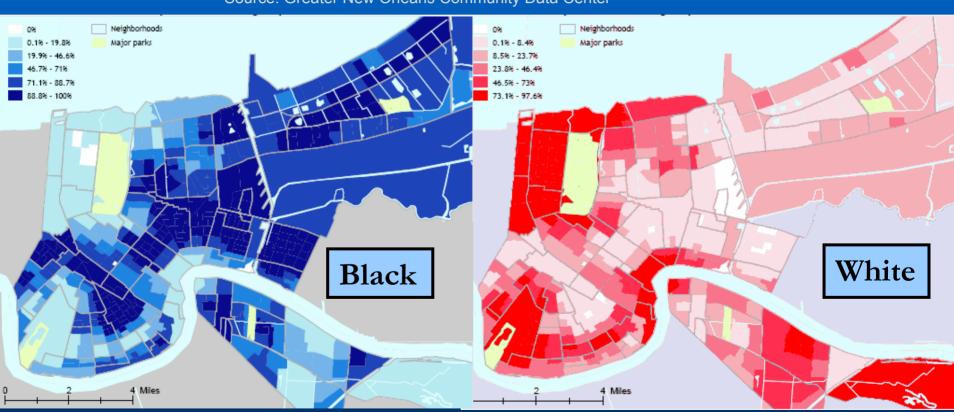




#### **New Orleans**

Share of black and white population by block group, 2000

Source: Greater New Orleans Community Data Center

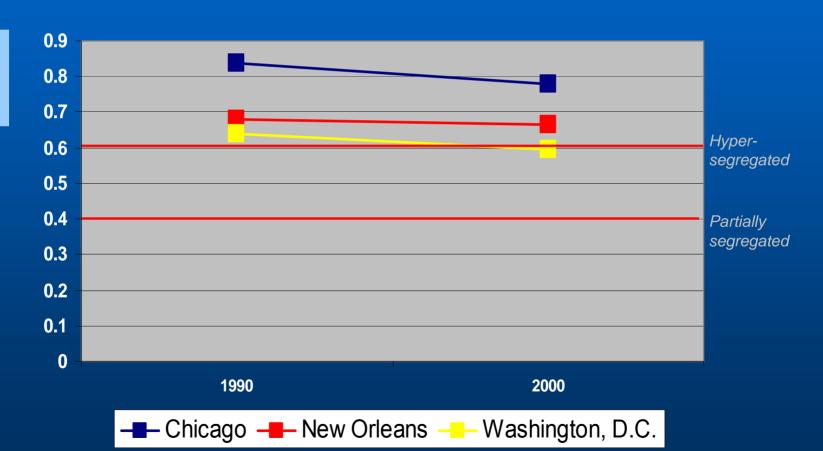




# Despite slight improvements, the Chicago, New Orleans, and Washington DC metros remain "hyper-segregated"

Dissimilarity Index, 1990-2000

Source:
Glaeser and
Vigdor, "Racial
Segregation in
the 2000 Census:
Promising News"
(Washington:
The Brookings
Institution, 2000)





#### Our examination of these case studies reveals that:

- Most U.S. metropolitan areas have a strong racial divide. In Chicago it is a north-south divide, while in New Orleans and Washington DC it is an east-west divide
- Both blacks and Hispanics are moving outward into the suburbs in increasing numbers
- Immigrants are skipping central cities and heading straight to the suburbs



### Racial Division and Concentrated Poverty in U.S. Cities

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### Households in poverty are those whose incomes fall at or below a certain threshold set by the federal government

The 2000 federal "poverty line" for a family of four was \$17,463, roughly R129,000

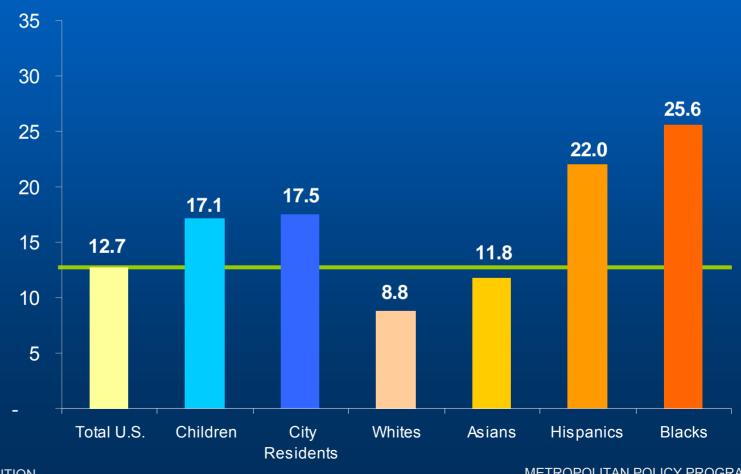
By way of comparison, median household income in 2000 was \$41,994, roughly R307,000



### Poverty rates are higher than average for certain groups, including blacks, Hispanics, children, and city dwellers

Percentage of people in poverty nationwide, various groups, 2004

Source: 2004 American Community Survey, U.S. Census Bureau





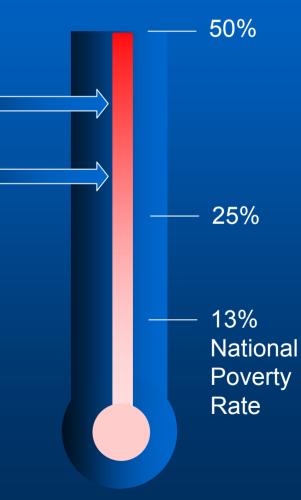
# Concentrated poverty is a common standard used to indicate areas of economic deprivation



High-poverty neighborhoods are defined here as those neighborhoods with a poverty rate greater than 30 percent

Source:

Berube and Katz, "Katrina's Window" (Washington: The Brookings Institution, 2005)

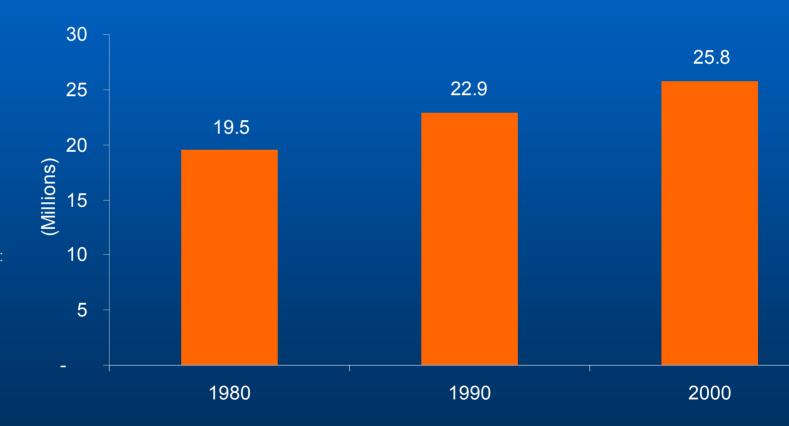




### While the total number of poor people in U.S. metropolitan areas is large, and has been increasing for the past two decades...

Number of individuals in poverty within metro areas, 1980-2000

Source:
Kingsley and Pettit,
"Concentrated Poverty:
A Change in Course"
(Washington: Urban
Institute, 2003)

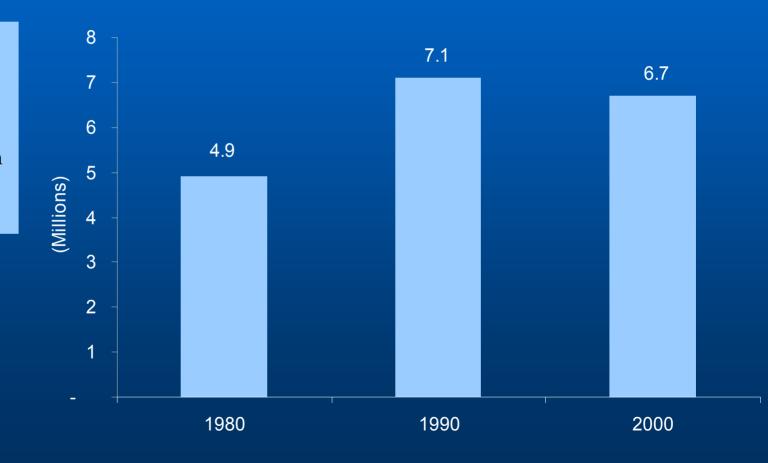




### ...The total number of poor people living in **high-poverty neighborhoods** actually declined slightly during the 1990s

Number of poor residents of high-poverty (>30%) neighborhoods within metropolitan areas, 1980-2000

Source: Kingsley and Pettit, "Concentrated Poverty: A Change in Course" (Washington: Urban Institute, 2003)





#### In ten large cities, at least 1 in 4 poor individuals live in extremepoverty neighborhoods, with even higher rates among minorities

Percentage of poor living in extreme-poverty (>40%) neighborhoods, by city and race/ethnicity, 2000

Source:
Brookings
calculations of U.S.
Census data

| City |                  | Total | Blacks | Latinos |
|------|------------------|-------|--------|---------|
| 1    | Fresno, CA       | 43.5% | 44.9%  | 49.6%   |
| 2    | New Orleans, LA  | 37.7% | 42.6%  | 18.0%   |
| 3    | Louisville, KY   | 36.7% | 53.2%  | 24.3%   |
| 4    | Miami, FL        | 36.4% | 67.6%  | 18.0%   |
| 5    | Atlanta, GA      | 35.8% | 41.0%  | 14.2%   |
| 6    | Long Beach, CA   | 30.7% | 26.8%  | 36.8%   |
| 7    | Cleveland, OH    | 29.8% | 35.6%  | 24.6%   |
| 8    | Philadelphia, PA | 27.9% | 27.1%  | 61.6%   |
| 9    | Milwaukee, WI    | 27.0% | 39.3%  | 5.9%    |
| 10   | New York, NY     | 25.9% | 33.7%  | 33.5%   |
| 11   | Washington, DC   | 23.8% | 29.2%  | 1.7%    |
| 17   | Chicago, IL      | 19.9% | 32.0%  | 6.8%    |
|      | U.S. Total       | 10.3% | 18.6%  | 13.8%   |

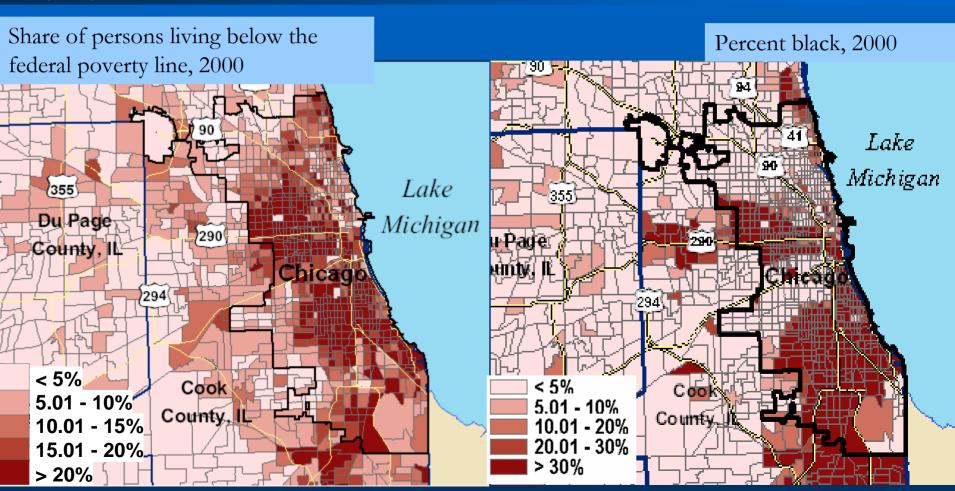




How does concentrated poverty relate to racial stratification in Chicago, Washington, and New Orleans?

### الل

In Chicago, poor neighborhoods are concentrated in the central city and the south suburbs, the same places where blacks live in disproportionate numbers

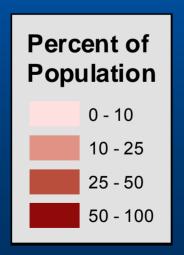


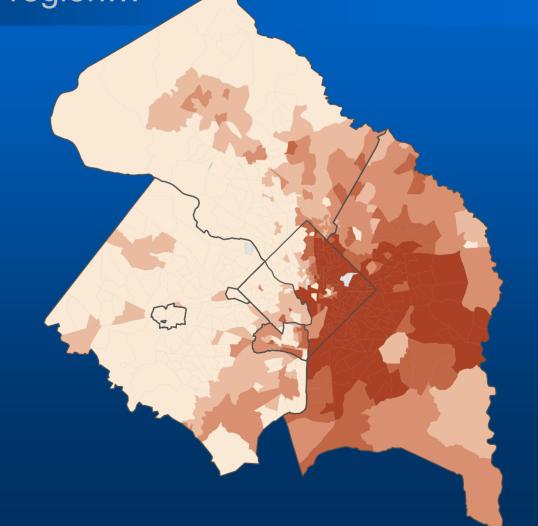




In Washington, D.C., black residents are clustered on the eastern side of the region...

Percent Black
By Census Tract, 2000





...And so are neighborhoods of concentrated poverty, although outer Prince George's County contains a large black middle class

Percent of the population under 100% of FPL by tract, 2000

Source: U.S. Census Bureau



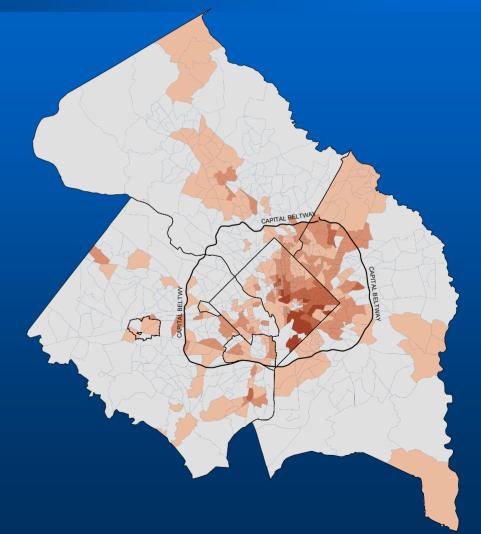
0 - 5%

6 - 10%

11 - 20%

21 - 30%

31 - 80%





#### In New Orleans, poor areas and black areas overlap considerably

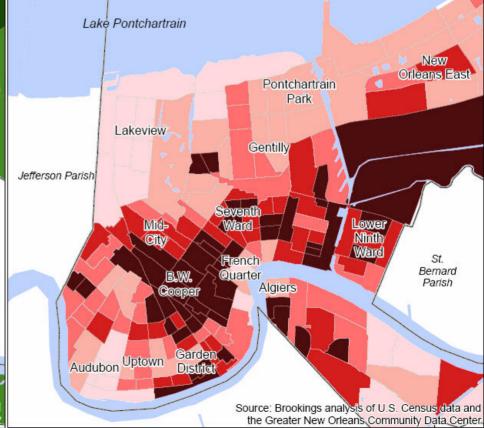


80 Percent or Higher

Sources: U.S. Census Bureau and Greater New Orleans Community Data Center











...In short, the problems of racial separation and concentrated poverty go hand in hand. Extremely poor neighborhoods are disproportionately inhabited by racial and ethnic minorities

Sources:

John Yinger, "Housing Discrimination and Residential Segregation as Causes of Poverty" (Syracuse University, August 2000); Patrick Bayer and Robert McMillan, "Racial Sorting and Neighborhood Quality" (November 2005)



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# What are the broader societal effects of racial separation and concentrated poverty?

**Job Access** 

**Child Education** 

Individual Health

Neighborhood Vitality



### In Miami, a spatial mismatch has arisen between highpoverty neighborhoods and areas of high job growth



**Major Cities** 



Poverty Rate > 20%



Job Growth > 50%

Poverty is concentrated here

While job growth occurs here



## High-poverty urban neighborhoods are especially detrimental to the labor market prospects of young black men

Number and % of young black men (aged 16-24) not in school and not in employment, 2000

Source: Brookings calculations of Census 2000 data

| Metro Area |                  | Number | %    |
|------------|------------------|--------|------|
| 1          | Chicago, IL      | 29,373 | 58.4 |
| 2          | Philadelphia, PA | 15,923 | 52.0 |
| 3          | Detroit, MI      | 15,322 | 50.7 |
| 4          | New York, NY     | 14,548 | 56.5 |
| 5          | Atlanta, GA      | 14,524 | 38.8 |
| 6          | Washington, DC   | 14,138 | 43.8 |
| 7          | Los Angeles, CA  | 12,523 | 56.9 |
| 8          | Baltimore, MD    | 11,785 | 54.6 |
| 9          | Houston, TX      | 11,262 | 50.2 |
| 10         | New Orleans, LA  | 10,550 | 55.5 |



# What are the broader societal effects of racial separation and concentrated poverty?

Job Access

Education

**Individual Health** 

Neighborhood Vitality



Neighborhoods of concentrated poverty tend to have high-

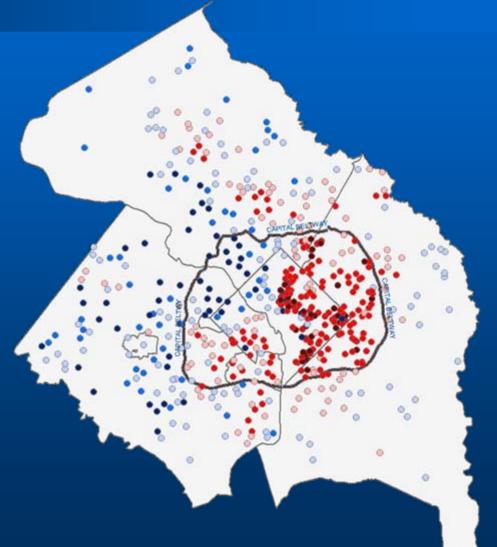
poverty schools

Percent of students eligible for for free and reduced price school lunches at public elementary schools, 2003

Source:

National Center for Educational Statistics 2003

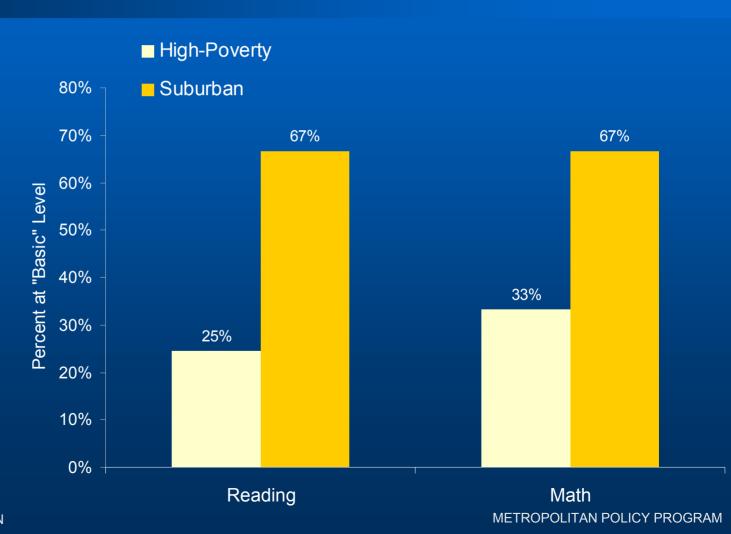
- 0.0 4.5
- 4.6 11.5
- 11.6 33.7
- 33.8 54.3
- 54.4 81.8
- 81.9 96.0





### Research has shown that children from high-poverty areas are at greater risk of failure than their suburban counterparts

Educational achievement rates, fourth grade students

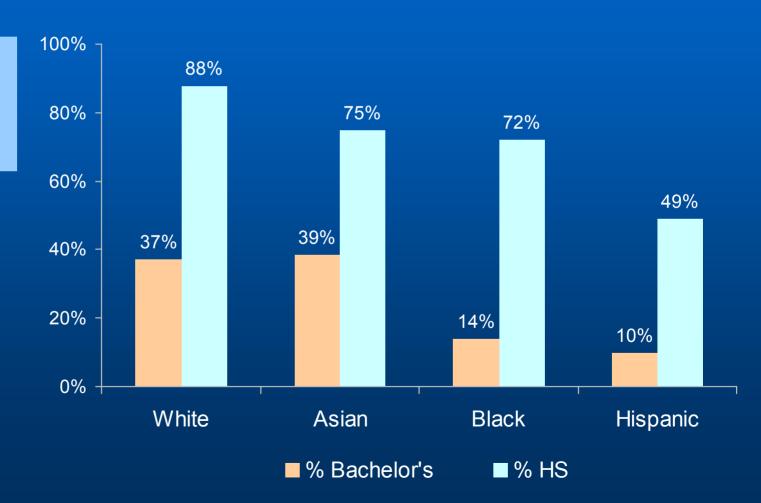




## These achievement gaps have exacerbated the disparities in educational attainment among different racial groups

Share of adults w/bachelor's degree,
100 Largest Cities
1990-2000

Source: U.S. Census Bureau





# What are the broader societal effects of racial separation and concentrated poverty?

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



# Concentrated poverty is correlated with abnormally high teenage birthrates

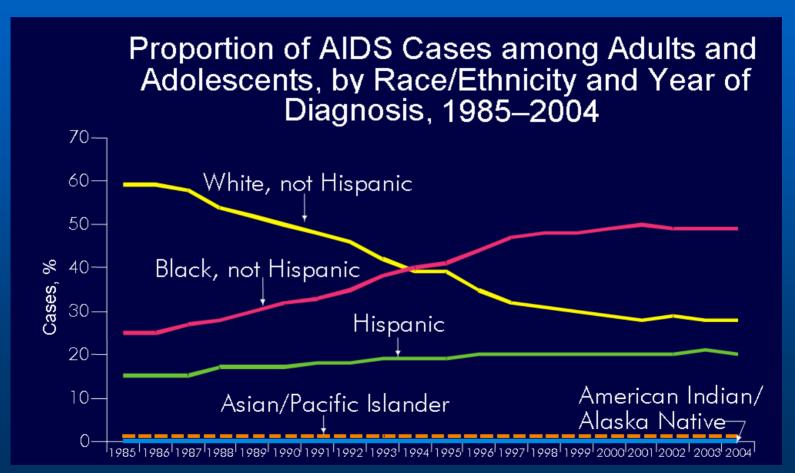
Rank of top 50 cities on concentrated poverty and % of births to teens, 2000

Source:
Brookings calculations
of Census 2000 data;
Annie E. Casey
Foundation

| С  | Concentrated Poverty Rate |    | % of Births to Teens |  |
|----|---------------------------|----|----------------------|--|
| 1  | Fresno, CA                | 1  | Baltimore, MD        |  |
| 2  | New Orleans, LA           | 2  | New Orleans, LA      |  |
| 3  | Louisville, KY            | 3  | St. Louis, MO        |  |
| 4  | Miami, FL                 | 4  | Memphis, TN          |  |
| 5  | Atlanta, GA               | 5  | Cleveland, OH        |  |
| 6  | Long Beach, CA            | 6  | Milwaukee, WI        |  |
| 7  | Cleveland, OH             | 7  | Fresno, CA           |  |
| 8  | Philadelphia, PA          | 8  | Detroit, MI          |  |
| 9  | Milwaukee, WI             | 9  | Philadelphia, PA     |  |
| 10 | New York, NY              | 10 | Fort Worth, TX       |  |
| 11 | Washington, DC            | 11 | Dallas, TX           |  |
| 12 | Memphis, TN               | 12 | San Antonio, TX      |  |
| 13 | Baltimore, MD             | 13 | El Paso, TX          |  |
| 14 | Los Angeles, CA           | 14 | Phoenix, AZ          |  |
| 15 | Minneapolis, MN           | 15 | Atlanta, GA          |  |



### A large majority of new AIDS diagnoses now occur among blacks and Hispanics



Source:

U.S. Centers for Disease Control and Prevention



# What are the broader societal effects of racial separation and concentrated poverty?

Job Access

Education

**Individual Health** 

**Neighborhood Vitality** 



# Concentrated poverty affects the broader economic life of the community, depressing private-sector investment







## Local government is also burdened, as it faces heavy demands on public services within high-poverty areas

Police Health care

Fire Homeless shelters

Courts Social services

Public maintenance

Source:

Pack, "Poverty and Urban Public Expenditures" (Urban Studies, 1998)

Higher taxes and reduced public spending on key amenities (especially schools) induces further middle-class flight in turn



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### Scholars have pointed to several factors that fueled the emergence of neighborhoods of concentrated poverty...

- De-industrialization reduced employment opportunities for inner-city, less-skilled workers
- Employment deconcentration widened the distance between inner-city workers and job opportunities
  - Economic segregation and "middle-class flight" removed upwardly mobile families from poor neighborhoods and kept poor families rooted there

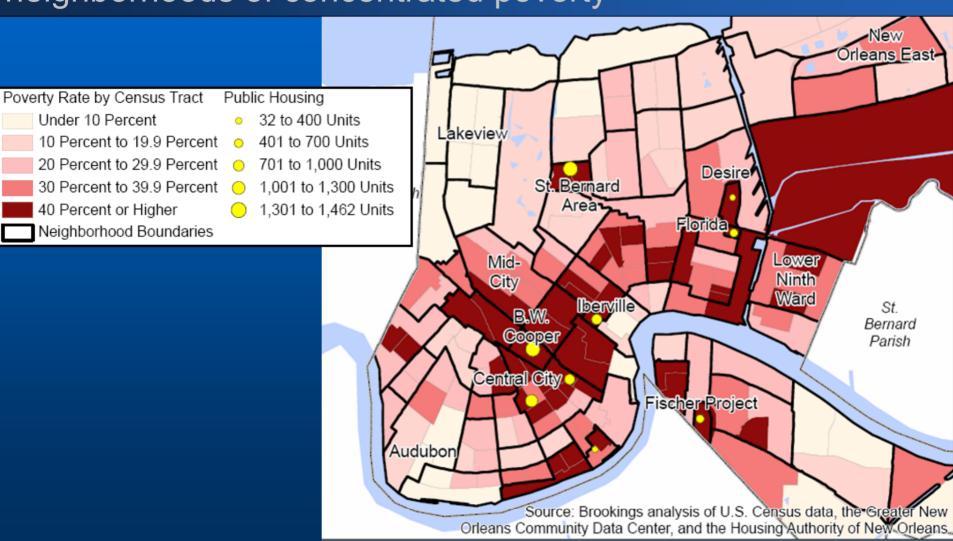


# ...And these factors have been aided by government policies facilitating the out-migration of people and jobs

- Federal mortgage-interest tax deduction
- Locations of federally subsidized housing
- Federal highway spending
- Federal environmental regulation
- State and local tax incentives for new development
- Local exclusionary zoning laws
- Local building regulations and codes



# In New Orleans, nearly all public housing is located in neighborhoods of concentrated poverty





Residential segregation has not only been fueled by income disparities but by outright racism. "Redlining" was once official government policy

Excerpt from 1940s underwriting manual, Federal Housing Administration:

"...If a neighborhood is to retain stability, it is necessary that properties shall continue to be occupied by the same social and racial classes."





## Despite the passage of the Fair Housing Act in 1968, racial discrimination in housing still remains

- Discrimination in mortgage lending by banks
- Discrimination in sales and rentals by owners and landlords
- Neighborhood preferences of purchasers and renters
- Steering by realtors
- Insufficient enforcement of the Fair Housing Act by the federal government

Source:

Turner, "Discrimination in Metropolitan Housing Markets" (Washington: Urban Institute, 2002)



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#### Patterns of racial division in the U.S. are complex, persistent, and difficult to address politically



However, because segregation by race is closely correlated with segregation by income, promoting economic integration can help improve racial integration



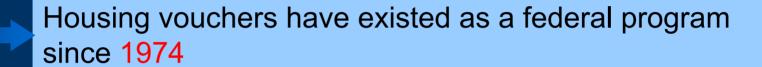
## Two federal policies have been particularly successful at alleviating economic segregation

#### **Housing Vouchers**

**Public Housing Transformation** 



# Housing vouchers promote opportunity by investing in people rather than places



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



#### The housing voucher program is a proven success

- Allows residents to choose where they live, giving them greater access to quality jobs and schools
- Has yielded improvements in health, educational attainment, and employment outcomes
- Has been shown to reduce juvenile delinquency and school dropouts



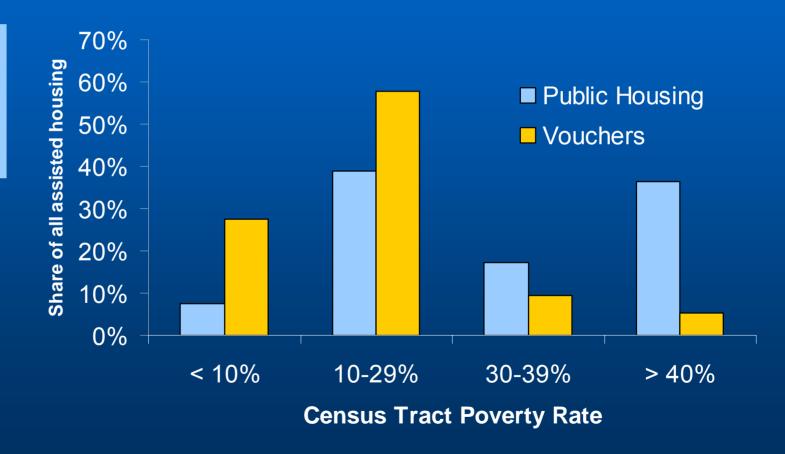


## Fewer than 15 percent of voucher recipients live in high-poverty neighborhoods, while over half of public housing tenants do

Distribution of assisted housing units by census tract poverty rate, 1997

Source: Newman and Schnare, "...And a Suitable Living Environment "

(Housing Policy Debate, 1997)





### However, the voucher program's potential is limited by several factors



Voucher administration is parochial while housing and employment markets are metropolitan

There are fewer supportive services and social networks in the suburbs



# Two federal policies have been particularly successful at alleviating economic segregation

**Housing Vouchers** 

**Public Housing Transformation** 



# Public housing transformation is best exemplified by the federal "HOPE VI" program

10 year, \$6 billion effort to tear down the worst public housing and replace it with mixed-income neighborhoods

235 revitalization grants awarded thus far in 35 states and the District of Columbia

Housing vouchers given to relocating tenants

Support services offered to returning tenants



# In St. Louis, HOPE VI enabled the demolition of the severely distressed Vaughn Public Housing Project...

#### Vaughn High Rises

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



George L. Vaughn High Rises, 1995



#### ...And the creation of Murphy Park in its place

#### Murphy Park Development

- Townhouses, garden apartments and single-family homes
- "New Urbanist" design and "defensible space" technique
- 413 units, serving a range of incomes



Murphy Park, Today



### A key part of Murphy Park's transformation is 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





#### Neighborhood conditions have improved markedly because of the transformation

The median household income rose by 18 percent between 1989 and 1999, compared to 4 percent regionally

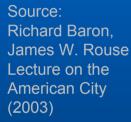
Unemployment fell by 35 percent from 1989 to 1999, compared to a 3.7 percent city wide increase

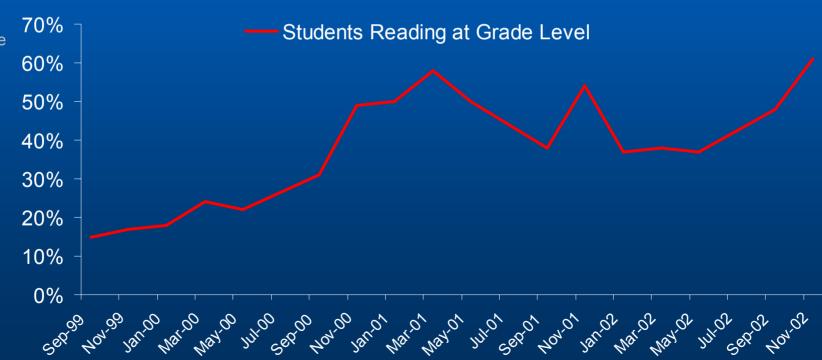
Private investment in the form of residential and commercial development has since located in the surrounding area



# The local school, Jefferson Elementary, has witnessed dramatic improvement in student performance

Share of students reading at grade level, Jefferson Elementary School, 1999-2002







# Concerns remain about neighborhood transformation with regard to the original tenants who become displaced

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





Nevertheless, these strategies hold the potential to break the chains of concentrated poverty and thereby promote racial integration



#### For more information, see...



METROPOLITAN POLICY PROGRAM
THE BROOKINGS INSTITUTION

#### Neighborhoods of Choice and Connection:

The Evolution of American Neighborhood Policy and What It Means for the United Kingdom

Bruce Katz

This paper gregated for delivery as the Joseph Bowntone Foundation's Consensory Enems in Loudon names the constant of American neighborhood policy since the 1960s and proposes a may good for such work in the U.S. and U.K.; the creation of "neighborhood of choice and connection." The gaper opens with an overview of the nature of American neighborhood distress and have leaders have responded to it in recent decade. This servine consents that three distincts and angilyborhood policies have manged over time and that there are interplate and limitation to each. Drawing on this analysis of the American experience, the paper then previous a servine of abstraction on how commonly leaden and policymokers on both sides of the Adamtic can embrace a new neighborhood geratigm that such to conserve resident of all areas while liabing them also to go al-quality absence in my many and other resorts as conserved as a conserved.

#### Introduction

anual visition to America's great cities are often struck by the vast areas of deprivation that abust vibrant downtowns, major freeways, unban rail yards, and enco-grand commercial combine.

In a suburban nation that treasures the "new," three places stand out for their stable powerly and often-displated, treasures the summing and commenced intentions. Bearing the mark of a succession of government programs, these communities seem strangely out of place in this prosperous country—a gifts member of the racial, efforte, and class distributes their prosperous country—a gifts member of the racial, efforte, and class distributes their prosperous country—a gifts member of the racial, effort, and class distributes the racial celebrations of the American design.

Since the 1950s, such ran-down neighborhoods have held a factuation for achelor and journables, conservative theoritis and blend himbers. These presents have been the blocoacters for a plethora of formulation experiments, government demonstrations, and federal policies and programs. Analyst, the impact of these effects—amounting to term of fellows of delaws over several decades—exemation decidedly mixed. To be area, areas neighborhoods can point to real trapprovements. But many initiatives—despite the best of intentions—have fixed to alleviate, and in some cases have excerbiated, the destrictualing occurrent and social creditions in himser titles.

JULY 2004 \* THE ENGINEERON INSTITUTION \* RESEARCH BERN

"A true rebirth of

distressed areas

will only occur if

we make these

places neighbor-

hoods of choice

and connection."



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