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Report: [City and metropolitan inequality on the rise, driven by declining incomes](#)

## **Housing less affordable for low-income earners in unequal places**

Washington, D.C. – Income inequality is increasing in large U.S. cities and metropolitan areas, primarily due to falling incomes for the poorest households, finds a new report from the Brookings Metropolitan Policy Program. Low-income residents of more unequal places face a greater housing financial burden than those who live in areas with less income disparity.

The report, “Income inequality in cities and metro areas: An update,” by Brookings Senior Fellow and Deputy Director Alan Berube and Senior Research Assistant Natalie Holmes, updates a 2014 report with the most recent data from the U.S. Census Bureau. Berube and Holmes measure inequality trends in large U.S. metropolitan areas and their central cities, and assess how they relate to housing affordability for low-income households.

Overall, large metro areas and cities exhibit higher levels of income inequality than the nation as a whole. In 2014, Bridgeport, Conn., led all other metro areas, with its wealthiest households (those earning at the 95<sup>th</sup> percentile) earning nearly 18 times as much as its low-income households (those earning at the 20<sup>th</sup> percentile). Boston, Mass., and New Orleans, La., led all other cities with a similar level of inequality.

Over time, income inequality has worsened. Of the 100 largest metro areas, 57 had a significantly higher level of inequality in 2014 than in 2007; the same was true for 36 of the 97 central cities analyzed. In most instances, this growing inequality was attributable to declining incomes near the bottom, alongside stable or rising incomes near the top.

In most U.S. cities, finding affordable housing is a significant challenge for low-income households, but in places with high inequality the challenge is even more pronounced. In the most unequal cities, low-cost rental units represent on average 52 percent of low-income households’ income, compared to 40 percent in the most equal cities. In high-inequality Washington, D.C., low-income households would pay 48 percent of their income for a low-cost rental unit, versus only 33 percent in low-inequality Omaha, Neb. In high-inequality New Orleans, La., and Miami, Fla., that percentage rises to nearly 70 percent.

“In cities, inequality and unaffordable housing seem to go hand in hand,” said Berube. “Local officials concerned about maintaining economic diversity and vitality should use housing and land-use policies to ensure that rising inequality doesn’t foreclose opportunities for a wide range of households to live in their cities.”

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