



# **CONCENTRATED POVERTY AND REGIONAL EQUITY**

## **FINDINGS FROM THE NATIONAL NEIGHBORHOOD INDICATORS PARTNERSHIP'S SHARED INDICATORS INITIATIVE**

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### **INTRODUCTION**

America does not have an “urban problem”—it has many different urban problems. Since the start of this century, the nation’s large urban regions have moved in varying directions on a number of key dimensions of capacity and well-being. This means that, if they are to be effective, policy responses are going to have to be more carefully crafted to fit the circumstances in individual metropolitan areas. More than ever, one size does not fit all.

This report provides the factual base for these conclusions. It was prepared by the authors, working in collaboration with the National Neighborhood Indicators Partnership (NNIP). NNIP is a network of community-oriented research institutes at universities and other local institutions in 36 metropolitan areas.<sup>1</sup> All these data intermediaries have built, and recurrently update, neighborhood-level information systems in their regions and use the data in support of effective local policymaking and community building. Closely watching and interpreting local trends is central to their missions.

This is the first analytic product of NNIP’s Shared Indicators Initiative. In this initiative, the partners have already selected a set of standard indicators they believe particularly useful in characterizing neighborhood change.<sup>2</sup> Some of these indicators are available at the

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<sup>1</sup> The NNIP network is coordinated by the Urban Institute and has been in operation since 1995. A more complete explanation of its work is found in Kingsley and Pettit (2011). A full list of the partners and information about them and their work can be found on the NNIP web site: [www.neighborhoodindicators.org](http://www.neighborhoodindicators.org).

<sup>2</sup> See Kahn, Kingsley, and Taylor (2012).

neighborhood (census tract) level nationwide,<sup>3</sup> but others are available only in the systems maintained by the local NNIP partners. NNIP has plans to assemble many of the local indicators into a central system over the next few years, but, given the urgent issues facing America's low-income neighborhoods at this point, NNIP did not want to wait until the full system was complete to begin analyzing conditions and trends. Accordingly, this paper is based only on the selected indicators that are available from national (Census Bureau) sources.

While this paper provides some information on changes in general characteristics of metropolitan populations at the start, it then focuses on two concepts that are key to understanding the plight of distressed urban neighborhoods. The first is concentrated poverty. Considerable research has demonstrated that low-income families living in neighborhoods where a large share of all families is poor face higher risks (along many dimensions) than those living where the density of poverty is low.<sup>4</sup>

The severity of these problems varies depending on where the threshold is set. In this report, we look mostly at tracts with poverty rates of 20 percent or higher (which we refer to as "low-income" tracts or neighborhoods). This is the same threshold the U.S. Census Bureau has traditionally used to define what it calls "poverty areas,"<sup>5</sup> and there are good substantive reasons for choosing that level (see the appendix). In this paper, then, the metro area with the most concentrated poverty is the one with the highest share of the poor living in tracts with poverty rates of 20 percent or higher.

The second concept that drives this research is regional equity. Equity can be defined in a number of ways and can be measured by a variety of indicators. Here we focus the degree to which the average score on some positive indicator in all the higher-income tracts (poverty rates below 20 percent) in a metropolitan area exceeds the average for all the low-income tracts. For example, if the average homeownership rate of the higher-income tracts is 60 percent and the average for the low-income areas is 40 percent, then the higher-income tracts are 1.5 times better off by that measure. If that ratio goes down to 1.3 in 10 years' time, the metro has become more equitable with respect to homeownership. If the ratio in another metro area is 1.7, the second metro is considerably less equitable than the first.

In this paper, we calculate ratios like this for a number of indicators. We use the ratio of average income in the higher-income tracts (poverty rates below 20 percent) to that in the lower-income tracts as an overall measure of equity for analysis across metros. Interestingly, as we will see, these two concepts are not strongly correlated. A sizeable number of metros that have low

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<sup>3</sup> The indicators that are available nationwide are provided by the U.S. Census Bureau and other federal agencies. Census tracts are small geographic units defined by the Census Bureau in consultation with local governments that many researchers consider to reasonably approximate "neighborhood scale." For the 100 largest metropolitan areas, census tracts had an average population of 4,800 as of the 2005/09 American Community Survey.

<sup>4</sup> There is now a substantial literature on this topic. See, for example, Ellen and Turner (1997).

<sup>5</sup> See discussion, for example, in U.S. Census Bureau (2011).

concentrated poverty are among the most inequitable, and there is a sizeable number where the reverse is true.

Two other aspects of our approach need to be made clear at the outset. First, we present data only for America's 100 largest metropolitan areas—areas that account for only 12 percent of the nation's land area, but for 65 percent of its population and 75 percent of its gross domestic product.<sup>6</sup> Second, for most indicators, we look at trends only over the period from 2000 through 2005–09. The 2000 data come from the U.S. Census while the 2005–09 data come from the Census Bureau's American Community Survey (ACS). ACS data at the tract level are based on interviews conducted with a representative sample of households from 2005 through 2009.<sup>7</sup>

To be sure, this is far from ideal. The Great Recession began in 2007, and national and state data on income, employment, and numerous other indicators of well-being show that conditions almost everywhere in America are worse now than they were then. It is disappointing, but there are as yet no neighborhood-level data showing clearly how concentrated poverty and regional equity have changed over the past six years. The 2005–09 data are based on an averaging of some cases interviewed in the 2005–07 period and others interviewed in the 2007–09 period. It will take several more years before ACS tract data are sufficient to support a reliable story on what has happened since 2007.<sup>8</sup>

Nonetheless, it is important to provide understanding what happened to these critical indicators over the earlier 2000 to 2005–09 period, as we try to do in this report. Such knowledge is critical to understanding how the post-2007 declines worked themselves out, when data that can cover that period reliably become available.

Accordingly, this paper reviews data on these topics for the nation's 100 largest metropolitan areas overall for the 2000 to 2005–09 period and examines variations across metros for key indicators. We start by looking at basic demographic changes and then examine concentrated poverty and regional equity.

## **BASIC DEMOGRAPHICS**

Between 2000 and 2005–09, the population living in America's 100 largest metropolitan areas grew from 182 million to 197 million, a growth rate of 1.41 percent a year, which is rapid among advanced industrial nations (table 1). And there were important shifts in the composition of this

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<sup>6</sup> See Brookings Metropolitan Policy Program (2008).

<sup>7</sup> The ACS sample design and methodology are explained at [www.census.gov/acs/www](http://www.census.gov/acs/www).

<sup>8</sup> Tract-level ACS data are available now for 2006–10, but because of differences in tract boundaries and other features they are not directly comparable with tract data from the 2000 Census. Work is under way on adjustments that will create comparable datasets, but that work will not be done for several months.

population. Taken together, the non-Hispanic white share of the total went down (from 63 to 60 percent) while minorities (other races and ethnicities) grew to compensate. Among minorities, the Hispanic share grew from 15 to 18 percent and the non-Hispanic Asian and Pacific Islander share from 5 to 6 percent, while the shares for blacks and others remained fairly constant. These areas also saw an increase in the foreign born over this period (15 to 16 percent).

Table 1  
**DEMOGRAPHIC AND HOUSEHOLD CHARACTERISTICS**  
 (Largest 100 Metros)

	Totals (thous.)		Percent	
	2000	2005-09	2000	2005-09
Total population	181,908	196,959	100	100
Total minority	66,690	79,371	37	40
Hispanic	28,143	36,115	15	18
Non-Hisp Black	24,617	26,929	14	14
Non-Hisp Asian & PI	9,157	11,812	5	6
Non-Hisp other	4,772	4,516	3	2
Non-Hisp White	115,218	117,588	63	60
Population foreign born	26,742	31,792	15	16
Population <18 years	47,034	49,229	26	25
Population >65 years	21,156	23,080	12	12
Total households	67,577	72,283	100	100
With children	22,876	23,022	34	32
Husband-Wife	16,627	16,013	25	22
Other	6,248	7,009	9	10
No Children	44,701	49,261	66	68

In 2005–09, children (under 18 years) accounted for one-quarter of the total population, while the elderly (over 65 years) accounted for 12 percent. Neither figure changed much since 2000 (the move of the baby boom generation into the elderly range had not begun). Change was noticeable, however, for the share of all households that had children (dropping from 34 to 32 percent) and for the share accounted for by married couples with children (declining from 25 to 22 percent).

There were marked differences, however, in all these indicators between metros. For example, the 2005–09 minority share of total population ranged from less than one-eighth for the four lowest metros (Portland, ME; Scranton, PA; Knoxville, TN; and Pittsburgh, PA) to more than two-thirds for the four at the top (McAllen, TX; El Paso, TX; Honolulu, HI; and Los Angeles, CA). The change in minority share ranged from declines in three places (Honolulu; New Orleans, LA;

and Charleston, SC) to increases of 7.8 percentage points or more for four at the top (Las Vegas, NV; Orlando, FL; Stockton, CA; and Riverside-San Bernardino, CA).

## CONCENTRATED POVERTY

The 1970s and 1980s were devastating decades for America's cities on many fronts. One aspect was certainly a sizeable expansion of concentrated poverty.<sup>9</sup> At that point, many observers had written off hope of urban improvement. The booming economy of the late 1990s, however, led to important shifts in direction, and a drop in concentrated poverty was notably among them.<sup>10</sup> The share of the poor living in low-income neighborhoods (tracts with poverty rates of 20 percent or higher) fell from 49 to 47 percent; but, more impressively, the share of the poor living in extremely poor neighborhoods (poverty rates in excess of 40 percent) dropped to only two-thirds of its 1990 level by 2000 (from 18 to 12 percent).

Table 2  
**CONCENTRATION OF POVERTY (Largest 100 Metros)**

	Number		Percent	
	2000	2005-09	2000	2005-09
<b>Census Tracts</b>				
Total	41,341	41,341	100	100
40%+ poverty rate	1,752	2,134	4	5
20-40% poverty rate	6,765	7,632	16	18
Total 20%+ poverty rate	8,517	9,766	21	24
<20% poverty rate	32,824	31,575	79	76
<b>Poor Population (thousands)</b>				
Total	20,628	23,930	100	100
40%+ poverty rate	2,435	2,965	12	12
20-40% poverty rate	7,235	8,595	35	36
Total 20%+ poverty rate	9,670	11,560	47	48
<20% poverty rate	10,958	12,370	53	52
<b>Total Population (thousands)</b>				
Total	181,908	196,959	100	100
40%+ poverty rate	5,461	6,540	3	3
20-40% poverty rate	26,890	32,084	15	16
Total 20%+ poverty rate	32,352	38,624	18	20
<20% poverty rate	149,556	158,335	82	80

<sup>9</sup> See in particular Wilson (1987) and Jargowsky (1997).

<sup>10</sup> See Jargowsky (2003) and Kingsley and Pettit (2003).

Unfortunately, even though the period that is the focus of this report (2000 to 2005–09) was one of generally improving economic conditions, poverty became somewhat more concentrated again (table 2). The share of the poor living in low-income neighborhoods went up from 47 to 48 percent. The share in extreme poverty neighborhoods stayed flat at 12 percent, the latter figure remaining well below its 18 percent 1990 peak.

We have seen that the total population of these large metros grew substantially over this period. Their overall poverty rate had not changed much since 1990 (11.8 percent in 1990, down to 11.3 percent in 2000, and then up again to 12.1 percent in 2005–09); but, given the increase in overall population, the absolute number of poor people in these metros also expanded by a sizeable amount (from 20.6 million in 2000 to 23.9 million in 2005–09). It follows that the absolute number of poor people residing in (and exposed the troubling conditions in) low-income neighborhoods also went up substantially: from 9.7 million in 2000 to 11.6 million in 2005–09. The total populations of these 20-percent-plus poverty areas grew from 32.4 million to 38.6 million over this period.<sup>11</sup>

Once again, however, it is difficult to tell a meaningful story with overall averages. Trends and conditions varied dramatically across the 100 metros. Table 3 shows which individual metros ranked highest and lowest with respect to both the level of and changes in poverty concentration from 2000 to 2005–09.

As to the level (share of poor living in low-income tracts), the range is wide: from 6 percent in Santa Rosa, CA, to 94 percent in McAllen, TX. The shares for the top five are all above 65 percent while shares for the five at the bottom are all below 24 percent. No one region dominates the group where poverty is most concentrated. It includes four metros in the midwest long known for high poverty rates (Cleveland, Detroit, Milwaukee, and Toledo), but it also includes three in Texas and three others in the South. The northeast, California's central valley, and Arizona are also represented. The group with the lowest levels of concentrated poverty is also varied, although a notably higher share of them is in the west.

Changes in shares of the poor in low-income tracts over this period range from a drop of 12 percentage points (New Orleans, obviously influenced by Hurricane Katrina) to an increase of 28 percentage points (Colorado Springs). The five highest saw concentrated poverty expand by 18 points or more, and the five lowest saw it go down by 7 points or more. Again, no one region dominates either group.

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<sup>11</sup> Further analysis of the changes in concentrated poverty through the period of the 2005–09 ACS can be found in Pendall and colleagues (2011) and Kneebone and colleagues (2011).

Table 3

**HIGHEST AND LOWEST METRO AREAS, CONCENTRATION OF POVERTY AND CHANGE IN CONCENTRATION OF POVERTY**

Concentrated Poverty, 2005-09 (Pct. of poor in 20%+ poverty)		Percentage Point Change in Conc. Poverty, 2000 to 2005-09	
<i>Highest 15</i>		<i>Highest 15</i>	
McAllen, TX	94 (0.6)	Colorado Springs, CO	28
El Paso, TX	80 (0.8)	Greensboro, NC	28
Fresno, CA	75 (1.1)	Denver, CO	18
Memphis, TN-MS-AR	72 (1.2)	Scranton, PA	18
Bakersfield, CA	69 (1.4)	Greenville, SC	18
Jackson, MS	65 (1.6)	Boise City, ID	18
Tucson, AZ	64 (1.5)	Charlotte, NC-SC	18
Springfield, MA	64 (1.6)	Tulsa, OK	17
Detroit, MI	61 (0.8)	Grand Rapids, MI	16
Baton Rouge, LA	60 (1.4)	Portland, OR-WA	14
Milwaukee, WI	60 (1.3)	Indianapolis, IN	14
San Antonio, TX	59 (1.1)	Nashville, TN	14
Cleveland, OH	57 (0.9)	Lansing, MI	14
Toledo, OH	57 (1.3)	Youngstown, OH-PA	13
Buffalo, NY	56 (1.2)	Raleigh, NC	13
<i>Lowest 15</i>		<i>Lowest 15</i>	
San Francisco, CA	33 (0.8)	Fresno, CA	(3)
Portland, OR-WA	31 (1.0)	Virginia Beach, VA-NC	(3)
Orlando, FL	30 (1.4)	Richmond, VA	(3)
Lancaster, PA	29 (2.8)	Baltimore, MD	(4)
Seattle, WA	29 (1.0)	New York, NY	(4)
Salt Lake City, UT	29 (1.5)	Riverside-San	(5)
Boise City, ID	27 (2.0)	Baton Rouge, LA	(5)
Oxnard, CA	27 (1.6)	Honolulu, HI	(6)
San Jose, CA	24 (1.4)	Palm Bay, FL	(7)
Honolulu, HI	24 (1.4)	Modesto, CA	(7)
Bradenton, FL	23 (1.7)	Bradenton, FL	(7)
Washington, DC-ND-	23 (0.8)	Los Angeles, CA	(9)
Palm Bay, FL	19 (2.0)	Sacramento, CA	(9)
Portland, ME	18 (1.5)	Stockton, CA	(11)
Santa Rosa, CA	6 (1.2)	New Orleans, LA	(12)

Note: Numbers in parentheses are confidence intervals at the 90% level - all percentage point change calculations are significant at the 90% level.

## CONDITIONS IN LOW-INCOME NEIGHBORHOODS

The next logical questions are, what were conditions like in low-income neighborhoods, how did they compare with conditions in higher-income neighborhoods and how did these relationships change over the 2000 to 2005–09 period?

As might be expected, the most dramatic contrast in basic demographics was in racial/ethnic composition (table 4). As of 2005–09, 71 percent of the residents of neighborhoods with poverty rates above 20 percent were minorities, compared with only 33 percent in the higher-income neighborhoods. In the low-income neighborhoods in 2005–09, about 35 percent of the population was Hispanic and 30 percent was non-Hispanic black.

Table 4  
**DEMOGRAPHICS OF LOWER AND HIGHER INCOME NEIGHBORHOODS** (Largest 100 metros)

	Low income tracts		Higher income	
	2000	2005-09	2000	2005-09
Total population	100	100	100	100
Total minority	76	71	28	33
Hispanic	35	35	11	14
Non-Hisp black	33	30	9	10
Other	8	7	8	9
Non-Hisp white	24	29	72	67
Population foreign born	24	22	13	15
Population <18 years	30	28	25	24
Population >65 years	9	10	12	12
Total households	100	100	100	100
With children	36	32	33	32
Husband-wife	18	15	26	24

Diversity did shift in a positive direction, however, over these early years of the 2000s. The minority share was 71 percent on average in the low-income neighborhoods of 2005–09 (down from 76 percent in the low-income tracts of 2000). The minority share was 31 percent in higher-income tracts of 2005–09 (up from 28 percent in the higher-income tracts of 2000). (It is important to remember that the set of tracts that had poverty rates above 20 percent in 2000 is not exactly the same set that were in that status as of 2005–09. Some of the prior set saw reductions in poverty that removed them from the category by the later period, and some with lower poverty rates in 2000 saw poverty increases put them into the 20-percent-plus group by 2005–09.)

The foreign born also made up a markedly higher share of the population in the low-income neighborhoods as of 2005–09 (22 percent versus 15 percent in the earlier group). Children made up a somewhat higher share of residents in low-income areas (28 percent versus 24



percent), but the reverse was true for the elderly (10 percent versus 12 percent). The share of all households that had any children was the same in both types of areas (32 percent), but the share of households that included a husband and wife was much lower in the low-income neighborhoods (15 percent versus 24 percent).

These measures are of interest, but they do not tell us anything about comparative well-being in these two types of neighborhoods. To address that need, we selected a set of 10 key equity indicators, all of which were available for 2000 and the 2005–09 period from national sources (table 5).<sup>12</sup> All these indicators are stated in a positive manner; that is, so it is always better to have more of them than less. Most often this is straightforward (e.g., “it is better to have more income, employment, and homeownership”), but in some cases the wording is awkward (e.g., “it is better to have a higher percent of households that are not overcrowded”).

Table 5  
**KEY EQUITY INDICATORS** (Largest 100 Metros)

	Low-income tracts		Higher-income	
	2000	2005-09	2000	2005-09
<b>Economy</b>				
Ave. household income (2009 \$ 000)	43.6	42.7	84.2	85.1
% households not receive pub.assist.	90	94	98	98
% labor force employed	88	89	96	94
% households own their home	36	40	69	70
% households have use of a car	69	77	92	93
<b>Education</b>				
% age 25+ have high school degree	60	70	85	89
% age 25+ have college degree	12	16	30	34
<b>Housing</b>				
% households not overcrowded	82	92	95	98
% household pay <30% inc.for housing	64	67	76	87
Mortgage orig./1,000 housing units	21	28	42	53

By all these measures, the low-income neighborhoods were less well off than the higher-income areas. In some cases, the gaps were dramatic; for example, in 2005–09, average income was \$42,700 in the low-income neighborhoods, compared with \$85,100 in the higher-income areas. The comparison was 40 percent versus 70 percent for the homeownership rate and 16 percent versus 34 percent for the share of adults that had a college degree. In other cases, the differences were not as large. For example, the comparison was 94 percent versus 98 percent

<sup>12</sup> All these indicators come from the 2000 Census and 2005–09 ACS except one, “Mortgage originations/1,000 housing units,” which is derived from the Home Mortgage Disclosure Act data files.

for the employment rate, 92 percent versus 98 percent for the share of households not overcrowded, and 94 percent versus 98 percent for the share not receiving public assistance.

It is noteworthy that by almost all these measures, conditions in the low-income neighborhoods as of 2005–09 were better than in the neighborhoods in that group in 2000. The most dramatic positive difference was in mortgage lending. Mortgages originated in low-income tracts per year (per 1,000 housing units) had been 21 percent in 2000 but reached 28 percent in the low-income tracts of 2005–09 (this was, of course, the period when subprime lending was at its peak). The low-income neighborhoods also saw a major increase in the homeownership rate (from 36 to 40 percent), the share of households that had access to a car (from 69 to 77 percent), the share of adults with a high school diploma (from 60 to 70 percent) and, more impressively, the share with a college degree (from 12 to 16 percent).

The only measure by which the well-being of households in low-income tracts went down over this period was average household income itself: a decline from \$43,600 to \$42,700 (in constant 2009 dollars). It is important to mention again that this was mostly the period just before the Great Recession and the housing crisis; conditions are virtually certain to have declined again since then.

## MEASURING DISPARITIES DIRECTLY

The numbers in table 5 can be used to construct direct measures of disparity. As we noted in the introduction, this is done by constructing a ratio of the average score on some positive indicator in all the higher-income tracts (poverty rates lower than 20 percent) in a metropolitan area to the average for all the low-income tracts. Ratios like this for our key indicators are calculated in table 6.

The most pronounced disparity relates to college education. Across the 100 metros in 2007, the average share of adults with a college degree in the higher-income tracts was 2.21 times the average share in the low-income neighborhoods. The disparity ratio for income came next: the average income of the higher-income tracts was almost exactly twice (1.99) the average for the low-income neighborhoods. The ratio for mortgage originations was also high: 1.90. At the other extreme, the higher-income tracts were less than 10 percent better off on several measures. For example, the average share of the labor force employed was only 1.07 times that for low-income areas.

It is noteworthy that by most of these measures, regional equity improved (disparity ratios went down) over the 2000 to 2005–09 period. Given what we know about the period, it is not surprising that the ratios went down for homeownership: in 2000, households in higher-income tracts were 1.92 times as likely to own their own homes than households in low-income neighborhoods. By 2005–09 that ratio had dropped to 1.74. The related ratio for mortgage originations went down from 1.98 to 1.90. But there were also significant improvements with

Table 6  
**DIRECT EQUITY MEASURES**

	Values 2005-09		Disparity Ratio	
	Low-inc.	Higher-inc.	2000	2005-09
<b>Economy</b>				
Ave. household income (2009 \$ 000)	42.7	85.1	1.93	1.99
% households not receive pub.assist.	94	98	1.09	1.04
% labor force employed	89	94	1.10	1.07
% households own their home	40	70	1.92	1.74
% households have use of a car	77	93	1.33	1.21
<b>Education</b>				
% age 25+ have high school degree	70	89	1.41	1.27
% age 25+ have college degree	16	34	2.45	2.21
<b>Housing</b>				
% households not overcrowded	92	98	1.16	1.06
% household pay <30% inc.for housing	67	87	1.19	1.29
Mortgage orig./1,000 housing units	28	53	1.98	1.90

respect to education: the disparity ratio related to a high school degree dropped from 1.41 to 1.27; that related to a college degree dropped from 2.45 to 2.21.

There were only two cases where disparities worsened, and both are troubling. The disparity ratio for average household income went up from 1.93 and 1.99. The disparity ratio for housing affordability (share paying less than 30 percent of their income for housing) went up from 1.19 to 1.29.

But, as we should by now have come to suspect, these measures also vary widely across the 100 metros. Bridgeport, CT, had the highest 2005–09 disparity ratio for income at 2.7. Four others had ratios of 2.2 or more (Philadelphia; New York; Hartford, CT; and Washington, D.C.). Scranton, PA, had the lowest on this scale at 1.5. The next four at the low end all had ratios of 1.6 (Lakeland and Orlando, FL; Lansing, MI; and Boise, ID).

The 2000 to 2005–09 change in the disparity ratio for income ranged from an increase of .019 (Birmingham, AL) to a decrease of 0.33 (Bridgeport). The next four at the high end (where income disparity expanded) were Lancaster, PA; Hartford, CT; Wichita, KS; and Oxnard, CA. The next four at the low end (decreasing disparity) were Atlanta, GA; Portland, OR; Knoxville, TN; and Des Moines, IA.

## RELATIONSHIP BETWEEN CONCENTRATED POVERTY AND INCOME DISPARITY

Some might have expected that concentrated poverty and income disparity across metro areas would be fairly closely correlated. But that is in fact not the case. To construct the matrix in table 7, we ranked the 100 largest metropolitan areas by concentrated poverty scores (percent of poor population living in tracts with poverty rates above 20 percent) and then ranked them by income disparity (ratio of average income in higher-income tracts—poverty rates below 20 percent—to that in low-income tracts). We then divided each ranked list into thirds: those in the highest third by both measures are in the cell on the upper left of the matrix; those in the lowest third on both are in the cell on the lower right.

If these two measures were highly correlated, all metros would have been in the upper left, middle, and lower right cells. But a sizeable number of entries appear in all cells. To illustrate the meaning of these relationships, we comment on the four cells at the extremes (in the corners of the matrix).

- ***High concentrated poverty but low income disparity.*** Metros in the upper right cell of this matrix are in the worst third of the distribution with respect to concentrated poverty but in the third with the lowest income disparity. Several of them are located at or near the nation's southern border (e.g., El Paso, New Orleans, Albuquerque), but there are two in California's central valley (Stockton, Bakersfield) and a cluster in the midwest (Lansing, Springfield, Youngstown, Lansing) along with a few others. They are arguably the worst off among the 100. Poverty is not only severe, it is ubiquitous. These metros have comparatively few neighborhoods with poverty rates lower than 20 percent and/or the average incomes in such neighborhoods are generally not that much above the averages for low-income neighborhoods. The central policy priority in these places must be to stimulate growth in the regional economy.
- ***High concentrated poverty and high income disparity.*** Metros in the upper left cell of this matrix are in the worst third of the distribution by both measures. They include many of the nation's largest and best known cities: a sizeable number in the northeast and midwest (e.g., New York, Philadelphia, Detroit, Cleveland, Milwaukee), along with three in Texas (Dallas, Austin, San Antonio) and the country's second-largest city (Los Angeles). All in this group have large areas of concentrated poverty but, unlike the group discussed above, they also incorporate areas of great wealth (e.g., Greenwich, CT; Beverly Hills, CA; the Detroit suburbs). These regions have more of a basis for optimism if they can find a way to tap into the resource base that exists in a way that reduces disparities. In these metros, strategies for regional economic development are also a priority but, in addition, policies are needed to reduce forces that sustain income segregation in regional housing and labor markets.

Table 7  
**RELATIONSHIP BETWEEN CONCENTRATED POVERTY AND INCOME DISPARITY**  
 Largest 100 metros, ranked and grouped in thirds on each dimension

		Rank, Disparity in Neighborhood Income, 2005-09		
		Highest (1.9-2.7)	Intermediate (1.8-1.9)	Lowest (1.5-1.8)
Rank, Concentrated Poverty, 2005-09	Highest (51-72%)	Memphis Detroit Milwaukee San Antonio** Cleveland Toledo** Houston New York Philadelphia Austin** Columbus Dallas Los Angeles	McAllen* Fresno Jackson* Tucson** Buffalo** Greensboro** Akron* Phoenix++ Tulsa++, *	El Paso* Bakersfield* Springfield Baton Rouge* Youngstown Lansing Oklahoma City* Augusta Albuquerque Stockton++ New Orleans++
	Intermediate (41-51%)	Chicago NewHaven Indianapolis Poughkeepsie Rochester Hartford Birmingham Denver** Cincinnati** Wichita** Louisville Allentown++, ** Baltimore++	Dayton+, ** Providence** Madison** Syracuse* Albany** Miami* Nashville* St. Louis* Little Rock** Omaha** SanDiego Charlotte++	Greenville Knoxville* Grand Rapids Riverside Columbia Pittsburgh Lakeland++ Charleston++ Sacramento++
	Lowest (6-41%)	Worcester+ Kansas City Richmond Virginia Beach** Bridgeport SanFrancisco Oxnard Washington	Colorado Springs+, ** Atlanta** Chattanooga+, ** Minneapolis* Jacksonville** Boston** Las Vegas** Des Moines** Harrisburg* Lancaster* Salt Lake City** San Jose*, **	Modesto+ Tampa Raleigh Scranton Portland OR Orlando Seattle Boise City Honolulu* Bradenton Palm Bay Portland ME Santa Rosa*

Note: Given 90% level confidence levels, value could move to: \* = box to left; \*\* = box to right  
 + = box above; ++ = box below

- ***Low concentrated poverty but high income disparity.*** This group falls in the lower left cell in the matrix. These metros are geographically disparate. The largest central cities are San Francisco, Washington, D.C., and Kansas City. They are indeed fortunate in that their overall poverty rates and levels of concentrated poverty are among the lowest in the nation. Yet, their levels of income disparity are among the highest. These metros should clearly have the resources needed to reduce disparities. The strongest emphasis is needed on policies that reduce forces that sustain income segregation in regional housing and labor markets.
- ***Low concentrated poverty and low income disparity.*** These metros are in the best third on both dimensions. They include a cluster in the Pacific northwest (Portland, Seattle, Boise City), another in Florida (Tampa, Bradenton, Palm Bay), two in California (Santa Rosa, Modesto) and several others. Interestingly, with the exception of Seattle and Tampa, most are in the small-to-moderate size range. This group warrants further research to learn more about how these metros have been able to avoid the problems found in the upper left corner of the matrix.

## APPENDIX

### REASONS TO LEARN MORE ABOUT NEIGHBORHOODS WITH POVERTY RATES ABOVE 20 PERCENT

(Excerpted from Tatian et al. 2011)

Fundamental ideas about policy would differ depending on whether the proportion of neighborhoods that are significantly distressed is very large or very small. We think a ballpark estimate to meet this immediate need can be gained by looking at data on poverty rates (often used as a proxy for distress). Important research by Jargowsky (1997) highlighted the dire circumstances of extreme poverty neighborhoods (those with poverty rates above 40 percent). However, there are at least five reasons to believe that setting the threshold for concern or intervention at that level would be too conservative.

- First, as of 2005–09, a very small fraction (only 14 percent) of all poor people in metropolitan areas lived in census tracts with poverty rates of 40 percent or higher whereas 36 percent lived in tracts in the 20 to 40 percent poverty range. Thus, redefining the threshold of concern from a poverty rate of 40 percent to 20 percent would expand coverage from 14 percent to 50 percent of the metropolitan poor. As of the 2005–09 ACS, there were only 3,000 metropolitan census tracts with poverty rates higher than 40 percent, compared to 13,200 with poverty rates higher than 20 percent.
- Second, there is some evidence that the 20 to 40 percent poverty range is where change has the greatest impact. Galster (2010) concluded that, “independent impact of neighborhood poverty rates in encouraging negative outcomes for individuals like crime, school leaving, and duration of poverty spells appears to be nil unless the neighborhood exceeds about 20 percent poverty, whereupon the externality effects grow rapidly until the neighborhood reaches approximately 40 percent poverty.”
- Third, while problem conditions are even more severe in the extreme poverty group, conditions in the 20 to 40 percent range are still much worse than those with poverty rates below 20 percent. For example, as of 2000, single-parent households account for 45 percent of all households with children in tracts with poverty rates from 20 to 30 percent, compared with only 24 percent in tracts with poverty rates lower than 20 percent; the share of adults that lack a high school degree was 35 percent in the former, 15 percent in the latter.
- Neighborhoods in the 20 to 40 percent poverty rate range are capturing a growing share of the metropolitan poor. Between 1990 and 2005–09, the share of the poor in metropolitan areas living in 40+ percent poor neighborhoods went down from 18 to 14 percent, while the share in the 20 to 40 percent range went up from 32 to 36 percent.

- Finally, the problems of extreme poverty neighborhoods are probably the most expensive to fix. Investment to improve neighborhoods in the 20 to 40 percent poverty range might well yield higher payoffs per dollar invested and prevent neighborhoods from falling into the 40 percent plus poverty range.

At the very least, it seems that neighborhoods in the 20 to 40 percent poverty range warrant more study. We do not suggest that the 20 percent rate is the “correct” threshold for intervention. In reality, appropriate criteria for neighborhood selection probably should be based on several indicators (not just the poverty rate) and differ by metro area. Nonetheless, it seems that neighborhoods generally in that range should warrant the concern of policymakers; looking only at neighborhoods at the 40 percent threshold seems too narrow a perspective.



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