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Lost in Place:

Why the persistence and spread of concentrated poverty—not gentrification—is our biggest urban challenge.

Joe Cortright
Dillon Mahmoudi

Summary

This paper examines population change in America's poorest urban neighborhoods over the past four decades. The glare of media attention falls on those places that are gentrifying–previously poor neighborhoods that have experienced investment and which have gained wealthier new residents. While such instances of change are striking, this study shows they are rare. Only a small fraction of the communities that were poor in 1970 have seen their poverty rates fall to below the national average over the past four decades. Far more common, and largely unnoticed, is a counter trend: the number of high-poverty neighborhoods in the U.S. has tripled, and the number of poor persons living in them has doubled since 1970. This growing concentration of poverty is the biggest problem confronting American cities.

The most serious consequences of poverty are found in high-poverty neighborhoods–places where 30 percent or more of the population live below the poverty line. While the experience of poverty is difficult and challenging in any place, it is made worse when a large fraction of one's neighbors are also poor. Concentrated poverty disproportionately affects persons of color: 75 percent of those living in high-poverty neighborhoods are African American or Latino.

This report examines the process of population change in the nation's urban high-poverty neighborhoods over the past four decades. This analysis shows:

- From 1970 to 2010, the number of poor people living in high-poverty urban neighborhoods has more than doubled from two million to four million, and the number of high-poverty neighborhoods has nearly tripled from 1,100 to 3,100.
- The poor in the nation's metropolitan areas are increasingly segregated into neighborhoods of concentrated poverty. In 1970, 28 percent of the urban poor lived in a neighborhood with a poverty rate of 30 percent or more; by 2010, 39 percent of the urban poor lived in such high-poverty neighborhoods.
- High poverty is highly persistent. Of the 1,100 urban census tracts with high poverty in 1970, 750 still had poverty rates double that of the national average four decades later.
- Though poverty persisted, these high-poverty neighborhoods were not stable–in the aggregate they lost population, with chronic high-poverty neighborhoods losing 40 percent of their population over four decades.
- Moreover, few high-poverty neighborhoods saw significant reductions in poverty. Between 1970 and 2010, only about 100 of the 1,100

high-poverty urban neighborhoods experienced a reduction in poverty rates to below the national average. These 100 formerly high-poverty census tracts accounted for about five percent of the 1970 high-poverty neighborhood population. In contrast to chronically high-poverty neighborhoods, which lost population, these "rebounding" neighborhoods recorded an aggregate 30 percent increase in population.

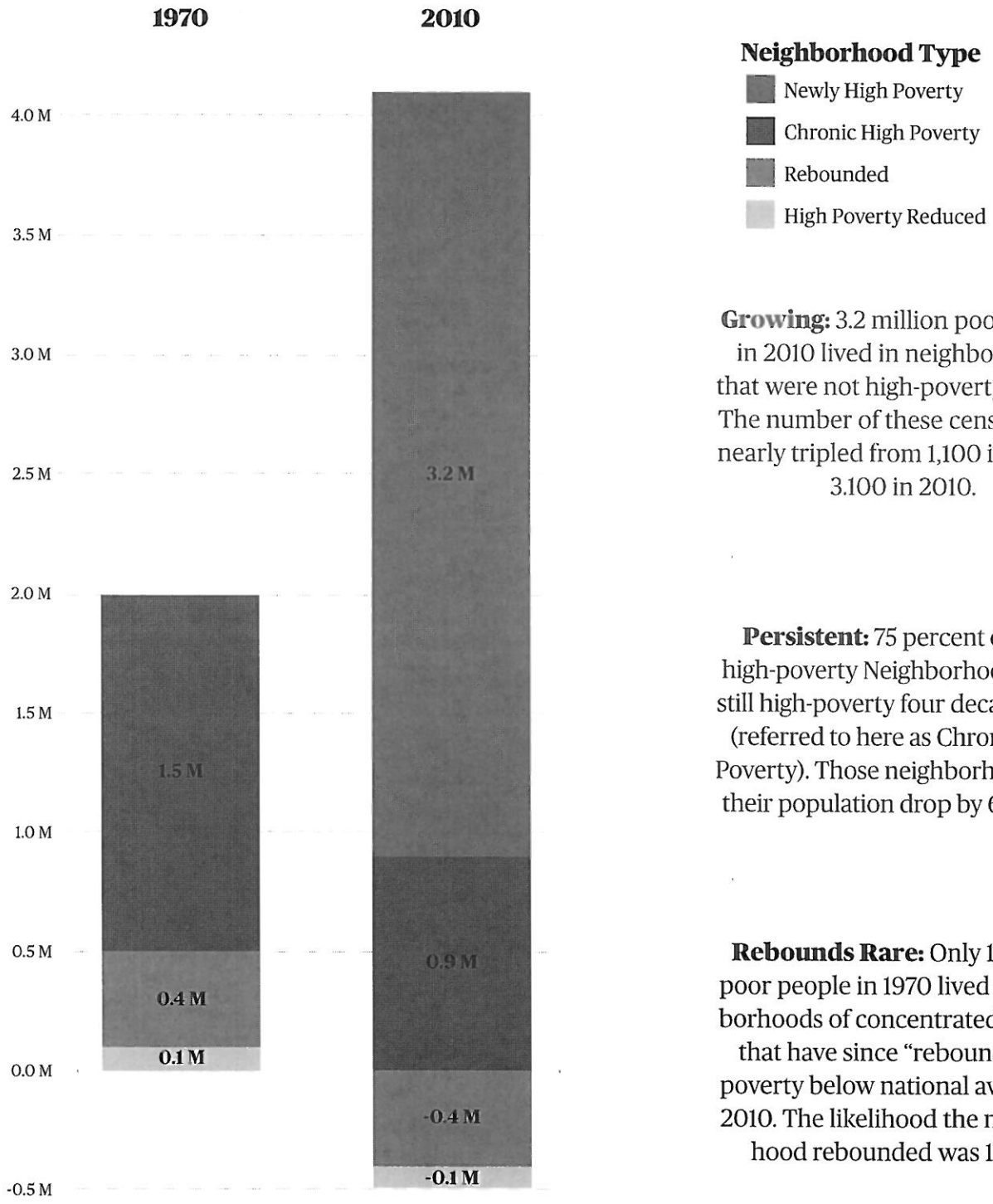
- Urban high-poverty neighborhoods proliferated between 1970 and 2010. The number of high-poverty neighborhoods in the core of metropolitan areas has tripled and their population has doubled in the past four decades. A majority of the increase in high-poverty neighborhoods has been accounted for by "fallen stars"–places that in 1970 had poverty rates below 15 percent, but which today have poverty rates in excess of 30 percent.

- The growth in the number of poor persons living in "fallen star" neighborhoods dwarfs the decrease in the poverty population in "rebounding" neighborhoods. Since 1970, the poor population in rebounding neighborhoods fell by 67,000 while the number of poor persons living in fallen star neighborhoods increased by 1.25 million.

- The data presented here suggest an "up or out" dynamic for high-poverty areas. A few places have gentrified, experienced a reduction in poverty, and generated net population growth. But those areas that don't rebound don't remain stable: they deteriorate, lose population, and overwhelmingly remain high-poverty neighborhoods. Meanwhile, we are continually creating new high-poverty neighborhoods.

This paper analyzes changes in high-poverty urban neighborhoods in the nation's 51 largest metropolitan areas between 1970 and 2010. Focusing on urban neighborhoods within ten miles of the center of the central business district of these metropolitan areas, we identify as "high-poverty" those census tracts with a poverty rate of greater than 30 percent. Detailed metropolitan area statistics and maps of these high-poverty census tracts are available on our companion website–**www.cityobservatory.org**.

Concentrated Poverty: Growing and Persistent



Growing: 3.2 million poor people in 2010 lived in neighborhoods that were not high-poverty in 1970. The number of these census tracts nearly tripled from 1,100 in 1970 to 3.100 in 2010.

Persistent: 75 percent of 1970 high-poverty Neighborhoods were still high-poverty four decades later (referred to here as Chronic High Poverty). Those neighborhoods saw their population drop by 600,000.

Rebounds Rare: Only 100,000 poor people in 1970 lived in neighborhoods of concentrated poverty that have since "rebounded" to poverty below national average by 2010. The likelihood the neighborhood rebounded was 1 in 20.

Poor persons living in urban high-poverty neighborhoods

Introduction

Much of our sense of well-being and opportunity is determined by the neighborhoods in which we live. The composition of neighborhoods influences the social environment, peers in school, public safety, the quality of public services, and the kinds of personal and professional networks available to residents. It has become commonplace to observe that a person's life chances can be statistically explained by their zip code. As a result, the composition of neighborhoods matters both for neighborhood residents as well as for public policy. Nowhere are the stakes higher, or the effects more clear, than in the nation's high-poverty neighborhoods.

This study tracks neighborhood change over a four-decade period from 1970 to 2010, using data collected by the Census Bureau. Data for 1970, 1980, 1990 and 2000 are from the decennial censuses for each year; data for 2010 are based on the American Community Survey conducted over the five-year period 2006 to 2010.

These data have an important limitation: we are essentially comparing snapshots taken a decade apart, and summarizing by income the status of the resident population. Census data don't enable us to tell whether the residents in one decade were the same persons (now ten years older) than the ones counted in the previous Census. We are therefore unable to discern whether a change in the observed poverty rate is the product of a change in the income status of long-time residents, or the in-migration of new residents with different incomes.

Our unit of analysis is the census tract, a geographic unit developed by the Census Bureau for collecting and tabulating data. Census tracts average about 4,000 in population. Using Census tract data to measure change over time is complicated by the fact that the Census Bureau has made numerous changes to the geography it uses to collect data, changing the boundaries of Census tracts, from Census to Census, generally to reflect patterns of growth. The Brown University Longitudinal Database addresses the problem of changing Census tract boundaries by estimating data for the 1970, 1980, 1990 and 2000 Censuses using the tract boundaries in place for Census 2010. Although widely used, census tracts frequently do not conform to locally perceived definitions of neighborhood boundaries.

This study focuses on high-poverty neighborhoods located in large urban areas. We included all of the 51 metropolitan areas with 2010 populations in excess of one million. In addition, within these metropolitan areas, we examined only census tracts located within 10 miles of the center of the

Central Business District in each metropolitan area. Historically, high-poverty neighborhoods have been concentrated in areas closer to the center of the metropolitan area, and the process of transition in high-poverty neighborhoods at the urban fringe generally reflects a different set of factors. Specifically: in 1970, high-poverty neighborhoods 10 or more miles from the central business district were likely to be low-density rural poverty, and transitions in these neighborhoods over the subsequent four decades was triggered by suburbanization; a different process was at work in the urban core.

The focus of this study is on the most urban portions of the nation's large metropolitan areas. The process of neighborhood change generally unfolds quite differently in the urban core than it does on the suburban fringe. While some studies focus on central cities, and use the municipal boundaries of the largest or two largest political jurisdictions to define "urban," this study takes a different approach. As we explain in our analysis, many instances of neighborhood change at the urban fringe over the past four decades involve the suburban development of lightly populated, formerly rural areas.

Drawing a line between urban and suburban neighborhoods is difficult. While some analyses count census defined central cities as urban, and the remainder of metropolitan areas as suburban, this classification is problematic. Municipal boundaries are far from ideal for measuring economic phenomena and especially for making comparisons across different metropolitan areas. The relative population and geographic scope of the "central city" political jurisdiction varies substantially among U.S. metro areas. In some cases, central cities are geographically large, encompass areas that are distant from the central business district (CBD), and include substantial low-density development. Conversely, some central cities are small, and only include very older built-up areas in the urban core.

As an alternative, we have used a standardized ten-mile radius as our preferred geography for measuring, centered on the central business district of the largest city in each metropolitan area. Unlike other studies, which have used the boundaries of a central political jurisdiction to distinguish between urban and suburban areas, we have used a single geographic boundary (the ten-mile radius).

This report unfolds in six parts. First, we present a short summary of the literature on the negative effects associated with concentrated poverty. Second, we offer our definition of high-poverty neighborhoods. Third, we look at urban, high-poverty neighborhoods in 1970, and examine how they changed over the next four decades. Fourth, we present data on the growth of new high-poverty neighborhoods through 2010. Fifth, we sketch out some of the highlights of change among metropolitan areas. The report concludes with a discussion of the implications of this analysis for policymakers and researchers.

The Negative Effects of Concentrated Poverty

Concentrated poverty is a particular concern because all of the negative effects of poverty appear to be amplified in neighborhoods composed primarily of poor people. Poverty anywhere and in any amount is a problem; but concentrated poverty is often intractable and self-reinforcing.

Concentrated poverty is associated with negative social effects (higher crime, worse mental and physical health), and lower economic prospects (both for current residents now and their children over their lifetimes). Concentrated poverty tends to be self-reinforcing: low-income communities have fewer fiscal resources (despite greater needs), producing low-quality public services. A lack of strong social networks undercuts the political efficacy of these citizens. There are a number of studies that review the extensive literature on the negative effects of concentrated poverty (Jargowsky & Swanstrom, 2009; Sard & Rice, 2014; Kneebone, Nadeau, & Berube, 2011). Some of the highlights of this body of research are presented below.

Economic Consequences of Concentrated Poverty

The direct negative economic consequences of concentrated poverty are well-established. High-poverty neighborhoods generally have fewer local job prospects (by definition, neighborhood residents have less income to support local businesses), and many low-income neighborhoods have poor physical connections to growing jobs centers. Similarly, the lack of social networks and role models makes it harder to make the connections needed to find jobs (Bayer, Ross,

& Topa, 2004). Consistent with the role model hypothesis, having college graduates as neighbors appears to increase the probability that low-income residents will themselves obtain a college degree (Bifulco, Furtado, & Ross, 2011).

Extensive studies of the "Moving to Opportunity" program, which provided a randomized quasi-experiment that relocated families from low-income to middle-income neighborhoods, showed a marked improvement in subjective well-being (self-reported perceptions of quality of life). Moving to a neighborhood with a 13 percentage point lower poverty rate was associated with an increase in subjective well-being equivalent to a $13,000 increase in household income (Ludwig et al., 2012).

Important new work from the Equality of Opportunity Project addresses long-term economic prospects of children growing up in poor families. This work, looking at millions of families and their children, shows that inter-generational income mobility is significantly higher in metropolitan areas that have lower levels of income segregation (Chetty, Hendren, Kline, & Saez, 2013). For a detailed explanation of how intergenerational economic mobility is measured see Sharkey and Graham (2013).

More focused studies of poor neighborhoods have revealed similar results. Black children growing up in neighborhoods that transition from high to low poverty have incomes that are 30 to 40 percent higher than otherwise similar black children who grow up in neighborhoods that remain in concentrated poverty (Sharkey, 2013).

Concentrated Poverty and Public Services

The problems of concentrated poverty are amplified by the indirect feedback effects through public finance and public policy. Local governments serving neighborhoods of concentrated poverty face both higher costs of providing public services and, simultaneously, have lower revenues. The result is poor quality public services that worsen the experience of poverty for neighborhood residents and make it harder to attract new residents and businesses, adding to a cycle of decline (Joassart-Marcelli, Musso, & Wolch, 2005).

In contrast, if a community has a high degree of economic integration–defined as a mix of households in different income groups, rather than concentrated poverty–it is more likely that the quality of public services and amenities will be similar throughout the region, and low-income families will have better access to these things than when they are geographically isolated (Reardon & Bischoff, 2011).

Neighborhoods of concentrated poverty often have the lowest performing public schools. This appears to be partly a result of the lower level of resources available to these schools, but also importantly due to peer and neighborhood effects (Jargowsky & El Komi, 2011).

There is also growing evidence that integrated communities have higher levels of trust and lower levels of racial prejudice that segregated communities (Rothwell, 2012).

Concentrated Poverty and Race and Ethnicity

The burden of concentrated poverty is borne disproportionately by persons of color. Three-fourths of poor people living in urban neighborhoods with concentrated poverty were African-American and Latino in 2010. Persons of color are much more likely than non-Hispanic whites to live in neighborhoods of concentrated poverty. In 2010, African-Americans were eight times more likely than white, non-Hispanic urban residents to live in high-poverty neighborhoods, and Latinos were five times more likely to live in these high-poverty neighborhoods.

Paradoxically, the decline in metropolitan racial segregation has increased income segregation for minorities. As William Julius Wilson observed, up until the 1960s and 1970s, the most well-educated and higher-income African Americans had little choice but to live in racially segregated neighborhoods, where they provided community leadership and role models. More recently, the lessening of de-facto and de jure racial segregation gave them more choices of where to live. In the process, their migration undermined the cohesiveness and economic diversity of their neighborhoods–actually intensifying the effects of economic segregation for the population who stayed (Wilson, 1978).

Thus, concentrated poverty has been worsened by the racial desegregation that allowed successful, upwardly mobile minority group members to move away from ethnic enclaves, depriving them of their potential leadership. Between 1970 and 2000, high-income and low-income black families became more geographically separated from one another; while both groups became more integrated with the nation's white population, the trend was dramatically greater for higher-income African-Americans (Watson, 2009).

Causes of Increasing Poverty Concentrations

A variety of factors–some global and others local–appear to be driving the growth in concentrated poverty. Income inequality is increasing in the United States, thinning the number of families in the middle class and increasing the numbers of high-income and low-income households. Income inequality is associated with a wider disparity between what low-income and high-income households can afford to pay for housing, and is a key part of the reason why family income segregation has doubled since 1970 (Bischoff & Reardon, 2013). Local land use restrictions often serve to economically polarize our metropolitan areas: many suburban jurisdictions prohibit multifamily or small-sized single-family homes, and developed cities have rules that make it difficult to increase density in areas where there is demand for additional housing.

New low-income housing is often built in neighborhoods that already have above-average levels of poverty, further increasing the concentration of poverty (Institute for Metropolitan Opportunity, 2014). About one-third of the families with children who receive federal housing assistance (in public housing, places receiving project-based assistance and housing vouchers) lived in neighborhoods with poverty rates of 30 percent or more (Sard & Rice, 2014). Relatively few families are able to take advantage of housing vouchers–those that do are much

more likely to find residences in low-poverty neighborhoods than families who get project-based assistance or who live in public housing (Sard & Rice, 2014). Growing income inequality, coupled with public policies that tend to block lower-income households from living in middle and upper-income areas have accentuated the concentration of poverty and increased income segregation.

Defining High-Poverty Neighborhoods

The objective of this paper is to identify these neighborhoods and look to see how they have evolved–and expanded–over the past four decades.

As part of both the Census and the American Community Survey, the Census Bureau analyzes household income and the number of persons living in a household, and determines whether a household's income falls above or below the poverty line, as adjusted for household size. While the dollar value of the poverty line changes from decade to decade, the underlying concept remains the same (the poverty line is adjusted for the change in consumer price inflation from year to year). We use this data to identify high-poverty neighborhoods in 1970, and to track the changes in poverty rates and population levels in the subsequent four decades.

Over the past four decades, the poverty rate in the United States has fluctuated between about 11.5 percent and 15 percent. In 1970, the national poverty rate was about 13.7 percent. In 2011, the poverty rate stood nationally at 15 percent (U.S. Census Bureau, 2013).

Other studies have looked at national and metropolitan trends in concentrated poverty over the past two decades. Two studies published by the Brookings Institution looked at the decline and growth of population in neighborhoods with very high rates of poverty nationwide in the 1990s and the first decade of this century. These studies focused on neighborhoods of "extreme" poverty–where the poverty rate in a census tract exceeded 40 percent. In the 1990s, the number of persons living in these extreme poverty tracts declined by about a third (Jargowsky, 2003). Over the subsequent decade, however, the number of poor persons living in extreme-poverty neighborhoods increased by about a fifth (Kneebone et al., 2011). Another recent report shows that 5.4 million poor persons live in extreme-poverty neighborhoods, a number than has increased about 43 percent over the past decade (Jargowsky, 2013).

Our approach differs somewhat from these studies. We use a different poverty threshold, looking at high poverty rather than extreme poverty. We define high poverty as those neighborhoods with a poverty rate of at least 30 percent in a given

year. These are neighborhoods with a poverty rate that is at least double the national poverty rate. We look at a somewhat longer time period (the past 40 years, rather than a single decade), and we focus on the most urbanized neighborhoods in the largest metropolitan areas. We also focus on neighborhood change: which neighborhoods are exiting from the high-poverty category and seeing sustained low rates of poverty, and which neighborhoods are going from low rates of poverty to high poverty.

Transition in High-Poverty Neighborhoods

Among the nation's largest metropolitan areas, about 1,100 urban census tracts with a total population of five million had high poverty rates in 1970. Table 1 provides a snapshot of these high-poverty areas in 1970, and compares them to the total count of census tracts, population, and poverty within a ten-mile radius in 1970.

In aggregate, the poverty rate in these high-poverty tracts was about 40 percent in 1970. These high-poverty tracts represented about seven percent of all the tracts and nine percent of the population within ten miles of the center of the 51 largest metropolitan areas. By this measure, about 28 percent of the persons living in poverty in these areas lived in a high-poverty neighborhood.

Table 1: Urban Census Tracts in Large Metropolitan Areas, by High-Poverty Status, 1970

	High-Poverty	All Other	Total	Pct. High-Poverty
Tracts	1,119	15,242	16,361	7%
Population	4,980,522	51,280,621	56,261,143	9%
Persons in Poverty	1,963,870	5,117,095	7,080,965	28%
Poverty Rate	39.4%	10.0%	12.6%	

Census tracts within 10 miles of CBD in 51 largest metro areas

We examine change over time first by asking what happened to these 1,100 high-poverty neighborhoods over the subsequent forty years. Table 2 shows the change in population, the number of persons living in poverty, and the change in the poverty rate for these neighborhoods between 1970 and 2010.

The dominant feature of change in high-poverty neighborhoods over these four decades is decline. By 2010, total population in these tracts had declined to 3.4 million (down about one-third). The number of persons living in poverty in these neighborhoods declined even more sharply (down 43 percent), and the aggregate poverty rate in these neighborhoods declined to 33 percent.

There was substantial variation in economic change in these high-poverty neighborhoods between 1970 and 2010. Table 3 classifies the 1970 high-poverty neighborhoods into three groups based on the poverty rate in those census tracts in 2010. We define tracts where the poverty rate was still above 30 percent in 2010 as "chronic high-poverty neighborhoods." We define neighborhoods where the poverty rate was between 15 percent and 30 percent in 2010 as "still poor" neighborhoods–where poverty had declined, but remained above the national average. We define neighborhoods in which the poverty rate had fallen to below 15 percent as "rebounding" neighborhoods.

It is worth noting that the data presented here are comparing two snapshots in time, forty years apart. They are comparing the neighborhood at two points in time, and not tracking the progress or economic standing of each neighborhood's 1970 residents. Given migration, births, and deaths over forty years, it is highly likely that only a small fraction of the 1970 residents remain. Similarly, the reported changes in poverty may be due to an unobservable combination of migration of poor and non-poor persons out of a neighborhood as well as changes in the economic conditions of longtime residents (some of whom may have

Table 2: Change in 1970 High-Poverty Urban Census Tracts in Large Metropolitan Areas, 1970-2010

	1970	2010	Change	Percent Change
Tracts	1,119	1,119		
Population	4,980,522	3,350,821	(1,629,701)	-32.7%
Poor	1,963,870	1,117,255	(846,615)	-43.1%

Census tracts within 10 miles of CBD in 51 largest metro areas, with 1970 poverty rates of 30% or greater

Table 3: Change in Population in 1970 High-Poverty Census Tracts, 1970 to 2010

Neighborhood Type	2010 Poverty Rate	Number of Tracts/ Share of 1970 Poor Population	Change in Population 1970 to 2010
Chronic High Poverty	30%+	737 Tracts (74% of 1970 poor)	-40% Population
Still Poor	15% to 30%	277 Tracts (21% of 1970 Poor)	-23% Population
Rebounding	<15 %	105 Tracts (5% of 1970 poor)	+33% Population

Census tracts within 10 miles of CBD in 51 largest metro areas

earned enough to get out of poverty; others of whom may have seen their income decline into poverty). As a result, these data describe the condition of neighborhoods; not the economic progress (or lack thereof) of individuals.

Table 3 shows the number and proportion of census tracts in each of these three categories, and summarizes aggregate population change in these tracts between 1970 and 2000. More than two-thirds of 1970 high-poverty census tracts still had poverty rates in excess of 30 percent in 2010; these tracts accounted for about 74percent of the 1970 poverty population living in high-poverty tracts. About 20 percent of tracts saw their poverty rates decline, but still remained poorer, on average, than the nation. Only about 100 tracts saw their poverty rate decline to below the national average. These 100 tracts were less than 10 percent of the total, and account for about five percent of the 1970 poverty population in high-poverty tracts.

The right-hand column of Table 3 reports the population change in each category; the chronically poor tracts experienced an aggregate 40 percent decline in population between 1970 and 2010. The "still poor" tracts saw a smaller 23 percent population decline. The rebounding tracts experienced an aggregate 33 percent population increase.

Table 4 reports the poverty rate and change in the population living in poverty in those tracts according to our three-part classification of how each tract changed between 1970 and 2010. Not surprisingly, the poverty rate of chronically high-poverty census tracts remained high–roughly 40 percent. Chronically poor tracts had a sustained high rate of poverty because they lost approximately equal shares of their poor and non-poor populations over the four decades. The still poor tracts experienced an aggregate decline in poverty rates from 37 percent to 21 percent. Finally, the rebounding tracts saw poverty rates decline to eight percent by 2010.

The similarity of the 1970 poverty rates of each of the three categories suggests that the decline

in poverty rates in "still poor" and "rebounding" neighborhoods was not concentrated in those neighborhoods with poverty rates slightly above the 30 percent threshold. Thus, other factors are at play in the economic success, or lack thereof, of these neighborhoods. These data also show that over the 40-year period, the population in poverty in each of these categories declined sharply; the number of poor in chronically high-poverty neighborhoods declined 38percent; and the rates of decline in the number of poor were even higher–at -56percent and -72percent respectively, in the other categories. These chronically high-poverty neighborhoods remained poor in the face of a large decline in the number of poor persons because the non-poor population declined by a similar proportion.

The economic status of a few census tracts changed dramatically between 1970 and 2010. The last rows of Tables 3 and 4 show 1970 high-poverty census tracts that by 2010 had "rebounded:" specifically, seen their poverty rate decline to 15 percent or less. About 100 tracts that were high-poverty in 1970 transitioned to average or below average poverty rates in 2010. In these tracts, the poor population actually decreased by about 70 percent, and aggregate poverty rates declined from 39 percent in 1970 to less than 10 percent in 2010.

The odds that a person living in a high-poverty census tract in 1970 would see their tract transition to an average or below-average level of poverty by 2010 were very small. Only five percent of poor persons living in high-poverty census tracts in 1970 lived in a tract that saw its poverty rate decline to average or below average rates by 2010.

Table 4: Change Poverty Rate and Population in 1970 High-Poverty Census Tracts, 1970 to 2010

Neighborhood Type	2010 Poverty Rate	Number of Tracts/ Share of 1970 Poor Population	Change in Population 1970 to 2010
Chronic High Poverty	30%+	42% / 40%	-38%
Still Poor	15% to 30%	37% / 21%	-56%
Rebounding	<15%	39% / 8%	-72%

Census tracts within 10 miles of CBD in 51 largest metro areas

Newly High-Poverty Neighborhoods After 1970

In addition to the areas that were high-poverty neighborhoods in 1970 (and remained so for the following four decades), other neighborhoods that previously had lower levels of poverty saw their poverty rates increase over the subsequent decades. Table 5 shows the total number of high-poverty neighborhoods, their population, and the number of persons living in poverty in 2010 for the same 51 metropolitan areas (again, examining only neighborhoods within 10 miles of the center of these metropolitan areas).

The number of high-poverty neighborhoods within 10 miles of the central business district increased from about 1,100 in 1970, to more than 3,100 in 2010. The total population in these neighborhoods more than doubled, from five million to 10.7 million, and the poverty population also doubled, from about

Table 5: High-Poverty Urban Census Tracts in Large Metropolitan Areas, 2010

	High-Poverty	All Other	Total	Pct. High-Poverty
Tracts	3,165	13,196	16,361	19%
Population	10,712,260	52,759,110	63,471,370	17%
Persons in Poverty	4,104,552	6,509,014	10,613,566	39%
Poverty Rate	38.3%	12.3%	16.7%	

Census tracts within 10 miles of CBD in 51 largest metro areas

two million to slightly more than four million.

Much attention is directed to instances of dramatic neighborhood changes in the form of gentrification: previously high-poverty neighborhoods experience a large reduction in poverty rates. But the reverse is also true: some urban neighborhoods that once had low levels of poverty have experienced a large increase in poverty. To compare the relative magnitude of these shifts, we identified census tracts that had relatively low rates of poverty (i.e., less than 15 percent in 1970), which by 2010 had poverty rates exceeding 30 percent (and were thus high-poverty). We labeled these neighborhoods "fallen stars." Table 6 reports the number of tracts, total population, and population in poverty for rebounding neighborhoods, and for the fallen stars, where poverty rates increased from less than 15 percent in 1970 to more than 30 percent in 2010.

As noted earlier, a relatively small fraction (105 of more than 1,100) 1970 high-poverty census tracts saw their poverty rates decline to less than 15 percent by 2010. In contrast, more than 1,200 urban census tracts in the 51 largest metropolitan areas saw their poverty rates go from less than 15 percent in 1970 to greater than 30 percent in 2010. Far from being unusual, these fallen stars had an aggregate population of more than 4.5 million, accounting for most of the increase in population living in high-poverty neighborhoods between 1970 and 2010. As the final line of Table 6 shows, the decline in the number of poor people living in rebounding neighborhoods (-67,486) was dwarfed by the increase in the number of poor people living in Fallen Star neighborhoods (+1,252,171).

Table 6: Rebounding Neighborhoods and Fallen Stars in Large Metropolitan Areas, 1970 to 2010

	Rebounding	**Fallen Stars**
Definition (Poverty Rate)	1970: 30% Plus; 2010: < 15%	1970: <15%; 2010: 30% Plus
Tracts	105	1,231
Population 2010	314,792	4,543,169
Population Growth, 1970-2010	30.1%	4.7%
Change in Poverty, 1970-2010	-67,486	+1,252,171

Local Patterns of Change

Census data allow us to examine in detail the patterns of neighborhood change in each of the nation's largest metropolitan areas. In this section, we summarize some of the highlights of our metropolitan area analysis. The online companion to this report, available at CityObservatory.org, provides specific detail for each of the nation's metropolitan areas.

Nearly all large metropolitan areas had at least one neighborhood of concentrated poverty in 1970; only Riverside, California did not have a neighborhood with a poverty rate in excess of 30 percent in 1970. New York had the largest number of high-poverty neighborhoods in 1970. Of the two million people living in a high-poverty neighborhood in the U.S. in 1970, fully one in five (400,000) lived in New York. Over the subsequent four decades, 49 of the 51 large metropolitan areas experienced increases in the number of urban, high-poverty neighborhoods–only Orlando and Virginia Beach were exceptions.

Chronically High-Poverty Neighborhoods

Population decline was common in high-poverty neighborhoods from 1970 to 2010. Of the 51 largest metropolitan areas, 39 followed the overall national pattern of declining population in chronically high-poverty neighborhoods. Only 10 metropolitan areas experienced an aggregate increase in population in those neighborhoods that were chronically high-poverty between 1970 and 2010. With the exception of Boston, all of these metropolitan areas were in the West.

Rebounding Neighborhoods

The incidence of rebounding neighborhoods varied widely among the nation's large metropolitan areas. About two-thirds of metropolitan areas had at least one census tract that saw a reduction in poverty from above 30 percent in 1970 to less than 15 percent in 2010. Sixteen of the 51 metropolitan areas had at least one high-poverty census tract in 1970 and had none of these census tracts rebound–experience a poverty rate decline to less than 15 percent by 2010. The typical metropolitan area had one or two high-poverty neighborhoods that rebounded between 1970 and 2010.

Rebounding neighborhoods were disproportionately found in a few metropolitan areas. Five cities had five or more neighborhoods that rebounded between 1970 and 2010. These included: New York (15), Chicago (11), New Orleans

(7), Washington (6) and Memphis (6). Just three cities (New York, Chicago, and Washington) accounted for one-third of all census tracts that saw poverty rates decline from above 30 percent in 1970 to below 15 percent in 2010. These three cities accounted for about 46 percent of all of the 1970 poor who lived in a high-poverty tract that rebounded over the next four decades.

Fallen Stars

Most metropolitan areas saw an increase in the number of high-poverty neighborhoods between 1970 and 2010, and the majority of these were "fallen stars"–places that had below average poverty rates in 1970 and poverty levels at least double the national average in 2010.

Change in Poor Urban Neighborhoods: Implications for the Gentrification Debate

It is impossible to talk about population change in low-income neighborhoods without raising concerns about gentrification. Credit for coining the term gentrification is generally given to sociologist Ruth Glass, who used it in the 1960s to describe the transition of formerly working class neighborhoods in London into upper class enclaves (Hamnett, 2000). The classic example of gentrification is a dramatic change in the economic status of a neighborhood, which is transformed from a place of primarily low-income persons and often dominated by racial and ethnic minorities, to a middle or high-income neighborhood, often composed primarily of non-Hispanic whites. In this process of gentrification, the previous poor residents of the neighborhood are displaced from their homes by rising prices or suffer a reduction in their standard of living due to rising rents, and new lower income residents are precluded from coming to the neighborhood by its now higher prices.

This kind of dramatic transformation has been closely studied in a handful of neighborhoods such as Harlem and Chelsea in Manhattan, Williamsburg in Brooklyn, and Wicker Park in Chicago. In these areas, the magnitude of change has been large, and conflicts palpable. It is undeniable that in these striking cases, the character of the neighborhood has changed sharply: what was once undesirable, affordable, and populated by the poor has become desirable and unaffordable, with few poor people remaining. While highly visible, it's unclear whether these instances of wholesale transformation are widespread.

The controversy surrounding gentrification is magnified by the ambiguous and conflicting uses

of the term. Kennedy and Leonard review the literature and conclude that the lack of a clear definition has generated more heat than light:

> There is no agreed upon definition. Gentrification is a politically loaded concept that generally has not been useful in resolving growth and community change debates because its' meaning is unclear. .... data on gentrification appear to be spotty, inconclusive, and often contradictory. Gentrification relates directly to neighborhood change, and neighborhoods change in myriad ways and for myriad reasons. The literature is too often driven by ideology rather than by a focus on concrete strategies to minimize adverse impacts associated with gentrification. (2001)

Some studies have identified gentrified areas by looking at neighborhoods that have historically had lower incomes and that over the course of a decade experienced above-average increases in income or educational attainment, and inflation-adjusted housing prices (Freeman, 2005). But even these definitions are essentially binary (gentrified/non-gentrified), and make no distinction between *de minimis* changes that affect a small percentage of residents and sweeping transformations that replace one population with another. In the limiting case, one can ask, does the movement of one higher income person into a previously lower income neighborhood constitute "gentrification?"

At what point, if any, does the scale of population change produce the ill effects that many authors attribute to gentrification? Stern and Seifert express their frustration with the absence of any sense of scale or proportion in automatically calling any change "gentrification":

> Clearly, there is no objective measure of when neighborhood improvement–or, in Jane Jacobs' striking phrase, 'unslumming'–becomes gentrification. But if we see neighborhood revitalization as desirable, we cannot afford to label all population change as gentrification. (2007)

Whether gentrification is on balance good for cities and their residents is highly contested. One strand of the literature treats gentrification as intrinsically damaging to the current residents of urban neighborhoods. Many studies simply assume that new residents moving in automatically displace existing residents, and that improving neighborhood amenities and rising real estate values have no value to, or impose large costs on, existing residents. Careful comparisons of gentrifying and non-gentrifying neighborhoods show measureable displacement is no higher in gentrifying neighborhoods than in non-gentrifying neighborhoods (Freeman, 2009; McKinnish & White, 2011). Similarly, economic analyses show that existing residents generally attach a value to neighborhood improvements that is commensurate with increased rents (Vigdor, 2010).

Discussions of the extent and impacts of gentrification are complicated by the fact that neighborhoods are always changing. The demographic profile of neighborhoods changes as its residents age, and experience all the events of a life cycle–accumulating more education, marrying, forming new households, having children, getting and changing jobs, retiring, and dying. The demographics of every neighborhood change as residents move in and out of neighborhoods. Americans, especially lower income renters, move frequently; about 56 percent of the nation's renters have lived in their current home for less than three years (Bureau of the Census, 2011). Careful longitudinal surveys of poor families in urban settings confirm that movement is common–and is a critical way for many to improve their lives. The Urban Institute "Making

Connections" study surveyed families in ten metropolitan areas over more than a decade to assess the extent and consequences of family mobility in low-income neighborhoods (Coulton, Theodos, & Turner, 2009). Half of families with children living in low-income neighborhoods had moved within three years; three of every ten movers were "up and out" movers: those who moved to new neighborhoods, which they described as being better and in which they were more satisfied and optimistic.

Similarly, the housing stock of a neighborhood also changes, with each added year producing additional wear and tear, and in the absence of active reinvestment, results in some economic depreciation of housing, both in absolute terms, but also relative to the rest of a region's housing stock. Neighborhoods are constantly changing, both in their demographics and their housing stock. In the absence of gentrification, neighborhoods do not maintain some imagined status quo ante, they continue to change.

The data presented here suggest that if we define gentrification as the change of a high-poverty neighborhood into a neighborhood of below-average poverty, that gentrification is relatively rare, and affects a small fraction of persons living in high-poverty neighborhoods.

The difference in the scale and speed of neighborhood change in declining and improving neighborhoods is likely an important factor drawing our attention to gentrification. Housing economists use a filtering model to describe the gradual process of housing "filtering down" to lower-income populations as buildings age. This filtering results in a slow, steady decline of average (real) incomes in older urban neighborhoods. As individual housing units age, their sales and rental value declines relative to the rest of the housing stock and the average income of the households inhabiting them tends to decline as well. Rosenthal estimates that the average real income levels decline by about 2.6percent per year in rental housing and by about 0.8percent per year in owner occupied housing (2011). These estimates suggest that over a period of four decades, the average real income of families renting houses in a neighborhood would decline by about 40 percent. The economic status of the mass of urban neighborhoods is slowly and almost imperceptibly declining. In stark contrast, a few neighborhoods experience a rapid upgrading. Because the slow decline is more common and less visible, it is seldom remarked upon, while gentrification, when it happens–which is both unusual and dramatic–is a far more evident change.

Many arguments about gentrification assume that the change in population in a neighborhood is a strict one-for-one process: that if one non-poor person moves in, that a poor resident of the neighborhood must move out. Our data suggest this is not the case: neighborhoods that see a reduction in poverty see a significant numerical increase in their population; in contrast, high-poverty neighborhoods that do not improve in the aggregate tend to steadily lose population over time.

There is little evidence to suggest that the scale of rebounding in previously high-poverty neighborhoods has been a significant factor in worsening living conditions for the urban poor. As noted, only about 100 urban census tracts, containing about five percent of those living in neighborhoods of concentrated poverty, saw poverty rates decline to below the national average over four decades. The total number of poor persons living in these neighborhoods declined by

about 67,000 over those four decades. Meanwhile, the number of neighborhoods of concentrated poverty tripled, and the number of poor persons living in these neighborhoods increased by more than 1.6 million. Table 7 summarizes these changes.

The population living in poverty declined between 1970 and 2010 in both rebounding and chronically poor neighborhoods. In the 750 chronically high-poverty neighborhoods, the population living in poverty declined by more than half a million. Eight times as many poor people were "displaced" from chronic high-poverty neighborhoods as were displaced from rebounding neighborhoods (67,000). Simultaneously, the total growth in the poverty population in new high-poverty neighborhoods greatly exceeded the reduction in poverty in rebounding neighborhoods. Between 1970 and 2010, the growth in the poverty population of newly high-poverty neighborhoods (1.6 million) was 25 times larger than the decline in the poverty population in rebounding neighborhoods (67,000).

Larger macroeconomic factors–skill-biased technological change, globalization, increasing inequality and the stagnant wage growth, especially for moderately skilled workers–appears to be a much larger contributor to the growth of poverty generally. As Reardon and Bischoff (2013) point out, the growth in concentrated poverty mirrors the growing inequality of income among U.S. households. Growing income inequality means more low-income households.

Table 7: Change in Poverty Population by Neighborhood Type, 1970 to 2010

Neighborhood Type	Change of Population in Poverty, 1970 to 2010	Number of Tracts
Rebounding Neighborhoods	-67,000	105
Chronically Poor Neighborhoods	-548,000	750
Newly Poor Neighborhoods	+1,657,000	2,428

Conclusions

The data presented here lead to a number of key conclusions about the process of neighborhood change in large metropolitan areas over the past four decades.

First, these data **confirm the strong persistence of high poverty over time**. Two-thirds of the high-poverty census tracts in 1970 were still high-poverty neighborhoods forty years later. On a population-weighted basis, three-quarters of the poor living in high-poverty neighborhoods in 1970 would have found that their neighborhood was still a high-poverty neighborhood in 2010.

Second, **high-poverty neighborhoods are not stable**. Almost all 1970 high-poverty neighborhoods saw a decline in population over the next 40 years; the declines were most pronounced in those neighborhoods that remained high-poverty. In the aggregate these chronically high-poverty neighborhoods lost 40 percent of their population over four decades.

Third, the **incidence of neighborhood rebounding**–here defined as a previously high-poverty neighborhood that sees its poverty rate decline to less than 15 percent in 2010–**is surprisingly small**. Only about 100 urban census tracts saw this kind of change over a forty-year period in these 51 large metropolitan areas. The odds that a poor person living in a high-poverty census tract in 1970 would be in a place that 40 years later had rebounded are about 1 in 20. In contrast to chronically high-poverty neighborhoods (which saw 40 percent population declines), these rebounding neighborhoods recorded an aggregate 30 percent increase in population.

Fourth, **the number of high-poverty neighborhoods in the core of metropolitan areas has tripled and their population has doubled in the past four decades**. A majority of the increase in high-poverty neighborhoods can be accounted for by "fallen stars," places that in 1970 had below average poverty rates (under 15 percent), but which today have poverty rates of over 30 percent.

Fifth, **the data presented here suggest an "up or out" dynamic for high-poverty areas**. A few places have experienced a significant reduction in poverty and these have enjoyed net population growth. But those areas that don't see big poverty reductions don't remain stable: they deteriorate, lose population, and overwhelmingly remain in high poverty.

Sixth, **most metropolitan areas have had just one or two neighborhoods that have rebounded from high poverty in the last forty years**. Just three metropolitan areas–New York, Chicago, and Washington–have accounted for 46 percent of the persons living in high-

poverty neighborhoods in 1970 that subsequently experienced a significant reduction in poverty.

It is rare for an urban, high-poverty neighborhood to experience a major decline in poverty. If we use such a change in poverty rates as an indicator of gentrification, this data analysis suggests that dramatic change, though striking when it occurs, is not widespread. Even over four decades, few urban poor see their neighborhoods gentrify to this extent. Gentrification may make the contrast between wealth and poverty more evident where it occurs, but is not a major contributor to worsening the plight of the urban poor.

Far more common than gentrification–and far less commented upon–is the overwhelming persistence of high poverty in those neighborhoods where it is established, the steady decay in population in chronic high-poverty neighborhoods, and the widespread transformation of formerly low-poverty neighborhoods into high-poverty areas. Over the past four decades, for every high-poverty neighborhood transformed to low poverty by gentrification, 12 previously low-poverty neighborhoods have slipped into the high-poverty category.

If we are concerned about the plight of the poor in the nation's urban areas, we should be far more troubled by the multi-decade persistence of concentrated poverty and the continuing growth of high-poverty neighborhoods. The fact that the number of such neighborhoods has nearly tripled, that the poor population of these neighborhoods has doubled, and that the share of the urban poor living in neighborhoods of concentrated poverty has increased from about a quarter to nearly forty percent, signals the displacement of poor people from rebounding neighborhoods is a minor factor in shaping urban poverty.

The data presented here show that the process of neighborhood change is more complex and nuanced than is usually portrayed in discussions of gentrification. Our attention is naturally drawn to those places where an urban transformation is happening the most rapidly; new investment and construction are much more noticeable than the imperceptible processes of neighborhood decline.

When it comes to America's urban neighborhoods, the old maxim seems to hold true: change is the only constant. Whether they rebound or not, urban high-poverty neighborhoods do not remain the same. As chronicled here, they tend to follow one of two paths. Most continue to be places of chronic poverty, but experience a steady decline in population. A few experience a rebound, attracting new investment, declining poverty and increasing population. While the abrupt transformation of a few formerly high-poverty neighborhoods captures our attention, it masks a larger and more troubling trend–the steady expansion of new high-poverty neighborhoods. If we're to tackle the challenges of concentrated poverty, we'll have to come to better understand these dynamics of change.

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