



BUSINESS

The Resurrection of America's Slums

After falling in the 1990s, the number of poor people living in high-poverty areas has been growing fast.

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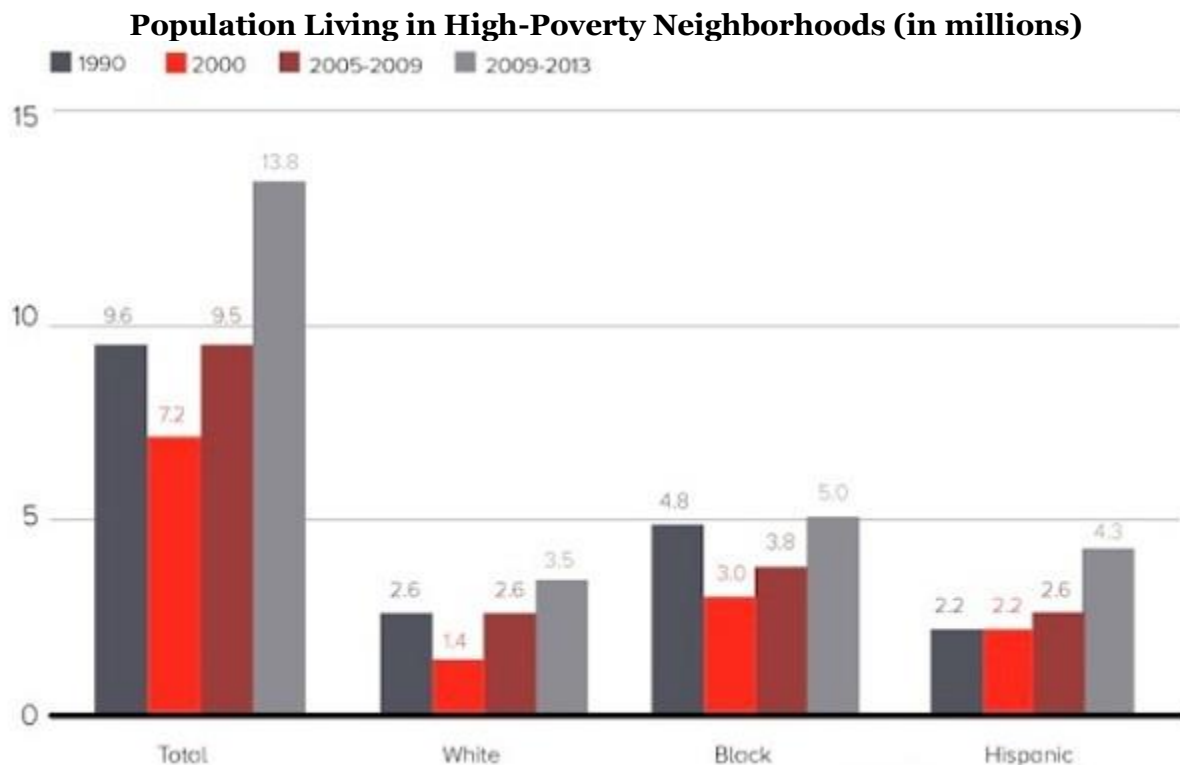
Half a century after President Lyndon B. Johnson declared a war on poverty, the number of Americans living in slums is rising at an extraordinary pace.

The number of people living in high-poverty areas—defined as census tracts where 40 percent or more of families have income levels below the federal poverty threshold—nearly doubled between 2000 and 2013, to 13.8 million from 7.2 million, [according to a new analysis of census data by Paul Jargowsky](#), a public-policy professor at Rutgers University-Camden and a fellow at The Century Foundation. That's the highest number of Americans living in high-poverty neighborhoods ever recorded.

The development is worrying, especially since the number of people living in high-poverty areas [fell 25 percent](#), to 7.2 million from 9.6 million, between 1990 and 2000. Back then, concentrated poverty was declining in part because the economy was booming. The Earned Income Tax Credit boosted the take-home pay for many poor families. (Studies have shown the EITC also [creates a feeling](#) of social inclusion and citizenship among low-

income earners.) The unemployment rate fell as low as 3.8 percent, and the first minimum wage [increases](#) in a decade made it easier for families to get by. Programs to disassemble housing projects in big cities such as Chicago and Detroit eradicated some of the most concentrated poverty in the country, Jargowsky told me.

As newly middle-class minorities moved to inner suburbs, though, the mostly white residents of those suburbs moved further away, buying up the McMansions that were being built at a rapid pace. This acceleration of white flight was especially problematic in Rust Belt towns that didn't experience the economic boom of the mid-2000s. They were watching manufacturing and jobs move overseas.



Source: 1990 and 2000 Census, 2005-2009 and 2009-2013 ACS/The Century Foundation

Cities such as Detroit saw continued white flight as wealthier residents moved to Oakland County and beyond, further and further away from the city's core. They brought their tax dollars with them, leaving the city with little tax base, a struggling economy, and no resources to spend on services.

Low-income residents who wanted to follow the wealthy to the suburbs would have had a difficult time. Many wealthy suburbs [passed zoning ordinances](#) that prohibited the construction of affordable-housing units or the construction of apartment buildings in general. Some mandated that houses all be detached, or are a minimum size, which essentially makes them too expensive for low-income families.

"It's no longer legal to say, 'We don't want African-Americans to live here,' but you can say, 'I'm going to make sure no one who makes less than two times the median income lives here,'" Jargowsky told me.

(Though some affordable-housing developers try to build in the suburbs, many more, especially those in the “poverty-housing industry,” [advocate for](#) building more developments in high-poverty areas to stimulate economic growth. The Local Initiatives Support Corporation, which has a goal of investing in distressed neighborhoods, for example, has spent \$14.7 billion building affordable housing units since 1980.)

Some of the cities where poverty is the most concentrated are in the Midwest and Northeast, where tens of thousands of people have headed to suburbs, and the region itself is shrinking in population. In Syracuse, New York, for example, 65 percent of the black population lived in high-poverty areas in 2013, up from 43 percent of the black population in 2000, Jargowsky found. In Detroit, 58 percent of the black population lived in areas of concentrated poverty in 2013, up from 17 percent in 2000. And in Milwaukee, 43 percent of the Latino population lived in areas of concentrated poverty in 2013, up from 5 percent in 2000.

The number of high-poverty census tracts is also growing in many of these cities. In Detroit, the number of such tracts tripled to 184, from 51 between 2000 and 2013, as concentrated poverty spread to inner suburbs. In Syracuse, the number of high-poverty census tracts grew to 30 from 12.

Federal dollars have sometimes been used in ways that increase the concentration of poverty. Most affordable housing is built with low-income housing tax credits, which are distributed by the states. States assign the tax credits through a process in which they weigh a number of different factors including the location of proposed developments. Many states have favored projects in low-income areas, a practice that was the recent subject of a Supreme Court case known as *Inclusive Communities*. The Inclusive Communities Project argued, in the case, that the way Texas allocated tax credits was discriminatory, since 93 percent of tax credit units in Dallas are located in census tracts that are more than 50 percent minority, and are predominantly poor. The Supreme Court agreed in June, allowing groups to bring lawsuits about such segregation.

Finally, Housing Choice Vouchers, also known as Section 8, are meant to give poor families better options about where they live, but are instead [confining the poor](#) to the few neighborhoods where landlords will accept the voucher.

All of these developments have increased the racial concentration of poverty, especially in mid-sized American cities.

“These policies build a durable architecture of segregation that ensures that racial segregation and the concentration of poverty is entrenched for years to come,” Jargowsky writes.

Highest Black Concentration of Poverty

| RANK | METROPOLITAN AREA | BLACK | | |
|------|------------------------------------|-------|-----------|-----------|
| | | 2000 | 2005-2009 | 2005-2009 |
| 1 | Syracuse, NY | 43.4 | 48.3 | 65.2 |
| 2 | Detroit-Livonia-Dearborn, MI | 17.3 | 41.4 | 57.6 |
| 3 | Toledo, OH | 18.7 | 43.4 | 54.5 |
| 4 | Rochester, NY | 34.2 | 43.5 | 51.5 |
| 5 | Fresno, CA | 42.8 | 28.1 | 51.4 |
| 6 | Buffalo-Niagara Falls, NY | 30.8 | 31.8 | 46.4 |
| 7 | Cleveland-Elyria-Mentor, OH | 26.7 | 36.7 | 45.5 |
| 8 | Gary, IN | 22.2 | 30.1 | 45.2 |
| 9 | Milwaukee-Waukesha-West Allis, WI | 38.7 | 41.0 | 44.8 |
| 10 | Louisville/Jefferson County, KY-IN | 38.6 | 41.9 | 42.6 |

Sources: 2000 Census, 2005-2009 and 2009-2013 ACS/The Century Foundation

Some recent developments, including the Supreme Court decision and a new HUD rule that requires regions to think more carefully about segregation, are positive signs. But Jargowsky says deeper policy prescriptions are needed to reduce these depressing trends in concentrated poverty. First, he says, federal and state governments must ensure that new suburban developments aren't built more quickly than the metropolitan region is growing, so that such developments don't create a population vacuum in cities and inner suburbs. Second, every city and town must ensure that new housing construction reflects the income distribution of the metropolitan area, he said, so that more housing is available to people of all incomes in different parts of town.

"If we are serious about breaking down spatial inequality," Jargowsky writes, "We have to overcome our political gridlock and chart a new course toward a more geographically inclusive society."

That's important for the future of our cities, but also for our nation, Jargowsky said. His research shows that poor children are more likely to live in high-poverty areas than are poor adults—28 percent of poor black children live in high-poverty areas, for example, compared to 24 percent of poor black adults. Overall, 16.5 percent of poor children live in high-poverty areas, compared to 13.8 percent of poor adults.

A child who grows up in a high-poverty area is likely to be poor when he grows up. [Research](#) out this year from Harvard shows that children who moved from poor areas to more affluent areas had higher incomes and better educational achievements than those who stayed in poor areas. Without dramatic changes, today's children who live in high-poverty areas are going to grow up to be poor, too.



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