Concentrated Poverty in New Orleans and Other American Cities

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It has been close to a year since Hurricane Katrina slammed into New Orleans, crippling one of the world's most distinctive cities. As the metropolis struggles to recover, national attention has naturally focused on the significant environmental challenges bedeviling the rebuilding effort. Can the region become a paragon of high-quality, sustainable development given its vulnerable location?

But equal attention needs to be paid to the social challenges. Katrina laid bare the disparities that continue to separate Americans by race and class. Analysis by the Brookings Institution and other research centers has revealed the disparate effect that the city's flooding had on poor, minority households and the distressed neighborhoods in which they disproportionately lived. Thus, a second overriding question: Can the city transform its poor neighborhoods into healthy ones that will attract and accommodate families with a broad range of incomes?

The challenges facing New Orleans are complicated by the sluggish nature of the rebuilding effort. According to the most recent estimate, the population of the city is 181,000, well below the pre-storm level of 463,000. Tens of thousands of evacuees have been living in the Houston area, with large additional clusters in Dallas, Atlanta, and elsewhere. So, a third question: How can we ensure that families in the Katrina diaspora have access to communities of economic vitality and educational opportunity?

To aid the recovery effort and to place New Orleans's plight in a national context, the Brookings Institution released two reports in October 2005: "New Orleans After the Storm: Lessons From the Past, a Plan for the Future" and "Katrina's Window: Confronting Concentrated Poverty Across America." We are also publishing a monthly compilation of economic and social indicators that measure the pace of rebuilding efforts in the New Orleans metropolis (see Katrina Index: Tracking Variables of Post-Katrina Reconstruction).

The data paint a sobering picture. Before Hurricane Katrina struck, New Orleans was a city at once unique and typical. Its architecture; its mix of French, African, Spanish, and Caribbean cultures; its rich artistic history; and its location amid lake, river, and delta were all one of a kind. But New Orleans also provided an example of patterns of segregation by race and by income that pervade most struggling American cities.

On the very day the levees broke, the Census Bureau released a report on poverty in the nation, finding that Orleans Parish had a poverty rate of 23.2 percent, seventh highest among 290 large U.S. counties. Yet the economic hardships were shared unequally. Although African-American residents made up 67 percent of the city's total population, they made up 84 percent of its population below the poverty line. And those poor African-American households were highly concentrated in 47 neighborhoods of extreme poverty—that is, neighborhoods where the poverty rate topped 40 percent.

Of the 131,000 poor people in the city in 2000, nearly 50,000 (38 percent) lived in those neighborhoods of extreme poverty. That put New Orleans second among large American cities in 2000 and far above the national average in its concentration of poverty. For African-Americans, the "concentrated poverty rate" was even higher, at 43 percent. On nearly every social and economic indicator, New Orleans's neighborhoods of high poverty lagged far behind the rest of the city and the region as a whole: Four in five children were raised in single-parent families; just 60 percent of working-age residents were part of the labor market; and only one in 12 adults held a college degree.
That isolation of poverty occurred in a region that was rapidly decentralizing. As poverty hardened over the years in the city, middle-class families (including African-American households) and jobs moved out, mostly to the surrounding parishes. Between 1970 and 2000, the city population shrank by 18 percent, while neighboring St. Tammany Parish doubled in population. Jobs followed people: New Orleans was home to two-thirds of the region's jobs in 1970; by 2000 that share had dropped to 42 percent.

Hurricane Katrina unveiled these disparities in stark terms. African-American and poor people bore the brunt of the devastation because, for the most part, they lived in the lower-lying, more flood-prone sections of the city, such as Mid-City or the Lower Ninth Ward. Incredibly, 38 of the city's 47 extreme-poverty census tracts were flooded. Many people in flooded areas lacked access to a car, a fact that became critical during the evacuation period.

Unfortunately, the pattern of urban concentrated poverty on the one hand and employment decentralization on the other is not unique to New Orleans. While New Orleans clearly ranked among the cities with the most geographically concentrated poor populations, many others were not far behind. Some of the cities—like Baltimore, Cleveland, and Milwaukee—are former industrial giants whose populations have suffered from severe economic restructuring over the past several decades. Others—like Fresno, Los Angeles, and Miami—have faced challenges in integrating new immigrant populations who often arrive in gateway neighborhoods with low levels of education and labor-market skills. Still others—Atlanta, Memphis, and Washington—lie at the heart of growing regions but continue to grapple with legacies of racism, segregation, and intergenerational poverty holding back their most distressed neighborhoods.

So, what to do?

Over the past several decades, scholars and policy makers have learned a lot about the negative effects of concentrated poverty and the benefits of policies designed to give low-income families greater access to housing in lower poverty neighborhoods, closer to employment and educational opportunities.

Many of those lessons have been compiled in a recent anthology, The Geography of Opportunity: Race and Housing Choice in Metropolitan America (Brookings Institution Press, 2005). The volume, edited by Xavier de Souza Briggs, a professor of sociology and urban planning at the Massachusetts Institute of Technology, focuses on four main questions: What limits housing choice, leading to an uneven "geography of opportunity" by race and class? What are the social and economic consequences of this geography? What special barriers to housing opportunity confront low-income families? And what political and policy lessons might we learn from efforts to increase housing choice?

Briggs and his authors find that the residents of poor, isolated communities face failing schools, unsafe streets, run-down housing, and few local jobs or employment networks. Other studies have revealed that residents of poor neighborhoods often pay higher prices for basic goods and services since their neighborhoods are dominated by parasitic firms like check cashers and payday lenders rather than mainstream businesses. (See, for instance, the Brookings report "The Price Is Wrong: Getting the Market Right for Working Families in Philadelphia.") Together, these factors combine to limit opportunities and quality of life.

Yet entire cities, their suburbs, and the nation as a whole also pay a heavy price for concentration of poverty, according to research by Janet Rothenberg Pack, a professor at the Wharton School of the University of Pennsylvania. Cities are forced to pay for the higher cost of delivering health, education, police, fire, judicial, and other services in high-poverty environments, often amounting to hundreds of dollars per city resident. With higher expenses come higher taxes, harming cities in their competition for middle-class families, which are the backbone of resilient economies.

Suburbs with weak central cities also see less appreciation in housing prices and incomes, given the interdependence of economies. One study, for example, found that a 1-percent increase in city employment raises home values by $6,000 in nearby suburbs.

And the concentration of neighborhood poverty leads inexorably to the concentration of school poverty, undermining almost every other effort by the public, private, and volunteer sectors to educate the children of low-income families.
Briggs and his authors analyze the accomplishments and occasional failures of policies designed to give low-income families more housing choices. One chapter distills the lessons from the federal Moving to Opportunity demonstration, which enabled recipients of housing vouchers to move to areas of lower poverty, growing employment, and high-quality schools. Another reviews the benefits of city- and county-wide "inclusionary zoning" regimes that require builders to include a certain amount of housing for low- and moderate-income households when they build market-rate multifamily developments or town-home communities. The book also examines the promise of replacing failed public-housing enclaves with well-designed, economically integrated developments.

The bottom line is that America knows how to promote housing choice and build mixed-income communities that work economically and socially. The only question is whether we have the political will to apply the best lessons and innovations not only to the rebuilding of New Orleans but to the housing of Katrina-displaced and other low-income families throughout the country.

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