

THE PERSISTENCE OF NEIGHBORHOOD POVERTY

Examining the power of inertia and the rarity of neighborhood turnaround across U.S. cities

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Table of Contents

Key findings	3
Introduction	4
Methodology	5
Terminology	6
National trends in neighborhood change	7
Neighborhood change across cities	9
New York City, NY profile	13
Memphis, TN profile	16
Los Angeles, CA profile	19
Winston-Salem, NC profile	22
Indianapolis, IN profile	25
Houston, TX profile	28
Conclusion	31
Bibliography	32

Key findings

- From 1980 to 2018, nearly 4,300 neighborhoods, home to 16 million Americans, crossed the high-poverty threshold (a 30 percent poverty rate or higher).
- Alongside these new high-poverty neighborhoods, 2,134 neighborhoods, home to 6.8 million people, were persistently high poverty.
- In total, two-thirds of metropolitan neighborhoods that were high poverty in 1980 were still high poverty in 2018.
- It is rare for an initially high-poverty neighborhood to ever become low poverty. In the past 38 years, just 14 percent of neighborhoods that were high poverty in 1980 had turned around (flipped to low poverty) by 2018.
- New York City alone accounts for 22 percent of all turnaround neighborhoods nationwide.
- Nearly 4 in 10 at-risk neighborhoods, those with a poverty rate between 20 and 30 percent in 1980, became high poverty by 2018.
- In some cities, the rate of downward neighborhood mobility over the last several decades has been alarming. In Detroit, 61 percent of neighborhoods that were low poverty in 1980 flipped to high poverty in 2018. In Cleveland, that number is 49 percent, and in Rochester, NY, it is 44 percent.

Introduction

In a companion paper, we examined the spread of high-poverty neighborhoods in metropolitan areas since 1980. In both papers, the term “high poverty” describes a neighborhood with a poverty rate of 30 percent or higher. We found that not only has the number of high-poverty neighborhoods surged over the past several decades, but that income growth has stalled for these neighborhoods at the same time, decreasing the likelihood that their high-poverty status will only be fleeting.

This paper builds on its companion by evaluating the likelihood that a neighborhood that was high poverty in 1980 would be low poverty 38 years later, in 2018. How often do poor neighborhoods experience rapid improvement in economic well-being? To contextualize these questions this paper focuses on urban areas, profiling six cities that are representative of the different ways that high-poverty neighborhoods spread and persist, while so few neighborhoods experience meaningful turnaround. It finds a variety of patterns. In some cities, poverty creeps from one neighborhood to the next over time. In others, it forms a patchwork, taking root in one community but not its neighbor. Neighborhoods that turn around, for their part, are almost always near downtowns, innovation districts, or the like—often the exceptional spaces that prove just how hard it is for everyday neighborhoods to buck downward momentum.

By following neighborhoods over time, this paper aims to trace their decline, resurgence, or stagnation. In doing so, it provides a look at the economic mobility of neighborhoods and finds extreme stickiness over long time periods for both low- and high-poverty neighborhoods alongside significant flux for those in between.

This paper does not follow the economic trajectories of individual residents. Neighborhoods are dynamic and in constant flux as residents move in and out, age, build families, thrive, falter, or just get by. This paper only asks whether, through it all, a poor neighborhood has remained a poor neighborhood irrespective of the amount of household churn underneath its surface. While many scholars are rightly preoccupied with an individual’s ability to climb out of poverty, the question posed here is relevant because poor places themselves perpetuate poverty (see companion paper for a discussion), while prosperous neighborhoods provide better gateways to opportunity—even for their poorer residents.

Vast sums of dollars and good intentions have been poured into the country’s poorest neighborhoods over the past several decades. The findings presented here suggest that the resources have been insufficient compared to the scale of the task at hand and relative to the other forces at work in the U.S. economy that make it hard for places that fall into poverty to climb back out again. With another economic crisis of unprecedented nature now underway, the need to forge new tools for community revitalization is more acute than ever.

Methodology

To answer these questions of neighborhood mobility, we utilized Social Explorer to assemble a longitudinal dataset that maps census tract boundaries from 1980 to the 2010 census tract boundaries underlying our 2018 dataset.¹ The analysis only covers metropolitan area census tracts with at least 500 residents. Tracts missing data for any time period were excluded, as were tracts in which 50 percent or more of the population was students in 2018. The study relies on decennial census data from the U.S. Census Bureau for the year 1980 and 2014-2018 American Community Survey 5-Year Estimates, which are referred to as 2018 data. The terms census tract and neighborhood are used interchangeably here.

Our methodology warrants a few caveats. The map of U.S. neighborhoods has changed substantially since 1980. In some cases, once dense urban neighborhoods have depopulated; in others, new neighborhoods have formed where no prior settlements existed. The total population of the tracts we examined increased from 173.5 million in 1980 to 258.2 million in 2018. Official census tract boundaries are redrawn to reflect these changes every 10 years. The dataset does its best to reconcile each decade's boundaries to the current ones, but the longitudinal crosswalks ultimately offer only best approximations of census tract histories. Any conclusions drawn from them should be treated as estimates that are only indicative of broader trends and patterns.²

Despite those shortcomings, we can establish a number of important trends with confidence using the longitudinal dataset that are directly relevant for today's urgent and lively debates about the incidence, intensity, and direction of neighborhood change across metropolitan America.

1 Social Explorer adapts prior decennial census data to 2010 census tract boundaries by reallocating original data for the smallest available microunits using the Longitudinal Tract Data Base (LTDB), maintained by scholars at Brown University. While there are methodological limitations to this approach (see Jargowsky 2003), it is the best one for tracking neighborhoods over time and effectively serves our purposes here. For more on Social Explorer's methods, see ["Reallocating Census Data: How Social Explorer Makes Cross-Decade Comparisons Possible."](#)

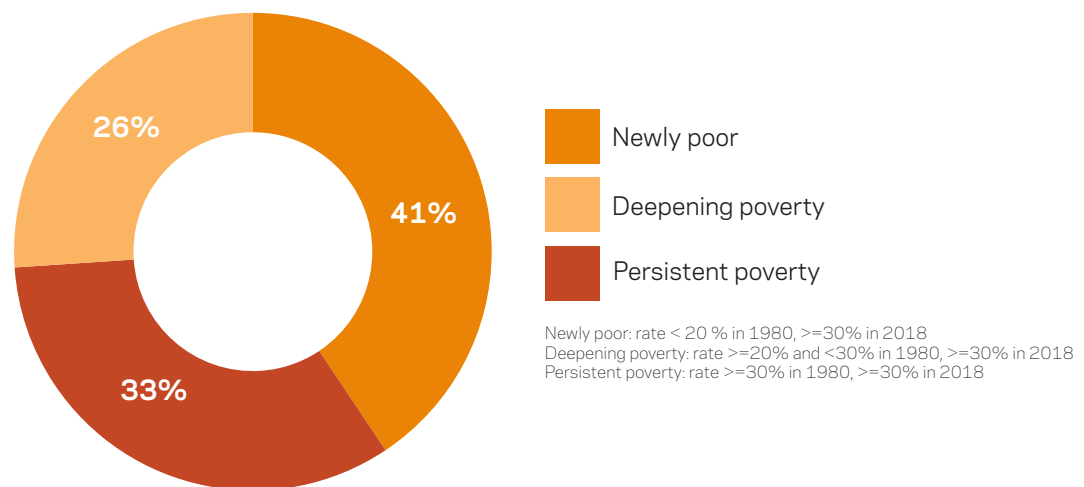
2 Other noteworthy research that uses a similar dataset includes Joe Cortright's "Lost in Place" (City Observatory, 2014).

Terminology

We established three categories to frame our discussion of 2018 high-poverty neighborhoods:

- **Newly poor** describes neighborhoods that were low poverty (a poverty rate below 20 percent) in 1980 and high poverty (a poverty rate above or equal to 30 percent) in 2018. Due to the proliferation of high-poverty neighborhoods since 1980, a majority of 2018 high-poverty neighborhoods fall into this category.
- **Persistent poverty** describes neighborhoods that had a high poverty rate in both 1980 and 2018. Although this category does not consider whether a neighborhood temporarily fell out of the high-poverty bracket at any point between 1980 and 2018, 75 percent of these persistently poor neighborhoods were high poverty at every decade mark between 1980 and 2018.
- **Deepening poverty** describes neighborhoods that had a poverty rate above or equal to 20 percent and below 30 percent in 1980 and were high poverty in 2018.

Status of high-poverty neighborhoods in 2018 relative to where they were in 1980



Source: Economic Innovation Group analysis of U.S. Census data and American Community Survey 5-Year estimates

In addition to discussing these classifications for 2018 high-poverty neighborhoods, this paper also looks at a distinct category for 1980 high-poverty neighborhoods:

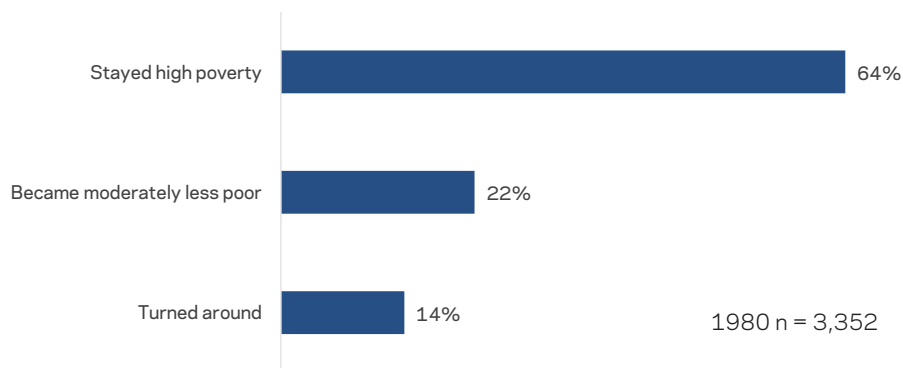
- **Turned around** describes neighborhoods that were high poverty in 1980 and low poverty in 2018.

National trends in neighborhood change

Over the past decade, urban neighborhoods have come to be perceived as dynamic places that undergo profound changes over time as economic fortunes rise and fall, but, in reality, dramatic change in the prevailing socioeconomic condition of a neighborhood is rare. Instead, inertia tends to rule. Prosperous neighborhoods tend to stay prosperous while poor neighborhoods tend to stay poor. To the extent that there is mobility for neighborhoods, it is often downward. Far more neighborhoods tend to slip into poverty than climb out of it, and the number of high-poverty neighborhoods has significantly expanded over the past 38 years, as this paper's companion report documents.

For initially impoverished neighborhoods, persistent poverty is the norm, and major turnarounds are exceedingly rare. Just 14 percent of all neighborhoods that were high poverty in 1980 had successfully turned around by 2018, while 64 percent stayed high poverty.

Probability that by 2018 a 1980 high-poverty neighborhood...



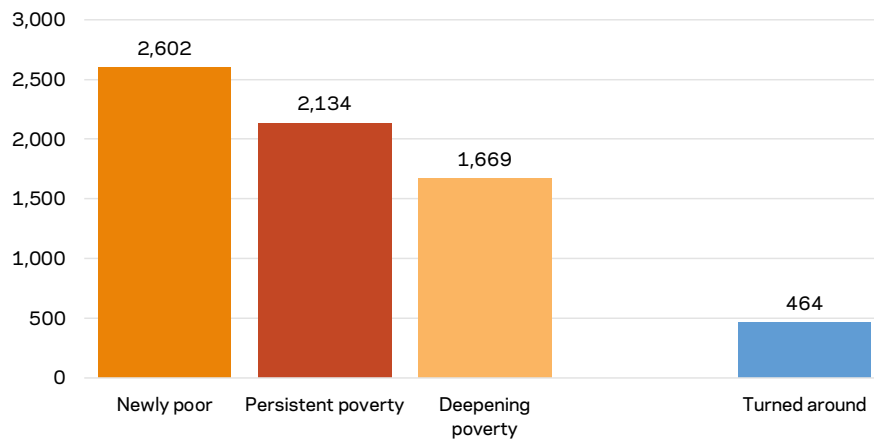
Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates. High poverty is defined as a poverty rate $\geq 30\%$. Moderately less poor is defined as a poverty rate $\geq 30\%$ in 1980 and $\geq 20\%$ and $< 30\%$ in 2018. Turned around is defined as a poverty rate $\geq 30\%$ in 1980 and $< 20\%$ in 2018.

Notably, the same stickiness holds among initially low-poverty neighborhoods. The vast majority of census tracts that had low-poverty rates in 1980 had low-poverty rates in 2018. Even though newly poor census tracts represented the largest share of high-poverty neighborhoods in 2018, the chances that any individual low-poverty census tract would fall so steeply was only 5 percent.

Intermediate neighborhoods—poor places not yet poor enough to be considered high poverty in 1980—experienced far more flux over time. Nearly two out of every five neighborhoods that were at risk of becoming high poverty (meaning they had a poverty rate greater than or equal to 20 percent and below 30 percent in 1980) would in fact become so by 2018. The remaining neighborhoods were equally as likely to remain at risk as they were to become low-poverty.

From 1980 to 2018, nearly 4,300 neighborhoods, home to 16 million Americans, crossed the high-poverty threshold. Alongside these new high-poverty neighborhoods, 2,134 neighborhoods, home to 6.8 million people, were persistently poor. In total, the country contained over 6,400 high-poverty neighborhoods in 2018. By comparison, just 464 neighborhoods that were high poverty in 1980 had turned around by 2018.

Total high-poverty and turnaround neighborhoods, 2018



Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates
 Newly poor: rate < 20 % in 1980, >=30% in 2018
 Deepening poverty: rate >=20% and <30% in 1980, >=30% in 2018
 Persistent poverty: rate >=30% in 1980, >=30% in 2018
 Turned around: rate >=30% in 1980, <20% in 2018

Assessed in its entirety, this historical perspective strongly implies that it is far easier for neighborhoods to become and stay poor than it is for them to climb out of poverty. Stickiness rules for neighborhoods at both ends of the distribution, but the prevailing trend is that far more places became high poverty over the past 38 years than successfully turned around. In the end, for every one high-poverty neighborhood that dramatically improved, there were five low-poverty ones that suffered dramatic deterioration.

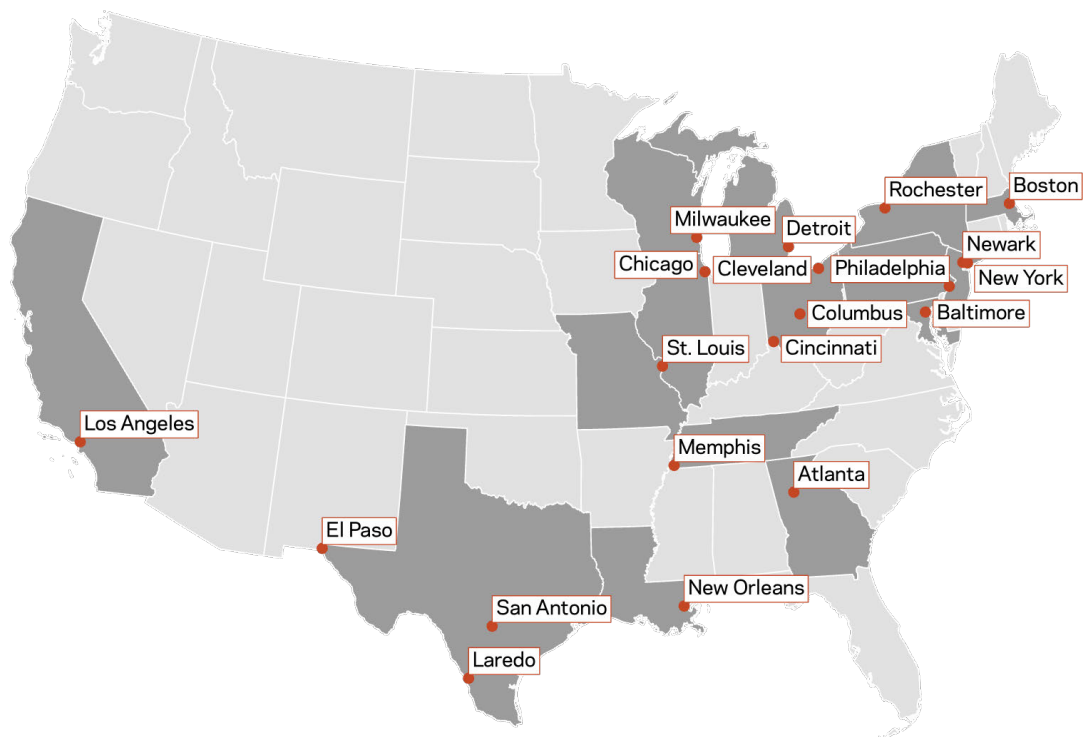
For every one high-poverty neighborhood that experienced a meaningful turnaround over the past 38 years, there were five low-poverty ones that suffered dramatic deterioration.

Neighborhood change across cities

Cities provide the ideal geographic scale to examine the dynamics and evolution of neighborhood-level poverty up close. This holds especially true for scholars, like us, who are interested in exploring the trajectories of initially high-poverty neighborhoods, which have a historical propensity to be urban. In addition, the more metro-scaled story of the creep of poverty into the suburbs in recent years is well-explored elsewhere (Kneebone and Berube 2013).

Persistently poor neighborhoods are overrepresented in the Northeast and the South and tend to be clustered around central cities. Black Americans make up half of the population in the average persistent poverty census tract, substantially greater than their share of the typical high-poverty neighborhood in general (39 percent). Popular conceptions (and misconceptions) of urban poverty were formed around many of these neighborhoods decades ago; the persistence of poverty in the same places since points to the meager progress the country has made in tackling long-standing social, economic, and racial inequalities, and how difficult it is to uproot poverty once it has taken hold.

20 cities with the most persistently poor (high poverty 1980, high poverty 2018) neighborhoods

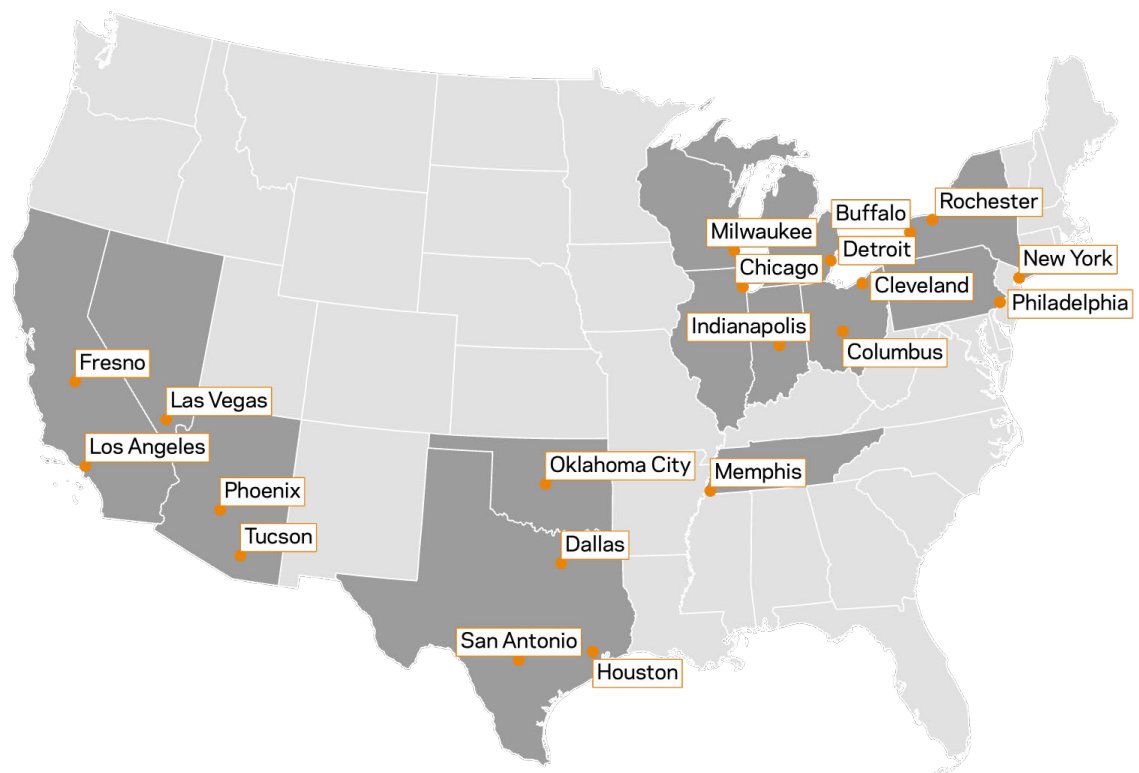


Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey, 5-Year estimates
High poverty is defined as a poverty rate $\geq 30\%$

Newly poor neighborhoods tend to be located further from the center of cities. Depending on the region and the city, sometimes they form directly adjacent to existing high-poverty neighborhoods, reflecting poverty's slow creep from one neighborhood to the next. Such is the pattern found in Detroit, Memphis, and Winston-Salem. In other cities, high poverty seems to take root in more idiosyncratic patterns. This is especially true in very large cities such as New York, sprawling and fast-growing ones such as Houston, and also those with little legacy of deep poverty, such as Indianapolis.

In general, the cities with the largest number of newly poor neighborhoods are a mix of those with large stocks of persistently poor neighborhoods (typically in the Rust Belt) and high population growth cities in the Sun Belt. These neighborhoods have grown far more diverse as they've become poorer. In 1980, non-Hispanic whites made up nearly three-quarters of the population of the typical low-poverty neighborhood that would go on to become high poverty. By 2018, the Black, white, and Hispanic shares were roughly equal in the average newly poor neighborhood.

20 cities with the most newly poor (low poverty 1980, high poverty 2018) neighborhoods



Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey, 5-Year estimates
Low poverty = poverty rate <20%, high poverty = poverty rate >=30%

In some cities, the rate of downward neighborhood mobility over the last several decades has been alarming. Nationally, just 5 percent of neighborhoods in metropolitan America that were low-poverty in 1980 flipped to high poverty in 2018, but in some cities the share is substantially higher. In Detroit, 61 percent of neighborhoods that were low poverty in 1980 flipped to high poverty in 2018. In Cleveland, that number is 49 percent, and in Rochester, NY, it is 44 percent. While Rust Belt cities have been the hardest hit by this trend, even in Sun Belt growth poles, such as Houston and Phoenix, about one in five neighborhoods that were low poverty in 1980 were high poverty in 2018.

Turnaround neighborhoods, for their part, are quite uncommon. New York City alone accounted for 22 percent of the country's neighborhoods that went from high poverty in 1980 to low poverty in 2018. Add in Chicago and Los Angeles, and the country's three largest cities contained over one-third of all turnaround neighborhoods. A further 16 percent of turnaround neighborhoods had a population density below 1,000 people per square mile. As a general rule, these were initially rural tracts on the metropolitan fringe that, by 2018, were home to higher-income suburban or exurban developments. Removing the big three cities and these exurban neighborhoods from the total disposes of roughly half of all turnaround neighborhoods nationwide, leaving about 230 across the rest of the map. In most cities, turnaround neighborhoods are few in number and downtown or downtown adjacent. Only 33 cities had more than two. Forty-seven of the country's 100 most populous cities had no turnaround neighborhoods at all. For some cities this is because they had few or no high-poverty tracts in 1980. Las Vegas, for example, only had one high-poverty neighborhood in 1980, which did not turn around. It now has 23 new high-poverty neighborhoods.

In 2018, the country's three largest cities contained over one-third of all turnaround neighborhoods.

In 2018, the average non-Hispanic white share of the population in turnaround tracts was 42 percent, well above their 30 percent share in 1980. Turnaround tracts are the only group in our sample to have become whiter on average over time. The population rose in nearly two-thirds of all turnaround tracts over the study period, implying that many of these neighborhoods grew as they changed in complex ways.

City case studies

In order to ground these trends in real neighborhoods, we profiled six geographically and demographically diverse cities that show the varied ways in which urban poverty has evolved across the country's landscape since 1980. Explaining in any universal manner the underlying forces driving neighborhood mobility or, critically, the economic mobility of the residents of the census tracts in question is beyond the scope of this paper. Case studies help illuminate some likely answers to those pressing questions, however.

These city profiles are intended to highlight the diverse ways in which high-poverty neighborhoods have persisted and proliferated in very different urban settings over the past several decades. They also reinforce how uncommon it is for once-poor neighborhoods to substantially turnaround even as decades tick by. Each explores a different theme:

- **New York City** is home to the country's largest concentrations of both turnaround and persistent poverty neighborhoods in stark juxtaposition.
- **Memphis** puts the extent of persistent Black poverty across many American cities in alarming relief.
- **Los Angeles** shows how much underlying demographic transformation can take place in communities that nevertheless remain high poverty over the decades.
- **Winston-Salem** showcases the gradual spread of poverty into more and more neighborhoods even as flagship economic development efforts can succeed in turning single neighborhoods around.
- **Indianapolis** demonstrates the spread of high poverty neighborhoods even in emerging knowledge-based economies with few initial pockets of deep poverty.
- **Houston** demonstrates the patchwork manner in which poverty now roots itself into neighborhoods in the country's fast-growing, sprawling metropolises.

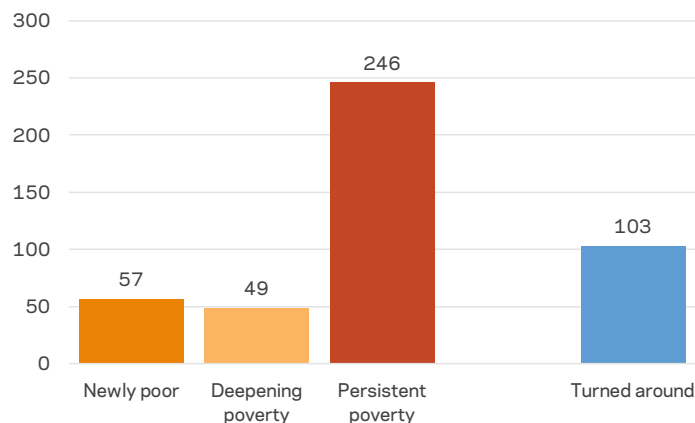
However, these profiles do not present an exhaustive sampling of city typologies. Cities such as Seattle and Denver, for example, have very few high-poverty neighborhoods, while other cities, such as Detroit and St. Louis, have so many that they are a different kind of outlier.³

³ Readers interested in exploring other cities should visit the [website](#) for this research project to explore an interactive map of all metropolitan high-poverty neighborhoods or download a spreadsheet with data for all major cities.



Like many American cities, New York started down a path of urban decline beginning in the 1960s. By 1980, one-quarter of the city’s population lived in a high-poverty neighborhood. Although the figure was higher in many other cities at the time (in nearby Newark, 59 percent of the population lived in a high-poverty neighborhood), as the country’s most populous city it was nonetheless home to a staggering number of people packed into economically depressed neighborhoods. The city’s overall poverty rate has hardly changed since the 1980s, dropping only slightly from 20 percent to 19 percent. Despite this, its number of high-poverty neighborhoods fell sharply from 499 in 1980 to 352 in 2018, putting New York in rare company. Out of a total of 114 cities nationwide with a population over 200,000, only 15 contain a greater number of tracts that moved from high poverty to low poverty than the inverse.⁴ In total, NYC accounted for 22 percent of the country’s turnaround neighborhoods.

2018 high-poverty and turnaround neighborhoods
New York City, NY



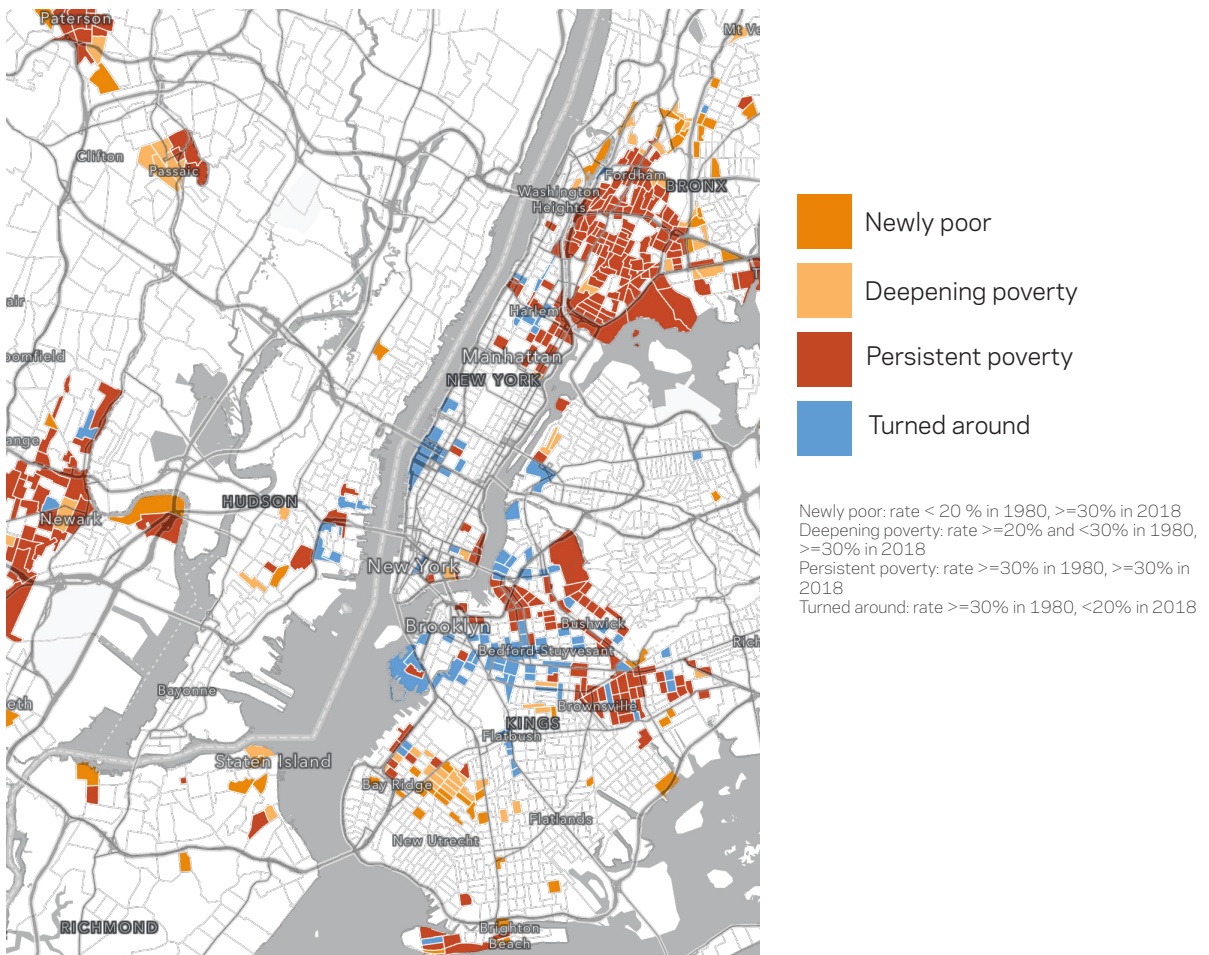
Newly poor: rate < 20 % in 1980, >=30% in 2018
Deepening poverty: rate >=20% and <30% in 1980, >=30% in 2018
Persistent poverty: rate >=30% in 1980, >=30% in 2018
Turned around: rate >=30% in 1980, <20% in 2018
Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

⁴ In every other major city with this same trend, the number of turnaround tracts was only marginally higher than the number of low- to high-poverty tracts. In Chicago, for example, 41 tracts turned around, while 40 tracts went from low to high poverty.

Most of New York City’s turnaround neighborhoods are concentrated in Brooklyn, where they are in close proximity to the borough’s persistent poverty neighborhoods. The rapidity and scale of such a turnaround has made Brooklyn a focal point for the nation’s debates around gentrification and displacement. Yet the dynamics at work are complex and hard to pin down, especially in a city as transient as New York. Consider that while the number of poor living in a high-poverty neighborhood in Brooklyn decreased by 29 percent from 1980 to 2018, the total number of poor living in Brooklyn increased by 3 percent.⁵ Such figures suggest that the poor were deconcentrated within Brooklyn—having either moved to mixed income neighborhoods or stayed put while income mixes changed around them—but were not necessarily pushed outside of the borough.

Despite the prevalence of turnaround neighborhoods in the city, New York retains an exceptionally high number of persistent poverty neighborhoods and a stubbornly large number of people living in high-poverty neighborhoods. New York City’s landscape of poverty is a unique patchwork of entrenched poverty, rapidly transitioning neighborhoods, and new high-poverty neighborhoods on the city’s periphery.

High-poverty neighborhoods, New York, NY



Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

⁵ This is in line with recent research (Dragan, Ellen and Glied 2019) that argues for decoupling gentrification, a likely explanation for many of Brooklyn’s turnaround tracts, and displacement of low-income populations. The study uses longitudinal New York City Medicaid records from January 2009 to December 2015 to track the mobility of a cohort of low-income children over seven years. Its authors found that while displacement is a common occurrence for low-income populations, it occurs irrespective of gentrification.

New York’s persistently high-poverty neighborhoods are tightly clustered. Roughly half of them are in the Bronx, which contains only two turnaround neighborhoods. If the Bronx were treated as its own city, its poverty trends would be dismal. Its number of high-poverty neighborhoods increased from 148 in 1980 to 156 in 2018. As of 2018, 48 percent of all neighborhoods in the Bronx were high poverty, comparable to Memphis, TN, and 53 percent of the borough’s population lives in a high-poverty neighborhood. With 752,000 people living in such neighborhoods, the Bronx by itself has more people living in high-poverty conditions than any other American city.

Looking at these high-poverty neighborhoods vis-à-vis non-high-poverty neighborhoods demonstrates their concentrated disadvantage. The median household income in New York City’s high-poverty neighborhoods is less than half that of all other neighborhoods. One-third of individuals 25 and older living in these high-poverty neighborhoods lack a high school diploma. The constraints of a tight housing market are felt especially acutely in high-poverty neighborhoods, where the vacancy rate is a percentage point lower on average than in non-high-poverty neighborhoods.

New York City may be representative of gentrification in the popular consciousness, but the city is still home to 1.6 million people residing in high-poverty neighborhoods. Even though this figure has fallen significantly since 1980, it is roughly equal to the total number of people living in high-poverty neighborhoods in the next three largest cities (Chicago, Los Angeles and Houston) combined. This stat alone points to how much more work remains to restore economic opportunity to more corners of the country’s leading metropolis.

Comparison statistics, New York City, NY

		High-poverty tracts	All other tracts
Income	Median household income	\$31,000	\$74,000
Demographics	Population, 1980	1,794,000	5,234,000
	Population, 2018	1,606,000	6,775,000
	% population change, 1980-2018	-10%	29%
	Population below poverty line 1980	747,000	641,000
	Population below poverty line 2018	627,000	937,000
	% poverty population change, 1980-2018	-16%	46%
	Racial/ethnic profile		
	% non-Hispanic White	15%	36%
	% Hispanic	47%	23%
	% Black	29%	22%
	% Foreign born	34%	39%
Education	% Adults without a high school diploma	32%	16%
	% Adults with a bachelor’s degree or higher	17%	39%
Labor market	% prime age (25-54) out of work	34%	21%
Housing	% rent-burdened	62%	53%
	Median value for owner-occupied units	\$379,000	\$640,000
	Vacancy rate	6%	7%
Health	Average life expectancy, 2015	77	81
	Uninsured	10%	8%

Shares represent averages of tracts in each cohort

Rent-burdened reflects share of renter occupied households that spend 30%+ of their household income on housing

Data is for 2018 unless otherwise noted

Source: Economic Innovation Group analysis of CDC data, U.S. Census data and American Community Survey 5-Year estimates

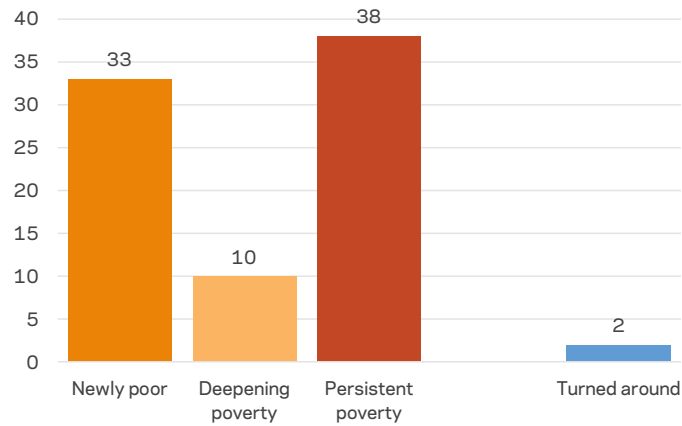


It would be easy to forget that the country was until very recently experiencing a record period of economic growth looking at poverty in Memphis. The city's 2018 poverty rate of 27.8 percent was even three percentage points higher than the year prior, clear evidence that the boom times nationally failed to penetrate the most distressed areas of this particular city. Nationally, Memphis has the second-highest poverty rate among cities with a population over 500,000, Detroit having the highest. In 1980 around one in five people were living below the poverty line in the city; in 2018 around one in four people were. The share of the city's population living in a high-poverty neighborhood also increased from 30 percent in 1980 to 43 percent in 2018.

Despite being a city where poverty is endemic, Memphis has economic assets that have driven growth in select parts of the city. FedEx recently announced that it will move its headquarters from the suburbs to downtown, just a couple blocks away from a neighborhood where two-thirds of the population lives below the poverty line. Intra-metropolitan inequality is extremely high in Memphis. In 2018, the suburban unemployment rate was 4 percent compared to 10 percent for the city itself.

Thirty-eight tracts in Memphis have experienced persistent poverty since 1980, and another 33 were newly high poverty in 2018. Only two tracts adjacent to downtown turned around from 1980 to 2018. In total, Memphis had 81 tracts experiencing high poverty in 2018, nearly double the number in 1980 and close to half of its total neighborhoods.

2018 high-poverty and turnaround neighborhoods Memphis, TN



Newly poor: rate < 20% in 1980, >=30% in 2018

Deepening poverty: rate >=20% and <30% in 1980, >=30% in 2018

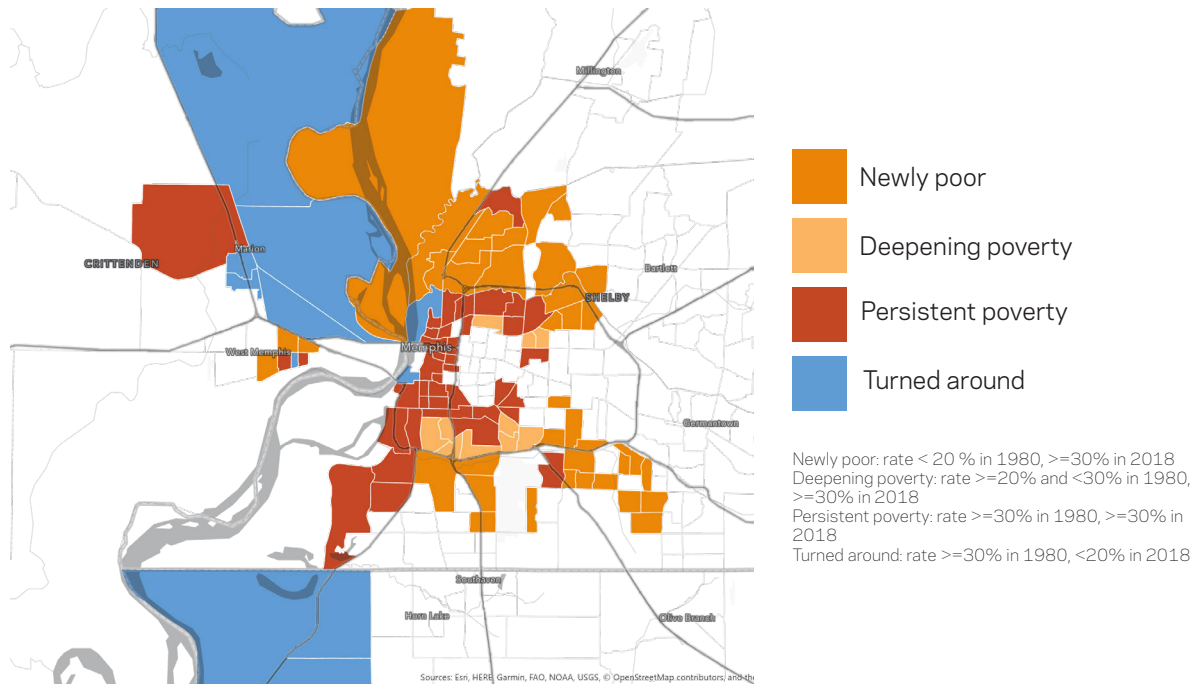
Persistent poverty: rate >=30% in 1980, >=30% in 2018

Turned around: rate >=30% in 1980, <20% in 2018

Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

Two neighborhoods adjacent to downtown Memphis, one to the south and one to the north, flipped from high poverty to low poverty between 1980 and 2018. Every other neighborhood close to the center of the city remained high poverty, as newly poor neighborhoods formed further from downtown. North Memphis, which has been hit hard by several factory closures over the past couple decades, has the broadest swath of new high-poverty tracts.

High-poverty neighborhoods, Memphis, TN



Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

Black residents continue to be disproportionately impacted by poverty in Memphis. The Black share of the population living in the average high-poverty neighborhood dropped slightly from 85 percent in 1980 to 82 percent in 2018, largely due to an influx of Hispanics, whose share grew from 1 percent in 1980 to 7 percent in 2018. The share of non-Hispanic whites living in these neighborhoods actually declined from 13 percent to 7 percent, bucking national trends.

Nearly one-quarter of all homes stand vacant in the city’s high-poverty neighborhoods, where two-thirds of renters are rent-burdened (paying more than 30 percent of their income towards housing). Prime age unemployment in high-poverty neighborhoods is nearly double the rate of the rest of the city. Alarming, the population living in high-poverty neighborhoods has increased by 43 percent since 1980, while the rest of the city’s population fell by 23 percent.

Comparison statistics, Memphis, TN

		High-poverty tracts	All other tracts
Income	Median household income	\$25,000	\$54,000
Demographics	Population, 1980	195,000	464,000
	Population, 2018	275,000	359,000
	% population change, 1980-2018	41%	-23%
	Population below poverty line 1980	85,000	54,000
	Population below poverty line 2018	112,000	57,000
	% poverty population change, 1980-2018	32%	6%
Racial/ethnic profile			
	% non-Hispanic White	9%	39%
	% Hispanic	7%	6%
	% Black	82%	52%
	% Foreign born	5%	6%
Education	% Adults without a high school diploma	23%	10%
	% Adults with a bachelor’s degree or higher	12%	35%
Labor market	% prime age (25-54) out of work	37%	20%
Housing	% rent-burdened	66%	51%
	Median value for owner-occupied units	\$58,000	\$149,000
	Vacancy rate	22%	12%
Health	Average life expectancy, 2015	71	76
	Uninsured	19%	12%

Shares represent averages of tracts in each cohort

Rent-burdened reflects share of renter occupied households that spend 30%+ of their household income on housing

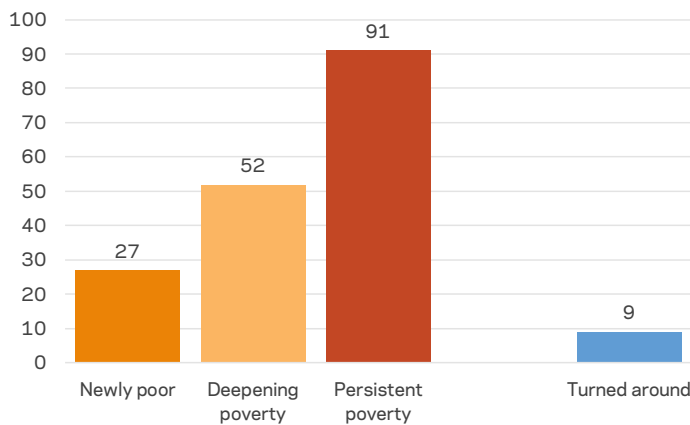
Data is for 2018 unless otherwise noted

Source: Economic Innovation Group analysis of CDC data, U.S. Census data and American Community Survey 5-Year estimates



Los Angeles contained 170 high-poverty neighborhoods in 2018, a sizeable increase from 139 in 1980. The city contains the third highest number of persistently poor neighborhoods after New York City and Chicago. Unlike New York City, Los Angeles saw only nine of its high-poverty neighborhoods transition to low poverty over the study period. The city's 27 newly poor neighborhoods counterbalanced those turnaround ones three times over. Most of the city's high-poverty neighborhoods have experienced population growth since 1980, with only 14 percent losing residents.

2018 high-poverty and turnaround neighborhoods
Los Angeles, CA



Newly poor: rate < 20 % in 1980, >=30% in 2018

Deepening poverty: rate >=20% and <30% in 1980, >=30% in 2018

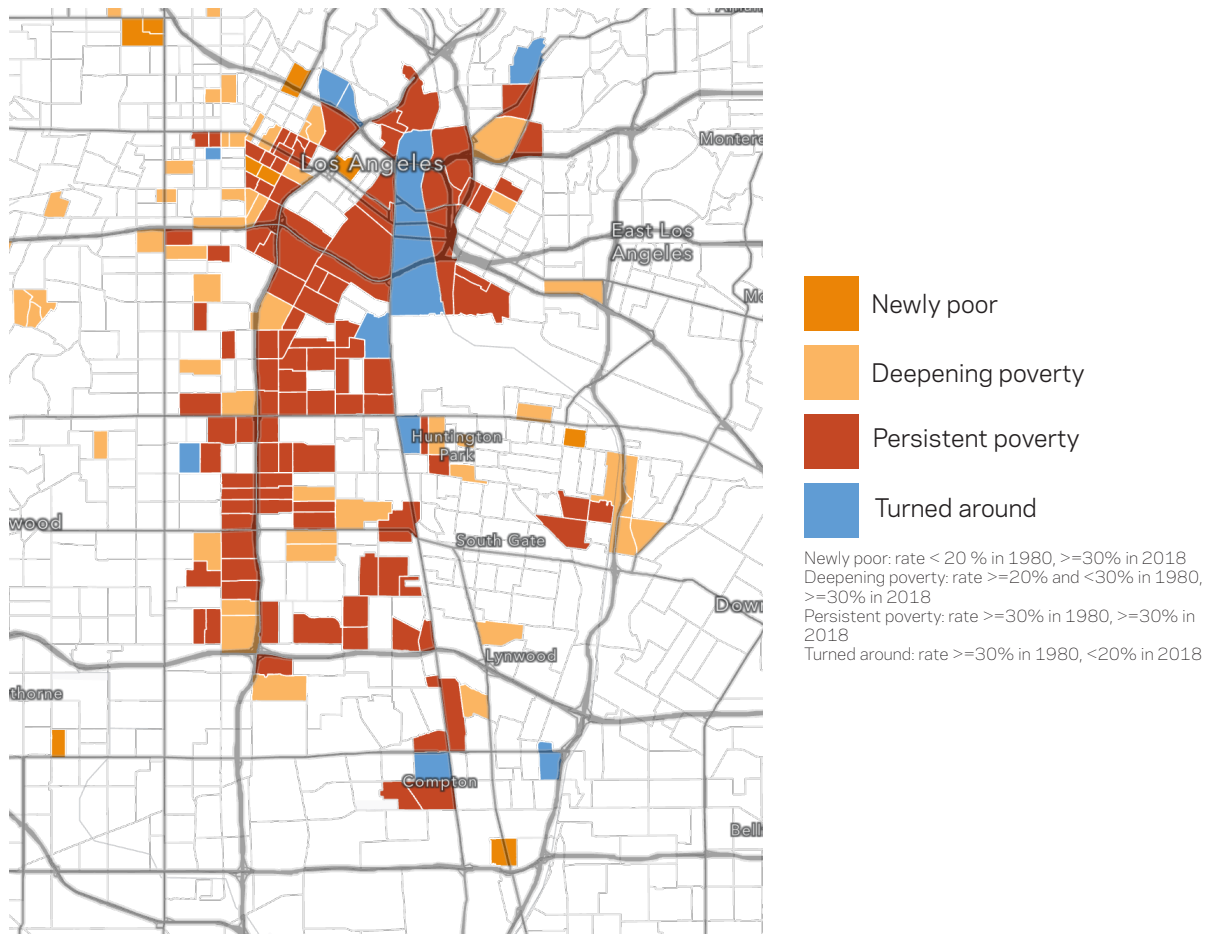
Persistent poverty: rate >=30% in 1980, >=30% in 2018

Turned around: rate >=30% in 1980, <20% in 2018

Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

Los Angeles' nine turnaround neighborhoods are scattered throughout the city. The largest and most central is the city's Arts District, which saw its poverty rate decline from 40 percent in 1980 to 12 percent in 2018. This turnaround neighborhood is surrounded by tracts experiencing persistent poverty, many of which have had consistently high poverty rates for the past 38 years, including the city's Skid Row, with a poverty rate of 79 percent. South of downtown, the city's South-Central neighborhood provides an example of the huge demographic shifts occurring under the surface of the city's stubbornly high poverty rate. The neighborhood's Black population fell from 13,000 in 1980 to 3,000 in 2018 while its Hispanic population soared, reaching 46,000 in 2018, more than double the number in 1980.

High-poverty neighborhoods, Los Angeles, CA



Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

Hispanics now make up 73 percent of the population of Los Angeles’ high-poverty neighborhoods, even though they represent a little less than half of the city’s total population. Blacks saw their share of the city’s high-poverty neighborhood population fall from 43 percent in 1980 to just 12 percent in 2018, largely driven by their exodus from the city over that time. Los Angeles’ Black population declined by one-third from 1980 to 2018, while its Hispanic population increased by 139 percent.

The average vacancy rate in Los Angeles’ high-poverty neighborhoods is just 5 percent, compared to 6 percent for non-high-poverty neighborhoods and 8 percent nationally, reflecting the city’s severe housing shortage. In the average high-poverty neighborhood, two-thirds of residents are rent-burdened. Meanwhile, the city’s homeless population increased by 16 percent in 2019 from the year prior for a total of 36,300 people living on the streets—demonstrating how the city’s housing affordability crisis exacerbates the condition of poverty for its most vulnerable residents.

Comparison statistics, Los Angeles, CA

		High-poverty tracts	All other tracts
Income	Median household income	\$33,000	\$71,000
Demographics	Population, 1980	418,000	2,512,000
	Population, 2018	676,000	3,231,000
	% population change, 1980-2018	62%	29%
	Population below poverty line 1980	151,000	321,000
	Population below poverty line 2018	249,000	479,000
	% poverty population change, 1980-2018	65%	49%
	Racial/ethnic profile		
	% non-Hispanic White	7%	34%
	% Hispanic	73%	43%
	% Black	12%	8%
	% Foreign born	45%	36%
Education	% Adults without a high school diploma	45%	20%
	% Adults with a bachelor’s degree or higher	13%	36%
Labor market	% prime age (25-54) out of work	29%	21%
Housing	% rent-burdened	67%	58%
	Median value for owner-occupied units	\$347,000	\$663,000
	Vacancy rate	5%	6%
Health	Average life expectancy, 2015	77	81
	Uninsured	20%	11%

Shares represent averages of tracts in each cohort

Rent-burdened reflects share of renter occupied households that spend 30%+ of their household income on housing

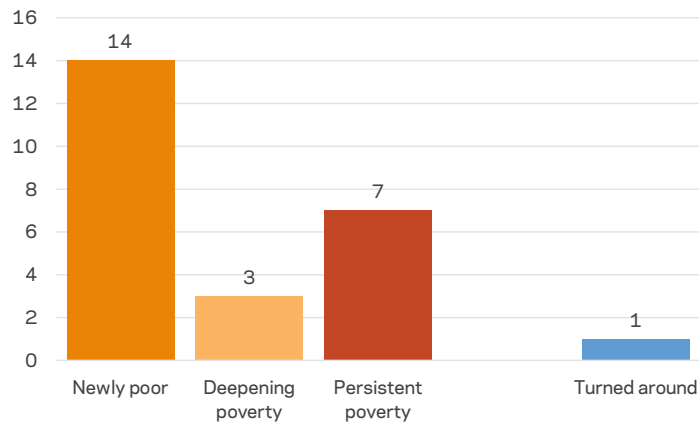
Data is for 2018 unless otherwise noted

Source: Economic Innovation Group analysis of CDC data, U.S. Census data and American Community Survey 5-Year estimates



Winston-Salem’s city-wide poverty rate in 2018 stood at 20.6 percent, unchanged from the year prior, and nearly four percentage points higher than its 1980 poverty rate. While the city’s poverty rate looks modest in comparison to cities such as Memphis and Detroit, the proliferation of new high-poverty neighborhoods locally is worrisome. Seventeen neighborhoods in Winston-Salem went from low or moderate poverty in 1980 to high poverty in 2018, representing 28 percent of all the city’s neighborhoods. Meanwhile, the city has made little progress towards reducing its stock of historically high-poverty neighborhoods. Of the nine high-poverty neighborhoods the city had in 1980, just one turned around, while another one switched to moderate poverty. All but one of Winston-Salem’s persistently poor neighborhoods had an even higher poverty rate in 2018 than they did in 1980.

2018 high-poverty and turnaround neighborhoods
Winston-Salem, NC



Newly poor: rate < 20% in 1980, >=30% in 2018
 Deepening poverty: rate >=20% and <30% in 1980, >=30% in 2018
 Persistent poverty: rate >=30% in 1980, >=30% in 2018
 Turned around: rate >=30% in 1980, <20% in 2018

Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

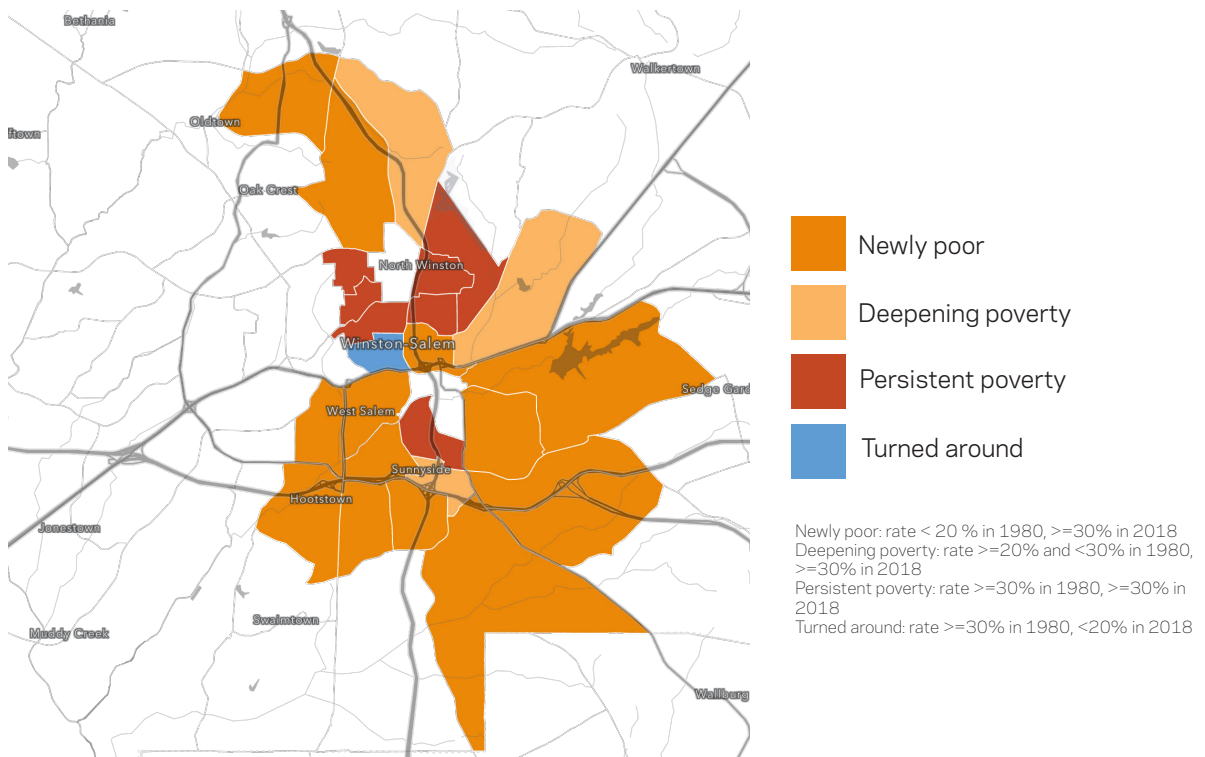
Like many American cities, Winston-Salem has focused its economic development efforts on revitalizing its downtown. The crown jewel of this effort is the city’s Innovation Quarter, a project 20 years in the making that has succeeded in repurposing former industrial buildings into a research park with 90 companies alongside residential

developments. This is the only neighborhood in Winston-Salem to pivot from high to low poverty in the last 38 years. Its poverty rate dropped from 43 percent in 1980 to 14 percent in 2018. The successful turnaround of this neighborhood demonstrates both the positive impacts of targeted economic development efforts and how much work is necessary to revitalize a deeply distressed neighborhood.

And yet, so far there have been few observable spillover effects from the city's Innovation Quarter to adjacent neighborhoods. A neighborhood just to the east saw its poverty rate climb from 20 percent to 46 percent in that same time period, and the neighborhood to the south saw its poverty rate climb from 17 percent to 37 percent. A cluster of persistently poor neighborhoods to the north of the Innovation Quarter continue to have poverty rates above 40 percent.

Further from downtown, poverty has begun to fan out and reach into the close-in suburbs. A 2014 study from Brookings ranked Winston-Salem second in the country for suburban poverty based on 2008-2012 ACS data (Kneebone 2014). More recent data show no improvement since. Entire communities, such as Waughtown and Easton View, have gone from low poverty to high poverty in the past 38 years. One tract in Waughtown saw its poverty rate climb from 11 percent in 1980 to 51 percent in 2018. Some tracts have undergone dramatic demographic shifts over the study period, but not others. The Waughtown tract transitioned from being majority non-Hispanic white in 1980 to majority Hispanic in 2018; other newly poor neighborhoods on the west side of the city are majority white; and the persistently poor neighborhoods to the north of the city remain majority Black.

High-poverty neighborhoods, Winston-Salem, NC



Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

Hispanics and non-Hispanic whites each make up a little less than one-quarter of the population in Winston-Salem’s high-poverty neighborhoods, while Blacks make up around half. This is a dramatic shift from 1980 when Blacks made up 89 percent of the population of high-poverty neighborhoods, compared to 1 percent for Hispanics and 10 percent for non-Hispanic whites. With over one-third of the city’s residents now living in a high-poverty neighborhood, the economic challenges for the city are increasing. A 2015 income mobility study found that only one county in the United States ranks worse than Winston-Salem’s Forsyth County for poor children having the opportunity to climb the income ladder (Chetty and Hendren 2016). Winston-Salem, like so many other American cities, will struggle to deliver economic opportunity to its residents if high-poverty communities continue to proliferate.

Comparison statistics, Winston-Salem, NC

		High-poverty tracts	All other tracts
Income	Median household income	\$27,000	\$66,000
Demographics	Population, 1980	26,000	140,000
	Population, 2018	84,000	158,000
	% population change, 1980-2018	223%	13%
	Population below poverty line 1980	9,000	13,000
	Population below poverty line 2018	31,000	19,000
	% poverty population change, 1980-2018	244%	46%
	Racial/ethnic profile		
	% non-Hispanic White	23%	62%
	% Hispanic	22%	9%
	% Black	51%	24%
	% Foreign born	11%	8%
Education	% Adults without a high school diploma	22%	8%
	% Adults with a bachelor's degree or higher	19%	42%
Labor market	% prime age (25-54) out of work	33%	21%
Housing	% rent-burdened	59%	45%
	Median value for owner-occupied units	\$101,000	\$196,000
	Vacancy rate	14%	8%
Health	Average life expectancy, 2015	74	78
	Uninsured	19%	9%

Shares represent averages of tracts in each cohort

Rent-burdened reflects share of renter occupied households that spend 30%+ of their household income on housing

Data is for 2018 unless otherwise noted

Source: Economic Innovation Group analysis of CDC data, U.S. Census data and American Community Survey 5-Year estimates



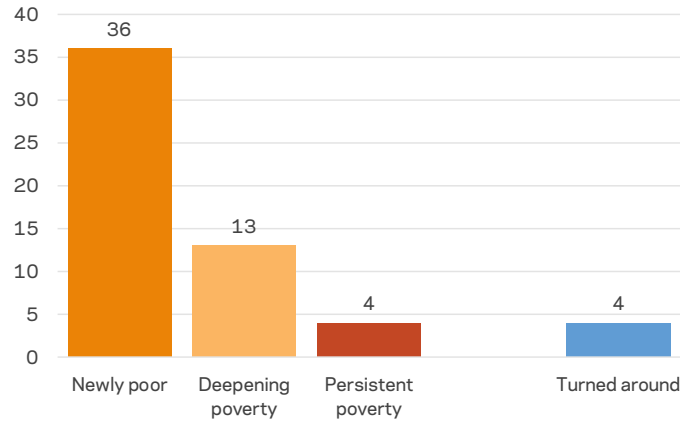
Indianapolis, IN

In many respects, Indianapolis is an economic success story, an example of a Rust Belt city that has been able to rebuild its economy after shedding manufacturing jobs in the 1970s and 80s. Its population grew by 11 percent from 2000 to 2018, with much of that growth concentrated in and around downtown. Looking at job growth across industries is more of a mixed story. The city has lost another 26,000 manufacturing jobs since 2000, even though it more than made up those job losses with big gains in the professional and business services, education, and health sectors, which combined added 54,000 jobs to the city's economy. Yet some parts of the city are falling behind as Indianapolis becomes more dependent on knowledge economy jobs.

Remarkably, unlike many legacy cities, Indianapolis has very few persistently high-poverty neighborhoods. Only four neighborhoods have been persistently poor over the past 38 years. Other Midwestern cities that are typically associated with robust knowledge economy growth have far more persistently poor neighborhoods. Columbus, OH, has 17 of them, and Minneapolis, MN, has 13. More distressed cities, such as Cleveland and Milwaukee, have 36 and 28 of them respectively. Part of the explanation lies in the fact that Indianapolis only had 15 high-poverty neighborhoods to begin with in 1980, which was far fewer than its peers. But the bigger story is that Indianapolis' downtown and many of its adjacent neighborhoods have all seen steep decreases in their poverty rates, pivoting from either high to low poverty or high to moderate poverty (the latter not depicted on the map). All four of Indianapolis' turnaround neighborhoods are close to downtown.

While this is undoubtedly a positive development, new high-poverty neighborhoods have sprung up on the periphery of the city instead. Indianapolis ranks ninth among U.S. cities for its number of newly poor neighborhoods. By comparison, the city ranks 16th for total population. In total, one-quarter of the city's neighborhoods, home to one-fifth of its population, are now high poverty.

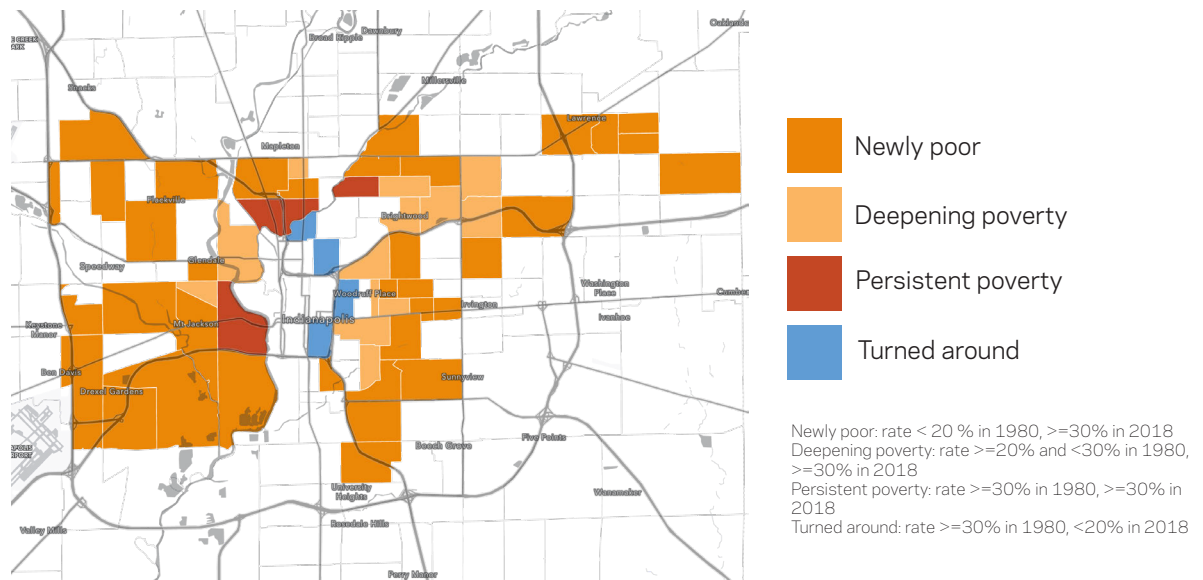
2018 high-poverty and turnaround neighborhoods Indianapolis, IN



Newly poor: rate < 20% in 1980, ≥30% in 2018
 Deepening poverty: rate ≥20% and <30% in 1980, ≥30% in 2018
 Persistent poverty: rate ≥30% in 1980, ≥30% in 2018
 Turned around: rate ≥30% in 1980, <20% in 2018
 Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

The city’s Far Eastside, 12 miles from downtown, is an example of a community that prospered in the boom period after World War II only to be hit hard by the loss of manufacturing jobs, after which smaller businesses and much of the area’s retail disappeared in turn. The community now even lacks a grocery store. One census tract in the Far Eastside saw its poverty rate climb from 12 percent in 1980 to 27 percent in 2010 to 34 percent in 2018, while the poverty rates in other nearby tracts climbed from below 10 percent in 1980 to above 40 percent in 2018. These high-poverty neighborhoods on the east side of the city, along with most of those to the north of the city, are majority Black, but many of the new high-poverty neighborhoods south of downtown are majority white. One such tract, which is 75 percent non-Hispanic white, saw its poverty rate climb from 11 percent in 1980 to 35 percent in 2018.

High-poverty neighborhoods, Indianapolis, IN



Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

Unlike many other cities, the population of Indianapolis' high-poverty neighborhoods is more evenly distributed by race and ethnicity: 45 percent of the population of Indianapolis' high-poverty neighborhoods are Black, 36 percent white and 16 percent Hispanic. The biggest change from 1980 is the Hispanic share, which was just 1 percent in 1980 when there were fewer than one-thousand people who identified as Hispanic living in the city's high-poverty neighborhoods, compared to 31,000 today. Indianapolis also has an especially high housing vacancy rate of 24 percent in its high-poverty neighborhoods, identical to cities such as Cleveland and Cincinnati. This provides yet another indication that Indianapolis combines multiple archetypes—traditional Rust Belt with pockets of severe distress, on the one hand, and burgeoning knowledge-based economy, on the other.

Comparison statistics, Indianapolis, IN

		High-poverty tracts	All other tracts
Income	Median household income	\$28,000	\$55,000
Demographics	Population, 1980	55,000	649,000
	Population, 2018	178,000	680,000
	% population change, 1980-2018	224%	5%
	Population below poverty line 1980	20,000	60,000
	Population below poverty line 2018	66,000	95,000
	% poverty population change, 1980-2018	230%	58%
	Racial/ethnic profile		
	% non-Hispanic White	36%	59%
	% Hispanic	16%	8%
	% Black	45%	26%
	% Foreign born	10%	8%
Education	% Adults without a high school diploma	28%	12%
	% Adults with a bachelor's degree or higher	10%	34%
Labor market	% prime age (25-54) out of work	35%	20%
Housing	% rent-burdened	62%	49%
	Median value for owner-occupied units	\$67,000	\$147,000
	Vacancy rate	24%	11%
Health	Average life expectancy, 2015	70	76
	Uninsured	19%	10%

Shares represent averages of tracts in each cohort

Rent-burdened reflects share of renter occupied households that spend 30%+ of their household income on housing

Data is for 2018 unless otherwise noted

Source: Economic Innovation Group analysis of CDC data, U.S. Census data and American Community Survey 5-Year estimates

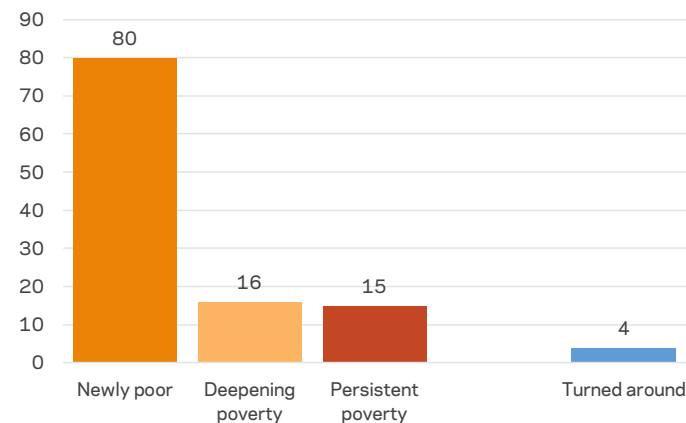


Houston, TX

Houston presents a dramatic example of high-poverty neighborhoods radiating out into the suburbs, sprawling alongside America's now fourth-largest city. Meaningful reductions in poverty have only occurred in the downtown core of the city. Elsewhere, high levels of poverty have persisted in many close-in neighborhoods, while suburbs and exurbs, especially to the east of downtown, have seen increasing poverty take root in areas that were once comfortably middle class.

Houston claims the largest number of newly poor neighborhoods in the country after Detroit. Newly poor neighborhoods far outweigh the city's persistently poor or deepening poverty neighborhoods. City-wide, the poverty rate rose from 13 percent in 1980 to 20 percent in 2018. The city now has nearly half a million people living below the poverty line.

2018 high-poverty and turnaround neighborhoods
Houston, TX



Newly poor: rate < 20% in 1980, >=30% in 2018

Deepening poverty: rate >=20% and <30% in 1980, >=30% in 2018

Persistent poverty: rate >=30% in 1980, >=30% in 2018

Turned around: rate >=30% in 1980, <20% in 2018

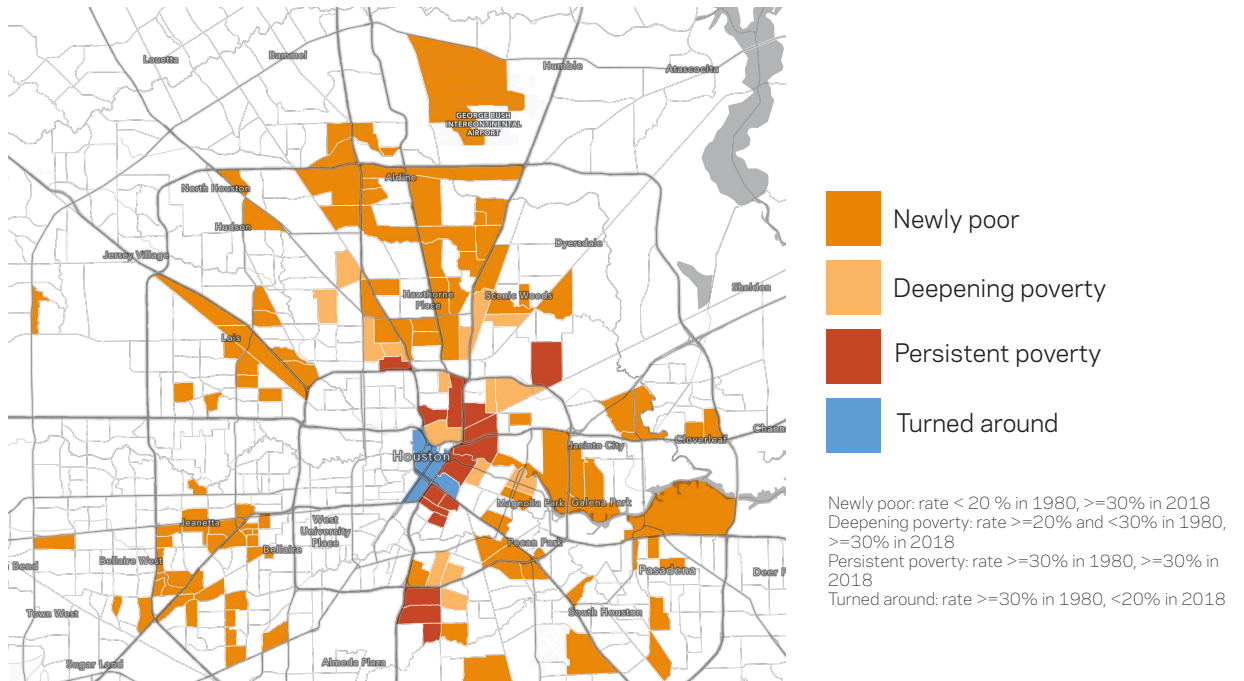
Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

Houston's historically impoverished neighborhoods, like its Fifth Ward, are mostly clustered around downtown. Houston's downtown itself has revitalized, but poverty rates remain quite high to the north and west of it. In contrast to many Rust Belt cities, where poverty tends to spread from urban cores to adjacent suburban tracts over time, pockets of high poverty in Houston have leapfrogged many prosperous and middle class neighborhoods to take root on the far edges of the city. Neighborhoods more than 15 miles from downtown Houston are now experiencing climbing poverty rates.

The consequence of this unique spread of high-poverty neighborhoods is that economic well-being is now highly stratified on hyper-local scales. Neighborhoods right next to each other differ starkly. About 10 miles west of downtown, Houston's Gulfton neighborhood has experienced a precipitous decline since 1980, when it provided housing for predominantly white workers in Houston's oil industry. The neighborhood now serves as a gateway district for Hispanic immigrants. It faces compounded economic and demographic challenges: 52 percent of its residents do not have a high school diploma, its median family income is \$23K, 60 percent of residents are rent-burdened, and the neighborhood's poverty rate climbed from 12 percent in 1980 to 41 percent in 2018.

Immediately adjacent to it is Bellaire, a municipality carved out of Houston proper. One neighborhood in Bellaire across the highway from Gulfton has a poverty rate of just 1.8 percent and more of its population (84 percent) has a bachelor's degree or higher than has a high school diploma in Gulfton. The median family income exceeds \$250,000. These two neighborhoods demonstrate a new pattern in the geography of inequality within American cities where high-poverty neighborhoods form right next to low-poverty neighborhoods, a pattern that is especially common in other sprawling, fast-growing cities such as Phoenix and Charlotte.

High-poverty neighborhoods, Houston, TX



Source: Economic Innovation Group analysis of U.S. Census Bureau data and American Community Survey 5-Year estimates

The Hispanic population in Houston’s high-poverty neighborhoods has increased dramatically over the past 38 years, rising from 18,000 in 1980 to 330,000 in 2018. Its high-poverty Black population also climbed from 92,000 to 140,000, and the non-Hispanic white population in high-poverty neighborhoods rose from 4,600 in 1980 to 36,000 in 2018. Corresponding to the city’s growth in Hispanics living in high-poverty neighborhoods, the number of immigrants living in high-poverty neighborhoods increased from 8,900 in 1980 to 192,000 in 2018. Immigrants now make up one-third of the population of Houston’s high-poverty neighborhoods. However, like most other cities, immigrants below the poverty line are not much more likely to end up in a high-poverty neighborhood than native-born residents. Forty-five percent of Houston’s *poor* immigrants live in a high-poverty neighborhood, compared to 43 percent of poor native-born residents. At the same time, Houston’s high-poverty neighborhoods face unique challenges compared to other cities. Among major cities, residents of its high-poverty neighborhoods are the least likely to have health insurance.

Comparison statistics, Houston, TX

		High-poverty tracts	All other tracts
Income	Median household income	\$31,000	\$69,000
Demographics	Population, 1980	117,000	1,496,000
	Population, 2018	526,000	1,688,000
	% population change, 1980-2018	350%	13%
	Population below poverty line 1980	43,000	156,000
	Population below poverty line 2018	199,000	258,000
	% poverty population change, 1980-2018	363%	65%
Racial/ethnic profile			
	% non-Hispanic White	7%	32%
	% Hispanic	59%	39%
	% Black	30%	20%
	% Foreign born	33%	27%
Education	% Adults without a high school diploma	36%	19%
	% Adults with a bachelor's degree or higher	12%	37%
Labor market	% prime age (25-54) out of work	29%	22%
Housing	% rent-burdened	59%	46%
	Median value for owner-occupied units	\$103,000	\$248,000
	Vacancy rate	13%	10%
Health	Average life expectancy, 2015	75	79
	Uninsured	33%	19%

Shares represent averages of tracts in each cohort

Rent-burdened reflects share of renter occupied households that spend 30%+ of their household income on housing

Data is for 2018 unless otherwise noted

Source: Economic Innovation Group analysis of CDC data, U.S. Census data and American Community Survey 5-Year estimates

Conclusion

This survey of metropolitan areas and cities across the United States shows that poverty is highly persistent once it takes root. In both economically vibrant cities like Los Angeles and economically struggling cities like Memphis, turnaround neighborhoods are rare and often the result of consistent, targeted investment or a dramatic resorting of a city's population. While neighborhoods that have managed to turn around attract outsized positive and negative attention, they are ultimately outliers.

The real story is that high-poverty neighborhoods have proliferated over the past few decades and added to the country's large stock of persistently poor places. Both trends have held despite long periods of national prosperity, despite the hard work of countless community stakeholders, and despite a plethora of well-intentioned programs intended to reverse the tides. This is, in part, evidence that the policy commitment to poor places has been piecemeal and inadequate. The decade of economic recovery since the Great Recession has now ended. It will go down as a missed opportunity to make inroads against the country's accumulated stock of high-poverty neighborhoods. The economic crisis unfolding at the time this report is being published will likely push the number of high-poverty neighborhoods in this country to unprecedented heights. Some will fall right back out once a recovery gets underway, but many others will not. Now more than ever, the country needs a reimagined, reinvigorated agenda to lift people and places together.

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