Learning from Concentrated Poverty in America: A Synthesis of Themes from the Case Studies

INTRODUCTION

“Some reservation neighborhoods look like inner-city slums, just spread out over a much larger area.”

—Blackfeet Reservation tribal housing official

Several decades of research on concentrated poverty have focused predominantly on the experiences of Rust Belt cities in the Northeastern and Midwestern United States. This report breaks new ground by exploring how concentrated poverty manifests in communities across the United States, from the remote landscape of Crownpoint and immigrant gateways like West Fresno and the Chamizal neighborhood of El Paso, to rural areas in Appalachia and smaller cities like Greenville and Springfield. It is hard to imagine that the rugged landscape of northwestern Montana would be home to some of the most concentrated poverty in the nation, but, as the quote above suggests, the Blackfeet reservation grapples with many of the same issues confronting the inner-city neighborhoods described in most existing studies of concentrated poverty.

Taken together, the 16 case studies in this report paint a more nuanced picture of concentrated poverty in America. Some of the themes highlighted in the case studies are common across all the communities—lack of human capital development, high rates of unemployment, inadequate housing—and echo issues raised in classic studies of concentrated poverty. Yet amid these shared challenges, the differing histories, economies, and local leadership capacities present in these communities yield differing emphases on these issues, along with varying approaches to resolving them. In this chapter, we examine some of the common themes and issues that help us understand what contributed to the rise and persistence of concentrated poverty in 16 distinct places across the country.

In addition to the similarities among communities, we pay particular attention to their differences. Indeed, there is no “magic bullet” intervention that would work equally well in places as disparate as Fresno and Martin County. Housing policies like HOPE VI—which was designed to address problems associated with the concentration of subsidized housing and attendant high levels of poverty—are showing promise in places like Cleveland’s Central neighborhood, according to local stakeholders. Yet the model has little relevance for places like the Blackfeet and Navajo reservations, or McDowell County, where public housing is not a significant feature of the landscape.

This chapter also highlights what we learned in response to the question “how does place matter?” From Holmes County to Crownpoint to Milwaukee, the report shows that place matters in multiple ways, from the ability of neighborhood schools to respond to the challenges of educating a largely low-income student body to the lack of linkages and networks that allow residents to access jobs and other services. This is not to say that place alone determines residents’ economic outcomes; rather, this chapter points to the collective finding of these case studies that socioeconomic conditions in very poor neighborhoods are associated with more limited opportunities for residents, be it lack of access to high-quality schools, fewer jobs, or exposure to higher rates of crime.

One of the key contributions of this report is its underscoring of a deep need for additional research that
can extend the descriptive findings presented herein. In particular, we see a need for additional studies that tease out the neighborhood effects of concentrated poverty and measure the influence of concentrated poverty on residents’ economic outcomes, as well as robust evaluations of programs and policies aimed at alleviating the problem of being poor in a very poor area. We hope that greater awareness of the diverse nature of concentrated poverty will drive additional research and more effective community development interventions going forward.

Conducting 16 case studies was no small undertaking, and was possible only because of the regional nature of the Federal Reserve’s Community Affairs function. More than 20 staff members from the Federal Reserve System’s Community Affairs offices across the country spent three to six months visiting these communities. They met with stakeholders and interviewed residents and community leaders to gather observations on the communities’ experiences with, and responses to, concentrated poverty. The authors of these case studies also conducted data analysis and researched other materials (e.g., books, speeches, and reports) in preparation for painting a detailed picture of their respective communities.

In conducting their research, each of the case study authors kept in mind the following questions:

- What factors are associated with the development and persistence of concentrated poverty in this community?
- What challenges does concentrated poverty pose for affected families and communities?
- What is the capacity of local organizations to address the issues associated with concentrated poverty?
- What strategies are the public and private sectors employing to ameliorate concentrated poverty and its effects?

In this synthesis, we revisit and answer these questions using insights gleaned from the 16 case studies. We also highlight what we did not learn, and what additional research is needed in each of these areas. Finally, we reflect on what the report’s findings suggest for the ongoing role of the Federal Reserve in high-poverty communities across the nation.

I. FACTORS ASSOCIATED WITH THE DEVELOPMENT AND PERSISTENCE OF CONCENTRATED POVERTY

As the overview chapter notes, a wide range of economic, demographic, and social forces have played a part in contributing to high-poverty communities. These include economic restructuring and change, suburbanization, racial and economic segregation, demographic shifts (including immigration and trends in family formation), and the consequences of certain federal policies and programs.

Looking across the many complicated and interrelated factors associated with the development and persistence of concentrated poverty, we identified four themes that stood out in most, if not all, of the 16 case study communities.

First, in each of the case studies, it is evident that history matters. Communities do not reach extreme levels of poverty quickly. Poverty and disadvantage in these communities have tended to concentrate there over many years.

Second, these high-poverty communities experience one or more forms of isolation. The metaphorical expression of living on the “wrong side of the tracks” could not be more evident in these communities, where residents are often physically, socially, racially, and linguistically separated from the larger economy and community.

Third, many of these communities have experienced significant demographic changes, including a rise in immigrant households, a rise in single-parent families, or both.

Finally, these communities of concentrated poverty exist within both weak and strong regional economies, suggesting that economic growth on its own is not enough to eliminate poverty. That said, the relative strength of the communities’ respective regional economies greatly shapes the nature and magnitude of challenges associated with reducing poverty in these places.

History Matters

“When I left, the courthouse clock wasn’t working, and when I came back 30 years later, it still wasn’t working.”

—Holmes County business owner
The Cuyahoga Metropolitan Housing Authority located more than half of the county’s public housing units within the Central neighborhood.

—Cleveland case study

High-poverty communities did not appear overnight. Indeed, most of the case study communities had very high poverty rates more than three decades ago. West Fresno, El Paso’s Chamizal neighborhood, Cleveland’s Central neighborhood, Holmes County, and eastern Kentucky’s Martin County all had more than 40 percent of their residents living below the poverty line as long ago as 1970. (See Figure 1) Those case study neighborhoods where poverty had not yet reached the 40-percent threshold in 1970 were typically a great deal poorer than their surrounding communities.²

Figure 1 also shows that in many case study communities, changes in the poverty rate paralleled national trends, with poverty levels increasing between 1970 and 1990 and then decreasing between 1990 and 2000. (See overview chapter) In that lattermost decade, some of the case study communities—including both urban neighborhoods, like Central in Cleveland and West Greenville, as well as rural areas such as Holmes County and the Blackfeet Reservation—experienced a significant drop in poverty. Yet in most of the case study communities, poverty rates worsened or stagnated between 1990 and 2000 despite the decade’s relative prosperity, declining national poverty rate, and rather dramatic overall decline in the rate of concentrated poverty.³ These places seem to exist far outside the economic mainstream, missing national trends that helped to lift many families and communities out of very deep poverty.

The high levels of poverty in these communities are the product of long-term, complicated economic and social dynamics, as well as deliberate public- and private-sector actions. As a result, teasing out the direct causes of why these neighborhoods became and remained poor is difficult. For example, decisions on where to build new subsidized housing or freeways cemented the fate of many of these communities. Large publicly subsidized housing projects constructed in neighborhoods such as Cleveland’s Central, El Paso’s Chamizal, and Atlantic City’s Bungalow Park/Marina District in the mid-20th century served to “lock in” the low-income profile of these neighborhoods, the negative effects of which are still visible today. Yet other concurrent processes, such as

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**Figure 1**

Poverty has worsened in many case study communities over the past several decades

![Poverty Data Chart](chart.png)

*source: Geolytics Neighborhood Change Database*

suburbanization and economic restructuring, also contributed to the worsening of poverty in these neighborhoods.

The two Native American case study areas—Blackfeet Reservation, MT and Crownpoint, NM—provide striking evidence of the role of history and public policy on the current levels of poverty in these areas. For instance, the complex and contested history of land rights for Native Americans, along with a federal policy that forcibly settled tribes to increasingly less desirable land, has greatly affected the potential for economic development on reservations.

**Isolation**

“Most [from the east side] don’t feel comfortable on the west side of the city.”
—Albany city commissioner

“It can take four hours round-trip to go grocery shopping.”
—Blackfeet Reservation resident

“We feel like we’re the forgotten county.”
—Martin County resident

“It was obvious where the white communities started and the black communities ended.”
—Greenville resident

Interviews revealed that, without exception, all of the case study communities experience notable isolation from their wider regions and from the economic mainstream. From roads to redlining to federal Native American land policies, each of the communities can point to at least one historical factor that has contributed to economic or social distance between itself and its surrounding areas.

Geographic features, which often served as the initial isolating force, act as longstanding barriers to the full integration of these communities into their surrounding economies. The Flint River separates East Albany from downtown Albany. Mountainous terrain in Martin County isolates that community from others in eastern Kentucky, and its residents from each other. The Blackfeet Reservation is particularly inaccessible, located 35 miles from the nearest off-reservation town, up against both the Rocky Mountains and the Canadian border. And the Crownpoint area is so remote that half of the area’s households lack telephone access.

But in other cases, the isolating factors were man-made. In West Fresno, Cleveland’s Central neighborhood, and East Austin, highways cut off the neighborhood from nearby downtown areas. Not merely historical accidents, many of these highways resulted from urban renewal efforts in the mid-20th century that sliced through the heart of historically minority residential areas in major American cities. Similarly, Northwest Milwaukee is encircled by a railroad line that once served local industry, but now is a figurative clamp around the neighborhood.

Racial discrimination contributed to the segregated, high-poverty contour of many of these communities today. At times this was overt, as in the forced resettlement of minority populations into East Austin and West Greenville. In Greenville, thriving African American-owned businesses were relocated to the west of the railroad tracks in the 1960s under the guise of “urban renewal”; few of these businesses survived. At other times, residential discrimination was manifested through exclusionary zoning and redlining practices that affected African-American residents of northwest Milwaukee and other inner-city areas.

Nearly every case study community exhibits a racial and ethnic profile markedly different from its comparison area. (See Figure 2) To some degree, these demographic disparities can be attributed to economic differences among these groups. Yet the legacy of institutionalized racism and segregation remains an ongoing concern in many of these communities today.

And even where racial and ethnic disparities result in part from residents choosing to live there—as in the case of immigrant gateways like Miami’s Little Haiti—these disparities can indicate other forms of isolation. The Haitian residents of that community remain socially and linguistically isolated from Miami’s greater metropolitan area. While Little Haiti boasts strong social networks and cultural ties, many Haitian immigrants in the community speak only Creole, making it difficult for them to access jobs and social services.

In all of its forms, isolation creates myriad problems. It means that a resident of the Blackfeet tribe might have to travel four hours to get groceries, or that wealthier residents of Albany may never travel across the river to shop or access services. It also tends to mean that an isolated community does not get the appropriate level of attention from
policymakers. One case in point is Holmes County, which has epitomized rural poverty for generations. Not until 2006 did the State of Mississippi develop a task force to explore ways to help that area. From the perspective of Holmes County residents, all of the state's recent policy attention had focused on the damage from Hurricane Katrina.

In several of these communities, isolation also contributes to a state of hopelessness. In Martin County, one resident noted that there is a distressing lack of dreams and aspirations among residents to live beyond what they have experienced their entire lives. In a place where imagination is stunted by isolation, the prospects for improvement can seem dim indeed.

**Demographic Change**

*In 2000 nearly 30 percent of West Fresno's residents were foreign-born; of those, almost half had not arrived in the United States until the 1990s.*

—Fresno case study

“We need to change the culture that dictates that being a young, single parent is socially acceptable. Teenage pregnancy in our community is viewed as a reality, not a problem.”

—El Paso nonprofit executive director

Much of the existing literature on concentrated poverty focuses on the experience of African-American households in inner-city neighborhoods. Several of the communities profiled in this report, including Cleveland, Milwaukee, Springfield, and Rochester, exhibit the effects of similar dynamics: the selective out-migration of middle-income white and black households accompanied industrial decline, leaving these inner-city areas much poorer, and with much higher shares of racial and ethnic minorities, than in 1970.

The case studies in this report illustrate well that this is not the only story associated with concentrated poverty. In Miami, for example, the arrival of Haitian immigrants into South Florida, peaking in the 1980s, transformed the
many of these immigrants arrived in the United States with limited English language and labor market skills, which explains in part the leap in that neighborhood’s poverty rate—from 24 percent in 1970 to 48 percent in 1990.

In fact, immigration transformed entire regions, including South Florida, California’s Central Valley, and central and south Texas. Recent arrivals may be hard workers and risk-takers for venturing far from home, but they also tend to be much poorer than their native-born neighbors. One question this report raises is whether communities like West Fresno and Chamizal remain stepping-stones for newly arrived immigrants, or whether the level of poverty in these communities has closed the gateway to opportunity, leaving families mired in poverty generation after generation. In West Fresno, interviews suggested that the gateway is closing, and that many more new immigrant households get trapped. And as we discuss later in this chapter, where local schools struggle to respond to the challenges of teaching a poor, low-income student body, the development of human capital falls behind, making upward mobility that much more difficult. Future empirical research that borrows from existing studies of multigenerational economic mobility (see references in overview chapter) should focus on whether residents of high-poverty neighborhoods—including those of newly arrived immigrants—are at a greater disadvantage for economic advancement.

A second key demographic change that has influenced levels of neighborhood poverty has been the increase in single-parent families. From 1970 to 2000, the proportion of U.S. births occurring among unmarried mothers tripled, from 11 percent to 33 percent. Though locally specific historical data are unavailable, the increase in births to unmarried mothers in many of these communities appears to be above the national average. In every one of the case study communities, single-parent families represent a greater share of households than in their wider metropolitan or rural areas. While multiple factors underlie this long-term demographic trend, the high proportion of single-earner households with children contributes to the concentration of poverty in these communities.

The Diverse Economic Context for Concentrated Poverty

From 1990 to 2000, the total number of people living in high-poverty neighborhoods nationwide dropped by one-fourth. The strong economic growth and low unemployment rates of the 1990s, coupled with lower crime and new investment in cities, likely contributed to these dramatic declines. Viewed against the backdrop of that economic growth, the fact that many of the communities profiled in this report struggle with deeply entrenched poverty suggests that poverty is not easily overcome by improving regional economic circumstances alone.

Indeed, as the case studies in this report demonstrate, concentrated poverty exists in communities with strong and weak regional economies alike. It exists in communities that have seen considerable job growth, as well as in those that have suffered significant employment losses and industrial declines. The disparate economic conditions in communities’ respective local and regional economies establish a context for their future prospects, framing challenges and shaping the types of policies that might be effective at reducing poverty in these places.

Weak Markets

“If you want a good [paying] job, you have to go somewhere else.”
—Martin County resident

“The city has designated the commercial districts in the Northern Crescent [of Rochester] as “not currently viable.”
—Rochester case study

“In this community, livable-wage jobs are even harder to find than that baseline [minimum-wage] job.”
—Springfield head of Greater Springfield YMCA

For many of the case study communities, regional economic decline has been one of the key factors contributing to concentrated poverty there, consistent with the existing literature on high-poverty neighborhoods in the Northeast and Midwest.

Case study communities such as those in Springfield, Rochester, Cleveland, and Milwaukee illustrate the relationship between concentrated poverty and regional economic decline and de-industrialization. Each of
these communities' metropolitan areas saw a steady and significant decrease in the percentage of population employed in manufacturing jobs between 1970 and 2000. (See Figure 3) Each also suffered an absolute decline in manufacturing jobs even as their total number of jobs expanded. As researchers have argued, the decline of manufacturing jobs from these regions has reduced the availability of decent-paying employment opportunities for workers with lower levels of formal education. Furthermore, while manufacturing jobs did not disappear completely, overall job growth in these metro areas has been sluggish, averaging about half of the national annual rate of 2 percent over the 30-year period. These two closely linked phenomena have reduced employment opportunities for residents with limited job skills and/or lower levels of education, many of whom are over-represented in high-poverty neighborhoods.

This report also shows that cities in the Northeast and Midwest are not the only places where concentrated poverty exists amid regional economic change and decline. In East Albany, for instance, poverty increases since 1970 coincided with the region's loss of several large manufacturing plants and population out-migration. Other case study communities lie within regions that relied historically on natural resource industries, but have undergone similar employment restructuring. Agricultural jobs in Holmes County and Greenville and mining jobs in Martin and McDowell Counties declined with the advent of labor-saving technologies. In several such communities, few new industries have arrived to fill the resulting employment gaps. While the cotton industry in and around Holmes County never paid wages sufficient to lift many local residents out of poverty (as evidenced by the county's poverty rate of 61 percent in 1970), the decline of agriculture as a way of life has left the community struggling with a very high rate of unemployment.

High-poverty communities in these weak-market areas face a particularly thorny challenge: regaining their economic footing even as their wider regions struggle in the transition to a post-industrial economy. Yet several begin the task with valuable physical and economic assets borne of their earlier industrial prowess. Some are attempting to leverage these strengths to find niches in the new economy and create economic opportunities for disadvantaged workers and communities. Rochester, for example, is part of a wider regional initiative to enhance its competitiveness in a variety of technologies, products, and services, building on its history of success in high-value industries such as optics/imaging, advanced manufacturing, and medicine. The Finger Lakes WIRED initiative includes support for scholarships and apprenticeships to address shortages of skilled workers in these key growth industries.

For all their struggles in the post-industrial economy, however, regions like Springfield, Rochester, Milwaukee, and Cleveland retain a significant job base, with employers in advanced manufacturing, higher education, health care, and financial services. And Mississippi's Holmes County is located adjacent to counties that are experiencing manufacturing job growth.

Other case studies in this report exemplify a more dire economic context, where there is no regional employment base to fall back on. Perhaps the most daunting challenges face those high-poverty communities in highly isolated regional markets that have either experienced a near-total collapse of their economic function or lacked a robust economic function in the first place.

For example, the economies of McDowell and Martin Counties were largely built around "King Coal." In the mid-to late 20th century, the industry employed significant shares of the local labor force, providing decent incomes for most families. Yet mining employment's decline in the wake of mechanization has not been matched by
employment increases in new industries. Martin County is struggling to diversify its economic base with the “crutch of coal to rely upon,” in the words of one business stakeholder. McDowell County has pursued lower-level land uses like prisons and waste management, at distinct odds with other strategies to promote recreational tourism and retirement housing. The geographic and topographic isolation of these communities, along with residents’ low levels of income and education, spell an uphill battle to attract and retain new firms and new investment.

Even as these Appalachian counties struggle to regain a portion of the strong economic foothold they once had, other high-poverty areas struggle to create economic opportunity where little has ever really existed. Crownpoint was settled in the wake of Navajo tribal land allotments in the late 19th and early 20th centuries. But the desert and high plains of McKinley County thwarted long-term agricultural or industrial uses. The few jobs that exist in the area today require education levels that many adults—especially Native Americans—lack, and most are located in towns that are a substantial distance from Crownpoint. The Blackfeet Reservation in Montana is perhaps even more isolated. Treaties and land encroachments in the 1800s shrank the Piegan Blackfeet tribe’s lands into a harsh corner of northwestern Montana, 35 miles from the closest off-reservation town. Of the reservation’s residents who work (less than half the adult population), the bulk are employed by tribal and federal governments. In addition, the legacy of trust land management can further hinder economic development by restricting the use of land as collateral. In these communities, it remains a significant challenge to develop policies and programs that can stimulate private investment, spur economic development, and generate employment opportunities for local residents.

Strong Markets

“We’re trying to reignite the economic and cultural life of this community without displacing the majority of the people who have lived and worked here for years.”

—East Austin nonprofit president and CEO

“[In 10 years] we’ll all be moved out, and Atlantic City will be a mega resort.”

—Atlantic City resident

While regional economic decline or stagnation certainly contributes to concentrated poverty, some economically successful regions also contain pockets of extreme deprivation. Case study areas in strong markets serve as examples of regions in which, although population, employment, and/or real estate prices have been rising, certain neighborhoods are not reaping the benefits of that growth.

For example, recent years have seen aggressive redevelopment in many of Miami’s urban neighborhoods. In Little Haiti, however, housing conditions remain quite poor, and language and cultural differences create barriers between the local population and the wider South Florida economy. Fresno, while still diversifying economically from its agricultural base, has experienced strong growth over the past decade or more, benefiting from an influx of middle-class residents. Yet the bulk of that population and job growth has occurred on the city’s north side, with the west side seeing increasing poverty and isolation. Like Fresno, the El Paso region boasts a growing middle-class population, on both sides of the U.S.–Mexico border. Yet the tremendous isolation of the Chamizal neighborhood is evident both in its largely poor, undereducated, immigrant population as well as in the lack of new local investment. A similar pattern affects West Greenville, whose location on—quite literally—the other side of the tracks has separated it from the population and economic growth that has begun to take hold in other parts of the city and region.

The plight of these case study communities serves as a reminder that the long-term exclusion of these areas and their residents is not easily overcome by improving regional economic circumstances alone. More active interventions may be needed to ensure that rising regional tides truly lift all boats.

In other case study communities, such as Atlantic City’s Bungalow Park/Marina District and East Austin, change is already afoot. Local economic growth has created market opportunities to which residents of these very poor neighborhoods could possibly respond. In addition, efforts are under way to improve the ability of local residents to take advantage of these opportunities. The agreement with the Borgata Casino to train and find employment for Atlantic City residents, for example, and the activity of microlenders PeopleFund and BiGAUSTIN in East Austin point to demands for labor and financial services that could potentially benefit families in these high-poverty communities.
Yet local jobs, while plentiful, may have skill or screening requirements that effectively exclude large portions of the local labor force in high-poverty areas. Furthermore, even when one finds work in the hospitality or service industries in places like Atlantic City or Miami, the jobs often do not pay enough to escape poverty and high-poverty neighborhoods in a city with rapidly rising living costs. Economic growth, investment, and house-price appreciation in and around these communities occurred so rapidly between 2000 and 2006 that residents interviewed for the case studies expressed uncertainty about whether they will truly benefit over the long term. Affordable housing options may be in increasingly short supply, raising the specter of displacement.

II. THE CHALLENGES OF CONCENTRATED POVERTY

One of the key inquiries in the concentrated poverty literature, as discussed in the overview chapter, concerns whether and how living in a very poor area creates obstacles to escaping poverty and achieving self-sufficiency. Much evidence from the case studies highlights the challenges that can affect low-income persons regardless of where they live. Difficulties in finding employment that pays a living wage, accessing affordable housing, and managing finances to make ends meet are issues that are relevant for most of America’s poor, including those who live in middle-income or high-income neighborhoods.

Most of this report’s attention, however, has focused on the particular challenges faced by families and communities where poverty is geographically concentrated at rates of 40 percent and above. In conducting these case studies, and in particular through interviews with residents and local stakeholders, we found that neighborhoods do matter. Some of the concerns that emerged in case study communities as different as Cleveland’s Central neighborhood, West Fresno, and the Blackfeet Reservation were strikingly similar, from a lack of high-quality schools and worker skills to problems with housing conditions, affordability, and location.

Indeed, the communities profiled in this report share serious, simultaneous breakdowns in several areas fundamental to community well-being, impeding their efforts at turnaround. Across communities, these problems are not always of the same magnitude, or even type. For instance, housing problems in some communities relate to high concentrations of subsidized rental units, where in others, an abundance of low-quality owner-occupied units is the issue. Yet the same core issues appear across most case studies. The consistency of these themes suggests areas in which high-poverty communities of different stripes may find a common basis for understanding and resolving their myriad challenges. In this section, we examine how local stakeholders and residents perceive the main challenges associated with being poor in a poor neighborhood.

Schools and Skills

“[A] lot of the parents missed out on information and training as they came through. So in one sense, [we’re] almost trying to educate two generations.”

—McDowell County public schools interim superintendent

“[For schools in high-poverty areas] expectations are lower. Opportunities are lower. Discipline is a priority as opposed to enrichment.”

—Springfield director of New England Black Chamber of Commerce

“How does a kid keep moving from grade to grade and no one has noticed that he can’t read or write or do math?”

—Cleveland’s Central neighborhood recreation director

“The major issue for parents of my Head Start students is the lack of education and the need for a GED.”

—East Albany CDC director

It is hard to deny the importance of a skilled local labor force for supporting other key facets of community success, such as lower poverty and crime, greater investment, and increased access to employment. Higher levels of job skills and educational attainment are even more important in today’s economy, where fewer good-paying production jobs are available to workers with only a high school education. This is evident in places such as Milwaukee, where breweries and manufacturers once dominated the economy.

Yet many high-poverty communities today find themselves trapped in a Catch-22 with respect to building a
more skilled workforce. First, nearly all are served by local schools that underperform metropolitan or statewide rural averages on standardized tests. (See Figure 4) While data on school performance are challenging to interpret due to differences in state standards, overall the graph shows significant disparities in reading and math achievement between the case study communities and their surrounding areas. The exception is West Fresno, where a local magnet high school contributes to higher average proficiency scores on the standardized exams, although neighborhood students have not performed as well as students bused in from other areas of the district.13

In addition, in many of the case studies, interviewees indicated that education was a major challenge in these high-poverty communities. Local schools struggle to educate overwhelmingly disadvantaged student populations and, like those in West Greenville, face problems attracting and retaining highly qualified teachers. One stakeholder from Cleveland’s Central neighborhood noted, “Schools are being asked to deal with things they shouldn’t have to,” including controlling violence and disorder and acting as social services providers for students and their families.

Schools in high-poverty communities with a large percentage of recent immigrants—such as Little Haiti, West Fresno, and Chamizal—face the added challenges of teaching children whose first language is not English and involving their linguistically isolated parents, as with the Creole-speaking community in Little Haiti. Schools in some of these areas also confront economic and cultural expectations that children should work, like those in Chamizal that lose significant numbers of students each year who leave school to work in low-skill jobs to support their families.

Moreover, children in these high-poverty communities, growing up amid the economic distress that surrounds them, may undervalue education and either fail to complete high school or forgo higher education. Parental involvement is also often lower in these communities. In McDowell, the interim superintendent of the public schools noted that parents of families in multigenerational poverty may think, “It didn’t work for me, so why would it work for my child?” In East Albany and West Fresno, community leaders pointed to links between high rates of teen pregnancy and low rates of high school completion, which further limit the ability of young girls to succeed in the labor market. The case studies also illustrate the complicated linkages between problems in the schools and other issues in the community. In West Greenville, for instance, the county schools superintendent noted that high rates of student suspension contribute to more young people “in the streets,” providing more opportunities to become involved in crime or other harmful activities.

Poor-quality schools may also impede efforts to attract middle-income households into the community, even when improvements to the housing stock are made. For instance, researchers have identified the importance of high-quality local schools to efforts aimed at attracting and retaining an economically diverse group of families to mixed-income housing developments.14

The lack of school achievement is subsequently mirrored in the low education levels of adults in these high-poverty communities. In nearly all cases, at least 40 percent lack a high school diploma (and even higher percentages in immigrant-heavy neighborhoods), versus 20 percent of the U.S. adult population. The overwhelming majority of case studies note that low levels of education and job skills in these communities hurt the employability of workers. For example, case study interviews revealed that Atlantic City residents were unable to find work at casinos, Holmes County residents could not get hired at the local Nissan plant, and McDowell County residents were disqualified from employment opportunities at Wal-Mart. Even where training opportunities and job connections are available, as in East Albany, Springfield, and Cleveland, these programs may be under-enrolled, misaligned with what jobs are actually available, or of insufficient scale to tackle the barriers facing potential workers in these communities. In the end, all of these communities significantly lag their surrounding regions in the share of adults who are actually in the labor force. (See Figure 5)

The case studies also suggest that the lack of a skilled workforce—coupled with the other problems affecting high-poverty communities—deterred business investment. Chamizal leaders, for example, said that only low-skill, labor-intensive industries located there due to the poor quality of schools and job-training programs. Leaders in the Mississippi Delta lamented that Venezuela was a more attractive investment option than their area.

Tackling either local school or adult labor force problems is a large task; addressing them together—arguably the challenge facing these high-poverty communities—is a monumental one. The scale and gravity of their problems suggests that most high-poverty communities will need serious interventions on multiple fronts to ensure that
Schools in case study communities under-perform those in comparison areas on state exams

**Reading**

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**Math**

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<th>Case study area</th>
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<td>Pondera/Glacier: Blackfoot Reservation</td>
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**Source:** Standard and Poors’ School Matters; www.schoolmatters.com

Comparison areas are metropolitan areas for urban case study communities, and statewide non-metropolitan areas for rural case study communities.
children and adults gain decent educational and employment opportunities. Moreover, as leading practitioners and policymakers have noted, forging stronger connections between residents of these communities and opportunities in their wider regions may be at least as important as creating new educational institutions or jobs within high-poverty areas themselves.¹⁵

Housing

“You don’t know when somebody is going to camp in [a vacant property] and do something or start a fire.”
—Rochester resident

“Many of the rental units are cash cows, meaning there is no incentive to upgrade the property when they are at 100 percent capacity.”
—El Paso affordable housing advocate

Between 2000 and 2004, nearly 40 percent of all Low Income Housing Tax Credit units built in the city as set-asides for low-income households were built in West Fresno.
—Fresno case study

Housing problems were at least as widely cited among stakeholders in the case study communities as problems with local schools and labor force readiness. Housing constitutes not only the largest part of most families’ budgets, but it is also one of the most visible signals of neighborhood quality. Moreover, research has shown that housing conditions impact the well-being of the homes’ occupants as well as that of the surrounding neighborhood. (See overview chapter)

The case studies articulate distinct housing problems affecting different types of high-poverty communities. First, several communities exhibit very poor housing quality overall. On the Blackfeet Reservation, manufactured homes do not stand up well to the harsh climate and many public housing units have become contaminated with mold and moisture. Much of Chamizal’s and Little Haiti’s aging inventory is overcrowded or lacks basic facilities. Substandard housing can be found throughout Holmes County, but when the local community development corporation (CDC) attempted to upgrade the stock with new federally subsidized homes, qualified buyers were not available.

Second, a few of the weak-market urban communities face issues with abandoned properties. Community leaders in Cleveland, Rochester, and Springfield point to poorly maintained and vacant housing as a magnet for criminal activity, a barrier to private investment, and a costly burden on local public budgets, including through reductions in the value of surrounding properties.¹⁶

Third, interviewees in most case study areas cited issues with housing affordability. In some areas, affordability problems—often expressed as the proportion of families paying from more than 30 percent to more than 50 percent of their income on housing costs—stem from low incomes earned by residents. In others, however, housing costs (including property taxes) have risen in the face of new development, with formerly affordable options dwindling. Back Maryland, one of the neighborhoods in the Atlantic City case study community, could see its stock of privately owned HUD-subsidized affordable housing shrink in the near future with the expiration of agreements with HUD that maintain their affordability. For its part, East Austin has experienced rapid house price appreciation in recent years, forcing many longtime residents of the neighborhood to move farther out to find more affordable housing.

Fourth, many of the urban case study areas remain very poor in part because they have long been the receptacle for outsized shares of their region’s public and subsidized housing. (See Figure 6) Chamizal, home to just 4 percent of the El Paso region’s rental units, nonetheless contains 13 percent of the region’s HUD-subsidized units. West Fresno has just 2 percent of the Fresno area’s rental units but 9 percent of its HUD-subsidized units. And it has remained on the receiving end of new affordable housing developments in the past few years. As a public official in Springfield noted, affordable housing policies of the past did not take account of local market conditions, and served to concentrate families in neighborhoods with little economic opportunity. As the overview chapter notes, responding to affordable housing needs by distributing subsidized housing units across a region rather than by continuing to build them in poor neighborhoods may lead to better outcomes for low-income families over the long term.

Moving and managing the housing market through new public and private investment, however, is itself a long-term effort. Such strategies will inevitably be
Figure 5
Case study communities have smaller shares of adults in the workforce than their comparison areas

Figure 6
HUD-subsidized units make up a much larger share of rental housing in urban case study communities than in comparison areas
balanced against more exigent needs related to current housing market instabilities, including managing a rising number of foreclosures that are affecting several of these neighborhoods.17

Lack of Mainstream Investment

“It’s a tough market to work in, especially since we need to overturn decades of disinvestment.”
—West Greenville city planner

“You have to go outside Martin [County to shop] ... [we] go to Wal–Mart in Paintsville for stuff.”
—Martin County resident

Financial institutions have historically not located bank branches in [West Fresno]. Indeed, until 2006, the neighborhood was without even an automated teller machine.
—Fresno case study

“In working with a population with little formal education and a lot of mistrust, mastering financial skills is often quite daunting.”
—El Paso banker

High-poverty neighborhoods are not an obvious investment target for most mainstream businesses, since local populations are perceived to have limited buying power and ability to support these businesses. What is more, businesses may perceive—correctly, in some cases—that there are higher costs for serving these communities.18

Crime and safety problems that accompany low levels of employment, high levels of illicit economic activity, large youth populations, and abundant vacant housing also dampen investment in high-poverty communities.19 Neighborhoods including Cleveland’s Central, West Greenville, West Fresno, Little Haiti, Atlantic City’s Bungalow Park/Marina District, and Rochester’s Northern Crescent all cited crime—including problems with drugs and gang violence—as an issue in the community. The return of thousands of ex-offenders to northwest Milwaukee not only raises the specter of crime in that neighborhood, but also contributes to its ongoing labor market challenges. And while residents regard McDowell County largely as a safe place, the high incidence of fraud-related crimes was noted as creating barriers to local investment.

In addition to limiting the availability of jobs and services, the lack of private-sector investment may make the area less attractive to middle-income workers and families, thereby contributing to a cycle of decline that leaves the community poorer over time. It may also make life more difficult—and more expensive—for the low-income residents who remain. A nearby supermarket, for instance, seems among the most basic amenities that make for an appealing community. And yet the West Greenville neighborhood has no grocery store, the whole of Atlantic City lacks a supermarket, and some residents of the Blackfeet Reservation endure a half-day’s drive to reach one.

Financial institutions represent another key local amenity for most residents, providing them with access to cash, savings, and capital for small business and housing needs. Here, too, a few case study communities—Crowpoint, East Albany, Chamizal, and West Greenville among them—lack traditional banking options within or near their borders. Instead, these and other communities are populated with so-called “nontraditional” financial services providers, which offer check cashing, payday loans, remittances, and other non-bank financial products. Conducting financial transactions through these nontraditional providers typically costs more than mainstream options. In addition, these providers offer customers fewer vehicles for savings and longer-term financial management.20

Several other case study communities, however, including those in Cleveland, McDowell County, Springfield, and Rochester, noted the nearby location of one or more banks. Still, for some of these areas’ residents and community leaders, banks rank lower on the list of needs. “Why does one need a bank account if one doesn’t have a job?” remarked one Little Haiti resident. In El Paso, a banker observed that the immigrant community there faces steep learning and trust curves in order to navigate even the most basic elements of the U.S. financial system. And despite their physical proximity to banks and credit unions, many residents of Rochester’s Northern Crescent neighborhoods opt to use alternative providers because of convenience, cost, or past negative experiences with mainstream financial institutions.
High levels of negative or absent credit records present a further barrier to economic progress among residents of the case study communities. Interviewees in Holmes County and Crownpoint, in particular, noted the struggles their residents face in managing consumer debt. Indeed, across all of the urban case study communities, a much higher share of consumers have thin credit files, meaning they have little or no credit history on record, than in the surrounding metro areas. Even among those consumers who have more substantial credit records, much lower proportions have very good scores that qualify them for the lowest-cost credit. As a reflection of this, mortgage borrowers from the case study communities in 2005 were, in most cases, considerably more likely than their counterparts in surrounding areas to receive high-cost loans. (See Figure 7) Such high-priced credit could further erode the ability of consumers in these communities to manage debt and ultimately improve their financial profiles. This suggests a need for more deliberate steps to bridge not just the geographic gap between financial institutions and low-income communities, but also the gaps between the financial needs and financial knowledge of lower-income families and the products currently offered to them.

III. The Capacity to Address Issues Associated with Concentrated Poverty

“If Bill Gates wanted to give $1 billion to the neighborhood, could we use it?”
—West Fresno community advocate

 “[Trust land management is] an old dinosaur system that’s supposed to be the guardian of Indian people.”
—Blackfeet Reservation community development leader

“There’s a sense that is instilled in longtime residents that the city is not there to serve you.”
—East Austin neighborhood development leader

**Figure 7**

Borrowers from most case study communities were more likely in 2005 to receive high-cost mortgage loans than their counterparts in comparison areas.

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<th>Rural Case Study Communities</th>
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<td>Corners &amp; South End</td>
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**Source:** Home Mortgage Disclosure Act (HMDA) data

Comparison areas are metropolitan areas for urban case study communities, and statewide non-metropolitan areas for rural case study communities.
“I’ve been in this community, actually living on this property, for 29 years now...I haven’t seen a program that’s still in existence or been consistent in this community because they start a lot of programs.”

—Cleveland’s Central neighborhood resident

A final theme that emerged from the 16 case studies concerned their communities’ limited capacity to address the problems associated with concentrated poverty. While many factors that influence levels of poverty reside outside of the domain of local or even regional actors, the delivery of social services and responsibility for neighborhood revitalization efforts often fall to community groups and local government agencies. Although several of the communities, most notably Cleveland, have a well-developed community development infrastructure, most of the case studies revealed that stakeholders did not regard nonprofit actors as fully capable of managing the multifaceted efforts needed to overcome the myriad barriers facing these communities. New and evolving problems, changing populations, and difficulty retaining talented younger people in the area were all cited as factors that impaired community capacity.

In addition, capacity problems in these communities are not confined to the nonprofit sector. In the recent past, elected leaders in Springfield and Atlantic City have abused citizen trust, eroding the chances for meaningful partnerships to address local problems. On the Blackfeet Reservation, the governance structure imposed by the Indian Reorganization Act of 1934 has posed difficulties for the tribe, providing too little separation of powers—for example, between the council and the courts—and contributing to the uncertain business environment on the reservation. Private-sector leadership is also in short supply in many of these communities, a by-product of the decline of large employers (e.g., Kodak in Rochester’s Northern Crescent) and/or local banks’ limited experience in financing community development activities (cited as concerns by stakeholders in East Albany, West Fresno, and McDowell County).

Across the case studies, capacity issues were apparent in three related areas: expertise, governance, and trust.

**Expertise**

Regardless of the duration of their communities’ suffering from high levels of poverty, leaders expressed unilateral frustration at the lack of local organizational capacity and experience to address the scale and scope of problems their communities face. In Holmes County, interviewees pointed to problems both in promoting collaboration among the county’s municipalities as well as in doing the actual work necessary to stimulate effective change. Said one, “With limited staff and all you have to do, it’s hard.” In West Fresno, community leaders doubted their own ability to handle a major infusion of capital, given existing gaps in technical skills, fragmented leadership, and a lack of political will and vision. Similar concerns about strategic balkanization across the public, private, and nonprofit sectors arose in Atlantic City. And in East Albany, city officials felt that the community lacked effective nonprofit organizations with which to partner in order to implement revitalization plans.

In some instances, case study community stakeholders lamented the lack or misdirection of funding needed to enhance local community development capacity. In West Fresno, nonprofit representatives noted that the city used federal Community Development Block Grant dollars primarily to augment police and infrastructure, rather than to boost funding for local organizations. While stakeholders acknowledged that addressing crime in the community was a legitimate need, the lack of a source of funding for nonprofits made it difficult for new organizations to become more effective or reach more residents. Competition for philanthropic attention is fierce there, too, evidenced by some stakeholders opining that Fresno’s needs were overshadowed by bigger players in the San Francisco Bay Area and Southern California. Holmes County interviewees sounded a similar theme, maintaining that the state has showered greater attention and financial support upon Mississippi’s faster-developing (and hurricane-ravaged) coastal area.

Although not mentioned as often in case study interviews, resident mobility and turnover could also serve to limit the capacity of these communities to stimulate and manage change. In the high-poverty urban communities especially, significant proportions of households (generally 45 percent or more) lived in a different house in 2000 than in 1995. These households may have relocated from the same neighborhood, an adjacent neighborhood, or another region entirely. Many have likely moved on since then. Such continuous turnover could further complicate efforts to build the capacity of these areas to address the multiple challenges they and their residents face. At the
same time, significant mobility in these neighborhoods could benefit individuals by reducing their long-run exposure to areas of concentrated poverty.

Other case study communities, particularly in older northern cities, seem to enjoy a robust community development structure borne out of earlier strife, activism, and philanthropy. Leaders in Cleveland’s Central neighborhood, for instance, point to a number of longstanding nonprofit institutions that are dedicated to serving the area’s residents and to connecting the area to public and private investment. Even so, as the quote that leads off this section suggests, ensuring the sustainability and effectiveness of programs can be a challenge. Nonprofits in Rochester’s Northern Crescent have succeeded in formalizing relationships with city and county governments to improve citizen engagement in community development activities. Of course, these communities still suffer from high levels of poverty and associated problems, suggesting that community development leadership alone is not sufficient to overcome negative regional economic trends or severe gaps in residents’ education and skills. However, the stronger leadership in these places may situate them better to help residents take advantage of emerging opportunities within, and outside, their borders.

**Governance**

Complicated governance arrangements pose a second challenge to local capacity in a few of the case study communities, relating both to land use and civic oversight. Such arrangements serve to obscure responsibility and reduce community efficacy.

These problems are perhaps thorniest for Native American lands. On the Blackfeet Reservation and in Crownpoint alike, residents describe how fragmented land ownership and federally imposed governance relationships have inhibited market development. Much of the Blackfeet Reservation is still held in trust for the tribe by the U.S. Department of the Interior; procedures for securing the land as collateral for economic and housing development are often lengthy and complicated. Land in Crownpoint is owned by a mix of federal, state, tribal, and private-sector actors, yielding a “checkerboard” of interested parties that complicates planning and deters private investment.

The problem is not confined to Native American lands, either. In McDowell County, similar issues derive from absentee corporations owning so much of its land. To the extent that residents of these areas hope to connect to new market opportunities, such fragmentation acts as a substantial barrier to building their capacity for change and growth.

In some of these high-poverty communities, governance problems go beyond land ownership. McDowell County interviewees noted that county government fragments its approaches to highly interrelated policy areas such as transportation, land use, housing, and environmental quality. The result is that no single organization or coalition is equipped to influence decisions across all of these areas. In East Austin, impoverished neighborhoods do not necessarily have specifically designated elected representatives who can serve as a voice for and address the needs of their community. In high-poverty areas in both strong and weak markets, a lack of effective governance mechanisms that could foster joint public/private/nonprofit decisionmaking may well hinder efforts to promote sustainable, positive change.

**Trust**

A lack of trust among residents of case study communities and their wider areas also serves to undercut collaborative decisionmaking. Trust barriers arise from a number of sources, according to residents and stakeholders alike: from the stigma attached to these communities (e.g., the “river rats” moniker applied to residents of East Albany and the perception of rampant crime affecting Springfield’s Old Hill, Six Corners, and South End neighborhoods); from the still-raw wounds of forced relocation and urban renewal (e.g., Blackfeet Reservation, West Greenville, West Fresno); and from residents’ views that public officials do not understand or care much about their predicament (a concern voiced in East Austin, Holmes County, and Little Haiti). In both Springfield and Atlantic City, as noted earlier, recent instances of municipal corruption have negatively affected community morale and led local stakeholders to cast a skeptical eye on public-sector initiatives to facilitate community improvement.

Such suspicions on both sides may limit outward connections to economic opportunity for residents of these areas, as well as inward investment and migration that could improve community economic standing. For example, in Little Haiti, cultural norms may militate against community cohesiveness, while geographic and
linguistic isolation may limit the extent to which Haitian nonprofits are willing to partner with outside organizations to boost local resources.

Perhaps most important, trust levels in each of these communities are affected by the conditions that surround their residents daily. Interviews with community leaders suggest that the persistence of problems with, for example, poor-quality housing or high levels of crime, contributes to a lack of confidence among community members that their elected officials and other civic leaders can be effective partners in improving the socioeconomic well-being of residents. This trust divide may represent one of the most critical issues in addressing the challenges of concentrated poverty, since it arguably sets the context for all other types of interventions—particularly as community development policies and strategies increasingly require broad public–private partnerships and resident participation.

Even if these capacity problems were resolved, however, many of these communities would still face daunting challenges. Clearly, strong community leadership is needed to begin addressing central problems in high-poverty areas, such as limited education and skills, inadequate housing, and lack of mainstream investment. But on its own, community leadership cannot turn a deindustrializing regional economy into a high-tech boomtown; it cannot convert a harsh, windswept plain into abundant farmland. And it cannot readily speed the social and economic incorporation of thousands of recent immigrants with limited English-language proficiency and scarce resources.

Circumstances beyond the control of community leaders will continue to shape the opportunities and challenges facing residents of high-poverty areas. As one leader from Rochester's Northern Crescent commented, the neighborhood is, despite its best efforts, “running to stand still.” Although enhanced expertise, streamlined and transparent governance, and higher levels of trust among local organizations will not suffice to tackle the multifaceted problems these places and their residents face, they are nevertheless valuable qualities that can help organizations improve a community's prospects over time. Nimble organizations able to forge partnerships with public, private, and philanthropic sectors and embrace opportunities for residents that exist beyond their community's borders may help communities such as the ones profiled in this report to move beyond poverty.24

IV. ADDRESSING CONCENTRATED POVERTY

The 16 case studies in this report document a number of difficult and interrelated challenges faced by high-poverty areas—none of which is easy to address. Perhaps the most vexing question to answer is, what strategies are most effective in tackling the problems of concentrated poverty? Just as concentrated poverty has long characterized portions of the American social and economic landscape, so too have policymakers wrestled with multiple, sometimes competing, visions of how to address it.

Federal and state programs that offer direct financial support or in-kind transfers can help to address some of the challenges associated with living in poverty. For example, means-tested programs such as Temporary Assistance for Needy Families (TANF), Head Start, and food stamps can support low-income families by helping them to meet their basic needs. The Earned Income Tax Credit is another federal policy that supports low-income working families by providing a refundable tax credit that can help to boost their incomes. These policies—as well as social insurance programs such as Social Security, Medicare, unemployment insurance, workers’ compensation, and disability insurance—all have a place in discussions of what policies are needed to address poverty more broadly.25

In the context of this report, however, the question is also about how to address the problems associated with poor places. Scholars who have studied past efforts at tackling neighborhood poverty have begun to create a typology of the different strategies that can address the challenges facing distressed communities and the families who live there.26

The first strategy, improving the neighborhood, involves an explicitly place-based focus on the provision of community-based affordable housing and business enterprise as instruments for neighborhood revitalization. Policy tools in this arena—for example, Enterprise Zones or the Community Reinvestment Act—have expanded access to capital in lower-income communities and supported the growth of a national network of nonprofit community development corporations. At the same time, however, this strategy has been criticized for considering neighborhoods in isolation from the economic forces affecting their wider regions. If pursued alone, a placed-based strategy may actually exacerbate concentrated poverty—say, by clustering affordable housing in poor neighborhoods.
The second strategy, expanding opportunity, assumes a people-based focus on giving residents of distressed neighborhoods access to quality jobs and schools in their wider regions. By providing residents with housing vouchers or access to school choice programs, this strategy explicitly seeks to move them to areas of lower poverty, or provide them with greater opportunities in those locations. As reviewed in the overview chapter, several approaches—among them housing vouchers, transportation programs like Job Access and Reverse Commute, and other related efforts—have shown some success in helping low-income families access homes and jobs in lower-poverty areas and improve their own safety and quality of life. At the same time, these programs remain imperfect tools, not reaching all types of low-income families and all types of low-poverty neighborhoods, and not addressing the multiple barriers often facing adults and children from very low-income areas. In addition, they may have limited applicability to highly isolated areas of concentrated poverty, such as those found on the Blackfeet Reservation or in Martin County, which do not have access to nearby low-poverty, high-opportunity areas.

The third strategy, transforming the neighborhood, incorporates both place-based and people-based elements in focusing on fundamentally altering the socio-economic mix of distressed areas to create communities that are attractive to a broader range of households. These efforts often entail significant housing redevelopment, such as the HOPE VI program, as well as efforts to improve local schools and employ local residents. As explained below, these approaches have yielded significant revitalization in formerly very high-poverty urban communities, and by some measures have succeeded in reconnecting them—physically and economically—to their surrounding areas. In practice, however, this strategy has sometimes been employed without adequate attention to the needs of original residents, especially “hard to house” families who may end up outside the support system entirely. And similar to the expanding opportunity strategy, its applicability to remote Native American reservations and poor rural areas may be limited.

Increasing attention is being given to the best way to integrate place-based and people-based policies to improve the trajectories of high-poverty communities and their residents while tailoring those strategies to local needs and assets. As the case studies in this report make clear, the diverse economic context for concentrated poverty demands responses that are equally diverse in emphasis. Areas close to emerging economic opportunity might choose to focus first on improving workforce skills, while more isolated locations might first seek to improve local infrastructure. In the case study communities, public- and private-sector leaders are starting to innovate along these lines to address the challenges associated with concentrated poverty. Many of their initiatives are new and have not yet undergone evaluation, but they do reflect the range of ways in which communities are attempting to address concentrated poverty.

Employment and Schools

With low labor force skills a pressing issue across nearly all of the case studies, many stakeholders are actively promoting workforce development strategies that both address barriers to work and connect adults to employment opportunities. While researchers are still working to disentangle the relative merits of different approaches to workforce development, recent analyses suggest that well-designed employment programs that combine training to enhance participants’ human capital with job placement assistance can produce positive and lasting impacts. This approach is being tried in Cleveland, for example, where an innovative program at Cuyahoga Community College is helping individuals with limited formal education enter the healthcare field through a nursing assistant training program, and then gain credentials to advance up the occupational ladder. Project ARRIBA, a labor market intermediary in El Paso, provides clients with training opportunities from El Paso Community College (as well as the local university) for jobs in high demand in the local economy, such as healthcare, education, and information technology positions.

While not inherently place-based, workforce development programs in two of the case study communities are aiming to develop a more localized strategy to boost local employment. The Blackfeet Manpower program, for one, is working with employers at adjacent Glacier National Park to increase the number of seasonal hires who come from the reservation. Similarly, through a community benefit agreement in Atlantic City, the Borgata Casino is committed to training and finding jobs for 2,000 unemployed or underemployed local residents.

In many of these areas, low labor force participation may be related to a low financial return from work—the lack of a “living wage,” as one Springfield stakeholder put it. In that respect, broader policies such as the federal Earned Income Tax Credit (EITC) are critical labor
market supports. Today, approximately 22 million workers and families receive the EITC via their federal income tax refund; some earn credits of $4,000 or more per year. Research has shown the EITC to be effective in reducing poverty, encouraging work, and helping low-income families to make ends meet. In most of the case study communities, between one-quarter and one-half of all tax filers claim the EITC, and that share has been growing. (See Figure 8) Still, interviewees voiced needs to expand awareness of the EITC, especially among immigrant groups; to increase the supply of volunteer tax services that provide free tax preparation (both to ensure that eligible families claim the credit and to reduce the uptake of refund anticipation loans); and to couple those services with information about other resources available to low-income families (e.g., child care, food stamps, health insurance).

As some case study communities work to upgrade the size and quality of the local workforce, others are focusing on the educational pipeline, striving to improve the quality of local schools. In McDowell County, new leadership in the public schools has retooled the curriculum, enhanced teacher training, and reached out to parents in new ways, with promising initial results. In Little Haiti, efforts are under way to stimulate greater parental involvement in schools. The Springfield school system, too, is bolstering outreach efforts to parents, and has forged a partnership with Springfield College to mentor and tutor students at an elementary school in the Old Hill neighborhood.

Additional investments in education are needed at multiple grade levels in many of these communities, and local stakeholders may benefit from the experiences of other cities developing new models for improving local schools. For example, community development finance is increasingly being leveraged for educational facilities in low-income communities—including pre-school and charter school facilities—that support broader neighborhood revitalization efforts. Community-based organizations in cities such as Baltimore, Chicago, and Los Angeles have launched charter schools as part of a comprehensive neighborhood revitalization strategy, and have seen improvements both in student performance and at the neighborhood level. Research has shown that concurrent investments in local schools reinforce investments in housing in poorer areas, as better schools become a driver of market demand for housing, attracting new families to the neighborhood.

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**FIGURE 8**

EITC uptake changes in case study communities

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**SOURCE:** 2000 and 2004 Earned Income Tax Credit (EITC) data available at http://webapps/brookings.edu
The housing policy perhaps most intentionally targeted to address the twin problems of concentrated public housing and attendant poverty is the HOPE VI program. Originally known as the Urban Revitalization Demonstration, HOPE VI was launched in 1993 with the aim of eradicating severely distressed public housing and building mixed-income communities in their stead. Over its first decade, the program funded the demolition and reconstruction of more than 80,000 of the most distressed public housing units across the country. By most measures, HOPE VI redevelopment has led to marked neighborhood improvements across a range of indicators, including health, education, employment, and safety. Research also suggests that HOPE VI has catalyzed a range of neighborhood investments and has helped to integrate formerly isolated populations into mixed-income communities. In Cleveland, a HOPE VI redevelopment project has spurred private residential development in the Central neighborhood, transforming the formerly troubled high-rise brick buildings into rows of well-designed townhomes. The new housing is also fostering some optimism among Central’s residents and stakeholders. Noted local funder India Pierce Lee, “You drive through there and it’s like a new city being reborn quietly.” In addition to bringing a more diverse mix of income levels into the community, the new housing is also helping retain some of Central’s residents who would otherwise leave the community. “When they started building the houses, that helped,” stated local stakeholder Gerri Burns. “A number of people who lived in public housing actually bought houses in the community and stayed.”

Nevertheless, HOPE VI has its limitations as well. In some cities, the program has been criticized for not adequately supporting residents during relocation, for transforming the neighborhood at the expense of longtime residents, and for leading to a net loss of affordable units for low-income households. Researchers who have been following residents affected by HOPE VI are developing a more nuanced picture of the effects of relocation and redevelopment. This research will be extremely helpful in helping to identify what strategies are needed to ensure positive housing and employment outcomes for residents undergoing place-based revitalization as part of a HOPE VI model.

Moreover, while the HOPE VI model does appear to be having some positive outcomes in Cleveland, other strategies are also needed to address the much broader range of housing challenges prevalent in these communities. The Blackfeet Housing Authority, with support from financial partners, has developed a line of credit to enable efforts to upgrade the quality of the local housing stock. To combat problems with vacant and abandoned housing in its Northern Crescent neighborhoods, the Rochester Housing Development Fund Corporation buys and renovates vacant homes, and then resells them to low- and moderate-income households. And the city of Austin is using voluntary inclusionary zoning—coupled with an incentive of reduced building fees—to speed the development of affordable units in East Austin, in part to relieve housing-price pressures on lower-income families.

Improving the investment climate is a high priority for many of the case study communities, as stakeholders believe that such investments can attract new residents and jobs while improving the quality of life for the existing population. Promising strategies on this front involve active partnership between the public and private sectors. To attract greater mainstream investment into West Fresno, for example, the city successfully lobbied for a new shopping center, which today houses a supermarket that outperforms other regional stores in the chain. The community is now working with Social Compact—an organization that conducts local market analyses of underserved areas and challenges the negative stereotypes that have historically limited private development in poor neighborhoods—to promote further investment opportunities. In Cleveland’s Central neighborhood, KeyBank worked with community leaders to create a bank account product for residents who frequently rely on check cashers, or who have had trouble with the banking system in the past. Several other communities, including East Albany, West Greenville, Holmes County, Martin County, and Chamizal, have assembled or are now assembling comprehensive plans for community revitalization. Such plans can set a useful framework for attracting greater private investment, though their ultimate impacts in these case study communities have yet to be seen.

Finally, efforts to enhance the capacity of local actors to confront and overcome the challenges of concentrated poverty in the case study areas are more nascent. Some
The Role of the Federal Reserve

So where does the Federal Reserve fit into a discussion of concentrated poverty? This study was motivated by the work of the Federal Reserve System’s Community Affairs function, which assists financial institutions in meeting their Community Reinvestment Act (CRA) obligations. The CRA encourages financial institutions to meet the credit needs of the communities in which they are chartered, including low- and moderate-income neighborhoods. Beyond the direct community development lending attributable to the CRA ($56 billion in 2006), research indicates that the CRA has lowered the overall risk of community development investment, increased the availability of economic data pertaining to low-income communities, streamlined small business lending and development there, and led banks to increase the amount of capital flowing to these neighborhoods.37

As part of their mandate to support financial institutions in meeting CRA obligations, the Community Affairs offices of the Federal Reserve System have always taken an active part in facilitating dialogues on topics of interest to regional public- and private-sector leaders, and in disseminating best practices in the areas of neighborhood revitalization and community and economic development. In addition, Reserve Banks have helped facilitate partnerships between the public and private sectors that can help to address community development challenges. For example, several of the Federal Reserve Banks have been working with the Bureau of Indian Affairs and the Department of Housing and Urban Development to streamline mortgage lending on trust land, with the goal of expanding access to homeownership on reservations. Other Reserve Banks have worked with community partners to expand awareness of the EITC and to develop strategies for helping “unbanked” populations access checking and savings accounts.

Many issues that were raised in this report—from the provision of affordable housing, to access to financial services and mortgage credit, to the investment capital needed to finance charter schools and small businesses—fall under the rubric of the CRA. Financial institutions, through their CRA-motivated community development lending and investments, are in a position to make a significant difference in high-poverty communities. Several Reserve Banks have initiated conversations on concentrated poverty in their districts and what can be done to address it.38 Such conversations will not be sufficient on their own, of course, to overcome many years of distrust between high-poverty communities and public and private actors in their wider areas. But they may be a necessary component of longer-term strategies and partnerships that can help to more fully integrate these communities into the wider economy.
Communities are working to confront deep-rooted issues of distrust that may have forestalled productive partnerships in the past. For instance, neighborhood planning processes in Rochester and East Austin aim to inject greater citizen participation into the process of neighborhood revitalization. In other cases, sorely needed external reforms are progressing. The Springfield Financial Control Board hopes to overcome the corruption that marred past city governments, and to act as a more responsible partner for redevelopment in the city’s poorest neighborhoods. Leaders on the Blackfeet Reservation have moved to insulate economic development activities from the complicated governance problems that may have thwarted progress in the past. Building the capacity of local actors will be critical in helping to effectively direct resources to these communities. Over the past three decades, the community development field has become increasingly characterized by local planning and administration. Yet as the case studies in this report show, many areas of concentrated poverty are characterized by the lack of a local capacity for community development. With a couple of exceptions, these communities have few nonprofits, residents who feel excluded from decisionmaking processes, and little or no political leadership to tackle the complicated and intertwined challenges of poverty.

**CONCLUSION**

This synthesis chapter, by looking across all 16 case studies, has shed light on a set of challenges that confront urban, small-city, rural, and Native American high-poverty communities alike. Though they may differ in character and degree, issues around human capital and labor force readiness, housing, and lack of investment and financial stability echoed across these otherwise disparate places, as did the variable capacity of these communities and their wider areas to bring about and manage needed change.39

Each of the “headline” issues examined in this chapter—schools and skills, housing, lack of mainstream investment, and limited community capacity—plays a role in perpetuating the disadvantage confronting these high-poverty urban and rural areas today. Together, these issues entangle many high-poverty communities in a Gordian knot, where, for example, deficits in residents’ skills frustrate efforts to attract new investment, and the lack of new investment makes it more difficult to move more people into work and to improve their skills.

The problem of concentrated poverty, as recent trends have confirmed, is not altogether intractable. Indeed, concentrated poverty declined amid strong regional economic growth in the 1990s. Today, where economic growth persists in and around case study areas like East Austin and Atlantic City, in-migration and investment may lead to a decline in the poverty rate. Whether the original residents of those communities will achieve better outcomes as a result remains to be seen. In areas with weaker markets, the lack of a rising regional tide may necessitate more multifaceted interventions to improve the lives of people living in areas of concentrated poverty, and to restore healthy market activity to the places themselves.

As more recent data become available on these and other high-poverty communities through the Census Bureau’s American Community Survey, researchers might investigate what factors have been associated with rises or declines in concentrated poverty in the 2000s.40 In addition, more detailed longitudinal studies might examine, in areas where poverty fell, whether original area residents with low incomes benefited from the uplift, or whether the poverty decline was associated with their out-migration from the area, and the reasons for those outcomes.41 Research along these lines might help identify the mix of conditions that contributes to a reduction in concentrated poverty, and particularly those conditions that result in better outcomes for low-income residents.

Empirical research may nevertheless fail to capture the true character of the people and the places that make up high-poverty areas; hopefully, these case studies have helped to elicit such information. Indeed, behind the veil of the daunting challenges presented in this report, case study authors uncovered a rich array of assets on which these communities and their residents might draw to overcome the isolation of concentrated poverty.

Several communities highlight specific cultural assets associated with their dominant racial or ethnic makeup. In East Austin, a black resident took special pride in owning a home that her parents struggled to buy in an era of rampant racial discrimination. In McDowell County, extended family networks support residents who are struggling to get by, as well as help account for the low levels of crime in the community. In Little Haiti, the closely held status of businesses and their cultural affinity with the community allow them to adapt quickly to changing demands and new market opportunities. Similar deep spiritual, cultural, and historical traditions...
characterize the Blackfeet population on the reservation and Navajos in the Crownpoint area.

While largely untapped at the community level, economic and locational assets still characterize many of these areas as well. Cleveland’s Central neighborhood, while suffering from high rates of unemployment, is beginning to take advantage of its physical proximity to major universities, hospitals, corporations, and foundations, all of which are natural partners for its robust community development sector. Meanwhile, communities like East Austin and West Greenville may benefit from new growth occurring in their immediate areas, provided leaders act to ensure that community residents acquire the skills and the supports (including housing) to connect to these emerging market opportunities. Even the Appalachian counties of Martin and McDowell have begun to consider tourism strategies that would take advantage of their unique histories and access to stunning natural landscapes.

Finally, longtime residents of these neighborhoods exhibit a deep commitment to their communities, despite the longstanding forces that have isolated them. Any meaningful effort to improve the lives of people in concentrated poverty, and to make their communities more viable places for future residents and businesses, should harness the collective knowledge and spirit of these individuals. Their commitment and resiliency is perhaps best captured by the Chamizal resident who, despite the sobering problems present in her community, said, “If I won the lottery, I still wouldn’t move out of Chamizal. This is what I know; these are my people.”

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Endnotes

1 Many of the issues revealed in the case study communities are not new—to be sure, the sorts of very poor, predominantly African-American inner-city communities portrayed in seminal works like Wilson’s The Truly Disadvantaged and Auletta’s The Underclass still exist in places like Chicago, New York, and other older, northern cities today. The Cleveland, Rochester, and Milwaukee communities examined within this report exhibit that profile. Similarly, areas like McDowell County, WV, and Holmes County, MS, share a common ancestry with the communities profiled in Duncan’s Worlds Apart and the Depression-era South of Agee’s and Evans’s Let Us Now Praise Famous Men.

2 See Table 1: Comparison Statistics in individual case studies.


5 See Table 1: Comparison Statistics in individual case studies.

6 One factor to which many researchers point as contributing to increased rates of single parenthood in these communities is a decline in the number of “marriageable” men, due to shrinking labor market opportunities associated with economic restructuring. See William Julius Wilson, The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy (Chicago: University of Chicago Press, 1987).


10 For more information, see http://www.fingerlakeswired.com.


12 The exact factors that created the conditions for economic growth and opportunity in Austin and Atlantic City are unclear. Certainly, the legalization of gambling in Atlantic City has fueled the area’s recent growth, but that growth in turn has depended on the strong economic performance of the nearby greater New York area—and the rise in disposable income of its residents. Austin has benefited greatly from the longtime presence of innovative firms like Dell, IBM, and Whole Foods, but also from the state’s investments in the flagship University of Texas campus, which have contributed greatly to the growth of those and other firms, as well as to the unique local culture. How much of the current condition of these places can be attributed to public policy choices, and how much to circumstance, is a matter for further debate and research.

13 Luisa Medina, Development Director, Central California Legal Services and former School Board President. Personal interview in Fresno, February 23, 2007.
It is also unclear what the results would be if these mobility programs were expanded on a larger scale.


As Federal Reserve Bank of San Francisco President Janet Yellen noted in a 2006 speech on income inequality, programs that support investment in education, broadly conceived, are worthwhile, although questions remain about how to best direct public funding. Janet L. Yellen, "Economic Inequality in the United States," speech to the Center for the Study of Democracy 2006–2007 Economics of Governance Lecture University of California, Irvine, November 6, 2006. Researchers led by James Heckman from the University of Chicago have argued that funds should be targeted at early childhood education, since preschool programs for disadvantaged children appear to have substantial returns on investment over the long term. Others, such as Alan Krueger of Princeton University, note that well-designed job-training programs for adults can also have high returns. See *Inequality in America: What Role for Human Capital Policies?* Benjamin M. Friedman, ed. (Cambridge, MA: MIT Press, 2003). Moreover, in the context of HOPE VI redevelopment, research has shown that concurrent investments in the local school reinforce the investments in housing in these neighborhoods, and vice versa. See Jill Khadduri, Heather Schwartz, and Jennifer Turnham, "Reconnecting Schools and Neighborhoods: An Introduction to School-Centered Community Revitalization" (Columbia, MD: Enterprise Community Partners, 2007).

For example, the nonprofit Illinois Facilities Fund has financed the construction of several charter schools in Chicago. For more information, see http://iff.org/content.cfm/cscp.

Khadduri, Schwartz, and Turnham, "Reconnecting Schools and Neighborhoods."


India Pierce Lee, Program Officer, The Cleveland Foundation. Personal interview in Cleveland, March 9, 2007.

Popkin et al., "A Decade of HOPE VI: Research Findings and Policy Challenges."

See, for example, the research developed by the Urban Institute on "A Roof Over Their Heads," which uses panel data from residents affected by HOPE VI. The collective studies are available at http://www.urban.org/toolkit/policybriefs/subjectbriefs.cfm?documenttypeid=122.


To be sure, the chapter has by no means detailed the full range of challenges present in these 16 high-poverty communities. Crime, multigenerational poverty, health, and youth-related issues were also cited by a number of case-study community stakeholders as contributing to, or serving to perpetuate, high levels of concentrated poverty.


Such analyses might use geocoded files from the Panel Study of Income Dynamics (PSID) to examine the moves into and out of very poor neighborhoods by different demographic and economic groups. See, e.g., Lincoln Quillian, “How Long Are Exposures to Poor Neighborhoods? The Long-Term Dynamics of Entry and Exit from Poor Neighborhoods,” Population Research and Policy Review 22(3) (2003): 221–49.