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BTC Brief

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BARRIERS TO OPPORTUNITY: The Growing Problem of Concentrated Poverty in North Carolina's Neighborhoods

*Timely,
accessible,
and credible
analysis of
state and local
budget and tax
issues*

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KEY FINDINGS:

- In 2006-2010, 143,445 North Carolinians who were poor lived in concentrated poverty, and the state's concentrated poverty rate stood at 10.2 percent.
- The concentrated poverty rate in North Carolina more than doubled from 2000 to 2006-2010. During this time, the number of concentrated-poverty neighborhoods in the state nearly tripled, and the number of people living in these neighborhoods who were poor more than tripled.
- African Americans and Latinos living in North Carolina who were poor were more likely to live in concentrated poverty in 2006-2010, compared to their white counterparts. Children who were poor were more likely to live in concentrated poverty than the average North Carolinian who was poor.
- Research shows that place and well-being are deeply connected. Living in areas of concentrated disadvantage while being poor can undermine one's economic and health opportunities.

Individual and Community Consequences of Concentrated Poverty

As of 2006 to 2010, the latest available data, there were 100 areas of concentrated poverty in North Carolina—nearly triple the number in the state in 2000.¹ United States Census Bureau data shows 143,445 poor residents lived in these extremely poor areas, 3.5 times the number in 2000.²

This brief defines areas of concentrated poverty as census tracts with poverty rates of 40 percent or more, using the federal poverty level.^{3,4} Census tracts meeting the 40-percent threshold are referred to in this brief as concentrated-poverty neighborhoods. This analysis excludes census tracts with populations of 500 people or fewer.⁵

The growing number of North Carolinians living in concentrated-poverty neighborhoods face restricted access to the jobs, education and networks that can improve their financial standing. Patterns of concentrated poverty have endured for decades in certain areas due to several interacting factors such as rapid suburbanization, deindustrialization, commercial disinvestment, and racial discrimination in housing markets. It is well-documented that patterns of concentrated poverty are also rooted in government policies—including home-ownership subsidies, public-housing location decisions, interstate and highway subsidies, and deterioration in the provision of local services.⁶

The disadvantage of being poor and residing in a poor neighborhood magnifies and perpetuates the problems faced by people who are poor, a concept known as the "double burden."⁷ A large body of research shows that the residential segregation of people who are poor can lead to negative neighborhood effects, which are community influences on individual socioeconomic outcomes. Examples of neighborhood effects include low-quality educational opportunities, weaker employment networks, poorer health outcomes, and elevated levels of crime.⁸

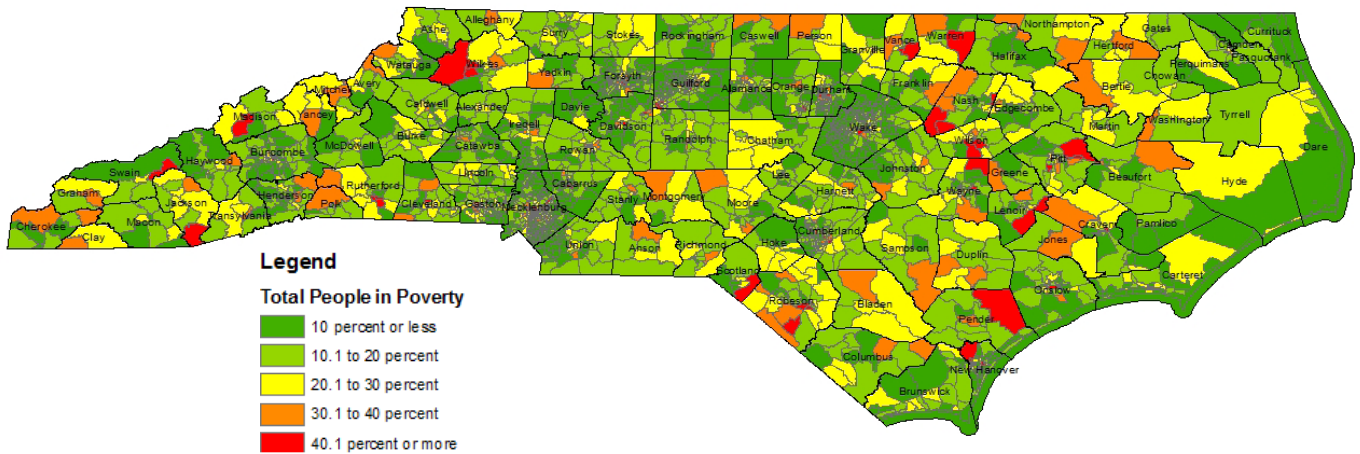
In the last few decades, the concentration of poverty has fluctuated nationwide. The number of poor people living in concentrated-poverty neighborhoods increased nearly twofold from 1970 to 1990. However that population declined by 31 percent from 1990 to 2000 only to subsequently increase by one-third from 2000 to 2005-2009.⁹

The Geographic Distribution of People who are Poor in North Carolina

In 2006-2010, there were 2,195 census tracts and 9,013,443 million people living in North Carolina. 100 census tracts were concentrated-poverty neighborhoods, representing roughly 1 of 22 neighborhoods in the state. Of the 293,135 residents living in these neighborhoods, 143,445 residents lived below the federal poverty level—which is nearly 104,000 more than the 39,632 poor residents in 2000. The concentrated poverty rate—the proportion of all poor people residing in a concentrated-poverty neighborhood—was 10.2 percent in 2006-2010, up 6.1 percentage points since 2000 when the concentrated poverty rate was 4.1 percent.

The 100 concentrated-poverty neighborhoods were located in only 30 of the state’s 100 counties, with the largest share located in Guilford and Mecklenburg counties. Of these 100 neighborhoods, 63 were in urban counties, with the remaining 37 located in rural counties.¹⁰ The largest share of people who were poor within these 100 neighborhoods were also clustered in Guilford and Mecklenburg counties. The map below shows the geographic spread of concentrated poverty in North Carolina.

Concentrated Poverty in North Carolina by Census Tract, 2006-2010



SOURCE: United States Census Bureau, American Community Survey 2006-2010 5-Year Estimates

Certain Communities More Likely to Live in Concentrated-Poverty Neighborhoods

Economic hardships borne by people who are poor are not shared equally in North Carolina. African Americans who were poor were 2.7 times more likely to live in concentrated-poverty neighborhoods than Latinos who were poor, and 3.5 times more likely than whites who were poor.¹¹ Seventeen percent of African Americans who were poor and 7.1 percent of Latinos who were poor lived in concentrated-poverty neighborhoods, compared to 5.6 percent of whites who were poor.¹²

Also in 2006-2010, 10.4 percent of the state’s impoverished children lived in concentrated-poverty neighborhoods, slightly higher than the average North Carolinian who was poor. Regardless of family income, research shows that children growing up in these neighborhoods often have less access to good quality schools, early education programs, and strong social networks that foster healthy development and connect children to opportunities. These children are also at higher risk of poor outcomes, including higher stress levels, higher dropout rates, and more emotional problems.¹³

Conclusion

Research shows that the opportunity structure is deeply connected to the neighborhood. With the dramatic increase in the concentrated poverty rate in North Carolina, it is important to focus on the investments and policies that can support the extension of opportunity to all communities in the state. By ensuring such ladders to opportunity, North Carolina can build more prosperous communities and a more prosperous state.

- 1 The United States Census Bureau currently reports census-tract level data as five-year estimates. 2006-2010 estimates are calculated using information that is collected from independent monthly samples over the five-year period. Results cited in this brief are the North Carolina Budget and Tax Center's analysis of the United States Census Bureau's 2000 Decennial Survey and 2006-2010 American Community Survey.
- 2 The North Carolina population increased by 15.5 percent from 2000 to 2006-2010. North Carolina Budget and Tax Center's analysis of the United States Census Bureau's 2000 Decennial Survey and 2006-2010 American Community Survey.
- 3 In an effort to prevent bias in the results, this analysis uses contemporaneous census tracts for each year of data to assess changes in concentrated poverty. Also, despite its arbitrary nature, the 40 percent threshold is the standard measure of poverty concentration used by a growing number of poverty researchers. Paul Jargowsky. "Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s." Brookings Institution. 2003. Available online at: <http://www.brookings.edu/es/urban/publications/jargowskypoverty.pdf>
- 4 In 2010, the federal poverty line for a family of four was \$22,314.
- 5 As a result of this cutoff, three census tracts were excluded from this analysis.
- 6 See Jeanne Brooks-Gunn, Greg J. Duncan, and J. Lawrence Aber, editors. "Neighborhood Poverty, Volume 1: Context and Consequences for Children." New York: Russell Sage Foundation, 1997; and Robert Wallace and Deborah Wallace. "Origins of Public Health Collapse in New York City: The Dynamics of Planned Shrinkage, Contagious Urban Decay and Social Disintegration." *Bull NY Acad Med.* 66 (5). 1990. Available online at: <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1809782/pdf/bullnyacadmed00016-0019.pdf>; and Paul Jargowsky. "Poverty and Place: Ghettos, Barrios, and the American City." New York: Russell Sage Foundation. 1997.
- 7 Paul Jargowsky. "Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s." Brookings Institution. 2003. Available online at: <http://www.brookings.edu/es/urban/publications/jargowskypoverty.pdf>
- 8 For education outcomes, see: Geoffrey Wodtke, David Harding, and Felix Elwert. "Neighborhood Effects in Temporal Perspective: The Impact of Long-Term Exposure to Concentrated Disadvantage on High School Graduation." *American Sociological Review* 76 (5). 2011; and Century Foundation Task Force on the Common School. *Divided We Fail: Coming Together Through Public School Choice.* Washington: Century Foundation Press, 2002. For employment opportunities, see: Keith Ihlanfeldt and David Sjoquist. "The Spatial Mismatch Hypothesis: A Review of Recent Studies and Their Implications for Welfare Reform." *Housing Policy Debate* 9 (4). 1998; and Phillip Kasinitz and Jan Rosenberg. "Missing the Connection: Social Isolation and Employment on the Brooklyn Waterfront." *Social Problems* 43 (2). 1996. For health outcomes, see: Deborah Cohen and others. "Neighborhood Physical Conditions and Health." *Journal of American Public Health* 93 (3). 2003; and Roberto G. Quercia and Lisa K. Bates. "The Neglect of America's Housing: Consequences and Policy Responses." Working Paper. The Center for Urban and Regional Studies, University of North Carolina at Chapel Hill. 2009. For elevated crime rates, see: Margery Austin Turner and Ingrid Gould Ellen. "Location, Location, Location: How Does Neighborhood Environment Affect the Well-Being of Families and Children?" *Housing Policy Debate* 8(4). 1997.
- 9 Elizabeth Kneebone, Carey Nadeau, and Alan Berube. "The Re-Emergence of Concentrated Poverty: Metropolitan Trends in the 2000s." *Metropolitan Opportunity Series* at Brookings. November 2011. Available online at: http://www.brookings.edu/~media/Files/rc/papers/2011/1103_poverty_kneebone_nadeau_berube/1103_poverty_kneebone_nadeau_berube.pdf
- 10 North Carolina § 143B-437.45 (6) provides the definition of a rural county as a county with a density of fewer than 250 people per square mile based on the 2000 United States decennial census.
- 11 It is important to note that the size of North Carolina's African American and Latino communities are much smaller than the state's white community.
- 12 This analysis calculated the odds ratio of being poor and a member of a certain racial demographic and living in a concentrated-poverty neighborhood using standard statistical methods.
- 13 Annie E. Casey Foundation. "KIDS COUNT Data Snapshot on High Poverty Communities." February 2012. Available online at: http://www.aecf.org/~media/Pubs/Initiatives/KIDS%20COUNT/D/DataSnapshotonHighPovertyCommunities/KIDSCOUNTDataSnapshot_HighPovertyCommunities.pdf