

Understanding
Concentrated
Poverty



by DeAnna Green
Federal Reserve Bank of Boston

In 2006 every Reserve Bank in the Federal Reserve System agreed to partner with the Brookings Institution on a national research project concerning *concentrated poverty*. For the purposes of the study, the term concentrated poverty describes a census tract that has a poverty rate of 40 percent or higher.

The motivation behind the study was to provide both public and private entities with a deeper understanding of the causes and consequences of concentrated poverty so that they might be able to address the needs of concentrated-poverty communities more effectively.

Project Description

The research project consisted of 16 case studies of communities selected from different kinds of geographies across the country. Every bank in the Federal Reserve System carried out at least one study. Among the 16 communities were rural counties, fast-growing metropolitan areas, older suburbs, and immigrant gateways.

In addition to analyzing the available data, researchers conducted extensive interviews in each community. Both the quantitative and qualitative data were considered important, with interviews providing on-the-ground perspectives, realities, and experiences. The end result will be a publication providing an overview of concentrated poverty and a description of each case.¹

Choosing Neighborhoods

The Federal Reserve Bank of Boston selected Springfield, Massachusetts, to study, focusing on three neighborhoods where concentrated poverty is a concern.

The poverty rate in the three neighborhoods increased steadily over the last four censuses. In the 2000 census, 44 percent of individuals lived below the federal poverty rate—almost double the overall rate in Springfield and more than four times the Massachusetts rate. Hispanics had the highest poverty rate in the three neighborhoods, with 55 percent living below the poverty line. The child poverty rate was also very high—58 percent.

The Boston Fed conducted Springfield interviews in December 2006 and over the following winter. To ensure a balance of perspectives, a diverse group of individuals was asked to participate—people from the business community, the nonprofit community, municipal agencies, the

police department, and the neighborhoods themselves. The interviews provided insight into Springfield's history, politics, and economic and social issues.

Emerging Themes

Several themes emerged from the research and will be used as the basis for the case study report: the struggle for individual survival described by local residents interviewed for the project; the scarcity of resources for institutions serving the communities; the differences between reality and perception in the neighborhoods; and the need for strong leadership.

Individual Survival

Residents and local leaders describe the reality of concentrated poverty as living in survival mode. There is a short-term mindset that can negatively affect families, jobs, education, and the usefulness of programs and policies meant to help individuals.

Institutional Scarcity

Nonprofits, community centers, and other local entities that serve the needs of the community are critical. For example, in one Springfield neighborhood a community center offers after-school activities that range from mentoring and leadership development to recreation. However, interviews reveal that the funding for such programs is often on a piecemeal basis and sometimes disappears altogether. Inconsistent funding and changes in programmatic structure hurt the community.

Reality and Perception

The three Springfield neighborhoods suffer from both reality and perception. The reality includes high levels of poverty, sections of neighborhoods with vacant and abandoned lots, absentee landlords, low educational attainment, and crime. The perception includes those same components plus, more subtly, varying beliefs about the neighborhoods' future.

The fact that crime is a problem is

undeniable. But residents report feeling safe in their homes and neighborhoods whereas visitors are urged not to walk there at night. A collaborative involving housing developers, Springfield College, and a neighborhood association in one of the communities has launched a campaign to rebuild one area. But to bring about positive change, interviewees say, both the realities and the perceptions must be addressed.



Leadership

Springfield has been blessed with some strong leaders—from the schools, nonprofits, colleges, businesses, and from among the residents themselves. In the past, these leaders have functioned in an environment of fiscal crisis and public mismanagement, but today all signs point toward a new era of cooperation. The best hope for addressing the challenges facing those who live in concentrated poverty is a broader collaboration, with a cohesive plan and a focus on positive messages that resonate in every community.

DeAnna Green is the senior community affairs analyst at the Federal Reserve Bank of Boston.

Endnote

¹ The final report will be posted at <http://www.bos.frb.org/commdev/cdevpubs.htm> in fall 2007.

► This Communities & Banking article is copyrighted by the Federal Reserve Bank of Boston. The views expressed are not necessarily those of the Bank or the Federal Reserve System. Copies of articles may be downloaded without cost at www.bos.frb.org/commdev/c&b/index.htm.