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REDUCING POVERTY WITHOUT COMMUNITY DISPLACEMENT:

INDICATORS OF INCLUSIVE PROSPERITY IN U.S. NEIGHBORHOODS

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EXECUTIVE SUMMARY

Neighborhoods with concentrated poverty are found in every major metropolitan area in the United States. These neighborhoods—defined as census tracts where at least 30% of residents live in poor households—are home to one in 15 U.S. residents, including nearly one in five Black people and one in eight Latino or Hispanic people.

Previous research has shown that places with high rates of poverty are deeply harmful. People who grow up in neighborhoods with concentrated poverty earn less money in early adulthood and are incarcerated far more often. Children born in these areas are projected to die 5.7 years earlier than those in other neighborhoods.

Leaders urgently need better solutions to assist these areas. Fortunately, in recent years, new sources of data and advanced analytical tools have emerged that can offer new insights about these places. This report takes advantage of these opportunities to share three findings that demonstrate positive change is possible.

FINDING #1: NEARLY 200 NEIGHBORHOODS WITH CONCENTRATED POVERTY SIGNIFICANTLY REDUCED POVERTY RATES WITHOUT DISPLACING THE LOCAL COMMUNITY.

We studied data on thousands of U.S. neighborhoods over 15 years. This revealed something that will likely surprise many leaders: Between 2000 and 2015, 193 neighborhoods with concentrated poverty achieved a large decrease in their poverty rates without displacing their existing communities.

The neighborhoods that achieved these positive changes can be found across all regions of the country. Some are close to their city centers, while others are more suburban. Each seems to be impressively resilient. Their reductions in poverty occurred during a period containing two major economic crises: the 2001 recession and the Great Recession of 2007 to 2009.

FINDING #2: NEIGHBORHOODS WITH LARGE DECREASES IN POVERTY RATES AND NO DISPLACEMENT ALSO SHOW EVIDENCE OF INCLUSIVE PROSPERITY.

As their poverty rates fell, these neighborhoods remained inclusive. Retention of local residents was above the national average during the 15 years we observed. The number of people in the largest racial or ethnic group also increased, as did the number of people outside that group.

In addition, we can see evidence of increased prosperity in these places. For example, homeowners' property values more than doubled and the number of small business loans increased significantly. This suggests these neighborhoods became places of inclusive prosperity that benefited the existing community as well as new residents.

FINDING #3: EIGHT INDICATORS OF INCLUSIVE PROSPERITY SEPARATE THE NEIGHBORHOODS WITH LARGE DECREASES IN POVERTY RATES AND NO COMMUNITY DISPLACEMENT FROM OTHER POOR NEIGHBORHOODS.

We used advanced analyses, including machine learning techniques, to study how these neighborhoods were different from other low-income areas. This revealed an interesting pattern.

Eight indicators were much more common in the neighborhoods that went on to have large decreases in poverty rates with no community displacement. These indicators can be useful to leaders in the same way doctors use biological indicators to evaluate individuals' physical health. Better performance on these neighborhood indicators is linked to improved outcomes in the future.

We refer to these eight factors as "indicators of inclusive prosperity," since they are associated with inclusion and increased prosperity as well as decreases in poverty.

Three *external* indicators seem to signal that the environment around a neighborhood supports prosperity:

- Positive economic growth in the local metropolitan area
- Lower homicide rates in the local county
- Low risk of displacement from the surrounding area

Five *internal* indicators seem to show that a neighborhood includes residents in the prosperity around them:

- Higher rates of homeownership
- Lower levels of residential vacancy
- Increases in housing density
- Greater rates of self-employment
- Presence of community-building organizations

No single one of these factors is sufficient in isolation. It is only when they are combined that they become associated with powerful results. In neighborhoods with all three external indicators and four or more internal indicators, large decreases in poverty rates without displacement are 3.7 times more prevalent than in other poor neighborhoods.

Introduction

If you live in a U.S. city, you are probably only a few miles away from a neighborhood with high rates of poverty—and there's a good chance that you are even closer.

Neighborhoods with concentrated poverty are found in every medium and large metropolitan area in the United States.[1]It does not matter what region a city is in, nor does it matter if local and state leaders are Democrats or Republicans. The presence of these residential areas is universal.

Around one in 15 people in the United States lives in a neighborhood with concentrated poverty—equal to over 20 million people in total. More people live in these neighborhoods than live in the states of New York or Florida.[2] More children live in these communities than in the entire regions of New England or the Pacific Northwest.

The number of neighborhoods with concentrated poverty has also grown significantly.[3] In 2000, around 4,800 U.S. neighborhoods had poverty levels of 30% or more. By 2019, that number was nearly 5,800 neighborhoods—a 19% increase, which is almost two times greater than the growth of the total poverty rate in metropolitan areas during the same period.[4]

While poor neighborhoods in the United States are diverse, they affect people from some groups more than others. Around 38% of residents in neighborhoods with concentrated poverty identify as Black, compared to about 12% of all people in the United States who identify as Black alone. And approximately 36% of residents in neighborhoods with concentrated poverty identify as Latino or Hispanic, compared to around 18% in the nation as a whole.

Close to one in five Black people and one in eight Latino or Hispanic people live in neighborhoods with concentrated poverty, compared to around one in 40

people in the rest of the U.S. population.[5] The majority of Black and Latino or Hispanic people in the United States are not poor and do not live in neighborhoods with concentrated poverty.[6] However, growing up in a neighborhood with high rates of poverty is much more common for Black and Latino or Hispanic children than it is for white and Asian American children.[7]

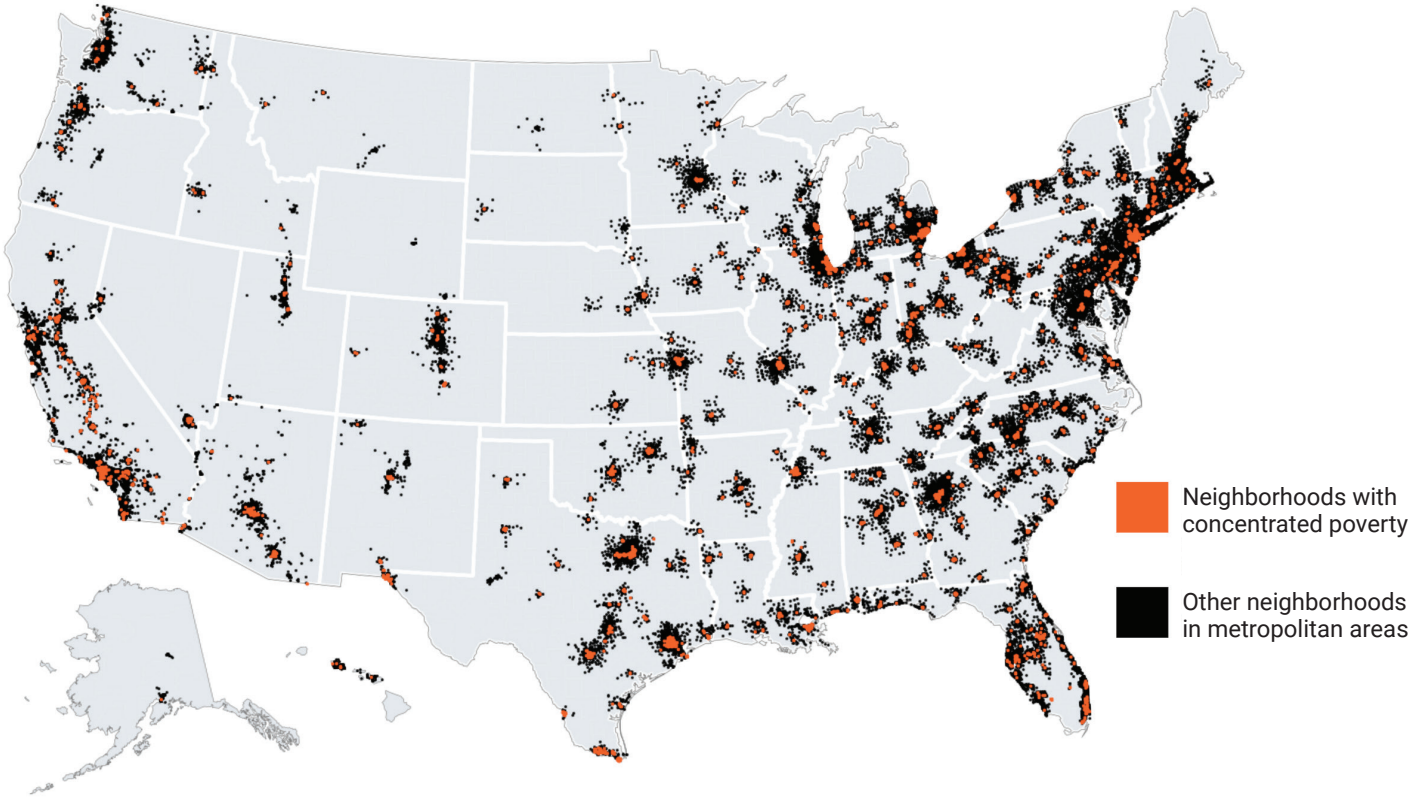
This means that anything that affects neighborhoods with concentrated poverty is likely to disproportionately affect the Black and Latino or Hispanic population in the United States. Similarly, anything affecting the Black and Latino or Hispanic population is likely to disproportionately affect neighborhoods with concentrated poverty.

In this report, we first describe how neighborhoods with concentrated poverty in the U.S. are uniquely challenged when compared to other residential areas. We then share findings from a longitudinal analysis of more than 3,500 neighborhoods that had concentrated poverty in 2000 to measure their economic and demographic changes through 2015. This analysis uncovered nearly 200 neighborhoods that experienced large decreases in poverty rates without displacing the existing community. Our final analysis presents a novel data science approach to identify factors that make these neighborhoods distinct, and concludes with actionable recommendations.

MAP 1

Neighborhoods with concentrated poverty in U.S. metropolitan areas

Census tracts where 30% or more of residents live in poor households



SOURCE: Common Good Labs analysis of the 2019 American Community Survey. For more information see page 2 of the methodology.

What are neighborhoods with concentrated poverty?

We define neighborhoods with concentrated poverty as residential areas where at least 30% of the population lives in households with incomes below the federal poverty threshold. The poverty threshold varies depending on the number of people in a household. In 2021, it was generally equal to $26,500 for a family of four, or $12,800 for a person living alone.[8]

The Census Bureau provides data on areas that meet these criteria using what are known as "census tracts." The average tract contains around 4,000 people, making it similar to the size of a large neighborhood.[9] For this reason, our report uses the terms "tract" and "neighborhood" interchangeably.

Concentrated poverty exists in both urban and rural settings. This research focuses only on urban neighborhoods, since most poor people in the United States live in urban areas.[10] Additionally, research has shown that the challenges of poverty in urban and rural regions are distinct due to differences in population density and residents' distance from resources.[11]

All the neighborhoods considered in this report's analyses are census tracts that meet two criteria:

Metropolitan: All of the neighborhoods are located in a metropolitan statistical area—the federal government's designation for urban regions. Each metropolitan area is made up of a primary city or urban area, as well as smaller cities and counties nearby that share close economic ties.[12] They are often referred to using the names of their primary cities, such as "Greater Seattle" or the "Dallas-Fort Worth metroplex."

Residential density: All of the neighborhoods have at least 1,000 residents per square mile of land, which is a standard demographers often use to denote urban, residential areas.[13] This removes tracts that are primarily rural, industrial, or commercial, or made up of parks, water, and drainage areas.

Census data indicates there were 5,765 urban neighborhoods with concentrated poverty in the United States before the COVID-19 pandemic. These residential areas were home to 20.8 million residents. For a more detailed explanation of the criteria used in this definition, please see page 2 in the methodology.

TABLE 1

Neighborhoods in the United States

Comparison of residential census tracts located in metropolitan areas

	Selected Characteristics	Neighborhoods with concentrated poverty	Other neighborhoods
Definition:	Located in a metropolitan area	✓	✓
	1,000 or more residents per square mile of land	✓	✓
	Residents living in poor households	30% or more	Less than 30%
Poverty:	Average percentage of residents living in poor households	40.7%	11.6%
Population:	Total number of residents	20.8 million	183.4 million
	Total number of census tracts	5,765	39,080

NOTE: This report uses data from the 2019 American Community Survey when speaking about the current state of neighborhoods with concentrated poverty. The Census Bureau released tract-level data for the 2020 American Community Survey (ACS) in March of 2022. However, the Census Bureau has noted that all ACS data for the year 2020 should be considered experimental due to issues with nonresponse bias caused by the COVID-19 pandemic. We have opted to avoid the potential challenges with this issue by using 2019 data.

SOURCE: Common Good Labs analysis of the 2019 American Community Survey. For more information, see page 2 of the methodology.

Understanding the challenges found in neighborhoods with concentrated poverty

Poverty is usually temporary in the United States. Most American households that experience poverty are poor for less than 12 months.[14] This has important implications for neighborhoods with concentrated poverty, suggesting that something in these areas makes it far more common for residents to slide into short-term poverty or remain stuck in abnormal periods of long-term poverty.

Previous studies have also shown that areas like these are deeply harmful to children. Researchers compared data from siblings whose families moved during their childhood to evaluate the effect of living in a low-income community. They found causal evidence that residential areas with high rates of poverty lead children to have worse outcomes, even when controlling for differences across families.[15]

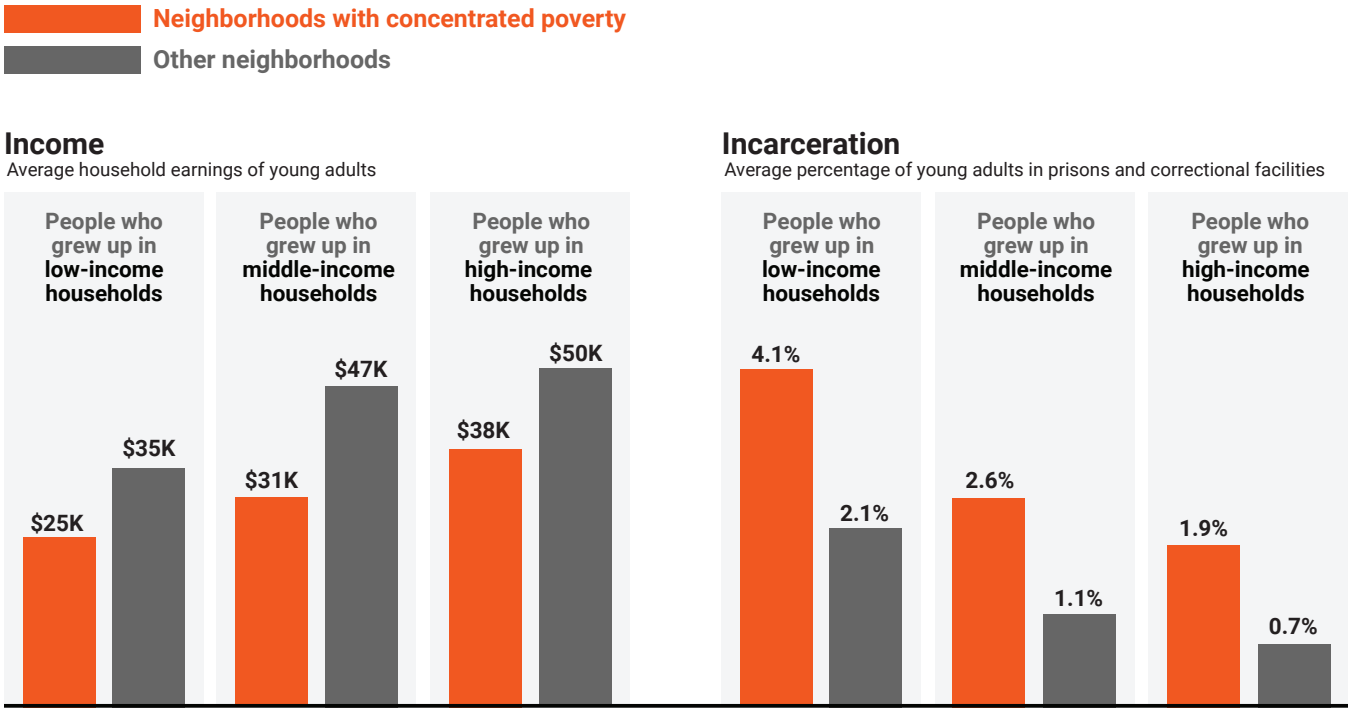
However, it isn't just the poor who suffer in neighborhoods with concentrated poverty. Even children from wealthier families are worse off when they grow up in these places. The left-hand chart on the next page compares the earnings of young adults who grew up in low-, middle-, and high-income households. The results are consistent across all three groups: People from neighborhoods with concentrated poverty earn much less money than those from similar households in other neighborhoods.

The right-hand chart tells a similar story for incarceration. It does not matter if children live in low-, middle-, or high-income households—growing up in a neighborhood with concentrated poverty is consistently linked to increased rates of incarceration in early adulthood.

It is even more revealing to compare the group represented by the third bar in each chart to those in the second bar. In both cases, people from middle-income families who grew up in areas with concentrated poverty are worse off than people from low-income families who grew up in other places.

FIGURE 1

Estimated outcomes in early adulthood based on childhood neighborhood



NOTE: Estimates are based on data for people born between 1978 and 1983 using mean earnings from 2014-2015 and incarceration as of April 2010. Low-income households are those at the 25th national percentile in earnings (~$27,000 in 2015 dollars), middle-income households are those at the 50th percentile (~$56,000 in 2015 dollars) and high-income households are those at the 75th percentile (~$94,000 in 2015 dollars). Neighborhoods with concentrated poverty and other neighborhoods are defined as of the year 2000, which is the available data closest to when these young adults would have completed high school or other forms of secondary education. The reported values are neighborhood averages.

SOURCE: Common Good Labs analysis of the data from the U.S. Census Bureau and Opportunity Insights. For more information see page 16 of the methodology.

Children from neighborhoods with concentrated poverty don't just earn less money and become incarcerated more often. They also have shorter expected lifespans. Children in elementary school who were born in neighborhoods with concentrated poverty are projected to die 5.7 years earlier than children in other U.S. neighborhoods, on average.[16]

A significant amount of research in recent years has focused on relocating families out of low-income areas. However, the problems associated with neighborhoods with concentrated poverty can't be solved by moving people to other places. Residents of neighborhoods with concentrated poverty occupy more than 6 million houses and apartments. This is more than double the amount of all vacant housing units available in other neighborhoods in U.S. cities.

In order to help residents in neighborhoods with concentrated poverty, leaders need to do more than just assist individual families that have fallen into poverty or near poverty. They must also improve the neighborhoods where so many of these families are concentrated. As the next section of the report will demonstrate, these places are unlike other residential areas in U.S. cities.

NEIGHBORHOODS WITH CONCENTRATED POVERTY CONTAIN COMBINATIONS OF CHALLENGES RARELY FOUND IN OTHER NEIGHBORHOODS

Why are places with high rates of poverty so harmful, even for residents whose families are not poor? New evidence from our analyses shows that these neighborhoods contain combinations of challenges that are uncommon in other parts of U.S. cities.

If we randomly selected a group of neighborhoods and compared those with concentrated poverty to those without, we would find that neighborhoods with concentrated poverty are:

- **1.4 times more likely to have a high proportion of vacant businesses**, which are associated with increased crime and decreased property values[17]
- **2.1 times more likely to be near a facility releasing toxic emissions**, which increases illness and reduces children's ability to learn[18]
- **2.3 times more likely to have a high proportion of children enrolled in low-performing public school districts**, which graduate students from high school at rates below the national average
- **2.7 times more likely to be classified as medically underserved** due to a shortage of primary care providers[19]
- **2.7 times more likely to have a large percentage of children in households without internet access**, making it difficult for children to complete homework or attend virtual schooling
- **4.2 times more likely to have a low proportion of adults in higher-income occupations**—such as doctors, lawyers, and business executives—who provide young people with role models and professional networks
- **4.8 times more likely to be in areas that were "redlined"** and classified as high-risk by the federal government in the 1930s, which reflect long-standing discrimination in real estate lending

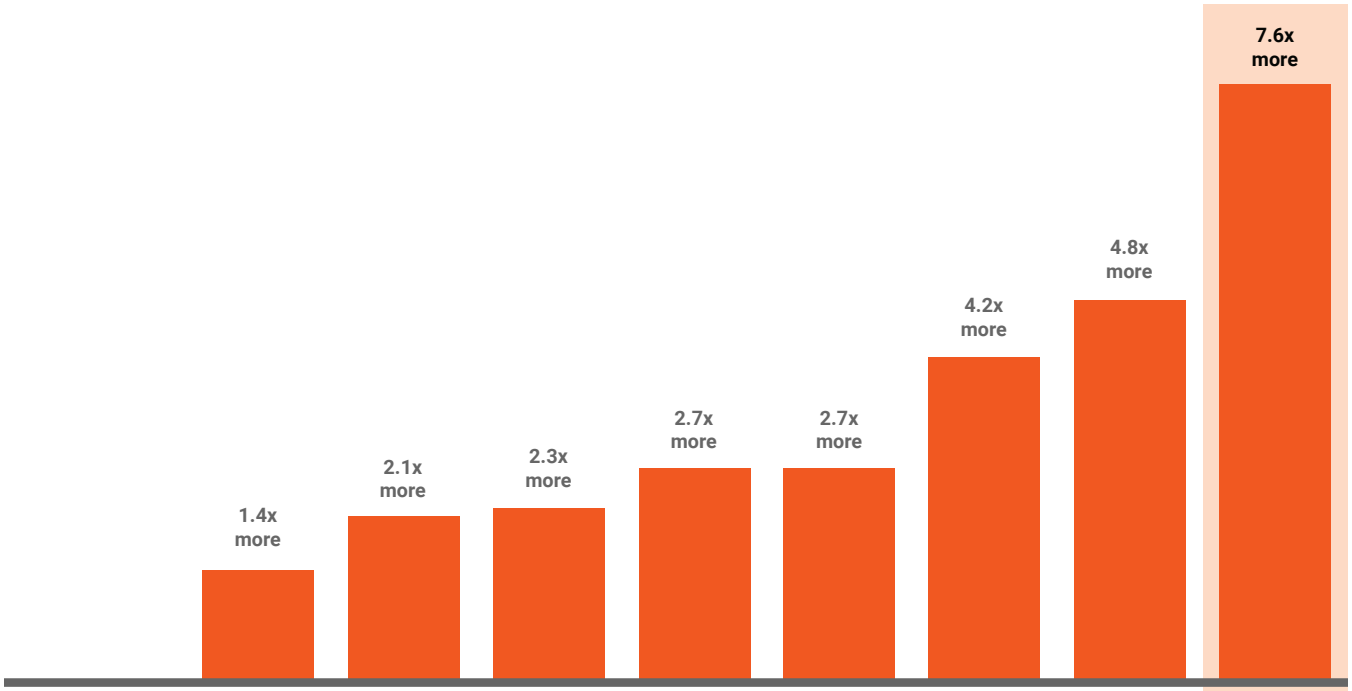
Fifty-three percent of neighborhoods with concentrated poverty contain four or more of these challenges, compared to only 7% of other neighborhoods. This means that when considering this data, the greatest difference between places with concentrated poverty and other residential areas is not any single disadvantage. It is the fact that multiple challenges are so frequently combined. Neighborhoods with concentrated poverty experience four or more of these challenges 7.6 times more often.

The combined disadvantages in low-income neighborhoods go far beyond the seven listed above. Many of our nation's greatest challenges—such as climate change, racial discrimination, and failing infrastructure—are highly concentrated in the same places where we also find concentrated poverty. This makes it easy to understand why neighborhoods with concentrated poverty are associated with much worse outcomes for children.

FIGURE 2

Increased frequency of challenges in neighborhoods with concentrated poverty

How much more common is each challenge in neighborhoods with concentrated poverty?



	Vacant businesses	Toxic emissions	Low quality schools	Low access to healthcare	Low access to technology	Lack of professional networks	Redlining	Combination of four or more
Percentage containing each challenge:	High proportion of vacant businesses	Located within one mile of a toxic release site	High proportion of children enrolled in low-performing public school districts	Classified as a medically underserved area	High proportion of children in households without internet access	Low proportion of adults in higher income occupations	Classified as high-risk for home loans by the government in the 1930s	Contain at least four of the seven challenges listed to the left
Neighborhoods with conentrated poverty:	33%	29%	50%	68%	82%	75%	29%	53%
Other neighborhoods:	24%	14%	22%	25%	30%	18%	6%	7%

SOURCE: Common Good Labs analysis of data from the U.S. Census Bureau and other sources. For more information, see page 16 of the methodology.

TABLE 2

Additional challenges found in U.S. neighborhoods with high levels of poverty

Summary of new evidence and existing research on low-income residential areas

Built environments	• Neighborhoods with concentrated poverty have **more bridges in need of repair or replacement** than other residential areas.* • Children in low-income areas have been found to have **high levels of lead poisoning** from exposure to lead paint and pipes in older buildings.[20] • Residential areas with lower income levels often have **fewer trees and hotter temperatures** in the summer.[21] • Poor neighborhoods also suffer **more damage from flooding**, have **higher levels of noise pollution**, and are **more frequently targeted to have hazardous waste sites** located within them.[22] • Older neighborhoods with concentrated poverty were **more likely to have interstate highways built through them**, which often required demolishing homes and physically dividing the community.*[23]
Economic ecosystems	• Neighborhoods with concentrated poverty receive **fewer small business loans**.* • Lower-income census tracts usually have **fewer banks and credit unions**.[24] • Residents of low-income neighborhoods often **pay higher rates of property taxes** than those in wealthier tracts.[25] • People in lower-income census tracts were also **more likely to work in essential jobs** that increased risk of exposure to COVID-19.[26]
Civic structures	• Students from neighborhoods with concentrated poverty attend **public school districts that have greater numbers of police and security officers** stationed inside.* • Young people in high-poverty neighborhoods have **lower levels of civic knowledge** than youth in affluent neighborhoods.[27] • Black residents of very poor neighborhoods are **less likely to believe that they have any power to influence the decisions** of community matters.[28] • Concentrated poverty **increases the cost of providing public services**, such as police and fire protection, and studies have found that libraries are open for fewer hours in low-income areas.[29]
Social environments	• Neighborhoods with concentrated poverty contain a **greater proportion of residents who are disabled**.* • Counties with greater levels of concentrated poverty across census tracts have **more violent crime**.[30] • The likelihood that a **neighbor may be perceived as a threat** is greater in extremely poor neighborhoods.[31] • Residents from impoverished neighborhoods tend to report **lower levels of social cohesion and trust**.[32] • People living in high-poverty neighborhoods tend to **belong to fewer community organizations**.[33]

SOURCE: Sources are listed in the report citations except for the challenges noted with a "*", which are the result of Common Good Labs analyses conducted for this report and detailed in table 2 in the appendix.

DIFFERENT NEIGHBORHOODS FACE DIFFERENT COMBINATIONS OF CHALLENGES

It is important to note that neighborhoods with concentrated poverty often face very different combinations of challenges, even when they are located only a few miles apart. We can see examples of this among census tracts in the Pittsburgh metropolitan area:

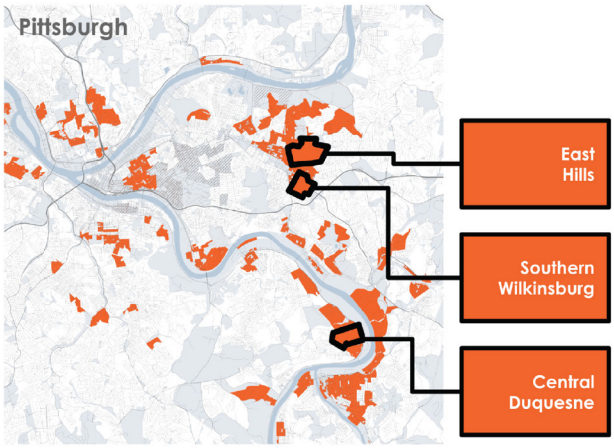
- East Hills, a community near Pittsburgh's city limits, has a high proportion of children who lack health insurance and is classified as medically underserved.
- Southern Wilkinsburg, a neighborhood less than a mile from East Hills, has a large number of three- and four-year-olds not enrolled in pre-school and a high proportion of children without home internet access.
- Central Duquesne, a community about four miles from South Wilkinsburg, has a high proportion of vacant storefronts and businesses, and is near a plant releasing toxic emissions.

Despite the fact that all three of these neighborhoods are located in the same county and have similar demographics and rates of poverty, they don't share any of the six challenges listed above.

FIGURE 3

Comparison of challenges found in three neighborhoods with concentrated poverty

Examples of unique combinations of challenges among neighborhoods in the Pittsburgh metro area



	Percentage of children without health insurance	Proportion of residents who are medically underserved	Number of three- and four-year-olds not in preschool	Percentage of children without internet access	Proportion of abandoned or vacant local businesses	Percentage of residents near sites that release toxic emissions
East Hills	**High**	**High**	Moderate	Moderate	Moderate	Low
Southern Wilkinsburg	Low	Low	**High**	**High**	Moderate	Low
Central Duquesne	Low	Low	Moderate	Moderate	**High**	**High**

Neighborhoods with concentrated poverty
30% or more of residents live in poor households

Moderate or high-income neighborhoods
Less than 30% of residents live in poor household

SOURCE: Common Good Labs analysis of data from the U.S. Census Bureau and other sources. For more information, see page 17 of the methodology.

FEDERAL PROGRAMS FREQUENTLY FAIL TO ADDRESS LOW-INCOME NEIGHBORHOODS' UNIQUE COMBINATIONS OF CHALLENGES

In recent decades, the federal government has created a small number of programs to assist low-income areas. Unfortunately, evidence indicates these initiatives are often poorly designed.

Though neighborhoods with concentrated poverty face unique combinations of multiple challenges, federal programs tend to offer a single one-size-fits-all solution. The most recent example of this is the Opportunity Zone program, which was created in 2017 with the goal of revitalizing low-income neighborhoods. It uses a single mechanism to do so: encouraging private investment through tax incentives.

Federal leaders originally suggested the Opportunity Zone program would spur a range of investments that benefit residents of low-income areas, but it has primarily been used to finance large real estate projects, such as a Ritz Carlton hotel in downtown Portland, Ore.[34] Unsurprisingly, the program has had little-to-no positive effect on residents of low-income areas in terms of employment or income levels.[35] In addition, only 16% of eligible neighborhoods have received any funding through the initiative since its launch.[36] (Examples of other federal initiatives that follow a similar pattern are listed in table 3 in the appendix.)

Unfortunately, state and local governments often mirror the approach of federal programs. This is partially because federal initiatives frequently require state and local governments to implement them.[37] It is also common for local foundations to use a similar one-size-fits-all approach when working in poor neighborhoods.

One-size-fits-all programs can do more harm than just waste money. When these approaches fail, some leaders find it easier to place blame on poorly served recipients rather than accept responsibility for poorly designed programs. These failures and narratives are often used to support the false idea that leaders can't do anything to change poor neighborhoods.

That is clearly wrong. One of the clearest lessons of the challenges found in neighborhoods with concentrated poverty is that local and national leaders have tremendous power to change these places. Many of the disadvantages are a direct result of decisions made by past leaders in government, business, and even the philanthropic sector, such as:

- Government officials decided where interstate highways would demolish and divide neighborhoods and allowed the use of lead paint and pipes long after knowing that they damage children's health.
- Business leaders chose the sites where facilities releasing toxic emissions would be located and created the criteria that make it more difficult for small businesses in low-income areas to receive loans.
- Philanthropic leaders in some cities have exacerbated neighborhood challenges by creating community plans that ignored medically underserved areas when locating new hospitals and medical services, or by providing small business support programs only to wealthier areas.[38]

Today's leaders face a choice. They can use their power to repeat mistakes like these or take action to help low-income neighborhoods change in more positive ways. However, in order for leaders to assist neighborhoods with concentrated poverty, they need better solutions.

Key findings from new analyses of positive neighborhood change

In order to find potential solutions, we analyzed data on thousands of U.S. neighborhoods. We began by identifying over 3,500 neighborhoods that were experiencing concentrated poverty in the year 2000, and then followed each of these areas for approximately 15 years to observe how they changed, as described in on page 17.

The primary changes we measured were fluctuations in local poverty rates and the emergence of displacement. Displacement, sometimes referred to as "gentrification," is when residents are forced to move due to changes related to their house, apartment, or surrounding area that are beyond their control.[39] This cuts off residents' day-to-day relationships with people and places that are important to them, and can also increase the concentration of poverty in a city as low-income families are pushed into a smaller number of neighborhoods.

Displacement can occur at the level of an individual household, such as when a family is forced to move due to increases in rental costs or poor building maintenance that creates hazardous conditions. It can also be seen at the community level, such as when the population of a single racial or ethnic group is pushed out of a neighborhood. This can be due to the same factors that cause individual displacement or because of larger events, including instances in previous decades when government leaders demolished entire neighborhoods under the name of "urban renewal."[40]

The data available to most city leaders does not allow them to monitor the displacement of individual households. However, there is widely available information on a number of factors that can identify where community displacement is occurring. Since this is the type of displacement leaders are able to measure, we made it the focus of our study. The next pages share the three most important findings from our analyses of changes in poverty rates and displacement across thousands of U.S. neighborhoods.

Summary of neighborhood classifications

Changes in neighborhoods with concentrated poverty change from 2000 to 2015

Data for the first year of observation is drawn from the 2000 decennial census. Data for the end of the period comes from the 2017 American Community Survey, which provides an average of annual data from 2013 to 2017. Since the midpoint of this period is 2015, we refer to this as "2015 data" and consider the time covered in this analysis to be approximately 15 years.

The Census Bureau sometimes adjusts the boundaries of individual census tracts. We used the Longitudinal Tract Database, a common tool in social research, to account for these changes. All tract analysis adjusted the 2000 tracts to be comparable to those in the second time period, which used the boundaries from the 2010 decennial census.

The definition used in this analysis for "neighborhoods with concentrated poverty" is the same as the one used in previous sections. All neighborhoods with concentrated poverty are census tracts in metropolitan areas with a minimum of 1,000 people per square land mile where at least 30% of residents lived in poor households in 2000.

We took several additional steps to ensure that outliers did not skew the final group of neighborhoods we analyzed. This included removing tracts with very small populations (i.e., fewer than 500 residents), and those with very large proportions of college students or military personnel. We also removed neighborhoods with large public housing developments or significant demolitions of existing public housing, as well as those in areas believed to be geographically unique: the states of Alaska and Hawaii, and the New Orleans metropolitan area.

We created six categories to classify the ways neighborhoods with concentrated poverty changed during the 15 years observed in this analysis. The six categories are based on four outcomes: 1) changes in each neighborhood's poverty rate; 2) the presence or absence of residential displacement; 3) changes in neighborhood population; and 4) resident retention rates. The definitions for each category can be found in table 3 on page 19. (A longer explanation of the steps used in this classification process can be also found on pages 18 to 19 in the methodology section.)

Finding #1: Nearly 200 neighborhoods with concentrated poverty significantly reduced poverty rates without displacing the local community.

Our research on neighborhood changes revealed something likely to surprise many leaders. We identified 193 neighborhoods with concentrated poverty that achieved a large decrease in poverty rates without displacing the existing community.

Our analyses classified changes in the neighborhoods we observed from 2000 until 2015 into six categories, described in table 3. The 193 neighborhoods with large decreases in poverty rate and no community displacement meet these four criteria:

- **A large decrease in the poverty rate.** A large decrease in the poverty rate is defined as a decline of 10 percentage points or more in the proportion of residents living in poor households (e.g., a shift from 45% to 35% of the population).
- **No community displacement.** Our classification of community displacement is modeled off the definition used by the National Community Reinvestment Coalition.[41] We defined neighborhoods as having no displacement if the actual number of people in each observed racial or ethnic group (i.e., Black, Latino or Hispanic, and Asian American) did not decline by 5% or more, and the actual number did not drop by more than one standard deviation compared to the group's population change in all U.S. census tracts.
- **Stable-or-growing populations.** Neighborhoods defined to have stable or growing populations are those where the total number of residents has increased, remained the same, or decreased by less than one standard deviation compared to all urban census tracts during this time period. This ensures that the neighborhoods where poverty decreased were not doing so due to people abandoning the community.
- **Normal-to-high resident retention.** Neighborhoods with normal-to-high resident retention are those where the proportion of households from 2000 still living in the neighborhood in 2015 is within or above one standard deviation of the average for urban census tracts. This means that decreases in poverty are more likely to be due to increased incomes of existing residents and not by replacing poor residents through very high rates of new people moving in.

TABLE 3

Classification of neighborhoods with concentrated poverty in U.S. metropolitan areas

Defined based on changes from 2000 to 2015

	Large decrease in poverty rate and no community displacement	Moderate decrease in poverty rate and no community displacement	Large increase in displacement	Moderate increase in displacement	Large increase in poverty rate	Moderate increase in poverty rate
Poverty rate How did the proportion of residents living in households with incomes below the poverty line change?	**Large decrease** Decline of 10 percentage points or more (e.g., 35 percent to 25 percent)	**Moderate decrease** Decline of 5 to 9.9 percentage points (e.g., 35 percent to 30 percent)	**Moderate or large decrease** Decline of 5 percentage points or more (e.g., 35 percent to 30 percent)	**Moderate or large decrease** Decline of 5 percentage points or more (e.g., 35 percent to 30 percent)	**Large increase** Increase of 10 percentage points or more (e.g., 35 percent to 45 percent)	**Moderate increase** Increase of 5 to 9.9 percentage points (e.g., 35 percent to 40 percent)
Community displacement Was there a large or moderate decrease in the total number and the proportion of at least one local racial or ethnic group?	**None** No racial or ethnic groups decreased by 5 percent or more in total number or by 1 or more standard deviations compared to other census tracts.	**None** No racial or ethnic groups decreased by 5 percent or more in total number or by 1 or more standard deviations compared to other census tracts.	**Large** A racial or ethnic group decreased by over 5 percent in total number and more than 2 standard deviations compared to all census tracts.	**Moderate** A racial or ethnic group decreased by over 5 percent in total number and 1 to 2 standard deviations compared to all census tracts.	Any	Any
Population change Has the total number of residents remained at or above its original level?	**Stable or growing** Total population has grown, stayed the same, or decreased by less than 1 standard deviation compared to all urban census tracts.	**Stable or growing** Total population has grown, stayed the same, or decreased by less than 1 standard deviation compared to all urban census tracts.	Any	Any	Any	Any
Resident retention Have the residents originally living in the neighborhood remained in the community?	**Normal to high** The proportion of remaining households is within or above 1 standard deviation from the average for all urban census tracts.	**Normal to high** The proportion of remaining households is within or above 1 standard deviation from the average for all urban census tracts.	Any	Any	Any	Any
Count How many neighborhoods with concentrated poverty meet each category's full criteria?	**193** 5.3% of sample	**181** 4.9% of sample	**324** 8.8% of sample	**251** 6.8% of sample	**603** 16.4% of sample	**488** 13.3% of sample

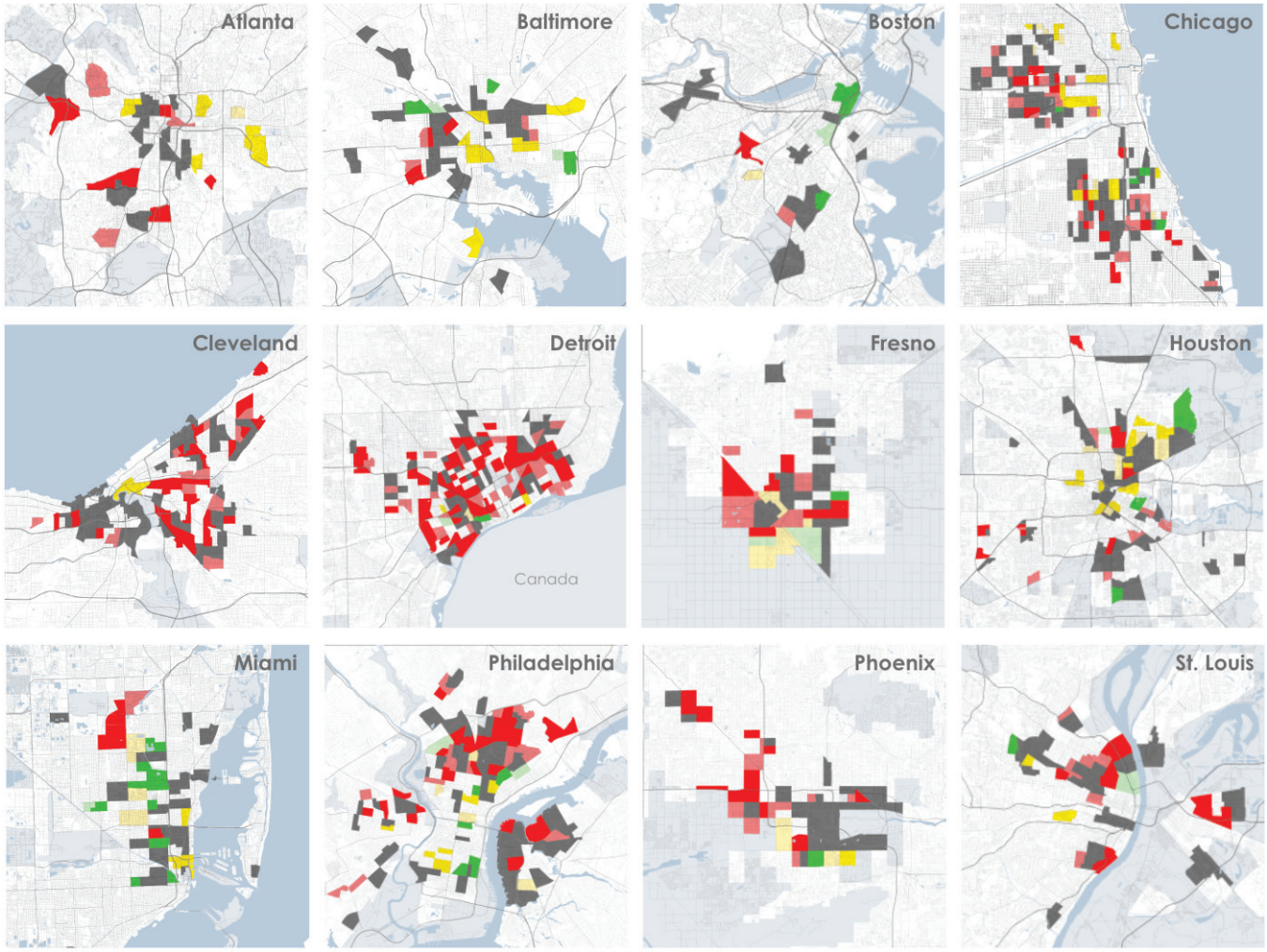
NOTE: For a full explanation of this these criteria, please see page 19 in the methodology.

SOURCE: Common Good Labs analysis of data from the U.S. Census Bureau and other sources. For more information, see pages 18 and 19 of the methodology.

FIGURE 4

Neighborhoods with concentrated poverty in U.S. metropolitan areas

Examples of changes from 2000 to 2015



Classification of neighborhoods with concentrated poverty based on change from 2000 to 2015:

- Large decrease in poverty rate and no community displacement
- Large increase in displacement
- Large increase in poverty rate
- Other neighborhoods with conventrated poverty
- Moderate decrease in poverty rate and no community displacement
- Moderate increase in displacement
- Moderate increase in poverty rate

Other areas:

- Moderate or high-income neighborhood
- Non-residential areas
  Primarily parks, rural, industrial, and commercial areas

SOURCE: Common Good Labs analysis of data from the U.S. Census Bureau and other sources. For more information, see pages 18 and 19 of the methodology.

When we visualized where decreases in poverty rates without community displacement occurred, one of the first things we noticed is that neighborhoods with concentrated poverty are quite dynamic. They can change drastically during a relatively short period of time, as the examples in figure 4 demonstrate.

Neighborhoods located next to each other often moved in completely different directions. Those with a large decrease in the poverty rate and no community displacement frequently border areas with large increases in poverty or displacement. This patchwork pattern is another reason for avoiding one-size-fits-all programs, since even adjacent poor neighborhoods often have opposite trajectories.

Perhaps the most important lesson from these geographic analyses is that neighborhoods with a large decrease in the poverty rate and no displacement can develop in many different types of places. They are found in both large and small cities across all regions of the country, even in areas where nearby neighborhoods are not changing in the same positive ways.

Finding #2: Neighborhoods with large decreases in poverty rates and no displacement also show evidence of inclusive prosperity.

The 193 neighborhoods that experienced a large decrease in the poverty rate and no community displacement changed in very different ways compared to other neighborhoods with concentrated poverty. We can see this in data from the four outcomes used to define these areas that are explained below and illustrated in figure 5 on the next page.

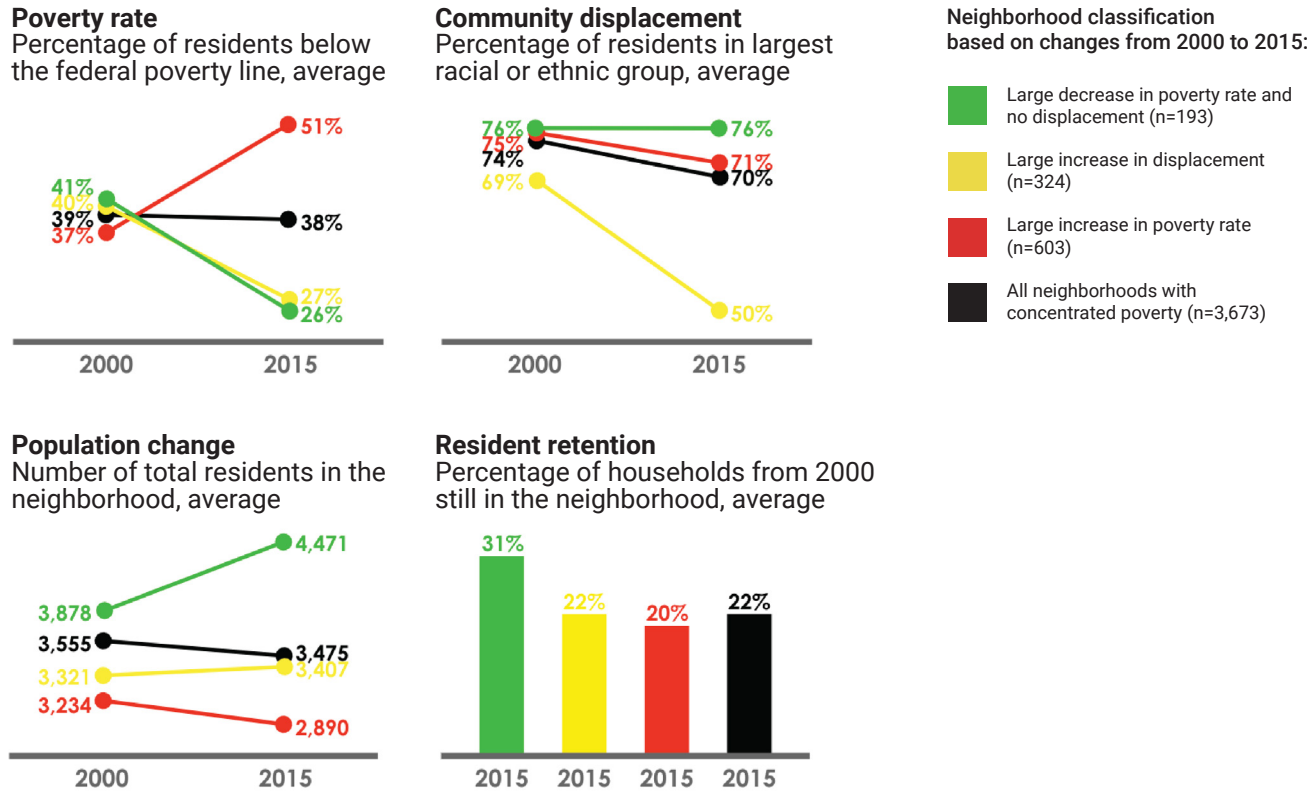
- **A large decrease in the poverty rate.** The average neighborhood in this group had a poverty rate of 41% in 2000, which fell to 26% by 2015. This means the neighborhood began with slightly higher rates of poverty than its peers (the typical area we observed had a 39% poverty rate in 2000), but by 2015, it was no longer a neighborhood with concentrated poverty, since fewer than 30% of residents lived in poor households. In addition, the total number of residents living in poor households decreased by more than 400 people on average.
- **No community displacement.** These neighborhoods remained inclusive of their baseline communities as poverty rates declined. The largest local racial or ethnic group made up 76% of the population in 2000 and 76% of the population in 2015, on average. It is also worth noting that Black and Latino or Hispanic residents were the largest racial or ethnic group in four-fifths of these 193 residential areas.
- **Stable or growing populations.** The total number of people living in these neighborhoods increased by more than 500 residents, on average. This would mean that the population of the largest racial or ethnic group and the population of people outside that group both grew larger between 2000 and 2015, since the average proportion of the two groups remained the same. By comparison, the typical neighborhood with concentrated poverty experienced a decline of 80 residents during the same period.
- **Normal-to-high resident retention rates.** Residential retention was also much higher in these areas than in other low-income neighborhoods. Approximately 31% of the households in these neighborhoods in 2000 were still living in the same home in 2015, compared to 22% for all neighborhoods with concentrated poverty, according to data from the American Community Survey. A retention rate of 31% of local households is above average not just among poor neighborhoods, but for the nation as a whole. Among all U.S. neighborhoods, only 29% of households from 2000 were living in the same home in 2015.[42]

When considered together, this data paints a picture of neighborhoods that remain inclusive as poverty rates declined. The number of residents in the largest racial or ethnic community continued to increase, as did the population of residents from other groups. At the same time, a larger-than-average percentage of existing households were able to stay in the same homes.

FIGURE 5

Neighborhoods with concentrated poverty in U.S. metropolitan areas

Examples of changes from 2000 to 2015



SOURCE: Common Good Labs analysis of data from the U.S. Census Bureau and other sources. For more information, see pages 18 and 19 of the methodology.

Neighborhoods with a large decrease in poverty rates and no community displacement also showed signs of increased prosperity as they remained inclusive that are explained below and illustrated in figure 6 on the following page.

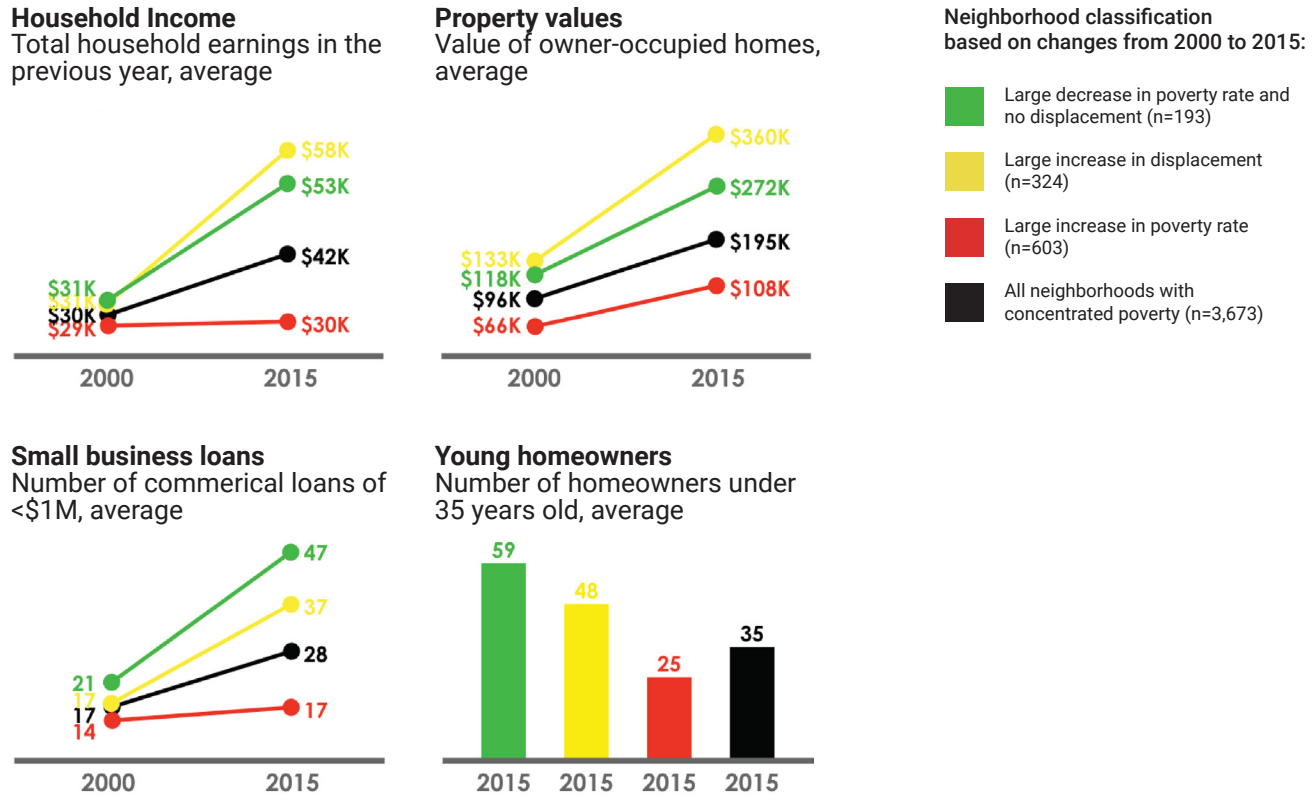
- **Increased incomes**. Between 2000 and 2015, local incomes went up by an average of 70% in these areas, on a nominal basis. This far exceeded the average in all neighborhoods with concentrated poverty.
- **Increased home values.** Residential property values more than doubled for owner-occupied homes in neighborhoods with large decreases in poverty and no displacement. This boosted the wealth of local families and increased the tax base of their cities.
- **More small business loans.** The average number of small business loans made in 2015 was double that of 2000 in these areas, providing more capital to support local companies.
- **More young homeowners.** The number of new homeowners under 35 years old was far greater than the average for all neighborhoods with concentrated poverty, indicating that these neighborhoods attracted new young families with greater levels of wealth.

These measures demonstrate that the neighborhoods we identified with a large decrease in the poverty rate and no displacement are characterized by both high levels of inclusion and growing prosperity. As poverty fell, this "inclusive prosperity" helped large numbers of existing residents benefit from other positive changes in their neighborhoods.

FIGURE 6

Neighborhoods with concentrated poverty in U.S. metropolitan areas

Examples of changes from 2000 to 2015



SOURCE: Common Good Labs analysis of data from the U.S. Census Bureau and other sources. For more information, see pages 18 and 19 of the methodology.

We can see additional evidence of inclusive prosperity by examining household income in more detail. Between 2000 and 2015, neighborhoods with large decreases in poverty rates and no community displacement saw growth in the number of high-, middle- and low-income households. The greatest increases in these areas were found among middle-income households earning $30,000 to $59,999 per year. This pattern of change is consistent with what would be expected if a large proportion of residents experiencing poverty in 2000 remained in these neighborhoods and saw their incomes grow moderately through 2015.

By contrast, in neighborhoods with large increases in displacement, high- and middle-income households increased while the number of low-income households declined, on average. Demographic data suggests that these areas' decrease in poverty rates was likely caused by wealthier households pushing low-income families of color out of the community.

Among all neighborhoods with concentrated poverty, the average number of low- and high-income households increased, but the number of middle-income households declined. Though poverty rates remain roughly the same across these areas after 15 years, the local middle class was often hollowed out.

Neighborhoods with a large decrease in the poverty rate and no community displacement are also demographically stable. The percentage of foreign-born residents was almost exactly the same in these areas in 2000 and 2015. This means the declines in local

poverty rates are unlikely to be the result of wealthier immigrants from the same racial or ethnic group moving in and displacing the existing poor population (e.g., high-income Nigerian immigrants pushing out American-born Black residents with lower incomes).

In addition, neighborhoods with large decreases in poverty rates and no displacement have consistent proportions of young adult residents. In these neighborhoods, 25- to 34-year-olds increased from 15% to 17% of the total population between 2000 and 2015, which is almost identical to the rate across all the poor neighborhoods we observed and aligned with national-level demographic growth. By contrast, in neighborhoods with a large increase in displacement, the average proportion of these young adults grew from 16% to 21% of the population during the same period.

This data suggests that the inclusive prosperity found in neighborhoods with large decreases in poverty rates and no community displacement is not caused by shifts in local demographics. Instead, these positive changes must be due to other factors.

TABLE 4

Neighborhoods with concentrated poverty in U.S. metropolitan areas

Changes in household income and resident demographics from 2000 to 2015

		Average number of households by annual income					Average proportion of residents			
		Low-income households	Middle-income households		High-income households					
Neighborhood classification	Year	Under $30,000	$30,000 to $59,999	$60,000 to $99,999	$100,000 to $149,999	$150,000 or more	Residents in poverty	Residents in the largest racial of ethnic group	Residents born outside the United States	Residents who are 25-to-34 years old
Neighborhoods with a **large decrease in poverty rate and no community displacement**	**2000**	554	317	207	42	36	41%	76%	30%	15%
	2015	569	392	245	109	69	26%	76%	29%	17%
	Change	**+16**	**+75**	**+38**	**+68**	**+33**	**-15%**	**—**	**-1%**	**+2%**
Neighborhoods with a **large increase in displacement**	**2000**	541	290	188	40	38	40%	69%	24%	16%
	2015	502	317	212	120	98	27%	50%	25%	21%
	Change	**-40**	**+27**	**+24**	**+80**	**+60**	**-13%**	**-19%**	**+1%**	**+5%**
All neighborhoods **with concentrated poverty**	**2000**	563	323	199	38	32	39%	74%	20%	15%
	2015	608	309	159	63	37	38%	70%	20%	16%
	Change	**+45**	**-14**	**-40**	**+25**	**+5**	**-1%**	**-4%**	**—**	**+1%**

SOURCE: Common Good Labs analysis of data from the U.S. Census Bureau and other sources. For more information, see pages 18 and 19 of the methodology.

Finding #3: Eight indicators of inclusive prosperity separate the neighborhoods with large decreases in poverty rates and no community displacement from other poor neighborhoods.

How are the neighborhoods with large decreases in poverty rates and no community displacement different from other poor neighborhoods? To answer this question, we collected data on more than 1,000 characteristics for every U.S. neighborhood. We focused primarily on traits observed in 2000, before the changes in poverty and community displacement we observed occurred.

Our research followed the four-step process outlined later in this section. This included collecting potential hypotheses from city leaders and local organizers as well as the creation of new geolocation data for each U.S. census tract. We used advanced analyses—including machine learning techniques—to identify which characteristics were most closely linked to reducing poverty and avoiding displacement in the more than 3,500 neighborhoods we observed from 2000 to 2015.

This process revealed an interesting pattern. Out of all the factors we explored, only a small number of characteristics seem to be important. We found that eight specific factors listed in figure 7 on the next page were much more common in neighborhoods with large decreases in poverty and no community displacement. We believe these factors can be thought of as indicators of how a neighborhood is functioning in the same way that biological indicators are useful for offering information on an individual's physical health.

Just as with indicators of physical health, better performance on these neighborhood indicators is linked to improved outcomes in the future. We refer to them as "indicators of inclusive prosperity" because they are associated with large decreases in the poverty rate without displacement, as well the signs of inclusion and increased prosperity highlighted on pages 23 to 25.

When these indicators are combined, they are associated with significant improvement. In neighborhoods with a combination of all three external indicators and four or more internal indicators, large decreases in poverty rates without displacement are 3.7 times more prevalent than in other poor neighborhoods.

FIGURE 7

Eight indicators of inclusive prosperity

Based on changes in neighborhoods with concentrated poverty in U.S. metropolitan areas from 2000 to 2015

External Indicators
Seem to signal there is prosperity in the environment around a neighborhood

- Positive economic growth
- Lower homicide rates
- Low risk of displacement

Internal Indicators
Seem to signal that conditions inside a neighborhood enable residents to be included in the prosperity that surrounds them

- Higher rates of homeownership
- Lower residential vacancy
- Increased housing density
- Greater self-employment
- Presence of community organizations

SOURCE: Common Good Labs analysis of data from the U.S. Census Bureau and other sources. For more information, see pages 21 to 28 of the methodology.

Summary of advanced analyses

How are neighborhoods with large decreases in poverty and no displacement different from other poor neighborhoods?

Hypothesis generation	Potential hypotheses were collected from government leaders, neighborhood organizers, and researchers during our work in cities across the country.
Data aggregation	To test these hypotheses, we gathered data on more than 1,000 characteristics for every U.S. census tract. Our focus was primarily on characteristics observed in 2000, before changes in poverty and community displacement occurred in the neighborhoods we observed from 2000 to 2015. We did this in two ways. First, we generated novel datasets by attributing geolocation information from electronic registries and databases to every U.S. census tract or neighborhood. For example, we collected the addresses of every nonprofit organization registered with the IRS that self-identified as an arts or cultural organization, and used this to create new data on the number of nonprofit arts and cultural organizations in each neighborhood. We also used geospatial analyses to calculate the number of these organizations within a 10-, 20-, and 30-minute walk from the center of each tract. In addition to creating novel datasets, we also collected public data on neighborhood characteristics from sources such as the Census Bureau.
Data exploration	We investigated the resulting dataset using traditional econometric analyses to identify linear relationships in the data, discover factors that should be controlled for (such as differences in population density), and determine how to best utilize geospatial characteristics. The analyses we conducted in this step included running univariate and bivariate analyses, exploring distributions of data across different metropolitan areas and tract categories, identifying outliers, and visualizing data to promote pattern recognition.
Advanced analyses and interpretation	We used random forest classifiers—a machine learning technique—to predict for large decreases in poverty and no displacement among the more than 3,500 neighborhoods we observed from 2000 to 2015. Random forest classifiers offer advantages compared to regression-based classification models (such as logistic regression) for identifying linear and non-linear relationships, both of which we would expect neighborhoods to exhibit.[43] They are also better suited for narrowing down large numbers of variables such as those collected for this project, and can identify interactions between characteristics that are predictive of the outcome.[44] In order to increase the interpretability our analyses, we transformed our data to match the ways local leaders typically understand neighborhoods. Our experience suggests that most decisionmakers have only a general understanding of local neighborhoods, which is usually based on relative comparisons with the rest of their city or on binary classifications (e.g., “This neighborhood has one of the highest crime rates in the city,” or “That neighborhood has a public park, but this one does not.”). To align our data with the real-world frameworks leaders use, we converted the identified characteristics to have the highest predictive value by the random forest classifier from continuous to categorical variables. For example, each neighborhood’s homeownership rate was expressed as a continuous percentage in the data. We converted each continuous value to categories using comparisons with other local neighborhoods, such as “high” (top local quartile), “moderate” (middle two local quartiles), and “low” (bottom local quartile). The presence of retail banks in a neighborhood was converted into two categories: “present” or “absent.” We then conducted a combinatorial search of over 1 million different combinations of these categorical variables to understand how prevalent different groups of these factors were in neighborhoods with large decreases in poverty and no displacement compared to other areas with concentrated poverty. This enabled us to identify the combinations of factors that separate neighborhoods with large decreases in poverty and no displacement from other poor neighborhoods. To help confirm and interpret our findings, we conducted site visits to neighborhoods in more than 20 cities. We also held roundtable discussions with experts on poverty at national think tanks. These included staff at the Brookings Institution, American Enterprise Institute, the Center for American Progress, the Center for Economic and Policy Research, the Niskanen Center, the Washington Center for Equitable Growth, and the Urban Institute.

NOTE: A full explanation of the steps used in these analyses can be found on pages 21 to 28 in the methodology section

Analyzing the eight indicators of inclusive prosperity

EXTERNAL INDICATORS

Neighborhoods are not islands—they are influenced by the environment of the cities that surround them. We found that 93% of the neighborhoods with large decreases in poverty rates and no displacement contained all three of the following external indicators.

These factors seem to signal that the area around a neighborhood is prosperous. As we will see on the following pages, leaders can think of these indicators as "necessary, but not sufficient" for helping low-income neighborhoods achieve the positive changes identified in our analyses.

Indicator #1: Positive economic growth in the local metropolitan area. Neighborhoods in metropolitan areas with positive economic growth from 2001 to 2015—as measured by inflation-adjusted gross domestic product (GDP)—had a greater prevalence of large decreases in poverty rates without community displacement.[45]

The need for economic growth was one of local leaders' most frequently suggested hypotheses during our project work, and this finding supports their reasoning. Why is local GDP growth so important? Residents of low-income areas are more likely to work in service sectors (e.g., restaurants, retail stores) that are heavily influenced by fluctuations in the local economy, compared to other sectors that sell primarily to customers outside their local region (e.g., software, engineering).[46]

Evidence also suggests that when economic growth is more inclusive, reductions in neighborhood poverty are more common. For example, neighborhoods with large decreases in poverty rates and no community displacement are more prevalent in places where the local minimum wage was increased above $9.00 between 2005 and 2015, as well as in counties that generated more income growth among low-wage workers.[47] [48]

Indicator #2: Lower homicide rates in the local county. Neighborhoods with concentrated poverty that were located in counties with low or moderate homicide rates in 2000 (defined as less than 25 homicides per 100,000 residents) had a greater prevalence of large decreases in poverty rates without displacement.

We used county homicide rates as a proxy for public safety in our analysis, since county-level data on other crimes was unavailable for the year 2000 and more detailed information on crimes or violence at the neighborhood level did not exist for that time period. In recent years, better information has emerged. Data we analyzed on gun violence from 2014 to 2017 suggests that neighborhoods that reduce poverty and avoid displacement tend to be in safer places.

Among similar counties, neighborhoods with large decreases in the poverty rate and no displacement were found more frequently in counties with lower levels of gun violence when compared to all metropolitan counties. And among similar neighborhoods, those with large decreases in the poverty rate and no displacement were found more frequently in census tracts with lower levels of gun violence when compared to all other census tracts in the same county.

Less exposure to homicides or other forms of violent crime is likely important for a number of reasons, including its impact on a neighborhood's youngest residents. Children who are exposed to violence as victims, direct witnesses, or just by being told of local crime are at increased risk of experiencing behavioral problems, depression, anxiety, and post-traumatic stress disorder.[49]

Indicator #3: Low risk of displacement from the surrounding area. Neighborhoods with fewer attributes associated with high risk of displacement more frequently experienced large decreases in poverty rates without community displacement.

We constructed a model to help us understand the characteristics linked to community displacement in neighborhoods with concentrated poverty, as defined on page 19. This indicated that the likelihood of community displacement in neighborhoods with concentrated poverty from 2000 to 2015 is highly influenced by the characteristics of the environment surrounding a neighborhood.

For example, if a neighborhood was located next to another residential area with large numbers of 25- to 34-year-olds or households earning $100,000 or more in income in 2000, the risk of displacement was increased. Similarly, neighborhoods located very close to downtown areas also saw a higher risk of displacement, as well as those in counties with very high levels of GDP growth. A full list of the attributes identified in the model are listed on the next page.

Risk of displacement model summary

Based on analyses of neighborhoods with concentrated poverty in metropolitan areas from 2000 to 2015

The likelihood that a neighborhood with concentrated poverty would experience a large increase in community displacement was greater in residential areas with the following characteristics.

- The counties where the observed neighborhood was located had:
  - Larger numbers of people from racial or ethnic groups in 2000 that were different than the largest racial or ethnic group in the observed neighborhood;
  - Higher levels of population growth from 1990 to 2000 among racial or ethnic groups that were different than the largest racial or ethnic group in the observed neighborhood in 2000; and/or
  - Greater increases in local GDP from 2001 to 2015.
- At least one neighborhood immediately adjacent to the observed neighborhood had:
  - A majority of residents from a racial or ethnic group in 2000 that was different than the largest racial or ethnic group in the observed neighborhood;
  - A relatively high proportion of 25- to 34-year old residents in 2000 and/or a relatively high proportion of households earning $100,000 or more in 2000; and/or
  - Significantly lower commute times in 2000 than the observed community, which indicate that its residents lived comparatively closer to their work.
- The observed neighborhood itself had:
  - Close proximity to the downtown or central business district of the primary city in its metropolitan area in 2000; and/or
  - Lower levels of homeownership in 2000 and/or higher levels of vacant homes in 2000.

NOTE: The model used in this analysis was developed using a logistic regression with L1 regularization to reduce model complexity. In addition to the characteristics above, it also included binary variables that noted when neighborhoods were located in the New York City and Los Angeles metropolitan areas. This was added since the displacement patterns in these large metropolitan areas differed from that of other cities, and it subsequently improved model performance.

INTERNAL INDICATORS

Factors inside neighborhoods also play very important roles in shaping people's lives. The internal indicators of inclusive prosperity below seem to signal that a neighborhood allows residents to participate in the prosperity around them.

As we will demonstrate on pages 34 and 35, leaders can think of these indicators as being "powerful when added to each other" in terms of the way they are associated with large decreases in poverty rates and no community displacement. Previous research has also found that each is linked to other positive outcomes for families and communities. By improving performance in these areas, leaders can provide a range of benefits to neighborhood residents.

Indicator #4: Higher rates of homeownership. Neighborhoods with moderate or high rates of homeownership in 2000—defined as homeownership rates at or above the 25th percentile of all urban neighborhoods in the same metropolitan area—had a greater prevalence of large decreases in poverty rates without community displacement.

Homeownership is associated with a number of positive benefits, including greater participation in community groups and better performance on standardized testing among local students.[50] Greater rates of local homeownership are also linked to higher neighborhood satisfaction in low- and moderate-income areas.[51]

For individual families, high rates of homeownership can also be a powerful mechanism for helping low-income residents build wealth, particularly those who are people of color.[52] This happens in two ways. First, homeownership enables families to take advantage of the significant subsidies the U.S. tax code provides to people who own their own homes.[53] Second, growth in the value of real estate assets is one of the largest contributors to increased wealth among lower-income households.[54]

Indicator #5: Lower levels of residential vacancy. Neighborhoods with lower levels of residential vacancy in 2000—defined as residential vacancy rates below the 75th percentile of all urban neighborhoods in the same metropolitan area—had a greater prevalence of large decreases in poverty rates without displacement.

Data from other research studies suggests that reducing the proportion of vacant homes can decrease crime rates, reduce the risk of fires, and improve public health.[55] Lower levels of vacancy also prevent the negative effects of long-term residential abandonment. Buildings that are overgrown with plants, covered by litter, or poorly maintained in other ways decrease the value of nearby homes.[56]

Some level of residential vacancy is likely unavoidable. Even non-poor urban neighborhoods in our analyses typically had around a dozen vacant homes in 2000. However, the typical neighborhood with concentrated poverty contained far more; between 40 to 50 vacant homes in 2000, which represented around 3.5% of all its housing units.

Indicator #6: Increased housing density. Neighborhoods that added new housing units from 1990 to 2000—before the period that we measured (2000 to 2015)—had a greater prevalence of large decreases in poverty rates without community displacement.

Increases in housing density are likely useful for a number of reasons. Perhaps most importantly, numerous studies have found that the construction of new housing helps limit the displacement of existing residents by reducing rental costs.[57] As cities increase in population, additional residential units can offer housing to newer, wealthier residents and enable existing, low-income neighborhood residents to remain in current housing.[58]

Our analyses suggests that the types of new housing typically constructed in neighborhoods that reduced poverty without community displacement tended to mirror the housing inventory of the counties where they were located—though these neighborhoods did include a slightly larger proportion of new, middle-density buildings containing two to four units.

Indicator #7: Higher rates of self-employment. Neighborhoods that had higher rates of self-employment in 2000—defined as self-employment rates at or above the 25th percentile of all urban neighborhoods in the same metropolitan area—had a greater prevalence of large decreases in poverty rates without community displacement.

Higher levels of self-employment in a neighborhood are associated with higher levels of social trust.[59] Entrepreneurship can also be an effective pathway to economic mobility for individuals facing discrimination due to their socioeconomic status, race, or ethnicity. Self-employment rates can also become somewhat self-perpetuating; adolescents who observe neighbors working for themselves are more likely to be self-employed when they are adults.[60]

Though some self-employed workers in neighborhoods with large decreases in poverty and no displacement may be using entrepreneurship to provide supplemental income from a second job, our analyses suggest that many residents are likely earning higher-than-average primary incomes in this manner. In 2015, the median self-employment income of workers in these areas was about 50% greater than the total median income of other local workers.

Indicator #8: Presence of community-building organizations. Neighborhoods with concentrated poverty that had one or more community-building organizations located within 1 mile of the center of the neighborhood in 2000 had a greater prevalence of large decreases in poverty rates without displacement. Community-building organizations identified in our analyses came in three different types: community development organizations (typically large nonprofits and development corporations), community coalitions used for local activism and organizing, and neighborhood associations.

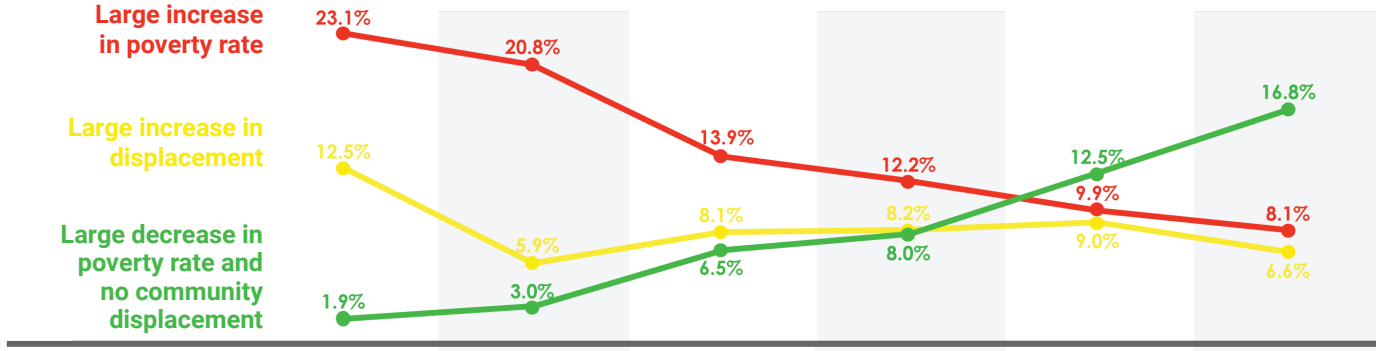
Greater levels of social capital were a common hypothesis among local leaders as mechanisms that might separate low-income neighborhoods that decreased their poverty rates from those that do not. Though direct measures of social capital in 2000 are not available for individual census tracts, we used the presence of these community organizations as a potential proxy, and found that their presence tends to be beneficial.

Previous research has shown that social capital is critical for enabling residents to live healthy, economically successful lives and feel part of a community.[61] Other studies of residential areas have found that similar types of nonprofit community organizations are linked to reductions in local crime and increases in trust and social ties.[62]

FIGURE 8

Prevalence of changes in neighborhoods with concentrated poverty from 2000 to 2015

Based on the presence of the indicators of inclusive prosperity



	Missing at least 1	All 3 are present	All 3 are present	All 3 are present	All 3 are present	All 3 are present
External indicators Positive economic growth Lower homicide rates Low risk of displacement						
Internal indicators Higher homeownership Lower residential vacancy Increased housing density Greater self-employment Presence of community orgs.	**Any number** are present	**Missing** all 5	**1 or more** are present	**2 or more** are present	**3 or more** are present	**4 or more** are present
Sample size	750	337	2,586	1,772	776	197

SOURCE: Common Good Labs analysis of data from the U.S. Census Bureau. For more information, see pages 21 to 28 of the methodology.

THE INDICATORS OF INCLUSIVE PROSPERITY ARE ASSOCIATED WITH POSITIVE CHANGES WHEN COMBINED

Neighborhoods with concentrated poverty often suffer from combinations of challenges, so it makes sense that they would need a combination of indicators to improve. In fact, none of the indicators listed in the previous pages are linked to large decreases in poverty rates without community displacement on their own. (See table 4 in the appendix.) This supports the consensus among researchers and practitioners that there is no single "silver bullet" for reducing local poverty levels.[63]

The potential value of combining the internal and external indicators of inclusive prosperity is shown in figure 8. As the left side of the chart illustrates, neighborhoods with concentrated poverty that were missing one or more of the external indicators had:

- A much greater prevalence of large increases in poverty rates and large increases in displacement; and
- A very low prevalence of large decreases in poverty rates with no community displacement.

As the next segment highlights, outcomes do not improve much when all three external indicators are present if the five internal indicators are missing.

The final four combinations illustrate what happens in neighborhoods where all three external indicators are present and the number of internal indicators grows: Large decreases in the poverty rate with no community displacement become much more common, and the other two outcomes decline in frequency.

In neighborhoods that combine all three external indicators and four or more internal indicators, the prevalence of large decreases in poverty and no community displacement is 16.8%. This is 3.7 times greater than the rate found among other neighborhoods with concentrated poverty observed from in our analyses (4.6%).

The interactions illustrated in figure 8 can help leaders understand how to think about these indicators. The three external factors are present in 93% of the neighborhoods with a large decrease in poverty rate and no community displacement. However, if these three exist by themselves without any internal indicators, the prevalence of the positive change we studied is only 3.4%. Therefore, we suggest leaders consider these three external indicators to be "necessary, but not sufficient."

When the external indicators are in place, internal factors seem to become more useful. As they are combined on top of the external indicators, the prevalence of large decreases in poverty rates and no community displacement increases significantly—though no single indicator appears to be enough to generate this positive change on its own. This pattern suggests leaders can think of the five internal indicators as being "powerful when added to each other."

Implications

The most important lesson of this research is that low-income neighborhoods can reduce poverty without displacing local communities. Our analyses also confirm it is possible to identify factors associated with these positive changes that leaders can help to influence. The eight indicators of inclusive prosperity offer a potential path forward to assist neighborhoods with concentrated poverty across the country.

There are a number of reasons to believe the changes observed in neighborhoods that reduced poverty rates without displacement can be repeated in other residential areas:

- Neighborhoods with large decreases in poverty rates and no community displacement are found across the country. They are present in more than 50 cities and in every region of the United States. Some are close to their city centers; others are in places that would be considered suburban. Some are made up almost exclusively of single-family homes, while others are primarily apartments and multi-family residences.
- These neighborhoods also demonstrated impressive resilience to economic downturns. The places that achieved large decreases in poverty rates without community displacement did so during a 15-year period that contained two major economic crises: the 2001 recession and the Great Recession that ended in 2009.[64] These neighborhoods were robust enough to not only withstand economic hardship, but change for the better in the midst of it.
- Finally, these neighborhoods overcame significant combinations of challenges. The available data on the challenges found in local neighborhoods in 2000 indicates that those with large decreases poverty rates and no community displacement had similar levels of disadvantages as other poor neighborhoods. (See table 5 in the appendix.)

We also believe our findings have a number of general implications for local and national leaders. Our experience suggests that work to assist neighborhoods with high levels of poverty should be data-informed, comprehensive, collaborative, and individualized, as explained in more detail below.

EFFORTS TO ASSIST LOW-INCOME NEIGHBORHOODS SHOULD BE DATA-INFORMED TO TAKE ADVANTAGE OF NEW INFORMATION ON LOCAL COMMUNITIES

New data on thousands of neighborhood characteristics and indicators has been released in the last decade. Unfortunately, many leaders only use a small fraction of what is available. Data on individual neighborhoods can provide value to leaders in three ways.

- **Attention**: When local inequalities aren't made visible using data, it is easier for them to be ignored. The same is true for local opportunities. New sources of data can help illuminate these important realities and build the consensus needed to make positive changes.
- **Context:** Neighborhood data is also useful for providing benchmarks to compare a residential area to other neighborhoods in the same city and region, or across the country. This can provide valuable perspective to leaders working to reduce poverty and limit displacement.
- **Evaluation:** Finally, neighborhood-level data can enable leaders to evaluate and track important measures of community well-being, including the eight indicators identified in this research. This includes both assessments of current performance as well as changes and trends over time.

Greater access to neighborhood data can also enable leaders to use advanced analytical techniques and data visualizations similar to those highlighted in this paper. However, our experience suggests that data and analyses on local attributes and indicators will be most useful when used along with other sources of information, such as the perspectives and knowledge of neighborhood residents, organizers, and local leaders.

EFFORTS TO ASSIST LOW-INCOME NEIGHBORHOODS SHOULD BE COMPREHENSIVE IN ORDER TO FOSTER COMBINATIONS OF STRENGTHS ACROSS INDICATORS

Neighborhoods with concentrated poverty face combinations of challenges; they also seem to need combinations of solutions. The indicators of inclusive prosperity found in neighborhoods with large decreases in poverty rates and no displacement of existing residents illustrate that these areas have comprehensive strengths across multiple dimensions.

- **Better built environments:** This can be seen in increases in housing density during the previous decade and lower levels of residential vacancy.
- **Empowering economic ecosystems:** This is evidenced by positive economic growth in the local metropolitan area, higher rates of homeownership, and greater rates of self-employment.
- **Stronger social environments:** This is found in lower homicide rates in the local county and the stability that comes from less risk of displacement from nearby neighborhoods.
- **Robust civic structures:** This is evidenced by the presence of community-building organizations.

The eight indicators of inclusive prosperity could be functioning as factors that cause poverty rates to fall without displacement in neighborhoods, or they could be the simultaneous result of other causes that lead poverty rates to decrease without displacement. Consider the following example:

- Greater levels of homeownership in a community could cause poverty rates to fall by providing residents with more financial assets to better withstand economic challenges without facing major disruptions that can push them into deeper economic misfortune, such as being evicted from a rental property.
- Or, greater levels of homeownership could be an effect of improvements in public transportation that make the community more attractive to higher-income residents who prefer to own their own home, which has a secondary effect of reducing poverty by enabling existing residents experiencing poverty to access higher-paying jobs.

Whether the eight indicators of inclusive prosperity are the cause of poverty rates declining or a signal that other factors that cause poverty rates to fall are changing (or even a mix of both), when combined, they offer valuable signs on whether neighborhoods are moving in the right direction or wrong direction.[65]

Working to address multiple indicators at once can also help leaders prioritize the specific, tactical issues that a community should focus on improving. If a single issue—such as improving street lighting—emerges as important to local strategies related to multiple indicators (e.g., increasing homeownership and reducing homicides), this is a sign that it may be especially important for a neighborhood. Similarly, if an initiative is likely to positively affect one indicator but also negatively affect several others, this is a sign that it may not actually be helpful to a neighborhood.

EFFORTS TO ASSIST LOW-INCOME NEIGHBORHOODS SHOULD BE COLLABORATIVE AND INVOLVE LEADERS ACROSS GOVERNMENT, BUSINESS, AND THE PHILANTHROPIC SECTOR

The indicators of inclusive prosperity demonstrate that different types of leaders play important roles in reducing concentrated poverty and limiting displacement. Government officials provide public safety, set zoning requirements that enable new housing to be constructed, and partner with business leaders to foster economic growth. Executives at local banks or other financial institutions make lending decisions that shape local homeownership rates. Leaders at nonprofit organizations coordinate initiatives to increase self-employment and reduce residential vacancy, while local organizers within neighborhoods provide leadership to community-building organizations.

The value of collaboration is not a new observation. The Promise Zones program implemented by the federal government last decade attempted to use a

similar approach, but was limited by the small reach of the project, which covered only 22 locations across the country.[66]

Collaboration is also needed between efforts to reduce poverty and limit displacement using interventions focused on individuals or families and those focused on neighborhoods. Programs that serve individuals and households—such as the child tax credits and housing vouchers for low-income families—are an important and effective way to directly reduce poverty and displacement. However, these types of programs should be complemented by neighborhood programs that benefit low-income households by strengthening local communities and addressing challenges that cannot be solved among individual households, such as reducing homicide rates. We believe that helping low-income families requires helping their neighborhoods, and helping low-income neighborhoods requires helping their families.

EFFORTS TO ASSIST LOW-INCOME NEIGHBORHOODS SHOULD BE INDIVIDUALIZED TO ADDRESS THE UNIQUE OPPORTUNITIES AND CHALLENGES IN EACH RESIDENTIAL AREA

Leaders cannot effectively support low-income neighborhoods unless they understand the individual context of each area. For example, tax incentives for private investment can be completely irrelevant in neighborhoods with few local businesses, very helpful to residential areas with high levels of self-employment that need to be sustained, and potentially damaging to places at high risk of displacement from wealthier new residents.

Many different combinations of internal indicators of inclusive prosperity are associated with large reductions in poverty rates and no displacement. This means that the indicators individual neighborhoods target can vary according to the opportunities found in their local environments. Neighborhoods in very large cities may find it more difficult to increase homeownership rates due to the high cost of real estate, but easier to establish new community-building organizations due to greater levels of population density. Those in cities with large immigrant populations may be able to take advantage of local resources to reinforce self-employment, which is often more common among immigrant communities.

Individual neighborhoods may also have unique challenges that must be addressed as a prerequisite before performance on many of the local indicators of inclusive prosperity can be improved. For example, if a neighborhood is adjacent to a highly polluted former industrial site, leaders and residents may correctly decide to prioritize securing funding to clean it up before investing in efforts to increase homeownership or new housing construction.

Conclusion

We hope that the findings shared in this report provide useful insights to leaders across the country and promote new conversations on ways to better support low-income neighborhoods. The millions of people living in neighborhoods with concentrated poverty deserve to be included in the prosperity available to other residents of cities across the United States.

We also hope that these efforts to aggregate and analyze large amounts of neighborhood-level data encourage other researchers to conduct similar projects that seek to identify solutions for low-income residential areas. While studies that only focus on describing the state of neighborhoods or the problems found within them are valuable, more effort is needed to help local leaders learn about potential solutions as well as potential failures they should actively avoid.

Recommended additional reading

Additional information on the topics discussed in this report can be found in the following articles, essays, books, and reports.

INTRODUCTION

The Growth and Spread of Concentrated Poverty
Elizabeth Kneebone, Brookings Institution

Neighborhoods Matter: Assessing the Evidence for Place Effects
Eric Chyn and Lawrence F. Katz, Dartmouth College and Harvard University

Lost in Place: Why the persistence and spread of concentrated poverty—not gentrification—is our biggest urban challenge
Joe Cortright and Dillon Mahmoudi, City Observatory

Concentrated Poverty Is Spreading to the Suburbs
Richard Florida, The Atlantic

Long shadows: The Black-White gap in multigenerational poverty
Scott Winship and Santi Deambrosi, American Enterprise Institute
Richard Reeves, Chris Pulliam, and Ariel Gelrud, Brookings Institution

UNDERSTANDING THE CHALLENGES FOUND IN NEIGHBORHOODS WITH CONCENTRATED POVERTY

Dynamics of Economic Well-Being: Poverty, 2013–2016
Abinash Mohanty, U.S. Census Bureau

The Impacts of Neighborhoods on Intergenerational Mobility Childhood Exposure Effects and County-Level Estimates
Raj Chetty and Nathaniel Hendren, Opportunity Insights

Living in a poor neighborhood changes everything about your life
Alvin Chang, Vox

Tackling the legacy of persistent urban inequality and concentrated poverty
Stuart M. Butler and Jonathan Grabinsky, Brookings Institution

Worlds Apart: Inequality between America's Most and Least Affluent Neighborhoods
Rolf Pendall and Carl Hedman, Urban Institute

Children Living in High-Poverty, Low-Opportunity Neighborhoods
Annie E. Casey Foundation

Why Living in a Poor Neighborhood Can Change Your Biology
Andrew Curry, Nautilus

Neighborhood Poverty and Household Financial Security
Pew Charitable Trusts

People in Poor Neighborhoods Breathe More Hazardous Particles
Cheryl Katz, Scientific American

59% of U.S. parents with lower incomes say their child may face digital obstacles in schoolwork
Emily Vogels, Pew Research Center

Poor Neighborhoods Make the Best Investments
Charles Marohn, Strong Towns

The Great Real Estate Reset Separate and Unequal: Persistent residential segregation is sustaining racial and economic injustice in the U.S.
Tracy Hadden Loh, Christopher Coes, and Becca Buthe, Brookings Institution

Only the Rich Can Play
David Wessel, Brookings Institution

These Opportunity Zones Shouldn't Exist — Scandal or Innocent Mistake?
Robert Orr, Niskanen Center

Which Types of Projects Receive New Markets Tax Credit Funding?
Brett Theodos, Christina Plerhoples Stacy, Daniel Teles, Christopher Davis, and Ananya Hariharan, Urban Institute

The Hidden Horror of Hudson Yards Is How It Was Financed
Kriston Capps, Bloomberg CityLab

KEY FINDINGS FROM NEW ANALYSES OF POSITIVE NEIGHBORHOOD CHANGE

U.S. concentrated poverty in the wake of the Great Recession
Elizabeth Kneebone and Natalie Holmes, Brookings Institution

Poor Neighborhoods Are Only Getting Poorer
Marie Patino, Bloomberg CityLab

What we talk about when we talk about gentrification
Jerusalem Demsas, Vox

Shifting Neighborhoods: Gentrification and cultural displacement in American cities
Jason Richardson, Bruce Mitchell, and Juan Franco, National Community Reinvestment Coalition

Transformative placemaking: A framework to create connected, vibrant, and inclusive communities
Jennifer S. Vey and Hanna Love, Brookings Institution

Should Place-Based Jobs Policies Be Used to Help Distressed Communities?
Tim Bartik, W.E. Upjohn Institute

Uneasy Peace: The Great Crime Decline, the Renewal of City Life, and the Next War on Violence
Patrick Sharkey, Princeton University

Yes, you can gentrify a neighborhood without pushing out poor people
Jesse Van Tol, National Community Reinvestment Coalition

Homeownership, racial segregation, and policy solutions to racial wealth equity
Rashawn Ray, Andre M. Perry, David Harshbarger, Samantha Elizondo, and Alexandra Gibbons, Brookings Institution

The Empty House Next Door
Alan Mallach, Lincoln Institute of Land Policy

Build Build Build Build Build Build Build Build Build Build Build Build Build
Conor Doughtery, The New York Times

Creating Opportunity for Communities of Color Through Entrepreneurship
Lisa Hamilton, Annie E. Casey Foundation

Neighbors First: The Transformative Role of Community Development Corporations in Developing Neighborhoods of Choice
Faith Weekly, Federal Reserve Bank of St. Louis

Examining the Assumptions behind Place-Based Programs
Brett Theodos, Urban Institute

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Endnotes

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