

EXECUTIVE SUMMARY

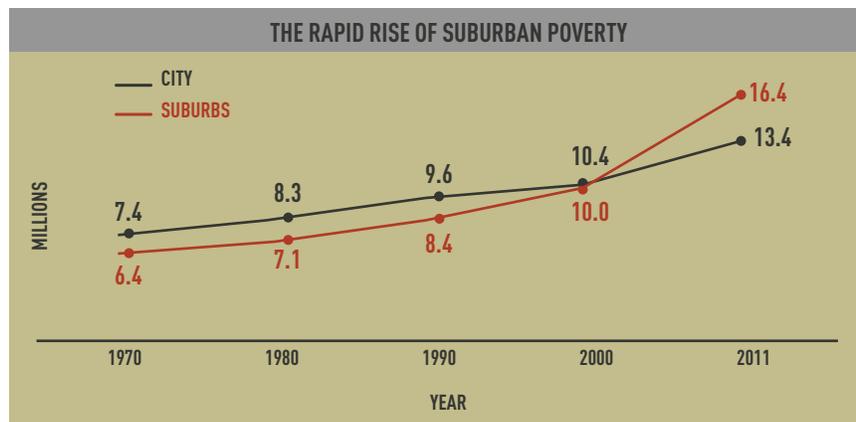
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Nearly 50 years after President Lyndon Johnson declared a national war on poverty, public perception still largely casts poverty as an urban or rural phenomenon. While cities and rural areas continue to struggle with entrenched and growing poverty, the last few decades—and the 2000s in particular—brought complicated changes to suburban communities that for several decades defined the middle-class American dream.

Today, suburbs house a larger and faster-growing poor population than either cities or rural areas. More types of people and places are being touched by economic hardship than in the past, including those that may have once seemed immune to such challenges. As poverty becomes increasingly regional in its scope and reach, it challenges conventional approaches that our nation has taken when dealing with poverty in place, and it raises a number of questions. Why is poverty growing in suburbia? What are the consequences for those places and their residents? And what, if anything, should society do about it?

SUBURBAN POVERTY, BY THE NUMBERS

During the 2000s, for the first time, the number of poor people in major metropolitan suburbs surpassed the number in cities. Between 2000 and 2011, the poor population in suburbs grew by 64 percent—more than twice the rate of growth in cities (29 percent). By 2011, almost 16.4 million residents in suburbia lived below the poverty line, outstripping the poor population in cities by almost 3 million people. Over the same period, poverty rates rose by nearly equal degrees in cities and suburbs (more than 3.5 percentage points), although the urban poverty rate remained almost 10 percentage points higher than the suburban rate on average (22 percent versus 12 percent, respectively).



Even as poverty regionalized over the course of the decade, it became more concentrated in poor neighborhoods. By the end of the 2000s, more than one-third of the suburban poor population lived in neighborhoods struggling with poverty rates of at least 20 percent. This signals that suburbs increasingly face the challenges of concentrated disadvantage, and that the nation may be at risk of replicating in suburbs the mistakes it has worked for decades to reverse in cities.

Underscoring the regional nature of modern poverty, poor residents in cities and suburban poor residents resemble one another demographically and economically. For instance, similar shares of poor residents in cities and suburbs are working age, worked full- or part-time in the past year, held a bachelor's degree, or lived in deep poverty (with incomes less than half the poverty line).

CONFRONTING SUBURBAN POVERTY IN AMERICA

WHAT'S DRIVING SUBURBAN POVERTY

Poverty grew in suburbs as more low-income residents moved to suburbia and as more long-time suburban residents slipped down the economic ladder. A number of factors contributed to these trends, including:

- **Jobs and the economy:** during the 2000s, suburban poverty rose as regional economies declined in the Midwest and Northeast; the housing market collapsed throughout the Sun Belt; jobs continued to sprawl outwards within metropolitan areas; and job growth in lower-paying occupations outpaced middle-class job creation.
- **Population and immigration:** suburbs continued to add population at a faster pace than cities over the past decade, and as suburbia grew it continued to diversify both economically and demographically. Foreign-born residents contributed to the population growth in suburbs during the 2000s. However, while immigrants accounted for 30 percent of suburban population increases, they made up just 17 percent of the growth in the suburban poor population.
- **Housing:** the aging of housing stock; greater use of housing vouchers in suburbs; and the impact of the foreclosure crisis opened up more affordable housing options for low-income residents in suburbia during the 2000s.

IMPLICATIONS OF SUBURBAN POVERTY

While some of the suburban poor enjoy access to higher-quality communities than their inner-city counterparts, others face obstacles to economic stability and success that stem from where they live. Poor residents in suburbs often must grapple with issues such as:

- **The jobs mismatch:** growth in poverty and growth in employment often occur in different parts of the region. This means that even as jobs and poor residents become more suburban, low-income workers may face barriers to accessing employment located at greater distances in the metro area.
- **The transportation challenge:** limited or absent public transit in many suburban communities can make it more complicated for low-income suburban workers to overcome the jobs mismatch, especially if they are unable to afford and maintain a reliable car. It can also make it more difficult for residents to access critical safety net and support services.
- **The strained safety net:** the suburban safety net is patchier and less developed compared to the range of services often found in cities. Many communities lack key services altogether, and the services that are available face increasing strain from growing demand. More people are accessing the safety net for the first time even as funding streams for those services have remained flat (if not declined).
- **Access to quality schools:** the number of students receiving free and reduced-price lunch grew faster in suburbs than in cities during the 2000s, straining resources in many districts as schools worked to meet the needs of a quickly growing low-income population. On average, low-income students in suburbs remain more likely to go to a better-performing school than poor city residents, but their schools tend to significantly under-perform those that higher-income suburban students attend.
- **The problem of perception:** outdated understandings of where poverty is and whom it affects—among funders, service providers, elected officials, or community residents—can frustrate efforts to address the causes and implications of the growing reach of poverty within metro areas. These barriers are often accompanied by lack of political will, which can further complicate effective responses.

CONFRONTING SUBURBAN POVERTY IN AMERICA

As poverty has grown in recent years and touched more people and places, a diverse array of suburbs find themselves facing these shared challenges, whether they are located in growing or declining regional labor markets and whether their communities are adding or losing residents overall. However diverse their experiences and histories may be, the current framework for addressing poverty in place often falls short of addressing the needs and opportunities in these communities.

FIGHTING TODAY'S POVERTY WITH YESTERDAY'S POLICIES

In the decades since the War on Poverty, numerous policies and programs have evolved to address poverty in place. Today, the federal government spends \$82 billion dollars on more than 80 such programs, spread across 10 different agencies. By and large, these efforts aim to improve neighborhoods by upgrading the physical and economic environments in poor neighborhoods (e.g., Community Development Block Grant, New Markets Tax Credit); deliver services in communities to meet basic needs or help residents find and keep employment (e.g., Title I school funding, Consolidated Health Centers); or expand opportunity by giving residents a wider set of options (whether related to jobs, housing, or education) elsewhere in the metro area (e.g., Housing Vouchers, Charter School financing).

However, none of these types of programs was built with suburbs in mind. Poverty in suburbs tends to spread over larger areas that are a poor fit for neighborhood improvement programs, which often fail to encourage collaboration among fragmented suburban jurisdictions. Service delivery programs are also a poor match for dispersed suburban poverty, especially in small, resource-strapped municipalities. And many lower-income suburbs include residents who took advantage of programs to expand residential opportunity, but who now find themselves further isolated from social and economic opportunity. Finally, these approaches fail to confront the lack of capacity, fragmentation, and inefficient and inflexible funding sources that often exist in suburbia.

INNOVATING LOCALLY TO CONFRONT SUBURBAN POVERTY

Despite these challenges, innovative organizations and approaches in metro areas across the country are succeeding at better addressing the regional scope of modern poverty and opportunity in three key ways:

- **Achieving scale** geographically and through the range of services and functions they provide, like Neighborhood Centers in Houston, a \$275 million social service nonprofit that provides a seamless continuum of services to more than 400,000 low-income residents annually in upwards of 60 locations across the Houston region.
- **Collaborating and integrating** to overcome jurisdictional, programmatic, and sectoral fragmentation, like the interjurisdictional collaborations that have formed in the suburbs around Chicago. Following the collapse of the housing market, a collection of 5 municipalities in West Cook County and 19 jurisdictions on Chicago's southside banded together to attract federal foreclosure aid and to plan jointly around housing rehabilitation, transit-oriented development, and land banking.
- **Funding strategically** by creating market-oriented vehicles and creatively applying government and philanthropic support in more outcome-driven ways, like the Mortgage Resolution Fund. This a consortium of four leading national low-income housing organizations, which received flexible, enterprise-level federal and state finance to purchase and modify non-performing loans, help homeowners keep their homes, and stabilize and revitalize communities.

Many of the leading local innovations addressing suburban poverty benefit from, or rely on, intermediaries—regional “quarterbacks” that work to untangle and navigate the convoluted map of current services and funding streams to develop more effective and efficient solutions at the geographic scale of the challenge.

CONFRONTING SUBURBAN POVERTY IN AMERICA

MODERNIZING THE METROPOLITAN OPPORTUNITY AGENDA

Learning from these and other innovators, and the challenges they continue to face in navigating a fragmented and outdated system, public, private, and nonprofit leaders can act in the short term to ease the way for smarter regional solutions in a resource-strained environment. They should also pursue a longer-term vision to remake how federal policies address poverty and place, and ultimately shape the way practitioners and policymakers promote metropolitan opportunity.

Three priorities should animate near-term policy reforms to confront region-wide poverty in a smarter way:

- **Getting to scale** by improving systems and networks, promoting high-performance organizations, and supporting smart consolidation.
- **Promoting collaboration and integration** by identifying and reducing barriers to integration and collaboration, rewarding approaches that cut across programs and jurisdictional lines, and catalyzing regional capacity.
- **Funding strategically and flexibly** by committing to enterprise-level funding, promoting strategic tools that leverage public and private funds, and developing and maintaining consistent, comparable data.

These policy priorities must be backed by regional efforts that prioritize and promote equitable development through regional planning; build capacity to ensure that struggling suburbs are poised to absorb and implement resources; and engage and promote regional intermediaries who can help coordinate interventions across jurisdictions and policy silos.

To accelerate the move toward a 21st-century framework that promotes opportunity at the regional level, the federal government should support a Metropolitan Opportunity Challenge. The Challenge would repurpose a small portion of existing federal funding streams to award \$4 billion to states through a competitive application process. Successful proposals would describe how the funds would be used to increase access to opportunity for low-income residents and places through scaled, collaborative, and flexibly funded solutions.

- Successful applicants would detail how they would use the award to spark state-level reforms and support tailored metro-level strategies. The programs they design would help low-income people in a diverse array of places in their regions overcome barriers to opportunity (e.g., related to training, transportation, health, housing).
- The Challenge funding stream would join up federal efforts across agencies including HUD, Labor, Education, and Health and Human Services. It would offer incentives for states and regions to bend mainstream funding beyond Challenge dollars to address regional realities. A portion of the Challenge grant could be used to “pay for success,” rewarding states and regions that meet identified benchmarks within certain periods of implementation. The Challenge would also support efforts to deploy data strategically and grow metropolitan capacity.
- The Challenge could be funded by redeploying existing federal place-based resources. Repurposing just 5 percent of the current federal budget dedicated to addressing poverty and place could yield the proposed \$4 billion dollar investment.

Like the Department of Education’s Race to the Top program, the Challenge would use limited resources to transform the field by offering organizations and state and local governments incentives to reinvent approaches to regional poverty and opportunity, and to leverage new resources to address those challenges.

CONCLUSION

To confront suburban poverty in America, we must confront the common issues that affect city, suburban, and rural individuals and families with inadequate income, job and educational opportunities, and housing or health care. That means building metropolitan economies that create not just more jobs, but better jobs that are accessible to a growing and diversifying American workforce. And it means recommitting to income supports that can make up the yawning gap between wages and prices for families struggling to get ahead.

However, place intersects with poverty in ways that can ease or exacerbate its challenges. Good schools, good jobs, good housing, and good services are not distributed equally across the American landscape. Places thus determine whether poor families have access to the tools, resources, and opportunities that can set them on a path to greater economic stability. That is why the rapid rise of poverty in suburbs in the 2000s, and the fact that suburbs now house more than half of our nation's metropolitan poor, should occasion a serious reassessment of how we combat poverty in place. By neglecting suburban poverty's rise, the nation stands to repeat the mistakes of the past and consign millions of new families and communities to a grim future.

Rather than shift limited resources from poor urban to poor suburban communities, we need new policies and practices that confront barriers to opportunity not just at the community level, but at the regional scale of the economy. Almost 50 years after the War on Poverty began, we must renew the challenge and unleash new and adaptive systems that build and rebuild ladders of opportunity for poor families and communities nationwide.