
CityPolicy

How To Promote Equity and Economic Mobility

Summary

Segregation in American cities by economic class and race doesn't just happen—it's the result of decades of bad policy decisions. Most American cities are becoming more segregated by income, a result of neighborhoods that are stuck in a state of persistent poverty and the "secession of the rich." Reversing the trend requires action today to implement policies that promote integration. By creating more integrated cities and neighborhoods, we can generate educational and economic opportunities for all residents.

Policy Takeaways

- As demand for living in city neighborhoods increases, we must grow the supply of homes in urban, low-transportation-cost communities to moderate the rise of housing prices.
- Housing Choice Vouchers are a tool for economic and racial integration; cities can help by instituting anti-discrimination policies to keep neighborhoods integrated.
- Dedicated local revenue for affordable housing help create meaningful numbers of homes in higher-income neighborhoods in reach of people who need them most.
- Cities must support investments that enhance quality of life in underserved neighborhoods, and create space for a "civic commons" that attracts people of all backgrounds and income levels (for example, local business districts, attractive and safe streetscapes, high-quality public education, parks and libraries).

Background

It has never been clearer that rampant urban segregation and broad-based opportunity don't mix. Both researchers and observers on the ground have been making this point for decades, if not longer, but recent work from a team led by Stanford's Raj Chetty should put any doubt to rest. Chetty et al found that for low-income children, growing up in a higher-income area could increase their incomes as adults by 10% or more—and the effect is stronger the longer the exposure to the higher-opportunity neighborhood. Differing levels of segregation help create very different levels of economic mobility from one city to the next: a low-income child in relatively integrated Seattle has the same amount of economic mobility as a middle-class child at in metropolitan Atlanta.

Just as alarmingly, the problem appears to be getting worse, as racial segregation has been slow to ebb, and income segregation grows considerably.

The latter trend is driven by two forces: the persistence of high-poverty neighborhoods and the “secession of the rich.” City Observatory’s report *Lost in Place* found that 75% of high-poverty neighborhoods in 1970 were still high-poverty four decades later. Meanwhile, the wealthy have been retreating into their own enclaves, with one study showing that they are twice as likely to live in majority-high-income areas as they were in 1980.

It’s important to acknowledge that racial and economic segregation don’t just happen: they were and are created through bad policies at all levels of government. And while some of the most openly discriminatory have been rolled back, their legacy remains—and many other pro-segregation policies remain.

All this means that elected officials and community leaders need to tackle economic segregation head-on. One way is to loosen restrictive zoning laws that prevent the construction of low-cost and multi-family housing in desirable neighborhoods, and drive up prices by creating a “shortage of cities.” (Seattle’s Housing Affordability and Livability Agenda, or HALA, is a leading example of this type of reform platform.) Housing Choice Vouchers have also shown the potential to give low-income residents access to high-opportunity neighborhoods—but anti-“source of income” discrimination laws and support services in those neighborhoods are key to making vouchers work to their greatest ability. Finally, high-poverty neighborhoods that have lacked investment for decades need support to build quality-of-life amenities like local retail districts, high-quality public spaces, and high-quality public education, and to overcome damaging stigma that can drive away the people and private investments that thriving neighborhoods need. The goal should be pleasant, opportunity-rich communities that attract and integrate people of all income levels.

Policy Recommendations

- Make diverse, integrated neighborhoods an explicit public policy goal. Highlight and celebrate diverse neighborhoods.
- Aim to de-stigmatize troubled neighborhoods—the self-fulfilling prophecy of negative images damages prospects for improvement.
- Strengthen civic spaces and institutions to build bridges between varied neighborhoods and connect people from different income and racial/ethnic groups.
- Look for selected opportunities to make it easier to build affordable housing in all neighborhoods in the city. Aim for by-right development for multifamily housing in places with good transit service. Make it easier to build the “missing middle”: low-rise multifamily housing types that fit well with single-family neighborhoods.
- Make Section 8 vouchers more portable across jurisdictions, to heighten choice.
- Avoid new public housing and LIHTC supported projects in existing neighborhoods of concentrated poverty.
- Address housing affordability problems by increasing the supply of all kinds of housing.
- Look for opportunities to leverage tax revenues created by neighborhood revitalization to help support expanded affordable housing efforts

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