

Policy objective: Strengthening the resources and opportunities in high-poverty neighborhoods

[Compelling evidence](#) indicates that growing up in high-poverty neighborhoods has negative effects on children's life chances. [Research](#) has also shown significant improvements in adults' mental and physical health after moving from high-poverty neighborhoods.

Policymakers seeking to decrease concentrations poverty often define high-poverty neighborhoods as those with poverty rates of 40 percent or more; however, local jurisdictions may wish to consider lower thresholds of poverty concentration as well as a variety of other indicators when deciding where to focus their efforts, such as the percentage of the population on public assistance, the percentage of single parent families, and crime rates.

Addressing the concentration of poverty using the housing policy toolkit

Local jurisdictions can use several approaches to address the concentration of poverty. The approach (or combination of approaches) that will be most effective depends on available resources and neighborhood characteristics.

- *Attract a diversity of residents to high-poverty areas.* To stabilize population losses and diversify income levels in high-poverty neighborhoods, communities can take steps to attract new households, including moderate- and middle-income households. For example, local jurisdictions can support the development of homeownership units in high-poverty neighborhoods, including by providing incentives such as tax abatements or donations of publicly-owned land if needed to stimulate market-rate development. The creation of Low Income Housing Tax Credit units and other dedicated affordable housing aimed at the higher end of the eligible spectrum can also contribute to a greater income mix.
- *Improve the quality of life in high-poverty areas.* Cities, towns, and counties can also support current residents and owners in efforts to beautify the neighborhood and improve the condition of existing housing. These initiatives help to improve the quality of life for existing residents, and can potentially attract new households. For example, local jurisdictions can initiate targeted code enforcement efforts to address safety concerns as well as violations that undermine a home's curb appeal. Rather than taking a punitive approach to enforcement, cities, towns, and counties can use a cooperative approach that involves working with property owners and

providing assistance to address deficiencies if needed. Cities, towns, and counties can also create tax-increment financing districts to fund infrastructure improvements and streetscape projects that improve neighborhood appearance and livability. Modest investments in new housing units or neighborhood infrastructure may be sufficient to attract new households to high-poverty areas that offer other advantages, such as proximity to employment centers or high-speed transit. In areas that lack these advantages, however, investment in a comprehensive redevelopment project may be needed to change the trajectory of a neighborhood. Comprehensive initiatives may require significant investment in housing and non-housing activities alike, such as improvements in public schools or initiatives to promote economic development. In areas with large public housing or project-based Section 8 developments, participation in the Choice Neighborhoods or Rental Assistance Demonstration (RAD) program can be an important part of such a comprehensive effort. These programs support the redevelopment of public housing and privately-owned multifamily developments, including as lower-density mixed-income developments that reduce concentrations of poverty. Local jurisdictions that are considering any of these approaches should be aware of potential effects on existing neighborhood residents, such as increased rents and property taxes, and take steps to protect against displacement as higher-income residents move into the area or affordable housing developments are redeveloped. See the Housing Policy Library section on [Protect against displacement and poor housing conditions](#) for policy tools that promote stability for renters and homeowners.

- *Improve opportunities in high-poverty neighborhoods.* A range of non-housing measures like school improvement and school access, transportation access, targeted public health initiatives, job creation, and workforce development can directly or indirectly help to support low-income families' employment and earnings prospects. Targeted application of programs like Jobs Plus for residents of public housing, and implementation of workforce development programs available to all interested community members, can address barriers to employment and, over time, enable families to increase their incomes and/or move from areas of concentrated poverty to resource-rich neighborhoods.
- *Facilitate moves to resource-rich areas.* Local jurisdictions can take steps to make it easier for low-income households in areas of concentrated poverty to find housing they can afford in resource-rich areas. For example, cities, towns, and counties can partner with public housing agencies (PHAs) to increase the likelihood that housing choice voucher holders will be able to use their vouchers in resource-rich neighborhoods. Mobility counseling can increase families' knowledge of available housing options, and outreach to landlords in these areas can broaden the pool of

providers who will accept vouchers. Implementation of Small Area Fair Market Rents (SAFMRs) or exception payment standards based on SAFMRs in high-cost areas may also help voucher-holders access housing in a broader range of neighborhoods. Local jurisdictions can also create new dedicated affordable housing in resource-rich neighborhoods. Housing department staff can give priority to these areas when allocating resources for new development, and PHAs can seek out opportunities for project-basing vouchers in resource-rich areas. By increasing the availability of affordable housing and housing choice for low-income families in resource-rich areas, cities, towns, and counties can help to prevent the creation of new areas of concentrated poverty and potentially reduce the number of residents in such areas.

This exhibit describes how policy tools in the [Housing Policy Library](#) can be used to decrease concentrations of poverty. The policies listed here are illustrative options within each category.

I. Create and preserve dedicated affordable housing units

Logic/mechanism:

In some circumstances, construction of new dedicated affordable housing (or substantial redevelopment of existing projects) can be part of a comprehensive strategy of neighborhood revitalization and can help reduce the concentration of poverty by bringing in relatively higher-income families. The proposed new or redeveloped housing should be part of a revitalization strategy with committed resources and investment in complementary non-housing initiatives.

Cities may also discourage new affordable housing in areas of concentrated poverty to avoid increasing and perpetuating those concentrations.

Efforts to beautify high-poverty neighborhoods can help to attract higher-income households to these neighborhoods.

Specific policies:

Provide gap financing for Low-income Housing Tax Credit or other dedicated affordable developments through **HOME**, **CDBG**, a **housing trust fund**, or a **dedicated revenue source**. To attract moderate-income households, some or all units should come without deep rental subsidies, and strong efforts should be made to market these units to households in the targeted income range.

Support **targeted efforts to create and preserve dedicated affordable housing** and **expand the supply of rental housing and lower-cost housing in resource-rich areas**, including by using the scoring system for competitive local housing development programs to discourage creation of dedicated affordable housing in high-poverty areas and give high priority to developments that will increase affordable housing choice in resource-rich neighborhoods.

Project-base Housing Choice Vouchers

in resource-rich neighborhoods to increase the supply of dedicated affordable housing in these areas.

Use the **Rental Assistance Demonstration** to redevelop large public housing or Section 8 developments to reduce concentrations of poverty.

III. Help households access and afford private-market homes

Logic/mechanism:

By raising voucher payment standards in resource-rich area, PHAs can reduce the share of voucher-holders leasing up in high-poverty areas.

Enforcement of fair housing laws can reduce the effect that housing discrimination has on the perpetuation of concentrated poverty.

Specific policies:

Use HUD's Small Area FMRs to increase the maximum amount of subsidy the **Housing Choice Voucher** program can pay for units in resource-rich areas and reduce it in areas of concentrated poverty.

Ask the PHA to consider refusing to sign HAP contracts in buildings identified by law enforcement as crime hot spots.

Use **landlord outreach programs** to ensure that lists given to voucher holders include rental housing in a broad range of neighborhoods.

Provide support to private fair housing organizations that help **enforce fair housing laws**.

IV. Protect against displacement and poor housing conditions

Logic/mechanism:

Enforcing housing codes in areas of concentrated poverty can encourage owners of private rental housing to maintain it in safe condition, improving conditions for existing residents and helping to attract new residents.

Specific policies:

Target **enforcement of housing codes** to areas of concentrated poverty together with help addressing the identified issues.

Work with the PHA to identify and resolve major health and safety violations in PHA-owned buildings.

Combining policies to reduce poverty concentrations

Analysis in support of a city's housing strategy identifies three neighborhoods as having high rates of poverty. The housing stock in those neighborhoods has a high percentage of dedicated affordable housing, with some privately owned multifamily

rental buildings in poor condition and single family housing that is partially vacant. The multifamily and single-family rentals have a high portion of voucher users. One neighborhood is close to an employment center and a rapid transit station and has rents and house prices that have risen somewhat since the Great Recession. The other two are more isolated, and property values continue to decline.

Part of the city's housing strategy is to develop an action plan for each neighborhood. For the neighborhood with location advantages, the city provides gap financing for a new LIHTC development. For the two more isolated neighborhoods, the city increases bus service, implements community policing, and supports the development of new health clinics. For all three neighborhoods, the city targets housing code enforcement and opportunities for workforce development to help existing residents increase their earnings. The City also encourages the PHA to administer the voucher program in a way that expands opportunities for voucher holders to afford the rents in resource-rich areas and provides funding for mobility counseling to help existing and new voucher holders identify and access these opportunities.