

Poverty and Disasters

Hurricanes Katrina and Rita exposed the debilitating realities of poverty in America, communities' lack of crisis preparedness, and how these factors can exacerbate each other.

Ideally, everyone who needed to evacuate would have been able to and would have had access to funds, family and friends to help them flee and meet short- and long-term food, housing and other needs.

As was starkly seen, this was not the case. A joint Washington Post/Kaiser Family Foundation/Harvard University survey of Katrina evacuees at the Houston Astrodome reports that 74 percent had a pretax income of less than \$30,000. Moreover, almost two-thirds were unbanked, and 72 percent did not have a credit card.¹

Without bank or credit union accounts, evacuees could not receive their paychecks and benefits via direct deposit. And with their mailboxes gone,

postal service disrupted and alternative financial service providers closed, they were left with no financial tools. Evacuees who had bank or credit union accounts, on the other hand, had regulators working to ensure they could get to their money.²

Because unbanked and under-banked evacuees were often lifelong New Orleans residents whose immediate families and friends lived nearby, many had no outside social network to tap for transportation, housing and other necessities. Financially and socially disconnected from resources, their only option was to sit, wait and hope for the best.

Poverty

The hurricanes not only revealed crippling poverty but also raised anew questions about its extent. According to the Census Bureau, an estimated 37 million Americans—approximately 13 percent of the population—live in poverty.

Some consider this number artificially low. Using the Census Bureau's calculator, single parents with two dependents under 18 are poor if their annual income is under \$15,219, regardless of where they live.³

Others argue that the poverty rates often cited are inflated because some people counted have access to modern conveniences—such as televisions, cell phones, and other goods and services—their predecessors, and the poor in other countries, did not. Some experts believe

Lessons Learned

Some of the same principles used in the field of international humanitarian aid and reconstruction can be applied to domestic situations. Kimberly Maynard, author of *Healing Communities in Conflict: International Assistance in Complex Emergencies*, sets out several strategies for organizations operating in postdisaster areas, including do no harm, take a holistic approach and develop an exit strategy. Among the common problems that occur are long-term dependency on assistance and—in the absence of anticorruption mechanisms—manipulation and theft that prevent funds from reaching target communities. Possible solutions to these problems would be:

- Using and building on local resources so that benefits grow and stay in the community.
- Coordinating and collaborating among groups with expertise in economics, education, the environment, housing, social justice, violence prevention, workforce development and other fields so they can monitor progress and retool strategies as needed.
- Creating an exit strategy. Although a specific date cannot be set, Maynard says aid organizations can regularly review their progress toward “sustainability with regard to peace, economics, social rehabilitation and reconstruction.”



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a realistic definition of poverty is the lack of disposable income to purchase the goods and services a society deems it unacceptable to live without—a definition that transcends time and place.

One reason poverty persists, particularly when concentrated, is because it's self-perpetuating. It repels and decreases investment in communities and reduces jobs, competitively priced goods, and money for schools and other public services. As a result, educational quality goes down, making it harder for the next generation to get ahead.

American University economist Tom Hertz explains: "A child whose parents are in the bottom fifth of the income distribution has only a six percent chance of attaining an average yearly income in the top fifth. Most people who start out relatively poor stay relatively poor."⁴

At the same time, the lack of investment reduces competition in the local marketplace, raising the cost of groceries, clothing and other goods, forcing residents to stretch their limited dollars

further. If they cannot or do not obtain mainstream financial products and services or information about their asset-building features, they are likely to use check cashers, payday lenders, rent-to-own stores and other alternatives. These providers' products can strain residents' already scant finances. Routinely high fees and interest rates may reduce customers' ability or incentive to save, lead them into a cycle of debt and erode their access to mainstream credit. Altogether, these financial, economic and social stressors exert pressure not only on the pocketbooks of low- and moderate-income households, but also on their mental and physical health.

In the 1990s, a robust economy, HUD's HOPE VI program, housing choice vouchers, the Earned Income Tax Credit and other factors helped reduce concentrated poverty. Paul Jargowsky, associate professor of political economy at the University of Texas at Dallas, points out that despite this encouraging trend, the bull's-eye pattern of poverty decreasing

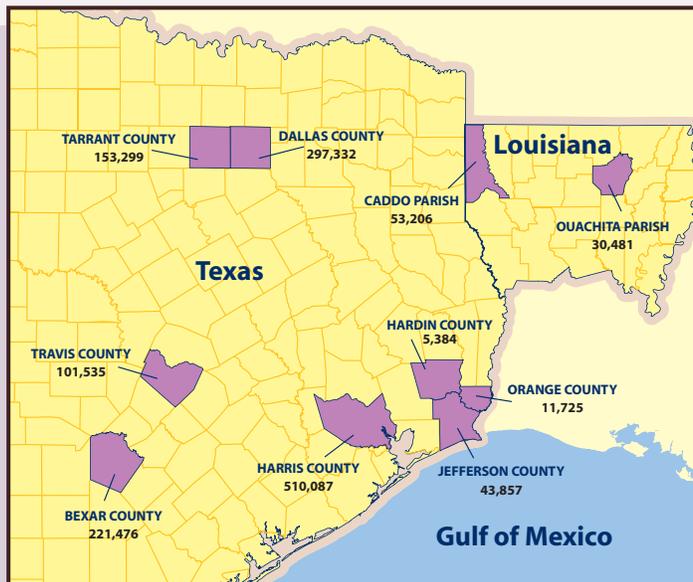
in the central city and increasing in the inner ring of older suburbs exists across the nation, in such cities as Dallas, Chicago and Cleveland.⁵

Poverty in Hurricane-Affected Areas

Individuals and families living in impoverished neighborhoods are especially vulnerable to natural and man-made disasters because they often lack the resources to flee and reestablish their lives. According to the Census Bureau's 2004 American Community Survey, Texas and Louisiana poverty rates are higher than the national average. Texas has a 16.6 percent rate; Louisiana, 19.4 percent; and the U.S., 13.1 percent. Because the bureau's poverty statistics reflect only the poorest of the poor, its numbers do not include the millions of other households that qualify for government assistance for utility bills, food and housing.⁶

The table below shows poverty levels in Eleventh District communities

Pockets of Poverty in Hurricane-Affected Areas in the Eleventh District



SOURCE: Census Bureau. Data are for 2000.

affected by Hurricanes Katrina and Rita. These figures highlight the large number of households particularly vulnerable to life's full spectrum of storms: from accidents, illnesses and job losses, to fires, tornadoes and hurricanes.

Rebuilding: Envisioning a Plan

Amid the devastation the hurricanes wreaked is the rare chance to contemplate strategies for building healthier communities. Many see this as an opportune time to further the regional-equity movement, which brings together researchers, policymakers, funders, community and economic developers, social and economic justice activists, and smart-growth proponents.

Their shared vision is of metropolitan areas in which individuals and families from all communities participate in and benefit from the area's economic growth and activity. With regional equity, all neighborhoods are communities of opportunity, in which residents have access to living-wage jobs, high-performing schools, diverse housing choices, convenient public transportation, and

important amenities such as grocery stores and parks.

Undergirding this vision is metropolitan connectedness—the interdependence of communities within an area. Proponents of regional equity believe that regional prosperity depends on full economic inclusion and that housing, transportation and other public investments are key to achieving it.⁷

Housing

In the regional-equity model, communities offer housing that attracts people from different income levels. Zoning regulations such as density, large lot size, minimum square footage, setbacks and other requirements can inhibit making affordable housing part of the mix.

These zoning roadblocks can be dismantled with such tools as the Community Development Block Grant program, community land trusts, fair-share housing agreements, the HOPE VI program, local and state housing bonds and trust funds, low-income housing tax credits and zoning overlays.

The 10 Principles of Smart Growth

1. Mix land uses.
2. Take advantage of compact building design.
3. Create a range of housing opportunities and choices.
4. Create walkable neighborhoods.
5. Foster distinctive, attractive communities with a strong sense of place.
6. Preserve open space, farmland, natural beauty and critical-environment areas.
7. Strengthen and direct development toward existing communities.
8. Provide a variety of transportation choices.
9. Make development decisions predictable, fair and cost-effective.
10. Encourage community and stakeholder collaboration.

SOURCE: Smart Growth Network, www.smartgrowth.org.

Inclusionary zoning requires developers to build a percentage of units affordable for low- and moderate-income people. In return, developers receive such benefits as density bonuses, development fee waivers and expedited permits.

Transportation

Good transportation is considered essential to attaining regional equity because it connects disparate communities to living-wage jobs, strong educational facilities, social networks and other resources.

Spending public transportation funds on transit systems and promoting transit-oriented development in low-income neighborhoods are ways cities can achieve this goal. And developing market activity around transit stations can jump-start or revitalize dormant commercial areas.



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Other Public Investments

The community-benefits movement believes big-box retailers, entertainment and sports arenas, and office parks—whose development can be publicly sub-

sidized with incentives such as tax credits—should generate quality jobs, housing, child and health care, and other benefits to low-income communities. To achieve this, community groups negotiate agreements with developers, offering support for their large projects in return for local hiring, job training, living wages, and financing for affordable housing, parks and recreation facilities.

Distributing public dollars so that urban schools receive the money needed to provide quality education is seen as an important strategy for achieving regional equity.

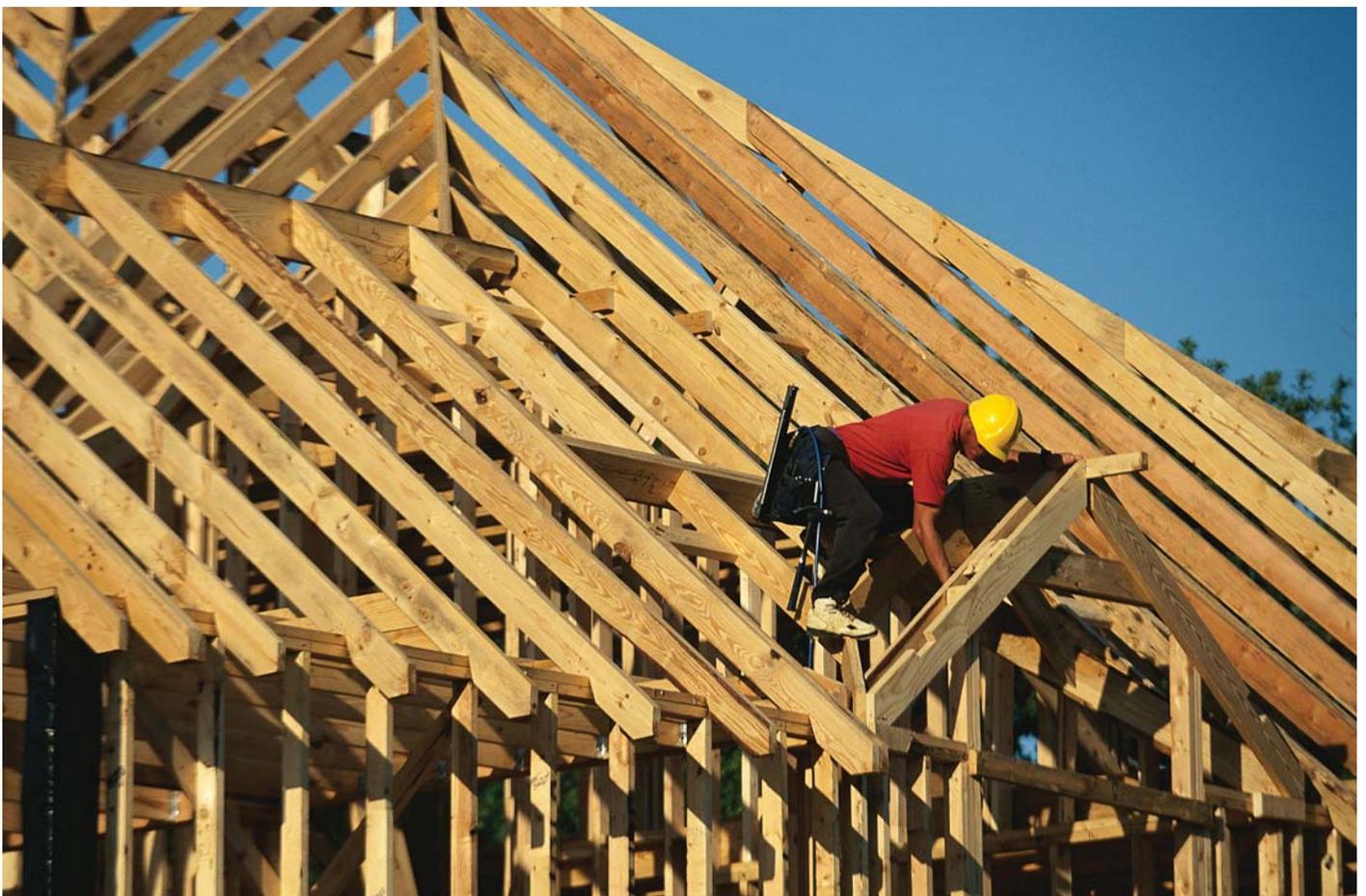
Education reforms in California, Maryland and Ohio exemplify this push. For example, in 1997 the Ohio Supreme Court found the state’s school system unconstitutional because it failed to provide “thorough and efficient” education, largely because of dilapidated facilities. The state responded by changing its poli-

cies so that construction funds are now allocated based on need.

Next Steps

Affordable, high-quality housing, access to transportation and thoughtful public investments contribute to healthy, livable and attractive communities. Bruce Katz of the Brookings Institution says these “neighborhoods of choice and connection,” as he calls them, are attainable if community stakeholders share a common vision based on the following framework.

First, neighborhood goals align with local, state and/or national policies. Second, neighborhoods encourage demographic and economic diversity. Third, public and private efforts are integrated. Fourth, local entities are accountable to stakeholders through clearly defined, consistently tracked performance measures.





Sustainable, dependable and predictable policies are also critical, Katz says. “National policymakers [must] temper the urge to constantly invent and reinvent programs and policies based on the flavor of the month” because it forces community development practitioners “to constantly learn new programs, chase grants, and manipulate new performance measures rather than focus on long-term sustainable change.”⁸

PolicyLink, a national nonprofit headquartered in Oakland, Calif., has developed the Equitable Development Toolkit to help local, state and national entities interested in building strong, sustainable neighborhoods of choice and connection. This resource covers topics ranging from the redevelopment of brownfields to commercial linkage strategies, commercial stabilization, community land trusts, community map-

ping, housing trust funds, inclusionary zoning, infill incentives and minority contracting.

PolicyLink founder and CEO Angela Glover Blackwell and senior associate Radhika Fox believe that coupled with regional-equity values and policies, these tools “can chart an equitable course for regional development and investment, helping to build a nation of inclusion and broad opportunities.”⁹

Notes

¹ “Survey of Hurricane Katrina Evacuees,” September 2005, www.kff.org/newsmedia/upload/7401.pdf.

² For more information, see “How Effective Were the Financial Safety Nets in the Aftermath of Katrina?” by Julia S. Cheney and Sherrie L. W. Rhine, January 2006, www.phil.frb.org/pcc/HurricaneKatrinaJan06.pdf.

³ These are 2004 data, the most recent available. To learn how the Census Bureau calculates the poverty level, go to www.census.gov/hhes/www/poverty/povdef.html. For highlights on poverty statistics, go to www.census.gov/hhes/www/poverty/poverty04/pov04hi.html. For what constitutes very low income, low income and 30 percent of median income for metropolitan statistical areas, go to the Department of

Housing and Urban Development’s Policy Development and Research Information Service at www.huduser.org/datasets/il/il05/index.html.

⁴ “Relatively Deprived: How Poor Is Poor?” by John Cassidy, *The New Yorker*, April 3, 2006.

⁵ “Katrina’s Window: Confronting Concentrated Poverty Across America,” by Alan Berube and Bruce Katz, The Brookings Institution Metropolitan Policy Program, October 2005, www.brookings.edu/metro/pubs/20051012_Concentratedpoverty.pdf, and “Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s,” by Paul A. Jargowsky, The Brookings Institution Center on Urban and Metropolitan Policy, May 2003, [\[es/urban/publications/jargowskypoverty.pdf\]\(http://es/urban/publications/jargowskypoverty.pdf\).](http://www.brookings.edu/</p>
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⁶ For more information, see www.dataplace.org.

⁷ “Regional Equity and Smart Growth: Opportunities for Advancing Social and Economic Justice in America,” by Angela Glover Blackwell and Radhika K. Fox, 2004, PolicyLink, www.policylink.org/pdfs/TranslationPaper.pdf.

⁸ “Neighborhoods of Choice and Connection: The Evolution of American Neighborhood Policy and What It Means for the United Kingdom,” by Bruce Katz, The Brookings Institution Metropolitan Policy Program, July 2004, www.brookings.edu/metro/pubs/20040713_katz.htm.

⁹ See note 7.