Disparate City: Understanding Rising Levels of Concentrated Poverty and Affluence in Greater Houston

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1. Executive Summary

The poverty rate of Harris County, which surrounds Houston, rose from 10 percent in 1980 to 17 percent in 2014. That alone is a troubling trend, but equally concerning is the increasing tendency in the Houston area for that poverty to be highly concentrated. This report examines the clustering of poverty and the uneven distribution of economic circumstances across Greater Houston.

It concludes that economic segregation is tightening its grip on Harris County and that the area’s neighborhoods are increasingly economically polarized. There is a declining number of middle-class neighborhoods in the region, and Greater Houston is experiencing an increasingly stark division between the “haves” and “have nots.”

This report is intended to complement the Kinder Institute’s spring 2016 study on the region’s changing racial/ethnic patterns, *The Shifting City: Houston’s History of Unequal Racial Change*.

Background

The metropolitan Houston area has enjoyed tremendous population and economic growth in recent decades. From 1980 to 2010, the population of Harris County increased by 70 percent; simultaneously, the region grew as an international economic center for both the energy and medical industries.

However, the benefits of the Houston area’s growth have not been equally enjoyed by all parts of the region. This study explores three trends that occurred simultaneously with the Houston area’s economic boom: 1. the growing number of high poverty areas in Harris County 2. the expansion of those areas beyond the city’s core and 3. the increasing lack of economic diversity within the region’s wealthiest areas.

Methodology

This study uses three levels of analysis to put those high poverty areas in greater context. First, for every decade from 1980 to 2010, each of Harris County’s census tracts was categorized as having one of four levels of poverty and mapped. Second, an index measuring income diversity was applied to each of those census tracts during each of those four periods. Third, the two analyses were combined to reveal each tract’s level of poverty and degree of income diversity, as well as how those factors changed over time.

Findings

- From 1980 to 2010, the percentage of high poverty census tracts in Harris County more than quadrupled to 39 percent.

- Harris County’s percentage of high poverty census tracts is nearly double the national rate of 20 percent.

- High poverty areas, largely confined to within or just beyond Houston’s Inner Loop in 1980, have since emerged in the areas beyond the Inner Loop. Today, those high poverty neighborhoods dominate much of the area between Houston’s two beltways, except for a wealthy region to the city’s west. These high poverty areas largely supplanted areas that were considered middle class in 1980.

- Nearly a third of Harris County’s census tracts transitioned from having low poverty rates to high poverty rates from 1980 to 2010.

- Most Harris County census tracts with high poverty are economically diverse, meaning residents have a range of incomes. But that diversity is on the decline. Historically, high poverty tracts in Greater Houston had a greater range of incomes than they do today.

- The county’s upper income tracts tend to be more homogenous. And what’s more, this trend has been amplified over time. Houston’s high income residents are becoming increasingly isolated from the rest of the region.
2. Introduction

Harris County — the most populous county in Texas and the primary county associated with the city of Houston — has seen an increase in the share of its residents living in poverty in recent decades. In 1980, 10 percent of residents earned an income below the federal poverty threshold. But by 2014 that figure had risen to 17 percent.

By itself, increased poverty threatens the well-being of the county. Yet, the challenges associated with poverty are compounded when those living in poverty are geographically clustered together. Researchers have repeatedly demonstrated that high concentrations of poverty can perpetuate intergenerational poverty and negatively affect residents’ social, educational and health outcomes.1 In addition, neighborhoods with concentrated poverty often experience a lack of infrastructure investment and higher rates of criminal activity.2

In this report, we examine the spatial concentration of poverty and neighborhood income diversity in Harris County from 1980 to 2010. We do so in a three-step process, where we first examine the concentration of poverty and income diversity separately and then combine the two measures in our final step. By doing so, we offer insight into the changing economic landscape of Houston and provide a foundation for addressing the uneven distribution of economic circumstances across neighborhoods.

Addressing the issues of concentrated poverty, and the related concentration of economic advantage, should be a high priority for the city of Houston. Houston, as well as other major metropolitan areas in Texas, like Dallas and San Antonio, tops the lists of highly economically segregated U.S. metropolitan areas. Economic residential segregation has nearly doubled in the Houston metropolitan area between 1980 and 2010.2 Reversing this trend will require active and sustained action on the part of local leaders as well as Houston residents.

3. Results

Overall Patterns in the Concentration of Poverty

We define a “high concentration of poverty” as a poverty rate of 20 percent or more. We also identify areas with poverty rates of 40 percent or more, which may be considered “distressed neighborhoods.” These are the two most commonly used thresholds in studies of neighborhood poverty, and they may be the most relevant measures when considering the social consequences described above.

The poverty rates are defined for all census tracts in Harris County using census data, including decennial and American Community Survey 2006–2010 five-year estimates.4 Poverty rates are the proportion of all noninstitutionalized residents whose household income is below the federal poverty threshold.

Critically, by using this threshold, our estimates of poverty account for differences in household size because the federal threshold is adjusted to reflect household composition. For example, in 2015 the poverty threshold for a single-person household, under the age of 65, was $12,331. However, a household with four residents would need to make less than $24,259 to be considered “poor” by federal standards.5 Despite the benefits of using the official poverty measure, research indicates that the federal poverty threshold underestimates current living costs. As a result, our estimates of concentrated poverty may be an underestimate of the true extent of poverty.

Consistent with national trends, the concentration of poverty in the Houston area has grown since 1980. However, this rise in high poverty neighborhoods in Harris County has outpaced the national increase. In 1980, the share of high poverty areas (20 percent concentration of poverty) in Harris County was below the national percentage of tracts that year. But Harris County concentrated poverty rose dramatically between 1980 and 1990.

In the United States as a whole, 11 percent of tracts could be characterized as high poverty areas in 1980, but by 2010 that figure rose to 20 percent. In Harris County, however, the percentage of high poverty tracts rose from 9

![Figure 1. Increasing Reality of Concentrated Poverty](https://www.brookings.edu/2013/12/05/rich-neighborhood-poor-neighborhood-how-segregation-threatens-social-mobility/)

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1https://www.brookings.edu/2013/12/05/rich-neighborhood-poor-neighborhood-how-segregation-threatens-social-mobility/
3http://www.newsocialtrends.org/2012/08/01/the-rise-of-residential-segregation-by-income/
4U.S. Census Bureau; Census 1980, Summary File 3; U.S. Census Bureau; Census 1990, Summary File 3; U.S. Census Bureau; Census 2000, Summary File 3; U.S. Census Bureau; American Community Survey, 2006–2010 American Community Survey Five-Year Estimates.
5http://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html
percent in 1980 to 39 percent in 2010. Additionally, while the slow rise in distressed neighborhoods (40 percent concentrated poverty) has generally matched national trends, 6 percent of census tracts in Harris County now have a concentration of poverty above 40 percent.

**Geographical Patterns of Concentrated Poverty**

In 1980, poverty was concentrated primarily within Houston’s 610 Loop (a beltway around the core of the city that forms an area known as the Inner Loop) and to the north, east and south of the Loop in many historically African-American and Hispanic communities. Most of the region did not have concentrated poverty.

By 1990, the pattern of concentrated poverty had changed significantly. High poverty neighborhoods were located to the north, east and west of downtown all the way out to Beltway 8, a second beltway located about five to eight miles beyond the 610 Loop. Distressed neighborhoods expanded from their traditional center east of downtown and were located all around downtown and, to a lesser extent, north of the 610 Loop.

This pattern was similar in 2000. However, we also note that there were some shifts in the location of concentrated poverty, particularly inside the 610 Loop, apparently because of gentrification. For example, the Heights, located northwest of downtown, oscillated from a medium range poverty concentration to a high poverty concentration and then back again to a lower concentration by 2010. As a result, although persistent in some ways, the spatial concentration of poverty in Harris County is also dynamic.

By 2010, concentrated poverty extended deeper into the suburbs, though the general geographical pattern remained the same. Significant pockets of high distress were located north of the 610 Loop, and a growing concentration of poverty could be seen in southwest Houston outside the 610 Loop in neighborhoods such as Gulfton. This shift over time is consistent with the national trend of the suburbanization of poverty.

The result of this historical trajectory of concentrated poverty is a wide range of economic circumstances across Harris County neighborhoods. Most areas of Harris County have had concentrations of poverty below 20 percent throughout the time period (54 percent of the tracts). An additional 5 percent have had an “unstable,” low poverty status with poverty rates below or just above 20 percent. But the second-largest group of tracts includes tracts that historically had

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income neighbors who add social capital and purchasing power often alter the establishments and collective efficacy present in a neighborhood. Therefore, we add to our analysis of the concentration of poverty by examining the income diversity within each neighborhood.

We measure income diversity using a Gini index, which shows the income diversity of residents within each neighborhood and is a commonly used measure in studies of inequality. In this study, higher Gini scores suggest more income diversity, while low Gini scores suggest less income diversity.

Over the past 30 years, geographical patterns of income diversity, like geographical patterns of concentrated poverty, have remained somewhat consistent, although they have expanded and also deepened.

In 1980, no neighborhood had a Gini index score of more than 50, which indicates a moderate level of income diversity on the scale of 0 to 100, and most of the economically diverse neighborhoods in Harris County were inside the 610 Loop. The pattern was similar in 1990, but by 2000 two important changes occurred: Most neighborhoods inside Beltway 8 had greater income diversity, especially to the east and northeast of downtown, and the diversity deepened in some neighborhoods, especially just east of downtown and Highway 59. By 2010, however, the pattern had changed. Many neighborhoods had less income diversity, especially to the north and west of the 610 Loop, while some neighborhoods had greater income diversity, especially in northwest Houston.

The most economically diverse neighborhoods are low poverty rates but now have poverty rates over 20 percent (32 percent of tracts). These “emerging” high poverty areas are concentrated within Beltway 8 — the second interstate loop — in all directions, with the exception of the swath of persistently advantaged areas to the west.

Other areas have transitioned in the opposite direction — 2 percent have gone from high to low poverty — but this is far less common. While uncommon, these areas of the county may be of growing interest as concerns spread regarding gentrification and its consequences for local residents.

Finally, 7 percent of Harris County census tracts have experienced a poverty rate of no less than 20 percent for at least 30 years. Two of the longest-standing, high poverty communities are just north of downtown. Directly north of the Inner Loop, the Near Northside and the Fifth Ward have experienced persistently high levels of poverty throughout the last three decades. These areas are some of the most economically disadvantaged in the county. Contemporary poverty rates are as high as 70 percent in some of these persistently high poverty neighborhoods and that has been the case for decades. The residents in these communities are also predominately Hispanic and African-American.

**Neighborhood Income Diversity**

When we focus solely on the concentration of poverty in each neighborhood, we lose sight of the fact that not all residents in these communities are poor. In fact, the vast majority of the residents in these areas are not poor. Neighborhoods with concentrated poverty that also have residents in a wide range of middle- and upper-income brackets are distinct from neighborhoods that are overwhelmingly poor. Specifically, middle- and upper-income neighbors who add social capital and purchasing power often alter the establishments and collective efficacy present in a neighborhood. Therefore, we add to our analysis of the concentration of poverty by examining the income diversity within each neighborhood.

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The most economically diverse neighborhoods are
directly north (e.g., Near Northside) and southeast (e.g., the McGregor Corridor in the Third Ward) of downtown. Interestingly, many of these neighborhoods are the same neighborhoods that had at least 20 percent poverty in all three of the last four censuses. In contrast, residents’ incomes are more similar toward the edges of the county. This pattern suggests that income diversity is most likely to be found in areas of high poverty rather than in wealthier neighborhoods.

The progression of increasing income diversity over time would seem to be a positive since it suggests that Harris County neighborhoods are more likely to be mixed income today than in 1980. However, it is possible that this historical shift is driven by increasing levels of income inequality within the region. Economic diversity within tracts may be less detrimental for residents’ well-being than high concentrations of poverty, yet increasing inequality can also have negative implications for the future social and economic opportunities of those growing up in poverty.

Finally, this increase in neighborhood income diversity, particularly in high poverty neighborhoods, could be happening through two contrasting pathways. High poverty neighborhoods may see an increase in income diversity through gentrification, or, more specifically, the arrival of higher income residents. However, given trends in the increase in poverty and its spatial concentration, it is more likely that increased income diversity is connected to previously middle-class neighborhoods transitioning to a high poverty status. During this economic transition, these neighborhoods would display a high level of income diversity, at least for the time being.

**Combining Neighborhood Income Levels and Income Diversity**

Neighborhoods differ remarkably in the level of income diversity present. However, the consequences of income diversity differ depending on the average income level of a neighborhood. A neighborhood with low levels of economic diversity that is primarily poor is dramatically different than a neighborhood with a low level of economic diversity but is upper class. We combine this insight regarding income diversity with what we know about the concentration of poverty to better understand the economic resources available in a neighborhood.

We categorize neighborhoods into six groups. First, we categorize neighborhoods by their income level: high poverty (> 20 percent poor), middle income (< 20 percent poor, median income < $65,000 in 2010 dollars) and upper income (< 20 percent poor, median income > $65,000 in 2010 dollars). And then within each income level we divide neighborhoods into those with above average income diversity and those with below average income diversity. Overall, the majority of the tracts with high poverty also have high economic diversity, while the upper income tracts are primarily homogeneous. Out of all of the high poverty tracts, over 60 percent have above average (i.e., high) economic diversity. Conversely, only 6 percent of upper-

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**Figure 4a. The Similarity (and Dissimilarity) of Residents’ Incomes, 1980, 1990 and 2000**

- **1980**
- **1990**
- **2000**

Diversity of Local Residents’ Income

- < 30 Less Diverse
- 30 - 40
- 40 - 50 More Diverse
- > 50

- Houston Downtown
class neighborhoods are economically diverse. This is consistent with the spatial patterns that we describe above, and is reflective of the prevailing housing market. Based on where different types of housing are located and how the price of housing is evaluated, it is easier for higher income households to move into low income neighborhoods than it is for lower income households to move into upper-income neighborhoods. The housing market, as it stands, virtually ensures that income diversity will be primarily concentrated in low income neighborhoods rather than upper income neighborhoods.

The 1980 income level by income diversity map is almost entirely dark blue and green, meaning that most of the region — especially the suburban areas — was middle and upper class with little income diversity. Inside the 610 Loop, however, many neighborhoods had a high concentration of poverty and also a lot of income diversity.

By 1990, however, the pattern changed significantly. Many areas inside Beltway 8, especially to the north and east, that had been previously categorized as middle class with high income diversity had transitioned to high poverty neighborhoods with high income diversity.

This expansion continues in 2000 but only in certain areas of the county. Most notably, high poverty, high income diversity neighborhoods expand to the north, east and south, as well as into a triangle in the southwest. However, there is a simultaneous re-emergence of upper-class neighborhoods, particularly upper class, low income diversity neighborhoods. Areas to the west shift between 1990 and 2000 from shades of light blue or light green to dark green. Even as high poverty neighborhoods are expanding, concentrated advantage is re-establishing in some areas of the county.

By 2010, another major shift occurred: While middle-class and high-income neighborhoods shifted to low income diversity status, a large number of previously high poverty, high income diversity neighborhoods had lost much of their income diversity and become mostly poor. Despite some increases in neighborhood income diversity over this time period (see the discussion in the previous section), by 2010 it is clear from this typology that economic segregation is tightening its grip on Harris County and that neighborhoods are increasingly polarized economically. Very few shades of blue remain, signaling the loss of Houston’s middle-class neighborhoods and a starker division between the “haves” and “have nots.”

As with the maps of poverty concentration, the western block of tracts (e.g., the River Oaks area) and areas along the county border are among the most consistently advantaged (i.e., they are upper or middle class and have low income diversity). On the other end, high poverty neighborhoods with a low degree of income diversity among their residents (i.e., places with the fewest economic resources) are primarily located outside of the Inner Loop but within the second interstate loop, namely Beltway 8. The primary exception to this latter pattern is the cluster of neighborhoods just inside the eastern edge of the Inner Loop, which are near Houston’s industrial ship channel. Along the ship channel, neighborhoods like Galena Park are among the neighborhoods with the fewest economic resources in the county.

The high poverty neighborhoods with high diversity in current residents’ incomes (i.e., places with mixed incomes), like those along the McGregor Corridor in the Third Ward, may offer important social and economic supports that are unavailable in other high poverty neighborhoods. However, we also note that all residents may not benefit equally from the presence of higher income neighbors. Any benefit of
Figure 5a. Neighborhoods by Income Level and Income Diversity, 1980, 1990 and 2000

Neighborhood Types

High Poverty
- High Income Diversity
- Low Income Diversity

Middle Class
- High Income Diversity
- Low Income Diversity

Upper Class
- High Income Diversity
- Low Income Diversity
- Houston Downtown

1980
1990
2000
having a range of incomes in a neighborhood could be stifled if microsegregation\(^9\) precludes local interaction, and subsequent social divisions limit the degree to which lower and higher income residents share the same concerns about their neighborhood.

4. Conclusion

Growing economic inequality has gained media attention as more and more people discuss the detrimental impacts that inequality has on individuals' opportunities. However, an important layer of this inequality is its spatial distribution.

Poverty and its concentration within particular neighborhoods have increased in Harris County from 1980 to 2010. Alongside this increase in poverty, the income diversity of neighborhoods has also increased — though almost exclusively in high poverty neighborhoods. The increasing isolation of Houston’s high income residents may be related to broader trends in the cost of housing.\(^{10}\)

However, we should also be looking at the mix of housing stock available in different types of neighborhoods. Neighborhood income diversity in high income neighborhoods cannot exist without a mix of affordable housing options.\(^{11}\) Yet politically, this is often no easy task. The issue has been debated at the U.S. Supreme Court. Locally, there has been vehement disagreement about the fate of a proposed affordable housing project in the Galleria area. Houston area leaders will need to carefully consider these issues if they seek to promote income diversity in high income areas.

We have highlighted neighborhoods that have been stymied by persistently high levels of concentrated poverty for decades, which may need continual public attention. However, in contrast to our traditional attention to the concentration of economic disadvantage, our research emphasizes that Houston’s economic segregation is also strongly characterized by extreme, homogenous wealth. We need to confront both dimensions when developing

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\(^9\)http://urbanedge.blogs.rice.edu/2015/06/11/when-diverse-neighborhoods-are-more-segregated-than-they-appear/#.V6t4I_krK71


\(^12\)http://www.citylab.com/housing/2015/08/americas-biggest-problem-is-concentrated-poverty-not-inequality/400892/
The mission of the Kinder Institute is to:

• Advance understanding of the most important issues facing Houston and other leading urban centers through rigorous research, policy analysis and public outreach

• Collaborate with civic leaders to implement promising solutions to these critical urban issues