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Low-Income Households and Neighborhood Choice: Causes and Consequences

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Issue

Over the past 30 years, there has been a notable shift in the spatial distribution of poverty in metropolitan areas in the United States. For most of the 20th century, intense economic and social distress was largely concentrated in neighborhoods in the urban core. Households in the suburbs, by contrast, had higher average incomes and lived in communities with relatively low poverty rates. In the 1990s, however, this dynamic began to change. Just as concentrated poverty eased in urban communities, economic insecurity proliferated in suburban areas, and by 2008, the poor population of suburbs had overtaken that of central cities.

Although a large body of literature has examined the rise in suburban poverty, relatively little is known about the causes and consequences associated with growing suburban economic distress. For example, it is possible that both push and pull factors have encouraged a spatial redistribution of poverty, with poorer households leaving urban communities and settling in suburban neighborhoods. However, downward economic mobility may also be a component of this shift, with incumbent suburban residents experiencing increasing financial vulnerability in recent years. Regardless of these potential causes, low-income suburban households face unique challenges, particularly with regard to transportation. The car-centric nature of many suburban areas means that low-income suburbanites must negotiate the challenges of automobile ownership — and its attendant costs — to a far greater extent than their urban counterparts.

Research Findings

- Between 1999 and 2015, the movement of low-income households out of central city neighborhoods and into suburban communities contributed to dramatic growth in the number of low-income suburban residents. However, during the same time period, higher-income households also rapidly suburbanized. Therefore, while population flows contributed to an increasing number of economically insecure households in the suburbs, they have not led to widespread changes in the percentage of low-income residents in suburban areas. Figure 1 shows how household moves have affected the low-income rates in three types of suburban neighborhoods.
- Overall, downward economic mobility had only a modest effect on the proportion of low-income residents living in suburban communities. However, in some types of suburbs — particularly older, somewhat densely populated suburban neighborhoods — residents had a particularly high likelihood of falling below the low-income threshold.
- Low-income households clearly made transportation-related adjustments when they moved into and out of suburban neighborhoods. Car-owning suburban-to-urban movers were 70% more likely to become carless than households that made an intra-suburban move. Similarly, carless households that made a move in the “opposite” direction — from an urban area to the suburbs — were 35% more likely to become car owners than those who moved within an urban neighborhood.

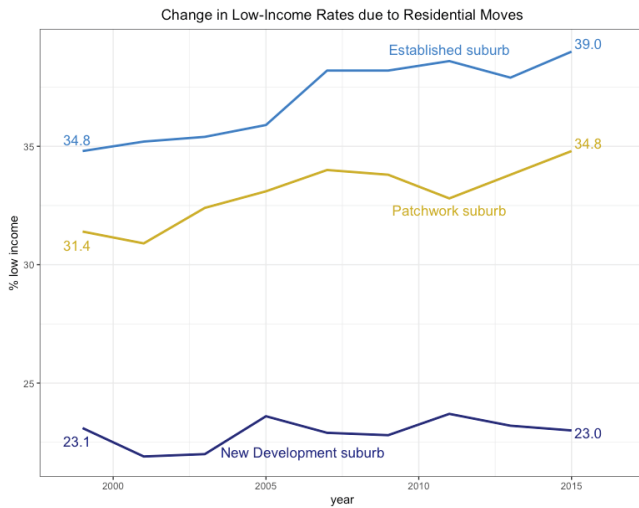


Figure 1: This graph shows changes in the percentage of low-income residents due to net population flows. “Established suburbs” are moderately-dense older suburban neighborhoods; “Patchwork suburbs” are low-density neighborhoods with a mix of commercial and residential land uses; “New Development suburbs” are sprawling, low-density, residential neighborhoods. (Source: PSID)

Study Approach

The purpose of this analysis was to better understand how the spatial location of low-income residents affected not only the economic composition of urban and suburban areas, but also the physical, financial, and transportation mobility of individual households. Consequently, definitions of space and geography were crucially important. To this end, the researcher used a unique neighborhood typology that was developed by a UCLA Institute of Transportation Studies research team as the geo-spatial foundation for this analysis. This typology categorizes each of the more than 70,000 census tracts in the United States into one of seven neighborhood types — three of which are urban, three suburban, and one rural.

The primary data source for this research came from the Panel Study of Income Dynamics (PSID). Using PSID data in combination with the seven-category neighborhood typology, the researcher tracked the residential location, economic stability, and vehicle ownership of roughly 10,000 households from 1999 to 2015. Descriptive analyses provided insight into how residential and economic mobility affected the economic composition of suburbs, while multivariate models assessed associations between residential location and household mobility, economic well-being, and automobile ownership.

Conclusion

- Between 1999 and 2015, low-income households left central cities and settled in suburban areas in large numbers. While this did not lead to dramatic increases in the proportion of low-income households in many suburban communities, virtually all suburban areas experienced a significant rise in their total low-income population. Communities must therefore ensure that their social welfare infrastructure is equipped to support a larger, potentially more diverse constituency.
- Aggregate statistics such as poverty rates can often obscure substantial economic instability at the household level. Therefore, even in communities with a relatively modest proportion of low-income residents, it is crucial to remember that numerous households may be in danger of experiencing a downward economic slide.
- The frequency with which low-income urban-to-suburban movers acquired a vehicle highlights the difficulty of being carless in suburban areas. While a vehicle may be essential for new suburbanites, it also represents a substantial expense for low-income households. Policymakers should recognize the strain that automobile dependence places on poorer households and find ways to support mobility and destination access for lower-income suburban residents.

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