

## CONCENTRATED POVERTY IN SAN DIEGO COUNTY

### Key Findings

- **Poverty rates in San Diego County have worsened.** The rate of highly-concentrated poverty (the percentage of those living in poverty in neighborhoods with at least a 20% poverty rate) has increased in San Diego from 42.1% in 2000 to 45.6% in the period between 2010 and 2014.
- **The rate of extremely-concentrated poverty (the percentage of those living in poverty in neighborhoods with at least a 40% poverty rate) has remained statistically unchanged (8.3% in 2000 and 8.4% in 2010-2014).** In the years covered by the 2010-2014 American Community Survey (ACS) 38,278 individuals in the county have incomes below the federal poverty line and live in neighborhoods where at least 4 in 10 of their neighbors also have incomes that fall below the federal poverty line.
- **There has been a marked increase in the number of county residents living in highly-concentrated poverty in the suburbs.** In the period covered by the 2010-2014 ACS, 49% of individuals living in highly-concentrated poverty lived outside of the City of San Diego. This is an increase from 2000, when only 36.5% of those living in concentrate poverty resided outside of the City of San Diego.
- **Researchers have found that concentrated poverty puts extra burdens on both taxpayers as well as individuals trying to better their economic circumstances.**

A topic of increasing focus by economic developers, urban economists and students of regional studies is concentrated poverty. Poor individuals living in poor neighborhoods face a doubly challenging set of circumstances, including higher crime rates, lower performing schools, fewer nearby job opportunities, and worse health outcomes (Kneebone, 2014). A number of studies have shown that families trying to climb the socio-economic ladder out of these neighborhoods need to overcome their own individual hardships at the same time that they face greater external challenges and have less “community” capital than better-off neighborhoods (ibid).

This policy brief examines concentrated poverty in San Diego County, identifies the neighborhoods of particular concern and offers some of the implications that policy makers may wish to consider in thinking about this issue.

### **Why Should We Care About Concentrated Poverty?**

More than 450,000 San Diegans live below the federal poverty line. Varying by family size, the federal poverty line does not take into account transportation and housing costs, some of the largest expenses for lower-income families in the San Diego region. It is, however, the principal measure we have for identifying those individuals and families at most economic risk and is used as a key classification in a myriad of federal databases and surveys.

Being poor in a very poor neighborhood imposes additional trials and burdens. Not only are individuals facing the individual challenges associated with lower incomes and financial insecurity but the neighborhood they reside in adds additional environmental trials and stresses. In their review of past studies, Kneebone, Nadeua, and Berube (2011) identified a number of factors which had been shown to be statistically associated with higher concentrations of poverty:

**Lower Performing Schools.** Children growing up in high-poverty neighborhoods often attend schools that score lower on standardized tests, have higher drop-out rates, and achieve lower rates of college-preparedness. While San Diego has been a leader in providing greater enrollment choices for children, schools located in higher-poverty areas still see much higher drop-out rates and lower test scores than schools in areas where poverty is not as concentrated.

**Higher Crime Rates and Poorer Health Outcomes.** Crime rates, particularly violent crime rates, tend to be higher in higher-poverty neighborhoods.<sup>i</sup> Residing in higher-poverty communities is also correlated with a higher incidence of chronic disease such as diabetes, heart disease, depression and asthma. (Kneebone, et. al, 2011)

**Constraints on Wealth Building.** One of the most important assets for most American is their home and many residents of higher-poverty neighborhoods are home owners. Indeed, some of extremely high poverty census tracts have a homeownership rate approaching 39%, compared to a county-wide rate of 49.2%. However, these neighborhoods tend to see smaller year-over-year increases in property values, denying many residents the opportunity to increase their net worth through appreciating real estate values.

**Reduced Private Sector Investment/Increased Costs for Goods and Services.** Higher-poverty neighborhoods tend to have both fewer and less diverse commercial establishments. The challenges these residents face in worse access to fresh groceries has been long documented.<sup>ii</sup> It also means that

these census tracts typically have fewer proximate employment opportunities, contributing to unemployment, lower labor force participation and requiring residents to spend money on transportation to reach worksites in other areas of the region.

**Increased costs for local government.** Jane Pack found in a comparative study of US cities with population greater than 300,000 that municipalities with a higher percentage of families in poverty spend comparatively more on non-social service functions (Pack, 1998). This difference was found even after controlling for other factors such as tax burdens, different municipal fiscal structures, median personal income and intergovernmental transfers. It is a finding that suggests that concentrated poverty increases delivery costs. Pack hypothesized that such a relationship exists because of some combination of the negative externalities that are associated with poverty and the requirement to pay public employees higher salaries to work in such neighborhoods. Such impacts, Pack argues, have a negative impact on all citizens, rich and poor alike, who bear higher taxes to provide the same level of services when compared to municipalities with lower rates of concentrated poverty.

### **Concentrated Poverty in San Diego**

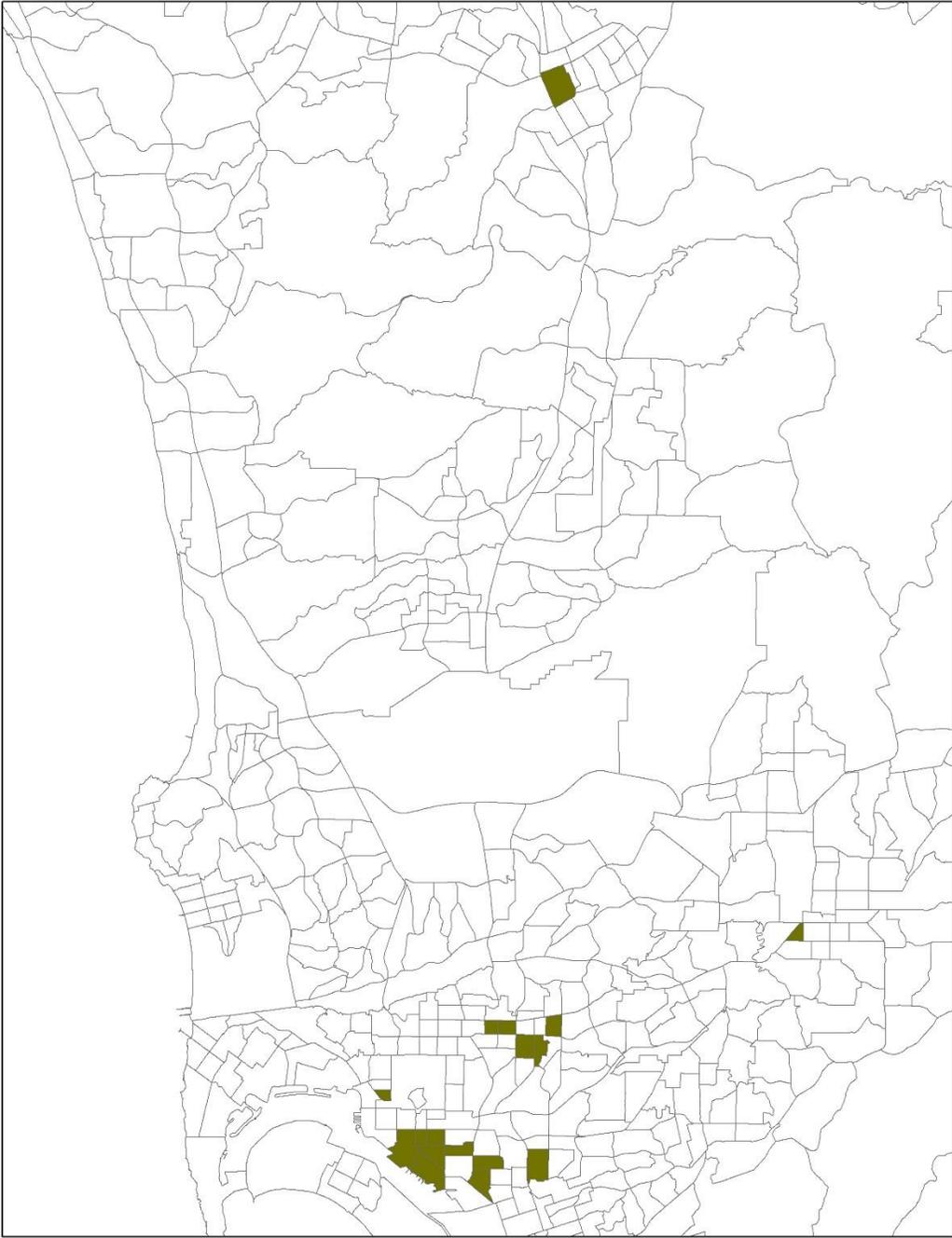
During the years covered by the 2010-2014 American Community Survey, San Diego County had a poverty rate of 14.7%, which equates to 455,855 individuals.<sup>iii</sup> 7.4% of those with incomes below the poverty line (38,278 residents) reside in census tracts where more than 40% of the population also lives below the poverty line<sup>iv</sup>. Kneebone, Nadeau, and Berube define these neighborhoods as “extremely-concentrated poverty neighborhoods.” (Kneebone, et. al. 2011). Forty-seven percent of individuals below the poverty rate (205,100 residents) live in census tracts where at least 20% of residents are in a similar economic condition. Kneebone, et al. call these areas “highly-concentrated poverty neighborhoods.”

In 2000 the rate for extremely-concentrated poverty in San Diego County was 8.3%. That means that among those with income under the federal poverty line, 8.3% lived in neighborhoods where 4 out of every 10 neighbors also had income which fell under the federal poverty line. Just prior to the recession, this had decreased to just 4.2%. As the downturn took hold, however, the number of individuals living in census tracts with greater than 40% poverty rates increased by more than 18,000 and all the gains made during the early 2000s were reversed.

Most of the extremely-concentrated poverty neighborhoods are located south of Interstate 8. Two additional areas where more than 40% of residents live of highly-concentrated poverty can be found in parts of the cities of El Cajon and Escondido. Figure 1 shows where these census tracts are and Table 1 compares some of the demographic statistics about these areas with the rest of the county. Figure 2 shows those tracts where at least 20% of residents live below the poverty line.

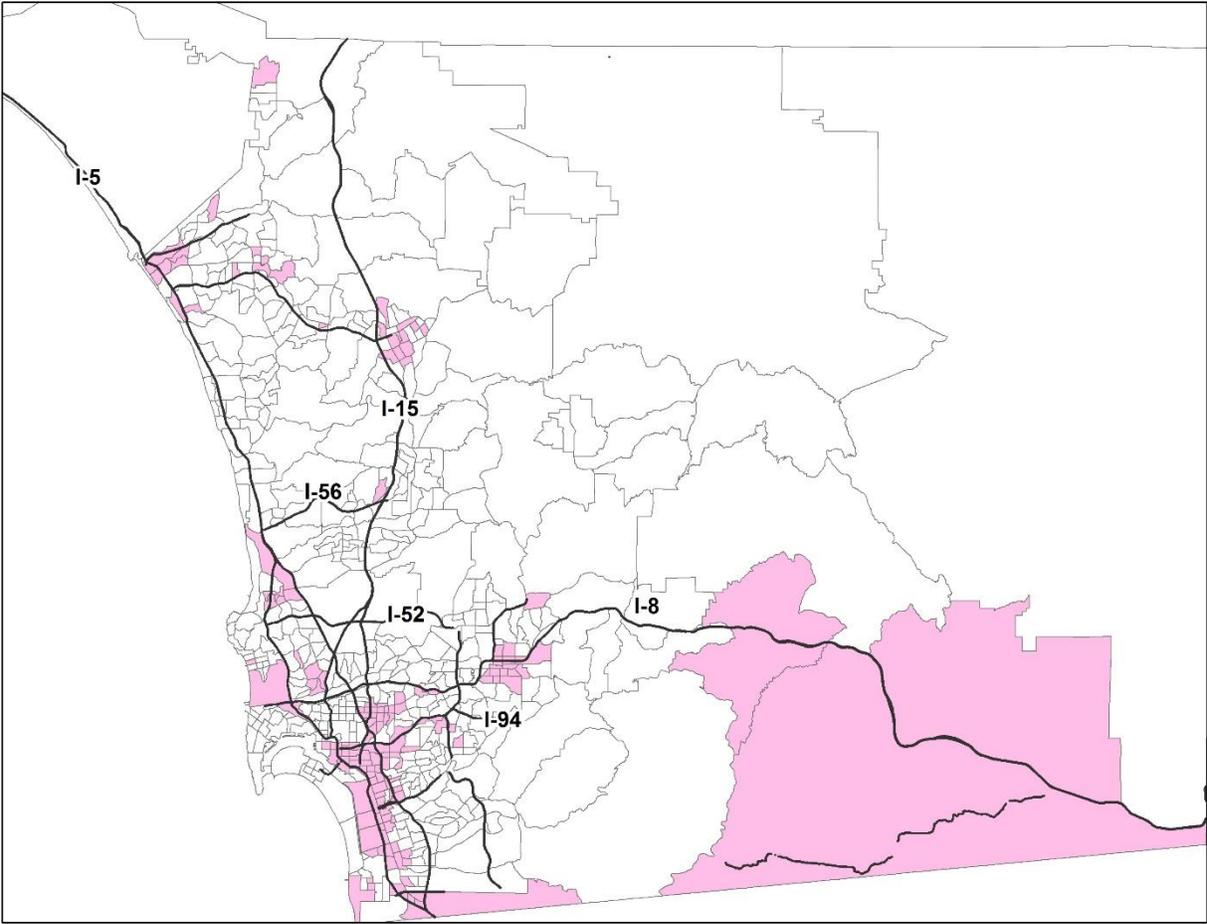
**Figure 1**

**201-2014 American Community Survey. Census Tracts with Greater than 40% of Population below Federal Poverty Line**



**Figure 2**

**Census Tracts with Greater than 20% of Population below Federal Poverty Line: 2010-2014**



**Table 1.**  
**Socioeconomic Measure for Census tracts 40%+ of residents below Federal Poverty Line**

<b>Socio-Economic Measure (2009-2013 American Community Survey 5 Year data)<sup>v</sup></b>	<b>All of San Diego County</b>	<b>40% + Poverty Rate Census Tracts</b>	<b>Min Value</b>	<b>Max Value</b>
Labor Participation Rate	65.0%	61.0%	56.0%	69.1%
Population 25 years and over with less than 9th grade	7.5%	20.6%	8.9%	35.3%
9th to 12th grade, no diploma	7.1%	19.2%	10.7%	29.2
High school graduate	19.1%	24.7%	13.5%	39.5
Some college, no degree	22.7%	16.9%	5.6%	24.6
Associate's degree	9.1%	4.9%	1.4%	10.7
Bachelor's degree	21.5%	9.5%	2%	22.7
Graduate or professional degree	13.1%	4.2%	0.2%	11.2%
Native Born	76.6%	62.4%	50.7%	78.7%
Foreign Born	23.4%	37.6%	21.3%	49.3%
Foreign Born-Naturalized	11.1%	9.4%	3.4%	20.6%
Foreign Born - not a US Citizen	12.3%	28.1%	12.7%	37.4%
Veterans	10.0%	5.5%	1.1%	13.2%
Percent who self-report speaking English "very well"	83.7%	64.5%	44.8%	84.4%
Households receiving food stamps;	5.5%	18.1%	10.2%	35.0%
Commute to work in Car, truck, or van - Drove alone	76.0%	62.6%	46.6%	76.5%
Car, truck, or van - Carpooled	9.9%	13.9%	5.7%	22.6%
Public transportation (excluding taxicab)	3.1%	11.7%	1.5%	22.4%
<b>Ethnicity/Race</b>				
Non-Hispanic Caucasian	48.0%	16.2%	1.5%	44%
Black or African American	4.8%	12.0%	1.7%	28.9%
American Indian and Alaska Native	0.4%	0.5%	0	3.9%
Asian	10.9%	6.8%	0	17.1%
Native Hawaiian and Pacific Islander	0.4%	0.1%	0	0.6%
Hispanic or Latino:	32.4%	61.7%	32.7%	93.0%

Underscoring the complexity of poverty and the challenges in trying to find effective policy proscriptions are some of the differences among these neighborhoods. For example, the census tracts comprising the community of Stockton and Grant Hill have population which is 42% foreign born and 85.3% Hispanic. In contrast, in the census tracts encompassing most of the community of Lincoln Park 31% of residents are foreign born and 29% African-American. English proficiency rates also vary significantly, from a low of 44.8% in census tracts encompassing most of Logan Heights to a high of 84.4% in neighborhoods just to the east.

There are important similarities among these neighborhoods. While public transit is more important in these neighborhoods most residents in these neighborhoods (62.6%) continue to drive alone to work. Labor participation is generally on par with the county as a whole (61% vs. 65%). This suggests that poverty in San Diego is much more related to the prevalence of low wage work rather than disassociation from the workforce. Educational attainment in these neighborhoods tends to be lower than the rest of the county, outside of the notable exception of East Village which reflects the gentrification that has occurred in that neighborhood over the past decade.

**Highly-Concentrated Poverty Increasing in the Suburbs**

Table 3 shows the changes in poverty rates among the 18 cities of San Diego County. Poverty rates increased by more than 2% in nine of the region’s cities. Indeed, the increase in the poverty rate in the City of San Diego was among the lowest in the region. Cities such as Escondido, El Cajon, Carlsbad, and Lemon Grove saw increases in poverty which exceeded the overall increase seen in the county.

**Table 3**

Jurisdiction	Poverty Rate 2000	Poverty Rate 2010-2014	Change
<b>COUNTYWIDE</b>	10.8%	14.7%	3.9%
EL CAJON	16.7%	25.8%	9.1%
ESCONDIDO	13.4%	19.8%	6.4%
CARLSBAD	5.9%	10.3%	4.4%
SAN MARCOS	12.0%	15.9%	3.9%
LEMON GROVE	13.7%	17.1%	3.4%
LA MESA	9.4%	12.0%	2.6%
NATIONAL CITY	22.0%	24.5%	2.5%
VISTA	14.2%	16.6%	2.4%
OCEANSIDE	11.6%	13.8%	2.2%
SANTEE	5.4%	7.3%	1.9%
POWAY	4.3%	5.9%	1.6%
CHULA VISTA	10.6%	12.1%	1.5%
ENCINITAS	7.3%	8.7%	1.4%
CORONADO	5.0%	6.3%	1.3%
SAN DIEGO	14.6%	15.8%	1.2%
IMPERIAL BEACH	18.8%	19.7%	0.9%
SOLONA BEACH	6.7%	6.4%	-0.3%
DEL MAR	8.7%	3.5%	-5.2%

With the overall poverty rate has grown faster in suburban communities compared to the City of San Diego there have been effects on the geographic location of concentrated poverty. Table 4 shows at the percentage of the county’s population living in poverty that reside in “high poverty neighborhoods (census tracts with poverty rates of 20% or more). At the time of the 2000 Census, 63.5% of those individuals living in poverty in these kinds of neighborhoods resided in the City of San Diego. By the years covered by the 2009-2013 American Community Survey, only 51.2% of those individuals with incomes under the federal poverty line living in high poverty neighborhoods lived within the City of San Diego. If trends continue, it is likely that in the near future concentrated poverty will be more common in the suburban jurisdictions in the region rather than in the City of San Diego itself.

**Table 4**

Jurisdiction	2000 Percentage of Individuals in Poverty who live in Highly-Concentrated Poverty Neighborhoods	2010-2014 Percentage of Individuals in Poverty who live in Highly- Concentrated Poverty Neighborhoods
CARLSBAD	0.0%	0.9%
CHULA VISTA	5.7%	7.7%
EL CAJON	6.2%	9.9%
ESCONDIDO	5.5%	7.7%
IMPERIAL BEACH	2.3%	1.6%
LA MESA	0.0%	0.4%
LEMON GROVE	0.7%	1.2%
NATIONAL CITY	6.1%	5.6%
OCEANSIDE	4.6%	4.0%
S.D. COUNTY	1.2%	6.8%
SAN DIEGO	63.5%	51.2%
SAN MARCOS	1.5%	0.5%
VISTA	2.5%	2.4%

(Note: The jurisdictions of Coronado, Del Mar, Encinitas, Santee, and Solana Beach has no census tract in which the poverty rate exceeded 20%)

### How San Diego Compares with Other Metro Areas

In 2015 the San Diego Regional Economic Development Corporation, the Center for Policy Initiatives, and the Equinox Center launched “Insight San Diego.” They identified 16 other regions that are similar to San Diego and over which the region competes with for investment.

Using that list and a dataset compiled by the Brookings Institute, we can compare San Diego’s concentrated poverty rate against other benchmark cities. Brookings uses American Community Survey data from the period from 2008-2012 so there will be slight differences from the data otherwise presented in this brief’s tables.

**Table 5**

Metro Region	Number of People living below poverty line. <b>2008-2012</b> American Community Survey	Number of residents with incomes below the poverty line and living in extremely-concentrated poverty	Extremely-concentrated poverty rate
<b>SAN DIEGO</b>	<b>413,908</b>	<b>36,134</b>	<b>8.7%</b>
PHOENIX	646,628	122,778	19.0%
HOUSTON	923,477	125,542	13.6%
ST. LOUIS	346,019	45,797	13.2%
MIAMI	889,542	112,962	12.7%
AUSTIN, TX	230,437	28,327	12.3%
RIVERSIDE, CA	684,364	76,409	11.2%
LOS ANGELES	1,985,666	215,074	10.8%
BALTIMORE	278,789	28,343	10.2%
ATLANTA	752,152	66,575	8.9%
SACRAMENTO	306,296	24,855	8.1%
BOSTON	430,279	25,675	6.0%
WASHINGTON DC	431,552	23,551	5.5%
DENVER	305,246	15,112	5.0%
SEATTLE	365,185	11,292	3.1%
SAN FRANCISCO	452,147	11,342	2.5%
SAN JOSE, CA	174,950	0	0

San Diego's rate of extremely-concentrated poverty (8.7%) in 2008-2012 was about average when compared to other metro areas. Communities like Seattle (3.1%), San Jose (zero), Denver (5.0%) and San Francisco (2.5%) have lower rates while Southern California communities like Los Angeles (10.8%) and Riverside (11.2%) have a much higher rate of concentrated poverty. However, it is the case that metro areas that are key competitors for innovation investment (Seattle, Washington, Seattle, San Francisco, Denver and Boston) all have lower rates. Austin, a competitor with San Diego for innovation investment, has an extremely-concentrated poverty rate of 12.3%.

## **Policy Proscriptions**

Fighting poverty is a complicated policy area in which progress has been difficult and often temporary. Economists still disagree significantly about the root causes of poverty and even more about policy proscriptions for how to raise incomes among those at the lower end of the economic spectrum. With that caveat in mind it seems that there are some policy areas which are of importance when thinking about how to address concentrated poverty.

### *Thinking about Concentrated Poverty as a Regional Challenge*

Often commentators thinking about concentrated poverty consider it an issue for the “inner city.” However, in examining the growth of highly-concentrate poverty over the past 14 years, we find that concentrated poverty has grown over the past decade significantly faster outside the City of San Diego than within. Pockets of poverty can be found all over the region. This poses challenges for both the region’s smaller cities, who may lack adequate capacity to take on this challenge, and the County of San Diego which will need to think about how it delivers social safety net programs in a more geographically dispersed manner.

For example, the County serves the North Inland Area of San Diego County out of the Family Resource Center that is located in Escondido.<sup>vi</sup> The 2014 American Community Survey data indicates that 67,904 individuals that live below the poverty line in the Cities of Escondido, Vista, San Marcos, Poway, District 5 in the City of San Diego and the unincorporated parts of the county north of SR 56. The Escondido Family Center is the location where they would most likely go to apply for food stamps and a number of other social service programs. As a number of recent reports suggest, the County still has opportunities to increase participation in social safety net programs and this is a challenge that will only increase as poverty spreads out to more difficult-to-serve neighborhoods in the suburbs.<sup>vii</sup>

### *Inclusionary Housing and In-Lieu Fees*

One of the more important sets of social safety net tools the region has at its disposals is the various affordable housing programs. These are especially important in a region like San Diego that struggles with high housing costs and matching housing production with demand.

In respect to concentrated poverty, one policy that can help alleviate the problem is inclusionary housing policies. Under these programs developers of market-rate housing are required to also build a certain number of affordable units. Frequently this is expressed in percentage terms. For example, a number of jurisdictions require a developer to build one affordable unit for every ten units of market-rate housing.

Many of these programs also provide developers with flexibility to pay the jurisdictions an “in-lieu” fee. Rather than build the affordable unit on site, the developer pays a certain amount of money to the local jurisdiction who can then pool these funds together to finance and build affordable housing projects.

There are compelling arguments in favor of allowing developers this flexibility. For smaller projects, it may prove infeasible to try to construct a handful of affordable units, a challenge that will only grow as the region sees a shift towards smaller in-fill developments and away from large master-planned

communities. However, the challenge for local jurisdictions is to disperse the affordable housing projects throughout the community and to be especially aware of how their placement can exacerbate the challenges of concentrating poverty into a small number of neighborhoods. To the extent to which jurisdictions continue to provide developers the option to use in-lieu fees, it is important that they be aware of how subsequent affordable housing developments can alleviate or exacerbate poverty concentration.

#### *Better Access to Transit and Jobs*

While most residents in high poverty neighborhoods drive alone during their commute, transit use is higher than for the rest of the county. Secure employment, and especially employment in professions with career lattices and opportunities for advancement, remain one of the most important means to gain higher wages and improve one's financial well-being. It is important for policy makers to examine connections between areas of concentrated poverty and employment. One specific area of concern is central Escondido. There are 7 census tracts between SR 78, I-15, West Ash and Bear Valley Parkway. The overall poverty rate in this area is 30.3% and in the tract centered around Center City Parkway and West Mission Avenue, the rate is 48%. It is served by the North County Transit District. However, employment centers such as Rancho Bernardo, Poway, Mira Mesa and Kearny Mesa are relatively close by but served largely by the Metropolitan Transit District. Transit use, in part because of limited options, is relatively low and 75.7% of residents of these census tracts reporting that they drive to work in single occupancy vehicles. Policy makers need to be sure that the connections from Escondido to these employment sites are frequent and robust.

#### *Proximity and Linkages to Educational Opportunities*

As noted above, educational attainment is lower in census tracts with highly-concentrated poverty. Most research has found that income is generally correlated with educational attainment and that most of the kinds of employment that provide middle wage incomes is increasingly dependent on education beyond a high-school diploma. With only 18.6% of residents of extremely-concentrate poverty neighborhoods having an AA degree or higher, it is important that policy makers examine how well the region's institutions of higher education are serving these communities. This is especially true in suburban areas of the county whose institutions of higher education (Miramar, Mira Costa, and Palomar College) developed in tandem with suburbanization and may be fairly distant from neighborhoods experiencing concentrated poverty.

#### **Conclusion**

Successfully combating poverty has proved to be an elusive and difficult public policy challenge. That difficulty, however, should not dissuade policy makers for thinking about strategies to ensure that poverty does not concentrate in our region. It creates additional burdens on individuals and families seeking to climb the socio-economic ladder and likely increases costs on local governments. Given that the rate of highly-concentrated poverty has increased since 2000 and has grown more "suburban," it is critical that policy makers take on that challenge on the regional level.

## ENDNOTES

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<sup>i</sup> . “Ghettos, Threshold, and Crime: Does Concentrated Poverty Really have An Accelerating Increasing Effect on Crime, John R. Hipps and Daniel K Yates, *Criminology* (vol 49, no. 4, 2011) pg. 955-990.

<sup>ii</sup> . For a review of relevant research on “food deserts” see Beaulac, Julie, Elizabeth Kristjansson, and Steven Cummins. “A Systematic Review of Food Deserts, 1966-2007.” *Preventing Chronic Disease* 6.3 (2009).

<sup>iii</sup> . Unless otherwise indicated all data is from the American Community Survey 5 year survey panel; 2010-2014. We used the 5 year ACS panel to so as to reduce the margin of error in our estimates. In the ACS data is collected from respondents over a 5 year range and then a variety of imputation strategies are used to estimate a variety of measures for the broader population. By selecting the 2010-2014 panel we are able to focus only on years during which the regional economy had started to rebound from the Great Recession.

<sup>iv</sup> . Similar to other research, we excluded census tracts with less than 500 residents and tracts in which more than 50% of the residents are enrolled in college.

<sup>v</sup> . A slightly earlier panel of data was used (2009-2013) for this socioeconomic analysis to provide for coverage of additional variables.

<sup>vi</sup> . [http://www.sandiegocounty.gov/content/sdc/hhsa/programs/ssp/food\\_stamps/family\\_resource\\_centers.html](http://www.sandiegocounty.gov/content/sdc/hhsa/programs/ssp/food_stamps/family_resource_centers.html)

<sup>vii</sup> . See <http://www.kpbs.org/news/2015/oct/22/report-san-diego-county-economic-missing-out-1b-du/>