

# The Next War on Poverty

*Conventional wisdom aside, some '60s-era inner-city programs have been a success. Now it's time for Obama to launch phase two.*

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ne evening in early 1966, Senator Robert F. Kennedy met with leaders in New York's predominantly African American neighborhood of Bedford-Stuyvesant. The mood was one of urgency. The Watts area of Los Angeles had erupted in violence the previous summer and dozens had died. Those in attendance were worried about what would happen if nothing was done to reduce the high levels of joblessness and poverty in their own community. They challenged Kennedy to help them.

Just a few weeks earlier, in January, Kennedy had given three speeches laying out his suggestions for responding to the civil unrest in Watts and elsewhere. He had spoken out strongly right after the riots, but now he wanted to follow up with specific proposals. He had denounced the violence, but he also believed the poverty in America's inner cities raised profound questions of economic injustice—as the major civil rights challenge facing the nation after the historic steps to dismantle American apartheid. I was one of his legislative assistants,

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and I helped draft the three speeches.

The trilogy of speeches had two major themes: how to accomplish racial and economic desegregation throughout metropolitan areas and how to revitalize neighborhoods of concentrated poverty in inner cities. As to the latter, Kennedy laid out an idea that had been recommended to him by my colleague Adam Walinsky. Outside funding and investment, both public and private, would support economic development and upgrading housing and community facilities. But the visionary thought was that jobs could be created by engaging local people in improving their own housing and other amenities, hiring them to help reconstruct their own community.

That evening in Brooklyn, Kennedy saw an opportunity to put his idea to the test. He outlined the plan and, getting a positive reaction from his audience and others with whom he spoke subsequently, he decided to proceed. In the following months he flew to New York two or even three times a month to work on bringing the project to life. There was extensive community wrangling as people pushed to get a piece of the action, and there were protracted negotiations with Mayor John Lindsay, Governor Nelson Rockefeller, and key business and financial leaders over what outside actors should do to help.

When the dust finally settled, the result was the Bedford-Stuyvesant Restoration Corporation. Led by Franklin Thomas, who later headed the Ford Foundation, it did not feature Walinsky's idealistic image of sweat equity rebuilding the neighborhood, but it nonetheless reflected a most ambitious idea: an inside-outside partnership that would revitalize a deeply troubled place. Equally important, Kennedy and his senior colleague from the state, Republican Senator Jacob Javits, succeeded in amending the Economic Opportunity Act—the War on Poverty legislation—to authorize federal funding for initiatives like Bed-Stuy. These funds, distinctive in that they could be used flexibly for a multiplicity of purposes in a revitalizing neighborhood, seeded dozens of similar endeavors around the country during the decade or so that they were available.

With the addition of significant funding from the Ford Foundation and other sources, the result today is more than 2,000 community development corporations, or CDCs, as well as numerous other inner-city development organizations and outside entities that help finance their activities. Organizations like the Local Initiatives Support Corporation, the Enterprise Foundation, NeighborWorks America, and their many individual local counterparts have made a tangible and important difference in building and rehabilitating housing for low-income people and doing some economic development in low-income neighborhoods as well.

The problem, though, is that the sum of all this is not nearly enough. Kennedy and his colleagues never intended these to be panaceas; rather, they were to be cogs in a larger social-policy apparatus that would revitalize the inner city. And yet not long after Kennedy's death, the nation began a long turning away from the sort of promising, nascent social policy initiatives he championed. He would be shocked to see how little meaningful attention we have paid to the inner city.

We have learned a lot since Bed-Stuy was formed, but the vexing question of concentrated urban poverty is still with us; if anything it's much worse. It is past time to make progress in unraveling the tangle of problems that enmeshes the people of the inner cities. These are the quintessential places where race and poverty intersect, with terrible results. Forty-two percent of African American poor lived in inner cities in 1990, and half of those who live in these impacted neighborhoods are African American. (Another quarter are Latino.) These are places of unmitigated human tragedy: streets turned into battlefields, staggering AIDS rates, astonishingly few youth graduating from high school, prisons filled with the young men of the area, large numbers of women raising children by themselves—the list goes on. But somehow we do not add it all together. It is an astounding moral catastrophe.

In the meantime, the realities of the inner city have changed. Since Kennedy's time, we have seen the massive loss of higher-paying jobs that hurt all lower-income people badly and inner-city residents catastrophically, the flight of higher-income people from the inner city, and the conservative drift in our politics, the further decline in inner-city educational quality, the arrival of gentrification, crack cocaine, and the AIDS epidemic. Some of these facts are the behavioral consequences of the resulting concentrated poverty. Some reflect failures of strategy and policy in the design and implementation of the efforts that have been undertaken.

We now have a president who has worked on these issues, and it is reasonable to hope for change. What's needed, then, is an assessment of what went wrong and what looks promising today. Only in that way can we figure out what to do next (assuming we can muster the political will). As Kennedy was wont to say, we can do better.

### **Neighborhood Revitalization Strategies: A Brief History**

The racial segregation of the inner city did not occur by accident. Pervasive discrimination constrained the housing choices of new arrivals from the South, and the ghettoization process was reinforced by urban renewal policies and public housing location decisions. Unemployment, always higher for African

Americans, rose further with the return of veterans reclaiming their position in the labor market. The civil unrest of the 1960s and the enactment of the Fair Housing Act of 1968 sent many in the growing black middle class to the suburbs, intensifying the concentrated poverty of the inner city. The 1970s brought an acceleration in the national process of deindustrialization, hurting all lower-income workers but hitting the inner city the hardest. When we did consider the inner city in the 1970s and 1980s, we did so punitively, beginning our national spree of incarceration and intensifying the rising backlash against welfare.

Thus the promising Bed-Stuy program came of age at a time when national attitudes were not exactly conducive to such efforts, and when the magnified effects in the inner city of the problems in the national economy made

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the task far harder and perhaps insuperable. There were also issues with the CDC movement itself. It encompassed some strange bedfellows with very differing motives. Many of the neighborhood people who joined to form CDCs were enthralled with the black-power and community-control

ideas that had swept through their community. They were happy to accept outside resources and get outside employers to locate plants and stores in the neighborhood, but they believed that, thereby empowered, they could create what would essentially be a self-contained economy and polity within the four corners of their immediate environs. Their economy would contain its own engines and, living together in a same-race community, they would be a cohesive and effective force in municipal politics.

The idea that enough jobs could be attracted to the inner city or close-by locations was unrealistic. A centerpiece of the Bed-Stuy strategy was an IBM plant located there by RFK's friend Tom Watson, the company's CEO. The ease with which IBM's cooperation was obtained led to an assumption that others of similar magnitude would follow. They did not. Yet the notion that an economic revival could be accomplished within the borders of the neighborhood continued to hold sway. (I do not mean to ignore the importance of efforts in some places to attract retailers that sell goods at nationally advertised prices, along with other successful neighborhood-based economic development strategies.)

Few neighborhood revitalization initiatives responded to the reality that in most cities the jobs were increasingly located in the suburbs, largely inacces-

sible to inner-city residents in the absence of specific initiatives to get them there. The mismatch was not merely spatial. Would-be workers also needed to be better educated and trained, and antidiscrimination laws needed to be rigorously enforced. These shortfalls, coupled with negative attitudes toward “the man,” diminished employment outcomes in places only a bus or subway ride away.

The lethal cocktail of a national economy unkind to all of those with incomes below the national median, the consequent intensification of inner-city poverty, and the weak or counterproductive public policy responses to both problems meant that neighborhood revitalization efforts, flawed as they may have been, also operated, in effect, with both hands tied behind their backs. The 25-plus years from the election of Richard Nixon until the mid-1990s constituted a perfect storm for inner-city residents and those who tried to improve the neighborhoods in which they lived.

### **A Modest Parting of the Clouds**

The last decade and a half, however, has complicated the story, as well as opened up an opportunity for new approaches. The main reason is the economy. A hot economy is still the most powerful anti-poverty weapon around, and the second half of the 1990s saw real income growth for those in the bottom half for the first time in over two decades. The 2000 Census revealed a decrease in the number of urban census tracts with poverty rates of more than 40 percent, although most of the areas that dropped out of the 40 percent-plus category still had poverty populations above 30 percent. (The 2010 Census will almost surely reflect a reversal of the trend.)

But growth wasn't the only positive development. New thinking about remedies for concentrated urban poverty began to affect public policy and civic action. Fueled by federal funding to deconcentrate public housing, a new generation of developers produced mixed-income housing in low-income neighborhoods. The Harlem Children's Zone and other innovative school ventures offered significant new educational opportunities in such areas. And new schemes were undertaken to help inner-city residents get and keep jobs in the regional economy.

That some good, or arguable good, has happened in inner cities sets the present apart from the decades of the perfect storm. Some inner-city neighborhoods do look different, even as their lower-income residents or former residents are still stuck at the socioeconomic bottom. Four key trends frame the policy challenges of the present moment: Gentrification, public housing deconcentration, education reform, and a focus on jobs in the regional economy.

## **GENTRIFICATION**

One key trend in the recent urban history, with major exceptions like Detroit, is that people have rediscovered the central city as an attractive place to live. Young singles and couples, especially before their children are of school age, and baby boomers with empty nests, have voted with their feet (at least until the current recession set in) to settle in or return to central-city locations.

This is desirable, but things get more complicated when those moving in come to neighborhoods that are predominantly poor, which has happened in many cities. Mainly in low-income neighborhoods that are easily accessible to downtown, have a sound housing stock, and are adjacent to higher-income areas, radical change has occurred almost overnight. Too often, this has occurred at the expense of the existing residents, who have found themselves pushed out by skyrocketing rents and property taxes. In other words, gentrification is neither an unalloyed good or bad, but rather an urban reality that policymakers have a responsibility to manage so as to minimize displacement and preserve existing social fabrics.

## **HOUSING: THE HOPE VI EXPERIENCE**

A related trend is the demolition of inner-city public housing that has occurred in many cities, and the accompanying dispersal of its residents. This has occurred under HOPE VI, the Homeownership and Opportunities for People Everywhere Act, enacted in 1992. In the field of public housing HOPE VI has had a major impact, significantly denting the national inventory of public housing and forcefully relocating tenants in large numbers (although in most localities it has not had much of an effect on the overall level of inner-city poverty). The federal Department of Housing and Urban Development (HUD) made a cumulative total of 246 public-housing revitalization grants under HOPE VI through the end of 2008, resulting in the demolition of 96,226 public housing units and the relocation of 70,000-plus households. A total of 111,059 new and rehabilitated units were developed, including 52,951 units of public housing. The total public-housing stock decreased by a net of 165,000 between 1995 and 2008, or 12 percent of the beginning total of 1.33 million units. On the other hand, there are some four million poor people living in high-poverty urban neighborhoods, and something like 250,000 people have been relocated (assuming all of the demolished public housing was in high-poverty neighborhoods), so the relocation affects only a little more than 6 percent of the inner-city poor.

How should we think about HOPE VI? Opinions are divided, even on the left. Bruce Katz, a former senior HUD official and highly respected housing and urban policy expert, says, "HOPE VI is one of the most successful urban

redevelopment initiatives of the past half-century.” On the other hand, Sheila Crowley, the president and CEO of the National Low-Income Housing Coalition, calls it “a case study in how badly a government program can run amok.”

Crowley and others point out that the country lost 12 percent of its public-housing inventory at a time when the supply of affordable housing was steadily shrinking and urban rents were going through the roof. Many low-income people were moved, whether they wanted to or not. And the demolished housing was replaced by mixed-income developments with far fewer units for low-income people than the projects they replaced. By contrast, HOPE VI’s adherents stress the awfulness of the projects that were demolished, Cabrini-Green in Chicago being a prime example. They also extol the fairly long list of examples of mixed-income developments that are not only successful in and of themselves, but in some cases have brought about decreases in poverty rates in their surrounding neighborhoods.

The core of the difference is a fierce argument between those who see HOPE VI as destroying communities, however troubled they may be, and those who see it as helping people escape the ravages of concentrated poverty. The former see the involuntary relocation of people as no different from the much-maligned urban renewal policies of half a century ago. The latter see the relocation efforts as pathways to a better life and also, to the extent that it can be achieved, as avenues to racial desegregation as well. Who is right? The public housing that was torn down was in large part either inherently unlivable or had become so. But, at least in hindsight, it does appear that a larger investment in support services would have helped people find more suitable housing and adjust more satisfactorily to their new surroundings. And we should not make hasty judgments. It may take a generation or more to see the real outcomes of the changes.

#### **EDUCATION AND THE HARLEM CHILDREN’S ZONE**

The Harlem Children’s Zone is emblematic of a growing strategy to address inner-city education issues holistically, and to make it a centerpiece of neighborhood revitalization efforts. Indeed, few neighborhood revitalization initiatives before the 1990s encompassed efforts to improve neighborhood schools. There were individual alternative schools here and there, but no systemic efforts to improve all the schools of a troubled area.

Geoffrey Canada, the founder of the Harlem Children’s Zone, came to his wall-to-wall children’s initiative through years of trial and error. Early on, his work was mainly focused on the off-school hours. That work became connected to the schools through using school buildings for after-school activities as part

of New York City's Beacon Schools program. As that effort progressed, Canada realized that there could be resonance in expanding things horizontally to more parts of Harlem and vertically to encompass a broader age range, including dual-generation programs that would reach young parents and their children simultaneously. The final insight was that everything he was doing would be for naught if the schools the children attended were failing to teach them satisfactorily.

The heart of the Harlem Children's Zone is the organization's charter schools. A recent evaluation praises the multi-dimensional design of the Zone's work but concludes that the key to lasting success is the schools: For young people, the way out is a good education that leads them to college or into the labor market. It may seem obvious now, but it has taken a long time for people to get the point. Why now? One reason is the advent of charter schools, which have made it possible to establish significant numbers of independent public schools in low-income neighborhoods. Before that, the public schools were typically part of monolithic city-wide systems that were virtually impervious to change impelled from the ground up.

#### **JOBS IN THE REGIONAL ECONOMY**

In the mid-nineties, the Annie E. Casey Foundation began a program to stimulate attention on getting inner-city residents hired for jobs throughout the regional economies of local areas. The endeavor began with five sites and has proliferated to the point where there is now a National Fund for Workforce Solutions that involves some 200 foundations and supports organizations in 21 sites around the country. In general, the local efforts are sector-specific workforce partnerships that involve relationships among groups of employers and some unions in such areas as health care, technology, and construction, entities that do the necessary training, and community-based organizations that identify prospects and offer needed mentoring and support in the course of the training, placement, and employment process.

All of these trends have implications that go beyond issues of concentrated poverty, and they imply a variety of new strategies. But the guiding dictum must be choice: to live and work and learn throughout the region or to remain in a revitalized inner city.

#### **Where Do We Go From Here?**

Researchers, practitioners, policymakers, and, most importantly, residents are still arguing vociferously over the right direction for inner-city policy-making. Nonetheless, there is an emerging view among a considerable number (which includes me) that the best approach is a pragmatic and holistic one: Inner-

city revitalization is vital, but it must be an integrated part of a larger regional development strategy. In other words, it must be a matter of both/and—both doing everything possible to give people the possibility of living wherever they want in the metropolitan area while finding jobs throughout the region, and to improve the livability of the neighborhoods where they live now. The key idea is that people should have real choices—and creating real choices means pursuing multiple policies and strategies. All are vital.

Choice is controversial in more ways than one. To create residential choice throughout the region requires a new intensity in enforcing laws that prohibit all forms of relevant discrimination. Minorities moving to the suburbs still find themselves steered to same-race or same-ethnicity neighborhoods. Discrimination in the credit market is rampant, with creditworthy minorities still being pushed regularly into sub-prime loans. And minorities encounter school-district line-drawing policies in the suburbs that result in same-race and same-ethnicity schools. If we are to make serious progress in offering minorities real choices about where they will reside, the challenge to the Obama departments of Justice, HUD, and Education is huge.

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Controversy of a different kind attends the question of making it possible for people to remain where they are in the inner city. These are likely to remain same-race neighborhoods. I for one do not believe in consciously perpetuating racial segregation, even if it is technically not state-mandated segregation. But so long as strong steps are taken to help people improve their personal economic situation and to improve the neighborhood around them as well, I would find the fact that the neighborhood remains a predominantly one-race or one-ethnicity community acceptable, even though not ideal.

To begin with, in order for there to be real choice, housing policy must offer viable options of where to live that extend throughout the metropolitan area. In addition to the need for far more robust enforcement of antidiscrimination law, this means a ramped-up housing-supply policy in the realms of both public housing and affordable housing. And it means an increased investment in housing-choice vouchers, enriched with social services so people can use them effectively in the suburbs as well as in the city.

There is serious debate over the efficacy of policies to de-concentrate inner-city poverty. Studies of past efforts have shown mixed results. Notwithstanding, central-city minorities have for decades been finding their way to what are now

mixed-race and mixed-ethnicity inner-ring suburbs. The results are far from perfect, partly because of the policy failures mentioned above. But it makes sense that lower-income people can also succeed and provide better lives for their children in new surroundings if we take the measures necessary to encourage, subsidize, and otherwise facilitate their choices.

Obama has proposed an effort he calls Choice Neighborhoods, which would connect HOPE VI to what HUD Secretary Shaun Donovan terms “the geography of opportunity” by promoting linkages to work incentives and work supports, transportation planning, intensive school reform, and early-childhood innovations. This is a move in the right direction, even as it also reveals the complexity of the challenge.

The full challenge is much broader. Choice Neighborhoods relates only to HOPE VI. The Administration needs to think strategically about a broader approach to housing choice throughout metropolitan regions. I have no doubt about Administration officials’ understanding and commitment to these ideas. The issues are ones of politics and funding. The reality will in any case be change that occurs incrementally.

The other side of the coin is the constellation of issues relating to those who would choose to remain in the inner city. I see five areas of action here.

One key aim has to be a general strategy of pursuing a living income for everyone, derived as much as possible from work. While this applies to people wherever they live, it has a special resonance for those who want to stay in the inner city. Raising their incomes will make a major difference in the quality of life in the neighborhood. Policies such as the minimum wage, health coverage, affordable child care, excellent public education, help with the cost of housing, and a decent safety net are important for the whole society, but they have a particular relevance to breaking the back of concentrated poverty. Almost all of them have been absent from the list of national domestic priorities in recent years, but all of them deserve to be at the top.

A second element is to do everything possible to help inner-city residents get and keep jobs in the regional economy. This means developing sector-specific partnerships among employers, schools, colleges, and community-based organizations to get people of all ages to work in occupations and careers where jobs are projected to be most available in the coming years. And it means special attention to transportation, whether by mass transit or by car, to enable inner-city residents to get to and from their jobs wherever they are located. This may sound obvious, but it is still not a serious priority.

The jobs that experts call “middle-skilled” offer great promise in coming years as baby boomers retire, as does the wave green jobs coming to the fore. If

these opportunities are to reach everyone who should have the chance to partake of them, particular mechanisms need to be in place to make that happen. The pathways should have initial on-ramps in high schools and community colleges, and also through nonprofit organizations like YouthBuild that reach young people who are already disconnected from school and work and offer them the education, training, and personal development support to help them get into the job market or to pursue further education.

The third key is livable neighborhoods. Streets should be well-lit, parks and playgrounds conveniently located and attractive, and law enforcement effective and fair. The same kind of retail stores, cinemas, parks, playgrounds, and other amenities that people in every other neighborhood have should be available to people in low-income neighborhoods. Quality health and child-care facilities should be physically accessible.

A fourth is that the schools of the neighborhood should be of high quality, and that school quality should be a part of an overall urban and antipoverty strategy, rather than siloed off by itself. Efforts like the Harlem Children's Zone should be undertaken around the country. School systems and educational innovators should make inner cities a particular site for establishment of innovative and high-quality schools, with charter schools being an especially useful approach to improving educational opportunities for the children of high-poverty neighborhoods. Locating magnet schools in or near low-income neighborhoods is a strategy to attract a mix of income and racial backgrounds, to the benefit of all. Improving schools and improving neighborhoods go hand in hand.

Obama pledged during his campaign to take the Harlem Children's Zone nationwide with an initiative he calls Promise Neighborhoods. To that end, he included funding for 20 planning grants in his budget for the coming year. Promise Neighborhoods represents an understanding, too long in coming, that any strategy to address concentrated poverty from a place-based perspective must have as an integral part an emphasis on the education of the neighborhood's children. At the same time, it is important to understand that the Promise Neighborhoods idea offers new departures in a limited number of places. The Administration's strategy to improve education for all children in high-poverty areas—a high priority—is in fact the action with greater implications for broad-scale change.

Fifth, very important but not without risk to current residents who wish to stay, are efforts to attract higher-income people to the neighborhood. Gentrification should be promoted, not impeded. This would raise the median income of the area, over and above lifting the incomes of people already residing there. However, anti-displacement policies are essential. Tenants must be given rights

of first refusal to buy apartment buildings that landlords or developers want to convert to condominiums. Homeowners must be given circuit-breaker property tax relief, to avert the need to sell because the property tax has become unaffordable. Inclusionary zoning must require developers creating new multiple dwellings to make a fraction available on an affordable basis. Housing production trust funds must use their resources strategically to see that affordable units are built or created by rehabilitation in changing neighborhoods.

For more isolated neighborhoods with much persistent and intergenerational poverty, it will be more difficult to attract new residents with higher incomes. But even in such neighborhoods, middle-income people, probably of the same race or ethnicity as those already there, could be enticed in better economic times by the lower prices of attractive new housing in a low-income neighborhood. Of course the neighborhood also has to be safe, have good schools, and offer parks and recreation and other amenities.

If we are going to make progress in the immediate future, the first essential step is for the administration to plan and act on the premise that change for neighborhoods of concentrated poverty involves changing everything and involving every department and agency with responsibility for one or another aspect of the task. We have tried over the years to wrap our change efforts into overarching strategies that essentially let the other responsible agencies off the hook. This was true of Lyndon Johnson's Model Cities and Bill Clinton's Empowerment Zones. So the task needs to be broken down into parts. No one program can do everything that has to be done. The education people have to pay attention to making the schools work. The transit people need to design their next generation of systems not just for suburban commuters entering the city but also for city residents headed to the suburbs. Housing policy needs to be regional and neighborhood-based at the same time. Energy policy needs to build "smart grids" in the inner city as well as elsewhere. Environmental protection doesn't stop at the inner-city neighborhood line.

I believe the Obama Administration gets this, although it is too early to see concrete outcomes and there have already been some missed opportunities in the spending under the President's recovery act. The proposals for Choice Neighborhoods and Promise Neighborhoods go in the right direction, but observers point out that transportation funding decisions under the Recovery Act have tended to build more roads to the exurbs than to create transit options for inner-city people to reach jobs in the suburbs, and little effort has been forthcoming to help inner-city residents purchase or rent foreclosed properties that are being sold for bargain-basement prices. And the massive deficits we confront now will be a barrier to adequate funding for further steps.

## THE NEXT WAR ON POVERTY

Nonetheless, it is heartening that we have a president who understands the issues and has taken to heart the importance of getting all members of the Administration to communicate with one another and begin taking appropriate action within their areas of responsibility.

Fundamentally, we need to act on what we have learned. There is no such thing as a neighborhood revitalization policy that can occur in isolation. For the twenty-first century, we must attack urban concentrated policy with strategies that are regional in scope as well as beneficial to people where they live now. Robert Kennedy had it right in the broad strokes if not in the exact details in his trilogy of speeches in 1966. We know far more about the details now. What we need to do is act. ■