

Measuring Poverty

Poverty is generally described as individuals and families with incomes below a threshold defined annually by the federal government. In 2013, this threshold was \$23,834 for a family of four.

This report, however, defines poverty as 185% of the federal poverty threshold (\$44,093 for a family of four in 2013). There are several reasons for this decision:

- The median income in the Twin Cities region is relatively high compared with other metro areas in the U.S. Many residents have incomes between 100% and 185% of the federal poverty threshold. We chose a definition of poverty that is more inclusive of these lower-income residents living in the Twin Cities region.
- Many federal assistance programs consider residents with family incomes less than 185% of the federal poverty threshold eligible for financial assistance.

About us

The Regional Policy and Research team at Metropolitan Council wrote this issue of *MetroStats*. We serve the Twin Cities region—and your community—by providing technical assistance, by offering data and reports about demographic trends and development patterns, and by exploring regional issues that matter.

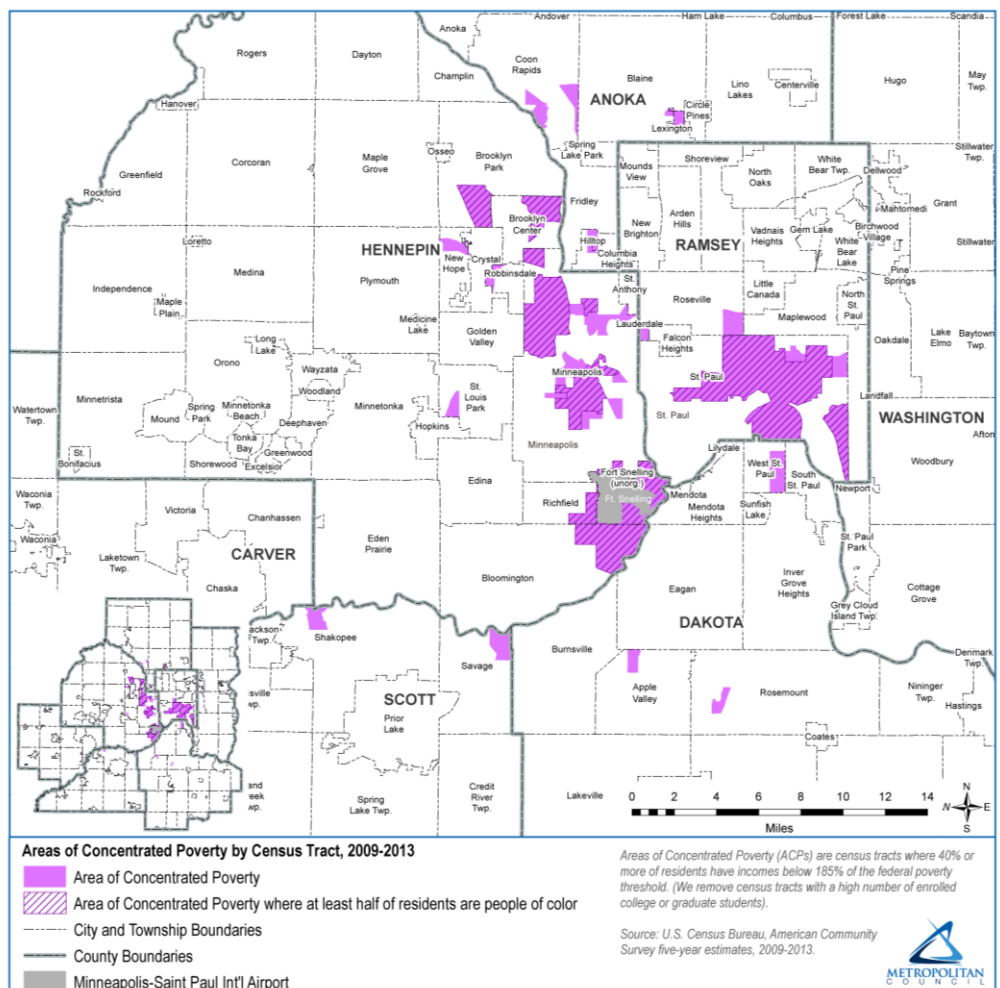
For more information, please contact us at research@metc.state.mn.us.

Areas of Concentrated Poverty datasets are available at datafinder.org.

Key findings

- The poverty rate in the Twin Cities region increased between 2000 and 2009-2013, going from 15.8% to 22.7%.
- Current census data show the number of residents in poverty in the region's suburban and rural areas is now greater than the number of residents in poverty in the cities of Minneapolis and Saint Paul combined.
- The number of Areas of Concentrated Poverty (ACP)—that is, census tracts where at least 40% of residents live in poverty—increased between 2000 and 2009-2013. Nearly 370,000 residents live in the region's Areas of Concentrated Poverty.
- Residents of color are overrepresented in the region's Areas of Concentrated Poverty. Eighty-two of the 112 Areas of Concentrated Poverty are majority people of color. Over 275,000 residents live in these neighborhoods.

Figure 1. Areas of Concentrated Poverty in the Twin Cities region, 2009-2013



The Twin Cities region is among the most prosperous regions in the U.S.—overall, our unemployment rate, home affordability and per capita income rank favorably compared with the 25 largest metropolitan areas ([pdf](#)). Even with these assets, the presence and growth of poverty across the region may undermine our economic competitiveness and prosperity. Since 2000, poverty rates in the region’s suburban and rural areas grew considerably. Further, poverty is increasingly concentrated in geographic pockets in our cities and suburbs alike. In particular, Areas of Concentrated Poverty may have an overarching impact on their residents such as reducing potential economic mobility and negatively affecting their overall health and well-being. As concentrated poverty expands, a greater share of residents may have limited access to the full range of opportunities available in the Twin Cities region.

Residents of color are more likely to live in the region’s Areas of Concentrated Poverty, which increases their exposure to the harms of concentrated poverty. Our recent regional forecast ([pdf](#)) indicates the number of residents of color will grow from 24% of the region’s population in 2010 to 41% by 2040. For our region to continue to thrive over the coming decades, we need all of our region’s residents—especially our residents of color who are driving workforce growth—to participate in and contribute to opportunity and prosperity.

Before we discuss specific poverty patterns, a few grounding facts about poverty trends in the Twin Cities region:

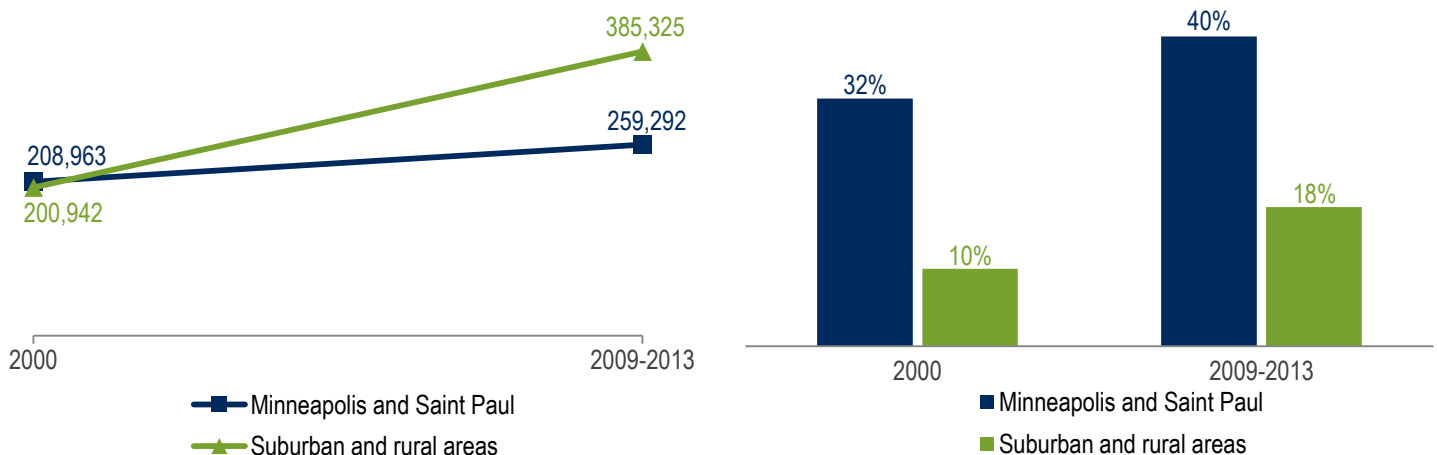
- In 2000, about one in six residents in the Twin Cities region lived in poverty (a poverty rate of 15.8%). By 2009-2013, the region’s poverty rate increased to 22.7%, or slightly more than one in five residents. Now, over 645,000 residents in poverty live in the Twin Cities region.
- The overall growth rate of the region’s population between 2000 and 2009-2013 was 8%. The growth rate of residents living in poverty over the same period was 57%.

Poverty across the Twin Cities region has spread and deepened

The landscape of poverty is changing dramatically. In 2000, the cities of Minneapolis and Saint Paul had slightly more residents living in poverty than the seven-county region’s suburban and rural areas combined (Figure 2, left). This geographic balance shifted between 2000 and 2009-2013: the number of residents in poverty living in suburban and rural areas now outnumbers the Minneapolis and Saint Paul total. Suburban and rural poverty increased by 92%, while poverty in Minneapolis and Saint Paul grew by 24%.

Poverty rates alone often hide this shift and can make the spread of poverty appear more geographically even (Figure 2, right).

Figure 2. Residents in poverty in the Twin Cities region

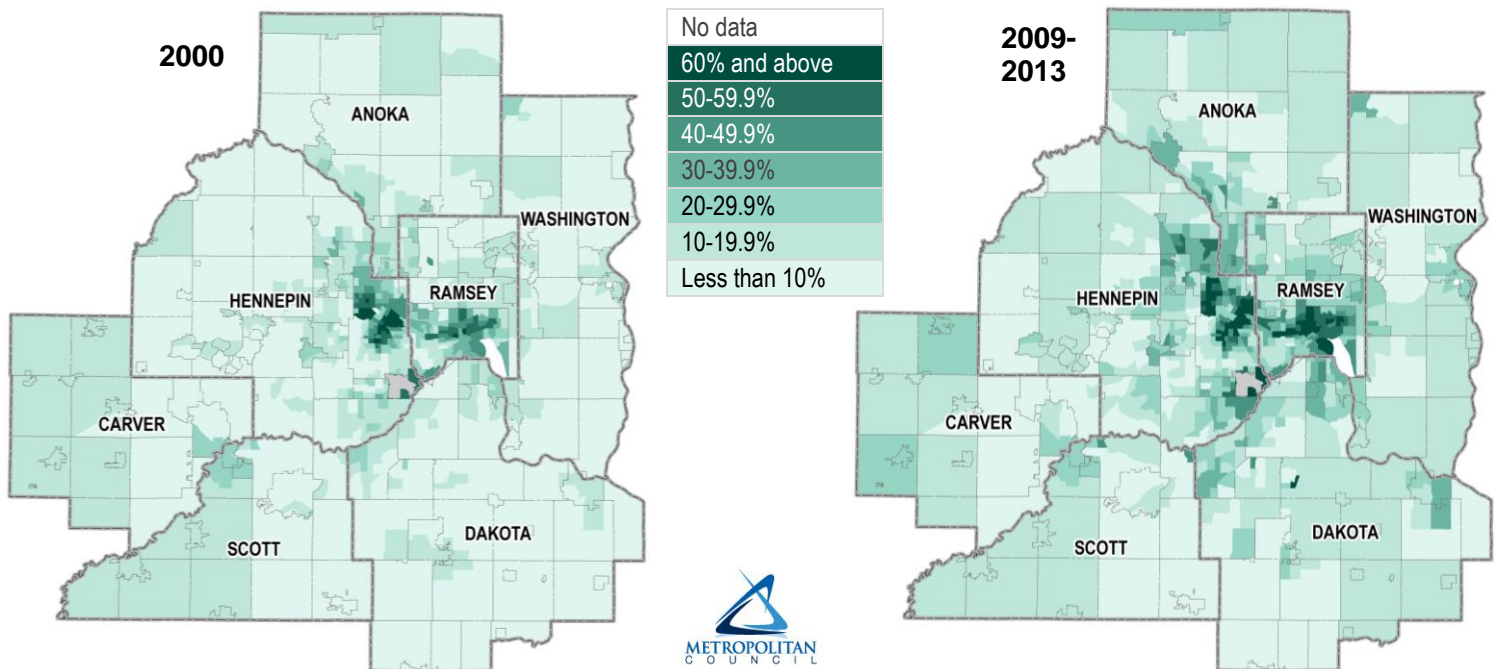


Source: U.S. Census Bureau, Decennial Census, 2000; U.S. Census Bureau, American Community Survey 5-year estimates, 2009-2013.

In addition to spreading to the suburbs, poverty became increasingly concentrated—meaning the share of residents in poverty within census tracts increased. Figure 3 summarizes this data in two ways. A visual comparison of the maps in Figure 3a shows more census tracts deepened in color between 2000 and 2009-2013, indicating their poverty rates increased. This is especially clear in census tracts within and surrounding the cities of Minneapolis and Saint Paul, including the eastern edge of Hennepin County, most of Ramsey County and northern Dakota County.

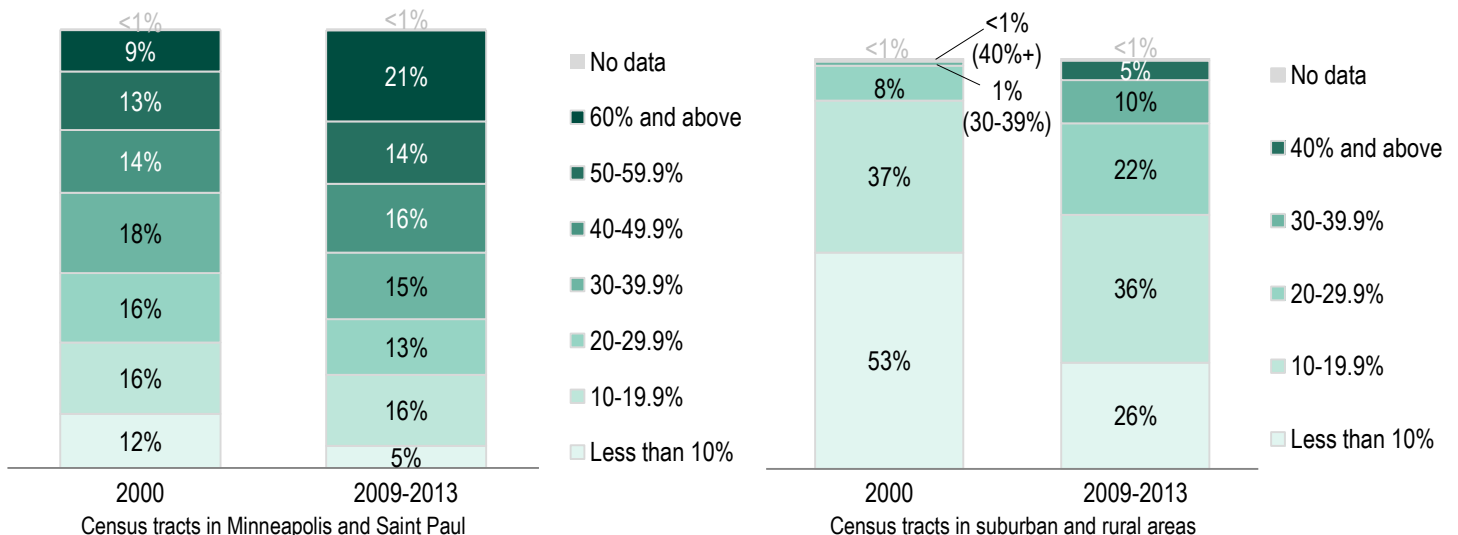
In fact, the share of census tracts at each poverty level did change across the region between 2000 and 2009-2013 (Figure 3b). Minneapolis and Saint Paul experienced a sizable increase in the share of census tracts with 60% or more residents in poverty. In suburban and rural areas, the share of census tracts with less than 10% of residents in poverty decreased by half, while the number of census tracts with higher poverty levels increased.

Figure 3a. Share of residents in poverty by census tract in 2000 and 2009-2013



Source: U.S. Census Bureau, Decennial Census, 2000; U.S. Census Bureau, American Community Survey 5-year estimates, 2009-2013.

Figure 3b. The share of census tracts by poverty-rate level



Source: U.S. Census Bureau, Decennial Census, 2000; U.S. Census Bureau, American Community Survey 5-year estimates, 2009-2013.

Identifying Areas of Concentrated Poverty in the Twin Cities region

Areas of Concentrated Poverty (ACP) are census tracts where 40% or more of the residents live with incomes below 185% of the federal poverty threshold. (We remove census tracts that met this poverty threshold but had a high number of enrolled college or graduate students.)

We identify Areas of Concentrated Poverty using the U.S. Census Bureau's American Community Survey (ACS). To calculate poverty rates and other demographic data at the census tract level, the Census Bureau combines five years of survey results. Generally, census tracts have about 4,000 residents and about 1,600 households. Even after consolidating five years of survey responses, the Census Bureau is estimating demographic characteristics on the basis of responses from a few hundred households. To recognize this, the Census Bureau provides a margin of error for each estimate within a census tract. For example, a census tract has a poverty rate of 33.8%, plus or minus 7.1%. In lay terms, there is a 10% chance the actual poverty rate falls outside this likely range—in this example, between 26.7% and 40.9%.

Figure 4 categorizes census tracts into three groups based on 2009-2013 American Community Survey data. It demonstrates how the interplay between the official poverty rate estimate and margin of error affects whether a census tract meets the 40% threshold.

Figure 4. Calculating Areas of Concentrated Poverty using American Community Survey data, 2009-2013

Definite Area of Concentrated Poverty

We are 90% confident these 79 census tracts are ACPs.

Official Poverty Rate Estimate is 40% or above	—	Margin of Error (6% on average)	=	Poverty rate remains 40% or above
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Probable Area of Concentrated Poverty

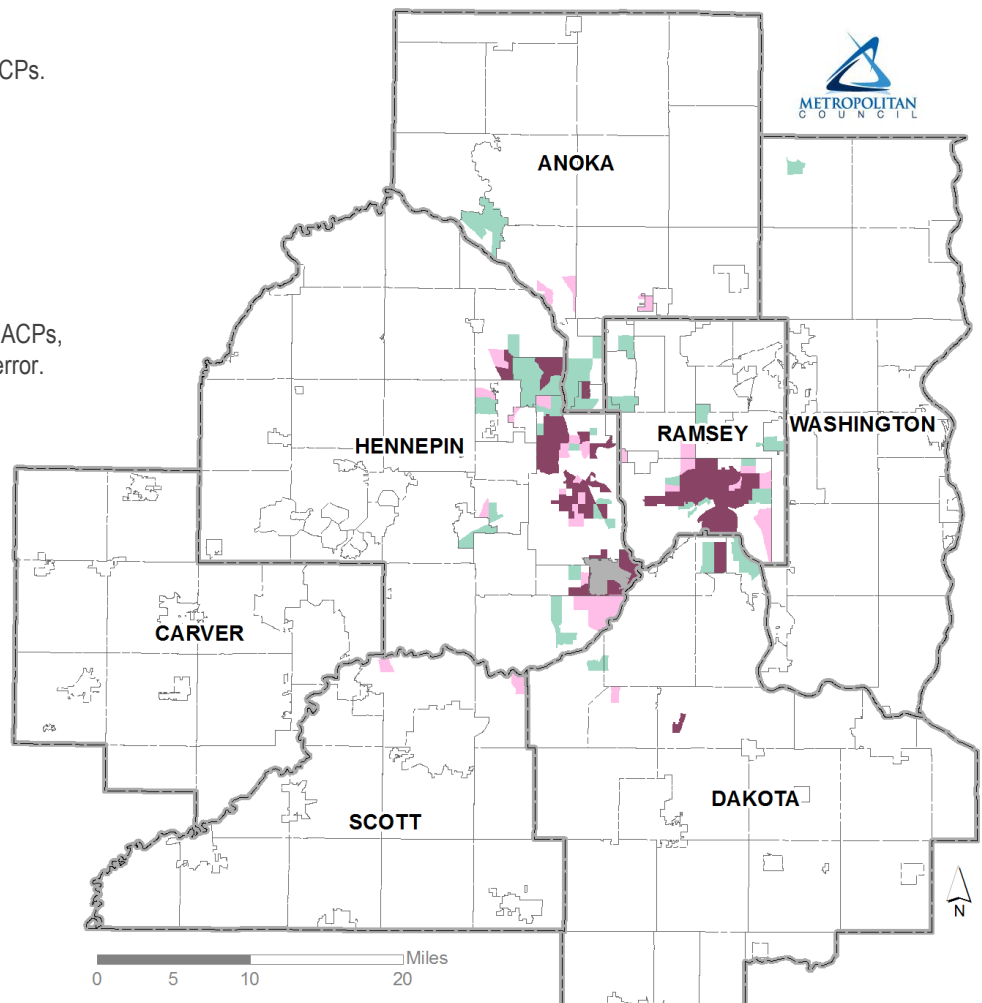
We are reasonably sure these 33 census tracts are ACPs, but we cannot be 90% confident due to margins of error.

Official Poverty Rate Estimate is 40% or above	—	Margin of Error (6% on average)	=	Poverty rate falls below 40%
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Possible Area of Concentrated Poverty

We do not consider these 52 census tracts ACPs but we recognize that they could be.

Official Poverty Rate Estimate is below 40%	+	Margin of Error (6% on average)	=	Poverty rate is now 40% or above
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Source: U.S. Census Bureau, American Community Survey 5-year estimates, 2009-2013.

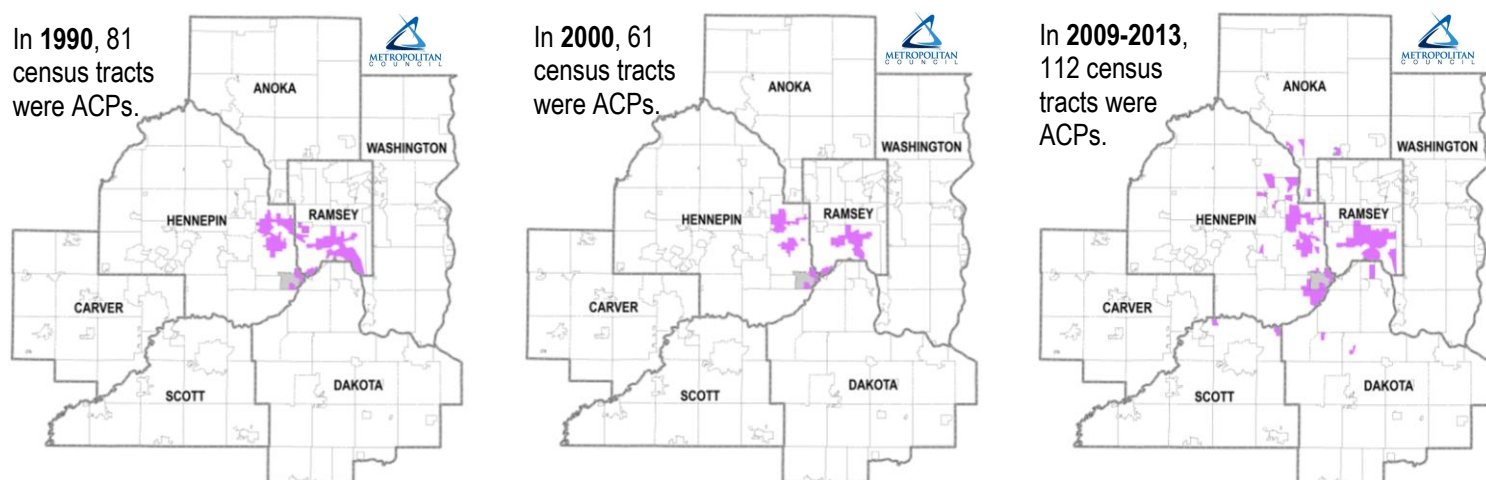
Areas of Concentrated Poverty boundaries are also imprecise because poverty rates do not change abruptly on either side of a street—often the boundary of a census tract. In fact, in many areas outside Areas of Concentrated Poverty, poverty rates are not dramatically different from the poverty rates within Areas of Concentrated Poverty, often hovering within a few percentage points of 40%.

Throughout this report, we group *definite* and *probable* Areas of Concentrated Poverty because the official poverty rate estimates in the 2009-2013 ACS data are 40% or above only in these two groups. *Possible* Areas of Concentrated Poverty have official poverty rate estimates below 40%. Areas of Concentrated Poverty identified in 1990 and 2000 are based on decennial census data and do not have margins of error to consider.

Growth of Areas of Concentrated Poverty

Figure 5 shows Areas of Concentrated Poverty in 1990, 2000 and 2009-2013. In 1990, we identified 81 census tracts across the region as Areas of Concentrated Poverty. Areas of Concentrated Poverty fell in 2000, dropping to 61 census tracts. This was largely the result of the economic upswing of the 1990s. Between 2000 and 2009-2013—a timeframe largely defined by the Great Recession—the number of ACPs across the region nearly doubled, going from 61 to 112 census tracts. In addition, Areas of Concentrated Poverty spread geographically. In 1990 and 2000, Areas of Concentrated Poverty were located in Minneapolis, Saint Paul and Fort Snelling. In 2009-2013, 22 cities across the region had at least one Area of Concentrated Poverty.

Figure 5. Areas of Concentrated Poverty in the Twin Cities region in 1990, 2000 and 2009-2013



Source: U.S. Census Bureau, Decennial Census, 1990 and 2000; U.S. Census Bureau, American Community Survey 5-year estimates, 2009-2013.

The share of the region's population living in Areas of Concentrated Poverty grew considerably between 2000 and 2009-2013, going from 7% to 13%, respectively. The region's population overall grew 12% between 2000 and 2009-2013, while the population living in Areas of Concentrated Poverty grew 113% over the same period. In 2009-2013, nearly 370,000 residents lived in Areas of Concentrated Poverty, double the number of residents living in ACPs in 2000 (about 174,000). This growth over the past decade—both in sheer numbers and in geographic spread—reflects the far-reaching effects of the economic downturn and the region's slow recovery, especially for residents already struggling financially.

How Areas of Concentrated Poverty are like—and unlike—other places

Certainly, people- and place-based diversity exists within and across the region's Areas of Concentrated Poverty. However, we summarize select demographic and housing characteristics for Areas of Concentrated Poverty as a

whole in Figure 7 to reveal some high-level ways ACPs are similar to—and different from—the Twin Cities region overall.

Figure 7. Select characteristics of residents and housing, 2009-2013

	Areas of Concentrated Poverty	Twin Cities region
Total population	369,974	2,889,547
Age (all residents)		
Under age 18	29%	24%
65 and older	8%	11%
Born outside the U.S. (all residents)	24%	11%
Language other than English spoken at home (age 5+)	35%	15%
Residence a year ago (age 1+)		
Lived elsewhere in Minnesota	21%	13%
Lived elsewhere in U.S. or abroad	4%	3%
Education (age 25+)		
Less than high school	22%	7%
High school diploma/GED and some college	55%	52%
Bachelor's degree or higher	23%	41%
Employment rate (civilians age 16-64 in labor force)	86%	92%
Household income		
Under \$45,000	60%	33%
\$45,000-\$74,999	20%	22%
\$75,000 and above	20%	45%
Residents in poverty	200,515	644,617
Tenure (all housing units)		
Owners	36%	66%
Renters	55%	29%
Vacant units	9%	5%
Average monthly rent (renter households)	\$811	\$979
Housing cost burden (30%+ of monthly income)	48%	33%
Housing types (all housing units)		
Single family detached	40%	59%
Multifamily (5+ units)	40%	24%
Townhome, duplex, triplex	19%	16%
Manufactured homes and others	1%	1%
Year housing built (all units)		
Before 1940	36%	15%
Between 1940-1979	45%	42%
Between 1980-1999	12%	29%
2000 or later	8%	14%

Source: U.S. Census Bureau, American Community Survey 5-year estimates, 2009-2013.

The age profile and employment rate of Areas of Concentrated Poverty do not differ greatly from the Twin Cities region (Figure 7). In contrast, the homeownership rate, residents' mobility, and the housing stock of Areas of Concentrated Poverty are quite different. Areas of Concentrated Poverty have more renters, more residents who recently moved into their current housing and much older residential buildings. Areas of Concentrated Poverty also have a higher share of households experiencing cost burden.

Residents in Areas of Concentrated Poverty are three times more likely to lack a high school diploma or GED (differences at higher education levels are less pronounced). The data indicate a larger immigrant presence in ACPs: the share of residents born outside the U.S. is double that of the region's, and a greater share of residents speak a language other than English at home. About a third (31%) of the region's residents in poverty live in Areas of Concentrated Poverty.

Areas of Concentrated Poverty are not simply census tracts—they are neighborhoods with unique histories and built environments that people call home. The fact that many residents living in Areas of Concentrated Poverty are low-income does not diminish the vibrancy or strength of these communities. Nonetheless, Areas of Concentrated Poverty are different from other places. Research consistently links high-poverty places to negative effects on people's physical and mental health. Studies also find living in high-poverty neighborhoods reduces the cognitive abilities of children, making them more likely to have lower incomes as adults than their parents, and more likely to live in poverty across generations.¹ For these reasons, Areas of Concentrated Poverty remain a concern. We promote a balanced approach that creates housing options that give people of all economic means choices for safe, stable and affordable homes; that invests in Areas of Concentrated Poverty and their residents; and

¹ See, for instance, Raj Chetty and Nathaniel Hendren's national research at <http://www.equality-of-opportunity.org>.

that improves how residents of Areas of Concentrated Poverty connect to opportunity.

Residents of color are more likely to live in Areas of Concentrated Poverty

People of color are more likely to live in Areas of Concentrated Poverty than white residents. In 2009-2013, one in three residents of color lives in an Area of Concentrated Poverty compared with only one in sixteen white residents (Figure 8). Four in ten of the region's black residents, more than one in three Latino residents, three in ten Native Americans, and nearly three in ten Asian residents live in Areas of Concentrated Poverty. Overall, people of color are 62% of all residents living in Areas of Concentrated Poverty compared with 24% of all residents living in the region as a whole.

People of color face race-specific barriers that can limit housing choices outside of Areas of Concentrated Poverty.² As a result, people of color are more likely to live in Areas of Concentrated Poverty, which increases their exposure to the harms associated with high-poverty areas.

Figure 8. Race and ethnicity of residents living in Areas of Concentrated Poverty compared with the Twin Cities region, 2009-2013

	Share of regional total living in ACPs	Areas of Concentrated Poverty		Twin Cities Region	
		Number	Percent	Number	Percent
White, Non-Latino	6%	141,083	38%	2,189,398	76%
Black, Non-Latino	40%	96,083	26%	237,941	8%
Latino	34%	58,892	16%	171,415	6%
Asian, Native Hawaiian and other Pacific Islanders, Non-Latino	28%	52,979	14%	191,518	7%
Native American, Non-Latino	30%	4,829	1%	15,870	1%
Race not listed above or multiracial	19%	16,108	4%	83,405	3%
Total	13%	369,974	-	2,889,547	-

Source: U.S. Census Bureau, American Community Survey 5-year estimates, 2009-2013.

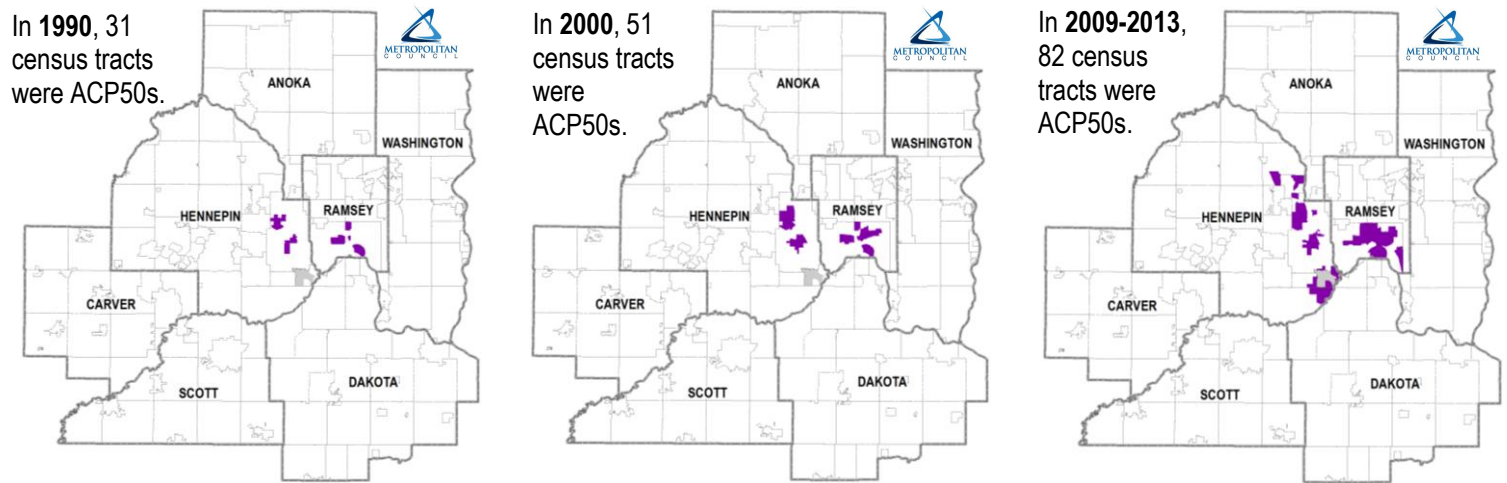
Given the overrepresentation of residents of color in Areas of Concentrated Poverty, a substantial number of these census tracts are also places where the majority of residents are people of color. We refer to this specific subset of Areas of Concentrated Poverty as Areas of Concentrated Poverty where at least half the residents are people of color. Eighty-two of the 112 census tracts identified as Areas of Concentrated Poverty are majority people of color.

Areas of concentrated poverty where at least half the residents are people of color are longstanding

Figure 9 shows Areas of Concentrated Poverty where at least half the residents are people of color in the Twin Cities region over the past three decades. The number of Areas of Concentrated Poverty with at least half their residents being people of color increased each decade—a distinct difference from Areas of Concentrated Poverty overall. Unlike other Areas of Concentrated Poverty, those with a majority of residents of color are not as responsive to economic conditions. For example, in 1990, 31 of the region's 81 Areas of Concentrated Poverty were majority of people of color. As we saw earlier, by 2000, the number of Areas of Concentrated Poverty fell from 81 to 61 census tracts. Yet, in 51 of those 61 Areas of Concentrated Poverty, over half the residents were people of color. Race plays a role beyond income alone in perpetuating the region's Areas of Concentrated Poverty.

² For a detailed discussion, see [Choice, Place and Opportunity: An Equity Assessment of the Twin Cities Region](#) (Metropolitan Council, March 2014).

Figure 9. Areas of Concentrated Poverty where at least half the residents are people of color (ACP50s) in 1990, 2000 and 2009-2013



Source: U.S. Census Bureau, Decennial Census, 1990 and 2000; U.S. Census Bureau, American Community Survey 5-year estimates, 2009-2013.

In 2000, just under 150,000 residents lived in the region's Areas of Concentrated Poverty where at least half the residents are people of color. This increased 84% by 2009-2013. Now, just over 275,000 residents live in Areas of Concentrated Poverty where at least half the residents are people of color. Of residents living in Areas of Concentrated Poverty where at least half the residents are people of color in 2009-2013, 58% were residents in poverty, a much larger share than in Areas of Concentrated Poverty overall (33%).

Racially discriminatory practices—historic and current—such as predatory lending, foreclosures, limited prime mortgage lending, and racial steering maintain Areas of Concentrated Poverty where at least half the residents are people of color and deprive their residents of opportunities to build individual wealth through homeownership and property values. These practices strengthen the ties between poverty and place, and keep residents disconnected from opportunities available to other residents of the region.