

A VOICE for the Reduction of Poverty

A VOICE

... for the Reduction of Poverty in Nashville and Beyond

QUARTERLY NEWSLETTER

A VOICE (www.nashvillevoice.net/) is a coalition of Nashvillians interested in the reduction of poverty in Nashville and beyond. Through research, study, newsletters and public forums we educate ourselves and our membership about issues related to poverty and call on policy makers, locally and nationally, to support specific measures that lead to its reduction.

- If you are not yet a member of **A VOICE**, or if you know of others who might want to be, please use/share the following link to join our ranks: www.nashvillevoice.net/join-us.html.
- For information about **A VOICE** please contact co-facilitators Avi Poster (aviposter@comcast.net) or Marsha Edwards (medwards@marthaobryan.org)
- Please feel encouraged to broadly share our newsletter

AFFORDABLE AND EQUITABLE HOUSING FORUM

As the mayoral race heats up, it has become clear that affordable and equitable housing is at or near the top of the wish lists of most Nashvillians. However, for the pleasant, safe and economically mixed neighborhoods that Nashvillians desire to become a reality we need to act now. Please join us for an **Affordable and Equitable Housing Educational Forum** and a community call-to-action on **March 16 at 5:30pm at the Martha O'Bryan Center** (711 S. Seventh Street). A VOICE will report on the state of affordable housing in our community and explain the two positions related to affordable housing that it has adopted and is aggressively promoting (<http://www.nashvillevoice.net/position-papers.html>).

Position 1 – The Barnes Housing Trust Fund

Housing trust funds are among the most well tested strategies for increasing affordable housing, with nearly 700 hundred funds already established in cities, counties, and states around the country. Nashville's Barnes Housing Trust Fund is inadequately funded at this time. To be useful to our city, the fund needs to be expanded and needs to be supported by dedicated municipal funding streams rather than the unpredictable annual general fund budgetary allocation it currently depends on.

Position 2 – Mandatory Inclusionary Zoning

Mandatory inclusionary zoning is widely used by governments to provide cities a broad range of housing options. Inclusionary zoning encourages construction and/or renovation of affordable housing, mixed-income developments and socio economically diverse neighborhoods.

THE AFFORDABILITY PROBLEM

Surveys of thousands of Nashvillians landed housing affordability as the top-ranked concern. In response, Vanderbilt researchers detailed the shortage of housing and the displacing impact of gentrification.

- Nashville needs 1,500 additional affordable units each year to meet new demand.
- 77,000 households below median income are spending more than 30 percent of income on housing.

- An additional 27,000 live in public or subsidized housing, with thousands more on waiting lists.
- Gentrification, of the displacement of low-income residents, was documented in the 12South neighborhood, where housing costs rose 269 percent from 2000 to 2012, while the black population fell by 58 percent.

Source: “Equitable Development” data compiled by Vanderbilt doctoral student Amie Thurber

NASHVILLE FINANCIAL EMPOWERMENT CENTER

The Nashville Financial Empowerment Center is an innovative program and service that provides free, professional financial counseling to Nashvillians citywide. The Center, with locations around town, helps Davidson County residents reduce debt and build assets through free, one-on-one financial counseling incorporated into existing services offered in the city.

Since opening in March 2013, the centers have helped 2169 clients and held more than 6645 individual counseling sessions. To date, clients have reduced their individual debt by over \$1.1 million and increased their savings by over \$300,000. In 2014, the Center helped 71 people open safe and affordable bank accounts. 74 clients have reduced their personal debt by greater than 10%. 54 clients have increased their personal savings by over 2% of their annual income. 59 clients have maintained a regular savings habit over at least 3 months. The Nashville Financial Empowerment Center is a program of the Office of Mayor Karl Dean in partnership with United Way of Metropolitan Nashville. Nashville is one of five cities that have received funding through Bloomberg Philanthropies' investment in the Cities for Financial Empowerment (CFE) Fund. For additional information contact Erik Cole (Erik.Cole@nashville.gov).

THE NEGATIVE EFFECTS OF CONCENTRATED POVERTY

A VOICE’s two positions related to housing (solidifying the Barnes Housing Trust Fund and promoting Inclusionary Zoning) are based on their potential to reduce the concentration of poverty in our city. Why is this important? Because concentrated poverty in isolated neighborhoods specific neighborhoods undermines the social cohesion of our city and negatively impacts on the lives of our citizens.

When poverty is concentrated rather than dispersed, people of different backgrounds are less likely to go to school with each other, and work or live near each other. Political and societal divisions are solidified. A city’s ability to solve problems is limited because it becomes difficult for citizens’ to find common ground across races, religions, and other differences. The potential for misunderstanding, distrust and negative assumptions increases and tension and unrest become more likely. In 2008, the Federal Reserve System and Brookings Institution produced *The Enduring Challenge of Concentrated Poverty in America*, a definitive work that found that large numbers of low-income and low-skilled households living in the same place makes a *community less attractive to investors, employers, and business location advisers ... limits the availability of local amenities, job opportunities, and quality housing options ... diminishes economic opportunity by creating a spatial mismatch between neighborhood and employment centers (especially when coupled with transportation challenges).*

According to this report:

- Concentrated poverty inner-city areas have higher rates of crime, except for violent crimes.
- Children who grow up in areas of concentrated poverty are at greater risk for school failure and dropping out of school.
- Lack of business competition and higher costs of doing business in poor neighborhoods can cause increased prices for basic goods such as food, car insurance, utilities and financial services so that poor residents pay more than those who shop in middle- income areas.
- Low workforce participation in distressed neighborhoods often removes citizens from informal networks that often help workers find better jobs. Some employers stigmatize high-poverty locations and are reluctant to hire residents.
- High-poverty neighborhoods may include challenged schools, higher premarital childbearing and increased likelihood of incarceration.
- In poor areas, neighborhood peer groups can promote adolescent involvement in drug use or criminal behavior.

- Residents of concentrated poverty areas are more likely to have health problems related to unsafe housing, high crime, lead paint, and pollution, but the quality and type of care may be diminished.

CONCENTRATED POVERTY IN DAVIDSON COUNTY

Despite the above findings, poverty in Nashville is largely concentrated in select neighborhoods. According to the American Community Survey by the U. S. Census Bureau, 18.9% of Davidson County’s 648,000 residents (122,472 people) live in poverty. The large majority of those who live in poverty are disproportionately concentrated in ten (out of 161) Davidson County census tracts in which more than 50% of residents live at or below the poverty line.

http://www.nashville.gov/Portals/0/SiteContent/SocialServices/docs/plann_coord/maps/PovAllPeopCensusTkCounDist-ACS-2008-2012.pdf

IT IS EXPENSIVE TO BE POOR

Earlier this month, the Pew Research Center [released a study](#) that found that most wealthy Americans believed “poor people today have it easy because they can get government benefits without doing anything in return.” This is a narrow and uninformed view of what it means to be poor in this country held largely by those who have not known — or have long forgotten — what living in poverty truly means. According to the US Census Bureau, half of Americans are poor, or just on the edge. Fifteen percent (46.5 million) are in poverty, while **“half of Americans are in or near poverty.”** On top of that **76% of Americans are living paycheck-to-paycheck.** For these people, being poor in America is anything but easy. Not only do you have less money to get by with but also everything you need costs more ... both relatively and literally. The reality is that people with less spend a much higher proportion of their income on basic needs leaving little for discretionary spending.

- An estimate 11 million Americans work but do not earn enough to move out of poverty.
- Low and moderate-income households spend 42 percent of their annual income on transportation as compared to middle-income households who spend less than 22 percent of their annual income on transportation.
- Many poor people live in areas where public transportation isn’t readily available and can’t afford to own a car.
- Lack of transportation is further limiting because most economical grocery stores are typically not located nearby. Many poor people must shop at higher-priced general/corner stores rather than travel to large supermarkets located outside of their communities.
- The poor are more heavily taxed than wealthier citizens. According to an analysis by the Institute on Taxation and Economic Policy the poorest fifth of Americans will pay on average 10.9 percent of their income in state and local taxes while the top earners will average 5.4 percent.
- Meeting payments, long travel times, long work hours, not enough income, denial of government assistance, and other problems are daily stressors for the poor, and increase their risk of physical and psychological problems.

<file:///Users/aviposter/Desktop/LATEST%20For%20Newsletters/How%20Expensive%20It%20Is%20to%20Be%20Poor%20-%20NYTimes.com.webarchive>

PREDATORY LENDING

Payday lending and predatory banking practices threaten people in need, who may seek loans from both conventional and unconventional sources to cover everyday expenses and then become overwhelmed by exorbitant fees and accrued debt, forcing them to borrow even more. When low-income people are “unbanked” (not served by a financial institution), they may spend 2.5 to 3 percent of a government benefits check and between 4 percent and 5 percent of payroll check just to cash them.



Unbanked people spend money on purchase money orders to pay routine monthly expenses as well, so that a household with a net income of \$20,000 may pay as much as \$1,200 annually for alternative service fees, substantially more than the expense of a monthly checking account. When low-income people become affiliated with a bank, they may be expected to pay steeper rates for loans and higher fees on basic checking accounts than other customers due to perceived loan risk.

A VOICE remains vigilant about the problems created by unscrupulous lending practices and will actively raise its voice in support of practices to reduce the exposure of vulnerable individuals to unscrupulously banking practices. We are very proud of the work being done by the Nashville Empowerment Center to educate our citizenry on best financial practices. Locations are spread through our community and counselors are available to help people in need make the best possible financial decisions.

http://www.nashville.gov/Portals/0/SiteContent/MayorsOffice/FEC/FEC-trifold-Color_FINAL.pdf

EDUCATION AND POVERTY

While neither poverty nor wealth guarantee one's destiny just as some heavy smokers never suffer from lung disease, the link between school success and poverty cannot be denied, with a near-perfect correlation between academic achievement and economic disadvantage, suggesting the power of education in breaking the cycle of poverty.

A VOICE supports policies, programs, and practices that address the particular challenges that poor students bring with them to school. Children from low-income families need and deserve the kind of education-enriching experiences and resources that are the norm for advantaged children. School-based health and nutrition programs, after-school and summer programs, early childhood programs, high quality facilities and teachers, parental support and education, restorative justice practices, extended day and summer programming and high quality neighborhood schools that serve as community hubs should be the norm in our city, so that the doors of our schools are open to community service, recreational, and adult education opportunities in the evenings and on weekends. In this way, our schools can train students for the art of living while they serve as the heart of our communities.

<file:///Users/aviposter/Desktop/LATEST%20For%20Newsletters/Coordinated%20services%20for%20parents%20and%20their%20children%20key%20to%20breaking%20cycle%20of%20poverty%20%7C%20News%20%7C%20The%20Kr.webarchive>

THE SUBURBANIZATION OF POVERTY . . . A NASHVILLE AND A NATIONAL TREND

In a New York Times column, Nashville Scene Editor Steve Haruch shared with the nation his growing fear of "gentrification selling out Nashville's soul." In his column Haruch noted that the rapidity of Nashville's housing metamorphosis "has shocked both local observers and longtime residents" because while Nashville "built a 78-mile, sprawl-inducing ring highway instead of investing in mass transit; built not one but two massive stadiums downtown; spent a half-billion dollars on a convention center the size of an aircraft" the cost of housing zoomed. Haruch pointed out that, according to Zillow, in the midst of a downtown development boom Nashville apartment rents increased 18 percent since 2009 and home values increased 9.1 percent in the last year alone. Haruch went on to note that the impact of rapid growth in city center has pushed longtime residents out of East Nashville neighborhoods like Cleveland Park, known for its concentration of older residents relying on fixed incomes, and working-class families in neighborhoods like Germantown and Hope Gardens for farther-flung, more affordable housing on the outskirts of the city.

What is happening in Nashville reflects a broader national trend: the suburbanization of poverty. As middle and upper middle class, higher-educated, higher-income individuals flock to urban centers, lower-income residents are forced into suburban neighborhoods that offer limited job opportunities, sparse transportation options, and limited social assistance and limited access to medical services.

<http://www.nytimes.com/2014/12/05/opinion/gentrification-is-threatening-nashvilles-soul.html>
<http://time.com/3060122/poverty-america-suburbs-brookings/>