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Perpetuating the Poverty of Place
Bruce D. Haynes & Jesus Hernandez, University of California, Davis

Welcome. You are listening to a UC Davis Center for Poverty Research conference podcast. I'm Lisa Pruitt, a Center faculty affiliate and the organizer of our November 2014 Poverty and Place Conference. This conference brought together scholars from across the social sciences to present and discuss new work on how space and place inflect various dimensions of poverty.

In this presentation, Jesus Hernandez and Bruce Haynes discuss their work on the role of development in today's poverty and segregation in Sacramento County. Hernandez is a lecturer is sociology. And Haynes is an Associate Professor of Sociology at UC Davis.

>> We use a mix of qualitative and quantitative data, and we hope to illustrate for you today how race has factored into the equation of perpetuating poverty in particular spaces in the Sacramento area.

It started with preliminary observation, qualitative work, historical work on the ground, looking and noticing that the places with high concentrations of poverty in Sacramento were also the places with high concentrations of non-white people. So we wondered, what is the role of racial segregation perpetuating neighborhood poverties and impoverished neighborhoods.

We hope to show that the reproduction of segregation is key to understanding the reproduction of concentrated poverty in particular neighborhoods. Jesse's gonna walk us through some history, talk about how racial spaces in Sacramento were transformed from places of social and economic exclusion to places of economic and capital extraction.

Now scholars have tended to trace the role of estate and the real estate professionals in making segregated spaces. And they've called this different things. I've actually called this racially defined residential space. Inglesina has called this racial spaces. Ford has referred to this as racially identified space. And we are going to argue in part that since so much poverty is often measured looking at individual and family characteristics, there tends to be an exclusion or an avoidance of looking at the environment factors like structural forces rather than family structures and culture.

So we're going to argue today that poverty is really a neighborhood level event, not simply an individual level event. And we're going to make the case that fragile neighborhoods help create fragile families, and that racial spaces help construct the conditions and shape trajectories of both families and individuals.

So we're going to use multiple data that's going to highlight a particular neighborhood in South Sacramento, the Glen Elder neighborhood. And show how race has shaped poverty, unequal development, as well as look at sort of the prospective future of economic investment within these neighborhoods to see what's likely to come down the road.

So let's turn over to Jesse.
>> So what we're really trying to get at is this connection between race and economic action. Because ultimately, that leads to poverty. And so how do we shape these spaces where all this poverty is concentrated? And how do these spaces impact the distribution of social goods?

In other words, how does race really impact the marketplace? We know market preconditions are very concrete. You have buyers, and you have sellers, and you have property rights, and you have information that guides you on how to exchange in the marketplace. And of course, we have access to capital.

And when you intervene on those four market conditions, your market becomes skewed, and when those interventions have racial implications, your market produces racial outcomes. So first, we want to show how these racial spaces take form. And during World War I when there was this big shift and movement in population across the United States, people began to panic because now we saw a lot of blacks moving from the south, and we saw a lot of Mexicans moving to the Midwest.

But we had them building all our trains and everything like that, and our transportation system started developing. And so now you see this migration of a lot of non-white people up north making people feeling very uncomfortable. So our friends at the University of Chicago got together and developed some guidelines for how these neighborhoods are shaped, and how race is actually related to value.

And so what you see now is a page from a book from a guy named Homer Hoyt who's a very famous appraiser, who's an economist at the University of Chicago, and he does us the very nice favor of listing ethnicity by its impact on property values. And I'm still grumpy about number ten myself.

>> So that you could see at a very young part of our growing, our cities are growing, our nation is growing. We are very much race minded, and so these appraisal techniques were ways that the National Association of Realtors justifies the use of racial convenance which restricted non-white residency.

And so our friends from the National Association of Realtors along with Homer Hoyt, they actually become the first administrators of the new FHA, the Federal Housing Administration, to get us out of the depression, reboot our mortgage industry, and get housing going. And so the first thing they do is they go out to every city, every major city in the United States, and they look to see where the risk is of loaning to people.

And the unfortunate thing given Homer Hoyt's background is that risk had much to do with color. And if you look at this, this is one of the actual coding sheets that the appraisers used when they went out to cities to look at where the risk was in the neighborhoods.

And we actually, this is like from the Archives Museum over Silver Spring, Maryland. Some friends of mine went down there and scanned all this stuff, which was really nice. And you can't make this up. So if you look at this coding sheet here, at the top, you see, they're looking for ethnic groups, foreign families, nationalities, Mexican.

We may even have a special box for negro. And right below that, it looks like what are the conditions of the neighborhood? It says, many Americans born, impossible to differentiate. Infiltration of goats, rabbits, and dark-skinned babies indicated. This is how vicious this is and embedded into how we created our cities.

And it has a lot to do with the stigma that we carry today. Because I'm a real estate broker and I'll tell you, the first thing people look at is schools and where the colored people are because that creates value. So these are the forms that we were using to code where the risk is.

And you'll see at the bottoms in these description of the area. It says, this is an extremely old Mexican shack district which has been as is for many generations. Like the army mule, comparing to an animal, no less It has no pride of ancestry, nor hope or posterity.

It is a typical and tropical countryside slum. So this is how we're ranking our cities. We're ranking the neighborhoods, but we're gonna drop off our mortgages. So some things we know about Roosevelt's New Deal. Not a fair deal, a new deal. Grace convenance allows where a condition of loan approval.

Because we're taking these folks from the National Association of Realtors and they're becoming the underwriting. They're writing the guidelines for loan approval here. So it halts the flow of capital in neighborhoods. Racially integrated neighborhoods cannot get loans. And so you've seen how these housing policies all of a sudden warps all these conditions for markets to function.

So, we racialize, this intergenerational racial neighborhood formation, and so the map you seen here is actually the redlining for the 1930s and for Sacramento. And you can see on the northwest corner it's a little neighborhood called the West End which is now our downtown business district where the Capital is, right?

And so, because of these covenants and because of this redlining, 80% of the minority population of Sacramento was in that corner. And because there's no capital running through that neighborhood, it becomes the sitting duck for redevelopment. And so now you're moving entire ethnic groups out of that neighborhood.

And where are they going to go? Because we have race covenants. And so now you have these racial tensions moving through the whole city, right? You've got this pool from the south from the Prosetto Act, right? Because we need Mexicans to pick crops because we locked up all the Japanese in our infinite wisdom there.

>> We have this realtor gatekeeping, we've got appraisals that say no value if you have minorities in your neighborhood. Redevelopment evicts all of these entire ethnic enclaves from the area. In the meantime you've got these civil rights movements that are starting to pop up, and you got a new non-white middle-class population who are getting state service, who are working in the military sites.

Because that was another drive, or pull to the city, was three military installations. And military installations was one of the only places where non whites can get a decent job. In the meantime, we're moving up to the 60s and you've got all of these schools segregated, so the feds come in and says, hey you've gotta desegregate your schools.

Which means now you're moving all of these people to white neighborhoods. So you've got this tension with police and we've got the race riots going on. And in the meantime you're shifting all of these wealth and infrastructure to the suburban space to escape all of this. Then you have our neighborhood of Glen Elder, Sacramento's most beautiful interracial subdivision.

And this area was created specifically to divert the new, non-white middle class into their own neighborhood. This was the only neighborhood that a minority can get an FHA loan in Sacramento, the only neighborhood. So you see how we're shifting these people into particular places. And, this is what we're talking about, how racial space shifts.

By the time 1970 rolls up, we start seeing the effects of redlining, of race covenants and of shifting people to certain neighborhoods. I don't know if you can see this, but, at the bottom, this is basically the population of the northeast quadrant of Sacramento in 1970. There was only, out of 200,000 people that were living there, it was only 1.5% non-white.

Race covenants work and they last over time. It was less than one-half percent black. So we've shaped our neighborhood. It's cut in stone. And so what I did here is I looked at every census tract that had race covenants and identified them. And you'll see that it has this west to east geography.

And then I looked at all the neighborhoods that were redlined. Couldn't get any mortgages up until 1970s. And you'll see this X. East to west the capital flows. North to south nothing flows. We can measure every social ill in this city today by this geography and this is where the fun starts.

We can measure where the colored people are. North and south, Latinos, African Americans. And we can measure poverty. The exact same geography. And we can measure who doesn't have healthcare insurance, north and south. And we can measure life expectancy, that light gray area. Like Dirty Harry that shows up in the middle that goes north to south.

And we can measure where all of our environmental hazards are. This is the CalEnviroScreen map that is critical to how cap and trade dollars in California are gonna be distributed. Cap and trade is, we are allowing folks who can pollute a lot to purchase pollution credits. And all that money is supposed to go into transforming neighborhoods, and the neighborhoods that qualify for this have this combination of demographics and environmental hazards and so the darker the space you can see where all the problems are.

The green the space you can see where the problems are not. And funny it takes that same geography we've been talking about. If we look at subprime loans, the actual work that triggered this research, if we do it by z-scores, you can see that same geography. Subprime loans.

The more minorities in the census track, the more subprime loans you get. Notices of default. You'll look notices of default because that's where all the ugly loans are. And if you look at it, in less than 2 years all the defaults in 2006, 80% of them happened in less than 2 years.

Which means you had some very ugly loans in some very bad spaces. And if you look where the defaults are, it's that same geography by the way. So we want to measure this, our hypothesis here is that this is random. This is an accident. And so we wanna test this randomness, and so we do this autospatial correlation test to test the randomness.

We're not testing causation. We're not testing predictability. We are testing randomness, okay? And so we use this Global Moran's Index. That indicates that measures events from census track to census track to see how closely they're related. And so if you look at the Z scores here, anybody knows about Z scores, we're way at the end, okay?

Which means we're less than 1% the likelihood that these clusters are random. I mean it is very clear that these are not random events. So that's the baseline for economic action in Sacramento. That racial space, okay. And so now we want to get into how the public investment reinforces these patterns.

The actual transactions where the public funds flow that help to reproduce segregation and poverty into the same places. And so we look at uneven development and we look at the shifting of capital. And where's all this money gone? Cuz one thing I learned in the sociology program here at Davis, two things.

You look at structure, you look at process and you follow the money. And we're going to do both today. So in order to look at South Sacramento we use the system of triage. We look at social goods, the basic social goods that it takes for a family to operate, for a neighborhood to function well.

It's education, employment, health, wealth, housing. All of these things are important and they're interdependent. They're connected at the hip. If one goes bad, they all go bad. And what connects them is those blue lines we call infrastructure, soft and hard infrastructure. The social, the physical, economic, environmental, broadband, streets.

The financial structure that is used to pass out funds. Soft and hard infrastructure. And this is what we look at. And what we started finding out, is that public investment does a lot of bad things. To build the arena over on the, Upper, what side is that, Left Side for you guys?

Up on that Upper Left Side. Those are little cottages for the homeless with solar panels on them. They are green right? The problem is that they wanted to plan it right on the business district which 75% of the mixed population shop. Because it's good, we need to put them somewhere.

And you people help people. You people know how to do this, right? Next to it is a gas field area that was initially designed to store 8 billion cubic feet of natural gas under the neighborhood of Glen Elder. Which is probably about almost 90% not white. The public utility company wanted to use it as a means of arbitrage.

Buy the gas low, store it, sell it when it's high. So you wanted to use it almost like a balloon underneath the neighborhood. They just had 8 billion cubic feet of gas. Which is a really safe thing to do in your neighborhood, right? Okay. And now, what does it do?

It changes the way the market works. It changes the prices in your homes, your values, right? Who wants to live there? You skew the marketplace. Okay and just south of, just on the bottom of those little cottages, is a site where they wanted to put a Federal Parolee Re-entry Program.

In the worst possible neighborhood, where you have the highest crime, the highest gun activity, the highest gang activity, the highest everything activity and that's where you want to put a Federal Parolee Re-entry Program when that's the neighborhood that you want to reboot. Not the job cluster we're looking for.

And then we got school closures. And school closures are important because schools have a lot of money. Schools are not about educating people. Schools are about moving money around. And we can see that in South Sacramento, the schools that were closed were basically 93% non-white enrollment. And they just so happened to be in that same neighborhood of North-South, right?

This is persistent. This is intergenerational. So when we're talking about capital shifting here, we'd look at how the schools that they kept open despite the inefficiency that they were, they were basically places that had racial covenants. They'd use programs as a way to protect them. Choice school where they don't have enrollment boundaries.

So now anybody can go there, right? So in these neighborhoods you will see that it's basically about 20% non-white. The student enrollment was over 80% non-white. So, you're pulling from other neighborhoods to keep these schools afloat because you don't wanna close these schools. Nobody likes a closed school and this is not where your future case load is coming from because, in these neighborhoods, the average age of women was over 47.

They're not making more babies, but, in the neighborhoods they're pulling these students from, the average age is 29. Where are the students coming from? And what color are these students? Okay, now, the school closures become important, because in California, we've just moved to a local control funding formula that basically focuses school funds on the most disadvantaged.

On those that don't speak English, on those that are disabled, in foster care. And we give them more of a boost, so the schools can pay more attention to them and put more, and give them more resources and give more training for the teachers, right? And so the very neighborhoods that drive this kind of financial thinking, we closed those schools and pushed that money to the areas that have the race covenants.

And matter of fact, $8.6 million shifted from those areas into white neighborhoods. That's a huge shift for a local school district. And so it really dismantles the concept of the community school. You can walk to the school and drop off, and everybody is watching your kid, right. The eyes on the street, and it takes a village, right?

Well, I'm not sure which village is watching our kid now, okay. And so it stunts the growth of minority neighborhoods, because schools are economic engines. Schools are important to the vitality of the neighborhood. Okay, so that's one example of capital shifting. I want to get into transportation. It's a big thing right now.

It's also the lifeblood of any neighborhood, of any city. So right now in California, we're doing these things called transit oriented development. And transit oriented development is supposed to be an event. An event that drives the economics of a neighborhood of a community, right? And it's supposed to be an event that has this mix of office and commercial and transits and Starbucks and residential areas, and parks and safe places to be, and that's what you want, right?

And because you want your schools near there, and you want your transit near there, and you want your jobs there, it's supposed to reduce greenhouse gas emissions and supposed to be green, right? This is what we want. So let's do a comparison and right now I want to focus on the level of urban planning that one neighborhood gets and the level that another neighborhood does not get.

So I'm going to compare, like real stations. In South Sacramento, the neighborhood we're working in, with Folsom, the city of Folsom. We took these pictures on the same day. And I get off the light rail line at station in Folsom. And I got nice places to eat and I'm ready to go shopping.

I got my outlet right there. I got a safe place to shop. I can put my kids there. No issues, no gangs, no graffitis. It's safe, it's what I want. And if my kid gets lost, I can go to the visitor center and pick them up right next door.

I've got places, and mortgages, and things like that. I've got business happening, and I can walk to the next place, or ride because I need to lose weight. And Fortune 500 companies are there, and I've got a nice campus to look at, and it's green, and I've got ducks there.

>> And this is what we're looking for, right? And across the street I've got nature paths and I've got recreation sites and because we trust these people they can register themselves.
>> Okay. And we ride through the bikes and I wind up at the same place. Right were I just first started.

And this is what we want. This is the kind of sustainability. This is the kind of development we want and it brings everything there. Okay. Now I go to South Sacramento. And where's my vent? Where is it? I'm looking.
>> This is the difference in planning. This is the difference.

And when you plan differently like this, your capital shifts differently. It doesn't go into the same places. Okay, I've got to speed up, I got the warning.
>> Okay. So, before we move on, Bruce said to bring doughnuts. This is actually my GIS map. The economic development of Sacramento.

This is where the money goes. It goes to Roseville. It goes to Citrus Heights. It goes to Rancho. It goes to Cordova Hills. It goes to Laguna. It goes to my new downtown arena. It goes to the airport. It goes in a circle. This is what we call cataclysmic investment.

Decades and decades of investment have made these edge cities flourish. In the meantime we have cataclysmic disinvestment. But we take all the money and bring it to these other neighborhoods. And we use this risk that Kai was talking about, this risk of investment. We want that return. Now if we can't get that return there, can't move there.

This is the foundation for our new, sustainable community strategies. We have the legislation in place, the mandates a reduction in greenhouse gas emissions, okay? Vehicle miles traveled has to be reduced, and now we have through Senate bill 535 and we need to do it through cap and trade.

And 25% of that is targeted to disadvantaged neighborhoods right? And so this is the foundation for moving forward today. And we want efficient streets and we want to increase that walkability, we want everybody to be healthy, we want them to shop in our businesses and we want people, we want profit and we want the planet.

Right? That's how it's supposed to work, and what we're doing in South Sacramento is we're bringing neighborhood shuttles that burn natural gas off aerobic digesters. So that our garbage creates our natural gas and that's green, and we want to make it for free because we don't have to pay for the gas right?

And it takes us to our light rail stations and we have that internal and external connectivity. And that's what we want, renewable energy sources to reduce vehicle miles traveled because now we can push everybody to light rail. Problem is, we're not on this list. This is transit in planned they're planning until the year 2035.

Those circles mark where all the shuttles are going to go in Sacramento. And in the neighborhood where one in five households do not have access to a car, we do not have shuttles because we tie the new shuttles to development. New development with a tax base. So we build in inequality into the future until the year 2035.

And this is what we're trying to get at, this race making, this poverty making, is a prospective process that happens forward, not today, not yesterday, but tomorrow and this is key. And so now, thank you for the Sacramento Association of Council of Government for mapping this out for me.

They have mapped out where all of our infrastructure and investments are going to the year 2035. Those big dots are projects that exceed a $100 million. That's a lot of money flowing around. That's where we're planning this, and you can see that in the middle of that there's not a dime going there to the people who need this infrastructure the most.

This is troubling. So let's look at the process. How this money gets passed out. At the bottom you see neighborhoods. Neighborhoods and residents and businesses get together and say, hey we need x, help our neighborhood. The Sacramento Housing Redevelopment Agency then takes this and starts putting money into it in terms of conceptual design and engineering.

And so, in order to do that, that becomes the first step for the grant writing process for the regional money that rolls down from the states and the feds, through the local council of governments. So the counties and cities are the applicants for these grants, right? And of course we have our political influence, that says this is the grant that you're going to apply for.

And then we have nonprofits and universities kinda making their way through this, collaborating on what they do. Okay, so you see this steps, and that's what trickles down the money. And in California, our governor took all of our redevelopment money away and closed up shop and says, I'm paying bills.

So now we don't have redevelopment in California. I'm not here to argue that it was great or that it was bad because you probably won't like my response. But, nonetheless, it was the only, it was the only liaison between neighborhoods and funding. And so that creates a gap.

Who's gonna put in that preliminary planning dollars? Who's gonna put in that preliminary engineering dollars, those scoping dollars? Who's gonna do that? Is my neighborhood with 20% unemployment 30% high school drop outs, 30% in poverty, 30% can't speak English. Are they going to write this type of plan?

It's not going to happen, so we have this lack of administrative capacity to really roll out these innovative ideas like cap and trade, to really roll out these things like sustainable community strategies.

It's not there. And to call this regional equity, it's pretty crazy. Regional equity only works if you belong to the region.

And clearly, the middle of that donut does not belong to the region. So trying to sum up in about two minutes here. So we look at this public investment and how it shifts capital from one neighborhood and away from another. And we see these qualities of poverty at the neighborhood scale.

We know it's temporal. We know it's an inter generational process. We know it's spacial because we sure as hell know where it's happening. And we know it's racial because it's built on these racial spaces that we painstakingly described to you how they're built. On the other side, we see these transaction guidelines.

That say equity. We're doing this for all of us. And we're doing it for the economy. And of course we're doing it for the environment. The question is, is how this structure of passing out infrastructure dollars under the guise of equity repeats the patterns of segregation when the money doesn't flow there.

And that's critical to know, because that's the next 35 years of our urban planning agenda. So we see land owners who influence this new concept of blueprint urban planning. We're going to map it out ahead, we're gonna show you how this is gonna happen 35 years from now.

And blueprint planning is something that was developed in Sacramento, and it's going across the United States right now. Okay. And we have these regional economic strategies that want to put the best jobs, near the best homes, near the best infrastructure, near the best roads, near the best schools.

And when you do that you automatically eliminate all of South Sacramento. And so, when you're looking how this works. This is what we call a market intervention. Making the rules for where the money is going based on the assumptions of rate of return. We're in risk. And what we're doing is we're segmenting the marketplace.

Because now we're seeing who can participate in the green economy. And when you have that market segmentation you've got two things going on here. You've got sustainable communities, and you've got those places we call resilient communities. Because somehow they're getting by, right? They're doing well. They're just scraping up a living.

And they're resilient, they're strong. On the other side I've got my nicest naval communities, and I got to stop now.
>> I'm Ann Stevens the Director of the Center for Poverty Research at UC Davis and I want to thank you for listening. The Center is one of three federally designated poverty research centers in the United States.

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