

# Concentration of poverty in New York City neighborhoods on the rise

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27 June 2017

Despite being elected on a campaign slogan invoking “Tale of Two Cities,” pledging to fight the extreme economic inequality in New York City, the mayoralty of self-styled progressive Democrat Bill de Blasio has presided over a marked increase in poverty and a continuing rise in the cost of housing. Far from lessening the divide between the two “cities,” which has been growing for decades, the segregation, both economic and geographic, between the city’s wealthy elite and the working class, has only intensified.

The rate of poverty and the concentration of poor people living in impoverished neighborhoods in New York City have both risen dramatically in recent years. These are the findings of a newly released study by the Furman Center at New York University— *State of New York City’s Housing and Neighborhoods in 2016*. During the period from 2011 to 2015, 1.7 million city residents were classified as living below the official poverty line, set at the absurdly low level of \$24,036 annually for a family of four. This represents 20.6 percent of the population, up from 19.1 percent in the 2006-2010 time span. Other, more realistic studies have shown that nearly two thirds of the city’s population suffer from some form of economic distress. Thirty percent of the city’s children are officially poor.

The gap between rich and poor continues to widen. The percentages of New Yorkers at the upper and lower ends of the income range grew, while those in the middle shrank. Between 2000 and 2015, households earning less than \$40,000 per year increased by nearly three percentage points; those earning more than \$100,000 grew by about one percentage point, but the ones in between shrank from 36 to 33 percent. Clearly, those in the middle are predominantly falling into poverty.

According to the Furman Center study, the

geographic concentration of people living in areas of extreme poverty, neighborhoods where more than 40 percent of the residents are officially classified as poor, had fallen somewhat since 2000, when it was 25.4 percent, to 19.4 percent in 2006-2010. This increased markedly, to 23.5 percent, from 2011 through 2015—a period of supposed recovery from the financial meltdown of 2008-2009. These are only the most acute examples. Nearly 45 percent of the city’s population live in areas of either high or extreme poverty (30-40 percent of the residents below the poverty line, respectively). Neighborhoods encompassing 16.5 percent of the city’s population, 1.4 million people, experienced a 10 percent increase in the rate of poverty, the study found.

Living conditions in these poor neighborhoods are appalling. In extreme poverty areas, serious housing code violations were registered at five times the city average and the employment rate was 20 percentage points lower.

Of the five New York City boroughs, the Bronx has the highest percentage of neighborhoods experiencing high or extreme poverty—52.6 percent.

One of the processes driving the increase in poverty is revealed by the report’s finding that the employment rate for the city as a whole increased by 2.4 percentage points between 2005 and 2015. Thus, while a slightly higher percentage of the population is working, the real value of their income is decreasing.

The Furman Center also found that as poverty is increasing, rents are continuing to climb, creating unbearable living conditions for a large portion of the city’s population. These are related phenomena. As the overall cost of housing continues to rise, relatively better off people are forced to move to poorer neighborhoods in search of more affordable rents. This,

in turn, prompts landlords to raise rents in those areas, impacting existing low-income residents.

As an example, the study describes the case of East Harlem, a predominantly working class neighborhood in northern Manhattan. In 2000, the poverty rate was 37.1 of the population. It is now 37.5—again based on the absurdly low official poverty line. However, the number of residents with annual incomes of more than \$100,000 has risen by more than 4 percent. Thus, while the overall percentage of people living in poverty is increasing, the economic spread between rich and poor is widening.

Simultaneously, rents in East Harlem are increasing at a rapid rate, with the monthly median rising \$120 between 2015 and 2016 alone, putting extreme pressure on the already economically stressed residents.

Citywide, between 2005 and 2015, median gross rent increased 18.3 percent, while median household income for renters increased just 6.6 percent.

The acute lack of affordable housing is driving large numbers of people onto the streets. Between 2006 and 2016, the number of city residents spending the night in homeless shelters increased by 87 percent, to about 61,000.

The situation is not new, but is becoming ever more severe. Despite fluctuations, the general trend of increasing poverty and lack of affordable housing has been continuing for decades, but has accelerated in recent years as the global economic crisis intensifies.

The extreme economic inequality that exists in New York City is starkly illustrated by the fact that while nearly two thirds of the population experience some form of economic distress, with over a third living in deep poverty, New York has the second highest GDP of all cities in the world. And yet, despite this huge amount of wealth that could be used to address the crises of poverty and lack of affordable housing, the living conditions for the city's working class continue to deteriorate.

These statistics and many more presented in the Furman Center report starkly illustrate the utter failure to address the huge economic disparity between the city's rich and poor by both Republican and Democratic administrations. The two parties, regardless of who lives in Gracie Mansion (the official mayoral residence) or who controls the City Council, are the representatives of the city's financial and corporate

elite.

All of the myriad programs that have over the years been presented allegedly to combat poverty, the lack of affordable housing, and resulting homelessness have been predicated on the need to maximize the wealth of the ruling elite. These programs have utterly failed to improve the former, while definitely facilitating the latter. Indeed, conditions for the mass of the population have only gotten worse.

In just one of many examples, there was a sharp decline in the issuance of permits for construction of new housing units in 2016, following the failure to renew the 421-a tax incentive program. That program, while greatly benefiting developers and large landlords, had done nothing to reduce the critical lack of affordable housing.

The working class of New York is rapidly approaching the breaking point. Mass revolt against increasingly unlivable conditions may erupt at any time. The anger and frustration find no expression within the present political establishment. What is required is the building of a party that fights for a socialist program to expropriate the vast wealth of the city's elite and employ it to benefit the great majority of the population.



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