

Expanding Access to Economic Opportunity in Fast-Growth Metropolitan Areas

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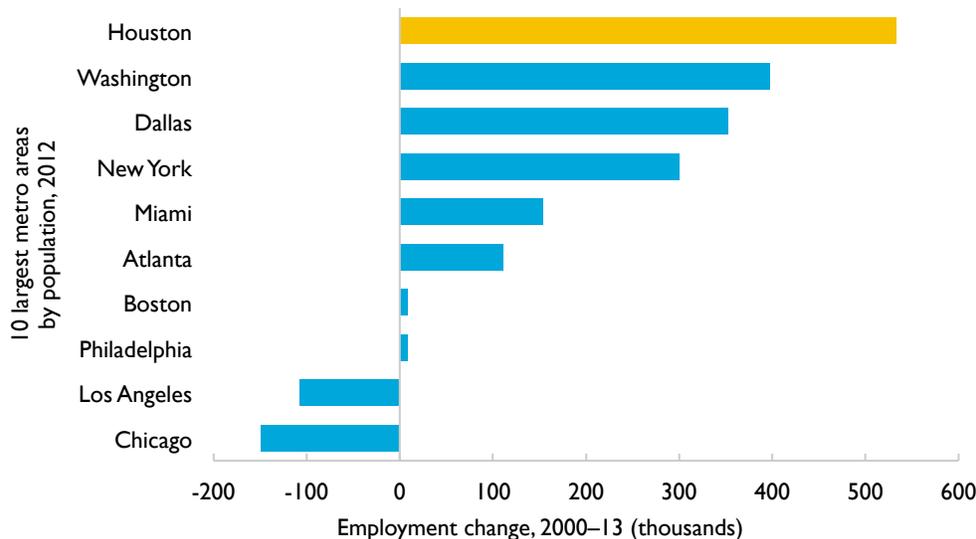
Introduction

Many community development initiatives traditionally funded by foundations and the federal government evolved to respond to the economic conditions and barriers facing communities in big cities of the northeast and midwest. But conditions are dramatically different in Houston and other fast-growing metros like it, posing distinct opportunities and challenges for low-income families striving to get ahead. These metros account for over half the growth in young people over the past decade. So developing effective strategies for connecting low-income people with economic opportunities in these metros is critical to the future prosperity of the whole country. Neighborhood Centers, Inc. is developing and testing strategies for connecting underserved people to opportunities that reflect the realities of Houston's geography, demographics, and economy. This paper is intended to start a discussion about how these strategies differ from more traditional place-based antipoverty strategies, and how similar approaches may suit other metros like Houston.

The Houston Region Leads the Nation in Economic Growth, and Its Population Is Young and Diverse

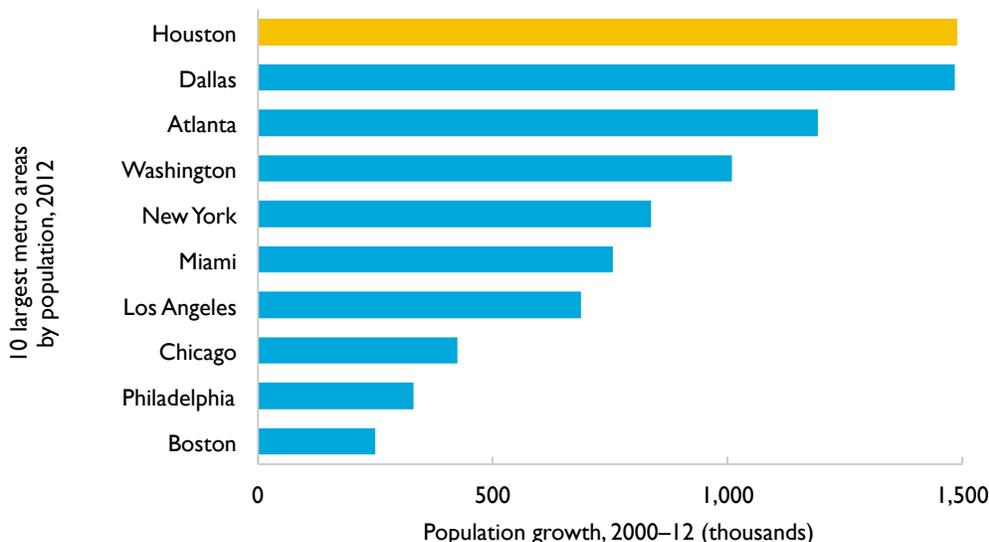
Houston's metropolitan context differs in important respects from most other big US metropolitan areas. Buoyed by the strong performance of the domestic oil and gas industry and home to the world's largest medical center, the Houston metropolitan area led the nation between 2000 and 2013 in job creation, adding an estimated 530,000 new jobs—over 100,000 more than metropolitan Washington, DC, whose job growth was a distant runner-up to Houston's (figure 1). Despite losing jobs in the 2007–10 financial crisis, Houston weathered the crisis better than all but a handful of 99 metropolitan areas (McAllen, El Paso, Austin, San Antonio, New Orleans, and Madison). As long as North American oil and gas production continues at current levels, Houston's headquarter, manufacturing, and port sectors will generate strong job growth.

Figure 1. Houston Metro Area Led Employment Growth, 2000–13



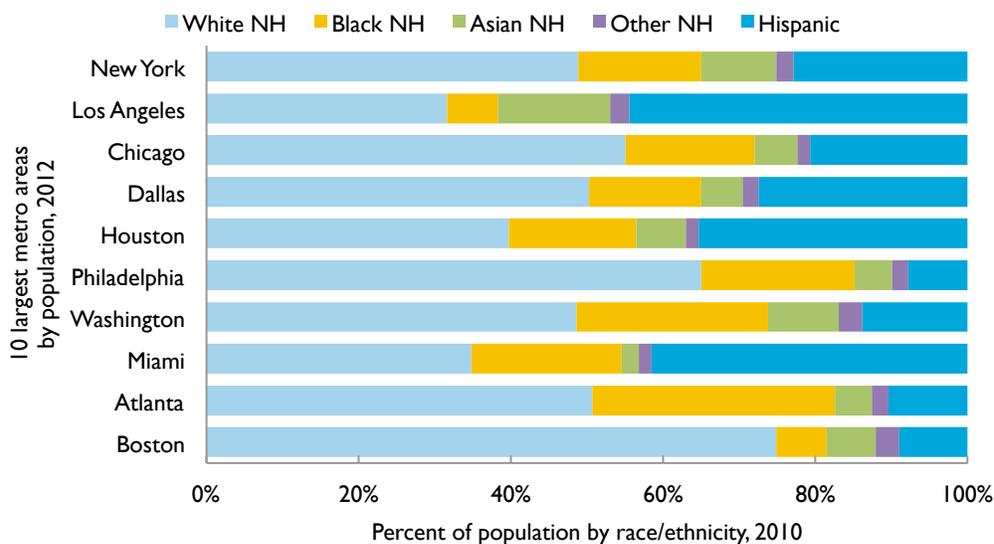
Houston's population has also grown dramatically since 2000, from 4.7 million to an estimated 6.2 million in 2012, in large part because of its strong job growth. In absolute terms, Houston led all other metro areas in population growth since 2000 (figure 2).

Figure 2. Houston Also Led Metropolitan Population Growth, 2000–12



Houston's population is also diverse on multiple dimensions. Only 40 percent of metro-area residents in 2010 were non-Hispanic white; 35 percent were Hispanic, 17 percent African American, and 7 percent Asian (figure 3). Of the top 10 metro areas, only Los Angeles and Miami had lower percentages of non-Hispanic whites than Houston. With 22 percent of Houston-metro residents, foreign-born people make up a much larger share of Houston's population than the national average, placing it on par with Washington, DC, and well above Dallas, Chicago, Boston, and Atlanta. Again, the only top-10 metros that exceed Houston's foreign-born population as a share of total in 2007–11 are Los Angeles and Miami.

Figure 3. Houston Is Racially and Ethnically Diverse



Note: NH = non-Hispanic.

Houston’s population is also very young. The number of children and young adults in Houston has grown steadily over the past two decades, while the young-adult population of larger metropolitan areas has leveled off or declined (figure 4). This youthful population is not counterbalanced by large numbers of seniors; only about 9 percent of Houston’s residents are over 65, the lowest share of seniors among the 10 metropolitan areas with the largest populations (figure 5).

Figure 4. As the under-20 Population Declines Nationally, Houston’s Kids and Youth Keep Growing

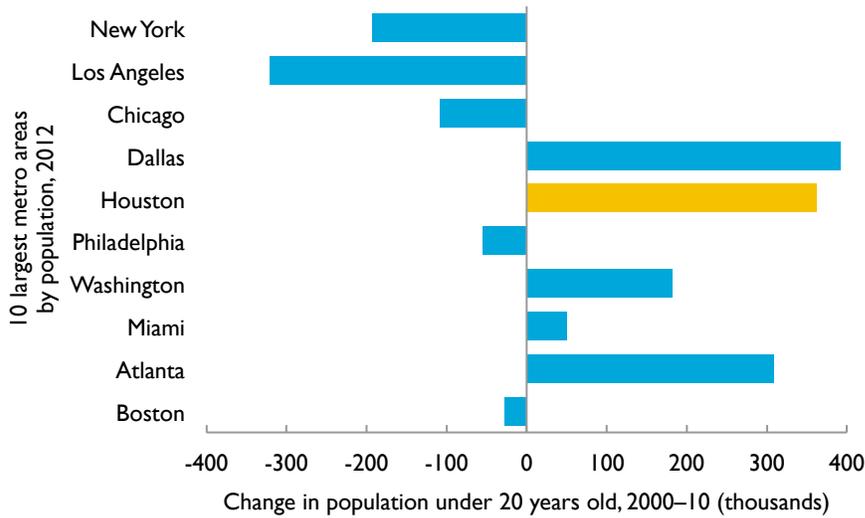
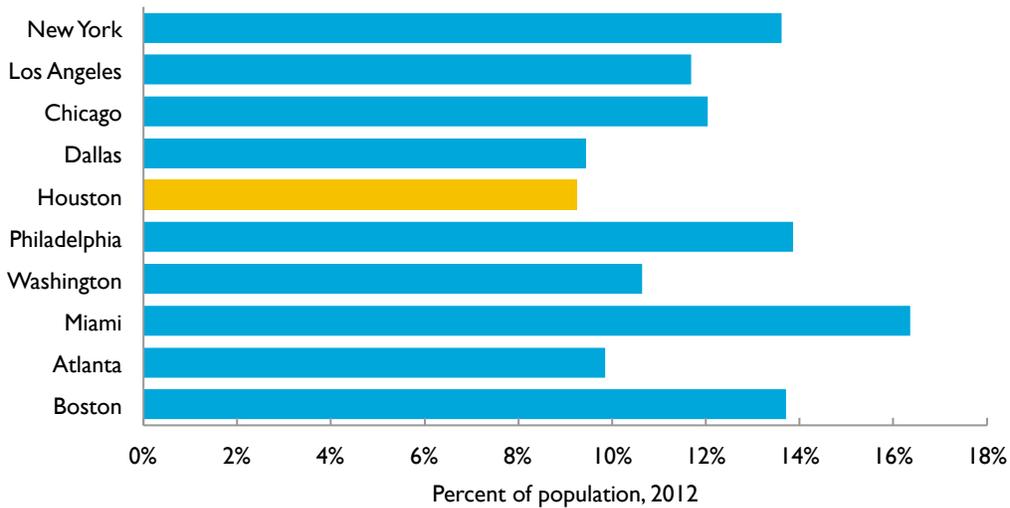


Figure 5. Only 9 Percent of Houston Metro Residents Are 65 and Older

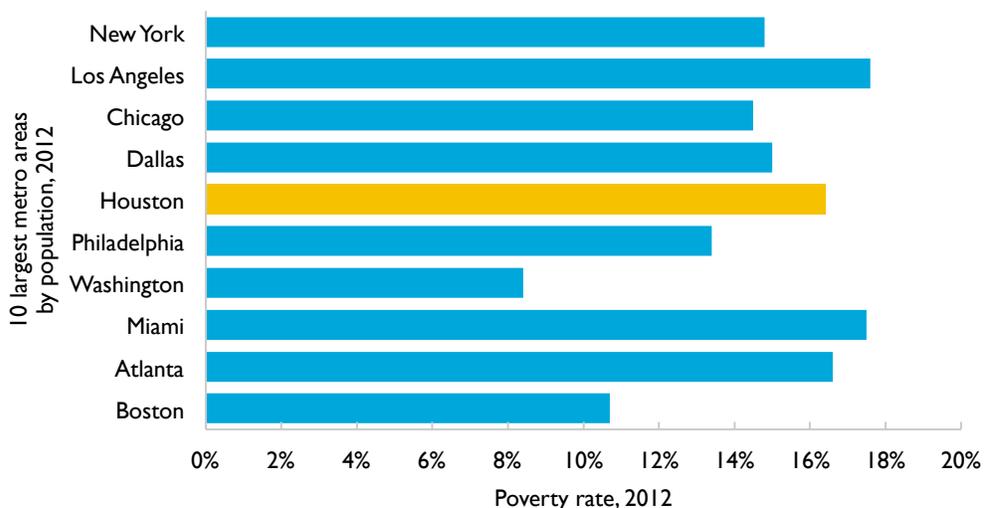


Despite Houston’s Prosperity and Growth, Substantial Barriers Block Low-Income People’s Access to the Regional Opportunities That Would Allow Them to Thrive and Advance Economically

Few US metropolitan areas offer very much opportunity for upward mobility, and Houston is no exception. New data assembled by Raj Chetty and his colleagues show that, across the nation’s top 99 metropolitan areas, an average of only 7.6 percent of the children born into the bottom 20 percent of households (sorted by incomes) in the early 1980s climbed into the top 20 percent of the income distribution by 2010. Houston’s low-income children did a little better than that: 8.6 percent ascended to the top quintile by 2010. While this performance exceeds that of Dallas (7.2 percent), Chicago (6.3 percent), and Atlanta (4.1 percent), Houston lagged behind the largest coastal metropolitan areas. San Francisco (11.2 percent), Seattle (10.4 percent), Boston (9.8 percent), New York (9.7 percent), Los Angeles (9.6 percent), and Washington, DC, (9.5 percent) all offered more upward economic mobility to low-income children than Houston did.¹

Although employment rates in the Houston metro area are high by national standards, many area residents live in poverty. Houston has a higher poverty rate than the average for the top 99 metropolitan areas: 16.4 percent in 2012, placing it below Los Angeles, Miami, and Atlanta but above the rates in Dallas, New York, and Chicago (figure 6).

Figure 6. Houston’s Poverty Rate Is Higher Than Average



Houston also has been challenged by stagnant or declining real wages in low-wage jobs, as shown in PolicyLink and PERE’s recent equity profile of the Houston-Galveston region.² The hourly wages of the lowest-paid 10 percent of Houston’s full-time workers dropped by one-quarter in real terms between 1979 and 2006–10, even as equivalent workers nationwide saw an 8 percent real drop. Partly as a result, Houston has the 11th-highest rate of working poverty among the 150 metro areas PolicyLink and PERE studied: one in 15 of the region’s 25- to 64-year-olds who work full-time have incomes below 150 percent of the federal poverty level.

Many of the region’s low-income residents lack the skills and education required by well-paying jobs. For example, almost one of every five (19.6 percent) adults over age 25 lacks a high school diploma or GED. And 17.3 percent of the region’s residents cannot speak English “very well.” Without supplemental education and training, these residents cannot take advantage of Houston’s booming economy. They remain unemployed or work in lower-paying occupations with little chance of climbing the skills ladder to higher wages and greater job security.

In addition to language barriers, recent immigrants face significant challenges learning to navigate economically and socially. More than one-fifth of the Houston area's population is foreign born, and of these, nearly two-thirds are noncitizens. Some lack legal documentation, and many others struggle with the legal processes of obtaining permanent residency status and citizenship. Those who fled violence or extreme hardship in their home countries may also suffer from the effects of that trauma and may need extra help to regain their physical and mental health. Children's long-term well-being can be severely undermined by exposure to violence and insecurity, so helping them recover is essential to their life-chances.

For families with children, access to decent and affordable child care is essential to employment security. Twenty-seven percent of households in the Houston region have children under age 6, and 30.3 percent of these are single-parent families. The annual cost of care for a four-year-old averages \$6,547 statewide, 28.1 percent of the median income among single mothers. Health care is also costly for both adults and children, and 24.3 percent of the Houston metro's civilian residents currently lack health insurance.

Finally, transportation can pose a significant challenge for low-income workers in a sprawling metropolitan region like Houston. Only 30 percent of the region's jobs are accessible by mass transit within 90 minutes, and only 44 percent of working-age residents live near a transit stop.³ For most households, the most reliable and flexible means of transportation is a car, but buying and maintaining a car is costly and often requires access to credit. Even so, 94 percent of Houston-area households have at least one car. The vast majority of Houston area workers (90.9 percent) commute to work by driving, and 79.2 percent drive themselves, without carpooling. Only 2.4 percent take public transit, and another 1.4 percent walk. Close to half of workers in the Houston metro (44.9 percent) have commutes longer than 30 minutes, and 19.4 percent spend more than 45 minutes commuting from home to work.

Houston Is One of 15 Fast-Growth Metros That Account for over Half of National Job Growth and Three-Quarters of the Nation’s Growth in Children and Youth since 2000

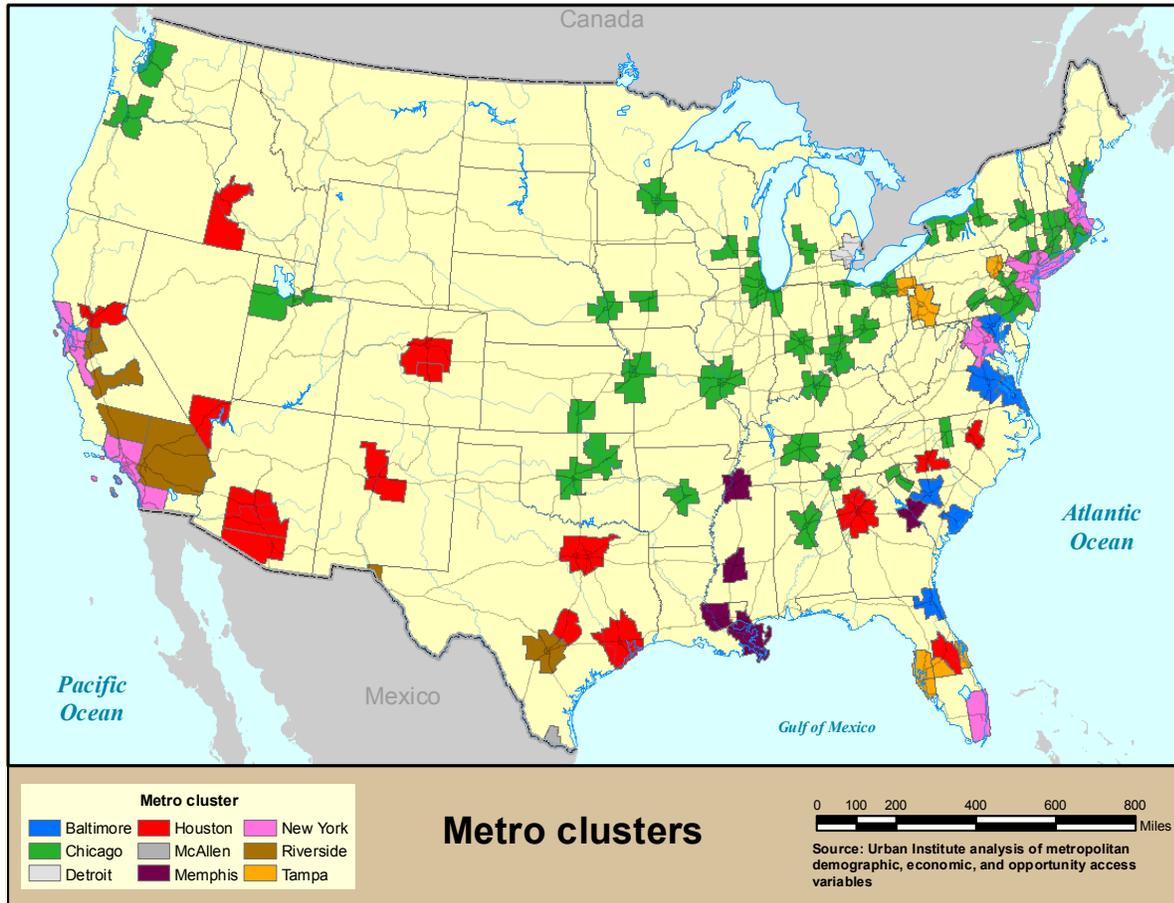
Even a brief observation of Houston’s characteristics, performance, and landscape reveals that it differs from the coastal economies and from the “heartland metros.” But this does not make Houston unique. An analysis of similarities and differences across the nation’s 99 largest metropolitan areas identifies 15 metros that share important characteristics with Houston. For this analysis, we focused on five key categories of metropolitan attributes that shape access to economic opportunities: growth, job quality, cost of living, diversity, and disparities in access to opportunity. Within each category, we identified a concise set of indicators that can be used to highlight similarities and differences between metros (table 1).⁴ We then created standardized scores for each indicator (with an average value of 0.0 for each) and conducted a *cluster analysis* to identify groups of similar metropolitan areas. Appendix A provides complete information about the method, including our rationale for selecting these indicators (and not others), their precise definitions, and sources of data.

Table 1. Regional Dimensions, 99-Metro Analysis

Growth	Population growth: population growth, 2000–10 Economic resilience: change in jobs in the 2007–10 economic crisis
Job quality	College education: percent of adults with at least a bachelor’s degree, 2005/09 average Labor engagement: labor force participation, 2005/09 average Wage growth: average wage growth per job, 2000–10
Cost of living	Rent burden: hourly wage required to afford the 40th percentile apartment currently offered for rent (housing wage, 2013)
Diversity	Foreign born: percent foreign born, 2005/09 Black: percent black non-Hispanic, 2005/09 Hispanic: percent Hispanic, 2005/09 Senior: percent age 65 and over, 2005/09
Access to opportunity	Black-white segregation: black-white dissimilarity index (neighborhoods), 2005/09 Poverty: poverty rate, 2012 Inequality: ratio of 80th to 20th household income percentile, 2005/09 average Economic mobility: percent of children born in the early 1980s to households in the lowest-income 20 percent (quintile) of the income distribution who rose to the top quintile by 2010

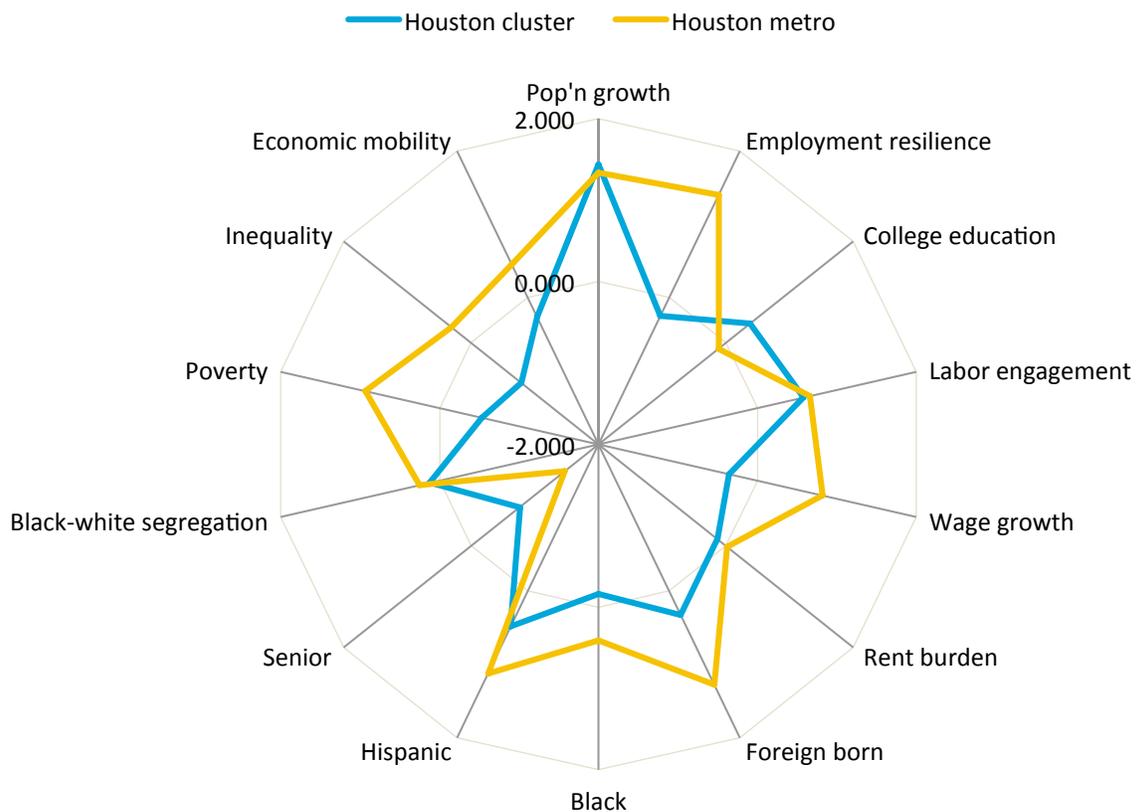
By this method, Dallas, Denver, and Austin most closely resemble Houston on these variables. Dallas and Denver resemble one another much more than their cluster matches Houston's characteristics; the combination formed by Dallas, Denver, and Houston is the closest match for Austin. After this initial group of metropolitan areas forms, it incorporates Atlanta, Charlotte, and Raleigh and then is joined by Sacramento, Boise, Las Vegas, Phoenix, Albuquerque, Colorado Springs, and Orlando. We call this 15-metro group the *Houston cluster*, which is portrayed in red in figure 7.

Figure 7. Clusters and Families: Grouping the Nation's 99 Biggest Metropolitan Areas



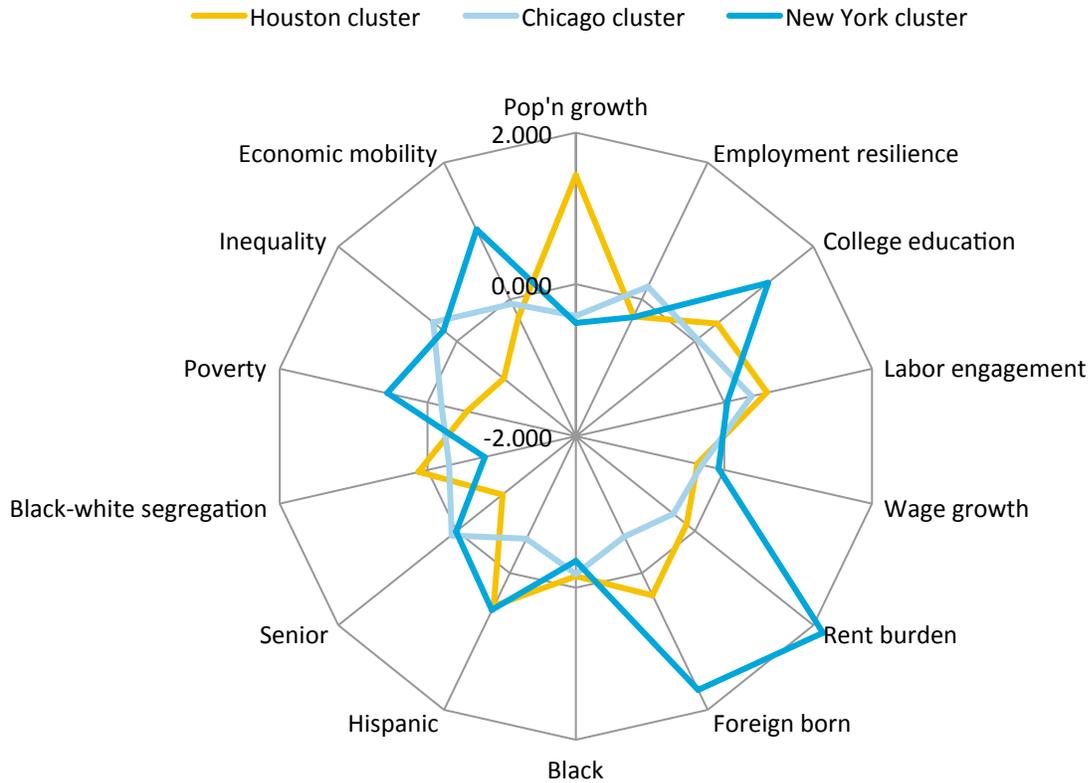
The common features of the metropolitan areas in the Houston cluster—and the ways in which the Houston metro area differs from its cluster—are easiest to understand by using the standardized values for each indicator, reported in appendix B and shown in figure 8. The cluster generally has high levels of population growth and diversity, few seniors, average levels of black-white segregation, and below-average rates of poverty and inequality. College education and labor-force participation are both above average, but economic mobility is well below average, as was average wage growth in the 2000s. The Houston metro area differs in a few important ways from its cluster: its poverty rate and inequality level are higher than average, and its level of college education is lower. But its wage growth, employment resilience, and economic mobility are all higher than the cluster as a whole, and its population is younger and more diverse.

Figure 8. Growth, Labor, Cost, Diversity, and Opportunity in Houston Metro Area and Cluster



The Houston cluster contrasts with the Chicago and New York clusters in several important ways (figure 9). Clearly, its population growth far outpaced that of the other two metro areas; inequality and poverty are both lower, but so is economic mobility, and black-white segregation is higher. The Houston and Chicago clusters both contrast with the New York cluster (which also includes Los Angeles, Miami, Boston, Washington, San Francisco, and San Diego) in their lower shares of college-educated adults, more affordable rents, and lower shares of the foreign-born.

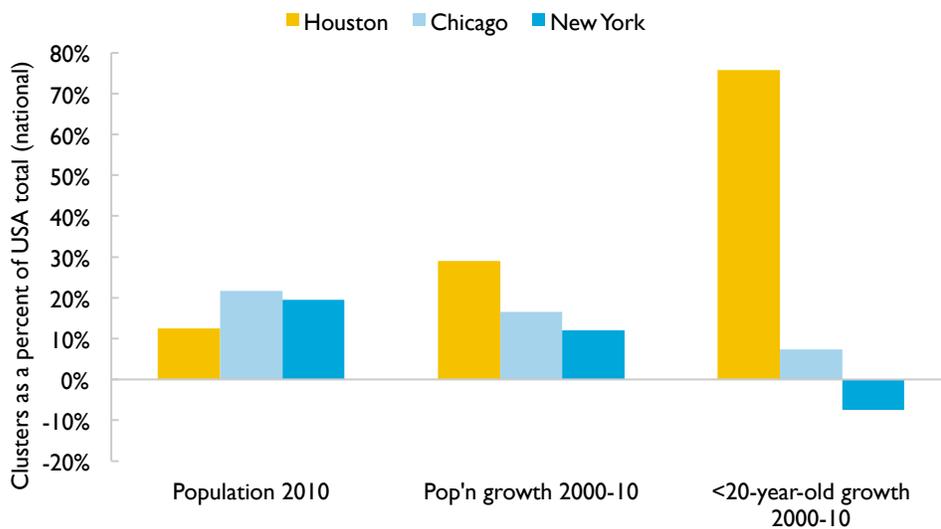
Figure 9. Growth, Labor, Cost, Diversity, and Opportunity in the Houston, Chicago, and New York Clusters



The 15 metropolitan areas in the Houston cluster are tremendously important for the nation’s future and getting more so with each passing year. In 2000, these metro areas accounted for about 12 percent of the US population and 11 percent of the nation’s children and youth (i.e., population under 20 years old). Between 2000 and 2010, however, the Houston cluster accounted for 29 percent of the nation’s population growth and a staggering **76 percent of the growth in children and youth** nationwide: 2.1 million of the nearly 2.8 million increase in the under-20 population happened in these 15 metropolitan areas (figure 10). As a result, the Houston cluster’s share of the nation’s children and youth grew from 11.2 to 13.4 percent in just 10 years.

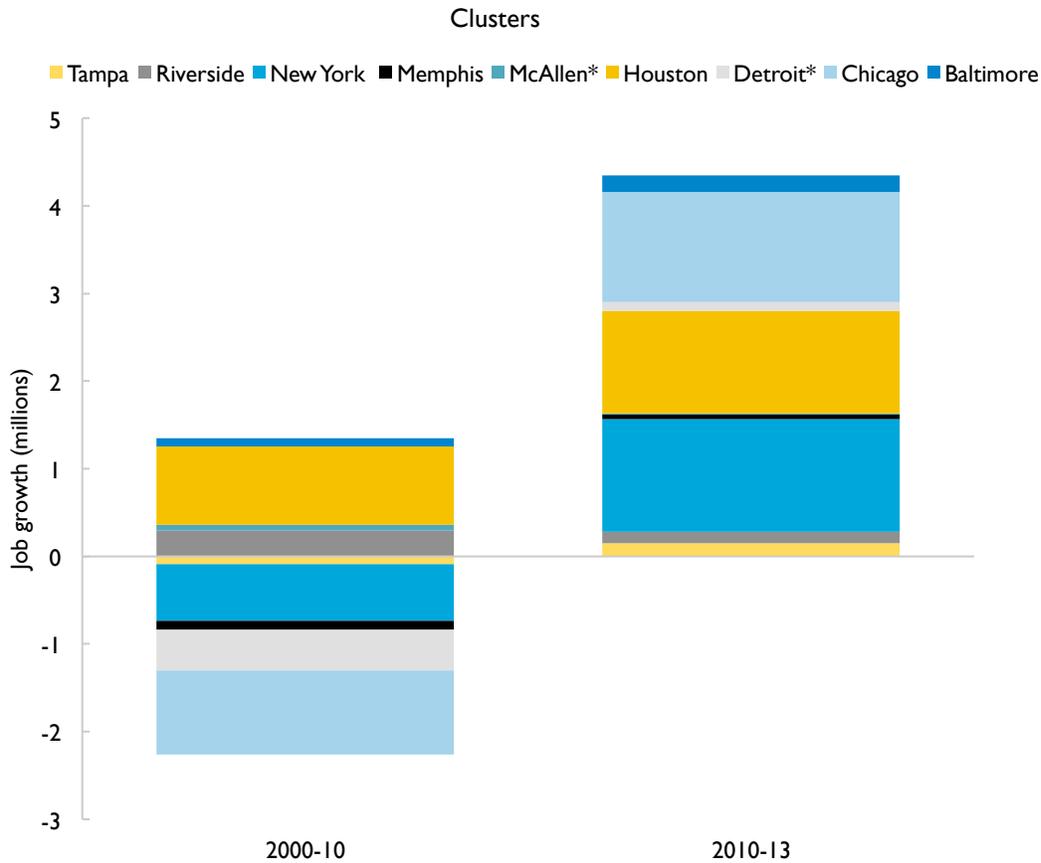
Several other clusters, meanwhile, had declines in their children and youth population between 2000 and 2010. The number of people under 20 in the 12 metro areas in the New York cluster fell by 206,000. And the 45 metro areas in the Chicago cluster added only about 205,000 children and youth. This still left the 45 Chicago-cluster metros with nearly 18 million people under 20, however, about 22 percent of the nation’s children and youth. According to Census Bureau estimates, the Houston cluster also continued to add children and youth even between 2010 and 2012, when the aging of millennials (born roughly 1981–95, and now between the ages of 19 and 34) and reduced birth rates during the Great Recession led to a nationwide drop of over 700,000 in people under age 20.

Figure 10. Houston Cluster Accounted for Three-Quarters of the Nation’s Growth in Children and Youth, 2000–10



The Houston cluster also dominated national job growth between 2000 and 2013, capturing 51 percent of the job growth with expansion before, during, and after the economic crisis (figure 11). Growth was exceptionally strong between 2000 and 2010, when the US economy lost almost 2 million jobs but Houston’s cluster grew by 890,000 jobs. Between 2010 and 2013, as the national economy recovered, the Houston cluster accounted for 19.4 percent of the job growth of about 6 million—a high share of the growth, considering the cluster had only 12.7 percent of the nation’s jobs in 2010.

Figure 11. The Houston Cluster Added over 2 Million Jobs between 2000 and 2013, over Half the National Total



Neighborhood Centers Is Applying and Testing Strategies for Connecting People to Opportunities That Reflect Houston’s Demographic and Economic Realities

Many organizations and initiatives working to address the challenges of poverty and neighborhood distress have evolved in response to demographic and economic conditions typical of big cities in the northeast and midwest. But Houston is markedly different, and Neighborhood Centers, Inc. is tailoring its strategies—and its organizational capacities—to respond to the realities of its region.⁵ Neighborhood Centers is the direct descendant of the settlement houses founded in Houston early in the 20th century; like the settlement houses, its core mission is helping immigrants and other low-income families get a foothold in the region’s booming economy. Neighborhood Centers’ work is intensely “place-conscious”—building the assets families need both within their home communities and through connections to opportunities elsewhere in the region. But it differs from more traditional community development organizations in that it does not limit its work to tightly defined neighborhood boundaries nor does it aspire to transform poor neighborhoods into mixed-income communities. The communities in which it works are more loosely defined and dynamic, and Neighborhood Centers views them as launchpads for low-income families, whether these families stay in place or move to other neighborhoods in the region.

Because Houston’s low-income families are widely dispersed across the metropolitan region and its neighborhoods’ composition and condition are constantly changing, Neighborhood Centers operates regionally. With an annual budget of over \$275 million and a staff of 1,200, Neighborhood Centers is the largest nonprofit human services provider in Texas. Its size and financial heft provide numerous advantages, including the ability to

- invest in critical infrastructure, such as information technology and well-maintained facilities, enhancing administrative efficiency and quality of services;
- attract top management talent by offering competitive salaries and benefits, thus enhancing its operational and intellectual capacity;
- achieve administrative efficiencies that allow the organization to undertake new programs and merge with smaller organizations without a sizeable new investment in overhead;
- comply with the regulatory and accountability requirements of state and federal government agencies that fund many of its programs; and
- invest in “venture” activities that lead to program innovation and new programs to meet emerging community needs without the fear that such activities may drain resources or cut into other programs.

Neighborhood Centers’ scale also enables it to braid together multiple funding sources to provide integrated and holistic solutions for low-income families. It operates over 60 programs providing services ranging from neonatal care to adult education and from enrichment courses for families to social and exercise programs for seniors. In delivering this broad range of services, Neighborhood Centers combines over 50 public funding streams with philanthropic resources and private dollars.

Closely related to its size is Neighborhood Centers’ geographic scope. Its 75 service centers include 7 community centers, 11 workforce career service centers, and 14 prekindergarten and charter school sites, spread across the Houston metro area. This large physical presence allows Neighborhood Centers to respond rapidly and comprehensively to regional crises and opportunities. Neighborhood Centers’ geographic scale and scope also enables it to provide localized solutions to the quite widely dispersed and diverse low-income residents of the region. For example, its community center in Gulfton serves people from over 80 different countries, while its East End community center serves an older, largely Hispanic population. An additional benefit from having one agency serving various communities over a wide area is that lessons from one location can often be applied to other areas.

But Neighborhood Centers does not try to do it all; it looks for opportunities to partner with other nonprofits and with public agencies to enhance organizational capacity and leverage expertise. The organization’s seven community centers are home to several other nonprofits and local government offices, including a clinic operated by Texas Children’s Hospital, an onsite location for the Houston Police Department, and a community service office for a state representative. In service areas where it does not have a program, Neighborhood Centers partners with other respected organizations—both public and

private—to deliver the programs and services families need. In Pasadena, for example, the Neighborhood Centers facility hosts the school district’s English language classes, provides a distribution site for the local food bank, and offers child care for the mothers participating in classes and activities run by other organizations. In this way, Neighborhood Centers plays the role of “orchestra conductor,” marshaling resources from multiple sources, combining public and private funding streams, and partnering with numerous service providers to create an integrated web of services and supports for families in the places where they live.

Because Houston’s economy is creating large numbers of jobs, much of Neighborhood Centers’ work focuses on helping poor people build the skills they need to qualify for well-paying employment. And because Houston is home to large numbers of children, the organization links services and supports for adults with services that advance the well-being and life-chances of their children (an explicit two-generation approach). For example, its community centers throughout the city and suburbs provide English classes, early childhood education, health care, a credit union, a charter school, and employment services along with recreational and cultural activities. Moreover, because so many of Houston’s low-income residents are immigrants, Neighborhood Centers directly addresses the barriers of language as well as skills, and helps newcomers build their capacity to navigate in the US economy, regularize their legal status, and achieve citizenship. For example, when outreach to employers revealed that entry-level job-seekers needed basic “customer relations” skills in addition to English, Neighborhood Centers began to offer sessions on customer relations in its advanced English language classes. Neighborhood Centers’ affiliate, Promise Credit Union, offers loans equal to a member’s deposits, so he or she can establish a good credit record; it also recently began offering unsecured loans to help cover the legal costs of becoming a US citizen.

In response to the tremendous diversity of Houston’s neighborhoods—in race and ethnicity, country of origin, language, and age—Neighborhood Centers emphasizes the assets residents bring and pursues community building in the broadest sense of the term, helping people pool their strengths and work together to advance their shared goals. In developing activities and programs, Neighborhood Centers draws on the strengths of a community’s residents and physical assets, a theory of community development formulated by John Kretzmann and John McKnight, purposefully seeking out and building upon the capacities, skills, and abilities of people living in the low-income communities it serves. Kretzmann and McKnight assert that every time a person uses his or her abilities, both the individual and the community are strengthened. The shift from a “needs-based” service model to an “asset-based” model allows low-income people and communities to look beyond their differences to their own strengths and resources, providing Neighborhood Centers the opportunity to help individuals and communities strengthen themselves from within.

Finally, because conditions at both neighborhood and regional scales are complex and rapidly changing, Neighborhood Centers has made a major commitment to continuous learning and adaptation. Staff in each community center continuously listen to the people they serve and analyze program data to maximize responsiveness to families’ aspirations and needs. And Neighborhood Centers has embraced the idea that community-serving organizations must hold themselves accountable for their work and use data to assess what is and is not working. The organization has robust continuous improvement plans and data systems that enable it to analyze program metrics regularly and identify areas of success, areas in need of improvement, opportunities for innovation, and impact on transforming families and neighborhoods.

Community-Serving Organizations in Houston’s Cluster Could Gain Strength from a Learning Partnership to Share Strategies, Data, and Expertise

Neighborhood Centers, Inc. has evolved from its settlement house roots to become a large community development organization that is uniquely equipped to serve Houston’s low-income population. Its approach allows it to be both big and local: big in the sense that it has the capacity to provide a diverse array of services in multiple locations over the entire metro area, and local in the sense that it can provide services and solutions tailored to meet the needs of a local community or a set of individuals. By providing resources, education, and connections to residents of diverse and dynamic neighborhoods, Neighborhood Centers helps individuals and families gain a foothold in the booming regional economy and climb the ladder of opportunity.

Elements of the Neighborhood Centers approach may have relevance for organizations supporting and empowering low-income people and communities in the 14 other metro areas of Houston’s cluster. As discussed earlier, these metros share key economic and demographic characteristics that differentiate them from the metros of the coasts and the heartland that so often dominate discussions and debate about community development policy and practice. Bringing together practitioners, advocates, and community leaders from these fast-growing and dynamic metros could create a productive forum to share experiences and insights about emerging strategies for connecting low-income people to economic opportunities.

Organizations from some or all of these metros may find it useful to form a learning collaborative that would document and share emerging approaches, develop common output and outcome measures, engage in continuous learning, and diffuse lessons learned from both successes and failures. Working together, these organizations could develop proven, place-conscious models for community development that reflect and respond to the needs and opportunities in a group of metropolitan regions that matter enormously to the nation’s future.