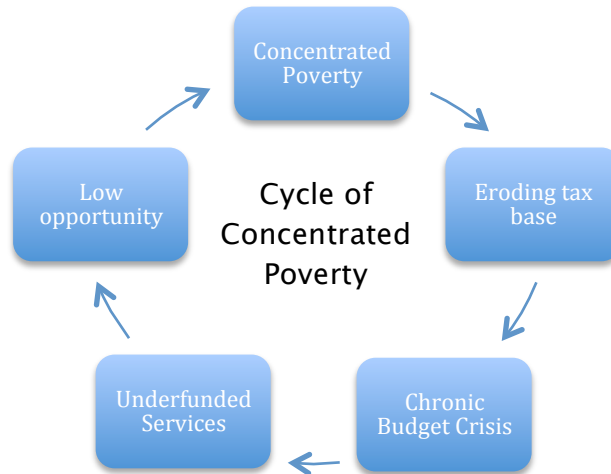


## The Cost of Poverty: The Perpetuating Cycle of Concentrated Poverty in New Jersey Cities

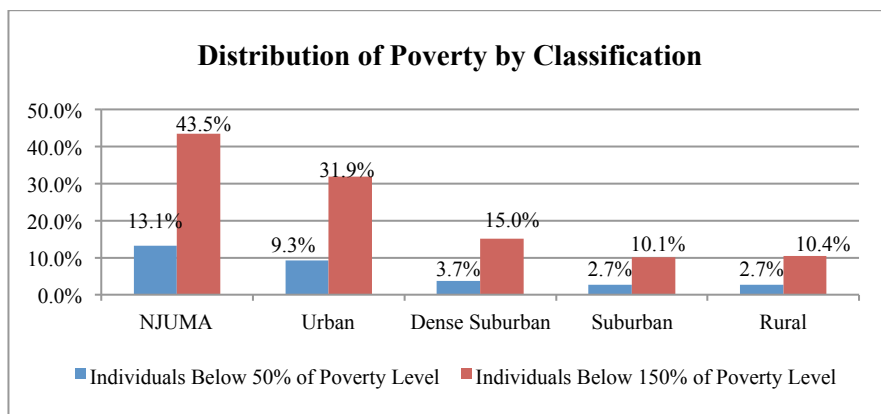
This report examines the impact of *concentrated poverty* through the lens of *budgetary constraints* in high poverty urban centers. Through the stories of four cities — **Bridgeton, Passaic, Perth Amboy, and Trenton** — we see the challenge of addressing high service needs in a context of severe budgetary constraint.



Living in high-poverty areas perpetuates poverty for individuals and families. In the same way, concentrated poverty creates structural conditions for municipalities that practically guarantee year after year of budget deficits, fiscal distress, and an outsized local property tax burden for residents. This burden, combined with an inability to fund needed services, reinforces existing conditions of low opportunity and limited revenue.

### Poverty in New Jersey is often highly concentrated, particularly in urban areas.

While New Jersey’s official poverty rate is relatively low, a large portion of the State’s poor population lives in areas with poverty rates above 20%. In contrast, a much smaller share live in lower-poverty areas, often suburban areas, with access to associated resources.



### Residents in poor urban areas present significant service needs

Due to the limits of public and affordable housing even in low-income areas, citizens of Bridgeton, Passaic, Perth Amboy, Trenton, and other cities must frequently spend over

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half their income on rent, leaving little else for other basic needs. Targeted economic development efforts and other programs can make a difference in reducing poverty and its impacts, but these investments often must be curtailed to meet the challenges posed by diminishing returns.

### **The deck is stacked against impoverished municipalities.**

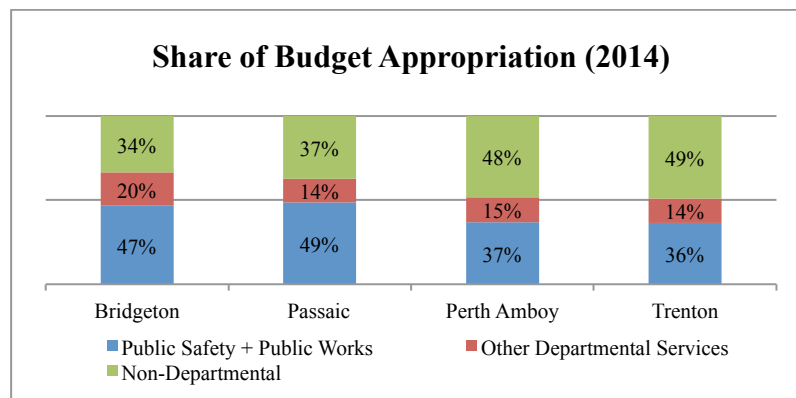
In recent years, funding from the State to individual municipalities has dwindled markedly. In response, local property taxes have soared, generating an ever-increasing burden on nearly all New Jersey residents. But, in impoverished cities, the burden is even greater. An ever-increasing reliance on local property is layered over a diminishing tax base. A counter-intuitive scenario has resulted, whereby the most impoverished municipalities shoulder an unmanageable municipal tax burden – a greater burden than even their wealthy neighbors.

### **Percentage of Median Household Income Devoted to Municipal Property Taxes**

Municipality (County)	2014	Rank (of 565)
Passaic City (Passaic)	17%	1
Perth Amboy City (Middlesex)	9%	12
Trenton City (Mercer)	7%	30
Bridgeton City (Cumberland)	5%	53

### **These budget pressures limit essential functions in NJUMA Cities.**

Services like healthcare, libraries, housing, mental health services, social wrap-around services, economic development, and infrastructure are crowded out of constrained budgets by public safety, public works, and costs not directly related to current services (e.g. debt and pensions).



### **Urgent strategies are needed to alleviate concentrated poverty in New Jersey.**

If New Jersey is to make real progress on reducing the systemic poverty that traps far too many of our residents, the entire State must recognize and respond to this crisis. This means promoting family financial success through supportive work/family policies and adjusting allocation of State aid so that it prioritizes areas of concentrated need.