



Middle-class neighborhoods squeezed out, income gap rises

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WASHINGTON (Reuters) - American middle-class neighborhoods are on the decline and the divide between the rich and poor is widening, according to a study on Wednesday.

The share of families living in middle-income neighborhoods has dropped to 44 percent in 2007 from 65 percent in 1970, the Stanford University study showed.

The study sponsored by the Sage Foundation and Brown University covered the country's major 117 metropolitan areas.

It supports views that the income inequality gap is widening and could put the distribution of public resources under the spotlight.

"Given that in 2008 the top 10 percent of earners controlled approximately 48 percent of all income in the United States, the increasing isolation of the affluent from the low and moderate-income families means that a significant portion of society's resources are concentrated in a smaller and smaller portion of neighborhoods," the study said.

The study found that the proportion of families living in affluent neighborhoods doubled to 14 percent in 2007 from 7 percent in 1970.

During the same period, the share of families in poor residential areas increased to 17 percent from 8 percent.

While the study did not examine the impact of the 2007-09 recession on residential patterns, there is little doubt that the proportion of families residing in middle-class areas has dropped even further.

This segment of the population has been hardest hit by the recession, which claimed more than 8 million jobs, most of them in manufacturing and construction.

"The enormous number of housing foreclosures in the last few years has likely led many low-income families to move to lower-income neighborhoods, which would lead to increased income segregation," the study said.

"Conversely, declining incomes and income volatility among the middle-class may lead to lowered income segregation, because it may widen the income distribution within previously

middle-income neighborhoods, or force these families to move into lower-income neighborhoods."

(Reporting by [Lucia Mutikani](#); Editing by Andrew Hay)

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