

Growing divide between rich, poor neighborhoods toxic for N.J.

Published: Wednesday, November 16, 2011, 2:12 PM

By Tom Moran/ The Star-Ledger



A new report points to growing neighborhood segregation between the rich and poor -- a problem which could leave cash-strapped cities like Camden in even bigger trouble. Saed Hindash/The Star-Ledger

If you are looking for more alarming evidence about growing economic injustice in America, the Russell Sage Foundation and Brown University have just provided it.

In this report, they find that middle-class neighborhoods are disappearing, as the middle-class shrinks and both rich and poor increasingly segregate themselves into separate neighborhoods.

There is a great deal that's depressing about this trend. It means people of different means don't rub elbows as much, their kids don't play together as much, the parents don't chat over the back yard fence. So people on both sides won't know as much about the other, and can more easily embrace silly stereotypes. Rich people are greedy. Poor people are lazy. And so on.

But for New Jersey, this is especially toxic. Because we rely so heavily on local property taxes to fund schools, police, and other basic functions, the disparity in neighborhood wealth translates into disparity in the quality of basic services.

Take the schools. Thanks to the state Supreme Court, poor cities and towns in the state get sufficient funding for schools, so they are protected from the disastrous shortfalls they would otherwise face. But the segregation, both racial and economic, still takes a grave toll. Study after study shows that concentrated poverty is especially toxic for kids, even in well funded schools.

The impact on crime is even worse. The fact that Camden, the nation's most violent city, was forced to lay off nearly half its police force this year means the violence will inevitably get worse, even after a portion of them were hired back. All the big cities, like Newark, Paterson, and Jersey City, had to lay off cops as well.

Yes, it would be a big help if the police unions would give up more of the generous benefits they receive, as Newark Mayor Cory Booker and Gov. Chris Christie have requested. But these urban cops are already paid much less than their suburban counterparts, despite the fact that their jobs are so much more dangerous.

The basic problem is a simple one: These places have very little property to tax. They are wards of the state, thanks to the over-reliance on property taxes. Unlike cities in 37 other states, they cannot impose taxes on income or sales (with the quirky exception of a small payroll tax in Newark and Jersey City). And in some of them, like Newark, more than half the property is owned by religious institutions, government bodies, or other tax-exempt organizations.

What this report shows is that this economic disparity is spreading to the suburbs. Towns that used to have healthy middle-classes are becoming poorer and poorer. And that means our reliance on this regressive property tax system will take a harsher toll every day.

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