



Atlanta Urbanist Book Group

The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class—And What We Can Do About It

By Richard Florida

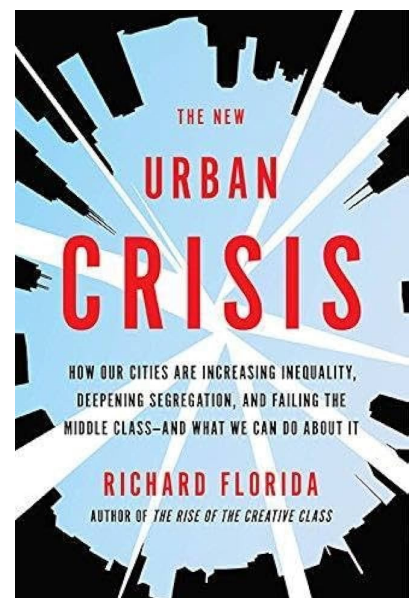
The Atlanta Urbanist Book Group met on Sept. 4, 2024 to discuss *The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class—And What We Can Do About It*. The author, Richard Florida, is an economics professor and author of a popular 2002 book, *The Rise of the Creative Class*.

In this book, Florida writes about rising inequality and isolation in cities and how greater social, educational and economic opportunity can and should be created. It could be seen as a partial corrective to his earlier book.

In *The Rise of the Creative Class*, Florida identified a new source of urban success, not by courting new industries but by attracting workers. And not just any workers, but a “creative class” of highly educated people in knowledge industries, from technology and the arts to finance and the law.

Mayors and governors followed Florida’s advice 20 years ago, and it worked in many places, as cities—including Atlanta and some of its suburbs—became magnets for educated workers and their high-salary jobs. What no one, including Florida, foresaw was that these workers would harm less well-educated, less well-paid residents of cities, simply by their growing numbers.

The New Urban Crisis analyzes these unintended consequences, explains why they occurred and offers some solutions. We focused in our discussion mostly on what could be done in Urban Atlanta.



Five Big Ideas

The Atlanta Urbanist Book Group highlights ideas from books that we think could make Urban Atlanta better. Here are five “big ideas” drawn from *The New Urban Crisis* that we think Urban Atlanta could benefit from:

1. The “creative class” approach to economic development succeeded but brought with it unintended consequences for poor, working-class and middle-class families in Urban Atlanta. We must deal with these consequences.
2. Cities need people of all income levels. Here’s just one example: Cities that do not have neighborhoods where young artists can live and work become lifeless and boring.
3. There are large economic forces at work in the social mobility problem, including automation and globalization. These are beyond cities’ abilities to solve. Some solutions, then, must come from the federal government.
4. Many of the things urbanists support—greater density, more housing construction, mixed-use and mixed-income neighborhoods, transit and walkability—can help, but *only if they result in cities becoming more affordable*. Urbanists and their allies in state and local government must be more deliberate in pursuing affordability and social mobility.
5. Important allies in the effort to increase social mobility are Urban Atlanta’s school systems. We need school systems to make their largest pre-K and K-12 investments in places where the economic needs are greatest. Why? Because these places offer the greatest potential for social mobility.

Why Do These Things?

Restoring social mobility and making Urban Atlanta’s cities affordable for people of all incomes will require great efforts by governments and nonprofits. The political costs are likely to be high. Are the outcomes worth the cost? We think so. Here’s why:

- It’s the right thing to do.
- We need workers of all incomes if Urban Atlanta is going to remain economically viable.
- If Atlanta becomes so expensive that no one is willing to try anything new for fear of failure, we will lose our entrepreneurial edge.
- We depend on young artists for our cultural economy. If we do not have places for “starving artists” to live and work—or young actors, musicians and writers—our cultural institutions will suffer.
- There’s a slogan, “Atlanta influences everything.” Without economic diversity and the willingness to try new things, Atlanta won’t influence much of anything.
- The resentments of those trapped in concentrated poverty or forced to leave Atlanta because of its rising costs will feed political extremism and division. This is too high a price to pay.

What Are the Obstacles?

Even the most worthwhile efforts create opposition. That’s true even for things as important as affordability and social mobility. So our members discussed some of the obstacles or barriers the big ideas might face in Urban Atlanta. Here are some:

- Inertia.
- People who live in affluent neighborhoods usually don’t see the effects of concentrated poverty, so the demand for action is limited.
- We don’t have champions for what Florida calls “urbanism for all,” the use of urbanist ideas to make cities more inclusive and affordable.
- Atlanta’s sprawl limits some of the urbanist ideas that could help, such as using transit to lower costs and offer access to opportunities.

- A key to greater social mobility is for Urban Atlanta's school systems to invest more heavily in neighborhoods with the greatest need. This may not be a mission school boards will accept willingly.
- We need the federal government and state of Georgia to do their parts by raising the minimum wage, enacting income support programs and investing in early childhood education. The chances of their doing these things seem small.

Ways Around the Obstacles

These are difficult obstacles. Here are some ideas our members offered for overcoming these barriers:

- As always, effective advocacy could help greatly. We need groups that can explain the problems created by rising inequality and the loss of social mobility and pressure governments to join the effort to solve these problems.
- Transit can play a major role in making Atlanta more affordable and increasing opportunity. We have a transit system that could play this role, if it were used more strategically.
- Neighborhoods, too, could play a role. This requires a neighborhood development strategy that builds assets and strengthens institutions in low-income areas. Neighborhood schools could be at the center of this.
- We need better ways of explaining the value of social mobility and the cost of inequality, so citizens and leaders are drawn to this cause. One way is to make "expanding opportunity" the goal.
- Finally, we need to start with our strengths. Atlanta is a center of music, television and movie production. Everyone benefits from these industries' presence, but they require a steady stream of young talent. And for that, we must have affordable neighborhoods. This is an argument for affordability that most people would understand and support.

A Synopsis of *The New Urban Crisis*

The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class—And What We Can Do About It is 216 pages, not including preface, acknowledgements, notes, index and appendix. There are 10 chapters.

Florida is an economics professor at the University of Toronto, a contributor to the Atlantic magazine and author of the 2002 book *The Rise of the Creative Class*.

As we said earlier, this book is a followup—and partial corrective—to *The Rise of the Creative Class*. It's not that the earlier book's policy recommendations failed. Florida urged mayors and governors in the early 2000s to pursue a "creative class" of highly educated people through tolerance, creativity and placemaking. These strategies worked—if anything, too well. Soon, educated workers displaced the jobs and workers further down the economic ladder, creating a "new urban crisis."

How did the affluent workers hurt working-class and middle-class workers? Basically by raising the cost of living (and, in particular, rents) and by pushing decent-paying work in factories and warehouses out of cities. Land in cities became too valuable for manufacturing; it could bring a higher price as professionals' housing and entertainment venues.

Was this gentrification? Yes, in the sense that some lower-income families were displaced as their neighborhoods became popular. But actual displacement was limited, and, Florida writes, "the media's obsession with gentrification deflects attention from the far more serious problem of chronic and concentrated urban poverty."

And this, he argues, is the real crisis: Cities are becoming more economically and racially segregated because of higher costs and a lack of jobs for people with limited training or skills. And not just cities but

suburbs as well. In fact, Florida writes, suburban poverty and segregation may be a greater problem because poverty is growing so fast in suburbs, and these places are so unprepared for it. As a result, there's little infrastructure to help low-income families, from social organizations to actual infrastructure like sidewalks and transit.

In page after page of tables and graphs, Florida makes the case that concentrated poverty and segregation by race and income are bad and growing worse. It's bad because children who grow up in uniformly low-income neighborhoods tend not to do well in school, so social mobility is lessened. It's also bad for the creative types who've moved to cities. "Take away the ferment that comes from urban mixing, and the result is a sterile sameness," he writes. It is bad, too, for the economy. Numerous studies, he says, show that "metro areas with higher levels of innovation had higher rates of economic mobility as well." Reduce social mobility and you could kill the creative economy.

Finally, there's the growing resentment that poor, working-class and middle-class families have of what Florida calls "winner-take-all urbanism," the best jobs and best neighborhoods being claimed by an economic elite. He saw the resentment early in Toronto, where the voters elected a demagogue, Rob Ford, as mayor in 2010. (Ford left office four years later in a scandal.) There have been other signs of political discontent, from Brexit, the United Kingdom's decision to leave the European Union, and Donald Trump's election as president to the widespread protests in the summer of 2020 following the George Floyd murder.

So, are there any answers? There are, Florida writes, but they involve a number of ambitious reforms at the federal, state and local levels. Urbanism can play a role in making cities better and fairer, he says, but only if we turn "winner-take-all" urbanism into "urbanism for all."

Florida offers a seven-point plan grouped around three great goals.

First, improve low-income neighborhoods with more affordable housing, better schools, early childhood education programs and so on. Consider this "affirmative action for neighborhoods," he writes, aimed at improving conditions in the poorest neighborhoods and restoring social mobility.

Second, reduce poverty by raising the minimum wage and enacting income-support programs like a "negative income tax." There is a price for doing this, he concedes, which is higher costs for restaurant meals, retail goods, day care and elder care. But we've paid that price before, he goes on. In the New Deal era of the 1930s and 1940s, the federal government enacted reforms that encouraged union organizing in factories. These reforms raised manufacturing wages, and in doing so "built a middle class by collectively paying a premium for our cars and appliances." We could do the same for service workers though higher minimum wages, he says.

Third, double down on some urbanist goals. They include zoning reforms and building code changes that could increase density and lower the cost of housing, making greater investments in transit, changing tax incentives so landowners are encouraged to convert low-value land uses, like parking lots, into housing and retail. Won't this cause a backlash? Florida has an idea for that, too: "tax increment local transfers" that allow neighborhoods to share in tax revenues from new developments. By allowing neighbors a stake in new housing and retail, we could "essentially co-opt NIMBY opposition to new development," he writes.

Can all this be done, with sweeping reforms in Washington, state capitals and cities? Only if we work for it, Florida says, because "it won't create itself." He ends the book with this thought: "Do we want the divides and contradictions of winner-take-all urbanism, or the promise of a fuller and fairer urbanism for all? This is the defining issue—and struggle—of our time."

About the Atlanta Urbanist Book Group

Our mission at the Atlanta Urbanist Book Group is to introduce new ideas to Urban Atlanta by reading recent books about cities, identifying the ideas we think would work in Atlanta, and offering civic leaders a guide to these ideas.

We define “urbanism” broadly. We are reading books about transportation, land use, housing, public safety, government reform, neighborhoods, social infrastructure, education, economic development, regionalism, diversity, politics, arts and culture, volunteerism, and more.

Our aim isn't to review books but to **show how their ideas apply to Atlanta today** and suggest ways of moving from good ideas to good actions.

You can learn more about the Atlanta Urbanist Book Group at atlantaurbanist.com.