

2017 CAN Summer Book Study

The New Urban Crisis

By Richard Florida

Session #1 Study Guide – Preface & Chapters 1, 2 & 3

Preface and Chapter 1 (Introduction)

These two sections of the book provide an introduction to and the context by which to understand the topics to be addressed in subsequent chapters.

Discussion topic: The title of Chapter 1 is “The Urban Contradiction,” and refers to the fact that the urban revival that many cities are experiencing has been accompanied by increasing inequality in a variety of forms (pages 6 to 8 outline the key dimensions of the crisis). At the bottom of page 3 and top of page 4, Florida describes what an “urban optimist” and an “urban pessimist” might think about the urban crisis. Given the key dimensions of the urban crisis that are articulated, which one do you consider yourself (an urban optimist or an urban pessimist)?

Chapter 2 – Winner Take All Urbanism

Please pay particular attention to this chapter since it will likely consume most of our discussion time. This chapter lays out the forces that have allowed certain “superstar cities” to emerge globally. An index ranking these “superstar cities” is shown on page 16. The index is a combination of indices that measure economic strength, competitiveness and livability. Florida and others argue that clustering forces have given “superstar cities” their advantage. Clustering happens in two key areas: (i) innovative industries and (ii) people with talent, ambition and wealth to support these industries. This clustering is self-reinforcing, specifically:

Expansion of creative industries LEADS TO growth in service industry and the arts that LEAD TO additional tax revenues and investments in infrastructure and public services/amenities that LEAD TO growth of creative industries and people to support these industries.

Discussion topic 2.1: Do you see this self-reinforcing dynamic unfolding in Austin? Which parts of it are strong/weak?

In cities where clustering occurs, a competition for urban space ensues. The competition for that space (i.e., land) can lead to a crisis of affordability. Anything that limits development will exacerbate the affordability crisis. Specifically, Florida mentions: NIMBYism, zoning/land use regulations, rentiers (landlords) and geography as potentially limiting development. Chart on page 29 compares change in home values based on rate of expansion of major urban U.S. cities.

Discussion topic 2.2: Of the five factors that may limit development, which most apply to Austin? What are the benefits/costs associated with relaxing these limitations on growth?

Chapter 3 – City of Elites

In Super Star cities, competition for urban space has reached ferocious proportions such that “gentrification” in those cities has morphed into “plutocratization” or “oligarchification.” Long established elites and “old money” families are being pushed out along with the poor and working class. Pressure is not just from high wage earners and entrepreneurs but also from giant corporations, real estate trusts, hedge funds, sovereign wealth funds that are looking for places to “park” their money. Charts on page 40 and 41 show where wealth is concentrating around the globe.

The super rich are not driving force in most cities around the world, except the most elite of cities like New York, London, Los Angeles and San Francisco. In the U.S. and around the globe, it is cities with a great deal of venture capital that attract innovative industries and the talent that supports those industries that are driving urban transformation. On page 44, Austin appears for the first time on list of globally competitive metropolitan areas. On page 54, Austin is cited as one of 19 cities out of 364 metro areas with a fully innovative and creative economy.

Discussion topic: As Austin moves towards “super star” city status, will the growing cost of housing dampen innovation and growth? How do we make our flourishing economy more encompassing and inclusive?