

## 2017 CAN Summer Book Study

### The New Urban Crisis

By Richard Florida

#### Session #2 Study Guide – Chapters 4 & 5

#### Chapter 5 – The Inequality of Cities

We are going to discuss Chapter 5 before Chapter 4 (i.e., the chapter on gentrification) because it builds to a certain degree on the theme of Chapter 3 – City of Elites. This chapter looks at inequality using a variety of measures.

From 1979 to 2007, the Top 1% pockets 53.5% of overall income increase in the U.S. Since 2008, the Top 1% has captured 85% of all income growth. In 2013, the Top 1% was making 25 times the average income of the remaining 99%. The gap between the Top 1% and the rest was even greater in metro areas. (Page 82)

Wage inequality is the gap between the lowest paid and the highest paid workers. It is different from income inequality in that it does not factor income from rents and capital. Austin is one of the cities listed as having a high level of wage inequality (page 85).

Main driver of wage inequality is the pay of top earners. Persistent poverty and economic distress at bottom of the socioeconomic pyramid is what drives income inequality. The same factors that drive economic growth also drive inequality. (Page 86-88)

Inequality can be a drag on growth according to 2009 and 2014 studies (page 90 & 91). Of the one hundred largest cities, only nine experienced economic prosperity and a reduction in neighborhood inequality (i.e., spatial inequality at the zip code level). The table on page 92, maps the 100 cities on a matrix that plots a distress/prosperity score with a spatial inequality score. Austin is in the “prosperous and unequal” quadrant.

Discussion topic: Inequality in Austin has not yet led to a “drag on growth.” Does it seem to you that such a drag is coming? Why or why not?

#### Chapter 4 – Gentrification and Its Discontents

Florida argues ostensibly that gentrification is a “natural” part of the process by which cities grow and transform. The discussion topic in this section pertain to a series of controversial definitions and claims that are made. I encourage you to read this chapter carefully so that you may get a clear view regarding the context in which the below definitions and claims are made.

Claim: Relatively few people are directly displaced by gentrification (page 58). Members of poor households in gentrifying neighborhoods in New York were less likely that poor households in non-gentrifying neighborhoods to move out of their neighborhood. (pg. 72)

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Claim: Neighborhood transformation is natural if wrenching (example of New York - SOHO urban transformation on Greene Street since 1641). (page 61)

Definition: Gentrification describes a process in which a neighborhood gains wealth and sees its population become more affluent, white and younger (page 59).

Factors driving affluent, educated whites back to urban core: (1) higher-paying, knowledge, professional, tech and creative jobs; (2) tendency for affluent whites to want to live close to where they work; (3) access to amenities offered by cities – libraries, museums, restaurants, cafes, etc. (page 64)

The end result is growing inequality and spatial segregation as less advantaged blacks and whites are pushed out of the urban core and become increasingly concentrated in declining suburbs or in less advantaged and more economically isolated areas of the city. (page 65)

In recent pattern of re-urbanization (2000 to 2014), we see the richest 10% moving into cities and the poorest 10% moving out (page 62). Middle class Blacks are also playing a role. One-third of income gains are attributable to highly educated Blacks. (page 63)

Claim: Gentrification is the product of forces that go far beyond the individual desires and preferences of the young, educated and affluent. Gentrification is shaped by much bigger and broader forces, including large scale public and private investments like transit investments, university/colleges/medical schools, and parks/green space. (page 65).

Definition: The Federal Reserve Bank of Cleveland conducted a study attempting to track gentrification by comparing the share of neighborhoods in the metro area moving from the lower 50% to the higher 50% in distribution of housing prices. (page 67)

Definition: NYU's Furman Center traced the transformation of 55 of the New York City's neighborhoods between 1990 and 2014. Just 15 qualified as gentrifying (started off with incomes below 40% of median and experienced rent increases greater than the median neighborhoods did). Seven did not improve (i.e., their income stayed low). These neighborhoods were often located right next to gentrifying ones – a sign of the juxtaposition of concentrated advantage and disadvantage. (page. 69)

Claim: Worst consequence of re-urbanization are not in gentrifying neighborhoods but in far more disadvantaged neighborhoods (page 73). It is racially concentrated urban poverty that constitutes the far bigger problem for cities. The overwhelming majority of neighborhoods that were poor in 1970 remained poor 30 years later. (Study of high poverty neighborhoods within 10-mile radius of urban center. (page 77)

Discussion topic: What definitions/claims do you agree with or question? Which one(s) appear to fit Austin's unique set of issues?