

RICHARD FLORIDA

## Lost in housing hysteria, middle-class neighbourhoods have gone extinct

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In recent years, the young, educated and affluent have surged back into cities, reversing decades of suburban flight and urban decline. And yet, all is not well. The very same forces that power the growth of our great cities have generated a crisis of gentrification, rising inequality and increasingly unaffordable urban housing.

The new urban crisis is different from the older urban crisis of the 1960s and 70s. That previous crisis was defined by the economic abandonment of cities and their loss of economic function. But the new crisis is, in many ways, an outgrowth of urban success. The predicament can be seen in the dramatic growth in housing prices and the even more dramatic decline in housing affordability, especially in cities like [Toronto](http://www.ctvnews.ca/canada/in-charts-tracking-house-prices-in-canada-s-hottest-housing-markets-1.3373632) [http://www.ctvnews.ca/canada/in-charts-tracking-house-prices-in-canada-s-hottest-housing-markets-1.3373632] and [Vancouver](http://www.theglobeandmail.com/real-estate/vancouver/vancouver-home-sales-start-2017-below-average/article34183531/) [http://www.theglobeandmail.com/real-estate/vancouver/vancouver-home-sales-start-2017-below-average/article34183531/]. In both, the median price of a detached single-family home will now set you back easily over \$1-million.

## **Rob Carrick: Canada's housing affordability capital? It just might be Calgary**

[\[http://www.theglobeandmail.com/globe-investor/personal-finance/household-finances/canadas-housing-affordability-capital-it-might-just-be-calgary/article33785469/\]](http://www.theglobeandmail.com/globe-investor/personal-finance/household-finances/canadas-housing-affordability-capital-it-might-just-be-calgary/article33785469/)

In Vancouver, the average home costs \$1.2-million dollars. In Greater Toronto, it's more than \$750,000. In both cities, a detached single family home will run you more than a million dollars – \$1.7-million in Greater Vancouver and \$1.2-million in Greater Toronto though it will set you back even more than \$1.56-million in the city of Toronto proper.

Still, Canadians like to think housing in their major cities is more affordable than, say, London or New York. And while an apartment or townhouse in Manhattan or central London will cost more in dollars or pounds than one in Vancouver or Toronto, both suffer from [serious unaffordability](#) [\[http://www.demographia.com/dhi.pdf\]](http://www.demographia.com/dhi.pdf) based on the actual incomes people make. On a housing-cost-to-income basis, Vancouver is the world's third-least-affordable city, and Toronto is ninth. But this crisis extends beyond just these two superstar cities. According to a Demographia housing-affordability survey, seven of Canada's largest 40 metro areas are severely unaffordable, 10 are seriously unaffordable, 13 are moderately unaffordable and 10 are unaffordable.

This housing-cost squeeze hits hardest at low-wage blue-collar and service workers who have just \$11,500 and \$26,400 left over after paying for housing compared to knowledge, professional and creative workers who have \$45,000 left over.

Inequality is another key dimension of the problem. Canada ranks [fifth](#) [\[http://www.parl.gc.ca/content/hoc/Committee/412/FINA/Reports/RP6380060/finarp03/finarp03-e.pdf\]](http://www.parl.gc.ca/content/hoc/Committee/412/FINA/Reports/RP6380060/finarp03/finarp03-e.pdf) of 15 advanced countries on income inequality. The top 1 per cent earn [more than 10 times](#) [\[http://www.huffingtonpost.ca/2016/12/16/inequality-by-city-canada\\_n\\_13678428.html\]](http://www.huffingtonpost.ca/2016/12/16/inequality-by-city-canada_n_13678428.html) as much as the average Canadian. But inequality is even worse in Canada's cities and metro areas. Toronto, Vancouver and Montreal have the highest levels of [income inequality](#) [\[http://neighbourhoodchange.ca/documents/2015/02/income-inequality-and-polarization-in-canadas-cities-an-examination-and-new-form-of-measurement.pdf\]](http://neighbourhoodchange.ca/documents/2015/02/income-inequality-and-polarization-in-canadas-cities-an-examination-and-new-form-of-measurement.pdf) and have seen the largest and fastest increases over the past several decades. But the key feature of the new crisis is the decline of the middle class and of the once sturdy middle-class neighbourhoods that were the platforms of the Canadian Dream. As the pioneering research of my University of Toronto colleague David Hulchanski documents, [middle-class neighbourhoods](#) [\[http://www.urbancentre.utoronto.ca/pdfs/curp/tnrn/Three-Cities-Within-Toronto-2010-Final.pdf\]](http://www.urbancentre.utoronto.ca/pdfs/curp/tnrn/Three-Cities-Within-Toronto-2010-Final.pdf), which made up two-thirds of all Toronto neighbourhoods in 1970, fell to fewer than 30 per cent by 2005. The trend is similar in [Vancouver](#) [\[http://neighbourhoodchange.ca/documents/2012/08/summary-version-divisions-and-disparities-socio-spatial-income-polarization-in-greater-vancouver-1970-2005-by-david-ley-nicholas-lynch.pdf\]](http://neighbourhoodchange.ca/documents/2012/08/summary-version-divisions-and-disparities-socio-spatial-income-polarization-in-greater-vancouver-1970-2005-by-david-ley-nicholas-lynch.pdf) and [Montreal](#) [\[http://neighbourhoodchange.ca/wp-content/uploads/2013/04/Rose-2013-A-City-Region-Growing-Apart-RP222.pdf\]](http://neighbourhoodchange.ca/wp-content/uploads/2013/04/Rose-2013-A-City-Region-Growing-Apart-RP222.pdf) and across Canada.

The crisis is shaped by a fundamental contradiction of today's great cities. The clustering of industry, economic activity and talented people in cities, which is the fundamental engine of innovation and economic growth, also carves deep divides into our cities and our society. As the affluent and advantaged return to cities, they colonize the best locations – in and around the urban centre, around transit, close to knowledge institutions and around amenities like parks and waterfronts, while the less advantaged are pushed out into the further reaches of the suburbs and exurbs or the disconnected and disadvantaged areas

of the city. Canada's major metropolitan areas are fragmenting into a new kind of [patchwork metropolis](http://martinprosperity.org/media/Divided-City_Insight-Canada_Reissued.pdf), [\[http://martinprosperity.org/media/Divided-City\\_Insight-Canada\\_Reissued.pdf\]](http://martinprosperity.org/media/Divided-City_Insight-Canada_Reissued.pdf) with small areas of concentrated advantage surrounded by much larger spans of concentrated disadvantage that span city and suburbs alike.

The problem has serious political repercussions, as well. The deepening geographic divides that define it are behind the rise of populism in the form of Brexit in Britain and Donald Trump's rise in the United States. Canadians may rest easy with Justin Trudeau as Prime Minister and a great crop of mayors. But remember that Toronto was one of the first places in the world to experience the populist backlash that propelled Rob Ford into the mayor's office.

It is imperative that Canada and its major cities aggressively address this crisis. The federal Liberals made reducing inequality and rebuilding the middle class, as well as infrastructure and affordable-housing investments, central to their campaign platform. But Canada's cities need to take a more proactive role if they hope to tackle the root of the problem. Only by increasing density and building affordable housing, upgrading low-wage service work into family-supporting jobs, and investing in better transit infrastructure to connect more people and places to its centres of employment can our cities hope to combat this crisis.

Despite the challenges they face, Canada's great cities remain the country's basic engines of innovation, wealth and progress. Ultimately, the solution is more – not less – urbanism. Getting there requires that we shift from the current lopsided and unequal model of winner-take-all urbanism to fairer and fuller urbanism that all workers and residents can benefit from.

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