



# MIAMI'S NEW URBAN CRISIS

Richard Florida



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# THE AUTHOR



## RICHARD FLORIDA

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# INTRODUCTION

Greater Miami has experienced remarkable economic success in recent years. The metro area—which spans Miami-Dade, Broward, and Palm Beach counties—is now the eighth-largest in the United States, with around 6.1 million residents and economic output that exceeds that of many nations. As a symbol of Miami’s dramatic growth, its downtown has been stunningly transformed into a bustling area featuring new restaurants and hotels, an expanding cluster of startup companies, and a twenty-first century skyline of high-rise offices and condo towers.

But, there is a downside to Miami’s urban revival: Its recent economic boom has generated a New Urban Crisis born from its very success. Compared to the old urban crisis of the 1960s and 1970s, which was defined by deindustrialization and the economic abandonment of cities, the New Urban Crisis is even larger and more encompassing. Today, the clustering of talent, industry, and economic activity that powers innovation and economic growth has carved deep divides in cities and metros, which have become increasingly unequal and unaffordable.<sup>1</sup>





## WINNER-TAKE-ALL URBANISM

A defining feature of the New Urban Crisis is “winner-take-all urbanism.” In a winner-take-all economy, leading superstar talent like Beyoncé, Brad Pitt, and LeBron James or billionaire CEOs like Bill Gates, Jeff Bezos, and Mark Zuckerberg make outsize money compared to the rest of the population. From 1978 to 2015, America’s CEOs saw their pay increase by more than 940 percent, while the average worker’s wages grew by just 10 percent. By the 2000s, the average CEO took home 300 times the earnings of the average worker in the U.S.

The same kind of phenomena is at work in today’s cities. Under winner-take-all urbanism, the world’s leading superstar cities attract disproportionate shares of talent, investment, corporations, industries, and other economic assets.<sup>2</sup>

Miami has quickly joined the ranks of these superstar cities, alongside places like New York, London, Hong Kong, Singapore, Tokyo, Los Angeles, and San Francisco. Miami placed thirtieth on A.T. Kearney’s 2017 Global Cities Index—up six places from just five years ago.<sup>3</sup> With \$283 billion in economic output, Miami ranks twelfth among U.S. metros and forty-first among global metros, on par with Toronto, Brussels, and Seattle. Miami’s economy is also quite productive compared to other global metros. The metro produces roughly \$110,000 in economic output per worker—comparable to that of Hong Kong and Frankfurt—and nearly \$50,000 in economic output per person, in line with Tokyo and Toronto.<sup>4</sup>

Figure 1: Global Metros and Economic Output

RANK	METRO AREA	COUNTRY	ECONOMIC OUTPUT (MILLIONS)	ECONOMIC OUTPUT PER PERSON	ECONOMIC OUTPUT PER WORKER
1	Tokyo	Japan	\$1,624	\$43,884	\$83,263
2	New York	USA	\$1,492	\$73,938	\$158,339
3	Los Angeles	USA	\$928	\$69,532	\$158,165
4	Seoul-Incheon	S Korea	\$903	\$36,002	\$69,533
5	London	UK	\$831	\$55,947	\$94,847
6	Paris	France	\$819	\$65,354	\$125,287
7	Shanghai	China	\$810	\$32,684	\$69,782
8	Moscow	Russia	\$750	\$61,482	\$105,975
9	Osaka-Kobe	Japan	\$681	\$36,535	\$76,562
10	Beijing	China	\$664	\$30,335	\$55,142
11	Chicago	USA	\$582	\$60,988	\$125,817
12	Sao Paulo	Brazil	\$579	\$27,366	\$57,018
13	Köln- Düsseldorf	Germany	\$548	\$47,735	\$92,483
14	Guangzhou	China	\$524	\$39,800	\$78,646
15	Houston	USA	\$505	\$75,893	\$166,808
16	Shenzhen	China	\$491	\$45,374	\$63,476
17	Mexico City	Mexico	\$486	\$23,017	\$52,807
18	Tianjin	China	\$478	\$30,538	\$53,942
19	Singapore	Singapore	\$468	\$84,399	\$128,493
20	Dallas	USA	\$458	\$64,488	\$132,630
21	Washington	USA	\$454	\$74,469	\$139,109
22	Istanbul	Turkey	\$449	\$30,723	\$85,137
23	Suzhou	China	\$440	\$41,306	\$102,776
24	Chongqing	China	\$425	\$14,108	\$24,540
25	Hong Kong	Hong Kong	\$414	\$56,751	\$109,004
26	Rotterdam-Amsterdam	Netherlands	\$397	\$55,610	\$98,463

RANK	METRO AREA	COUNTRY	ECONOMIC OUTPUT (MILLIONS)	ECONOMIC OUTPUT PER PERSON	ECONOMIC OUTPUT PER WORKER
27	Delhi	India	\$396	\$16,861	\$58,516
28	Milan	Italy	\$381	\$49,286	\$105,382
29	Nagoya	Japan	\$377	\$41,672	\$81,200
30	San Francisco	USA	\$375	\$80,551	\$164,521
31	Boston	USA	\$371	\$77,651	\$139,160
32	Philadelphia	USA	\$364	\$59,910	\$126,815
33	Wuhan	China	\$324	\$31,529	\$75,061
34	Madrid	Spain	\$316	\$47,905	\$98,405
35	Atlanta	USA	\$311	\$54,427	\$118,944
36	Chengdu	China	\$306	\$21,272	\$61,480
37	Busan-Ulsan	South Korea	\$306	\$39,160	\$78,771
38	Toronto	Canada	\$292	\$47,750	\$92,413
39	Brussels	Belgium	\$291	\$52,445	\$117,979
40	Seattle	USA	\$286	\$76,504	\$146,310
41	Miami	USA	\$283	\$46,989	\$110,888
42	Hangzhou	China	\$275	\$30,820	\$53,465
43	Nanjing	China	\$272	\$32,983	\$78,121
44	Frankfurt am Main	Germany	\$270	\$60,321	\$106,745
45	Wuxi	China	\$270	\$41,368	\$95,183
46	Qingdao	China	\$266	\$29,357	\$93,504
47	Munich	Germany	\$266	\$66,739	\$111,975
48	Sydney	Australia	\$251	\$51,115	\$100,856
49	Changsha	China	\$246	\$33,604	\$114,963
50	Dalian	China	\$245	\$35,317	\$76,067

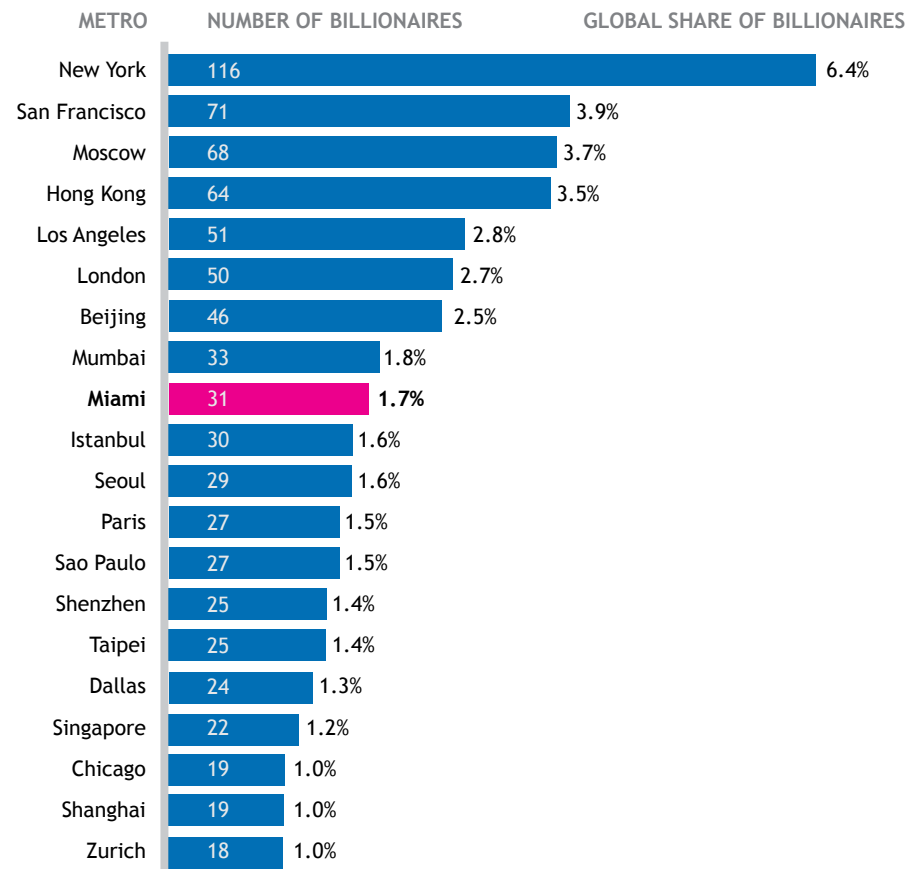
Note: Values are in U.S. dollars measured in terms of purchasing power parity.  
 Source: Jesus Leal Trujillo and Joseph Parilla, "Redefining Global Cities," The Brookings Institution, September 29, 2016.

## WINNER-TAKE-ALL URBANISM // CONTINUED

Miami's economy—like those of global superstar cities—is defined by large concentrations of high value-added industries like finance, entertainment, and media. The metro also benefits from thriving real estate, hospitality, and tourism sectors and rising shares of high-tech industry, spurred by the migration of startups from suburbs to urban centers. Furthermore, Miami has seen tremendous growth as a startup hub.

While technology, density, and innovation are critical to urban prosperity, research has shown that they are also correlated to various measures of segregation and inequality. The concentration of high-tech startups and venture capital, for instance, is closely associated with higher levels of wage inequality and economic segregation.<sup>5</sup> With over a billion dollars in venture capital activity (\$1.3 billion), Miami ranks eighth in the U.S. for venture capital investment. This places the metro alongside Seattle (\$1.5 billion), ahead of Chicago (\$1.2 billion) and Washington, D.C. (\$977 million) and well ahead of Austin (\$977 million) and Philadelphia (\$897 million).<sup>6</sup> A considerable share of Miami's venture capital is concentrated in downtown areas, including neighborhoods like Brickell, Edgewater-Morningside, and Wynwood, while other clusters are found in Coconut Grove, Miami Beach, and downtown Boca Raton (home to Florida Atlantic University).

Figure 2: Number and Share of Billionaires for Global Metros

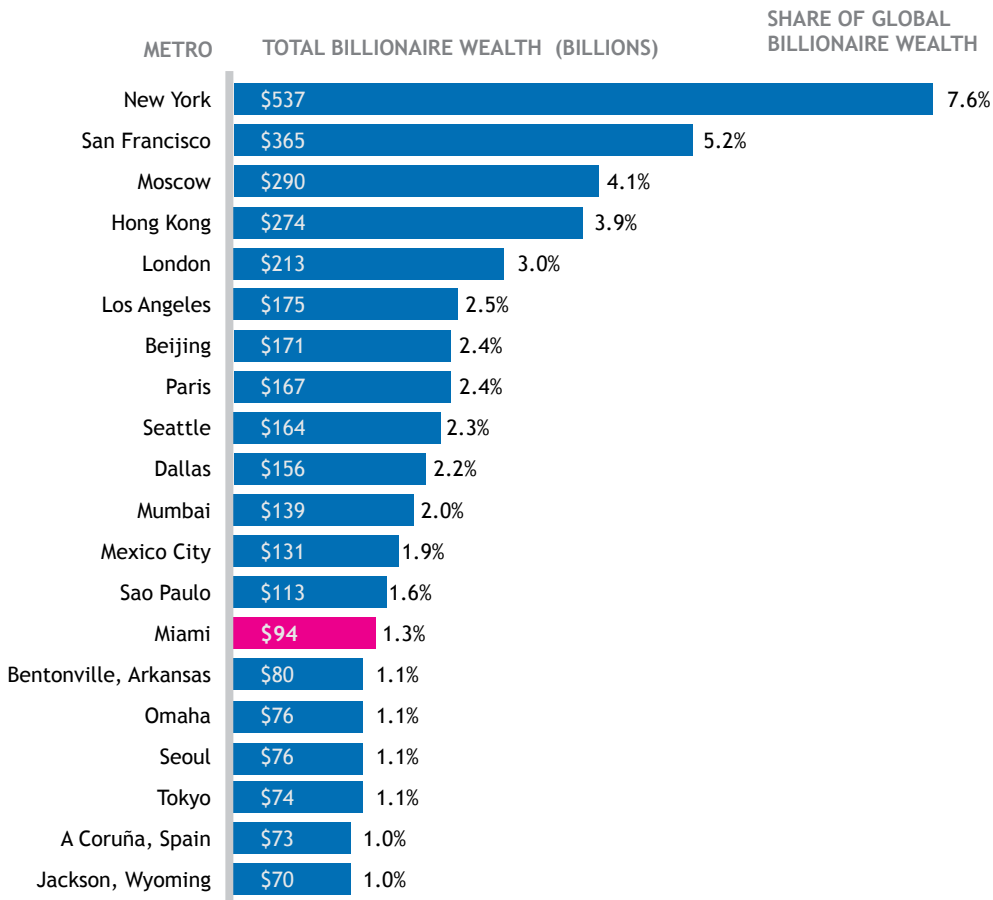


Source: Richard Florida, Charlotta Mellander, and Isabel Ritchie, "[The Geography of the Global Super-Rich](#)," Martin Prosperity Institute, Rotman School of Management, University of Toronto, 2016.

## WINNER-TAKE-ALL URBANISM // CONTINUED

Another indicator of Miami's winner-take-all urbanism is its high concentration of the super-rich, measured as billionaires, who represent a small fraction of the metro's population, but hold a significant share of its wealth. Home to thirty-one billionaires, or 1.7 percent of the global share, Miami ranks ninth on this metric. The metro ranks fourteenth in terms of the total net worth of its billionaires (\$94 billion) and sixth in terms of its number of ultra-high net worth individuals.<sup>7</sup>

Figure 3: Billionaire Wealth for Global Metros



Source: Richard Florida, Charlotta Mellander, and Isabel Ritchie, "The Geography of the Global Super-Rich," Martin Prosperity Institute, Rotman School of Management, University of Toronto, 2016.



# DIMENSIONS OF MIAMI'S NEW URBAN CRISIS

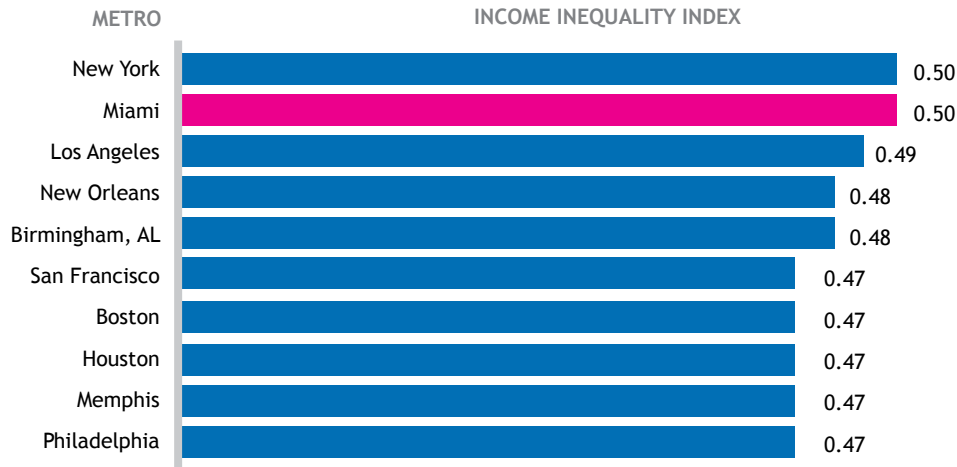
Even the winners of winner-take-all urbanism suffer from a New Urban Crisis. In fact, these metros are typically hit hardest by the downsides of urban growth. Indeed, the New Urban Crisis—measured in terms of inequality, economic segregation, and housing unaffordability—is most severe in the largest, densest, most affluent, highly educated, knowledge-based, innovative, and tech-oriented metros.<sup>8</sup>



## ECONOMIC INEQUALITY

A key marker of the New Urban Crisis is a high level of economic inequality. The Miami metro ranks second among large U.S. metros in terms of income inequality, measured by the Gini coefficient. The metro's income inequality is worse than that of L.A., San Francisco, Washington, D.C., Boston, and Chicago, and equivalent to that of Zimbabwe.

Figure 4: Income Inequality Index for Large U.S. Metros



Note: Large metros are those with more than one million people.  
Source: Richard Florida, [The New Urban Crisis](#), Basic Books, 2017.

The Miami metro suffers from a troublingly large economic gap between its rich and its poor. As of 2016, the richest 1 percent of residents in Miami took home forty-five times as much as the rest of the metro's residents.<sup>9</sup> This economic disparity is particularly concerning, given that it is propelled by the low incomes of those at the bottom.

This can be seen in the share of income held by the top 5 percent of Miami's population compared to the bottom 20 percent—otherwise known as the 95-20 inequality ratio. While the top 5 percent of Miami households earn an average of \$202,461 each year, the lowest 20 percent of households earn an average of \$19,775.<sup>10</sup> In other words, the incomes of the top 5 percent are more than ten times that of the bottom 20 percent. Indeed, the Miami metro ranks sixth among large U.S. metros on this 95-20 ratio.

Figure 5: 95-20 Ratios for Large U.S. Metros

Rank	Metro Area	Household Income (95th percentile)	Household income (20th percentile)	95-20 Ratio
1	New York	\$282,359	\$23,853	11.8
2	San Francisco	\$353,483	\$31,761	11.1
3	New Orleans	\$196,658	\$18,173	10.8
4	Boston-Cambridge	\$293,653	\$27,883	10.5
5	Los Angeles	\$243,771	\$23,743	10.3
6	Miami	\$202,461	\$19,775	10.2
7	Houston	\$240,711	\$24,758	9.7
8	Memphis	\$177,790	\$18,350	9.7
9	Providence	\$204,465	\$21,242	9.6
10	Philadelphia	\$230,312	\$24,261	9.5

Source: Alan Berube and Natalie Holmes, [“City and Metropolitan Inequality on the Rise, Driven by Declining Incomes.”](#) Brookings Institution Metropolitan Policy Program, January 14, 2016.



## DIMENSIONS OF MIAMI'S NEW URBAN CRISIS // CONTINUED

Another key dimension of the New Urban Crisis is the decline in stable, blue-collar, middle-class jobs and the split in the job market between high-paid professional, knowledge, and creative jobs and lower-paid service jobs. Across the U.S., the working class now makes up about a fifth of the workforce (twenty-six million workers), down from 60 percent in the 1880s, while well-paid knowledge, professional, and creative workers make up 33 percent (forty-two million workers) and the much lower-paid service class makes up around 45 percent (sixty million workers).<sup>11</sup>

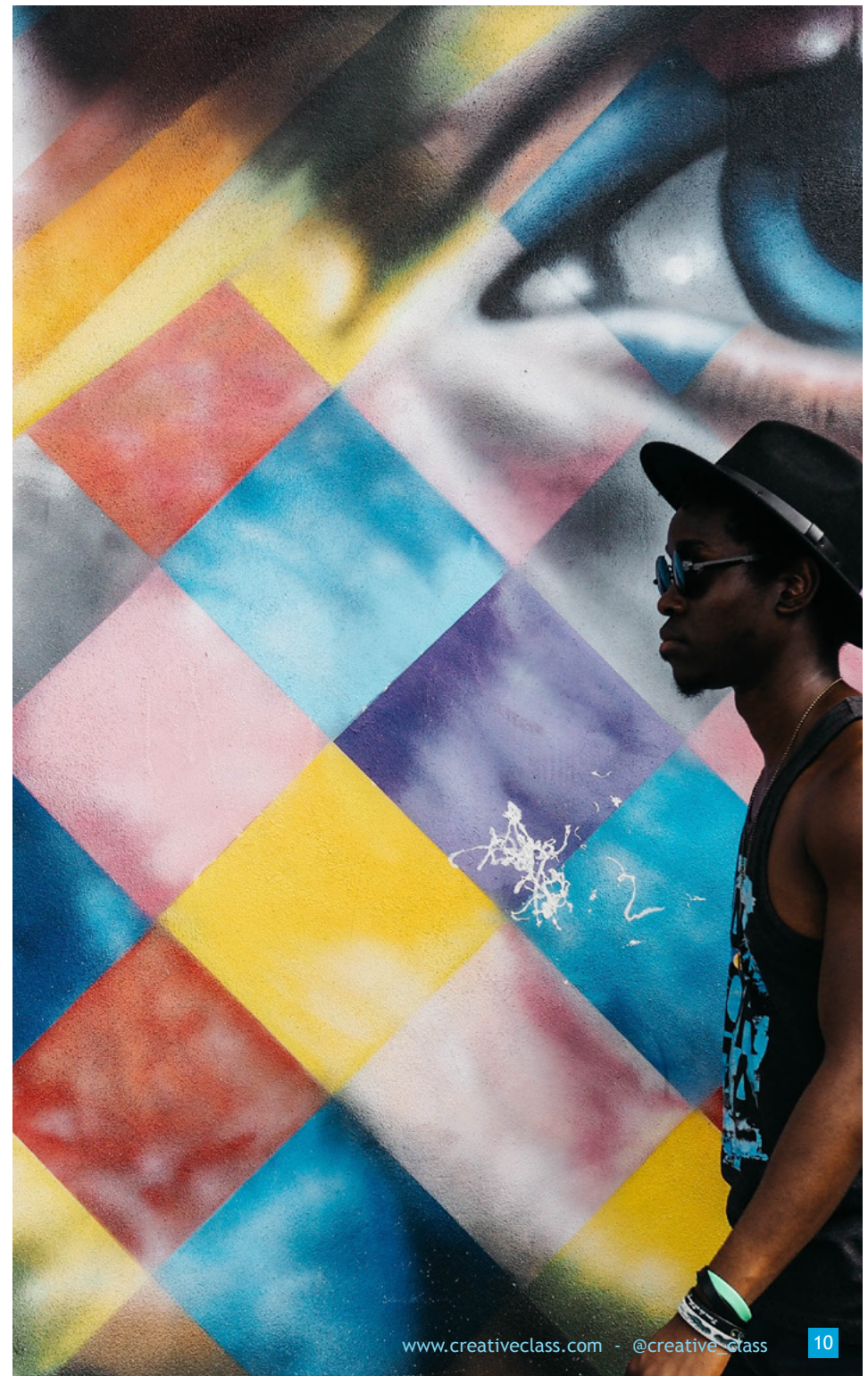
The economic gap among the three major classes is even worse in Greater Miami, where the service class makes up a much larger share of the workforce (51 percent) and earns \$34,627 per year. Not only does the average service class worker in Miami make 25 percent less than the average worker (\$46,160), but they also make less than half the salary of the average knowledge, professional, and creative class worker (\$76,131).

**Figure 6: Miami Workforce by Class**

*Note: 4,950 Miami residents are employed in Agriculture Occupations (less than 1% of the workforce).*

	Total Employment	Share of Employment	Average Annual Salary	Share of Average Annual Salary	Share of Creative Class Salary
Creative Class	684,280	27.2%	\$76,131	41%	N/A
Service Class	1,277,950	50.8%	\$34,627	75%	45%
Working Class	545,810	21.7%	\$35,804	78%	47%
Total Workforce	2,512,990		\$46,160	N/A	N/A

Source: Bureau of Labor Statistics Occupational Employment Statistics 2016.



## SPATIAL INEQUALITY AND ECONOMIC SEGREGATION

Yet another feature of the New Urban Crisis is economic segregation, or spatial inequality—defined as the separation of the advantaged and disadvantaged into distinct areas of a city or metro. In many ways, the effects of spatial inequality are even more concerning than economic inequality, since they compound both the advantages of those at the top and the adverse circumstances of those at the bottom. This divide is deeply damaging to our economic and social fabric. By locating in the best neighborhoods, advantaged residents gain access not only to the most economic opportunities, but also to the best schools, libraries, services, and amenities—all of which allow for increased upward mobility. Meanwhile, less-advantaged residents are relegated to neighborhoods with higher levels of crime, worse schools, and fewer opportunities to improve their circumstances.

The Miami metro ranks among the top ten large metros on one measure of economic segregation and among the top twenty on several others, as the table below shows:

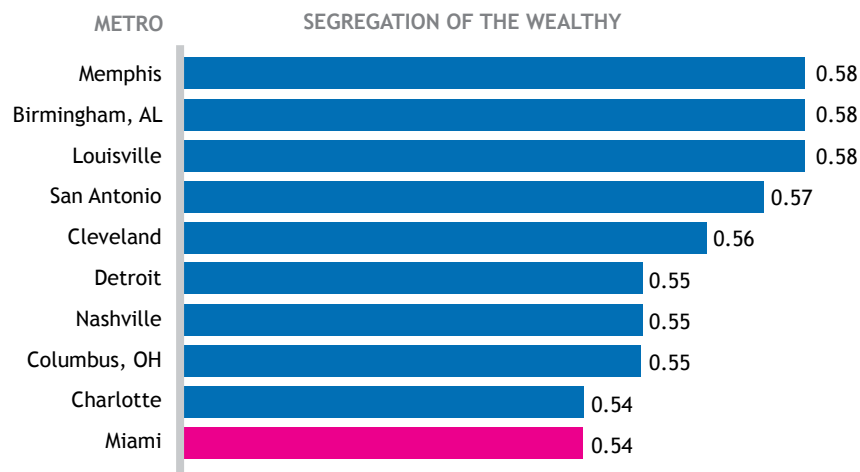
Figure 7: Miami's Levels of Segregation

MEASURE OF SEGREGATION	SCORE	RANK AMONG LARGE U.S. METROS	RANK AMONG ALL U.S. METROS
Overall Economic Segregation	0.79	26	39
Occupational Segregation	0.85	16	30
Creative Class Segregation	0.26	16	36
Service Class Segregation	0.13	21	85
Working Class Segregation	0.25	26	48
Income Segregation	0.72	29	70
Segregation of the Poor	0.33	46	175
Segregation of the Wealthy	0.54	10	31
Segregation Inequality Index	0.83	16	40

Note: Large metros are those with over one million people.  
Source: Richard Florida, [The New Urban Crisis](#), Basic Books, 2017.

Miami ranks tenth among large U.S. metros according to its segregation of the wealthy, a measure of the residential segregation of households with incomes of \$200,000 or more. This is in many ways the most concerning measure of economic segregation, considering that wealthy residents have the means to segregate themselves from others. Miami ranks worse on this measure than superstar cities like New York and L.A. and leading tech hubs like San Jose, San Francisco, Boston, and Washington, D.C., whose shares are the lowest of the bunch.

Figure 8: Wealth Segregation for Large U.S. Metros



Note: Large metros are those with over one million people.  
Source: Richard Florida, [The New Urban Crisis](#), Basic Books, 2017.



## DIMENSIONS OF MIAMI'S NEW URBAN CRISIS

In Miami and elsewhere, economic inequality and economic segregation compound each other's negative effects. Miami ranks sixteenth among large U.S. metros on the Segregation Inequality Index, which combines the Overall Economic Segregation Index with measures of wage and income inequality.

Figure 9: Segregation Inequality Index for Large U.S. Metros

RANK	METRO AREA	SEGREGATION INEQUALITY INDEX
1	New York	0.98
2	Los Angeles	0.97
3	Houston	0.93
4	San Francisco	0.92
5	Philadelphia	0.90
6	Dallas	0.90
7	Charlotte	0.89
8	Chicago	0.89
9	Austin	0.88
10	Birmingham, AL	0.88
11	Boston	0.87
12	San Antonio	0.86
13	Memphis	0.85
14	San Diego	0.85
15	Denver	0.84
16	Miami	0.83
17	Cleveland	0.83
18	Columbus, OH	0.83
19	Atlanta	0.81
20	San Jose	0.80

Note: Large metros are those with over one million people.  
Source: Richard Florida, [The New Urban Crisis](#), Basic Books, 2017.

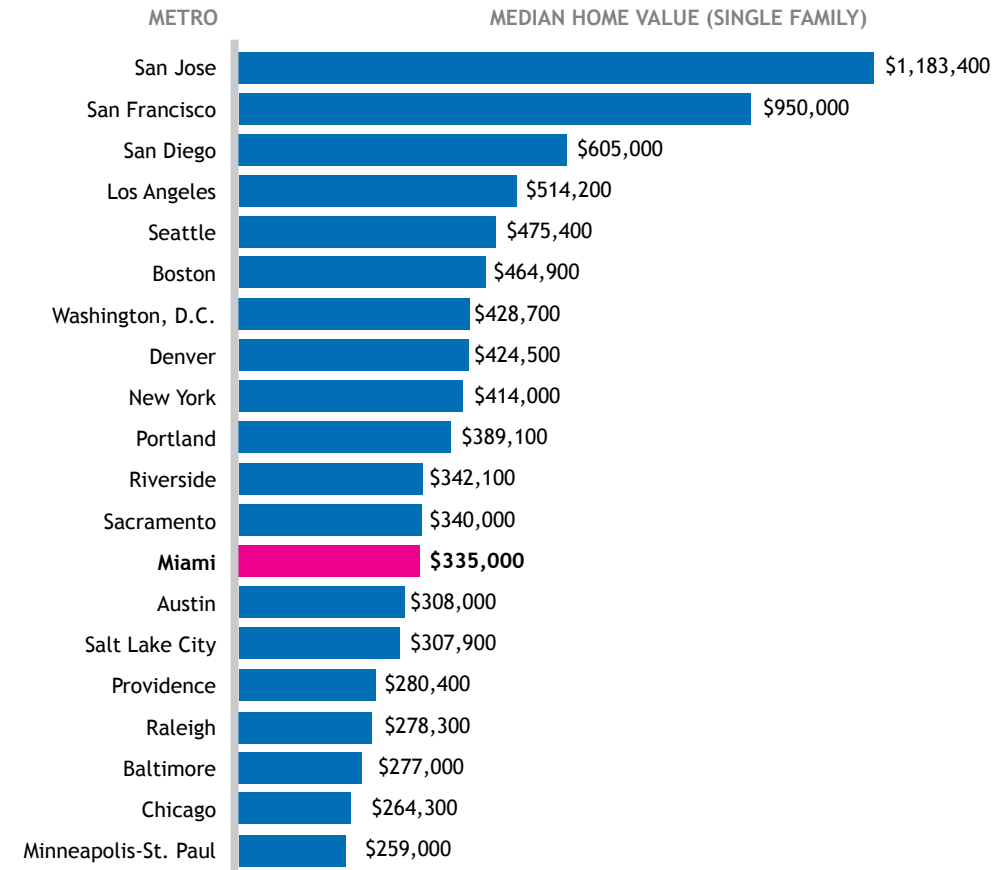


## HOUSING UNAFFORDABILITY

Still another key dimension of the New Urban Crisis is the worsening unaffordability of housing. Although Miami's housing prices are not as steep as New York City's or San Francisco's, the metro is still plagued by a deepening crisis of housing affordability.

Miami ranks thirteenth among large U.S. metros according to the median value of its single-family homes (\$335,000). In fact, the only places where the median value of single-family homes exceeds that of Miami are an elite group of superstar cities and established knowledge hubs that span the Bay Area, Southern California, the Boston-New York-Washington Corridor, the Pacific Northwest, and Denver.

Figure 10: Median Values of Single-Family Homes for Large U.S. Metros



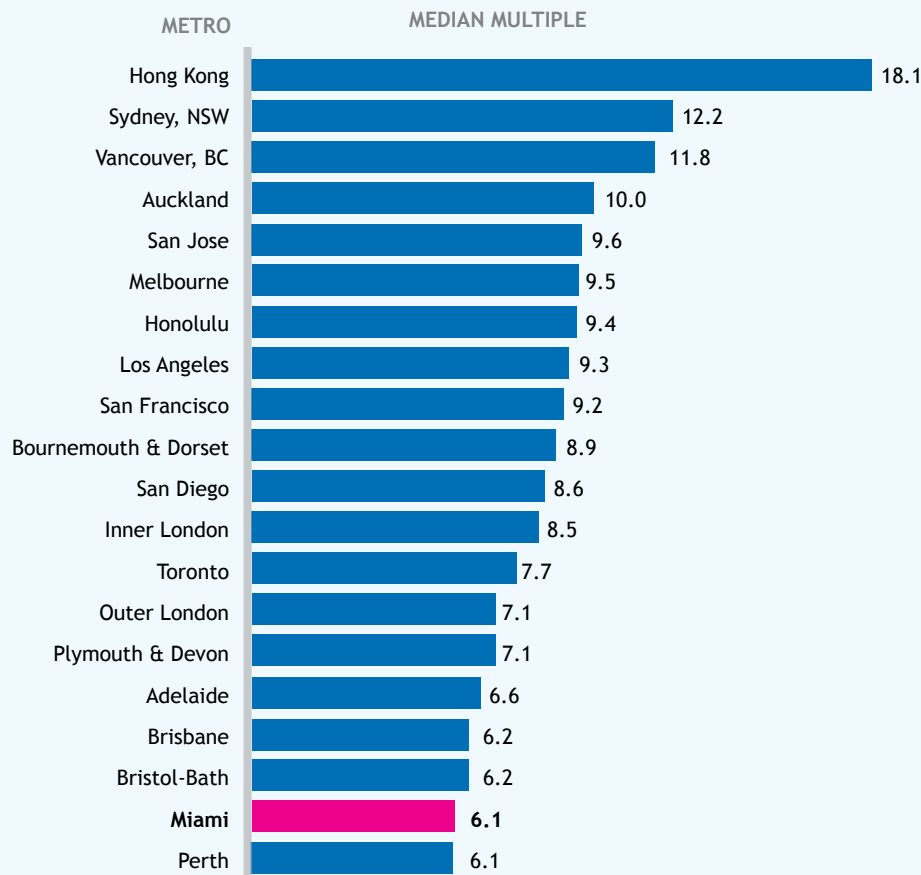
Source: National Association of Realtors, "Metropolitan Median Area Prices and Affordability," 2017.



## DIMENSIONS OF MIAMI'S NEW URBAN CRISIS // CONTINUED

Miami's burgeoning housing crisis becomes even clearer when we consider the baseline measure of housing affordability: the median cost of housing compared to the median income of residents. Miami ranks among the twenty least-affordable global cities or metros in the world in terms of its "median multiple," or ratio of median housing prices to median household income. This is worse than in New York and Boston, where incomes are higher.

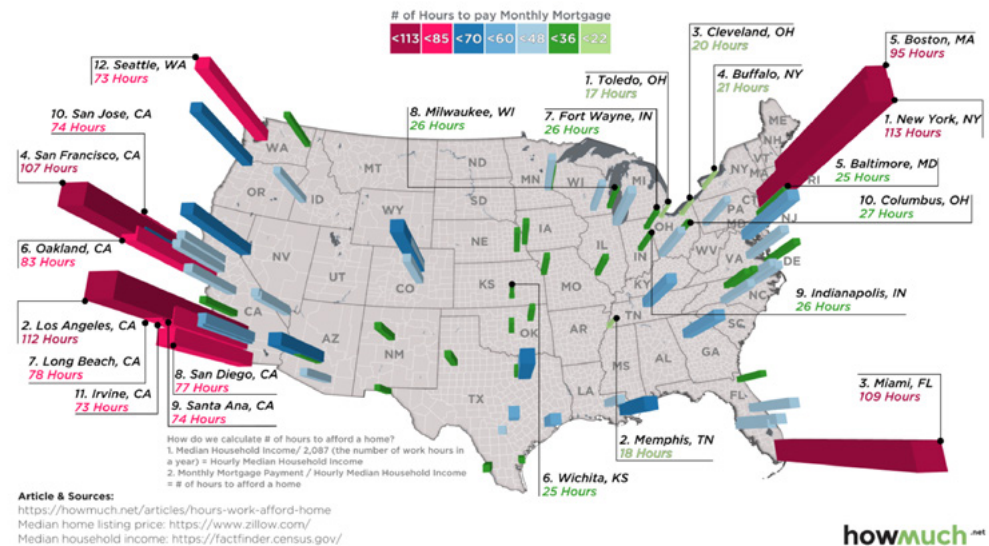
Figure 11: Housing Cost to Income for Global Metros



Note: Median multiple is the median house price divided by median household income.  
Source: Demographia, "13th Annual Demographia International Housing Affordability Survey," 2017.

Miami also ranks third among large U.S. cities where people have to work the most hours each month in order to pay their mortgage (determined by comparing the median household income with the average mortgage payment in each city). On average, people in Miami have to work more than 109 hours each month (about twenty-seven hours per week) to pay for housing. This falls just short of the 112-plus hours needed to pay a mortgage in New York and L.A., but ranks ahead of the hours needed in San Francisco, Boston, and San Jose, as shown on the map below:<sup>12</sup>

Figure 12: Number of Work Hours Needed to Pay Monthly Mortgage



Source: HowMuch.net, "How Many Hours Americans Need to Work to Pay Their Mortgage," October 17, 2017; Data from Zillow and the U.S. Census Bureau American Community Survey 2015.

## DIMENSIONS OF MIAMI'S NEW URBAN CRISIS // CONTINUED

Miami's housing affordability crisis can also be seen in the share of owners and renters who devote a significant portion of their income to housing. While the rule of thumb is that households should devote roughly 30 percent of their income to housing, more than 40 percent (41.6 percent) of Miami homeowners are considered "cost-burdened," meaning they devote more than 30 percent. This places Miami second among large U.S. metros, just behind L.A. and ahead of notoriously expensive metros like New York, San Francisco, and San Jose.

Figure 13: Cost-Burdened Households With a Mortgage for Large U.S. Metros

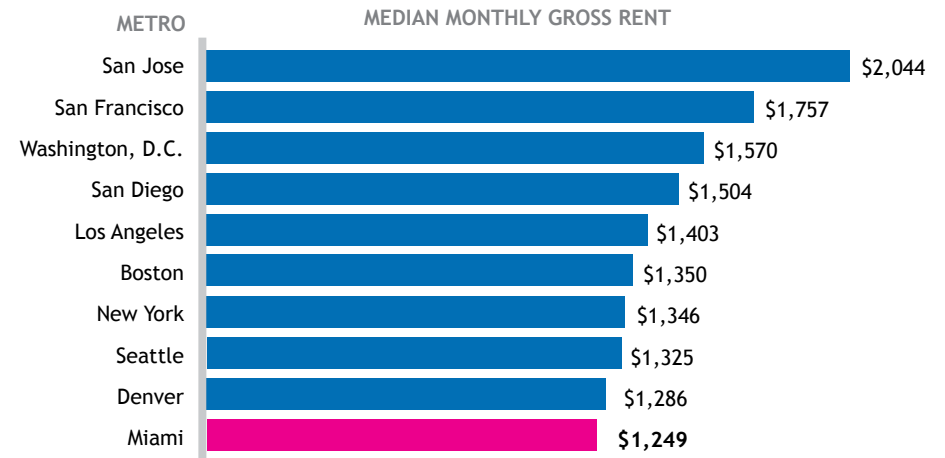
RANK	METRO AREA	SHARE OF COST-BURDENED OWNER HOUSEHOLDS WITH A MORTGAGE
1	Los Angeles	42.9%
2	Miami	41.6%
3	Riverside	40.4%
4	New York	40.1%
5	San Diego	40.0%
6	San Francisco	36.3%
7	San Jose	34.9%
8	Sacramento	32.9%
9	Las Vegas	32.5%
10	Orlando	32.3%

Note: Large metros are those with over one million people.  
Source: U.S. Census American Community Survey 2016.



Miami's housing affordability crisis extends to its renters as well. Miami ranks tenth among large U.S. metros according to its median monthly gross rent (\$1,249), which is comparable to that of Denver, Seattle, New York, and Boston.

Figure 14: Monthly Gross Rent for Large U.S. Metros



Source: U.S. Census American Community Survey 2016.

Indeed, the average household in the Miami metro devotes more than 40 percent (43 percent) of its income to rent—the second-highest share among the top fourteen largest metros in the U.S.<sup>13</sup> Today, Miami ranks first among large U.S. metros—ahead of New York, Los Angeles, and San Francisco—according to its share of cost-burdened renter households, with more than six in ten of its renters facing extreme cost burdens.

Figure 15: Cost-Burdened Renter Households for Large U.S. Metros

RANK	METRO AREA	SHARE OF COST-BURDENED RENTER HOUSEHOLDS
1	Miami	62.7%
2	Riverside	58.2%
3	Los Angeles	57.9%
4	San Diego	57.1%
5	New Orleans	57.1%
6	Orlando	54.8%
7	Sacramento	53.5%
8	New York	53.2%
9	Rochester	52.6%
10	Virginia Beach	52.5%

Note: Large metros are those with over one million people.  
Source: U.S. Census American Community Survey 2016.

## DIMENSIONS OF MIAMI'S NEW URBAN CRISIS // CONTINUED

Overall, Miami's housing affordability crisis hits hardest at its least-advantaged residents. Miami ranks among the top five large U.S. metros where people have the least amount of money left over after paying for their housing, with an average of less than \$30,000 left over. This is worse than in expensive metros like New York, San Francisco, Boston, or Washington, D.C., where the average worker has between \$42,000 and \$49,000 left over.

Miami's housing affordability crisis is even more damaging to the members of its less-advantaged working and service classes. The average member of Miami's working class has just \$20,000 left over after accounting for housing costs—worse than in New York and San Francisco, but slightly better than in Austin and L.A. The metro's average service worker has even less (around \$15,000 after paying for housing), with Miami ranking sixth among large U.S. metros on this metric.

Figure 16: Average Wage Left Over After Paying for Housing

RANK	METRO AREA	AVERAGE WAGE AFTER HOUSING
1	Orlando	\$25,774
2	Las Vegas	\$26,194
3	Riverside	\$27,296
4	Miami	\$27,482
5	Virginia Beach	\$28,448
6	Jacksonville	\$29,046
7	Memphis	\$29,824
8	Tampa	\$30,294
9	San Antonio	\$30,434
10	Nashville	\$30,520

Note: Large metros are those with over one million people.  
Source: Richard Florida, [The New Urban Crisis](#), Basic Books, 2017.

Figure 17: Average Working Class Wage Left Over After Paying for Housing

RANK	METRO AREA	WORKING CLASS WAGES AFTER HOUSING COST
1	Austin	\$19,992
2	Los Angeles	\$20,050
3	Miami	\$20,452
4	Riverside	\$20,777
5	Orlando	\$21,173
6	Tampa	\$21,185
7	San Antonio	\$21,294
8	Washington, D.C.	\$21,539
9	San Diego	\$21,595
10	Raleigh	\$21,772

Note: Large metros are those with over one million people.  
Source: Richard Florida, [The New Urban Crisis](#), Basic Books, 2017.

Figure 18: Average Service Class Wage Left Over After Paying for Housing

RANK	METRO AREA	SERVICE CLASS WAGES AFTER HOUSING COST
1	Orlando	\$12,903
2	Virginia Beach	\$13,284
3	Riverside	\$13,501
4	San Diego	\$13,795
5	Washington, D.C.	\$13,923
6	Miami-Fort Lauderdale-Pompano Beach, FL	\$14,099
7	San Jose	\$14,372
8	Las Vegas	\$14,394
9	Salt Lake City	\$15,063
10	Atlanta	\$15,161

Note: Large metros are those with over one million people.  
Source: Richard Florida, [The New Urban Crisis](#), Basic Books, 2017.

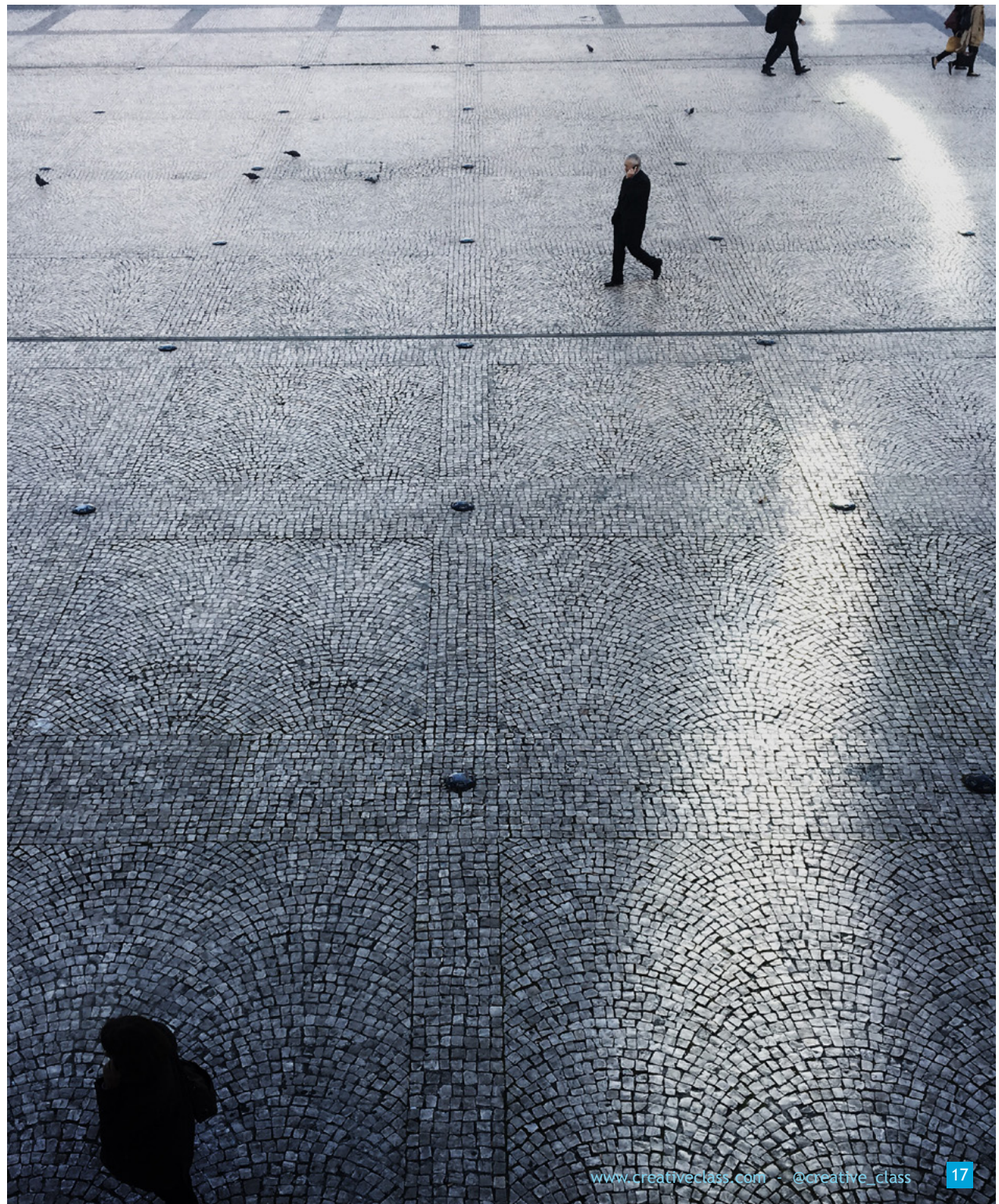
### CONCENTRATED POVERTY

Despite the metro's economic resurgence, Greater Miami households still earn one of the lowest median incomes of any major metro in the country: around \$48,435 a year. As of 2016, 14 percent of Greater Miami households and one in five families with children lived below the poverty line.<sup>14</sup>

In many metros struggling with concentrated poverty, race tends to overlay class. Miami in particular suffers from a high number of "racially concentrated areas of poverty," or census tracts where more than 40 percent of residents live in poverty and more than 50 percent of the population is non-white. But, unlike most metros, Miami's racially concentrated areas of poverty are less densely populated than its racially concentrated areas of affluence (defined as census tracts where the median income is at least four times the federal poverty level and 90 percent or more of the population is white). Miami's non-white residents also endure much higher levels of residential isolation.<sup>15</sup>

### MIDDLE-CLASS DECLINE

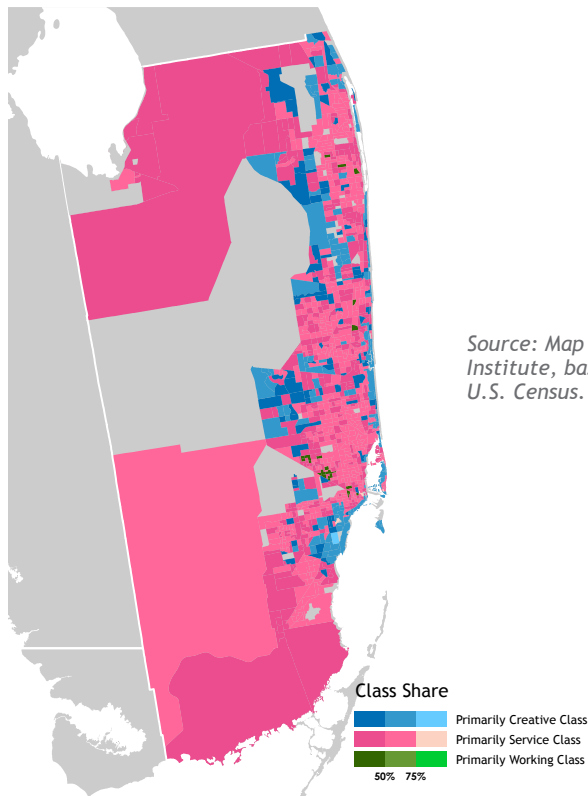
In contrast to the old urban crisis of the 1960s and 1970s, the New Urban Crisis is marked by the disappearance of middle-class neighborhoods that were once platforms for upward economic mobility. Across the nation, the share of Americans who lived in middle-class neighborhoods declined from 65 percent in 1970 to 40 percent in 2012. Between 2000 and 2014, the middle-class share of the population shrank in 203 out of 229 metros in the U.S.<sup>16</sup> In Miami, the middle-class share of population declined from 51 percent in 2000 to 48.5 percent in 2014.<sup>17</sup>



## A PATCHWORK METROPOLIS

The old categories of city and suburb no longer accurately describe our new urban reality. In some places, the city is rising and the suburbs are declining—a pattern that has been described as a “great inversion.”<sup>18</sup> In other places, the suburbs continue to thrive, while neighborhoods in and around the urban core are characterized by concentrated poverty and disadvantage. If today’s cities are increasingly divided, today’s metropolitan areas take the form of a “patchwork metropolis” where small areas of concentrated affluence and advantage are surrounded by much larger swathes of concentrated disadvantage, which span both cities and suburbs. This patchwork pattern is defined by the locational preferences of the affluent and advantaged, who locate in and around the downtown core in close proximity to knowledge-based institutions and around areas of natural amenities—especially waterfronts.

Figure 19: Miami’s Patchwork Metropolis



As Figure 19 shows, Miami’s patchwork pattern is shaped by the location of the affluent and advantaged along its coasts, in and around downtown Miami, and in close proximity to its knowledge institutions. At the same time, the metro’s poor and less advantaged residents are pushed into areas of concentrated disadvantage that surround the urban core or extend farther out into the suburban periphery.

## PUTTING IT ALL TOGETHER: THE NEW URBAN CRISIS INDEX

The New Urban Crisis Index is a composite ranking of all U.S. metros on three key indicators: economic inequality, economic segregation, and housing unaffordability. The Miami metro ranks sixth among large U.S. metros on this index—behind Los Angeles, New York, San Francisco, and Chicago. In fact, Miami ranks ahead of expensive tech hubs like Boston, San Jose (the heart of Silicon Valley), and Washington, D.C. on this metric. In short, the Miami metro is suffering from an acute case of the New Urban Crisis.

Figure 20: New Urban Crisis Index for Large U.S. Metros

RANK	METRO	NEW URBAN CRISIS INDEX	RANK AMONG ALL U.S. METROS
1	Los Angeles	0.97	2
2	New York	0.97	3
3	San Francisco	0.92	6
4	San Diego	0.88	10
5	Chicago	0.88	12
6	Miami	0.87	14
7	Boston	0.87	15
8	Philadelphia	0.85	18
9	Austin	0.85	20
10	Memphis	0.84	21

Note: Large metros are those with over one million people.  
Source: Richard Florida, [The New Urban Crisis](#), Basic Books, 2017.

# FROM A NEW URBAN CRISIS TO INCLUSIVE

Addressing Miami's New Urban Crisis requires a substantial shift in its economic and community development strategy. Just as local forces were largely responsible for Miami's economic comeback and urban revival, so too will they be instrumental in mitigating the metro's New Urban Crisis. In addition to enlisting help from local government, addressing the New Urban Crisis will require the concerted action of Miami's anchor institutions—its hospitals, medical centers, and large universities (places like Florida International University and the University of Miami) that literally anchor the urban economy—as well as private-sector anchors like high-tech firms and real estate developers.

Indeed, when compared to other major metros, Miami's economy is inordinately driven by anchor-based sectors like healthcare, education, and real estate. The metro's anchor institutions are among the largest employers in their local communities and have been essential partners in the region's economic and urban revival. As major economic actors, they also have the resources and capacity needed to help address the New Urban Crisis. Our research of cities across the country shows that urban anchor institutions are beginning to shift their activity and investment toward greater equity and inclusivity.<sup>19</sup> It is time for Miami's anchors to engage in a strategy of inclusive prosperity, making equity a key part of economic development and ensuring that the benefits of economic growth are widely shared by all segments of society. Indeed, Miami's urban anchors would benefit from a mutual pledge to foster inclusive prosperity that can take shape around five key pillars.



Photo: @Raphael Keh



## ADDRESSING MIAMI'S NEW URBAN CRISIS // CONTINUED

### UPGRADE SERVICE JOBS

With its large share of low-paid service workers, Miami must consider upgrading its service jobs to family-supporting, sustainable careers. Given the strength of its tourism and hospitality industries, Miami is poised to become a leading, innovative service economy. Across its service industries, Miami should focus on raising the minimum wage from where it currently stands at a \$8.05 an hour to a wage that reflects the local cost of living: somewhere between \$9.50 and \$11.35.<sup>20</sup>

But upgrading service jobs goes beyond paying people higher salaries. On a broader scale, it is about building a stronger, more innovative, and more dynamic service sector. Research by Zeynep Ton of MIT's Sloan School of Management shows that a “good jobs strategy”—which promotes both higher wages and engaging employees more fully in their work—helps to improve customer service, reduce employee turnover, encourage innovation, and generate higher rates of productivity and profit.

Miami's tourism and hospitality industries can uniquely benefit from such a strategy. Not only will local hospitality and tourism anchors prosper from more engaged and productive service workers, but these workers can also help to improve service and visitor experiences. By working in tandem, Miami's tourism, hospitality, hotel, and cruise industries can help to create better-paying, middle-class jobs while improving their own quality and performance. Miami's universities and real estate anchors can also contribute by selecting tenants that are similarly committed to a good jobs strategy. With these measures in place, Miami stands to gain more from upgrading its service jobs than most other regions.

### SUPPORT INCLUSIVE INNOVATION AND ENTREPRENEURSHIP

As Miami's startup ecosystem continues to grow, the metro must ensure that its innovation, entrepreneurship, and creativity are more widely shared and inclusive. By working with disadvantaged communities to foster local entrepreneurship, Miami's universities, tech companies, and other anchor institutions can provide low-income residents with the technical skills and entrepreneurial know-how that often translate into economic growth. The metro's local development efforts would also benefit from creative incubators and “maker spaces,” where community members can learn to commercialize their efforts.

Just as Miami has gone to great lengths to invest in its startup scene, it must also invest in startups and incubators that cater to local businesses—especially those that are minority-owned. Research has shown that inner city businesses are more likely to hire inner city residents, presenting a huge opportunity for upward mobility among low-income communities.<sup>21</sup> As one of the nation's leading metros for business formation and startup activity, Miami must extend these advantages to its underserved communities in order to sustain its growth.

### BUILD MORE AFFORDABLE HOUSING

Miami suffers from a severe lack of affordable housing—particularly in areas that offer the most economic opportunities. As Miami's real estate development continues to scale, the metro must develop affordable workforce housing that enables local workers to live near their jobs and ensures that service workers and young, creative residents do not become priced out.

Rather than simply adding affordable units to luxury housing, Miami should focus on carefully distributing these units across neighborhoods. Local universities like FIU can help facilitate this process either by constructing the housing themselves or providing mortgage assistance and rental supplements to their employees. High-tech companies and real estate developers should also make affordable housing a central plank of their urban projects. By investing in more affordable and workforce housing, Miami's local governments and urban anchors can help generate more inclusive prosperity in the region.

### INVEST IN TRANSIT AND INFRASTRUCTURE

A key step to achieving inclusive prosperity in Miami is to invest in local transit and infrastructure. With its service and working classes relegated to neighborhoods outside the city center, Miami is in dire need of a faster rail service and public transportation system that connects less-advantaged residents to schools, jobs, and employment centers. Already, the Brightline high-speed rail project intends to connect Miami to West Palm Beach by the end of 2017, with plans to expand service to Orlando in 2020.<sup>22</sup> As an initiative spearheaded by a private anchor institution (All Aboard Florida), Brightline represents the kind of critical investment that could soon reduce Miami's car dependency. As it stands, Miami is more sprawling and car-dependent than some of its peers, with fewer than 3.8 percent of its workers relying on public transit.<sup>23</sup> By improving access to public transportation, the metro can reduce congestion and commute times while simultaneously increasing density—a key driver of innovation.

### DESIGN AND BUILD INCLUSIVE PUBLIC SPACES

Miami's local governments and anchor institutions—particularly real estate developers—must make a concerted effort to design and build public spaces where a diverse mix of people can convene and interact. Already, the metro's local officials are trading density in exchange for developers' commitments to build new public spaces such as the rapidly expanding "Baywalk", located along the downtown waterfront, or South Pointe Park—a beachfront amenity featuring a playground, fishing pier, and green space.

Inclusive development is also taking place outside the metro's urban core. In South Miami, for instance, the Ludlam Trail plans to develop a 6.2-mile, multi-use pathway from Dadeland to Miami International Airport. By positioning 34,000 people within walking distance of greenways, parks, schools, and transit hubs, the project aims to spur job creation in Miami's outlying neighborhoods. Local governments and anchors institutions must continue to ensure that the region's public spaces do not become magnets for high-end development but instead remain open to all residents. This can be achieved, in part, by incorporating community benefits such as job opportunities and mentorship programs into their larger development strategies.



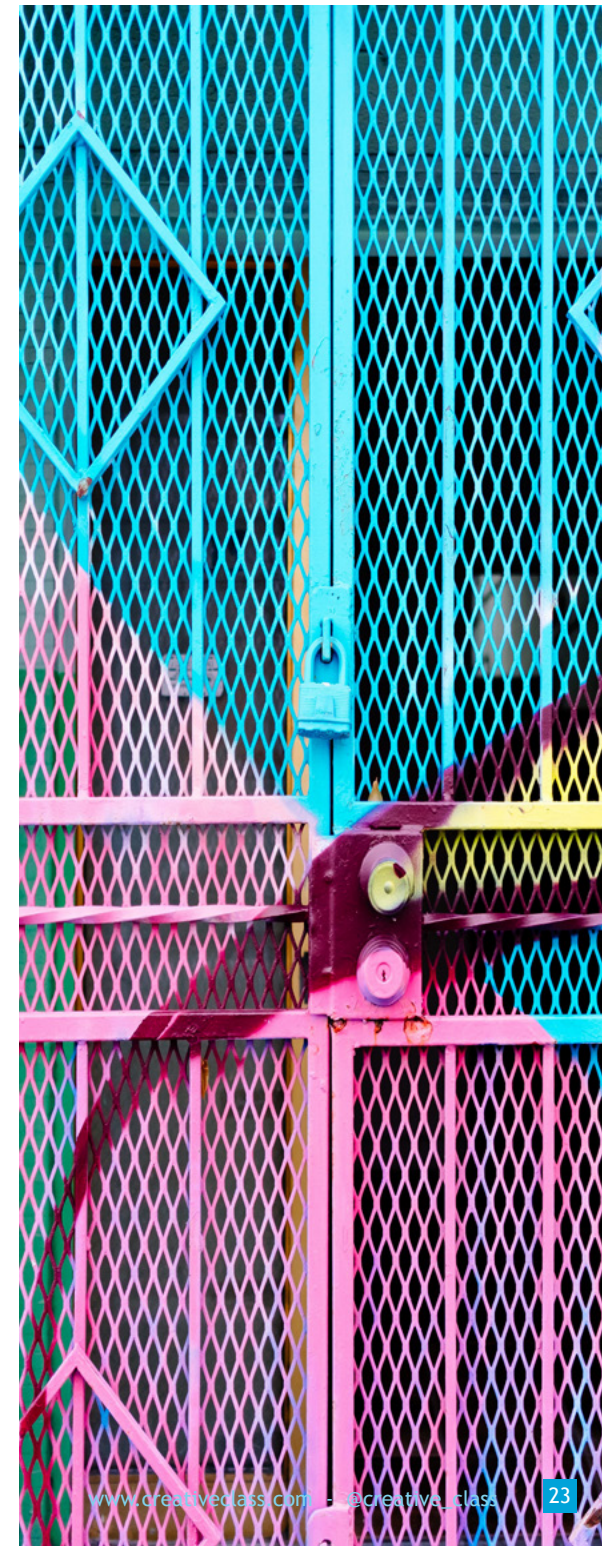
# THE ROAD AHEAD

It is time for Greater Miami to spread the benefits of its economic growth and urban revival to more workers and residents. Doing so will require the hard work of the metro's local government, anchor institutions, large organizations, neighborhood groups, civic associations, city builders, and residents—the very same actors that drove the region's economic revival in the first place. Like Miami's urban revival, this shift toward inclusive prosperity will not take place overnight. It begins with local leaders viewing equity and economic development as a mutual goal and continues with a new strategy for a fuller, fairer, and more prosperous urbanism-for-all.



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