



Of This and That

New Media editor Don Fenley casts a big net for hidden gems about and behind the news

What will it take to attract the creative class?

Published Sunday, February 22 2009 - (0) Comments

Amid the partisan rancor over President's Obama's housing stimulus there are other voices, quieter voices advancing some though provoking if not revolutionary ideas about the future of housing and economic development.

One of those voices belongs to [Richard Florida](#), author of [praise and criticism](#) and his current 15 minutes of fame is no different.

The fulcrum for the current flurry of attention is his article in the March issue of The Atlantic. It's titled [How the Crash Will Reshape America](#).

[Florida's article and interviews on Talk of the National](#) and a [NPR interview](#) are worth the time for anyone who wants a broader, quieter look at economic and development trends.

Before diving into Florida's current theory it's helpful to have a foundation of his mega region argument. A explanation can be found in an Atlantic Article titled "[The World Is Spiky](#)."

In that article Florida wrote, "place still matters in the modern economy—and the competitive advantage of the world's most successful city-regions seems to be growing, not shrinking. To understand how the current crisis is likely to affect different places in the United States, it's important to understand the forces that have been slowly remaking our economic landscape for a generation or more.

"Along with the rise of mega-regions, a second phenomenon is also reshaping the economic geography of the United States and the world. The ability of different cities and regions to attract highly educated people—or human capital—has diverged, according to research by the Harvard economists Edward Glaeser and Christopher Berry, among others. Thirty years ago, educational attainment was spread relatively uniformly throughout the country, but that's no longer the case. Cities like Seattle, San Francisco, Austin, Raleigh, and Boston now have two or three times the concentration of college graduates of Akron or Buffalo. Among people with postgraduate degrees, the disparities are wider still. The geographic sorting of people by ability and educational attainment, on

this scale, is unprecedented."

If some of this sounds familiar you right. There's a push in the Tri-Cities to increase the education level of the region's human capital. Of course, the Tri-Cities is not a mega region but many are trying to push the region out of its parochial politics and policies toward a more sustainable county if not regional concept.

Just last week an [Education and Workforce Summit in Kingsport focused on human capital](#).

[During that conference Keith Wilson , chairman of the NETWORKS board and publisher of the Kingsport Times-News, cited recent U.S. Census data that 19.3 percent of Sullivan County residents had a bachelor's degree or higher, compared to 21.7 percent in Tennessee and 27 percent nationwide.](#)

[With a population of more than 153,000, he said that means Sullivan County needs 11,500 people to complete their college degree so the county can reach the U.S. average. "Before we can reach greatness in education, we first have to reach mediocrity," Wilson said.](#)

[But what does all this have to do with real estate?](#)

[Florida contends that depressions, he likes to call them economic resets, are the catalysts that gets rid of old inefficient ideas and practices and ushers in the new.](#)

[He cites the depression of 1873 as one example. That depression began with a banking crisis caused by insolvent mortgages and the use of complex financial instruments. When it spread to and ravaged the rest of the economy the emerging railroads, petroleum, and steel industries consolidated. That paved the way for a period of industrial growth that transformed the nation's economic geography. Small mercantile towns retreated while the factory cities like Chicago, Cleveland, Pittsburgh, Detroit, and Buffalo emerged.](#)

[Then came The Great Depression. Its reset was launching urbanization.](#)

[Enter the current think about single-family home ownership.](#)

[In the days before the Great Depression, most Americans didn't own their homes. But Depression era government programs established programs and new incentives for home ownership. It worked. Home ownership rose to 62 percent.](#)

[But that was then and now is now.](#)

[Florida thinks that expanding home ownership may be a bad idea for the creative class and its application to community and economic development. The reason? Home ownership and economic opportunity are increasingly in conflict with each other in today's economy.](#)

Much the nation's mindset about how things work is still nostalgically rooted in those remnants of Great Depression thinking and housing policies. It looks something like this: Get an education + find a job and work there for 30 years + pay off the mortgage = prosperity.

Today's reality is workers have to be flexible to pursue economic opportunities. Home ownership and that flexibility doesn't necessarily go hand-in-hand.

There has been some research that shows a growing number of people are coming to the realization that something's wrong with yesteryear's idea that home ownership is the bedrock of financial stability.

We know that home ownership increases community cohesion, something that local governments covet. However a growing number of people are beginning to say their home keeps them tied down so they miss other economic opportunities. Grace W. Bucchianeri is one of the most frequently quoted sources for that research. She also publishes under the name Grace Wong and is an assistant professor of real estate at the Wharton School at the University of Pennsylvania.

Florida thinks home ownership's privileged place should be removed because it "distorts demand, encourages people to buy bigger houses than they otherwise would. That means less spending on medical technology, or software, or alternative energy—the sectors and products that could drive U.S. growth and exports in the coming years. Artificial demand for bigger houses also skews residential patterns, leading to excessive low-density suburban growth. The measures that prop up this demand should be eliminated."

At the same time he's trying to get a national conversations going about increasing the rental housing inventory, locating that housing so the creative class can walk or bike to work centers. He's also a fan of increasing modes of public transportation from rental housing centers to employment centers.

Whether Florida is right or wrong about the economic reset that will come from the current conditions is not really the point. What's important is planners and developers are already taking a hard look at segments of his theories. There's no doubt that the concept of accommodating an better educated, creative class is a economic draw. And housing - rental or not - for that human capital is a critical part of attracting it.

For those trying to make the connection between his arguments and our region think Kingsport and Bristol when you hear the words Rust Belt in one of his interviews or read it in one of his articles. We're not a perfect fit, but much of our populations' thinking is still heavily reliant on an old industrial and manufacturing economy. How many times do you hear, "we need to attract some high-paying manufacturing jobs?"

Developers and public officials are talking about human capital, but it's not part of the local mindset.