

# What Inclusive Urban Development Can Look Like

by Richard Florida and Jodie W. McLean

JULY 11, 2017



Inclusive prosperity is the idea that the opportunity and benefits of economic growth should be widely shared by all segments of society. Most cities fall well short of that ideal. While urban areas continue to afford new opportunities to employees and businesses from all walks of life, they are increasingly split between wealthy, high-skill knowledge workers and low-paid service workers.

Large cities like New York and Los Angeles, as well as leading tech and knowledge hubs like Seattle and San Francisco, have experienced gentrification, economic segregation, and a disappearing middle class. Even smaller cities like Portland, Nashville, and Austin are attempting to curb their own deep-seated divides. A recent Brookings analysis found that of the 30 U.S. metros that increased their productivity, average wages, and standard of living from 2010 to 2015,

only 11 metros achieved inclusive economic outcomes.

This needs to change. What we need is a new form of urbanism: an urbanism-for-all. It's tempting to see affordable housing and inclusionary zoning as the solution to improving accessibility among low- and moderate-income communities. They are certainly important components, but they are not enough.

We think cities can do better. One of us is an urban theorist, the other a community-focused real estate developer. EDENS, of which the latter is CEO, has led the revitalization of the 45-acre Union Market district in Northeast Washington, DC. The project has provided a laboratory for testing practical policies and initiatives that can promote inclusive prosperity. We believe it offers lessons for other cities, based in research and born out in practice.

### **The Union Market challenge**

Located on the east side of the NoMa train tracks, Union Market began as a working food production and distribution center in the 1930s. After repurposing many of the original structures and facades, the district is now evolving into a retail, restaurant, arts, and culture destination, a forum for local events, a flexible work space for businesses, and a residential area, all while evolving its manufacturing with 21<sup>st</sup> century operations.

EDENS wanted to play a role in making DC more inclusive, while also creating meaningful investment value, reimagining the project as an economic ecosystem rather than a collection of brick-and-mortar buildings. As part of this effort, EDENS brought together community members and existing institutions, urbanists, and policymakers to help create a small area plan and overall vision. These efforts formed the guiding principles for transforming a former food production and distribution center into a district for inclusive prosperity.

The bar was set high: The district would need to create jobs, engage the surrounding community, inspire connection between the existing neighborhood and the broader city, preserve historical identity, and incubate entrepreneurship – all while making economic sense as a development. In order to achieve these goals, new, non-traditional metrics were needed to track the project's community impacts while making sure that investors and capital partners were still accomplishing their financial objectives.

Union Market represents a larger movement toward a new kind of urbanism in which stakeholders work together to revitalize an important urban neighborhood. The market is a space where existing businesses can grow and flourish as a result of additional visitors; where we believe 20,000 new jobs will eventually be created and made available to nearby residents and students; where housing will be attractive to a wide range of socio-economic groups; and where innovation can thrive across many different business sectors, including food, technology, engineering, retail, film, art, and communications.

In the process of advancing the project, and by combining our unique perspectives, experiences, and research, we have identified several key principles for inclusive prosperity that real estate and other businesses can adapt and use in their communities in the United States and around world.

### **Create jobs that pay living wages and inspire pride in the community**

Developers have two primary ways to help create new and better jobs. The first is to partner with businesses that best suit the employment needs of the surrounding community. When working with businesses, it's common to hear that they are struggling to find qualified candidates. Exploring opportunities to integrate workforce training can help close this gap. There's also potential to improve existing jobs by providing lower-skill workers with tools and encouragement, thereby improving customer service, reducing turnover, and promoting innovation and engagement. Here, real estate developers and managers can orient their tenant selection around companies that provide higher-paying, family-supporting jobs with pathways for upward mobility and careers.

The second is to develop spaces and programs to incubate entrepreneurs. Supporting entrepreneurship can also be an effective way to deepen roots in the surrounding community and integrate a neighborhood's unique character into the development. Most scalable startups are typically in high-tech and creative industries, but many low-tech startup models can grow and develop in spaces like Union Market.

Historically, entrepreneurial initiatives have tended to benefit the advantaged. As the gaps between knowledge workers and residents have grown, this has caused a backlash in cities like San Francisco, where residents have protested tech companies and their workers and even tried to enact legal measures which limit or prohibit tech development in urban neighborhoods.

Union Market has worked to overcome these issues through programs like Launch Pad, which enables aspiring entrepreneurs to pitch new restaurant ideas to a panel of renowned chefs and venture capitalists. Winners get the opportunity to launch their concept at Union Market under the mentorship of successful chefs and restaurateurs.

The results of Union Market's efforts to curate and encourage a diverse group of entrepreneurs have been promising. Of Union Market's 37 businesses, over 40% are owned by women, and 32% owned by people of color, including 24% owned by women of color.

The ripple effects of these bottom-up efforts have important benefits for cities. Seventeen businesses that began at Union Market have gone on to open second and third locations around DC. This outcome would have been difficult to achieve had they not initially experimented in a shared entrepreneurial environment. The businesses started in Union Market are successful in part because of the exchange of best practices. The result is a growing group of startups that support each other's success and bring their own community closer to the rest of the city.

### **Foster a sense of community at the street level**

Cities thrive on community engagement, which requires the effective use of public space. At Union Market, the boundaries between visitor and vendor spaces are intentionally blurred, fostering a feeling of community between all participants. Additionally, flexible, multi-purpose venues like Dock 5 and Lab 1270 host a wide array of events, forums, and activities that naturally bring diverse groups together to share ideas and mutual interests. In this way, Union Market seeks to amplify Ray Oldenburg's idea of a "third place" beyond work and home. Customers are encouraged to dwell, regardless of how much coffee or food they plan to buy. In turn, the comfort and amenities keep them coming back.

The mix of warehouse retail and traditional retail also creates an interesting juxtaposition that lends itself to greater consumer discovery and cross-pollination among users and consumers. These components actively create an environment that invites participation and dialogue.

### **Housing options must be attractive to the community and conveniently located**

In the wake of rising housing prices, cities must provide housing that allows all workers to live relatively close to their jobs. Given the rising cost of urban land, real estate markets cannot satisfy this need on their own. Developers must work with local governments to establish programs – i.e. tax abatements, funded pools for vouchers, direct subsidies, etc. – to ensure an abundance of affordable workforce housing. This diversified housing approach should include subsidized housing for lower-income workers as well as reasonably priced options for younger workers and creative professionals.

Accessibility is another key. As a transit-oriented development, Union Market is located within a quarter-mile of a major mass transit station and alongside two major city thoroughfares. Proximity to public transportation allows for greater access to jobs, as well as other amenities like schools and daycare, which are often critical to an individual's support system.

### **Design for inclusion**

Open space is a key amenity in large, dense cities, where it attracts and drives real estate development. Envisioned as a way to transform an old abandoned elevated rail line into a neighborhood park, New York's High Line has spurred investment in new condos, museums, office buildings, and high-end eateries. In an effort to include local businesses in this economic growth, the organization that oversees the park, Friends of the High Line, has created initiatives to train and employ community members and connect local teenagers with job opportunities.

DC's Union Market has deliberately engaged the nearby Gallaudet University for the Deaf by actively seeking to employ deaf community members and incorporating the university's DeafSpace design guidelines to accommodate the hearing impaired. The market also includes sign language interpreters at events.

Additionally, part of Union Market's programming includes routine art-based events that are free and open to the public. Union Market partners with local groups to offer performing arts events, music, drive-in movies, and educational programs that foster conversations with diverse, yet like-minded people.

Union Market has made great efforts to ensure that both existing and new businesses serve consumers from a variety of socioeconomic and cultural backgrounds. This has forced a rethinking of lease structures to guarantee that assistance is available with quickly evolving business plans and to ensure that almost all eligible vendors accept SNAP. This type of approach has allowed the market to attract a diverse community that continues to inspire creativity and innovation.

Efforts to foster inclusivity also extend to arts and creativity. Arts-driven economic development requires both “maker spaces” where art is created and displayed, and formal or informal shared spaces, where artists can learn business skills that turn their efforts into profit. Not only do these shared spaces allow for the testing of new ideas, but they also help to bridge both the creative and maker economies. This requires taking a fresh look at all assets and how they are used. By maximizing common areas throughout the district with pop-up vendors and artists, Union Market offers a low barrier to entry to generate revenue and encourage innovation and creativity in the retail space. The market’s use of its exterior walls as a gallery space, which recently exhibited the We Love You project portraits, also provides a unique platform for artists to engage with the community and the city.

### **Cities and real estate developers must work together to support inclusive prosperity**

The business (private sector) community and municipalities must work together to build strong and clear long-term visions for their cities that reflect the mutual benefits of inclusive prosperity. In order to achieve this long-term vision, it will become clear public-private partnerships between cities and developers are a key element to achieving inclusive prosperity.

Together, both local governments and real estate companies can create successful urban renewal projects that provide jobs, economic tax increment, diversified housing stock, and goods and services. At the end of the day, great places that spur and catalyze inclusive prosperity are the backbone of urban development and more prosperous and equitable cities.

### **Long-term thinking with short-term flexibility**

None of these guidelines will be useful without commitment to a long-term vision and strategy. Mayors and urban leaders need to lay out clear, long-term visions for their communities, that include commitments to inclusion, innovation, and economic growth. Establishing viable cities

takes a large capital investment from both the private and public sectors, which at times will be in conflict with short-term economic goals.

The benefits, or damage from not doing so, will be realized over a long period of time. A major issue in the United States is the rise of shorter and shorter investment horizons in search of higher and higher returns, obstructing the long term viability of inclusive prosperity. Yet, as economic gains are broadly shared and residents feel more included in economic growth, all stakeholders stand to be more economically successful.

How we grow our cities has never been more important to economic vitality, equity, and the broad welfare of future generations. As the divide between advantaged and disadvantaged communities and residents continues to grow, best practices for inclusive prosperity have to scale rapidly. Urbanists, developers, city planners, and local leaders need to anticipate how increased development and innovation will change the shape of cities and implement new approaches in response.

Fortunately, there is time. Cities that adopt a strategy of inclusive prosperity now still have the power to transform their communities and neighborhoods into more open, equitable, and profitable places to live.

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