

HOMIE FRONT

Home Opinion

**RICHARD
FLORIDA**



@TheSTHome
@Richard_Florida

Every time I visit London, I hear the same story from my taxi driver. As we drive past Hyde Park on the way to or from the airport, he'll nod towards a modern glass tower next to the Mandarin Oriental hotel and

say something like: "You see that building? Some of the flats cost £50m. And no one lives there – it's always dark."

The resurgence of London is one of the great urban success stories of our time, but it has brought with it a new set of challenges. For every shiny Lamborghini or Maserati that you see in Knightsbridge, there are countless lorry drivers, cooks, hairdressers, shop assistants, teachers and nurses in the city's outer reaches who are struggling to get by. As land and property values soar,

even comparatively well-off members of the creative class are being priced out.

London is experiencing not just gentrification, but outright "plutocratisation", to use the Financial Times journalist Simon Kuper's evocative word. London real estate has become a new kind of global reserve currency. At the heart of this New Urban Crisis, as I call it, is the decline of "middle-income"

households: those above a poverty threshold and below a wealth threshold as defined by

Benjamin Hennig and Danny Dorling of the University of Oxford in analysis of census data over 30 years. In 1980, nearly two in three London households were middle-income; just 37% were in 2010.

This is the result of deindustrialisation and the decline of solid, working-class jobs that once supported families (as opposed to today's low-paid service jobs). In Britain and the West, the labour market is being split. At the top, about one-fifth to one-third are "advantaged

knowledge workers", who are colonising urban centres; at the bottom is a larger group, of poorly paid service workers in restaurants, shops, offices and personal care; they comprise roughly half of London's workforce. But they have been pushed out to the city's peripheries, where the opportunities are fewest.

It's a new age of "winner takes all" urbanism where the most advantaged cities, and neighbourhoods, capture the spoils. In time, the young artists and entrepreneurs who make new things may seek more affordable cities in which to ply their trades.

The New Urban Crisis is the central contradiction of capitalism today. The same urban clustering that has generated so much wealth and innovation is creating deep social and economic divides within western nations, fuelling the angry backlash that is behind Brexit and the rise of Donald Trump.

More than any other great global city, London defines the New Urban Crisis. Here are three pillars of a new agenda for more inclusive prosperity.

Build more affordable housing London needs to liberalise its construction

and zoning codes, create more and denser housing, and ensure that developers build more affordable homes so people who work in London can afford to live there.

Raise wages for service workers They make up the largest part of the labour market. Successful companies such as Zara and Whole Foods achieve higher productivity and profits by paying service workers more and tapping their knowledge and ideas.

Enlist 'anchor institutions' to build inclusive prosperity

Among the biggest drivers of urban revitalisation are universities, medical centres, financial institutions, hi-tech companies and property developers, which depend on the city and its talent for success. They can do more for their service classes: build affordable housing, grow neighbourhood incubators for small businesses and work with schools to create training programmes.

The New Urban Crisis by Richard Florida is published by Oneworld on September 28 at £20. He will be discussing the book at the London School of Economics on October 9



At the heart of the crisis is the decline of 'middle-income' households. In 1980, nearly two in three London households were in this category. Just 37% were in 2010