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Ember Smith

University of Nevada, Las Vegas, ember.smith@unlv.edu

Caitlin Saladino

The Lincy Institute and Brookings Mountain West, caitlin.saladino@unlv.edu

William E. Brown

The Lincy Institute and Brookings Mountain West, william.brown@unlv.edu

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ECONOMIC SEGREGATION, INEQUALITY, AND THE NEW URBAN CRISIS IN THE MOUNTAIN WEST

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Prepared by: Ember Smith, Caitlin J. Saladino, and William E. Brown, Jr.

PURPOSE:

This fact sheet highlights economic segregation, inequality, and the effect of the “New Urban Crisis” in the Mountain West region (Nevada, Arizona, New Mexico, Colorado, and Utah) as computed and analyzed by Richard Florida in *The New Urban Crisis: How Our Cities are Increasing Inequality, Deepening Segregation, and Failing the Middle Class- and What We Can Do About it*.¹

WHAT IS THE NEW URBAN CRISIS?

In the 1960s and 1970s, the U.S. experienced an urban crisis characterized by the “economic abandonment of cities,” a loss of center city productivity, and increased poverty. Today, the “New Urban Crisis” is characterized by a wide gap between the small number of “superstar cities” (New York, San Francisco, London, Paris, etc.) and other cities, high rates of inequality, skyrocketing housing prices, economic/racial segregation, rising poverty/insecurity in the suburbs, and a disconnect between urbanization and standard of living in the developing world.² While the New Urban Crisis is often discussed in terms of high housing prices or inequality in cities like New York or San Francisco, the consequences span across the Rustbelt, sprawling Sunbelt cities with “unsustainable economies driven by energy, tourism, and real estate,” and suburban America.

KEY FINDINGS:

1. After paying for housing, the average Las Vegas worker ranks next to last in available income among U.S. metros with over a million people.³
2. Forty mega-regions (agglomerations of economic centers like the Boston-New York-Washington corridor) make up approximately 66% of global economic output and over 85% of global innovation but house only 18% of the population.⁴
3. Few U.S. metro areas successfully combine high economic growth with low inequality. Three cities in Arizona are among the 10 exceptions in the US that had both prosperity and limited inequality in 2016: Chandler, Gilbert, and Scottsdale.⁵
4. The Phoenix-Mesa-Scottsdale metro area has the 7th highest income segregation index measure and the 4th highest segregation of the less educated measure of all large US metros.⁶
5. Denver has the 8th highest segregation of the poor in large metro areas.⁷

Table 1 lists segregation index values between 0 and 1 for metro areas in Mountain West states and their rank among the 359 metro areas in the United States. An index value of 0 (a white cell color) indicates complete integration (or no segregation), while a value of 1 (a red cell color) signals maximum segregation. The closer an index score is to 1, the higher the segregation is, and the redder the cell in Table 1.

¹ Richard Florida, *The New Urban Crisis: How Our Cities are Increasing Inequality, Deepening Segregation, and Failing the Middle Class- and What We Can Do About it* (New York: Basic Books, 2017)

² Florida, *The New Urban Crisis*, pp. 7-8

³ Florida, *The New Urban Crisis*, p. 31

⁴ Florida, *The New Urban Crisis*, p. 8

⁵ Economic Innovation Group, “The 2016 Distressed Communities Index- An Analysis of Community Well-Being Across the United States” February 2016

⁶ Florida, *The New Urban Crisis*, pp. 100-104

⁷ Ibid.

The three index values⁸ in Table 1 are described below:

1. The *Overall Economic Segregation Index* combines the seven specific economic segregation indexes⁹ (weighted equally) into one “composite index.” This index gives an idea of how residentially separated seven groups are from the nongroup members in their metro. The specific economic segregation indexes the residential segregation for the following groups:
 - a. Poor (households below the federal poverty line)
 - b. Wealthy (households an income of at least \$200,000)
 - c. Less Educated (adults without a high school degree)
 - d. College Graduates (adult college graduates)
 - e. Creative Class¹⁰ (“made up of workers in occupations spanning computer science and mathematics; architecture and engineering; the life, physical, and social sciences; the arts, design, music, entertainment, sports, and media; management, business, and finance; and law, health care, education, and training”¹¹)
 - f. Working Class (“blue-collar occupations, including factory production; extraction, installation, maintenance, and repair; production, transportation, and material moving; and construction”¹²)
 - g. Service Class (“routine service jobs, including food preparation and other food-service-related occupations; building and grounds cleaning and maintenance; personal care and service; low-end sales; office and administrative support; and community and social services and protective services”¹³)

Specific economic segregation indexes are obtained by calculating the residential separation or “segregation” between selected groups described in footnote 9.

2. The *Segregation-Inequality Index* is an equally weighted combination of Overall Economic Segregation Index, wage inequality data, and income inequality data to create a “composite measure of inequality and segregation.”
3. The *New Urban Crisis Index* equally blends wage inequality, income inequality, the Overall Economic Segregation Index, and housing unaffordability (the ratio of housing costs to income).

⁸ Florida, *The New Urban Crisis*, pp. 217-220

⁹ The Specific Economic Segregation Indexes are found by calculating the difference between a. the proportion of members in the selected group (i.e. “poor” or “creative class” etc.) in a tract area compared to the metro area and b. the proportion of “others” (not in the selected group) in that tract area compared to the metro area. This process is repeated for each census tract (n = number of census tracts in the metro area) and the absolute value of the differences are summed for the entire metro area then divided by two to get a distribution value “D.” The formula for this calculation is as follows:

$$D = \frac{1}{2} \sum_{i=1}^n \left| \left(\frac{\# \text{ in selected group in the census tract}}{\# \text{ in selected group in the metro area}} \right) - \left(\frac{\# \text{ not in selected group in the census tract}}{\# \text{ not in selected group in the metro area}} \right) \right|$$

¹⁰ Only 19 of 364 US metros (about 5%) have “high-performing, fully functional creative economies” Florida, *The New Urban Crisis*, p. 54

¹¹ Florida, *The New Urban Crisis*, p. 217

¹² Ibid.

¹³ Ibid

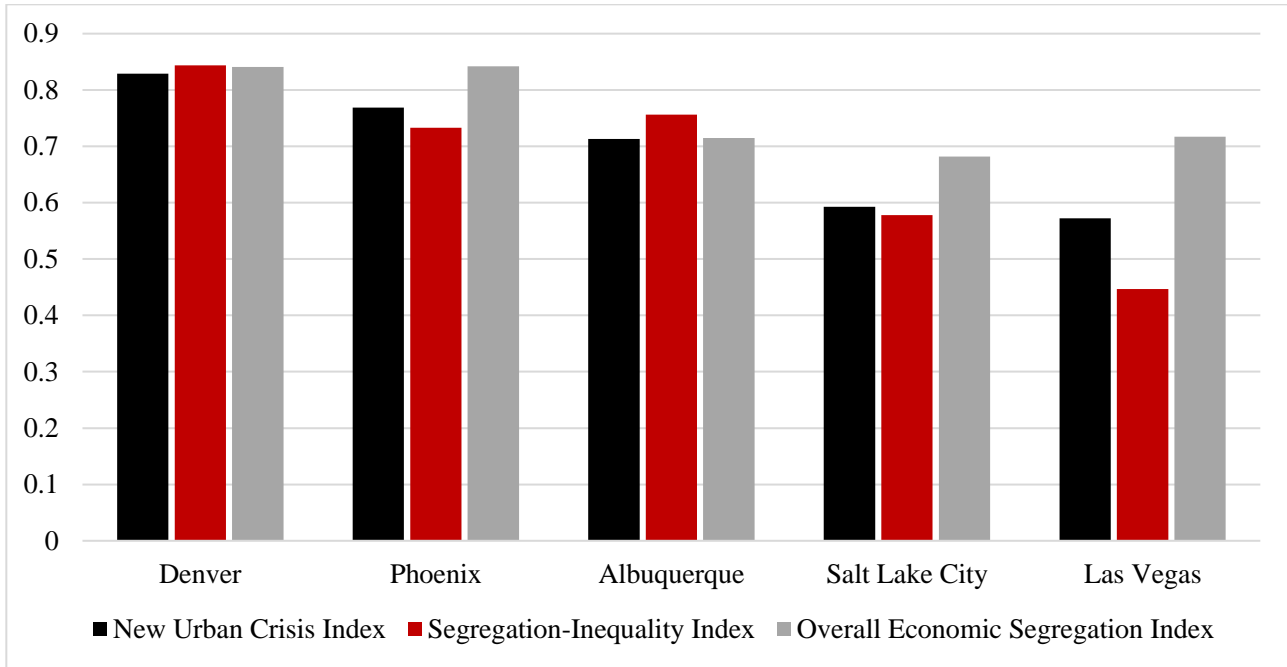
TABLE 1: MOUNTAIN WEST METRO RANKINGS ON THE NEW URBAN CRISIS AND SEGREGATION INDEXES¹⁴

| | | New Urban Crisis Index | | Segregation-Inequality Index | | Overall Economic Segregation Index | |
|--------------------------|-------|------------------------|-------|------------------------------|-------|------------------------------------|-------|
| Metro | State | Rank | Score | Rank | Score | Rank | Score |
| Reno-Sparks | NV | 16 | 0.872 | 26 | 0.86 | 17 | 0.856 |
| Boulder | CO | 17 | 0.857 | 14 | 0.896 | 89 | 0.689 |
| Denver-Aurora | CO | 27 | 0.829 | 32 | 0.844 | 21 | 0.841 |
| Tucson | AZ | 28 | 0.82 | 30 | 0.852 | 5 | 0.906 |
| Santa Fe | NM | 40 | 0.781 | 34 | 0.838 | 95 | 0.681 |
| Las Cruces | NM | 44 | 0.772 | 39 | 0.833 | 99 | 0.675 |
| Phoenix-Mesa-Scottsdale | AZ | 47 | 0.769 | 76 | 0.733 | 20 | 0.842 |
| Albuquerque | NM | 66 | 0.713 | 64 | 0.756 | 80 | 0.715 |
| Fort Collins-Loveland | CO | 84 | 0.682 | 111 | 0.649 | 217 | 0.424 |
| Salt Lake City | UT | 131 | 0.593 | 144 | 0.578 | 94 | 0.682 |
| Las Vegas-Paradise | NV | 141 | 0.572 | 204 | 0.447 | 78 | 0.717 |
| Flagstaff | AZ | 165 | 0.535 | 189 | 0.474 | 162 | 0.536 |
| Pueblo | CO | 167 | 0.531 | 178 | 0.494 | 123 | 0.622 |
| Carson City | NV | 170 | 0.528 | 159 | 0.532 | 193 | 0.489 |
| Provo-Orem | UT | 174 | 0.515 | 210 | 0.429 | 181 | 0.5 |
| Prescott | AZ | 213 | 0.433 | 266 | 0.314 | 305 | 0.254 |
| Greeley | CO | 232 | 0.393 | 283 | 0.275 | 113 | 0.655 |
| Ogden-Clearfield | UT | 274 | 0.322 | 273 | 0.292 | 219 | 0.423 |
| Logan | UT-ID | 281 | 0.303 | 284 | 0.269 | 227 | 0.405 |
| Grand Junction | CO | 287 | 0.29 | 318 | 0.204 | 306 | 0.251 |
| Lake Havasu City-Kingman | AZ | 308 | 0.247 | 353 | 0.097 | 332 | 0.164 |
| St. George | UT | 331 | 0.189 | 359 | 0.032 | 357 | 0.074 |
| Farmington | NM | 348 | 0.159 | 315 | 0.206 | 300 | 0.265 |

¹⁴ Florida, *The New Urban Crisis*, pp. 224-239

Figure 1 displays each of the segregation indexes listed in Table 1 for the largest metro areas in each state in the Mountain West. Denver has the largest measure for all three indexes, indicating that it has high levels of segregation, inequality, and housing costs. Of these metro areas, Las Vegas has the lowest sum of index measures and by far the lowest Segregation-Inequality measure, 22.7% lower than the next lowest (Salt Lake City) and is around half that of the highest (Denver).

FIGURE 1: SEGREGATION INDEXES OF THE LARGEST METROS IN THE MOUNTAIN WEST



Richard Florida contends that there are seven primary goals in successfully reforming urbanism in the United States focused on investment strategies and legal reforms. His list of recommendations follows:

- Reform zoning and building codes, as well as tax policies, to ensure that the clustering force works to the benefit of all.
- Invest in the infrastructure needed to spur density and clustering and limit costly and inefficient sprawl.
- Build more affordable rental housing in central locations.
- Expand the middle class by turning low-wage service jobs into family-supporting work.
- Tackle concentrated poverty head-on by investing in people and places.
- Engage in a global effort to build stronger, more prosperous cities in rapidly urbanizing parts of the emerging world.
- Employer communities and enable local leaders to strengthen their own economies and cope with the challenges of the New Urban Crisis.¹⁵

¹⁵ Florida, *The New Urban Crisis*, p. 11