

The Future of Rocky Mountain Cities

How Can An Economy Thrive in a "Lifestyle" Region?

Conversations with Richard Florida and Joel Kotkin

by Susan Holden Walsh

You don't need to tell people in the Rocky Mountain West that it is a unique place to live. They know it. In fact, many are in love with where they live. They've got big skies, rarified air, majestic peaks, wild-west history, ancient native traditions, frontier can-do mentality, reverence for nature and the environment, active cities and universities throughout the region, and the ultimate quality of life.

So, how can business thrive in a place with a "lifestyle" image, such as the Rocky Mountain West? What are the advantages and challenges to doing business there? Can passion for a region translate into its economic viability in the future?

Two popular, national consultants may provide some insight. We asked urban futurists, Richard Florida and Joel Kotkin what's in store for the Rocky Mountain Region. The two met on May 20th in Denver for a discussion, at a conference titled, "C3 – Culture, Commerce, Community," organized by the University of Colorado-Denver, the Denver Office of Cultural Affairs, Colorado Council on the Arts, the Lab at Belmar and the Colorado Business Committee of the Arts. On May 19, Kotkin was the keynote speaker at Leadership Denver's Spring Forum, "FasTracks and the New Urban Fabric of Metro Denver."

Because of their individual popularity, the media has portrayed Florida and Kotkin as rivals being somewhat at odds with each other. They respect each other's work and contribution to the debate about the future. By comparing notes from their interviews, it appears they have much to agree upon, due in part to the interesting dynamics of the region. For instance, there is a convergence in their views on economic development for the region: it's no longer about courting companies. It's about attracting the right people and feeding their basic, culture, economic and aesthetic needs so they will stay and create jobs.

Joel Kotkin:

Joel Kotkin, whose books include "The New Geography" and his recent release, "The City – A Global History," looks at the evolution of cities and demographics with an eye on the future. He writes that history has shown that in order for a city to be successful, it needs to provide its citizens with three key things: "sacred places, security, and an active marketplace." While he agrees that sacred places could also be perceived as our region's natural spaces, he stresses it's "an identity or sacred place,

something that people will fight for and care about." Rocky Mountain communities are no doubt, strong on heritage and identity.

Starting with the historic purpose of cities, Kotkin analyzes what we use cities for today and what we expect from them. "A city's role, in order to be successful, is where the working class has a chance to be the middle class, the middle class has the chance to be the upper middle class, and the upper middle class has the chance to get rich. On the economic level, that's their function." He points out, however, that cities are changing. "Cities no longer have the monopoly on culture. As people have moved to the suburbs, they have brought culture with them. Jobs and educated people are moving to smaller towns and suburbs. With technology, corporate headquarters and large institutions no longer have to be in big cities, it's the proximity to an airport that is important."



Kotkin believes that "driven people, complaining about congestion, are moving to smaller communities to work and also enjoy life." There are two main groups of people who are pushing these trends, according to Kotkin. First, there are potential parents who are 30+ and are looking to raise kids. And second, there are the 50+ "downshift boomers" who are still working but looking for either a nicer place to live or a cheaper place to live. It's the semi-retired types who can be a big influence – lawyers, bankers, doctors, high-end restaurateurs - who are choosing lifestyle, but have no interest in promoting growth or creating more competition. They have moved for and want to maintain lifestyle."

Kotkin explains that newcomers bring an interesting and invigorating set of skills and new ideas with them to develop new business opportunities. Motivated to make a living where they want to live, they find ingenuity to make it work. In this case, it may not be about creating jobs as much as "the people who live there will figure out something useful to do."

Kotkin cautions that contemporary society tends to be fleeting, nomadic and ephemeral, focused on hyper-materialism. The result can be an "ephemeral city," a sort of shell of a city with no substance. It is comprised of the "sojourning nomadic youth and nomadic rich," drawn not by substantial economic infrastructure or sustainability, but by materialistic thrills, such as shops, restaurants, bars, clubs, galleries and other hip, but fleeting, attractions.

He believes that the core population to whom planners should pay attention is the families, who are moving to the suburbs and smaller, rural places. They are taking jobs and culture with them because they no longer need the cities, due in part to technology. Kotkin sees the future growth in these communities that offer a quality of life and sense of substance and values.

Kotkin stresses that with these demographic and economic shifts, "The map is changing" in places like the Rocky Mountains. He believes that one needs to look at urban areas as an "archipelago" of cities (including the ephemeral ones), towns, suburbs and exurbs. It's essential that this grouping works together for and stops competing with each other for economic success. He emphasizes that a regional approach is particularly important in cities or towns where the lifestyle pull has created expensive housing markets, which make these places dependent on outer-lying areas to house their work-force. In return, these places provide sustainability in the form of culture and amenities for the other communities in the archipelago.

Richard Florida:

In his first book, "The Rise of the Creative Class," Richard Florida introduced his 3 T's to urban success, the combination of "Technology, Talent and Tolerance," in his Creativity Index. He sees it as a leading indicator of a region or city's potential for success. He also coined the term, "the creative class" – a diverse group of people, who Florida believes have become a powerful economic factor. He professes that the world has entered the creative age and the creative class is a segment of the population that planners and economists should seek to attract in order to create or maintain economic and cultural viability. He clarifies that it's not just artistic-types he's talking about, but free-thinkers. He elaborates by saying, "Every community has creative people. Creativity doesn't know any of the social categories we impose on ourselves. Knows nothing about income, knows nothing about ethnicity, knows nothing about race, knows nothing about gender, knows nothing about age."



The creative class, be they young, old, single, families, gays and lesbians, bohemians and immigrants, laborers or scientists, is motivated not just by money but their lifestyle and location. He explains that, "they thrive on challenge and experience. The places they live also have to spur them on, or challenge them, to great things. It's why so much of the creative class is drawn to bigger cities, and yet also why many people are drawn to 'lifestyle' destinations, like Colorado...where they can recharge in the little spare time that they have."

Florida explains, "Creative class populations are highly concentrated in exactly these kind of (lifestyle) places (like the Rocky Mountain Region) – college towns, getaways, niche markets like Santa Fe and its arts community – because different creative people look to different environments for inspiration." Many cities in the Rocky Mountain region rate high - top 20 - on Florida's Creativity Index, with Boulder, CO #1 in his latest ranking (1st in overall among all 331 metropolitan statistical areas, and 1st in peer ranking based on regions within a size category) for a city of its size 250,000 – 500,000. Colorado Springs, CO is 2nd in peer ranking and 29th overall. Santa Fe is 17th peer and 72nd overall. Denver, CO is ranked 23rd in peer ranking and 51st overall. Salt Lake City, UT is 19th in peer and 43rd overall. Boise, ID is 10th in peer and 36th overall. Billings, MT is 56th in peer and 188th overall. Cheyenne is 55th in peer and 186 overall. On the world scene, the United States is ranked 4th globally overall, behind Sweden, Japan and Finland.

Florida is currently sharing his concerns about the United States' brain drain in his new book, "The Flight of the Creative Class," which looks at how American is facing competition for talent, and losing it to foreign cities. He sees this as a trend that threatens our economic future. He believes that this is due to more attractive, competitive creative ecosystems overseas. With this in mind, he points out that cities in the Rocky Mountain region need to look at themselves more as an integrated region. By working together rather than competing with each other, they will be better able to compete for business with larger American markets, as well as foreign cities who attract the same types of people, such as Sydney, Melbourne, Vancouver and Toronto.

Florida also believes a regional approach is critical in a lifestyle market, too, as "size matters in the creative age. A bigger region can offer more options to more different kinds of people. What tends to work best is if you have a region with a variety of kinds of cities, a variety of kinds of housing types and amenities." He paints the following scenario: "The most important single location choice a person makes is where they chose to live after they graduate college. They go to a city with good rental housing stock. They move to a city that has public transportation where they can get around without a car. They get older and want to buy a condo, and progress to a more upscale neighborhood. When they have kids, what typically happens is that they may buy a house in the suburbs but they don't leave the region. Later, they may move back to a more urban neighborhood as they downscale that big

house. People chose a region and move through a life cycle of houses. If a region attracts them when they are young, they have an edge."

Q&A On The Future

A number of questions were posed to Richard Florida (RF) and Joel Kotkin (JK) via email and by phone, regarding the future of cities in the Rocky Mountain region. Here are their comments. (Note that each is responding to the questions and not to each other.)

How would you apply your research and theories to the factors that will influence the growth of "creative class" or lifestyle cities like Boulder, Salt Lake City, Boise, Idaho, Colorado Springs, Denver and Santa Fe?

RF: You've hit it on the head with the question itself: the niche that many of these places will naturally fill is "lifestyle" centers. With the exception of Denver, which is more cosmopolitan in nature, these are not the international creative powerhouses like New York or L.A. But they don't need to be, and most don't want to be. These are, generally speaking, places where people go to have a high quality of life – and because technology, communications, and transportation now allow us to work with the rest of the world from places like Boulder relatively easily.

JK: I think the creative class, as commonly used, is much too broad. Florida seems to see a huge class that includes people of various ages, professions and motivations. For example, people in Boulder, (those) in their 20's, single, in the media-oriented industry may share quasi bohemian tastes. The much larger group - people over 30-35, accountants, lawyers, engineers, managers, married, and especially with kids or planning to have them - have a different orientation.

Then, there is the often ignored, by theorists anyway, issue of cost. The biggest reason to move to Boise might be cost of housing compared to Santa Fe. Hip cools with money - a small but very loud and relentlessly self promoting group - move for very different reasons than most people, and can afford different choices. You must deal with "classes" of people, ages, industries and be more specific. There is no one overriding sense of what is the best quality of life; it depends on your income, profession, age, marital status.

Do you have any advice for economic development officials in the Rocky Mountain Region to attract both businesses that thrive on the creative class, as well as creative class employees?

RF: In economic development, we used to think that if you create the jobs, the people would follow. That's no longer true. Now, in many cases, we actually see the jobs follow the people (relocating to thick labor markets to have ready access to huge pools of talented and creative people). But a place with real vision, with a truly holistic approach, will concentrate on both the jobs and the people, I think. To get the people, you need not just economic opportunity – though that's important – but also social and cultural opportunity (and in the case of many of cities you've mentioned, a sort of nature-based opportunity also helps tremendously in "recruiting" creative people). The chicken and the egg come together in a place: you need creative people to attract creative companies, and vice versa, but what can really make the difference in recruiting is the place that they're situated in.

JK: Talk to me about good schools, open space, creation or redevelopment of town centers, economic development issues. It's time for people in the Rockies and elsewhere to start getting real and face serious issues. Denver, for instance has a lot going for it but schools are still a problem.

I was in Boise last week and they were talking about mass transit systems, and building density. And I said, "don't you know that people move to Boise so they can buy a house. They don't move to Boise so they can live in a small apartment, and experience a thriving cultural life. It's fine they have a thriving culture but that's not why somebody moves there."

Frankly, some companies have ended up with headquarters or regional centers here in the Rockies based on the fact that their CEO's liked to ski or had second homes out here. Can you please comment on the business implications of location decisions based on such choices.

RF: I think the Rocky Mountain West has been a lifestyle destination. It's been a relatively low cost center. It's had great air transit in Denver. It's had, I think, a real factor - a relatively educated population. If you look at what's common between Boulder and Boise and Colorado Springs and Salt Lake City is its high rates of human capital and really, when you talk about locations, when you get to the bottom of it, CEO location matters but, what people say is: I'd like to live there but there was a whole host of really talented and creative people and it was the kind of a place we could really attract people to.

Since you mentioned it, what I think you have to watch is this second home phenomenon, what I've seen throughout Colorado and the Rocky Mountain West are these expensive second home ghost towns. How are you going to integrate second home owners and mobilize a community capital, social capital in a place where people come two weeks a year? That is a huge issue. The income inequality that is really beginning to take shape in places like this, that become resort destinations, CEO havens, but virtually no one else can afford to live there. How are you going to attract the new generation of entrepreneurs, the new generation of scientists and inventors, when the whole place is getting populated by the truly wealthy? Maybe Jane Jacob's old maxim is appropriate, "when the place gets boring, even the rich people leave," that's what you have to think about in the future.

JK: Those are important (factors) and in some instances that perhaps have been helpful. The airport has been useful as well. What you may end up seeing is companies may locate in a lifestyle place, but then end up realizing that the place is too expensive, so they'll only keep a relatively small staff there. The question is going to be what is the affordability in these selected places. It may become so difficult that they will not be able to build their staffs anymore, which will limit growth.

For example, Colorado is in an odd place, because it really is in a uniquely attractive place. But that creates, in a funny way, mini ephemeral cities where people will be moving for lifestyle reasons. What seems to be happening is that many of these places develop a kind of pathology. They tend to become very expensive and usually antigrowth. This makes it very hard for a company that needs to hire regular people.

The second home phenomenon is a problem itself. I was just up in Sun Valley, a fair amount of building is going on there, a lot of second homes. I did a morning constitutional (walk) with somebody and those neighborhoods are empty. We see the same thing in high-rise buildings in places like Florida too, and Manhattan, in new expensive condos where the people own them as investments or kind of "pied a Terre." They don't really live there. I was talking to some lady in Denver about most of the new condos in downtown and most of the owners don't live in Denver, they live in Boulder or Aspen, and they have their city place. I call it a pluralistic way of life.

What do Rocky Mountain business leaders need to do to be prepared for changes in demographics, ways that we work, etc.? What is off the cities' radar that needs to be on it?

RF: In any place, not just the Rocky Mountains, companies and communities are failing to tap the full range of creativity inherent in their citizenry. Most of this stems from just holding on to more traditional business and leadership habits, to putting people into hierarchies and clearly defined boxes, not inviting all stakeholders to the table for big decisions, etc. Making a place not just tolerant, but proactively inclusive, is easier said than done – but it's a crucial component to economic success in our increasingly globalized economy.

JK: Focus on the second generation of Latino immigrants. Their fate and their prospects for upward mobility are the greatest opportunity and challenge for the region. I made this point in "The New Geography," that the migration of people, including immigrants, would determine economic success more than anything else.

Do you see any biases against the creative class or lifestyle-oriented communities in the perception that they may not be as serious about business and careers as others?

RF: Of course. A lot of it has to do with the natural growing pains of an economy and a culture, as we continue to transition from the industrial to the creative age. Much of our mentality is still stuck in this industrial framework, in the same way that it wasn't an overnight occurrence to go from an agricultural-based to an industrial economy. But change is inevitable, and it just continues to become more and more socially or culturally acceptable to inhabit these kinds of creative economy places and jobs.

JK: The bias has been the other way. Middle class people are ignored for a small class of self-important, the self-anointed. If you have a thriving economy, you will get the amenities these people are associated with. Take care of first things first (security, infrastructure, schools).

I think having a good working and middle class, having upward aspirations for large number of people, is the most important thing long-term. This is where the primary focus should be. The well educated and affluent can take care of themselves. They will create the market for amenities themselves; and, if there are priorities on these things, it will help the public good.

What is in the cards for Rocky Mountain cities, whose economies were founded on frontier industries such as natural resources, and then tourism, and whose communities are lifestyle oriented? What will fuel their growth? Dampen it?

RF: A lot of it will be determined by how their agricultural, manufacturing, or service (depending on the specific place) sectors accommodate to the creative economy. People forget that all sectors of the economy generate much of their value and growth through creativity – whether it's agricultural innovation or manufacturing invention. Service and tourism industries are especially prime for creative makeovers. What will dampen any of these places or businesses is what always dampens economic progress: trying to hold on too tightly to "how things used to be" or "ought to be." It's important to maintain a sense of history and identity, but not to the detriment of a community's economic well-being. A balance can be struck, I think.

JK: Natural resources could make a comeback given the enormous strain on these industries caused by the rise of China and India. Tourism is problematic in that it creates largely low-end jobs and brings in a new population that is predominately non-English speaking. It presents a new sociological challenge. Lifestyle cities are problematic. As Kevin Starr says of San Francisco, it has become "a theme park for restaurants" and a "cross between Carmel and Calcutta."

Conclusions

As for what to expect for the region, Joel Kotkin explains that there is "the growth of a class of people for whom the normal economic signals no longer matter. They made their money on stocks or real estate somewhere else, were in the dot-com boom and got out in time, or their parents made good investments. In certain select places, Aspen, Boulder, Vail, Sun Valley, Jackson Hole, you have this odd economy, more like a San Francisco or Boston than a town we would normally think of in the Rocky Mountains." The challenge, he believes, is to look at the liveability of these places. To be successful and hold onto its people, a city needs to create a "sense of order and consistency." He emphasizes that real people do grow up and yearn for community, family and neighborhoods. "A society cannot sustain itself long-term if it completely lacks the basic values. People need a city where they can make a living, feel secure, and a place where they feel proud to live."

Richard Florida already sees the Rocky Mountain Region as a successful region; attracting a strong creative class. He warns, however, that "The real challenge is to plan for more success, because success also brings the externalities of the creative age: extreme income inequality, housing unaffordability, traffic congestion and all the other things we associate with great urban centers." He wrapped up by saying that the most important thing the region has going for it, is the election of Denver's Mayor John Hickenlooper, who was recently named one of Time magazines top five mayors in the United States. Florida points out that leaders, such as Hickenlooper have "shown how to make a city a place where every citizen feels valued, where every individual feels they can contribute, and where every person can believe in their city."

In summary, what economic or lifestyle attributes will make the Rocky Mountain West thrive? The region is a sacred place indeed and an area that attracts people the world over. A history of ingenuity, creativity, and resilience has helped pioneers as well as modern businesspeople weather many booms and busts. A highly educated workforce supported by great universities is enticing to outside companies, while the myriad of amenities consistently draws new people and ideas. The variety of communities in the region, from bustling cities to quaint small towns, allows a diverse mix of people to select a place that is right for them. A sense of history and environmental concerns keeps businesses on track, while an attitude that nurtures entrepreneurship and adventure provides a place for individuals to make their mark. And finally, cooperation and identity as a region, along with local pride and passion, are true assets in order for the cities and the region to be competitive nationally and even internationally.

As advised by both Kotkin and Florida, leaders in lifestyle areas must stay buttoned up on core concerns, such as infrastructure, education, and safety, and try to maintain a lower cost of living and doing business. Once this is accomplished, they will have the luxury and pleasure of planning for a dynamic, diverse migrating population, as immigrants and families, hipsters and graduates, the wealthy and retirees all make their way to the Rockies. Cautious Western optimism would state that things are looking pretty interesting.

For more on Joel Kotkin, visit www.joelkotkin.com and on Richard Florida, see www.creativeclass.org.