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Do we need more renters and fewer home owners?

By David Nicklaus
St. Louis Post-Dispatch

Richard Florida, a well-known urban theorist, is tired of hearing home ownership mentioned as part of the American dream. Individuals — and the country — would be better off if we had fewer owners and more renters, he writes in today's [Wall Street Journal](#):

... the foundation of our economy no longer lies in manufacturing, which created stable populations of workers committed to their jobs and communities for life. Today's idea-driven economy requires a more mobile work force that can seize opportunities wherever and whenever they arise.

Moreover, Florida mentions St. Louis as one of the places that people may want to get away from:

As we expected, the rates of homeownership are greatest where housing prices are lowest. But cities with high levels of homeownership — in the range of 75%, like Detroit, St. Louis and Pittsburgh—had on average considerably lower levels of economic activity and much lower wages and incomes. Far too many people in economically distressed communities are trapped in homes they can't sell, unable to move on to new centers of opportunity.

He notes that cities like New York, Los Angeles, San Francisco and Boulder have vibrant economies with relatively low homeownership rates, between 55 and 60 percent. The national rate is about 67 percent.

Florida makes an important point: We subsidize housing in many ways, from giving homeowners tax breaks to propping up Fannie Mae and Freddie Mac, but rarely do we think about why we're doing it, or what the adverse consequences might be.

I wonder about his judgment of St. Louis, though. Prices haven't dropped by a lot here, so he may be exaggerating the number of workers “trapped” in their houses.