Democratising Prosperity: Global Perspectives on Housing Affordability

The Great Australian Dream
Brisbane

A BROADER ISSUE
The issue is not...
Land use
Cities

The issue is...
Quality of Life
Social Equity
Future of the Nation

Housing Affordability Crisis in Australia
EXAMPLE OF SYDNEY

Sydney: Median House Price

GDP per Capita (AUS)


Housing Affordability in the USA
THE RULE, NOT THE EXCEPTION

The American Dream
St. Louis
23 July 2005

OUTLINE
UNDERSTANDING “URBAN SPRAWL”
PUBLIC TRANSPORT: HOPELESS Rhetoric
PORTLAND: FAILED MODEL
BACKGROUND: DEMOCRATISING PROSPERITY
HOME OWNERSHIP AND PROSPERITY
THREATENING THE GREAT AUSTRALIAN DREAM

NOT A BRIEF FOR SPRAWL
LONE MOUNTAIN COMPACT
“...absent a material threat to other individuals or the community, people should be allowed to live and work where and how they like.”

The Great German Dream
Leipzig
Understanding Urban Sprawl

Paris Suburbanization: 1954-1999

Population 82% Outside City of Paris
Employment 67% Outside City of Paris

Paris: Avenue de l’opéra

Paris of Tourists & Urban Planners

The Great French Dream

Urban Sprawl is Suburbanisation
HISTORY OF URBAN GROWTH IS HISTORY OF SPRAWL

The Declining Human Footprint
MIRRORS TREND IN CANADA & UNITED STATES

Urbanisation \( \leq 2001 \) (<0.3%)
Substantial Productivity Improvements
Human to Footprint Reduction 1981-2002

Universality of Auto-Based Sprawl
URBAN DENSITIES COMPARED TO PRE-AUTO ERA

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<thead>
<tr>
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<th>Urban Population Per Square Kilometer</th>
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<td>Pre-Auto</td>
<td>Japan</td>
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<td>Now</td>
<td>W. Europe</td>
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<td>Australia</td>
<td>Canada</td>
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<td>U.S.</td>
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Brisbane World’s Most Beautiful Suburbs?
Suburbanisation in Barcelona

The Great Spanish Dream

Suburbanisation in Tokyo

The Great Japanese Dream

The Great Romanian Nightmare

Ceaucescu: Understood Curbing Sprawl
FATHER OF URBAN CONSOLIDATION

Urban Area Densities
AUSTRALIAN & NEW WORLD SIMILARITIES

SURPRISES
Sydney More Sprawling than Los Angeles
Los Angeles Least Sprawling in New World
Suburbanisation Dilutes Congestion

TRAFFIC INTENSITY IN WORLD URBAN AREAS

Vehicle Hours per Square Kilometer By Population Density

Under 750  750-1,999  2,000-3,999  4,000-7,999  8,000 & Over

Suburbanisation: Faster Work Trips

INTERNATIONAL EXAMPLES

Minutes One-Way

Dallas-Fort Worth  Houston  Los Angeles  Atlanta  Sydney  Paris  Tokyo

Daily Travel Time per Capita

TALE OF TWO CITIES: SYDNEY AND ATLANTA

Minutes

Atlanta  Sydney

Similar Results for Dallas-Fort Worth, Houston Comparisons with Sydney

More Air Pollution at Lower Speeds

Based Upon Index of 1.00 at Lowest Point for Each Pollutant By KM per Hour

NMHC  CO  NOx

10  20  30  40  50  60  70  80  90  100

“Jobs-Housing Balance” Myth

THE RECORD

Hong Kong: Average Work Trip 7.7 KM

Job Location 17.9%

Other Location 17.9%

Neighborhood 25.9%

House 20.5%

Reason for Neighborhood Choice US Census Survey

Other Reasons 17.7%
Exaggerating Suburban Costs
US SUBURBS LESS EXPENSIVE THAN CORES

Suburban Cost Research
"ILL INFORMED & DISINGENUOUS"

"... if the urban policies ... were not so ill informed and presented in such a disingenuous way, there would not be a need for this contribution to the debate on Australia's cities"

- Patrick Troy (The Perils of Urban Consolidation).

NOT SINCE COPERNICUS
... has the conventional wisdom been so wrong.
no imperative has been demonstrated.

Public Transport: Hopeless Rhetoric

Not enough people going to the same place at the same time

Auto-Competitive Public Transport
ONLY TO DOWNTOWN

Public Transport Work Trip Share
IMPORTANT TO CBD, A SMALL PART OF THE MARKET

CBD: Work Trip Share
Public Transport 79%

Sydney Area Employment
Outside 27%
CBD 13%
Elsewhere: Work Trip Share
Auto 80%
Public Transport 7%

Auto Competitive Public Transport

Don Valley Parkway & Commuter Rail
Toronto
Most Employment is not Downtown

Nor West Business Park Baulkam Hills

Auto Competitive Public Transport
SYSTEM DESIGNED FOR PORTLAND (800M GRID)

Urban Rail in the USA
DEMAND DRIVEN BY AVAILABILITY OF FEDERAL $

1989-2003 LOS ANGELES
1 Metro Line
3 Light Rail lines
6 Suburban Lines
800 KM
A$13 Billion

Before Rail: 1989
Latest Data: 2003

Misleading or “Doubtful” Information
FUTILITY OF PUBLIC TRANSPORT INVESTMENTS

MELBOURNE 2030 PLAN
Reduction of Auto Market Share in Percentage Points
Goal is many times previous record

Urban Density & Transit Competitiveness
HIGH INCOME WORLD URBAN AREAS OVER 3,000,000

Population/Square KM
Population (Millions)

CAR COMPATIBLE (LOW DENSITY)
TOO DENSE FOR CARS NOT DENSE ENOUGH FOR PUBLIC TRANSPORT
PUBLIC TRANSPORT COMPATIBLE (HIGH DENSITY)

Sydney Singapore Hong Kong

High or Low Density in Suburbs
MAKES NO DIFFERENCE IN PUBLIC TRANSPORT

Atlanta Halle Neustadt, Germany Graystanes (Sydney)
The Bloating Urban Growth Boundary
PORTLAND RETREATS – RESPONDING TO REALITY

Portland Urban Growth Boundary: Acres

<table>
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<tr>
<th>Year</th>
<th>1997 Actual</th>
<th>2040 Plan</th>
<th>Adjudged 1997</th>
<th>Plan to 2040</th>
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<td>2004</td>
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Portland Housing Prices Up Most
1990-2000: HOUSING MULTIPLE (US CENSUS)

Other Urban Consolidation Climb Downs
Minneapolis-St. Paul
New Jersey
Maryland
Washington DC Suburbs
Australia: Melbourne

Every Society Has Rich Households

Luxury Condos Near Rocinda Favela
Rio de Janeiro

What Distinguishes Societies is the Extent of Poverty
Overwhelming Reality

Rocinda Favela
Rio de Janeiro

Background: Democratising Prosperity

United States
Japan
Australia
Western Europe
US Poverty Threshold

History of the World is the History of Poverty
Democratisation of Prosperity: Associated with Personal Mobility

Democratisation of Prosperity: Associated with Urban Growth

Democratisation of Prosperity: Associated with Suburbanization

Democratisation of Prosperity: Associated with Rising Home Ownership

BASIC ECONOMIC PRINCIPLE
SCARCITY & RATIONING TEND TO RAISE PRICES

Rationing land for housing development tends to raise house prices.
Higher housing prices lead to lower rates of home ownership.

In much of the country, new housing units still are abundant and housing prices remain low. In contrast, new construction has plummeted and housing prices have soared in a small, but increasing number of places. These changes do not appear to be the result of a declining availability of land, but rather are the result of a changing regulatory regime.

...our evidence suggests that zoning and other land use controls play the dominant role in making housing expensive.

“Development constraints drive up land and construction costs as well as prevent new housing from keeping pace with rising demand.”
WACHOVIA BANK

“We have identified three major factors which have worked to restrain supply over the past decade, all of which remain very much alive and well today. The first is the spread of Smart Growth, Slow Growth and No Growth movements throughout the country.”

LAND USE REGULATION RETARDS ECONOMIC GROWTH

“metropolitan areas with stringent development regulations generate less employment growth than expected given their industrial bases”

Unaffordable Housing
Fables and Myths

Alan W. Evans
and Oliver Marc Hartwich

“The nightmare scenario for the British economy could be that a ‘tipping point’ was reached where the financial services industry of the city decamps to cheaper cities elsewhere in Europe.”

Housing Affordability: US Urban Areas

2000 CENSUS

House Value: Household Income Multiple: 2000 Census

More Affordable

LAND RATIONING

United Kingdom (Strong Land Rationing)

EU Outside UK (Little land rationing)


REAL HOUSING PRICES IN THE UK & EUROPE

Land Rationing Raises Housing Prices
Housing Cost Multiple: 2004
AUSTRALIA, NZ, CANADA & USA: OVER 1M METRO AREAS

Land Rationing Raises Land Prices
500 TIMES INCREASE IN S.E. ENGLAND

Housing Affordability Crisis in Australia
EXAMPLE OF SYDNEY

House Price Multiple: 2004
TALE OF TWO CITIES: SYDNEY AND ATLANTA

The Democratisation of Prosperity is Not Complete

Land Rationing: Toward a Nation of Renters:
Restoring Inheritance as the Deciding Factor
STRONG ECONOMIC GROWTH: IS NECESSARY

But “Smart Growth:” constitutes an assault on the economy.

The Great Canadian Dream
Toronto

THERE IS NO REASON TO STOP DEMOCRATISING PROSPERITY
STRONGER ECONOMIC GROWTH REQUIRED

Living in the “Future Tense”
THE UNIVERSALITY OF ASPIRATION

The Great Australian Dream
HAS BECOME THE GREAT UNIVERSAL DREAM

The Great Universal Dream
VISITING THE NEW HOUSE IN BARCELONA

PLANNING REFORM:
Back to Basics:

Not telling people how to live...
Rather, helping people live as they prefer

Valencia (Spain) Suburbs

The Great Romanian Dream
Bucharest

People's Route ➔ Planner's Route ➔
Paris Suburbs