**A BROADER ISSUE**

***The issue is not…***

**Land use**

**Cities**

***The issue is…***

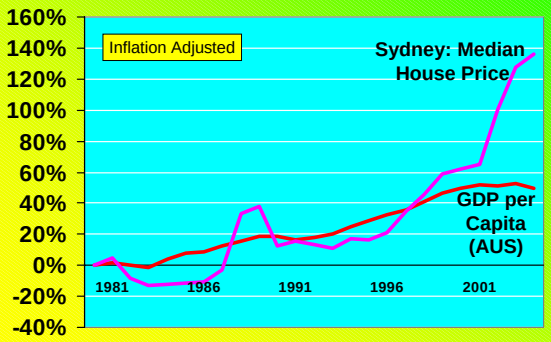
**Quality of Life**

**Social Equity**

**Future of the Nation**

## Housing Affordability Crisis in Australia

EXAMPLE OF SYDNEY



## OUTLINE

**UNDERSTANDING "URBAN SPRAWL"**

**PUBLIC TRANSPORT: HOPELESS RHETORIC**

**PORTLAND: FAILED MODEL**

**BACKGROUND: DEMOCRATISING PROSPERITY**

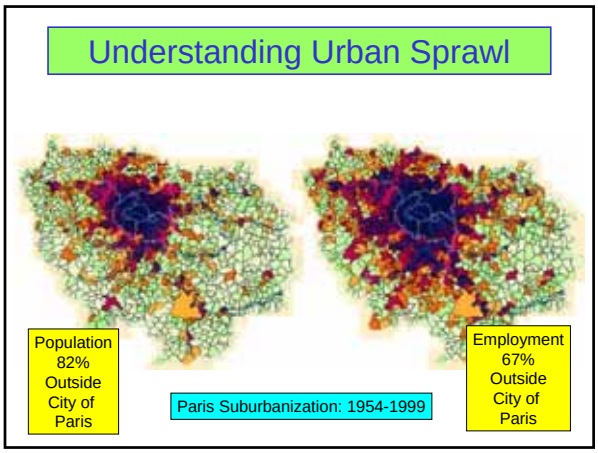
**HOME OWNERSHIP AND PROSPERITY**

**THREATENING THE GREAT AUSTRALIAN DREAM**

## NOT A BRIEF FOR SPRAWL

**LONE MOUNTAIN COMPACT**

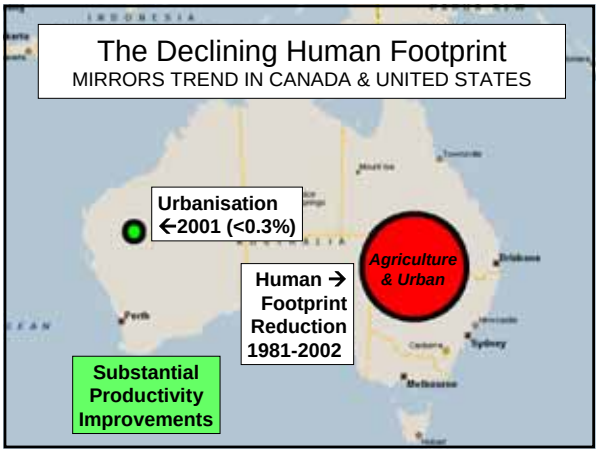
**" … absent a material threat to other individuals or the community, people should be allowed to live and work where and how they like."**

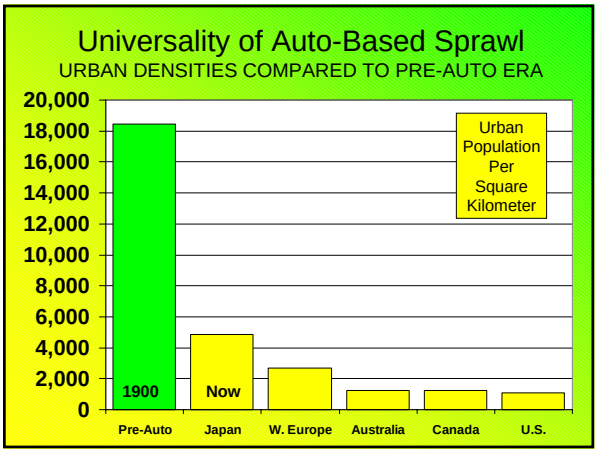

Understanding Urban Sprawl
Population 82% Outside City of Paris
Paris Suburbanization: 1954-1999
Employment 67% Outside City of Paris

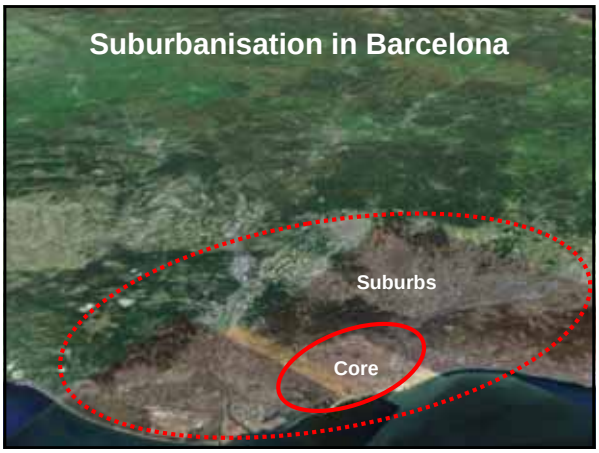
Paris of Tourists & Urban Planners
Paris: Avenue de l'opéra

Paris Missed by Tourists & Planners
The Great French Dream Paris

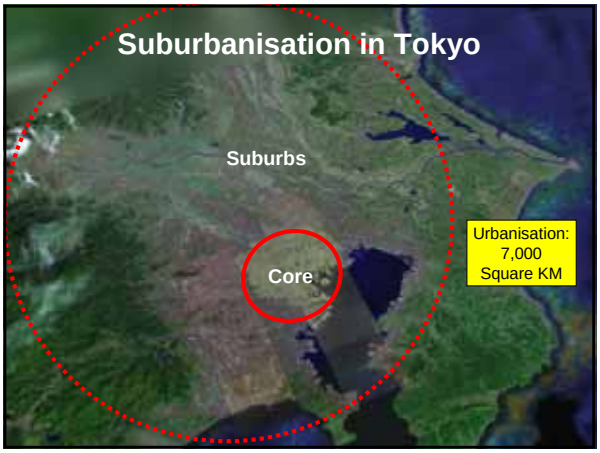
Brisbane World's Most Beautiful Suburbs?
Urban Sprawl is Suburbanisation
HISTORY OF URBAN GROWTH IS HISTORY OF SPRAWL


The Declining Human Footprint
MIRRORS TREND IN CANADA & UNITED STATES
Urbanisation ←2001 (<0.3%)
Agriculture & Urban
Human → Footprint Reduction 1981-2002
Substantial Productivity Improvements


Universality of Auto-Based Sprawl
URBAN DENSITIES COMPARED TO PRE-AUTO ERA
Urban Population Per Square Kilometer
20,000
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
1900
Now
Pre-Auto
Japan
W. Europe
Australia
Canada
U.S.

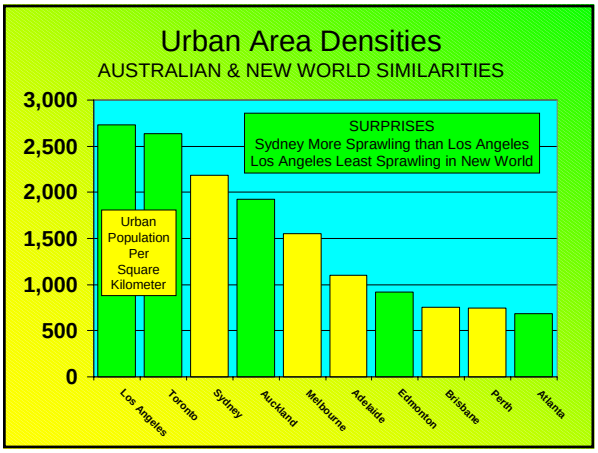

Suburbanisation in Barcelona
Suburbs
Core

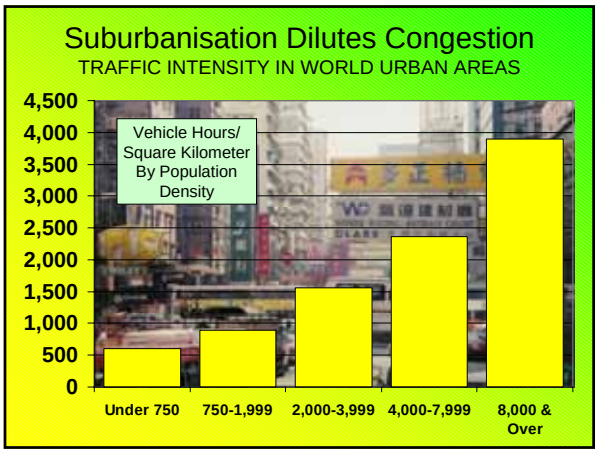
The Great
Spanish Dream
Barcelona

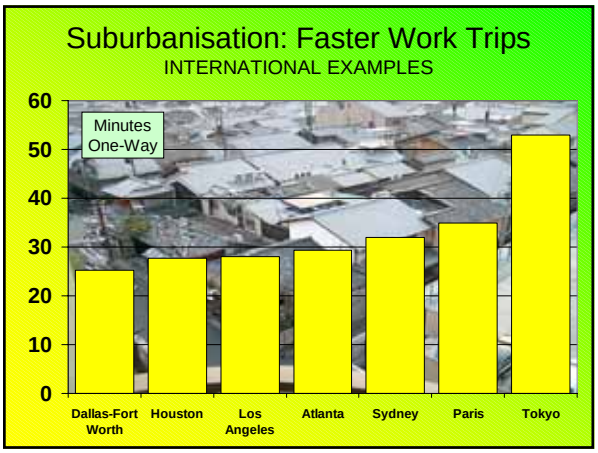

Suburbanisation in Tokyo
Suburbs
Core
Urbanisation:
7,000
Square KM

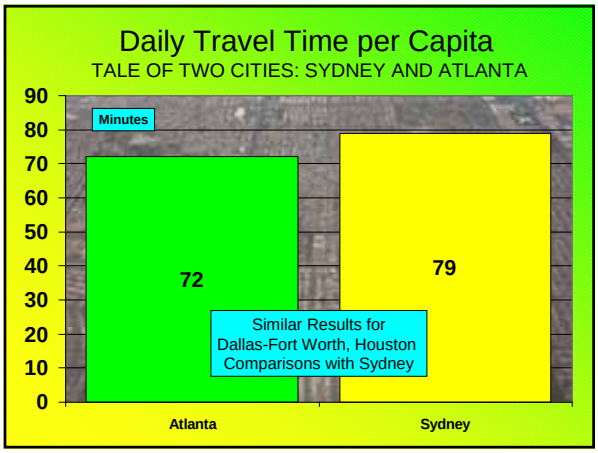
The Great
Japanese Dream
Tokyo
本庄
ハウジングステージ
HOUSING
STAGE

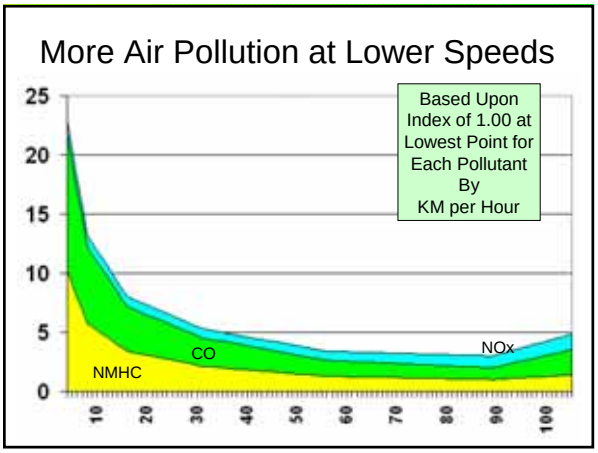
The Great
Romanian
Nightmare
Bucharest
Ceaucescu: Understood Curbing Sprawl
FATHER OF URBAN CONSOLIDATION

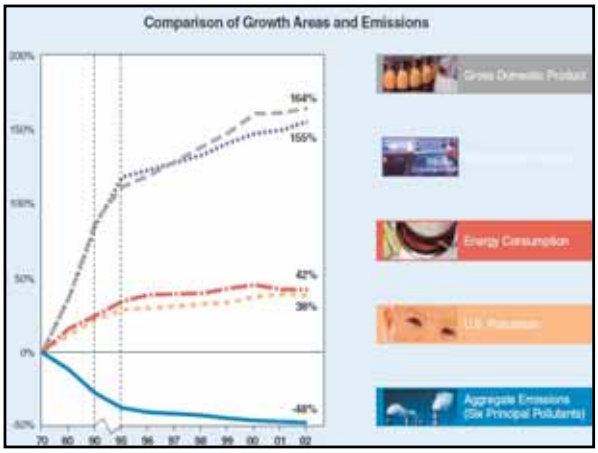

Urban Area Densities
AUSTRALIAN & NEW WORLD SIMILARITIES
3,000
2,500
2,000
1,500
1,000
500
0
SURPRISES
Sydney More Sprawling than Los Angeles
Los Angeles Least Sprawling in New World
Urban
Population
Per
Square
Kilometer
Los Angeles
Toronto
Sydney
Auckland
Melbourne
Adelaide
Edmonton
Brisbane
Perth
Atlanta

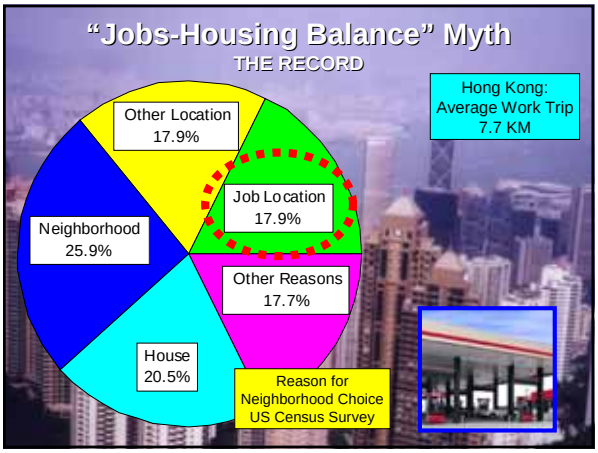

Suburbanisation Dilutes Congestion
TRAFFIC INTENSITY IN WORLD URBAN AREAS
Vehicle Hours/ Square Kilometer By Population Density
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Under 750
750-1,999
2,000-3,999
4,000-7,999
8,000 & Over

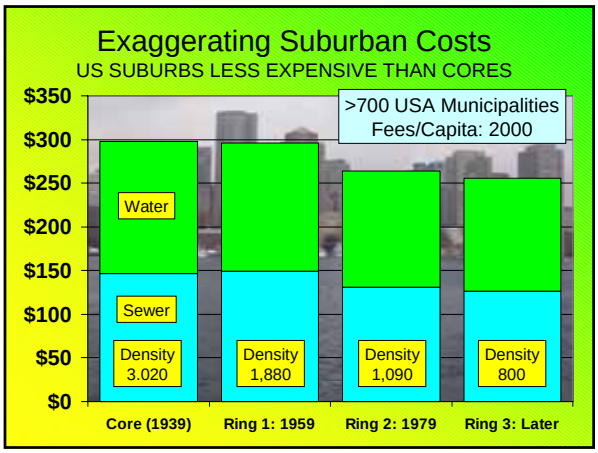

Suburbanisation: Faster Work Trips
INTERNATIONAL EXAMPLES
Minutes One-Way
60
50
40
30
20
10
0
Dallas-Fort Worth
Houston
Los Angeles
Atlanta
Sydney
Paris
Tokyo


Daily Travel Time per Capita
TALE OF TWO CITIES: SYDNEY AND ATLANTA
Minutes
90
80
70
60
50
40
30
20
10
0
72
79
Similar Results for Dallas-Fort Worth, Houston Comparisons with Sydney
Atlanta
Sydney


More Air Pollution at Lower Speeds
Based Upon Index of 1.00 at Lowest Point for Each Pollutant By KM per Hour
25
20
15
10
5
0
NMHC
CO
NOx
10
20
30
40
50
60
70
80
90
100


Comparison of Growth Areas and Emissions
Energy Consumption
Aggregate Emissions (Six Principal Pollutants)


"Jobs-Housing Balance" Myth
THE RECORD
Hong Kong: Average Work Trip 7.7 KM
Other Location 17.9%
Job Location 17.9%
Neighborhood 25.9%
Other Reasons 17.7%
House 20.5%
Reason for Neighborhood Choice US Census Survey

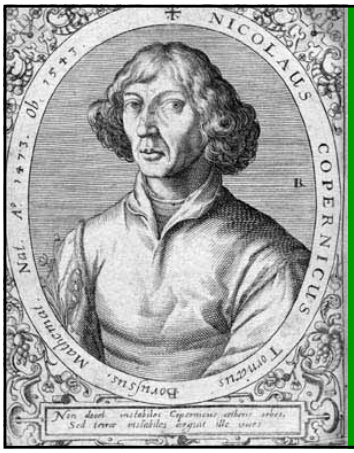



## Suburban Cost Research

"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"**

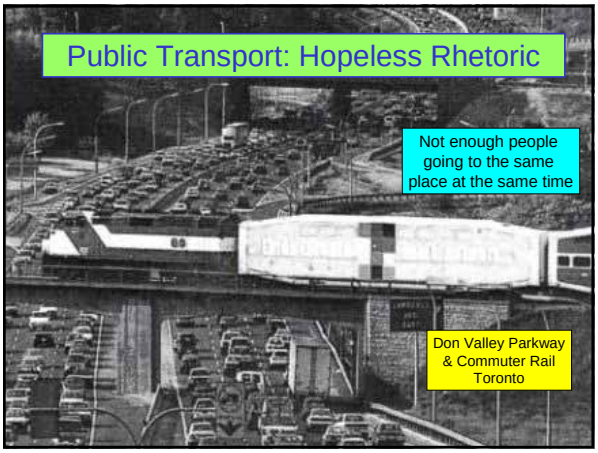
- Patrick Troy (*The Perils of Urban Consolidation*).

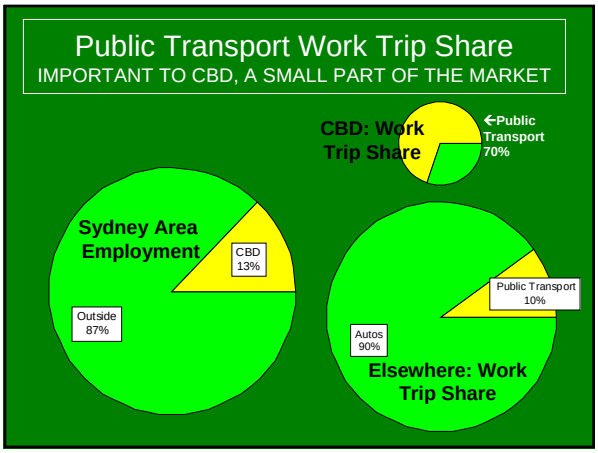


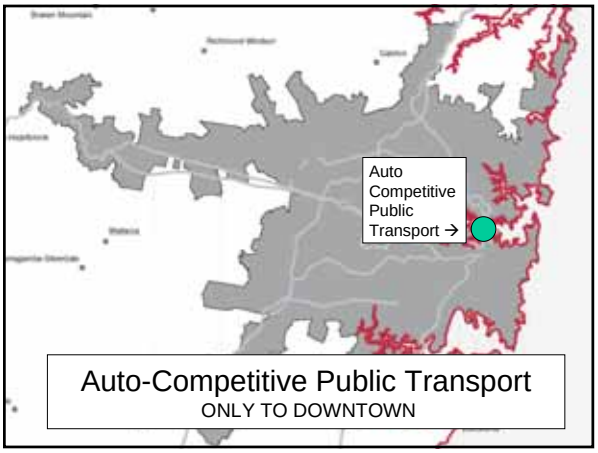

**NOT SINCE COPERNICUS**

**… has the conventional wisdom been so wrong.**

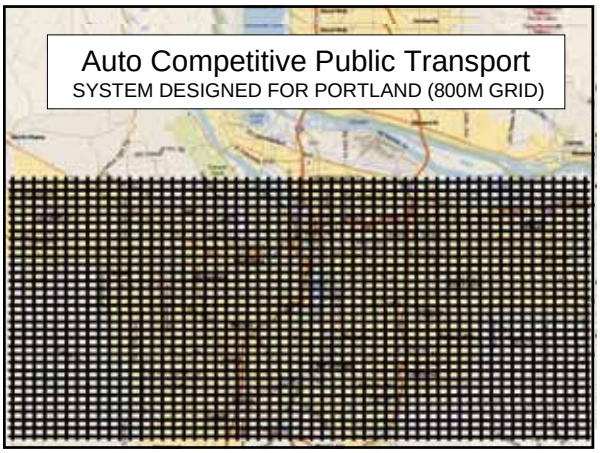
**no imperative has been demonstrated.**

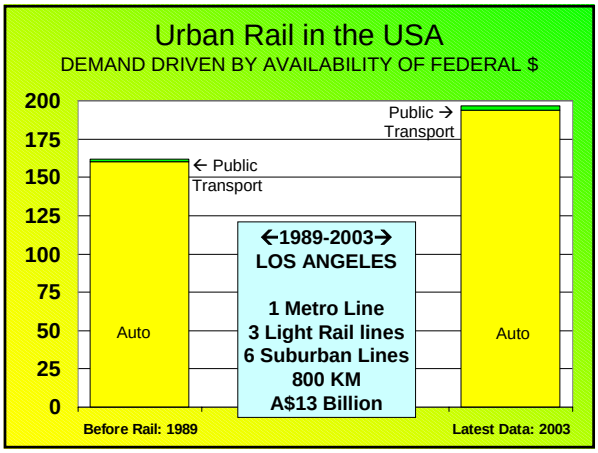


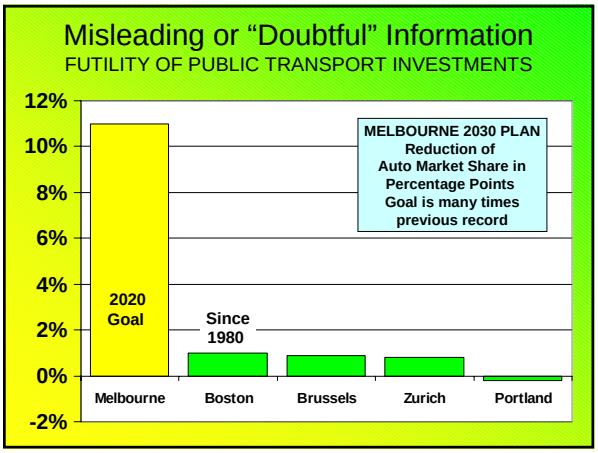



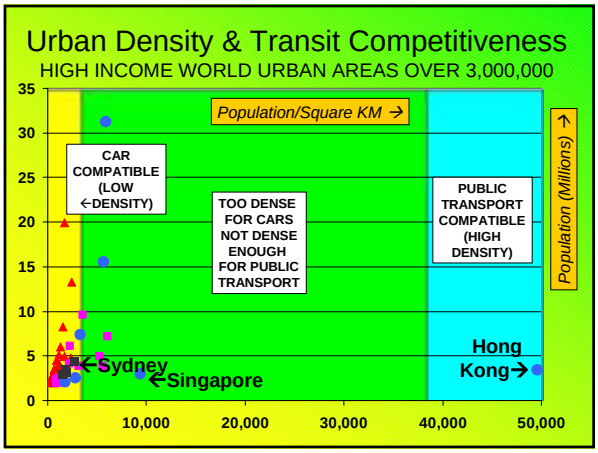



Most Employment is not Downtown
Nor West
Business Park
Baulkam Hills

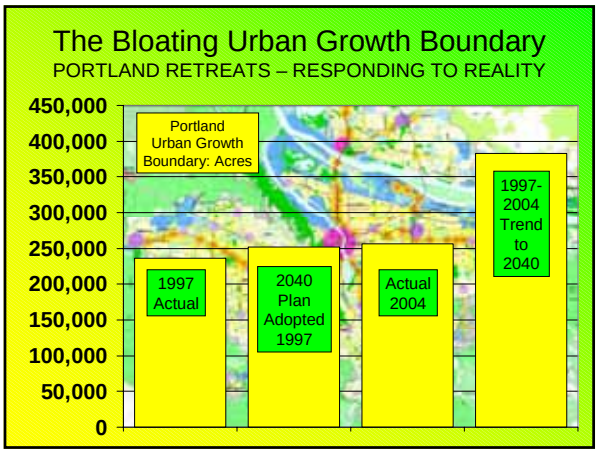

Auto Competitive Public Transport
SYSTEM DESIGNED FOR PORTLAND (800M GRID)

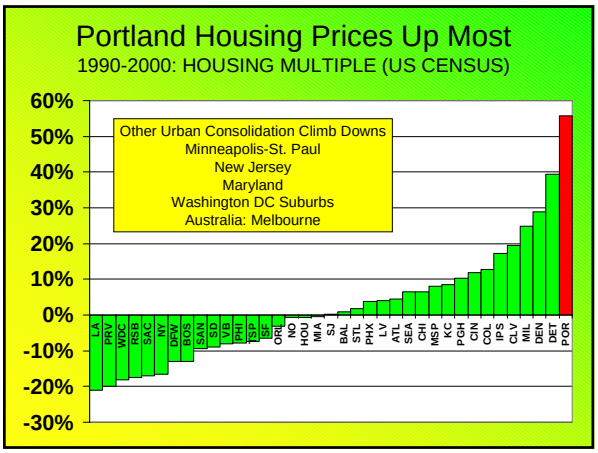

Urban Rail in the USA
DEMAND DRIVEN BY AVAILABILITY OF FEDERAL $
200
175
150
125
100
75
50
25
0
Public → Transport
← Public Transport
Auto
Auto
←1989-2003→
LOS ANGELES
1 Metro Line
3 Light Rail lines
6 Suburban Lines
800 KM
A$13 Billion
Before Rail: 1989
Latest Data: 2003

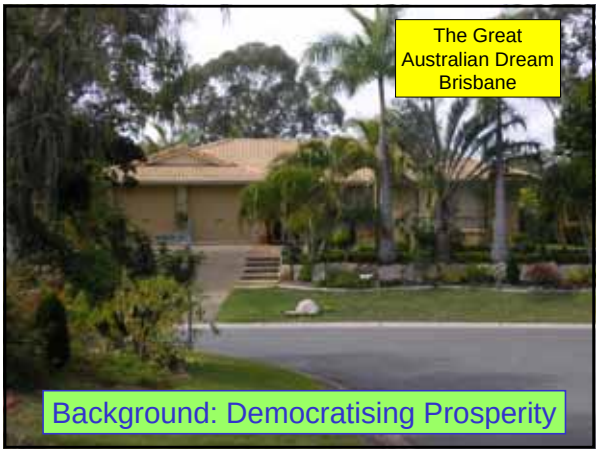

Misleading or "Doubtful" Information
FUTILITY OF PUBLIC TRANSPORT INVESTMENTS
12%
10%
8%
6%
4%
2%
0%
-2%
MELBOURNE 2030 PLAN
Reduction of
Auto Market Share in
Percentage Points
Goal is many times
previous record
2020
Goal
Since
1980
Melbourne
Boston
Brussels
Zurich
Portland


Urban Density & Transit Competitiveness
HIGH INCOME WORLD URBAN AREAS OVER 3,000,000
35
30
25
20
15
10
5
0
Population/Square KM →
CAR
COMPATIBLE
(LOW
←DENSITY)
TOO DENSE
FOR CARS
NOT DENSE
ENOUGH
FOR PUBLIC
TRANSPORT
PUBLIC
TRANSPORT
COMPATIBLE
(HIGH
DENSITY)
Population (Millions) →
←Sydney
←Singapore
Hong
Kong→
0
10,000
20,000
30,000
40,000
50,000

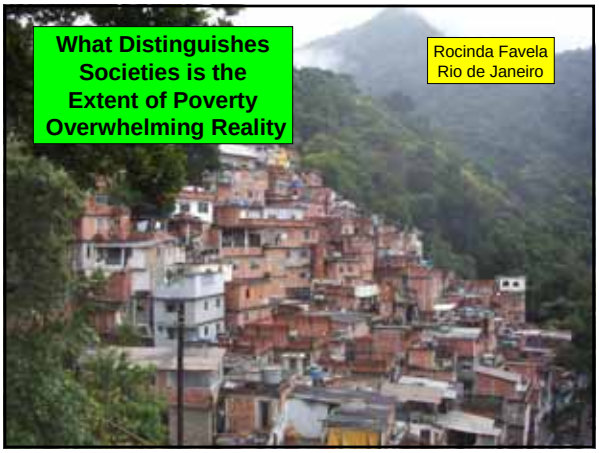
High or Low Density in Suburbs
MAKES NO DIFFERENCE IN PUBLIC TRANSPORT
Halle Neustadt, Germany
Atlanta
Graystanes (Sydney)

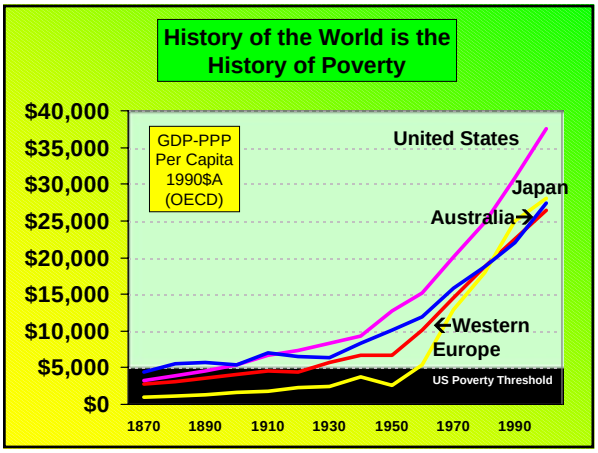

The Bloating Urban Growth Boundary
PORTLAND RETREATS – RESPONDING TO REALITY
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
Portland Urban Growth Boundary: Acres
1997 Actual
2040 Plan Adopted 1997
Actual 2004
1997-2004 Trend to 2040

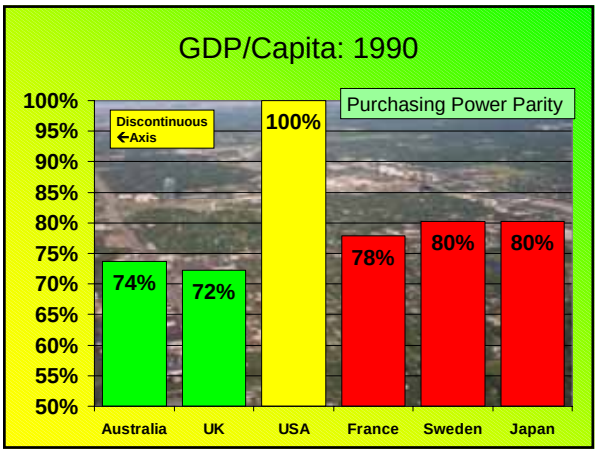

Portland Housing Prices Up Most
1990-2000: HOUSING MULTIPLE (US CENSUS)
60%
50%
40%
30%
20%
10%
0%
-10%
-20%
-30%
Other Urban Consolidation Climb Downs
Minneapolis-St. Paul
New Jersey
Maryland
Washington DC Suburbs
Australia: Melbourne
LA PRV WDC RSB SAC NY PRV BOS SAN SD VB PHI SP SF ORL NO HOU MIA SJ BAL STL PHX LV ATL SEA CHI MSP KC PGH CIN COL IPS CLV MIL DEN DET POR

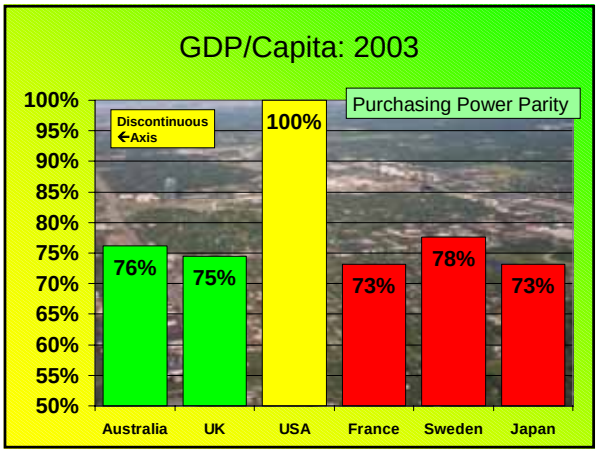

The Great Australian Dream Brisbane
Background: Democratising Prosperity

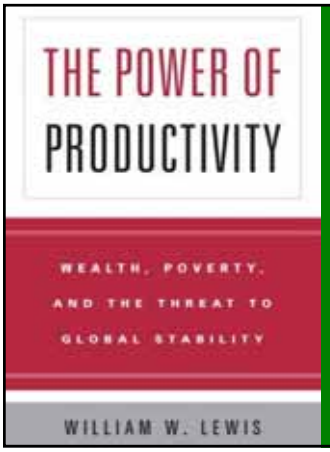
Every Society Has Rich Households
Luxury Condos Near Rocinda Favela Rio de Janeiro


What Distinguishes Societies is the Extent of Poverty Overwhelming Reality
Rocinda Favela Rio de Janeiro


History of the World is the History of Poverty
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
GDP-PPP Per Capita 1990$A (OECD)
United States
Japan
Australia
Western Europe
US Poverty Threshold
1870
1890
1910
1930
1950
1970
1990



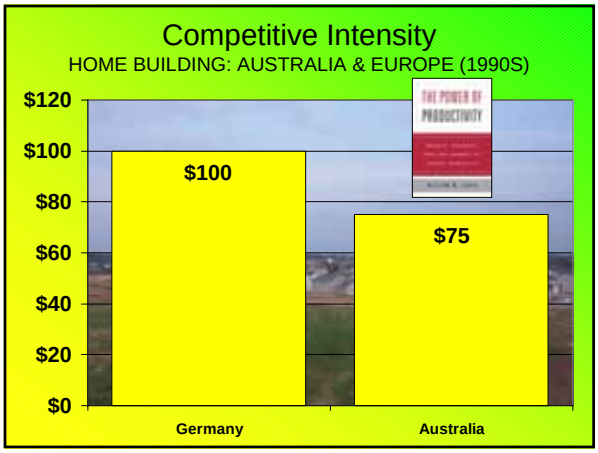



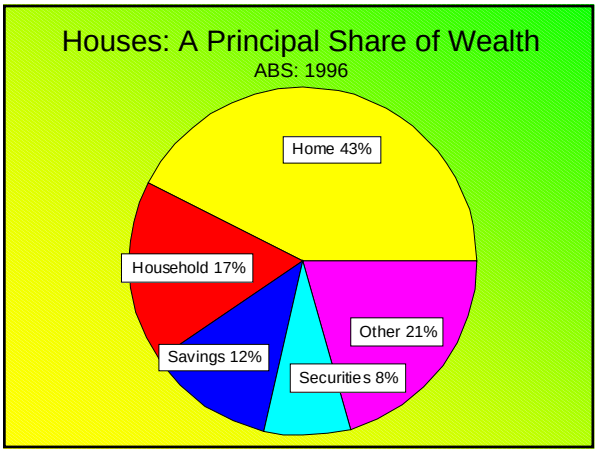

**STRENGTH OF THE LIBERAL ECONOMIES**

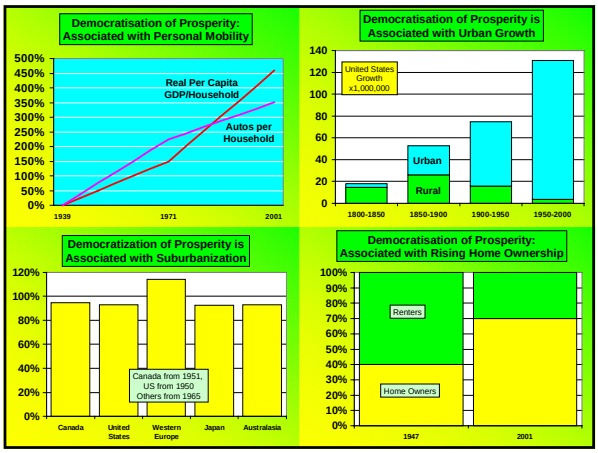
**"Competitive intensity"**

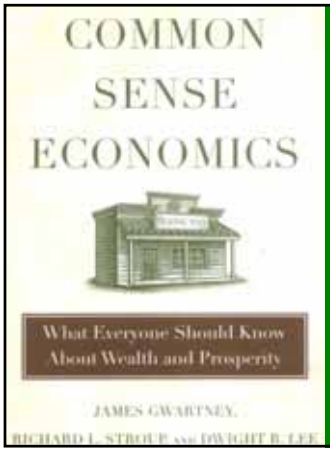
**Examples:**
**Less restrictive land regulation**

**Retailing**





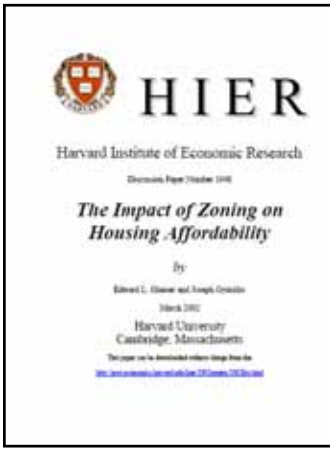



**BASIC ECONOMIC PRINCIPLE**

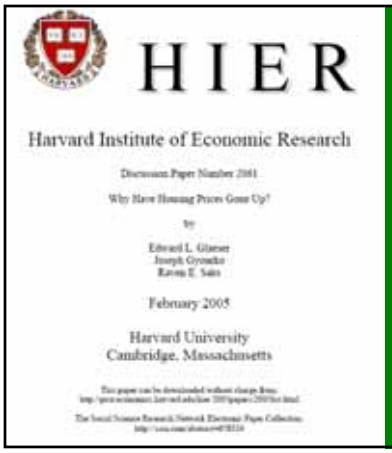
***SCARCITY & RATIONING TEND TO RAISE PRICES***

**Rationing land for housing development tends to raise house prices.**

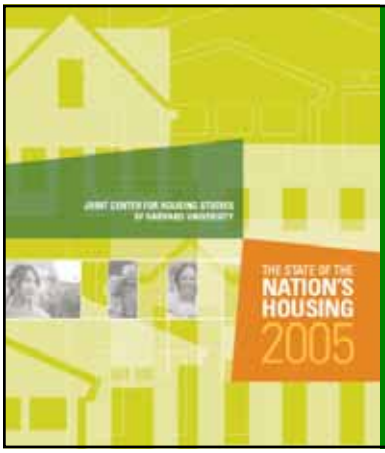
**Higher housing prices lead to lower rates of home ownership.**




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




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




**HARVARD *STATE OF THE NATION'S HOUSING 2005***

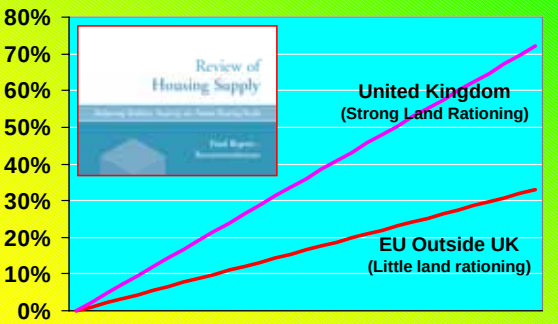
**"Development constraints drive up land and construction costs as well as prevent new housing from keeping pace with rising demand."**

**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 the Smart Growth, Slow Growth and No Growth movements throughout the country."

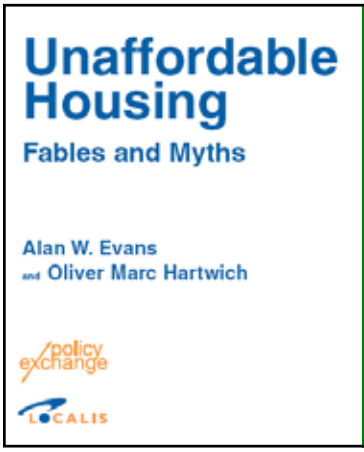
## Land Rationing Raises Housing Prices

REAL HOUSING PRICES IN THE UK & EUROPE



**LAND USE REGULATION RETARDS ECONOMIC GROWTH**

**"metropolitan areas with stringent development regulations generate less employment growth than expected given their Industrial bases"**




**AN ALARM ON PLANNING IN THE UNITED KINGDOM**

**"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."**

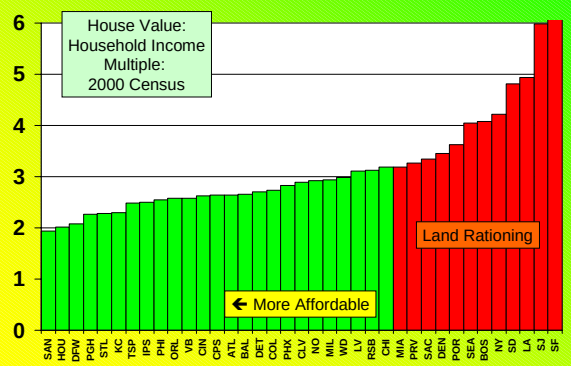
DEMOGRAPHIA

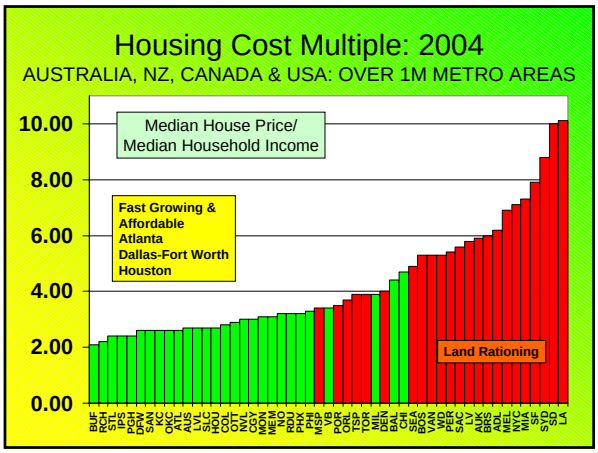
**International Housing Affordability Ratings And Rankings**

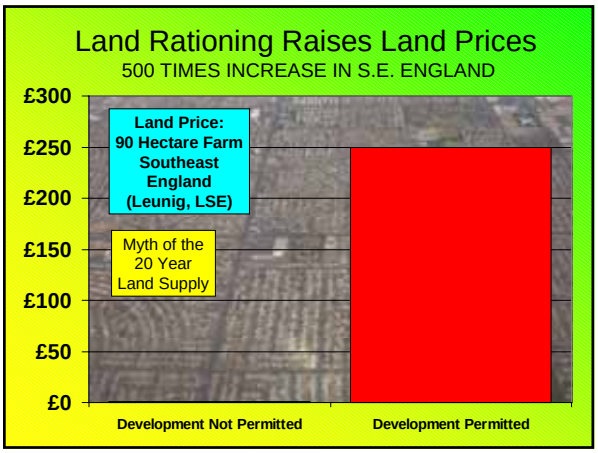
**2005.02**

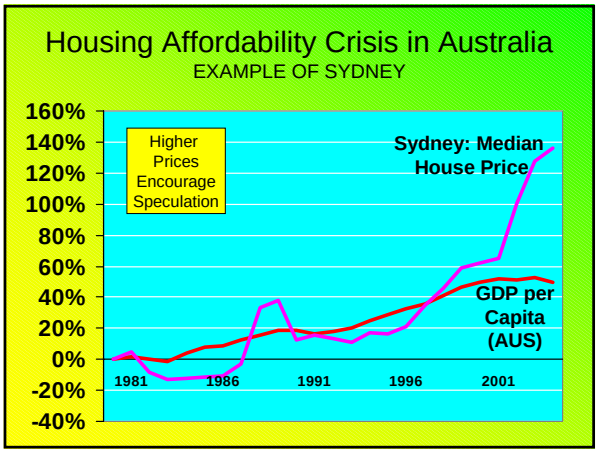
## Housing Affordability: US Urban Areas

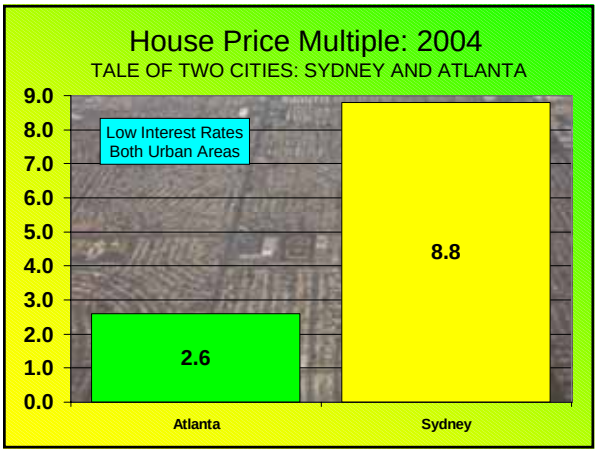
2000 CENSUS

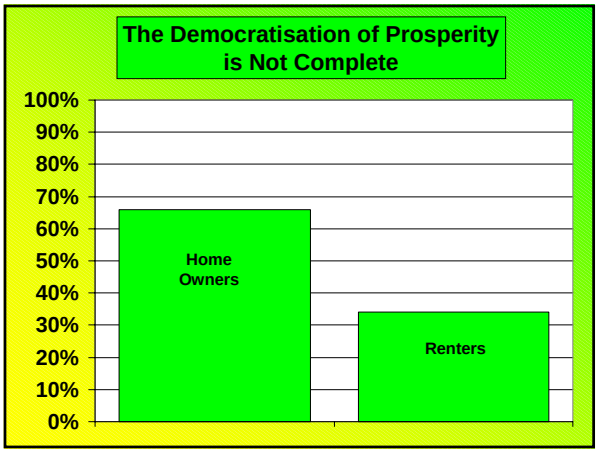


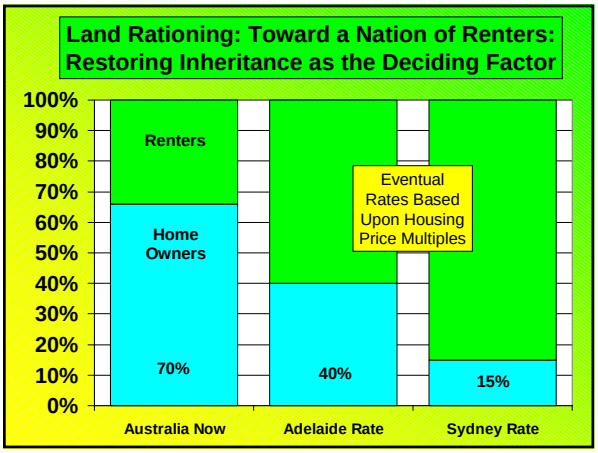

Housing Cost Multiple: 2004
AUSTRALIA, NZ, CANADA & USA: OVER 1M METRO AREAS
10.00
8.00
6.00
4.00
2.00
0.00
Median House Price/
Median Household Income
Fast Growing &
Affordable
Atlanta
Dallas-Fort Worth
Houston
Land Rationing
BUF RCH STL IND PGH DFW SAN KC OKC ATL AUS LVL SLC HOU COL TT NVL CGY MON MEM NO RIO PHX PHI MIA VB POR CBR TSP TOR NYC DEN BAL CHI SEA BOS VAN WD PER SYD AUK ADL ADG MEL MTC WIC SF STD SID LA


Land Rationing Raises Land Prices
500 TIMES INCREASE IN S.E. ENGLAND
£300
£250
£200
£150
£100
£50
£0
Land Price:
90 Hectare Farm
Southeast
England
(Leunig, LSE)
Myth of the
20 Year
Land Supply
Development Not Permitted
Development Permitted


Housing Affordability Crisis in Australia
EXAMPLE OF SYDNEY
160%
140%
120%
100%
80%
60%
40%
20%
0%
-20%
-40%
Higher
Prices
Encourage
Speculation
Sydney: Median
House Price
GDP per
Capita
(AUS)
1981
1986
1991
1996
2001


House Price Multiple: 2004
TALE OF TWO CITIES: SYDNEY AND ATLANTA
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Low Interest Rates
Both Urban Areas
8.8
2.6
Atlanta
Sydney


The Democratisation of Prosperity
is Not Complete
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Home
Owners
Renters


Land Rationing: Toward a Nation of Renters:
Restoring Inheritance as the Deciding Factor
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Renters
Home
Owners
70%
40%
15%
Eventual
Rates Based
Upon Housing
Price Multiples
Australia Now
Adelaide Rate
Sydney Rate

**STRONG ECONOMIC GROWTH: IS NECESSARY**

**But "Smart Growth:" constitutes an assault on the economy.**

**THERE IS NO REASON TO STOP DEMOCRATISING PROSPERITY**

**STRONGER ECONOMIC GROWTH REQUIRED**

**PLANNING REFORM: Back to Basics:**

**Not telling people how to live…**

**Rather, helping people live as they prefer**