

The

TOM MCKENNA MEMORIAL LECTURE

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‘THE QUALITY OF SPRAWL’



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I have drawn the title of my address from that wonderful poem and book of the same name by Australia's leading poet Les Murray. To quote just two lines from the poem,

*'Sprawl gets up the nose of many kinds of people
(every kind that comes in kinds) whose futures don't include it.'*

Today I want to do three things:

1. Systematically challenge and refute the main arguments used to stop urban sprawl,
2. Highlight the problems associated with urban consolidation, and
3. Show that Australia's current planning ideology has created a massive housing affordability crisis which will have serious economic and social consequences into the future.

Sprawl has always been with us. Our leafy suburbs, historic streets and delightful beachside areas – places we regard with near reverence because of their well established gardens, wide boulevards and proximity to the inner city, were all the 'sprawl' of an earlier time. In the decades that followed our early settlement, trams, trains, baby booms, migration and the personal mobility that the motor vehicle provided pushed the boundaries further and further.

But not everyone was happy.

*'Sprawl gets up the nose of many kinds of people
(every kind that comes in kinds) whose futures don't include it.'*

Regrettably, urban sprawl has become a pejorative term without any serious examination of its qualities or benefits and without any critical analysis of its troubled alternative – urban congestion. The notion that "Sprawl is Bad" has so infected the planning industry that any thought to the contrary is now quashed in an instant.

The formation of the world's cities has always been determined by the means of transport available. In a time before the motor vehicle, when walking or horse drawn carriages were the main means of transport, urban densities were typically 15,000 people per square kilometre and above. In large cities like London and Paris densities were much higher - closer to 35,000 people per square kilometre. However the motor car changed all that and population densities in cities began to decrease rapidly. Today major city densities tend to range between 1,000 and 2,000 people per square kilometre.

As people acquired the means to travel faster and farther, they exercised a choice to live further apart. Given the availability of affordable land and a flexible and reliable means of transport they chose to live in individual houses. In Australia, this choice was expressed in the universal dream of a home of your own on a quarter acre block (many prefer even 1/3 or 1/2 acre blocks). And this is not just the choice of Australians but the choice of people the world over. A recent MORI poll in the UK indicated that only 3% of people surveyed wanted to live in flats (surprise, surprise) yet 50% of all new housing built in the UK are flats. Go figure.

Over the past two decades, we have seen a concerted push in Australia to limit urban growth and restrict the boundaries of our cities. In the 1980s the “Urban Consolidation” movement took hold and our State and Local Governments invoked all manner of urban containment policies through their land management and planning powers. Urban growth boundaries, restricted use zonings, tree legislation and countless other planning instruments became the order of the day as this planning mania mutated into a planning plague.

It didn't take long however before this brave new world of urban planning fell victim to that age old 'law of unintended consequences.' Take, for example, the reactive attempt of a decade ago to save mature trees by legislating against their removal if they have a trunk circumference over a certain size. Today, the tree lopping business is booming as home and land owners, fearful of having trees on their property which they will not be able to remove, cut them down before they reach the mandated size. Without doubt, the mature trees of tomorrow are being felled by the planning regulation of today.

Another unexpected consequence, one that is still to be fully appreciated, is the extent to which those within the urban growth boundary, those living in the inner suburbs are becoming increasingly resistant to higher concentrations of people living in their midst. Groups like 'Save Our Suburbs' are becoming more and more active in their attempts to preserve the character of their suburbs and they themselves are increasingly becoming advocates for urban sprawl.

However, the most devastating of the unintended consequences has been the extent to which this urban consolidation policy has stifled land supply and sent land prices through the roof. It was not so long ago, only five years ago in fact, when households with an income of \$40,000 could have bought a nice house in a city like Adelaide. The median house price was \$135,000 then – it is nearly double that now!

This rise in land cost has been much more dramatic than most people realise. In just five years the price of residential land has doubled. Where land once represented 25% of the cost of a

new house and land package, it is now 50%. This is a disaster for a family trying to build their first home. By comparison the cost of building a new house has barely risen.

It is important to remember that this scarcity that has propelled land prices upwards is an artificial scarcity. It is the product of restrictions invoked through planning regulation and zoning. A drive on any sunny day to the outskirts of all our major cities will reveal that there is abundant land suitable for housing development. The so called 'land shortage' is a matter of political choice, not of fact. Australia did not have to suffer this affordability crisis.

The case for urban consolidation has been advanced on the back of a number of arguments – namely, that it is good for the environment, that it stems the loss of agricultural land, that it encourages people on to public transport, that it leads to a reduction in motor vehicle use and that it saves on infrastructure costs for Government. None of these, I repeat, none of these is true.

Does anyone really believe that forced compaction of communities can lead to less pollution, less vehicle use and savings on urban infrastructure? Do environments where there are no back yards for children to play and no room for trees to grow really offer better habitats than low density suburbanisation? Will people stop using their cars and hop on buses? Does a cost of housing that precludes low and middle income earners from becoming home owners really serve the greater interest of our society?

Nearly a decade ago Patrick Troy, Emeritus Professor at the Australian National University authored the book, *'The Perils of Urban Consolidation'* in which he squarely challenged the assumptions on which the urban consolidation principles are based. He pointed to flaws in the figures and arguments which have been used over and over again to support what is speciously called, "Smart Growth", and he argued that these policies will produce 'mean streets', not 'green streets'.

Evans and Hartwich, international researchers from Policy Exchange in the UK echoed these views in their recent paper entitled 'Unaffordable Housing', reporting that, "*Low rise, low density housing is better for bio-diversity than farmland and high-rise, high density urban housing.*"

Now there's been a lot of publicity lately about bio-diversity and so-called 'Urban Dead Zones.' Naturally urban sprawl has been blamed for this decrease in bio-diversity. So tell me, which do you think is better for bio-diversity:



This....



this...



this...



this...



this...



...or this.

The first five scenes are bio-diversity Dead Zones. The last scene, a typical outer suburban street, is a bio-diversity Live Zone.

Now I know a lot of this goes against the grain but it is incumbent on us to be honest and open about the facts. Scenes 1-4 are taken on the fringe of all our cities and are ideally suited to urban growth. We can have more bio-diversity, less air pollution, healthier children and more affordable housing if we go with scene No 6, not scenes 1-5.

Bear in mind also we're talking about urban growth around our major cities. The rural wheat belt, orchards in the Riverlands, market gardens at Purnong and vineyards in the Coonawarra are not urban growth areas. If it's one thing Australia does not lack, it's fertile land for agricultural purposes well away from our cities. Neither are we talking about building houses on native bushland.

The argument that suburbanisation significantly diminishes the agricultural footprint does not stack up either. While the reduction in the agricultural footprint in Australia over the past two decades has resulted in a reduction in land used for agricultural purposes of around 50 million hectares the loss attributable to urban development is absolutely miniscule. Improved primary production methods have meant that we now produce much more on much less land and this trend is likely to continue unabated.

It has also been argued that urban consolidation helps move people out of cars and onto public transport. Not so. International research on urbanisation and transport use by Professor Wendell Cox, Principal Consultant of Demographia indicates that urban consolidation leads to longer work journeys, greater road congestion, increased air pollution - the result of lower traffic speed, and is spectacularly unsuccessful in moving people from cars to public transport. Public transport simply doesn't go where people want to go. Neither does it go *when* the people want to go. Public transport systems, because of the inordinately expensive cost of operation, are designed to facilitate transportation into the CBD. And yet fewer than 15% of people actually work in the city and 90% of all work journeys are taken by car. Not only that, Professor Troy also points out there is absolutely no evidence that people who live in the city use their cars less than those who live elsewhere.

Australians, like their counterparts in Europe, the Americas, and growing numbers in Africa and Asia, will continue to value very highly the personal mobility a car affords. If petrol prices become too expensive they will simply shift into smaller cars or make savings elsewhere but they will not, I repeat they will not, forgo the liberty and utility that a motor vehicle offers. We need only look at our own CBD where apartment buyers still want two car parks notwithstanding their proximity to work and all the social facilities one could want.

The cost of new infrastructure has been yet another reason advanced for curtailing the growth of cities. Professor Troy again challenges the assumptions offered in this regard saying, *“When the **proponents** of urban consolidation do not understand the limitations of the figures they quote, it is small wonder that politicians, journalists and members of the public cannot make head nor tail of them (either). There are, of course, some commentators who do know or have had explained to them the limitations of the costing used but they persist in using them.”*

Additionally, WD Woodhead, in “The Economics of Higher Density Housing” points out that: *“The assumption that there is excess infrastructure capacity in inner city suburbs is frequently erroneous, the various hydraulic services (water and sewer) in particular are rarely uniform in capacity and often require upgrading. The lack of knowledge as to the status of infrastructure is a matter of concern.”*

Infrastructure developed to accommodate 1,000 to 2,000 people per square kilometre simply cannot withstand housing densities double that number and above and the cost of renewing or upgrading infrastructure in the inner suburbs is significantly greater than that of providing brand new infrastructure on the fringe.

As the price of housing has soared in recent years some have argued that it is not land supply problems that have caused the price rise but demand factors like low interest rates, capital gains tax exemptions, negative gearing and first home buyer grants that have been responsible. This claim however is at complete odds with international evidence and basic supply/demand economics. Housing affordability – or first home ownership, is about ‘entry level’ and entry level housing happens on the urban fringe. If you restrict supply at the entry point, up goes the price and down goes the affordability.

It has also been suggested that this is all part of a world wide trend. Not true. An international housing affordability study focused on 88 cities in Australia, New Zealand, Canada and the US by international research group Demographia has confirmed that **land rationing** in the form of Government imposed urban containment policies are the principal cause of escalating land prices. Demographia found that housing unaffordability was not the worldwide problem it was made out to be but was largely confined to Australian cities and cities on the East and West Coasts of America where constrictive land use policies are in place.

The situation in Australia is so severe that, according to the Demographia index which rates affordability by comparing median housing price as a multiple of median household income, all mainland Australian cities feature in the list of most seriously unaffordable places in the world to

live. If housing remains at its current level of unaffordability we can expect to see a serious decline in the levels of home ownership among future generations.

Even Adelaide featured in the 'most unaffordable' category of world cities coming in at eighth most unaffordable among the 88 cities studied with the median house price being six times the median household income. Historically, a multiple of three is considered to be affordable. It is worth noting that of the 30 cities in the study categorised as being 'affordable' not one had embraced urban containment or so called 'smart growth' policies. When a house is three times the median wage, young couples can pay off a home on one income and begin a family before they turn 30. At six times the median wage they have no hope. Brisbane and Perth house prices are also around six times annual income, Melbourne is seven times and Sydney a whopping nine times the median household income.

Pricing those on low and moderate incomes out of home ownership has serious economic and social consequences. Research confirms what we intuitively know, namely, that people who own their own homes experience better health, greater self-confidence, move less frequently, are more involved in their communities, have greater financial independence and much greater wealth than their renting peers. Their children do better at school and those children in turn are more likely to also become homeowners.

The social, emotional and economic benefits which come with home ownership also result in a reduced cost of living on a whole of life basis and a wider range of choices in retirement. As we all know only too well, if you don't own your home by the time you retire, you're in big trouble.

The erosion of self reliance and the damage to family life that comes when people are precluded from homeownership will of course not be borne by existing home owners living comfortably within the leafy bounds of current urban growth boundaries but by those excluded from home ownership because they have been priced out of the housing market.

In the end there are a thousand good reasons to allow urban sprawl and not one good reason to persevere with this demonstrably failed policy of urban consolidation.

Bob Day is National President of the Housing Industry Association