

The Public Purpose

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MELBOURNE 2030: A VISION FAR TOO TIMID Premier Bracks Swallows L.A. Fish Story

By Wendell Cox

The State of Victoria's *Melbourne 2030* plan is a vision far too timid. Over the next 25 years, it is projected that another 1,000,000 residents will be added to this urban area of approximately 3,500,000. In times past, the urban area would have been permitted to expand to provide the next generation with a better lifestyle.

But not now. Across Australia, and to a lesser extent in urban areas outside, there is a rush to make the city more compact --- urban consolidation it is called in Australia. The plan is simple. Instead of allowing the city to continue to expand geographically, the government intends that more people should be piled into the same space already occupied by those who already live there. Why, one might ask, does a country as large as Australia need urban (consolidation) densification? Is there a fear that without it, some day, as much as a total of 0.5 percent of the land might ultimately become developed? Is it that the food supply is threatened as land is taken for urban development? Or is it that public officials have heard the siren call to the effect that suburban development costs more --- so much more that we can no longer afford to live as we have? Or is it, as some suggest, that Australian cities might begin to sprawl like Los Angeles? Premier Steve Bracks even talks about Los Angeles as having "house after house without any services provided."

The facts demonstrate that positive answers to any of these questions would be absurd. Australia has plenty of land, and even if future growth were permitted to take up as much space as past, little of the nation's plentiful supply of land would be used. As for the food supply, agriculture has become so productive that over the past quarter century an area the size of Victoria has been taken out of farming production. Indeed, all of the urban land that has been developed or might be in the future could be fit into an area the size of Victoria many times over. As for the suburban cost myth --- and it is a myth --- even if it were true, the answer would be simple. Make the people who move into the new areas pay for their services. If it costs too much, they won't move there. If doesn't, then those who want will move there. But to the high priests of urban planning, letting people do what they want would be far too radical. Who knows better what is good for people and families than the university based planners thousands of kilometers distant?

As for Los Angeles, that's where it really gets hilarious. If Australian cities sprawled like Los Angeles, they would be *more* compact, not less. The secret is that the most densely settled urban area in the former colonies (Australia, New Zealand, Canada and the United States) is Los Angeles. This inconvenient fact is often either missed or even ignored. Los Angeles also has the

worst traffic congestion and probably the worst air pollution. But it is the Premier who has proven the most gullible. Somehow, despite living 20 years in Los Angeles serving more than eight in public office, the service-less houses that Premier Bracks talks about escaped me. In fact, public services in the Los Angeles area are among the best in the nation, or for that matter in the high-income world. Indeed, across the United States the *least* costly and *highest* quality municipal services are to be found (to the horror of urban planners) in the *suburbs*. But that does not keep the urban planning fundamentalists from making up stories.

And, as for the higher density of Los Angeles, at least planners there had the good sense to allow the city to continue to expand. Never did they come back, as the Victorian planners have, and try to force higher density onto lower.

And that's where it will probably all fall down, along with the Bracks government. Melbourne is not alone. Other urban areas have headed down this dead end. Portland, Oregon is the best example. It is in Portland that one finds the most fundamentalist urban consolidation rhetoric, yet its plans were never as radical as Melbourne's. Nonetheless, when densities began to increase, as authorities forced high density development into low density neighborhoods, the people said "enough." Under an initiative passed 2-1, densification of Portland neighborhoods is now prohibited. As a result, Portland expanded its urban growth boundary in two years more than it had planned for 2040. But all of this occurred after things had already gotten worse. Portland lost housing affordability at a greater rate than any other major US urban area during the 1990s, according to US Census data.

All of this is the result of urban planning fundamentalism --- a view that we are running out of land (wrong) and that we use cars too much. The solution is a philosophy that densifies and seeks to get people out of their cars. But the problem is that the urban planning fundamentalist have never "penciled" out the costs. Why does one need analysis when there is ideology. In fact it all simply does not add up.

Already the Portland style housing affordability losses, and more, are being experienced in Australia's "consolidating" urban areas, urban planning fundamentalism makes land scarce and when land becomes scarce housing prices rise. That part of Economics 101 is not required for urban planners. And with Portland's neglect of, and indeed hostility toward automobile capacity improvements, traffic congestion has increased to become the worst of any similar sized urban area in the nation, according to data from the standard source for such information, the Texas Transportation Institute.

Like Portland, Melbourne's housing affordability has tanked --- even worse. Now, according to the Demographia international rankings, Melbourne has a "severely" unaffordable housing market, ranking ninth worst out of 88 urban areas in the four former colonies. Much of this appears to be the result of the urban growth boundary and the attendant fundamentalist policies. There are those who claim that there is a housing "bubble" caused by low interest rates. If that were true, then one would expect Melbourne's nearly 6.9 to 1.0 median household income to median house price multiple to be repeated in other places where interest rates are low, such as Atlanta, Dallas-Fort Worth and Houston. These urban areas rank first, third and fourth in the high-income world among urban areas with more than 3,000,000. Yet, the combination of very

strong growth and low interest rates have produced a housing affordability multiple not of 6.9, but rather 2.6, 2.6 and 2.7 respectively. What is missing? The gospel of the urban planning fundamentalists has thus far been rejected in Atlanta, Dallas-Fort Worth and Houston.

Fortunately some are watching. Monash University's Bob Birrell, Kevin O'Connor, Virginia Rapson, and Ernest Healy have evaluated the 2030 plan in their book *Melbourne 2030: Planning Rhetoric versus Urban Reality* and found it severely wanting. Because I am in Paris for two months and have not yet been able to arrange for my own copy, I don't know the criticisms. But, if Birrell et al have managed to cram a complete critique of the *Melbourne 2030* plan into just a couple of hundred pages, then it is quite an accomplishment.

One of the intentions of the 2030 plan is to get people to give up their cars and ride public transport. The problem, of course, is that public transport is not a viable alternative to the automobile, except for trips to downtown. Even the public transport improvements proposed by the government would not begin to change that. What is needed is a public transport system that is as convenient as the car and takes people from their origins to their destinations when they want and at a speed as fast or nearly so. It is indeed possible to construct such a public transport system in Melbourne. All that's needed is money, and a populace prepared to live through construction disruptions that would make US urban freeway construction in the 1960s look like a Sunday afternoon picnic. To achieve the automobile competitive public transport service specification --- and attract a material share of trips from automobiles would cost more than the annual income of the Melbourne area --- *every year*.

The government's objective, could, however, be met by another means. All it takes is a bit more strident commitment to densification. If the government could force everyone --- all 4.5 million people in 2030 to live within five kilometers of Flinders Street Station. This would achieve the density necessary (at least as high as Hong Kong) to afford the public transport system that could make the automobile a viable option for most trips. But the government is too timid for that.

The modest densification proposed by the government will only make things worse. Traffic congestion will get worse. Air pollution will be more intense, because traffic will be slower and more subject to stop and go conditions. Even so, traffic congestion will never get so bad that the less than adequate improvements the government intends to make in public transport would make it more convenient to switch from cars except for a small number of trips.

It can be expected that the urban consolidation policies will keep housing prices well beyond the ability of young households and others that have not yet purchased their own homes. Melbourne, which has long been a place where most people own their own homes is poised to become a city of renters. This will not be a fairer or more prosperous city. Unless the government plans are reversed, Melbourne is poised for a yesterday of less affluence and greater social division.

But there is hope, and it is inherent in the government policies themselves. Densification may well be the sword on which the Bracks government falls. When serious densification begins and neighborhoods start to be ruined, the people are likely to forget other issues and vote to throw the urban planning fundamentalists out.

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