

Submission to:

The Executive Director
National Infrastructure Unit
The Treasury
PO Box 3724
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On:

Infrastructure: Facts and Issues

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Introduction

Thank you for the opportunity to make this submission.

This submission will address the issue of the contribution of infrastructure policy to the quality of life in urban settlements, including smaller towns. This is something that needs to be given robust operational definition in future infrastructure planning documents.

Infrastructure: Facts and Issues mentions quality of life at two points, on pages 2 and 3, but, as those locations suggest, it is very much as an introductory idea to which the paper does not then return in any operational sense.

This submission will attempt to develop the relationship between transport and quality of life in more rigorous, operational terms.

This submission includes a Postscript and a Photo Appendix.

Transport and Quality of Life

Quality of life has received some global publicity in recent months, via the appointment of a blue-ribbon, effectively international, *Commission on the Measurement of Economic Performance and Social Progress* by the President of France, Nicolas Sarkozy, who has since endorsed its report.¹

¹ Available on URL <http://www.stiglitz-sen-fitoussi.fr>.

The report of the Commission mentions the concept of quality of life on 164 occasions and strives to give the concept a more rigorous definition than is usually the case, along with the concept of sustainability. An attempt is made to operationalise both, alongside what the Commission refers to as ‘Classical GDP’ metrics.

An important contributor to quality of life, particularly relevant to urban areas and the policy variable that I would like to focus on here, is the *quality of urban public space*, the quality of ‘life between buildings’ in other words, as Professor Jan Gehl of Copenhagen has put it. This space is also known, in English-speaking countries, as the ‘public room’.

It is perhaps a characteristic of property-owning democracies such as New Zealand that, while considerable attention has been paid to the improvement of private real estate, we have tended to neglect the public room, even though this often rebounds negatively on the value of the buildings and land adjoining it.

This quality of the public room is determined by the balance of positive factors, such as the beautiful adjoining buildings that we notice when visiting old European or Asian towns, and negative factors, which can generally be described as ‘stressors’.

Such stressors in the public room include, but are not limited to:

- Traffic noise
- Local air pollution from traffic
- Traffic congestion, including delays to motorists in the public room
- Lack of safe and easy street crossings
- Ugly buildings
- Graffiti, broken windows and evidence of crime
- Visual clutter (signs, overhead wires, etc)
- Absence of trees and greenery
- Absence of other pedestrians

If traffic is too heavy within the public room, other contributors to its quality will be neglected and it will generally deteriorate. Pedestrians will vanish, and with them the quality of ‘passive surveillance’ that controls graffiti and broken windows. There will be little point in spending extra money to make buildings look nice if the view of them is to be forever blocked by car roofs. Signs may become obtrusive precisely because they are so hard for motorists to see and must therefore ‘shout’ to attract attention. Trees will go, when the road is widened; and nobody will care too much about overhead wires and noise. Even a buildup of fumes will be accepted, since everyone is just passing through.

In effect, traffic *blights* the public room. For that reason, the qualities of the public room require strict limitation of the volume of traffic, and its relegation to ‘corridors’ between the public rooms. These corridors are effectively sacrificed in quality of life terms—purposefully ‘blighted’—in order to spare the rooms.

The most extreme examples of such corridors are urban motorways. Railways, too, can cause a similar blight if the trains are noisy and smoky, though railway blight is less of a problem in New Zealand. The immediate vicinity of a railway track carrying

fast or heavy trains is blighted area even with electric trains (and usually fenced off for safety), although the effect is outweighed near stations by the advantages of proximity to a station. A less extreme example of a blighted corridor would be a limited-access arterial road with back fences along most of its length. The blighting effect is minimal with electric light rail and trams, and this one reason why they are particularly suited to penetration of the 'rooms' of the city.

Though these ideas are most clearly associated with a town planning tradition that dates back to Professor Colin Buchanan in the 1960s, it is important to note that the engineers' roading hierarchy is based on a similar logic.

In both systems, that of the planners and that of the engineers, at one extreme there are *roads* which focus on movement *through* a given place, while at the other extreme are *streets* which focus on circulation *within* the place. Both systems explicitly distinguish between the thundering road and the café, bookshop and park-lined street. Large trucks go on the former, bicyclists on the latter.

However, a problem arises in the operationalising of these principles. In brief, the *maintenance* or *preservation* of the corridor-room distinction requires that road traffic be positively limited within the urban room. Steps must be taken to keep traffic from leaking out of the corridors and into the rooms.

A good example of this problem of leakage is the relationship between the Auckland CBD and the surrounding Central Motorway Junction, more popularly known as 'Spaghetti Junction'. The Central Motorway Junction was first proposed in the 1940s as a device for keeping traffic out of the downtown area that it enclosed.

But in practice, traffic has been allowed to leak out of the CMJ and onto the six lane, one-way arterial roads of Nelson Street and Hobson Street, as well as a larger number of two-way, four and six-lane arterial roads.

Downtown Auckland is thus 'all corridor, no room'. Not surprisingly it is also a townscape of ugly buildings and a general absence of civic pride. An effort has been made to render Queen Street at least less awful than it was before, but this is very much against the tide, an exercise in 'bailing' traffic out of a public room into which it continually percolates.

Quality Public Transport for Quality Public Rooms

In practice, the only way to prevent leakage of traffic out of the corridors and into the rooms is by means of countervailing transport investment. This chiefly means public transport. There has been an underinvestment in public transport in New Zealand, relative to the objective of the public room. But also, we have tended to invest in forms of public transport that are themselves more suited to the corridors than to the rooms of the city.

All too often, in New Zealand, we have opted to make do with noisy, smoky Diesel buses or trains because they are cheaper than electric ones, in a narrow, trucking-company sense that combines immediate cost to the operator with a steep discount

rate while neglecting wider considerations. The electric vehicles last twice as long as the Diesel ones, but particularly at the past discount rate of ten per cent, that did not count against Diesel.²

Nor was it taken into account that Diesel actually put off many *potential* public transport users. Nor, even, that Diesel stimulated furious objection from property owners behind nearly every proposed new bus stop. Thus has ‘corridor thinking’, appropriate to a trucking company, been mistakenly applied to infrastructure for the city’s sensitive transport rooms.

In a similar vein, buses have been preferred over more expensive trams or streetcars—though the cost differential is often exaggerated, and sensitive to discount rates and patronage assumptions—because it has not been taken into account that trams or streetcars are far more compatible with the pedestrian.

There is always slight uncertainty as to where the bus is headed; the bus routinely overswings the footpath; and it does not have the tram’s built in protections against running people over. Buses are designed to run on fairly rough roads and as such, buses must have a large ground clearance and suspension travel, which in turn makes it easy for buses to run over pedestrians and cyclists. On the other hand, trams run on tracks which are smooth. As such they can operate with less ground clearance and suspension travel, and this makes it possible to fit safety devices to prevent or reduce runover accidents.

In former decades, trams in service in New Zealand were fitted with ‘cowcatcher’ devices, which staff at museums such as Auckland’s MOTAT are happy to demonstrate. Modern low-floor trams are often equipped with wraparound bumper skirts that extend to within a few centimetres of the track. When fitted with effective, track-gripping brakes, such vehicles are the most pedestrian-friendly form of public transport that it is possible to have.

Nowhere, to this writer’s knowledge, has the issue of relative pedestrian-friendliness been raised or taken into account in New Zealand transport planning evaluations. Yet it is basic to the tram-versus-bus choice, particularly nowadays.³ Once again, ‘corridor thinking’ has been applied, this time in terms of a universal preference for the bus, which is really only appropriate to outer suburban areas and for feeder service to rail-based downtown systems.

The Importance of the Funding System

What drives corridor thinking? The answer to that question may lie in the funding arrangements that have applied to transport in New Zealand since the early 1950s. This has consisted of variations on a theme of the full hypothecation of motoring taxes to roads, or to a roads-plus-public transport combination. This kind of funding

² See Abusah, S., & de Bruyn, C. (2007) *Getting Auckland on Track: Public Transport and New Zealand’s Economic Transformation* (Wellington: Ministry of Economic Development).

³ See for instance Ohland, G., & Poticha, S., eds, (2009) *Street Smart: Streetcars and Cities in the Twenty-First Century* (2nd edn) (Oakland, CA: Reconnecting America). Also, City of Portland (2009) *Portland Streetcar System Concept Plan* (Public Review Draft, July) (Portland, Oregon: City of Portland Bureau of Transportation/URS).

system produces an automatic emphasis on corridors to move cars, at the expense of rooms, which generate no automobile revenue.

The alternative is a room-focused funding system for transport; not necessarily to replace the corridor-focused road tax system, but, if we are to speak of necessity, as a complement to it. It was noted earlier on that proximity to busy roads often damages property values, even if roads are needed to get to the property in the first place. This conflict is avoided if a room-friendly public transport system is installed, meaning high quality, electrified, railed public transport. But by the same token, the latter does not generate a flow of funds comparable to motoring taxes. Instead, it will usually make a loss on tickets.

The secret to grasping the economics of such quality public transport is that the loss on tickets is made up by the land revaluation of the public rooms. In an important theorem by William S. Vickrey—a Nobel economics laureate, like several members of the French President’s Commission—the revaluation of land under public rooms will normally cover the *fixed* costs of any rail-like public transport system, leaving only the marginal costs to be covered by tickets.⁴

The essence of Vickrey’s argument is that rail displays increasing returns to scale. Formally, Vickrey argues that under certain conditions the fixed cost of a rail system, the agglomeration economies that it generates, and the windfall to land value, will all equate, leaving only social marginal costs to be met by fares.

Even where such mathematical symmetry is not achieved, it is easy to see that Vickrey’s argument is important. Namely, that fixed network infrastructure capital will tend to elevate local land values in proportion to the value of the fixed capital stock—for indeed, all fixed capital is *spatially* fixed—in ways that leave only the social marginal cost to be recovered from end-user charges.

A similar point is made in a recent OECD economic paper referenced by the discussion paper to which this submission refers (at p. 105, N. 100). The OECD paper, by Balázs Égert *et al*, argues that “marginal cost pricing will not cover capital and operating costs if investment is characterised by increasing returns to scale,” with a footnote identifying rail and canals as probable examples of such infrastructure.⁵

Égert *et al* do not make Vickrey’s specific link to land, however, referring only to “subsidisation or government provision” in a quite general sense. However, there always is a risk of economic free-riding by landowners if fixed infrastructure with increasing returns to scale, or indeed fixed infrastructure or capital of any kind, is built without regard to land value effects. And at the same time, of under-funding and under-investment if any such windfalls are not recaptured.⁶

⁴ Vickrey, W. S. (1977) The city as a firm, in M. S. Feldstein & R. P. Inman, eds, *The Economics of Public Services* (N.Y.: Macmillan), pp. 334-343.

⁵ Égert, B., Kozluk, T., & Sutherland, D. (2009) *Infrastructure Investment: Links to Growth and the Role of Public Policies*, OECD Economics Department Working Papers No. 688, OECD Publishing, p. 12, section 18.

⁶ On this see, further, Hagman, D. G. & Misczynski, D. J., eds (1978) *Windfalls for Wipeouts: Land Value Capture and Compensation* (Chicago: American Society of Planning Officials).

Landowners may seek such windfalls and lobby for policies that perpetuate them, a political stance known academically as rent-seeking and colloquially as ‘pork barrel politics’. The ultimate implication of such an argument is to support the argument that is made in the discussion paper concerning the desirability of land tax, at sections 61 to 63.

Returning to the immediate issue of urban rail, there are some pragmatic conditions that have to be met if Vickrey’s windfalls are to come true. From the general planning literature, these are:

- Continuing growth of the city
- Actual traffic congestion on the roads
- Electrification, *i.e.* absence of excessive local noise and fumes
- A planning policy framework that supports and facilitates land redevelopment

As long as these conditions are met, high quality transit will tend to deliver the requisite windfalls. Empirically, for example, the Portland Streetcar has been associated with US \$3.5 billion worth of development in the corridors that it serves, with a marked relative falloff in development intensity remote from those corridors.⁷

Many other such examples can be adduced. In Canadian cities such as Toronto and Montreal, which invested heavily in urban railways in the 1950s and 1960s at a time when the focus in most other North American cities, and Auckland, was on motorways, “even a casual observer could see a close correspondence between transit facilities and real estate development patterns,” in the sense of a distinctively Canadian tendency for high rise buildings to cluster around urban railway stations, in a manner that can be seen from the air.⁸ At the same time it is fair to say that US cities that invested in rapid transit did not witness such rapid transformation at that time, because of a lack of complementary planning institutions able to amalgamate land and guarantee that dense urban developments would not become slums.

Assuming that such local difficulties can be overcome, the Vickrey argument implies that the cost of *electrification* of urban rail—and arguably also, of tram and even bus fleets—can probably be recovered from land value gains, in addition to counting as a precondition of further improvements.

Electrification may also be seen as a ‘tipping point’ investment in terms of public acceptability and willingness to pay to support the system. In parts of Auckland, it is the norm for most bus stops, bus shelters and public transport service improvements to be the subject of strenuous community and landowner objection, based on perceptions of noise and smoke. This problem is a driver of Auckland’s failure in the area of public transport. It is less of a problem in Wellington where the trains, and many bus routes, have long been electrified and where public transport is much more accepted as a result.

⁷ Ohland & Poticha (2009); City of Portland (2009).

⁸ Federal Transit Administration (2002) *Transit-Oriented Development and Joint Development in the United States: A Literature Review* (Transit Cooperative Research Program Research Results Digest 52) (Washington, DC), at p. 3. See further Michael Heller (2008), *The Gridlock Economy* (N.Y.: Basic Books).

The Cafe Test

As a simple rule of thumb, public transport that succeeds in supporting the public room must pass what this writer calls the ‘cafe test’. Will the owner of a cafe object to having a stop for the public transport service outside their cafe? Or will they be willing to pay an extra rate to have the service stop outside their cafe? There is a continuum here from Diesel buses, to which cafe owners will always object, through trolley buses to which they are indifferent, to electric trams and streetcars which are perceived as positively desirable.

Underinvestment in high quality public transport, or willingness to spend only up to a level that does not meet the cafe test, leads to low levels of public transport patronage, insufficient to support relatively car-free public rooms. Councils become unwilling to support pedestrianisation or to limit car parking. Car traffic relentlessly leaks into the city’s public rooms until, like a leaky building, they fall apart.

Low levels of public transport use also mean that main roads have to be over-sized to handle commuter peak flows. In between the peaks, and at night, such roads are relatively empty. Widening the roads usually means the sacrifice of street trees and landscaped berms. Wide roads are positively correlated with speeding, serious traffic accidents, the ‘boy racer’ phenomenon and the urban heat island effect.⁹ Similar considerations apply to space given over to the parking of cars, the land value of which often exceeds the value of the car fleet itself.¹⁰

Is Auckland Becoming Less Attractive?

Although Auckland scores highly in international quality-of-life comparisons, these scores are skewed by Auckland’s attractive natural setting, the ‘playground’ of the Hauraki Gulf. At street level, the city that we have built is often far less attractive, especially the parts that we have built since the dawn of urban mass motoring, that is to say around 1950 in New Zealand. If these trends continue, Auckland risks falling behind competitor cities that are investing more positively in the quality of their built environments, by means that include room-supportive public transport.

Thus, every one of the following English-speaking, Pacific-rim cities of roughly Auckland’s size has an affordable public transport pass that is usable on most services; at least one electrified rail or tram service that positively meets the cafe test; and large fleets of low-emission buses that are advertised as such:

- Adelaide
- Brisbane
- Calgary
- Perth
- Portland

⁹ The urban heat island effect refers to local temperature increase from the low albedo, or reflectivity, of black asphalt, which can increase the temperature of cities by up to 4 degrees Celsius over the neighbouring countryside. This is now recognised as an extremely significant contributor to global warming, of the order of significance of the fuel consumption of the vehicles that use the roads.

¹⁰ The American economist Donald Shoup is the leading expert on the topic of parking costs.

- Sacramento
- San Diego
- San Francisco (City)
- Seattle
- Vancouver

The exception, on all these scores, is Auckland. Though investment in Auckland metro public transport is improving, it is from a low base, that does not yet include electrification, an affordable integrated ticket, anything in the way of trams (MOTAT excepted), or low-emission buses comparable to international best practice levels. This leaves Auckland vulnerable to a pitch from rival cities, whether in terms of the slogan ‘In Adelaide you’d be home by now’, or Seattle’s ‘No traffic jams on the Sounder’, the latter a selling-point for apartments 20 km from the downtown (see advertisements, attached in Photo Appendix).

As the Seattle advertisement suggests, it is possible for the modern person to use a laptop, Ipod or wi-fi on the train, for work or pleasure. This, in itself, is a huge technological shift; it is the car on the motorway, not the railway, that now looks like yesterday’s technology. And the housing at the end of the congestion-free line is affordable; and it doesn’t leak.

Finally, because the transport system is room-friendly, all these cities are far more attractive and lively in their downtown areas and secondary town centres than Auckland.

Economic Benefits Foregone?

Finally, although this submission concerns quality of life as an intangible issue, it is important to recognise dollar values over and above the Vickrey calculation. One of the most important arguments for roads is that they will increase economic prosperity in tangible, dollar terms. It needs to be understood that this is also true for clean-technology investments in public transport as well.

For a start, the Auckland Regional Transport Authority has lately calculated that the transfer of one single car commuter to public transport yields decongestion benefits of between \$8,000 per annum for local buses, to \$25,000 per annum for rail (*Auckland Transport Plan 2009*, Figure 6). It is easy to show that the build cost for a typical urban motorway, if built primarily for commuting purposes, also works out to an annuity of several thousand dollars a year per commuter vehicle at prevailing rates of interest.

When parking land costs, vehicle fleet costs, health costs and the quality-of-life factors raised in this paper are also factored in, the case for investment in high quality public transport becomes overwhelming. And all the more so, given that the public-good benefits of public transport will tend to be reflected in land values, which can be recovered by any tax authority to defray the system’s cost.

The foregoing arguments probably also go some way to explaining why Égert *et al* find that rail and general roading are positively correlated with GDP growth in New Zealand while motorways are not.¹¹

Most of the length of rail and roads in New Zealand is primarily in rural areas and small towns, while motorways in New Zealand are predominantly urban. Still, such findings suggest that an excessive focus on specifically *urban* state highways or Roads of National Significance may produce a misallocation of capital in terms of desired GDP growth, quite apart from wider health, sustainability and quality of life considerations.

‘More of the same’ in urban roading investments delivers a low marginal return, relative to neglected urban public transport, walking and cycling possibilities. A close analogy could be made here with additional power stations, versus gains to be made from better designed and insulated homes, which are generally cheaper and more effective if thermal comfort is factored in at the design stage.

A tendency to go for ‘what’s cheapest’ in public transport in the narrowest operation sense thus means that significant economic benefits are foregone, even in terms of congestion, a corridor measure. Through the neglect of rail and of public rooms, policymakers also create the possibility of a ‘brain drain’ or ‘flight of the creative classes’ from Auckland to rival Pacific rim cities with better public spaces, more opportunity for cycling and generally keeping fit, and more possibilities for using laptops and wi-fi on the way to and from work.¹²

But also, there are possibilities for the development of export industries, and green-technology industries in general, which are being passed up.¹³ Environmentally benign transport industries depend, almost by definition, on room-focused public procurement. In the absence of such a procurement policy, such industries will go offshore. Here, it is possible to point to the examples of Ashburton manufacturer Designline’s electric hybrid buses, regarded by many as the best in the world, but now manufactured in the USA because only six such buses have been sold in New Zealand.

Similarly, Auckland University research into Inductive Power Transfer (IPT) charging of electric buses, via coils in the ground at layover stops, has been carried out entirely in Europe, due to lack of official interest in New Zealand. Again, Auckland University is regarded as a leading authority in this area of technology, but faces a wall of official apathy based on the argument that Diesel is cheapest in operational terms.

IPT technology has many wider commercial possibilities. Buses offer an important potential testbed for a technology that could be used, for example, to charge hybrid electric cars. By foregoing this testbed, the wider development of an IPT export industry in New Zealand is held up.

¹¹ See Égert et al (2009), p. 15, Section 22, and p. 62, Figure 9.

¹² See Richard L. Florida, *The Flight of the Creative Class: The New Global Competition for Talent* (N.Y.: Harper, 2005). See also public comments on <http://transportblog.co.nz/2009/10/01/transport-and-quality-of-life/#comments>

¹³ See Rod Oram (2009) Clean tech key factor in future NZ growth, *Sunday Star-Times* (4 October).

Conclusion

The New Zealand state has suffered from a narrow, 'corridor' focus in transport thinking, which entirely overlooks quality of life, 'room' benefits, as well as economic spinoffs. Yet public transport has been viewed almost entirely in negative terms, as an immediate, operational cost to be minimised, even when it can be shown to produce corridor benefits.

There have been some contemporary public transport initiatives, such as Christchurch's downtown bus terminal and its recent tramway extension, and the Britomart transport terminal and beautification of Queen Street in Auckland, as well as the Wellington trolley bus refurbishment and Project DART in Auckland. But all of these initiatives have been proposed 'from below' and either locally funded in their entirety or else wrung out of a very reluctant central state.

Grassroots pressure for public transport investment usually reflects a degree of local appreciation of the fact that public transport will improve civic rooms, whereas it seems that at the level of Wellington-based agencies, corridor thinking predominates.

Among other things, it is of profound significance for the organisation and control of any future Auckland Transport Authority, if local political leaders are thinking mainly in 'room' terms and the central New Zealand state is focusing on the corridors. But of course there should not be such a divide in the first place.

The following postscript suggests some reasons why public transport has, in fact, been viewed so negatively by the New Zealand state. For arguably, the intimate association between transport and land development means that debates over transport policy in New Zealand have been strongly coloured by the political economy of land development, always an important issue in a former colony of settlement. This has not always been openly acknowledged or even recognised by the participants.

Postscript: ‘Queen Street farmers’: Modal Choice and The Politics of Suburban Rent-Seeking from the 1950s to the Present

In the list of cities more attractive and railway oriented than Auckland, there is one that was missed out. That city is Wellington, a city that, like Auckland, has many topographical bottlenecks and linear features, that make it suitable for rail. The Wellington electric railway system, consisting of four suburban lines, was largely funded and built on the basis of a Vickrey-type system in which the Ministry of Works acted as “suburban developer and public transport co-ordinator”.¹⁴ Yet today, the only organised system for construction of urban transport infrastructure is a pay-as-you-go roading system, supplemented by payments for public transport that are, however, always ad-hoc.

Auckland is thus the odd city out, not only in relation to its Pacific rim rivals, but in historical relation to Wellington as well. This phenomenon is so curious that it deserves closer interrogation.

In spite of powerful arguments in its favour, public transport has not merely been ignored and neglected in Auckland by the responsible agencies, but positively disparaged by many pundits as a failed socialist experiment. There is a level of politicised opposition to public transport in New Zealand that is simply not seen anywhere else in the developed world, including the United States.

In a critical review of New Zealand urban transport policy some years ago, two Australia-based academics therefore described the notion of high quality public transport for Auckland as “impossibly radical.”¹⁵

In the same way that capital gains taxes are often assumed to be off the agenda in New Zealand, it has often appeared that high quality public transport for Auckland has been as well. Each is desirable in theory, but somehow “impossibly radical” in view of the level of political opposition.

There is, perhaps, a connection between these two radical impossibilities. Investment in rail, and in high quality public transport more generally, puts state capture of rising land values explicitly into the public arena. It becomes an issue in good standing, openly discussed and appraised. On the other hand, a pay-go system of road funding does not involve any state capture of rising land values, nor does it require any discussion of the linkage between infrastructure and land values.

State highway investment in the Auckland region has been explicitly linked to land development by the motorway planning agency Transit New Zealand, which became part of the New Zealand Transport Authority in 2008. An article reproduced here,

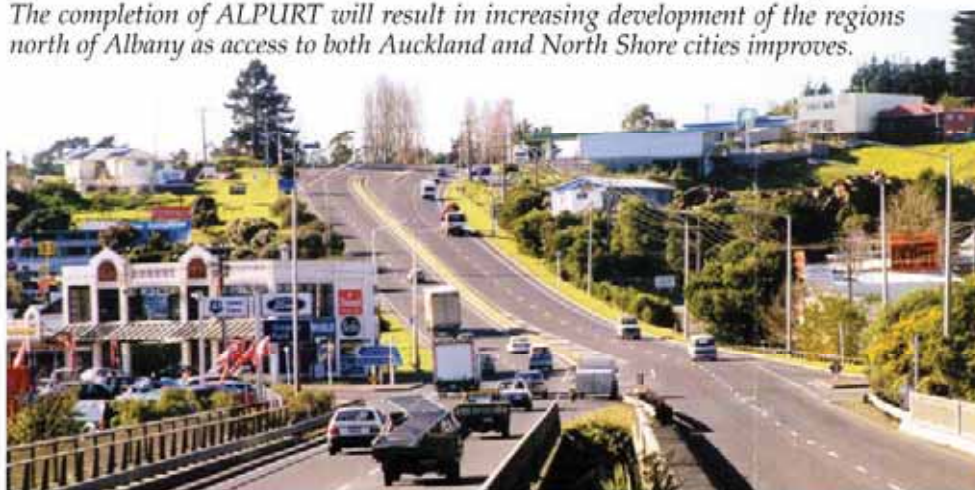
¹⁴ Evans, L. (1972), The government railways department as suburban developer and public transport co-ordinator in the Wellington metropolitan area, in *The Commuter, the Car, and Metropolitan Wellington* (Wellington: Victoria University Economics Department), pp. 36-54, notes at pp. 133-134.

¹⁵ Mees, P. A., & Dodson, J. R. (2002) The American heresy: half a century of transport planning in Auckland, in 2001, *Geography a Spatial Odyssey: Proceedings of the Third Joint Conference of the New Zealand Geographical Society and the Institute of Australian Geographers*, pp. 279-286 (Dunedin: New Zealand Geographical Society), at pp. 264, 266.

‘ALPURT opens North for Development’, refers to the Albany-to-Puhoi extension of Auckland’s Northern Motorway as a driver of Hibiscus Coast development.¹⁶

ALPURT opens north for development

The completion of ALPURT will result in increasing development of the regions north of Albany as access to both Auckland and North Shore cities improves.



The prediction is from Universal Homes Project Manager Chris Maday, whose company is currently developing Totara Views, a new subdivision at Silverdale.

“The realignment of the state highway is crucial to the growth of the region, because an increasing number of people are making a lifestyle choice to live out of the city while they still want convenient access.

“ALPURT adds considerable appeal to The North for many property owners, he says, “which will not only cut the usual travelling time, but will also do away with a lot of the hold-ups that travellers experience as they go through places like Albany and Orewa.

Universal Homes has been building lifestyle residential developments in Auckland for more than 40 years, and Totara Views is the furthest north they have been to date. However, Chris says that the Rodney District, specifically the Hibiscus Coast, is already one of the fastest growing regions in New Zealand, being ideally situated between the ‘aquatic playground of The North’ and the major centres. He believes that the area will grow more popular for developments with improved access.

A recent paper on the influence of Auckland’s motorway infrastructure on property issued by Kerry Coleman, Associate Director of Bayleys Research, supports the Universal view.

“The connection between motorway access and property values is a close one,” he says. “Those sites

that are best serviced by the most efficient transport networks, in Auckland’s case motorways, generally have the highest value. In turn, land use patterns are moulded by transport accessibility.”

Kerry says the original motorway system, built in the 1950s and 60s greatly influenced the shape and scale of urban development in the region, resulting in intense market activity, population growth and surges in land values in the localities serviced.

“ALPURT will have significant economic and demographic impacts from Auckland to Northland,” he believes. “Population growth north of Auckland will be boosted, as reduced travelling times allow people to move further north for reasons of lifestyle, while at the same time retaining effective links with the city.”

“I believe it will probably be only five or so years until Warkworth is in the same relationship to Auckland City as Whangaparaoa.”

“The escalation of current and planned development on the Hibiscus Coast and the northern coast suggests the influence of ALPURT is already being factored into real estate markets in these areas,” he says.

Certainly the interest being shown in the Totara Views development would seem to support this, with Universal reporting strong interest in the concept from Aucklanders looking to make the move to the sunny north without totally sacrificing the advantages of city life.

The proposed extension of the Northern Motorway to Wellsford, a Road of National Significance, is likely to have a similar effect to ALPURT; as did the initial linkage of the North Shore to Auckland proper via the Auckland Harbour Bridge in 1959. Nonetheless, all of this development has essentially free-ridden on a pay-go road funding system not linked to land development in a fiscal sense.¹⁷

¹⁶ The source is *ALPURT News no. 8* (Wellington: Transit New Zealand, 2000).

¹⁷ See, further, Davison, G (2000) Engineers and equity: the political economy of high speed roads in the 1960s and the 1990s, *Urban Policy and Research* 18 (2), pp. 191-204; Taylor, C. (2003) Investors urged to watch road,

In coastal suburbs, such as the North Shore and Pakuranga, the Vickrey rule of thumb, that land value principally capitalises the value of accessibility, is exceeded many times over. There is thus a strong incentive to develop these areas by means that do not put public recovery of land value on the table.

In that context, it is relevant that the legislation under which Wellington's suburbia was developed provided for 100 per cent public land value capture, with the actual fixed cost of the railway as only one of the several public purposes to which the land value was put.

In Auckland, a belt of state housing also extends along the Newmarket-to-Penrose railway semicircle through Glen Innes and Panmure, and on through Mount Roskill where the railway was to be extended. Between 1936 and 1954, half of the residential housing in Auckland was built by the New Zealand state; probably more than half, if state-owned land made available for the construction of private homes amid wider state subdivisions is included.¹⁸

A growing tendency on the part of the Ministry of Works to crowd out private subdivision in Wellington, Auckland and other centres, and additional controls over private land sales outside the railway corridors, triggered a considerable backlash in the suburban electorates of Auckland. That the railway planning of the time included most of present-day Howick and Pakuranga, the North Shore and Rodney, and Waitakere in a green belt outside a formal growth boundary, only added fuel to the fire.¹⁹

A referred journal paper by the author, 'Slow Train Coming', is reproduced in a freely downloadable form on this link: <http://www.bettertransport.org.nz/wp-content/uploads/2009/05/slow-train-coming-public-9-2007.pdf>. Slow Train Coming describes the shift in policy from rail to motorways in the New Zealand of the early 1950s.

The free version of Slow Train coming includes a cartoon as Figure 4, which shows a planning officer sitting on an urban growth boundary fence. Inside the fence 'State Housing' is serviced by a train labelled 'Wellington Express'. Outside the fence, 'Private Building' is limited to a few outhouses.

To employ a phrase that was at one time in wide currency, the backlash seems to have been associated with a faction known as the 'Queen Street farmers', an oxymoronic expression linking Auckland's main accounting, legal and financial thoroughfare to the countryside. The Queen Street farmer was a farmer farming for tax advantage or capital gains under conditions of economic disequilibrium, of which the most important form was the outward expansion of Auckland.

New Zealand Herald (16 August), Thompson, W. (2004) Property values rocket in Rodney, *New Zealand Herald* (10 November).

¹⁸ Dahms, F. (1980) Urban passenger transport and population distribution in Auckland: 1860-1961, *New Zealand Geographer* 36, pp. 2-10, at p. 10, N. 12.

¹⁹ See Auckland Metropolitan Planning Organisation, *Outline Development Plan for Auckland* (Auckland: AMPO, 1949 and 1951).

The Auckland suburban backlash was an important factor in the eventual defeat of the 1935-1949 Labour government (although the legislation concerning Wellington had first been enacted in the 1920s by the Reform Party).²⁰ If only the cost of the railways had been recovered, there might have been less controversy; but rail was perceived as the ‘thin edge of the socialist wedge’ in ways that still have resonance today.

In the United States, an automotive-industrial lobby has often been blamed for what looks like an excessive focus on the car in US transport policy since the 1920s.²¹ In New Zealand the equivalent industrial lobby was not powerful enough to prevent the closure of local vehicle assembly plants in the 1980s, and may perhaps be discounted as a result, though clearly it did enjoy state support before that time.

On the other hand, there is a stronger case to suggest that investment in roads, and in particular in urban state highways, has benefited from a backlash against incremental and progressive nationalisation of the suburban land development industry under Reform and Labour between the mid-1920s and 1949.

In the same way that the policies of the New Zealand state were unusually radical by Anglophone standards in those days—though not by the standards of a state such as Sweden²²—the backlash against them has been equally radical and, as it seems, permanently inscribed in New Zealand’s suburban political DNA.

The backlash is given further traction by an economic system in which the value of residential real estate outweighs the local stockmarket by thirteen to one.²³ If the New Zealand economy were more diversified and productive, perhaps the politics of real estate would not matter as much.²⁴

The existence of such a backlash suggests that the introduction of any swing to a land tax, or state-sponsored schemes in which railway development and land subdivision are combined in some generally planned system,²⁵ is likely to generate considerable controversy, as well as damaging instability of employment for the planners themselves.²⁶ It will be important to separate out the arguments that address genuine planning concerns, from the more rent-seeking elements.

²⁰ See the Hutt Valley Lands Settlement Act 1925; also Auckland Star (1949a) Auckland’s big part in ousting Labour members: swing against government seen throughout country, *Auckland Star*, 1 December, p. 1; (1949b) What Nationalists will do first: four points include land sales change, *Auckland Star*, 6 December (p. 1); (1949c) No statement before new year on land sales change’s date, *Auckland Star*, 19 December, p. 1.

²¹ The most scholarly and recent work on this topic is Norton, P. D. (2008) *Fighting Traffic: The Dawn of the Motor Age in the American City* (Cambridge, Massachusetts: MIT Press).

²² Duncan, S. S. (1986) House building, profits and social efficiency in Sweden and Britain, *Housing Studies* 1 (1), pp. 11-33; Davidson, A. (1994) *A Home of One’s Own? Housing Policy in Sweden and New Zealand from the 1840s to the 1990s* (Stockholm: Alqvist & Wicksell).

²³ Brian Gaynor, Investors seek shelter after 80s share meltdown, *New Zealand Herald* (24 August 2009).

²⁴ There is a chicken-and-egg problem here, in that many argue it is precisely malinvestment in real estate that is holding back the manufacturing and export sectors in New Zealand.

²⁵ Today, this would most likely take the form of urban renewal in Auckland’s derelict railway-industrial ‘brownfields’, rather than the construction of entire new suburbs as in 1940s Wellington.

²⁶ In view of the overwhelming emphasis on general roads and state highways in New Zealand transport policy and expenditure, as well as the country’s small size and susceptibility to ‘clean sweep’ institutional restructuring, career pathways for general roading engineers are far more robust than for planners with more specialised public transport, walking or cycling skills. The best long-term career advice for the latter may well be to emigrate; and again, this produces a chicken and egg problem with regard to the articulation of alternatives to roading or, as I have put it above, to ‘corridor thinking’.