

## **The houses we want aren't built**

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*The type of housing we build determines the structure of the cities we live in and our proximity to shops, jobs, schools and public transport, writes **Peter Mares***

The urban housing picture that emerges from the 2011 census is one of remarkable stability in structure and remarkable increase in price.

About three-quarters of Australians live in free-standing houses, little changed since the 2006 census. The share of people living in townhouses and terraces has risen slightly, and the proportion living in flats, apartments or units has fallen marginally, but the differences are small.

Meanwhile, housing costs have jumped sharply. Median monthly mortgage repayments are up \$500, from \$1300 to \$1800, and median weekly rents have risen almost 50 per cent, from \$191 to \$285.

Even adjusted for inflation, these are steep increases.

At face value this appears to confirm the popular view that we are wedded to the suburban block; we are willing to pay almost anything, and move almost anywhere, to live in a house that we can walk all the way around.

But Grattan Institute research points to a different conclusion: current urban policy fails to offer sufficient choice in housing type.

Last year Grattan surveyed the housing preferences of Sydney and Melbourne residents by offering real-world choices that took into account both income and cost. The results showed the housing we have is not the housing we'd choose. In particular, it revealed a large shortage of apartments and semi-detached dwellings in both cities' middle and outer suburbs.

It also suggested construction of new dwellings was not doing enough to close this gap.

The new census data supports this view. In absolute terms, building of detached houses still dominates residential construction.

Why should we be concerned about this mismatch? First, because it suggests that despite paying significantly more to put a roof over their head than they were five years ago, many are not ending up in the kind of housing that best matches their preferences.

Second, the type of housing we build determines the structure of the cities we live in and our proximity to shops, jobs, schools and public transport.

The easy option is to let our cities keep growing in the same way that they have grown since World War II.

However, the cost and complexity of providing infrastructure to an ever-expanding urban fringe is already apparent.

Both Sydney and Melbourne are currently in the early stages of developing new plans to guide development over the next two to three decades as each city grows towards a population of 6 million.

This is a once-in-a-generation opportunity to have a serious, if difficult, conversation about what type of housing we should build and where it should be built.

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