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# Unaffordable city housing 'a cancer'

Michael Bleby

The growing unaffordability of housing is a cancer that will destroy the productivity of cities unless it is curbed and controlled, Joan Clos, the head of United Nations agency Habitat, says.

Growing urbanisation is making cities into economic units that compete with each other and without housing that allows people to work close to jobs and tap the creative and economic benefits that come cities, they will suffer, Under Secretary-General Dr Clos said on Tuesday.

"The lack of housing affordability – if it's uncontrolled, if it's so huge that it generates social segregation of population or economic activities, this is a kind of cancer for a city," Dr Clos told *The Australian Financial Review*.

"It can destroy the fabric of a city. Because the magic of a city, the reason a city creates value ... is the economies of agglomeration, which is the proximity of the factors of production and the reduction of the cost of transaction."

The warning, a week before the federal government budget, is timely. The government's own *State of Australian Cities 2014-15* report warned of an affordability-driven social split under which properties closer to jobs were rising in value faster than those in peripheral dormitory-type suburbs – the sort of inefficiency Dr Clos said cities can ill afford.



Joan Clos: Broad policies tend to be the most effective. PHOTO: JOSH ROBENSTONE

The worldwide growth of cities – Sydney alone will grow from 4.7 million people to 8 million by 2056 – is putting authorities globally under pressure to provide secure and affordable housing for their citizens. In Australia, ahead of next week's federal budget, the debate is split largely along party lines around increasing supply of new housing and whether to rein in tax breaks that boost demand for property by investors.

Dr Clos, whose UN agency advocates for sustainable development, said affordability needed a range of policies including supply and tax, and a concerted effort.

"Usually the affordability question is not solved with very ad hoc, piecemeal

interventions," said the former mayor of Barcelona and Spanish minister for industry, tourism and trade. "Usually the policies that are broad policies tend to be more effective."

The Nairobi-based Dr Clos, visiting Melbourne for the New Urban Agenda sustainable urban development conference that begins today, said the world's biggest problem was land consumption growing faster than urbanisation, as cities expanded by going out, rather than up.

Cities had to be actively planned – market forces alone would not design them sustainably – so they created accommodation and jobs within efficiently close proximity of each other, he said.