# Transport investment and housing development

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| In the long run, transport policy *is* land use policy. Transport investments shape how cities and regions grow. Projects like the London Underground, the US interstate highway system, and, locally, the Auckland Harbour Bridge have shaped urban growth.  Transport investments also shape opportunities for housing development and, in doing so, can influence the price and availability of housing in growing cities. These effects are widely acknowledged but they are seldom fully considered when developing projects and programmes.  This paper reports on a research project investigating how to analyse and value impacts on housing development. It puts forward evidence for several propositions about the link between transport improvements and housing development.  First, housing and land markets are not perfectly competitive due to the differentiated nature of land, persistence in development patterns, and constraints arising from land use regulations and infrastructure availability. This results in prices for housing and urban land that can be considerably higher than the underlying costs of development.  Second, transport investments (or technology changes) that reduce transport costs can improve the competitiveness of housing / land markets by increasing the substitutability between different sites. Transport improvements can therefore indirectly affect housing prices as well as the shape and size of cities.  Third, existing land use-transport interaction models are poorly suited to capturing these effects due to the fact that they typically assume that housing development markets are able to respond competitively to changes in housing demand.  To conclude, this paper reflects on where wider benefits related to unlocking housing development are most likely to apply, recommends valuation procedures that can be used to measure these wider benefits, and identifies improvements to modelling capabilities that are needed to implement these valuation procedures. |