

Getting to Yes: overcoming barriers to affordable family-friendly housing in inner Melbourne, Australia

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Carolyn Whitzman, Professor of Urban Planning

(photo credits: Getting to Yes group 1 studio proposal; Urban Trees housing, Seattle)



Context and Theoretical basis

Methods

Findings

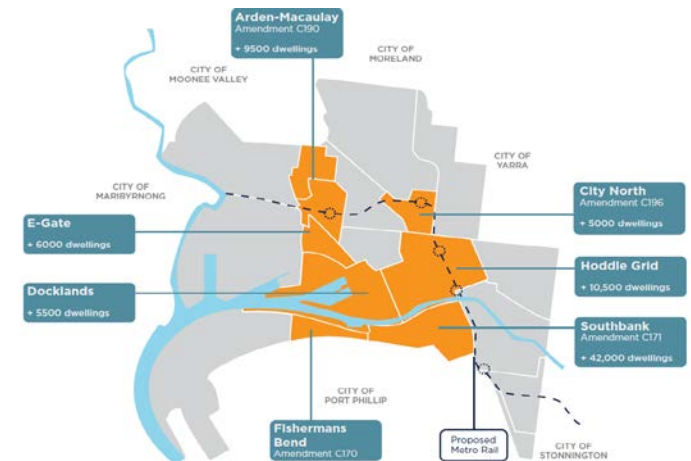
Next steps and conclusions



Getting to Yes: what is it?

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- 18 month research project (March 2013-August 2014) that uses a deliberative approach to examine barriers to providing affordable high-quality family-friendly housing in central Melbourne, and how they might be overcome
- Funded by Urban Futures program of Carlton Connect (interdisciplinary University of Melbourne research initiative), Urban Development Institute, state government, City of Melbourne





- Carolyn Whitzman, Urban Planning (lead researcher)
- Ruth Fincher, Geography
- Peter Lawther, Construction Management
- Ian Woodcock, Urban Design
- Andrew Martel, Senior Research Fellow
- Danita Tucker, Research Assistant
- Advisory Committee: City of Melbourne, Victorian State government, Urban Development Institute, Planning Institute of Australia, Housing Choices Australia (social housing provider), SGS Economics and Planning, MGS Architects, Kate Shaw (Future Fellow on affordable housing at Melbourne Uni)

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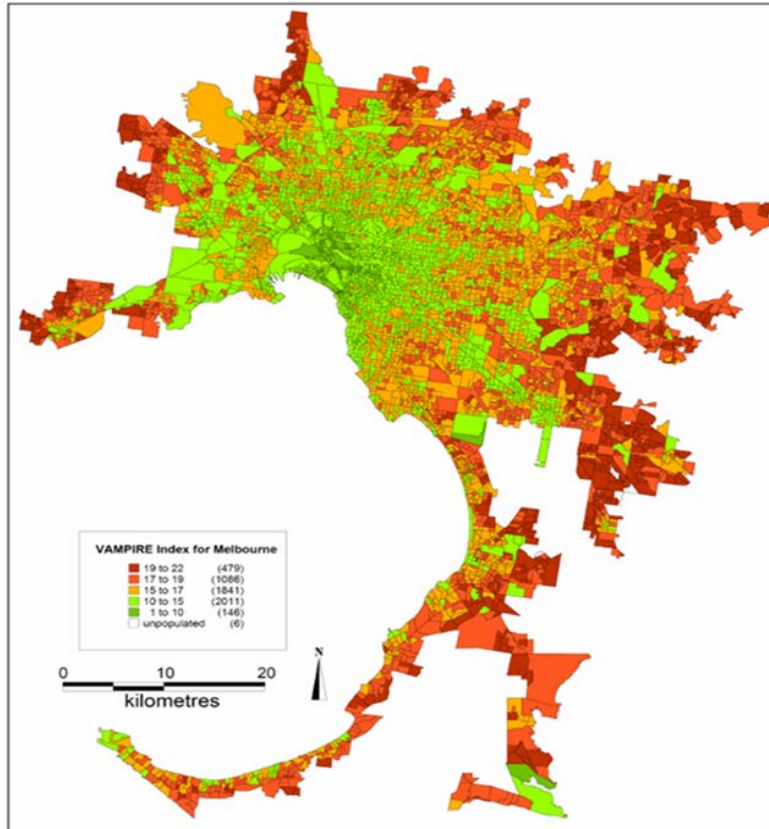


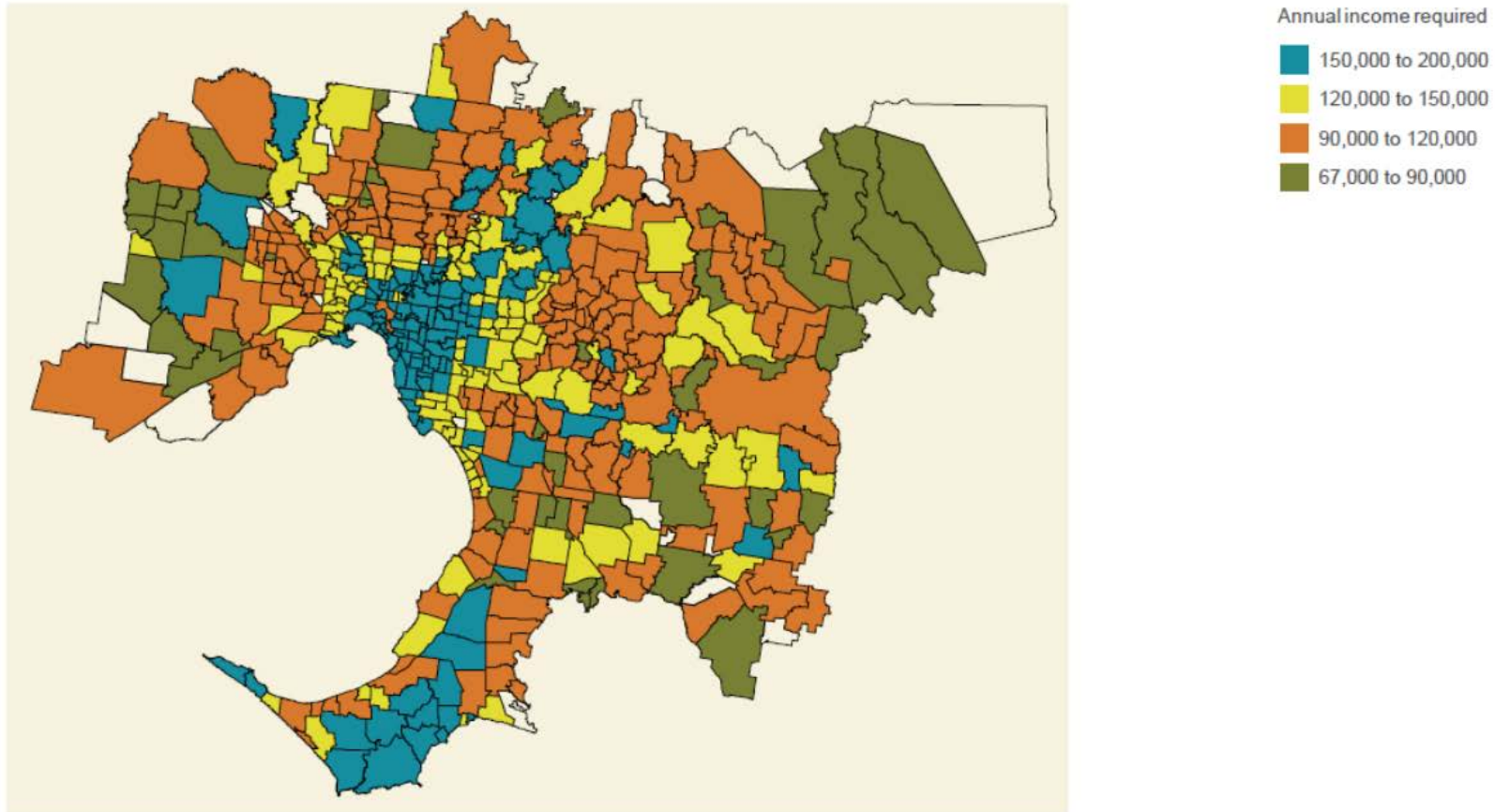
Figure 7: Mortgage and oil vulnerability in Melbourne

- Melbourne 2nd largest city in Australia (metropolitan area 4 million within 21 million national population)
- 31 local governments – City of Melbourne 100,000 residents
- Post-industrial, with a high reliance on higher education and health innovation as ‘exports’
- Rich, well-serviced ‘inner city’ and sprawling, poorly serviced suburbs



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MAP 9: HOUSING AFFORDABILITY FOR FAMILIES WITH CHILDREN ACROSS MELBOURNE, 2010



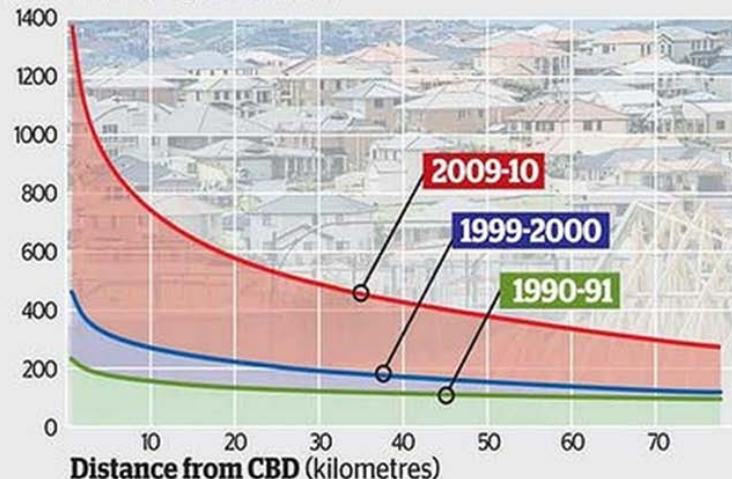
SOURCE: DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT



- Less than 10% of jobs accessible in most outer suburbs
- 1996: City of Melbourne house price 11X annual income, now 25X (metropolitan median 18X)
- Apts \$ increase less, but still unaffordable 14X-16X

A tale of two cities

Median house prices (\$'000)



Jobs accessible within a 45 minute public transport ride during morning peak

Carlton 723,605

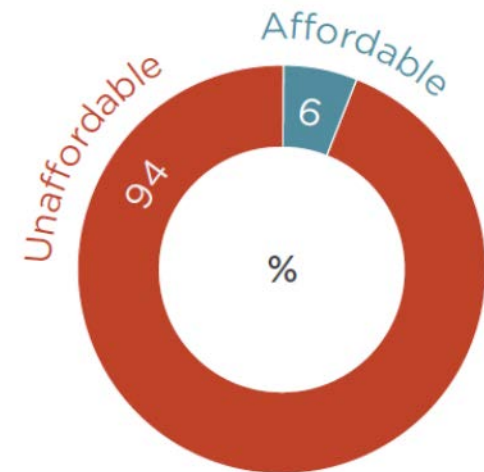
Cranbourne East 5252

Jobs accessible within a 30 minute drive during morning peak

Carlton 890,214

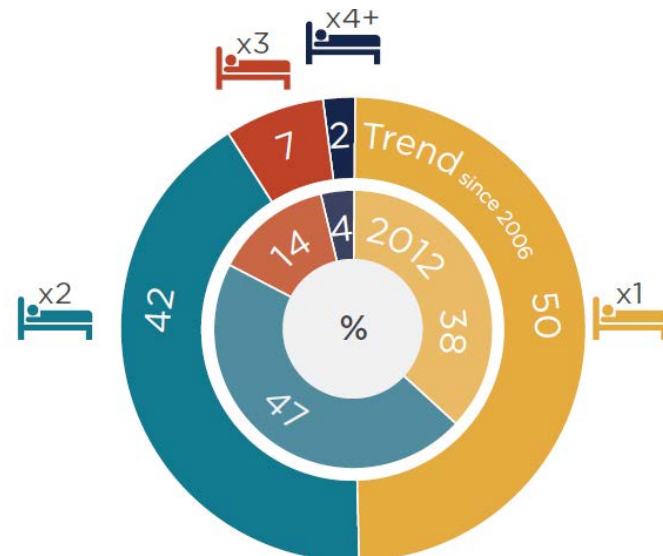
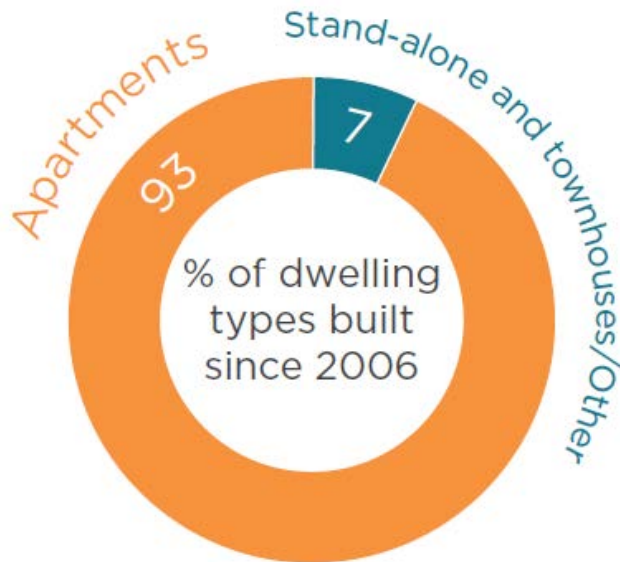
Cranbourne East 345,110

SOURCE: SGS ECONOMICS AND PLANNING



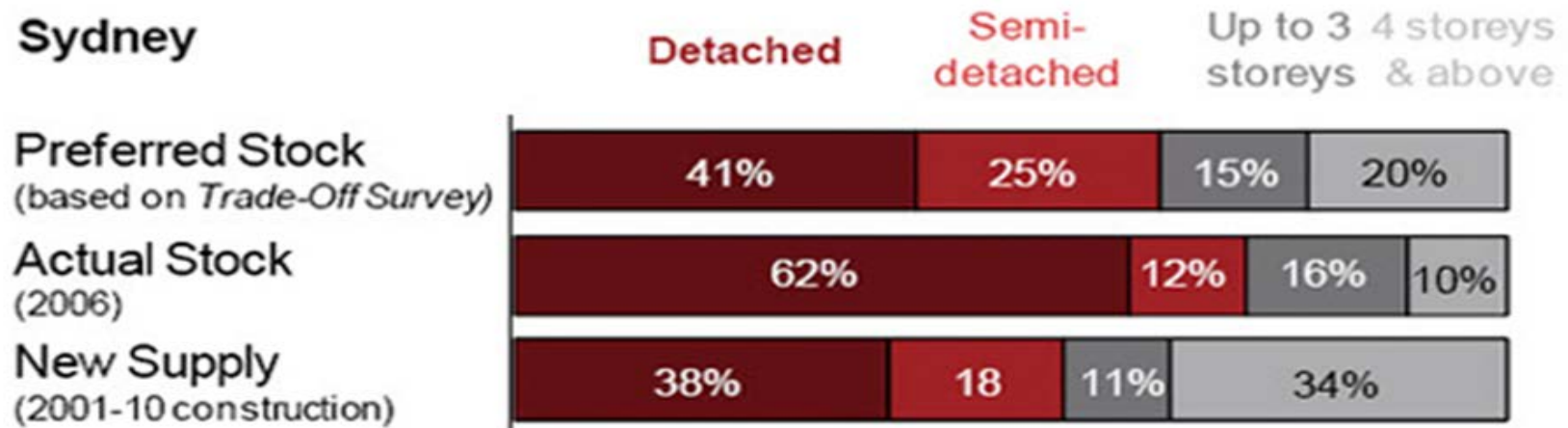
Context: central city housing diversity

- 2006-2012: 28% of the apartments in 30+ storey developments
- 40% of apartments less than 50m² and a further 30% less than 75 m²
- 12,000 apts in central Melbourne, but only 9% 3+ br, of which about 20 'affordable'

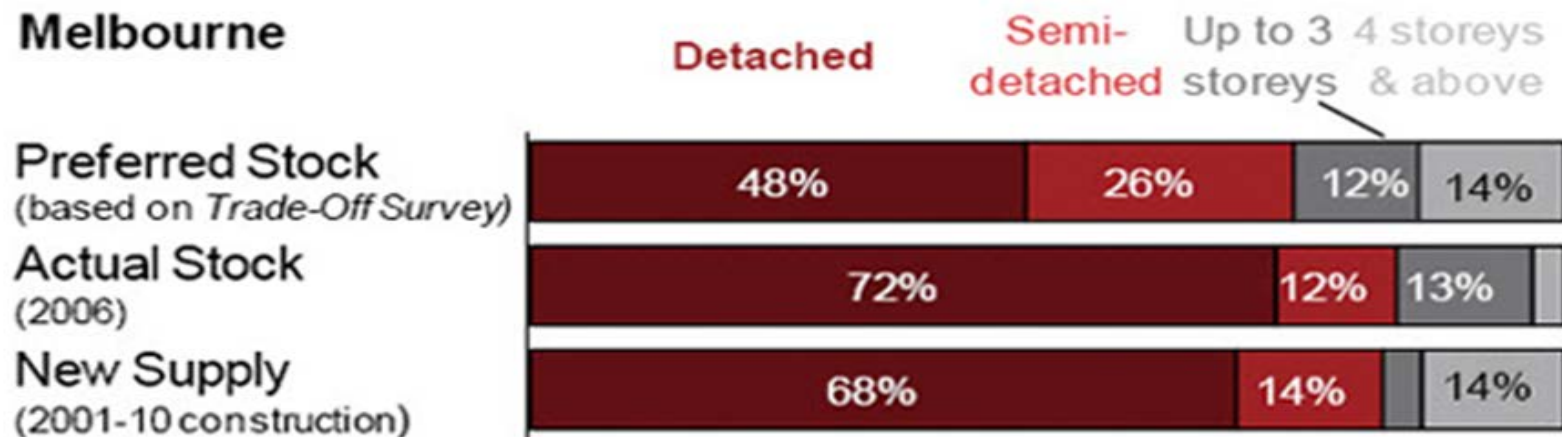




Sydney

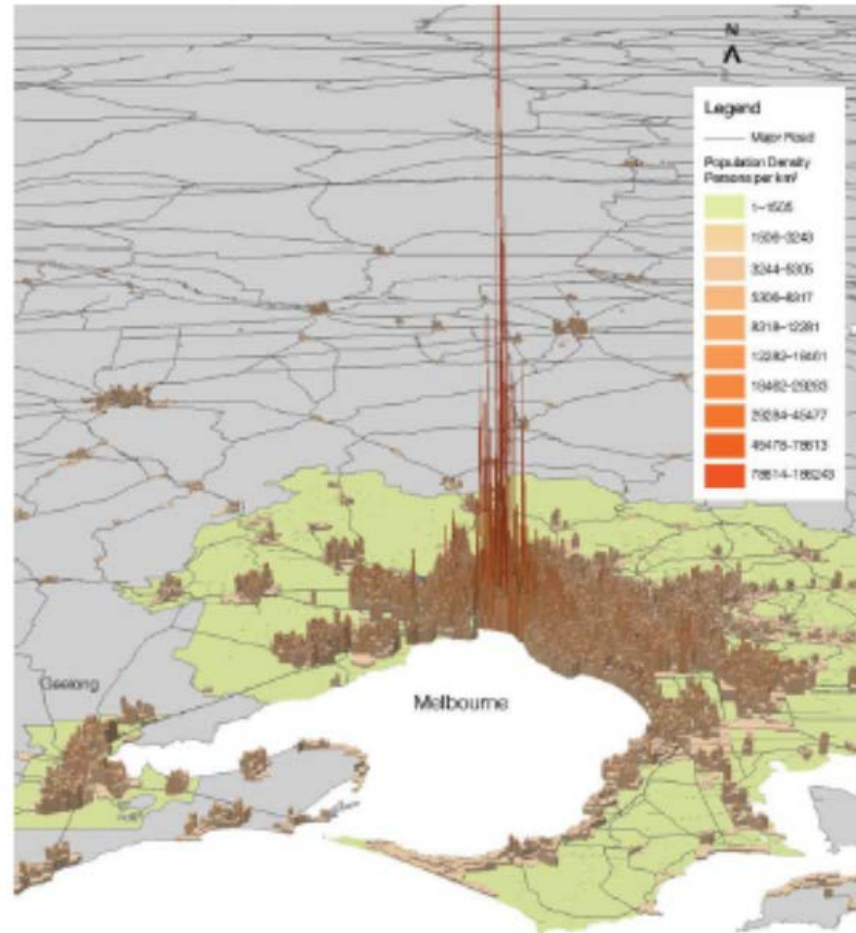


Melbourne



- 4+ br sprawl as usual in outer suburbs, 0-2 br small apts in central Melbourne
- Very little activity in middle suburbs (rich middle suburbs NIMBY, poor middle suburbs bad investment)
- Domination of a few large firms

Population density in Geelong and Melbourne



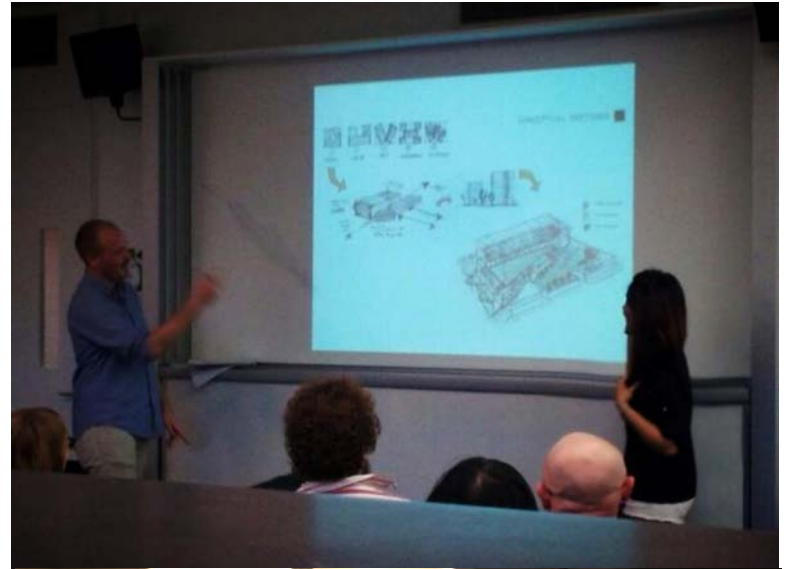


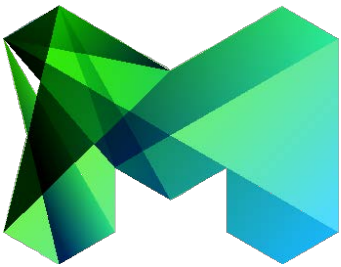
- Planning Policy: ‘urban growth boundary’ expanded 4X 2002-2010 (Mees 2011); few mechanisms to support intensification/ affordability (no inclusionary zoning, density bonusing, housing targets, etc.)
- ‘Cultural’: ‘New generation’ of privately owned high rises in the centre city were developed and planned for DINKS and empty nesters: did not require ‘family friendly’ services, facilities (Fincher 2007)
- Fiscal: no consistent money for social housing (only 4% of stock in Australia, 3% of new stock in central Melbourne 2006-2012), rental housing market distorted by negative gearing and other taxation mechanisms (Rowley and Phibbs 2012)



- A LOT of research and rhetoric, but little action:
 - Federal, state and local planning policies calling for more affordable and diverse housing in central city as alternative to sprawl, but not following up with mechanisms to do so
- ‘Deliberative planning’ (Forester, Healey): ‘industry partners’ (developers, social housing providers, local and state government, planners, architects) providing guidance on research methods and analysis:
 - What are perceived barriers?
 - Are there transferrable lessons from good practices – in Melbourne and elsewhere?
 - What are the most effective ways to get results?

- Community-university partnerships tend to be top down 'listen to our shiny new methods/evidence' not, 'asking what the problem is and then doing research towards solutions' (participatory action research) (Hart and Wolff, 2006)
- Can universities be mediators? (Wiewel and Lieber, 1998)





Reducing the gap in inter-sectoral knowledge

- Lowers uncertainty between sectors
- Opens the possibility for more innovation and, perhaps, plans that last past a change in govt

Consolidation of strengths

- Development sector: cost discipline, the ability to source private financing and to manage large projects
- Social housing sector: ability to manage and operate residential buildings on tight budgets, and to match dwellings and locations to tenants with specific needs
- State and Local Government: unrealized integrated planning capacity, fear of developer backlash

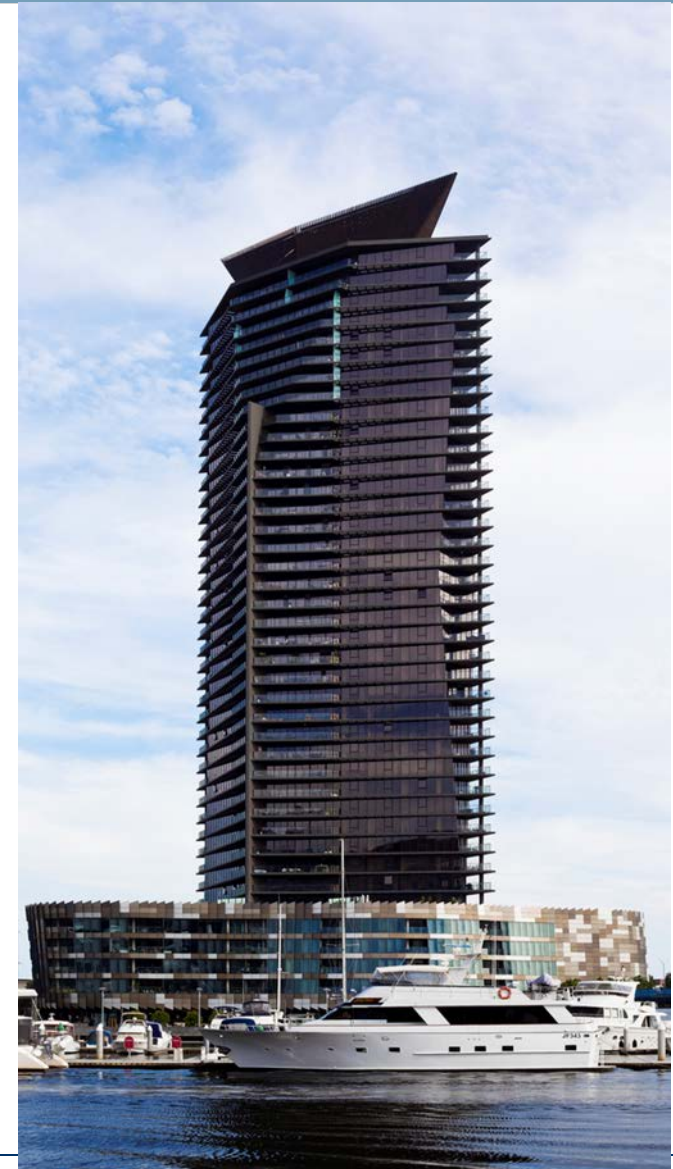
- Phase 1 (March-July 2013):
 - Literature review
 - survey of key actors
- Phase 2 (August 2013-February 2014):
 - Multidisciplinary studio
 - Study Tour
- Phase 3 (April – August 2014):
 - Interviews
 - Comparative costing



- December 2012 (before project began): celebration of success, hiring Research Assistant
- March 2013: hiring Research Fellow, approval of methods and workplan (study tour)
- June 2013: draft lit review, survey, studio
 - Subcommittee of HCA, PV, COM, MGS: brief for studio
- Sept. 2013: survey findings, study tour
- March 2013: study tour findings, cost analysis
 - Subcommittee of SGS, UDIA: cost analysis
- June 2013: interview findings, cost analysis findings
- August 2013: final report



- Importance of private sector finance within institutional frameworks
 - Production
 - Consumption
 - Exchange
 - Management
- Housing finance within Australia very conservative, despite a relatively smooth sail through GFC eg., financing in 2007 released 0-60% pre-sales; 2010: 80-100% pre-sales (Bryant 2012)



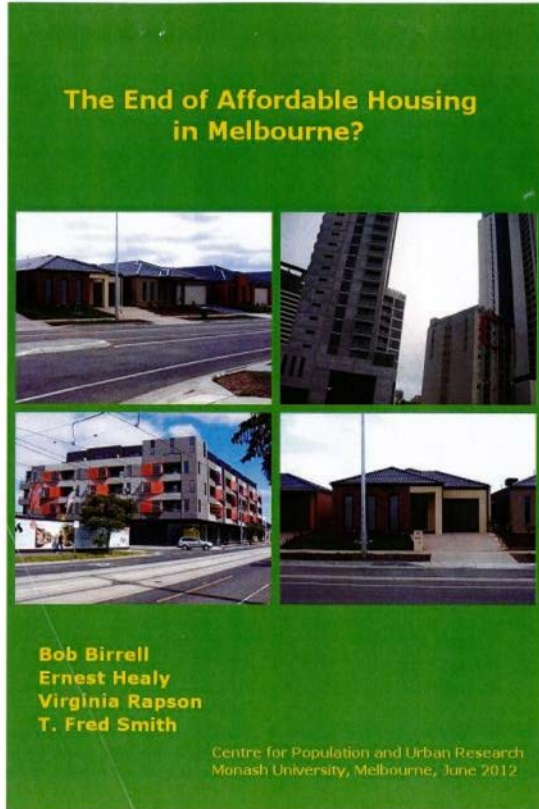


- Developers' equity is expected to cover initial phases: high risk
- Intensification rhetoric by 1990s, concentrated in central cities
- Building heights increased with little value capture
- Therefore, increasing concentration in a few larger firms in Australian capital cities
 - 1993: 20 largest developers- 10% of new apartments
 - 2003: 25% of new apartments

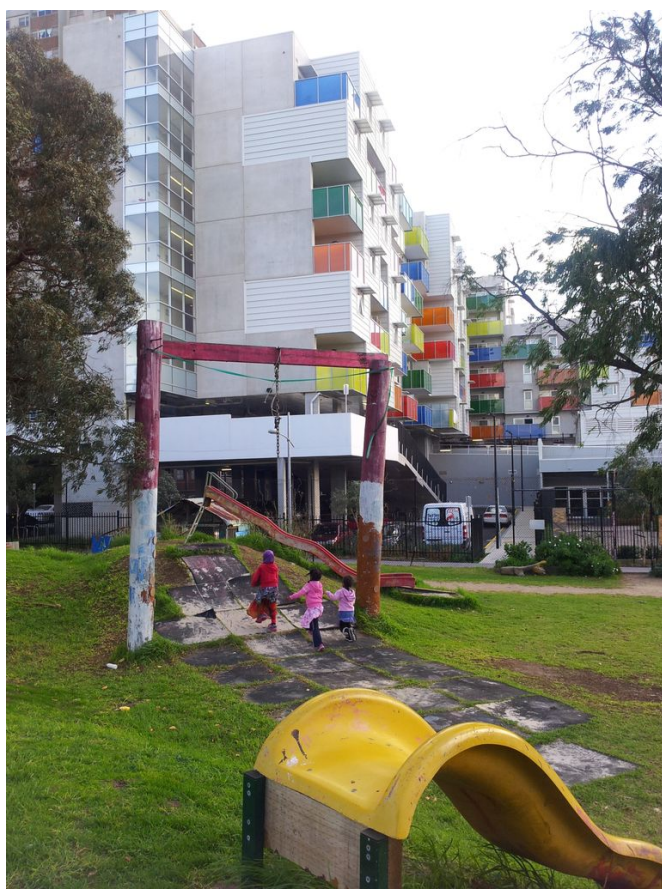
(Dowling, 2005)



Literature Review: financing



- Students 42% of Melbourne City residents, with annual growth rate of 7% in international students (City of Melbourne, 2013)
- Apartment boom (22,000 in metro Melbourne 2010-2012, with a further 39,000 in approvals process) – fuelled by non-resident investors – estimated at ~80% of sales (Birrell and Healey, 2013)
- 12% of Australian households own investment property
- Possible to obtain mortgage with >5% cash



- Federal Labour government (2007-2013): two small national ‘economic stimulus’ social and affordable rental schemes (~50,000 by 2015) fuelled growth of a small non-profit housing sector – 8 NGOs in the state of Victoria, with total ~15,000 units (mostly post-1990s)
- State-owned public housing (mostly 1960s-1970s) ~80,000 units, including 20 high rise towers in Melbourne inner suburbs – several being torn down/ renovated through sales of public land



- Belief that key to housing affordability is lack of housing supply (National Housing Supply Council, 2012): thus extensions to urban growth boundary and increasing maximum heights and densities in central cities
- Strong reliance on market mechanisms supported by tax concessions like negative gearing (Beer et al 2007) — about \$13 billion in foregone tax revenue through this mechanism alone — unlike Canada, no restrictions on losses, very generous depreciation
- Total tax subsidies to home buyers = \$43 billion annually (Kelly et al, 2013)



- Main ‘regulation’ approach has been streamlining planning regulations and reducing appeal rights
- The following regulatory approaches are NOT used in Victoria:
 - Inclusionary zoning
 - Density bonusing
 - Mandating affordable housing targets for local governments
 - There are development charges used for social infrastructure provision (parks, schools, community centres) but not affordable/social housing



- While financing and regulation affect affordability more than family-friendliness, design affects health and wellbeing of all households
- City of Melbourne (2013) analysed 3500 apartments using UK [CABE] design criteria, and found only 16% scored 'good', 33% 'poor'
- At unit scale: Small units, no windows in bedrooms, tiny kitchens, limited internal storage
- At building scale: Limited communal facilities and courtyards
- At neighbourhood scale: No schools and few playgrounds and childcare centres in central Melbourne



- May – June 2013
- 41 respondents, representing most players in a highly concentrated market
- Distributed by Property Council/ UDIA, Planning Institute, HCA and MGS advice
 - 12 developers
 - 8 not-for-profit housing sector
 - 12 planners
 - 9 architects





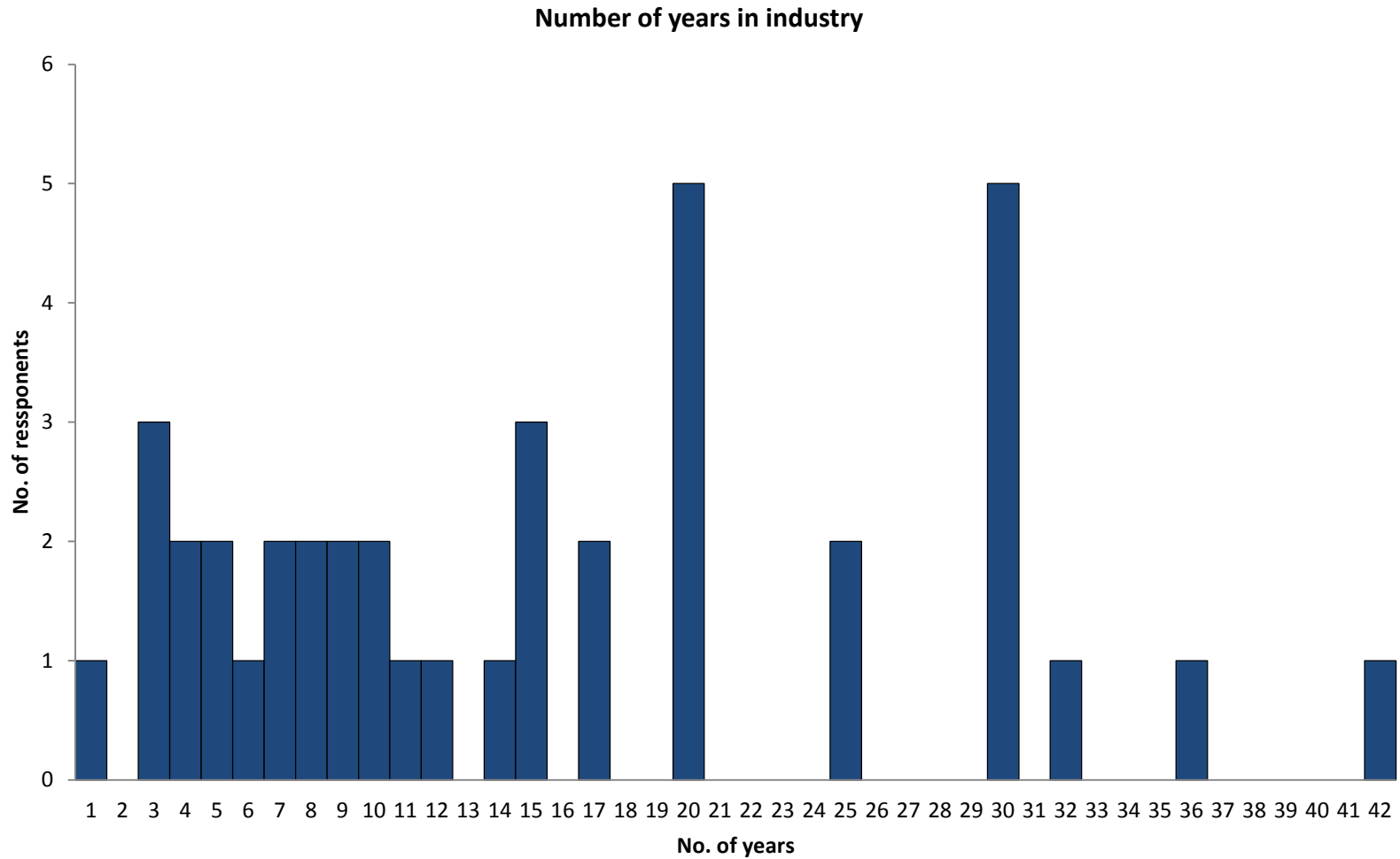
Hypothesis 1: Participants working in housing in the central Melbourne area have worked in their industries for a significant period of time (over 10 years), and have been involved with multiple projects

Hypothesis 2: Participants in the different sectors of the housing development industry in inner Melbourne see the most substantial barriers and enablers to producing diverse and affordable housing belonging to their own sector

Hypothesis 3: Examples of best practice are well known within the central Melbourne development industry but are largely ineffective at driving changed behaviours



Finding 1: A wealth of experience

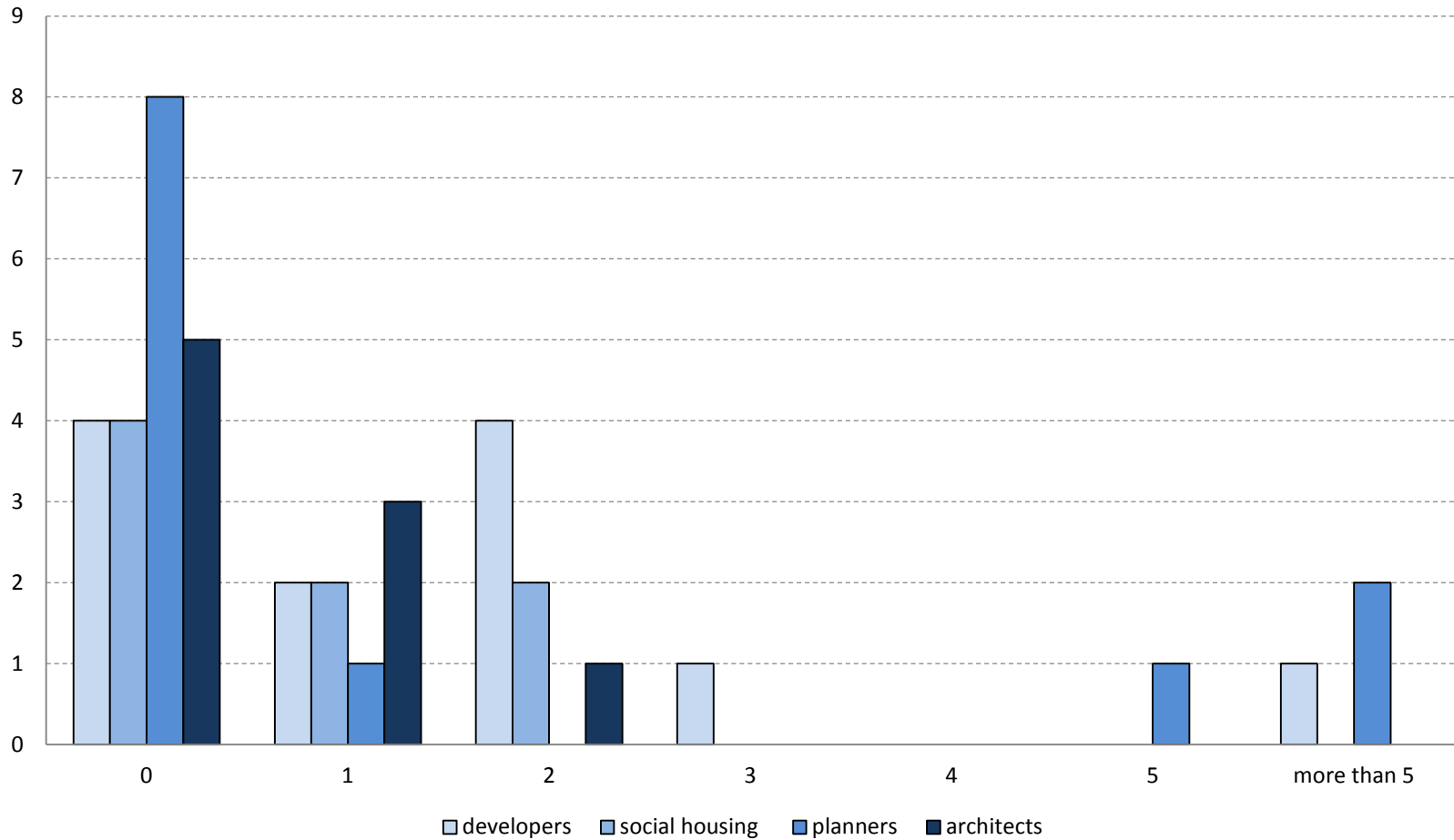




Finding 1: but limited experience in delivering 3+ br apartments

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Number of projects that included 3 bedroom apartments





Finding 2: Barriers and Enablers –asked to rank

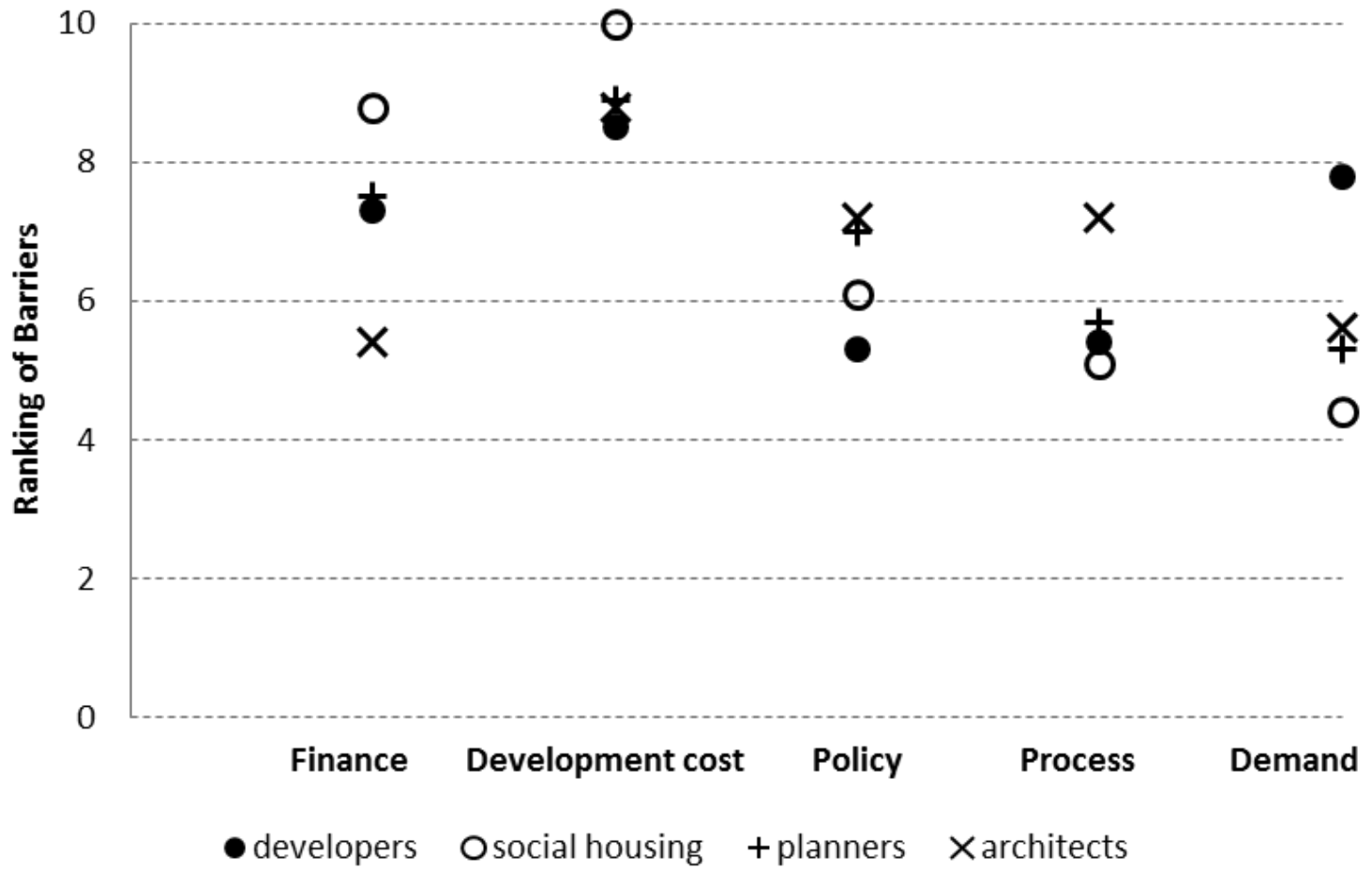
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| | Barriers | Enablers |
|---|---|---|
| 1 | Availability of finance | Financing reform for affordable housing |
| 2 | Development and land costs | Innovation in construction methods, labour force training or cash flow mechanisms |
| 3 | Current government planning policies | Targeted planning policy aimed at increasing affordable and diverse housing |
| 4 | Current planning processes in inner Melbourne | Provide incentives for social and/or affordable family friendly housing |
| 5 | Demand for affordable, family friendly housing in inner Melbourne | Increased infrastructure provision based on needs within the CoM area and nearby |



Finding 2: some disagreement on barriers, high importance to development cost

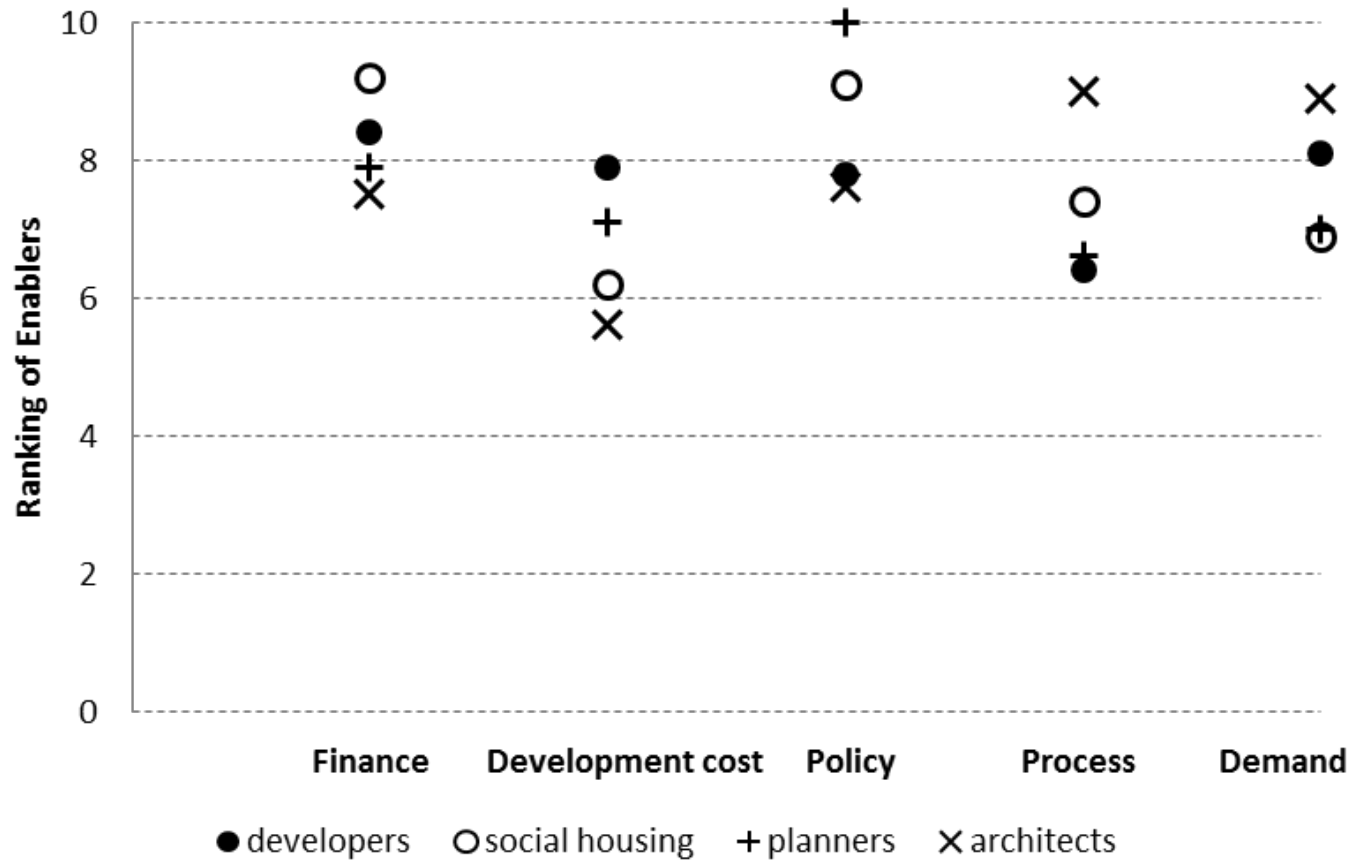
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Finding 2: surprising agreement on enablers, more of an integrated policy approach

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Finding 3: limited knowledge of best practices from elsewhere

(photo: Richardson Apartments, San Francisco, Via Verde, New York)



- 55% of respondents did not cite any examples of local best practice affordable family friendly housing
- 67% of respondents did not cite an international best practice example (including 80% of the private developer respondents)



- Small concentrated group: focus on interviewing developers and financiers (how are development costs cheaper or more competitive elsewhere?)
- Surprising consensus on enablers: how to shift state govt policy to reflect this?
- Lack of knowledge about best practices: Emphasis on study tour



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- Aug-Nov. 2013
 - 12 senior M Architecture students (core subject)
 - 7 senior M Urban Planning students (elective)
 - 30 M Property Construction students doing costing exercise as part of Advanced Cost Management (core)
 - Group project: master plan for site
 - Individual project: design of building or research paper on enabler



- HCA provided brief
- COM provided sites
- Guest lectures and critiques from MGS, PIA, UDIA, PV, state architect, etc.

Housing Choices Australia
Design Guidelines & Standards
Outline Specification – High Density
Revision P1 15.01.13

| Location | Item | Specification/Description |
|----------|----------------------|--|
| | Utility Spaces | Floor: Typically concrete floor finishes. Walls: Face block work, precast or solid plaster walls. Ceilings: Exposed concrete soffits (insulated if necessary). Exposed concrete columns. Fluorescent lighting. |
| | Fire Stairs | Concrete stairs with galvanised mild steel handrails |
| | Common Corridors | Minimum width 1500mm Floor: 32 oz selected 50/50 wool and nylon commercial heavy duty. Walls: Vitra Panel or similar durable linings to lift lobbies. Elsewhere, Plasterboard with paint finish. Ceilings: Plasterboard with selected paint finish |
| | Entry Lobby | Floor: Non-slip tiles to selected finish. Walls: Vitra Panel or similar durable linings to high wear areas. Elsewhere, Plasterboard with paint finish Ceilings: Plasterboard with selected paint finish |
| | Cleaner's Facilities | Single cupboard/small room with trough and shelves |
| | Refuse Area | Enclosed Refuse area including natural or mechanical ventilation or airconditioning. No garbage chute. |



- Piggybacking family housing on existing buildings – play spaces? (site 2)
- Family housing as part of new ‘retail strip’: social enterprise? (site 1)
- Mixed social/private housing and park/ social infrastructure provision (site 3)
- Rebuilding relationship with Moonee Ponds Creek (site 4)





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- Group project: different learning dynamics (lecture based v. experimental) and personal dynamics (value of good writing v. good design)
- Keeping mutual learning alive during individual projects
- Assessing design work v. written work
- Valuing costing and argumentation, when that is not a traditional part of studio work!
- Despite challenges, $\frac{3}{4}$ groups worked flexibly and supportively, and some individual projects built on group work ideas (social enterprise, place management planning student projects worked with marking design projects)



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- **City of Melbourne:** test of the viability of their planning policies to provide more diverse housing options
- **Housing Choices Australia, Places Victoria and UDIA:** range of occupancy profiles, construction methods, and land use mixes to be trialled for feasibility
- **Lord Mayors Charitable Foundation:** provides examples of potential models of affordable housing to consider as fundable projects
- **The students:** opportunity for cross-disciplinary learning, understanding of real world constraints, and exposure to experienced industry practitioners



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- Lord Mayor's Charitable Foundation had funded research on homelessness => new partnership with HCA to fund housing development?
- Both LMCF and HCA examining social enterprise in housing as a result of student work
- Follow up on National Disability Insurance Scheme => MUP student Ella Hardy working as intern at HCA
- Office of Victorian Government Architect emerging as champion of affordable housing ideas at state level
- M Arch student Nicole Thomas working as intern with MGS Architects



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- Focus on 3 similar 'neo-liberal' planning regimes that are doing innovative work:
 - San Francisco: impact of Low Income Housing Tax Credit since 1988, family friendly social housing as a 'bridgehead for urban redevelopment'
 - Portland: impact of integrated long term planning and child friendly design guidelines on development of central city housing (interest in 20 minute neighbourhood concept from state planners)
 - Vancouver: False Creek large scale development (possible model for Fisherman's Bend, similar Melbourne development?)



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- Local government housing planners
 - Port Phillip: innovator, Fisherman's Bend
 - Moreland: interested in its own housing association
- Developers and investors
- Office of the Victorian Government Architect (NOT planning department, social housing folks, or government-owned developer, Places Victoria)



- Available costings of social and affordable rental housing (land, contingency, finance, taxes and contributions, marketing and sales, legal, remediation, planning and design, construction) in other places, compared with Melbourne examples
- Again, lots of ‘in kind’ assistance from Charter Keck Cramer consultants and Places Victoria, as well as UDIA
- In-depth interviews with developers (both private and non-profit), financiers, and planners as part of study tour and then on return to Melbourne

Conclusion: Lessons at the Half Way Mark

(photos: Rebecca Choon's designs, site 2)

- Question isn't 'what to do': lots of evidence-based research
- It is 'how to get there from here': deliberative consensus building and partnership development
- University as mediator, creator of 'safe spaces' to share ideas and build partnerships based on trust and mutual interest





Thanks! Questions?

(photo: Ellie Chee with her model, Grace Tan's 'cat on street' traffic indicator, group 4 central courtyard and cosmo-paw-litan petting café)

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ENTRAL COURTYARD

OFFERING A VIABLE, FAMILY FRIENDLY
ALTERNATIVE TO THE SUBURBAN BACKYARD





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