

Submission to

The Redfern Waterloo Authority

re **The Built Environment plan**

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Consented for publication if the submissions are to be published

This submission is to draw attention to the concept of planning the built environment of an area around the residents and their needs, the first of which is housing. From this base reference point radiates the supply of the services, both material and social, to enable the housing to be functional.

The historic viewpoint has been that Planning supplies services which in turn attract people to operate/utilise the services, and that some of these people will opt to live in the area.

An example is Kingsford Smith airport at Mascot. When initially opened there was no housing around it. The aerodrome attracted service industries whose employees took up residence in the immediate area. This drew in resident based service businesses such as retail shops and the snowball continued to grow. Now there is major conflict between the aerodrome, the original planned service of the area and the community that grew because of its creation.

There is a nationwide crisis around the historically high pricing of Housing in Australia with Sydney being in the top 10 most expensive cities in the Western World, according to recently released OECD figures.

It has been identified recently in the United Kingdom that if there is an adequate supply of both rental [Government and Private sector] and privately owned residential properties at the bottom end of the market the upward pressure on housing costs is contained and in fact reduced. The presentation by Kay Barker, a well known economist, to the United Kingdom's Blair government 2004 is an example of this school of thought. Recognition and acceptance of the concept is also prevalent throughout the European Union.

The concept does not seek to impose arbitrary regulation on the market. It does provide a mechanism to control the market by ensuring that the bottom end is adequately supplied and thus allowing market forces of demand and supply to dictate prices in the middle and upper sectors of the market. This outcome is achieved by enabling the prospective purchaser or renter to access properties priced within their individual budget and at a price that does not put them into economic stress.

Studies by the Australian Housing Urban Research Institute, a well known body whose membership is drawn from the major Australian Universities and funded by the Commonwealth government, indicates that providing low cost housing , especially in the rental sector, is one of the few things that the government sector does more efficiently than the private sector.

The support historically offered by the Department of Housing to the market's bottom end in the area is being withdrawn due to the DoH's recent [April 2005] decision to withdraw from long term tenure supply. Its new policy is to supply short fixed term accommodation as a transition to the private sector rental market. This new policy will leave a gaping hole in the supply of bottom end rental accommodation in the area and fuel the upward pressure on the area's rental market.

Current Australian Bureau of Statistics figures indicate that thirty percent of the residential property demand is met by the rental sector and that this figure is rising, due in large part to the long term housing affordability crisis currently throughout Australia and Sydney especially.

There exists in the area under control of the Redfern Waterloo Authority the possibility of using planning controls through a suitable mechanism to provide incentives for private sector long term investors such as major life insurance companies and superannuation funds to invest in large scale bottom end residential rental properties for long term tenancies. These bodies, unlike the 'Mums and Dads' short term residential property speculators, are seeking long term annual returns on funds invested.

A precedent is the relationship between the Australian Mutual Provident Fund and the Department of Housing whereby the AMP owns the 1500 properties which have been headleased to the DoH for a term of twenty five years. [DoH Operational Policy EST0120A Schemes 1 and 2. These schemes were started in 1991 and 1993 respectively]

The use of a shared equity scheme will not per se control or reduce prices. There exists the very strong reality that the developers will see the ability to access more capital on the purchaser's part as justification for asking higher prices for upmarket properties built on the same land mass.

The desired outcome is to create a supply of housing that will meet the long term requirements of the existing community and the future residents and workers of the area, not the maximising of developers profits from a given land mass.

If the current residents and the future workers employed in the area are to be able afford to live in the area as it is envisaged to become there are many flow on effects that will be of benefit to the new community.

Current and historic research indicates that it takes approximately five years for a newly arrived resident to form ties to the community of the area. This dictates the importance of the availability of long term tenure rental properties as an offset to the highly overpriced residential property market.

The availability of residency in the area of employment reduces the use of motor vehicles to access the workplace, demand for off street parking in the workplace vicinity, and traffic density. It also provides a reduction in air borne pollution.

The shorter daily work related travel times provide for an improved quality of personal lifestyle with associated health benefits.

The creation/enhancement of the community of the area provides both physical and lifestyle benefits for the residents of the area with attendant flow on benefits arising from a sense of community ownership and responsibility towards the area and its residents.

The supply of services and facilities for the community of the area such as Transport Interchanges/Hubs, local resident employment, local small business opportunities, shopping centres, both regional and street strip, community centres and facilities, medical services, aged care facilities and services, and child care facilities are essential for a viable functional community. If there is a strong community its membership will work to arrange the supply of the above. Not all of the above requires direct government investment to be achieved. The achievement can frequently be assisted by government facilitation through planning and planning driven incentives to the private sector.

## **Attachment 1**

with special reference to the proposed 'reworking' of the DoH Estates in the RWA area

### **MIXED COMMUNITIES NOT SUSTAINABLE IN THE LONG RUN**

The push for a greater social mix in our communities is accepted by nearly all without question as a good thing. That's wrong, says the London Tenant Federation. All the evidence suggests gentrification on a massive scale, leaving council tenants marginalised. Whilst the Government and housing professionals chant the mantra, in order to be sustainable, communities must be socially mixed, those of us living in social housing and in deprived communities have been absent from the debate.

For council tenants living in London, particularly in inner London, the policy appears to mean little more than the encouragement of gentrification, and for our local authorities to sell off our homes and community facilities for development. Many of London's council tenants feel that, far from strengthening and sustaining our communities, this approach puts their homes and communities under threat, particularly in areas that have become fashionable and where property prices are sky high.

The approach seems to fit neatly with other policies, such as the lack of positive investment in council housing, rent restructuring and proposed housing benefit reform. All have a detrimental effect on tenants living in areas with wealthy neighbours.

The truth is that in London there is enormous social and economic polarisation. Inner London is the richest area in the European Union and yet the capital also contains three of the most deprived boroughs in the country. The average price of a property here is now more than £250,000, requiring a household income of £83,000 to purchase. Enclaves of wealthy, white, middle-class residents sit alongside areas with huge levels of deprivation and the truth is that they just don't mix.

Research by the Economic and Social Research Council (ESRC) and the University of East London (UEL) finds little evidence of gentrification as a positive force. Whilst the proponents of the socially mixed communities policy will state that they are not advocating gentrification, Tim Butler at UEL suggests nobody is in favour of gentrification and even local authorities, which wish to change their social mix of housing or population, refer to it by any other name.

In a study in gentrified areas of Lambeth, Islington, Hackney, Lewisham and Wandsworth, Tim Butler found little evidence of the middle class deploying its resources for the benefits of the wider community. He says: London's middle classes share a common relationship to each other which is largely exclusive of those who are not people like us most strikingly perhaps in relation to their ethnicity. In a city that is massively multi-ethnic, its middle classes, despite long rhetorical flushes in favour of multi-culturalism and diversity, huddle together into essentially white settlements in the inner city. Their children have friends like their parents and most of their parents' friends are people like themselves.

The ESRC study sought to evaluate more than 100 pieces of research predominantly in North America and in the UK. The policy context for the research was the Government's commitment to try to encourage private sector investment in deprived and run-down areas. Its June 2002 report says that the positive impacts of gentrification were hard to find. The much wider set of costs included displacement of poorer households through price and rent increases, community conflict

and racial tension, lower population densities and a greater take on local spending by incoming affluent households.

Anecdotal evidence from London Tenant Federation meetings seems to support to this academic research. Our members note that, across London, there are examples of council estates in regeneration/stock transfer schemes that are dependent on demolition of some blocks to sell off to developers. The new apartments constructed in their place are designed with a clear separation from the social housing most obviously aesthetically and frequently with entrances facing away from the rest of the estate. Expensive cafés and restaurants are built which then push out existing local shops. If the new wealthy residents have children, they are unlikely to attend local schools that are dominated by children from council estates. Council tenants feel that the priority for council and police resources is focused on the more expensive areas and away from our estates.

If London's council tenants are asked what we think will make our communities sustainable, we are likely to suggest: positive investment in our homes and in new council homes; rents that reflect the qualities we value in our homes rather than the areas property values; good access to employment, leisure and youth facilities and good care for our young and old. Missing from the list though, almost certainly, will be the demand for socially mixed communities.

[SOURCE: LONDON HOUSING MAGAZINE - DECEMBER 2003]

## Attachment 2

With reference to the importance of housing affordable for the service and other low paid industries employees and those Department of Housing tenants exiting DoH tenure due to having gained employment

### HOUSING AFFORDABILITY, OCCUPATION AND LOCATION IN AUSTRALIAN CITIES AND REGIONS \_ Australian Housing Research Institute [AHURI] paper

“Central Sydney is being starved of basic-wage workers - those who clean offices and hotel rooms, wait on tables, work in kitchens - because they cannot afford to live within reasonable travelling distance from the city.” (O’Malley, Sydney Morning Herald, 2nd June, 2005).

The research undertaken for this report was motivated by a concern such as that expressed in the above quote from a recent press report: viz. by a concern that high housing costs in central city regions are excluding many lower paid workers from jobs in those regions. Such concerns suggest labour market shortages in some occupations can be attributed to shortages of affordable housing in locations that provide ready access to the central city where there is a high concentration of specific types of jobs.

Because many of the jobs for moderate and lower paid workers are in occupations considered important to the proper functioning of the city, the recruitment and retention problems that employers experience potentially can have broader ramifications through their negative impact on the competitiveness of the city.

An associated policy issue, therefore, is whether affordable housing and affordable housing policies should be targeted to workers in the specific occupations where problems have been identified.

The research was framed to answer three key questions:

- How can the occupational circumstances of a household (rather than an individual) be appropriately defined with regard to assessing the housing affordability outcomes of households?
- What are the travel to work patterns for the occupational categories identified for analysis? What is the appropriate geographical unit for analysing both residential and employment locations?
- What are the housing affordability outcomes for households in selected locations for the occupational categories identified? This will include an assessment of the extent to which the answers to the questions above are affected by household characteristics.

The rationale for addressing these specific questions was that they would provide the information needed to address the broader concern of whether employment of workers in specific occupations has been affected by housing affordability and accessibility problems, particularly in higher cost, job rich locations.

Click on the link <http://www.ahuri.edu.au/global/docs/doc963.pdf> to download the report