

Report

# **Spatial disadvantage: why is Australia different?**

authored by

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# CONTENTS

LIST OF TABLES .....	III
LIST OF FIGURES .....	III
ACRONYMS .....	IV
ABSTRACT .....	1
<b>1 CONTEXT.....</b>	<b>2</b>
<b>2 CONCEPTUALISATION ISSUES.....</b>	<b>3</b>
<b>3 SUGGESTED EXPLANATIONS FOR DIFFERENCES IN SPATIAL DISADVANTAGE .....</b>	<b>7</b>
3.1 Economic development.....	7
3.2 Spatial concentration of economic development .....	9
3.3 Race and ethnicity .....	10
3.4 Urban governance .....	12
3.4.1 Funding structures .....	12
3.4.2 Planning.....	13
3.4.3 Public housing .....	14
3.5 Public policy: the hidden hand.....	16
<b>4 HOUSING MARKETS.....</b>	<b>17</b>
4.1 Relative affordability.....	18
4.2 Working-class home ownership .....	19
4.3 Private rental.....	19
4.4 Gentrification.....	21
4.5 Suburban disadvantage .....	21
<b>5 CONCLUSION.....</b>	<b>23</b>
REFERENCES .....	24

## **LIST OF TABLES**

Table 1: Forms of spatial disadvantage and their potential measures .....	4
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## **LIST OF FIGURES**

Figure 1: Relationship between different forms of spatial disadvantage .....	5
Figure 2: Residential bid rent curve.....	17
Figure 3: House price curve—price by distance from CBD, eastern corridor, Melbourne, 1972–2011 .....	18

## **ACRONYMS**

AHURI	Australian Housing and Urban Research Institute Limited
CBD	central business district
UK	United Kingdom
US	United States

## ABSTRACT

This Essay provides a historical review of spatial disadvantage in Australia, arguing that it has taken a different form and scale to those of the United States (US) and United Kingdom (UK), the two nations we have historically looked to for understanding of social problems and potential policy transfer. The argument presented is that, since World War II, the scale of spatial disadvantage in Australia has not been as *wide* or as *deep*, nor has it been as *permanent*. To explain this we need to understand the different historical and institutional environment of Australia and its major cities, including that of its housing system and housing market. Spatial disadvantage, historically more of an inner-city problem in the Australian context, is becoming an outer-urban one that is potentially more problematic, as it overlays concentration of poverty with disadvantaged resource access.

# 1 CONTEXT

Spatial disadvantage is a specific manifestation of residential differentiation—the way that areas where people live and behave take on dimensions which enable them to be differentiated from others. In the words of Duncan Timms (1971), it is ‘a mosaic of social worlds’, some of whose parts may be more problematic than others. Understanding this spatial differentiation was in many respects what gave urban studies academic legitimacy. Much of the early conceptual framework for understanding how cities structured into different spatial areas was provided by the Chicago school of human ecology in the 1920s to 1940s (Park et al. 1925; Burgess 1929; Hoyt 1939; Shaw & McKay 1942). While the early identification and explanation of spatial differentiation was problematic, with an excessive emphasis on biological metaphors and competition as drivers, from the 1950s through to the 1970s the study of spatial differentiation spawned an immense growth in statistical mapping techniques, probably best represented by Johnston (1973) and Berry and Karsada (1977). This approach too attracted critics from a range of theoretical positions and by the 1980s it was virtually dead, with the various permutations of postmodernism (mostly qualitative in their research) having displaced it. These were more about giving voice to the people of the cities in their multitudes of groups, types, tribes etc. than about offering broad explanations of how cities were forming and why. Meta-analysis was replaced by the micro, arguably with the outcome that we have a much poorer understanding of the changing form of our cities and what causes it than we did 30 years ago.

This means that we have made little progress in our ability to understand the market and policy dynamics that cause spatial disadvantage. However, the issue did not disappear altogether in Australia. In the early to mid-1990s there was considerable debate about where it was occurring (Maher et al. 1992; Wulff et al. 1993; Industry Commission 1993; Maher 1994; Badcock 1994; Hunter & Gregory 1996), but with more heat than light as, although rich in ideas and argument, the supporting evidence for the various positions was never substantial or compelling enough to conclude one way or another what was happening or why. Much of the analysis and debate centred on the degree to which there was a suburbanisation of poverty—a trend away from the historic concentration of poverty and disadvantage in the inner city. By 2013 the jury is well and truly in: spatial disadvantage in Australian cities is now increasingly an outer-suburban problem, an issue of measurement and analysis taken up by the larger project to which this paper relates.

Whatever the ‘whys’ and ‘wheres’ may be, spatial disadvantage is a universal problem. But how it plays out between countries is very different, reflecting a whole range of environmental, economic, and political differences.. For example, even in the Australian ecological mapping exercises of the 1960s and 1970s (Burnley 1974), and the community studies and gentrification and mobility research of the 1970s onward (Bryson & Thompson 1972; Kendig 1979; Logan 1985) there was a sense that Australian disadvantage was neither as deep nor as widespread as in many other western countries and that the disadvantage which did exist might be taking a different form: the suburbanisation of disadvantage (Peel 1995; Hunter 2003). In recognition of this, Hunter (2003, p.42) makes the point that urban policies which relate to segregation ‘need to be grounded in a detailed understanding of the institutional history’. This paper is a starting point for discussion about what institutional characteristics of Australia have shaped our form of spatial disadvantage.

## 2 CONCEPTUALISATION ISSUES

In any discussion of spatial disadvantage we immediately confront three conceptual problems, in addition to the often-discussed problem of the *spatial scale* we are talking about.

*Firstly*, a review of the multitude of literature would suggest that we need to see spatial disadvantage not as one homogenous concept but as taking three forms:

- *Poverty concentration*—This is the concentration of households who share a problem of low income. Here concentration is defined by the income attributes of people, with disadvantage flowing largely from low income. It does not imply disadvantage in terms of values and behaviours that may exclude a household's ability to participate in mainstream society or that the attributes of the areas in which the households are concentrated are the cause of their low income. However, the latter attributes, e.g. poor-quality housing, intensify the effects of low income and poverty.
- *Disadvantage of resource access*—This is where disadvantage is defined in terms of the ability of residents of an area to have reasonable access to key resources such as employment, education, health care and public transport. Here disadvantage is defined by resource opportunity/amenity or lack of it, and may actually be a cause of low income and poverty by limiting employment or educational opportunity.
- *Spatial concentration of social problems*—These are areas that have a disproportionate incidence of problems that society sees as unacceptable and exposure to which creates risk and fear for residents, such as crime, drug addiction, unemployment, vandalism and antisocial behaviour. Here disadvantage is defined by measures of dysfunction flowing from concentration of poverty *and* a set of values and behaviours that create the conditions for dysfunction. The degree to which poverty concentration and social dysfunction are related is unclear. There is substantial belief, backed with some evidence from the US, that the relationship is direct. Such a relationship is given the name 'neighbourhood effects'; that is, poverty concentration in an area or neighbourhood creates the conditions for a range of effects in residents, including lack of economic self-sufficiency, violence, drug dependency and poor educational aspiration (Wilson 1987; Galster 2012). In some respects this is a return to the focus on the relationship between urban form and social organisation or disorganisation of the original Chicago school of ecologists. And, just like them, we may have to conclude that to a great degree that neighbourhood disadvantage is a societally bound concept: that the US is different and it has limited applications elsewhere because of the intervening variable of institutional arrangements. That is, concentration of poverty will not produce social dysfunction if other institutional structures or practices are in place to mediate, blunt or sever the potential link.

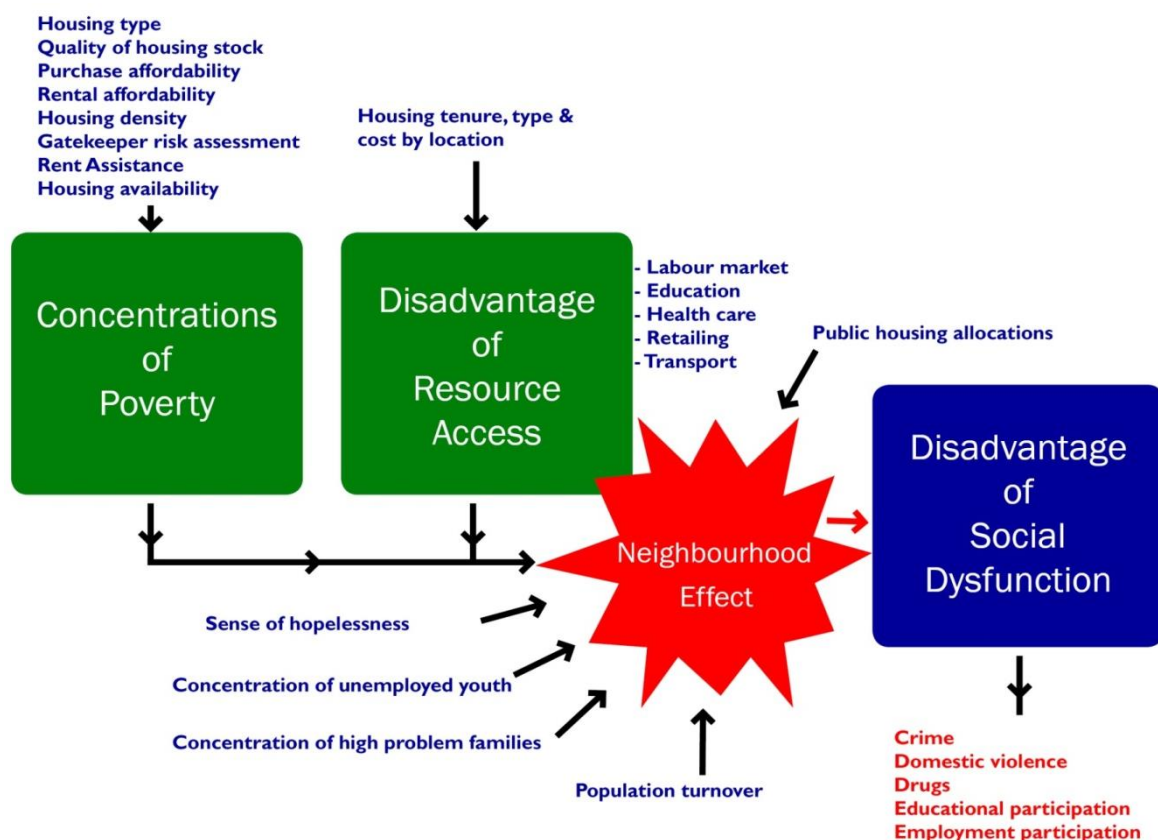


**Table 1: Forms of spatial disadvantage and their potential measures**

<b>Population disadvantage (context)</b>	<b>Resource disadvantage (inputs)</b>	<b>Social problem disadvantage (outcomes)</b>
Median equivalised household income	Access to public transport	Family breakdown
Health care card holders	Doctors per head of population	Crime rates
Percentage with secondary school education only	Number of hospitals and health services	Education performance, e.g. measured by My School
Workforce skills levels, e.g. unskilled, semi-skilled	Median house values (wealth)	Domestic violence
Lower-income renters (public and private)	Educational resources per child	Child protection orders
Low to moderate income home purchasers	Labour market status, e.g. number of jobs	Unemployment rates
Recently arrived migrants	Lack of access to public transport	Drug use

Table 1 shows some of the variables that could be used to measure the different forms of disadvantage, with *population disadvantage* referring to measures that attach to the residents of the area such as income, housing tenure, education levels and employment attributes; *resource disadvantage* is about input measures of access to the key resources that affect wellbeing such as public transport, health care, education and labour markets; while *social problems* are outcome measures of the area as a whole, not the attributes of the individual residents, such as crime levels and educational and employment performance.

Figure 1: Relationship between different forms of spatial disadvantage



Given the housing focus of this paper, Figure 1 shows the relationship between the three forms of disadvantage, paying particular attention to the role of housing in each. In terms of poverty concentration, housing plays a key role as the cost, tenure and form of housing is crucial to where poor people locate. But it is not just about these factors; the role of gatekeepers such as estate agents and finance institutions in erecting barriers through often mistaken assessment of risk can also be a factor in constraining where people on low-incomes live. Housing markets are not static, but respond to changing signals such that areas become, or are seen to become, less attractive for various reasons, such as weakened labour markets, lack of public investment. In turn, this can shape housing demand and reduce or increase prices and rents, concentrating low-income households in areas where there is cheap housing and poor resource access. By contrast, areas of social dysfunction appear to relate to processes other than housing. Not all areas that have a high concentration of poverty or of resource disadvantage have a high incidence of social dysfunction. The antisocial behaviours that define dysfunction are often fairly localised, and appear to be tripped off not by housing issues (perhaps excluding public housing allocation processes) but by a localised sense of hopelessness and alienation, a high population turnover and a lack of local connectedness, or a high concentration of unemployed youth.

This paper moves between the three concepts of disadvantage in a review of what the differences may be between Australia and other nations where there is more substantive research on disadvantage, notably the US and UK. The argument runs along the lines that much of Australia's historic spatial disadvantage has been more about concentration of poverty rather than concentration of social problems, with disadvantage of resource access emerging as a relatively recent form, and perhaps the most problematic form in terms of policy interventions. The paper is not grounded

in detailed research on comparative disadvantage, but in observation drawn from existing literature.

*Secondly*, there is a temporal dimension to disadvantage. Areas form over a period of time and some become relatively permanent, lasting 50+ years; others transform themselves, while some slide into disadvantage from a previously unproblematic state. As a hypothesis, it is in areas where *all three* forms of disadvantage coalesce that permanent or sustained spatial disadvantage occurs. The disadvantaged US inner-city areas in places like Baltimore, Chicago, Detroit and Pittsburgh have been so for most of the postwar era and show few signs of recovery. This is because they concentrate poverty, resource deficiency and social problems and it is here that the neighbourhood effects of a sense of hopelessness, high concentrations of problem families and population turnover (see Figure 1) are likely to occur, locking these areas into a permanent cycle of disadvantage.

By contrast, in most Australian cities many of the areas that were stereotyped as disadvantaged in the 1950s to 1970s are no longer so, and new areas of disadvantage have emerged or are emerging. Australian spatial disadvantage in the two decades after World War II was mainly about concentration of poverty, with some areas such as Collingwood (Melbourne) and Redfern (Sydney) overlaying this with social problems, although never on the scale seen in the US. From the 1960s these areas began a transformation which pushed or attracted low-income residents to outer areas where it is now appropriate to talk about disadvantage in terms of resource access.

Australia has few areas of long-term spatial disadvantage compared to, say, the US or UK. Gentrification has transformed inner-city areas which were labelled disadvantaged and, while gentrification has also occurred in parts of inner-city US and UK, it has been much more selective and there are still large pockets of disadvantage. In Australia there are now virtually none. A shallow form of disadvantage concentration has developed in certain suburban areas, such as Broadmeadows and Dandenong (Melbourne), Liverpool (Sydney), Elizabeth and Mansfield Park (Adelaide) and Woodville (Brisbane). Some of these, notably Dandenong, have traced a path from solid middle-class to disadvantage over the last four decades, highlighting that even spatial advantage is not immutable.

The *third* problem in analysis of spatial disadvantage is causation: what has caused an area to develop the attributes it has. While it is relatively easy to establish the empirical validity of links between disadvantage and certain variables or constructs, such as income, mobility, ethnicity and socio-economic position, moving from this to explanation is a very different thing; one which social scientists have been grappling with since the first attempt by the Chicago school in the 1920s. This paper is less about seeking to identify the specific socio-economic variables that may, in some form of statistical method, such as factor analysis, load up as having potential explanatory importance than it is about identifying the institutional arrangements that sit behind social and economic change, including those processes that shape where lower-income households locate, where firms invest or disinvest and where governments locate key urban resources; processes that can nurture or dissolve areas of disadvantage.

### 3 SUGGESTED EXPLANATIONS FOR DIFFERENCES IN SPATIAL DISADVANTAGE

The structure and performance of housing markets is central to an understanding of spatial disadvantage, as low-income households by necessity gravitate to the cheapest housing; where and in what form then directs the degree and form of spatial disadvantage. However, while the housing market may be the mechanism for 'sifting and sorting' households into different locations in the city, it is not the causal instrument. The market, and the prices and rents which it creates, reflects historical processes and institutional attributes of the wider society and of the city in which the market operates. It is these that shape the degree and form of spatial disadvantage. Thus the hypothesis that sits behind this paper is that:

- Since World War II, Australia's scale of spatial disadvantage relative to the UK or US has been less: there have been fewer disadvantaged areas and fewer people living in them; that is, disadvantage is not as *wide*.
- *Within* disadvantaged areas, the depth of disadvantage has not been as *deep*.
- Such areas of disadvantage have not been as *permanent* as in many other western cities.

The rest of this essay looks at the institutional features that may explain why Australian spatial disadvantage is different.

#### 3.1 Economic development

A country's level of economic development will obviously affect spatial disadvantage. That western cities do not have the large shanty towns found in developing countries is to a large degree a function of this: there are simply fewer poor people having to search for the lowest cost areas and dwelling types. But successful economic development does not guarantee financial and social wellbeing for everyone, and all societies therefore make decisions as to the degree of earned income which should provide some minimum acceptable standard of living and the degree to which those outside of the labour market (e.g. in retirement, short-term sickness or unemployment) should be protected from circumstances where it is difficult to get an income. The former can be achieved through regulation, such as minimum wages, job security and the social wage; that is, the degree to which key resources for liveability and opportunity such as education, health care, child care and housing are subsidised. This is achieved through transfer payments in the form of income support, such as pensions and benefits. Both redistribute the economic cake. Any analysis of the internal dynamics of Australian cities, including where the poor live, must look at the broader economic context both in terms of the degree to which the economic cake is growing and how it is shared out.

In the early years after World War II, Australia was a 'lucky country' (Horne 1964). Up until the mid-1970s it rode an economic wave on the back of agricultural and mineral exports and an import replacement manufacturing sector. This was facilitated by a stable international trade environment and the success of the dominant economic policy, Keynesianism. Population growth fuelled by migration created urban growth, which in turn generated additional economic opportunity through investment in physical infrastructure and new dwelling construction. The US and UK had a similar economic experience but its impact in the UK was diluted because of the legacy of debt from World War II and partly because much investment went into just catching up, restoring housing and capital equipment lost in the war. From 1945 to 1970 Australia's unemployment rate remained below 3 per cent for almost the entire period,

and even in central city areas where spatial disadvantage was concentrated, unemployment was still very low. For example, in 1971 the percentage of the inner-Sydney labour force that was unemployed was remarkable by today's standards, 1.1 per cent, although by 1977 it had increased substantially to 10.2 per cent (Kendig 1979, p.150, Table 9.2). By contrast, rates of unemployment of 36 per cent were experienced in inner Chicago in the 1960s; high by Australian standards but low compared to the 70+ per cent of inner Chicago in the 1990s (Wilson 1987, p.504). The low Australian unemployment figures meant that while many inner-city residents were in lower paid employment, they were still earning more than if they were on welfare. Importantly, and a point developed more fully in Section 4.2, the three decades of post-war growth were spread relatively evenly across space between all metropolitan cities. In the US and UK the growth was unevenly distributed, with cities in central and northern England, south-east Wales and Scotland experiencing increasing unemployment and contracting growth as their dominant industries went into decline. A similar spatial switching of economic growth was occurring in the US from the north-east to the west coast and, with some lag, to the south. UK cities such as Glasgow, Liverpool and Manchester and US cities such as Baltimore, Chicago, Detroit and Pittsburgh found spatial disadvantage intensifying despite a national economic boom.

Australian cities not only enjoyed the effect of sustained economic growth but, unlike the US and UK, distributed it in such a way that no metropolitan city missed out. Growth was spatially neutral but it was overlaid with another element specific to Australia: a state and economic system which by the mid-20th century ensured that any worker had not only the opportunity to work but also the right to a living wage and security of employment (Bryson 1992; Castles 1997). This happy circumstance, which at its best operated from the late 1940s to the 1980s, meant that the percentage of Australians in severe financial hardship from inability to earn an adequate income was not as great as in the US where the minimum wage was set extremely low or in the UK where there was no minimum wage. Australia did not therefore have the same incidence of working poor. For example, the earnings of the lowest decile of manual workers were higher than in the UK (Lydell 1968 quoted in Townsend, 1979, p.138). Yes, there was poverty—nowhere better documented than in the Henderson Inquiry report (Commission of Inquiry into Poverty, 1975)—but much of it was not the deep poverty of the US and to a lesser extent the UK. Moreover, Australians not able to access an earned income had access to continuing income support and, while payment levels were far from generous and were in most cases (depending on household type) set at or around the poverty line, they were continuing, not time-limited as in the US. Even for those not working, poverty was shallow rather than deep. In any areas where there was concentration of poverty, this was likely to be less debilitating than in equivalent areas of the US.

We can illustrate the importance of this through a contemporary example. A recent AHURI study (Burke et al. 2011) which compared low-income housing affordability in Massachusetts with Victoria, factoring in taxation levels, pensions and benefits, such as child allowances, found that 46.6 per cent of Massachusetts sole parent renters were in housing stress compared to 22.9 per cent in Victoria, despite rents being comparatively higher in Victoria. Similar proportions applied for other household types, except singles. What this means is that, all other things being equal, the percentage of households that are likely to have to concentrate in the cheapest housing markets is much higher in Massachusetts than in Victoria. It is not surprising, therefore, that the areas of disadvantage in Massachusetts, e.g. parts of inner Boston, concentrate poverty and look much more depressed than anywhere in contemporary Melbourne,

even though Massachusetts is one of the more generous US states in term of welfare payments.

### **3.2 Spatial concentration of economic development**

Australia has historically been a highly urbanised society with most social and economic activity concentrated in five largish cities, each in a different state. By European and east-coast US standards, these cities were late industrial developers, coming of age in the late 19th and 20th centuries (Butlin 1964; Sinclair 1976). Prior to that they were emergent cities, predominantly supplying import and rural export services, but not manufacturing goods, for their hinterlands. However, growing initially as service cities and then grafting on a manufacturing sector meant that the five largest metropolitan cities emerged by the mid-20th century with diverse economic bases. By contrast, much US, UK and European economic development was spread across many towns and cities, with many trying to capitalise on specific resources or developing skills around a particular industry of advantage, such as Bradford, Leicester and Manchester around textiles, Hamburg and Liverpool around shipping, Coventry and Detroit around motor vehicles, Glasgow and Newcastle around shipbuilding, and Düsseldorf, Pittsburgh and Sheffield around steel. Australian metropolitan cities never developed industrial specialisation to the same degree (besides, perhaps, Newcastle and Whyalla in regional Australia) and therefore, being more economically diverse, they have arguably been more immune to the technological or globalisation changes that have impacted on more specialised cities—what Harvey (1973) and other neo-Marxist analysts of the 1970s called the changing flows of accumulation.

What does this mean for spatial disadvantage? Firstly, the later stage of development meant that Australia did not build the same amount of low-cost high-density housing in the inner city, catering to manufacturing industry, which quickly becomes slums and areas for concentration of the poor. In 1845, when Engels (2009) wrote in *The Condition of the Working Class in England* about the 350 000 people in Manchester 'living almost all of them in wretched damp and filthy cottages'—that is, terraced housing—Australian cities still had little population or industry to create the conditions for the provision of such housing. In short, they did not have to carry a housing legacy that ensured much of the inner city would remain cheap housing for the next century and a half. In the second half of the 19th century, working-class housing was constructed in largish parts of inner Australian cities, but it was never of a form that destined these areas to be eternally problematic; in fact, much of it was of sufficiently good quality to become high-income gentrified housing in recent years. The second implication of a broader economic base was that a larger proportion of the cities' population was working in industries other than manufacturing during the early stages of urban development. As it is manufacturing, particularly in the 19th century, that is most often associated with the exploitation and low pay of the unskilled and semi-skilled, Australian cities evolved with less of their labour force on the low incomes that constrained households to live in the areas of cheapest housing in the inner city. When manufacturing did take off between 1918 and the 1950s, much of it did not locate in the inner city but in suburban areas where the land had not been taken up by other uses. By the time manufacturing expanded in Australia, it was at a point in history (unlike in the US and UK) when the principles of contemporary town planning and building regulations were being applied, and housing built to accommodate a manufacturing workforce was of a much higher standard. Even unskilled low-paid workers did not overlay income hardship with housing hardship.

In terms of post-war spatial disadvantage, the less concentrated nature of Australian industrial development meant that while there was concentration of poverty, it was

never on the scale of equivalent US or UK cities and while much of it was in the inner city, even in this era some of it was being dispersed though suburbia. Secondly, when deindustrialisation occurred after the economic ruptures of the 1970s it did not accentuate inner urban disadvantage to a great degree, as much of the loss of employment in manufacturing was scattered throughout the suburbs (Stilwell 1979, p.536; Burnley & Walker 1982, pp.185–281). Where, as a result of deindustrialisation, the inner areas of Baltimore, Belfast, Buffalo, Detroit, Manchester, Pittsburgh and Sheffield saw major loss of jobs, population decline, fall in home values and property abandonment (Power et al. 2010; Brookings Institution 2007), the inner areas of Australian disadvantage experienced few such effects.

The problem with such deurbanisation processes is that those who are left behind tend to be people who lack the resources or skills to move. Trapped in areas of decline, residents' employment opportunities become limited and they scrounge an income as best they can (e.g. through casual work, welfare benefits or crime). It is not surprising that the median family income of virtually all rust belt cities in the US has fallen dramatically. In 2005, for example, the median income in central Buffalo was half of what it had been in 1970. In Detroit it was almost two-thirds lower, and even in Chicago it was down by almost 15 per cent (Bluestone et al. 2008, p.47). By contrast, closure of inner-city Australian factories has in most cases created opportunities for redevelopment and gentrification. Moreover, new service industries have emerged in the inner city to replace manufacturing. In the US and UK these are disproportionately located on the urban fringe rather than the inner city, giving rise to the concept of the edge city (Garreau 1991) Thus, where many inner-city areas in the US and UK experienced deepening spatial disadvantage post-deindustrialisation, Australian cities experienced the opposite. Later and more dispersed industrial development is part of the explanation.

This is not to say that Australia is immune from the spatial implication of deindustrialisation, but the impacts are either outside the large metropolises, such as Elizabeth, the Latrobe Valley and Whyalla, or in some suburbs such as Dandenong, and the depth of disadvantage is nowhere near as great as in the deindustrialised areas of many equivalent international cities.

### **3.3 Race and ethnicity**

Much of the US and to some extent the UK and parts of Europe, such as France, have had a racial problem which is largely absent in Australia. Literature on spatial disadvantage in these countries therefore focuses heavily on migration and race. The fact that the term 'ghetto' has never had any resonance in Australia is testimony to the lack of long-term ethnic or racial concentration in Australian cities.

While Australia's post-war experience of migration to its cities was on a scale comparable to the US or UK, there were major differences which meant that it was not a force in creating spatial disadvantage on the same scale. In the US much of the migration was internal and made up of African Americans moving to the large cities of the north-east and the west coast, carrying with them all the historical and cultural baggage of racism and oppression that has characterised Black/White relations in the US. In the UK much of the migration into cities was Black (Caribbean) or East Asian (Indian and Pakistani). By contrast, in Australia until at least the 1980s, Europeans made up the bulk of migrants (Burnley 1972). Arguably this meant that residents of the host cities (predominantly White and European themselves) did not share the racial or segregationist values or actions that characterised the US and to a lesser extent the UK. African Americans in the US and East Asians in the UK were victims of racial discrimination in ways which ethnic minorities in Australia (other than the

Indigenous population) largely were not. Such discrimination deepens spatial concentration of disadvantage in two ways. The migrants (many on low incomes) cluster to form communities of support and protection, usually in the areas of cheapest housing. Parallel with this, the mainstream White population, often on higher incomes, moves to escape living with or near them, typically to the suburbs, and most notably in the US builds institutional barriers to stop them following (Davis 1992, ch.4). In turn, the ethnic concentration reduces the aggregate demand for housing in the inner cities where they are located and reinforces the problems of low price or rental value.

Post-war migrants in Australia clustered, but without the same degree of hostility from the host population, and perhaps because of this they never clustered to the same degree. For example, in 1961 inner Melbourne had a 66.2 per cent Australian-born population and even the areas with the highest ethnic concentration, Fitzroy and Carlton, still had a more than 50 per cent Australian-born population (Logan 1985, pp.16–17). Moreover, as migrants tended to move on at least after one generation, the ethnic concentration that existed in some areas in the 1960s had been watered down by relocation by the 1980s (Burnley 1980). This ability to move on was made easier compared to the US by the absence of proactive resistance from more affluent areas and institutions, such as bank redlining (Harvey 1973), and compared to the UK by the fact that most went into private rental or ownership, not public housing (or council housing, as it was called in the UK). In public housing, onward movement is constrained by bureaucratic allocation procedures and associated lack of locational choice, as well as by inability to accumulate the equity characteristic of any form of rental tenure. If ownership was achieved in such areas, movement was constrained by the lack of capital appreciation compared to a suburban location. For example, in 1987 to 1998 purchasers buying in the bottom 10 per cent of income census tracts in Boston (mostly inner-city) would have experienced capital gain of \$1200, or less than 1 per cent per annum. By contrast, a household in the third quintile of income census tracts, mostly in suburban Boston, would have experienced a gain of \$21 500 (Case & Marynchenko 2002, Table 8.8). An inner-city Boston buyer in the late 1970s and 1980s would have found themselves trapped in space, their equity unable to facilitate moving on. What would have been the equivalent situation for a migrant who bought in an inner area of an Australian city, say, Richmond (Melbourne), where many first-generation Greeks settled? The increase in their equity for the same period would have been \$54 000, a rate greater than that of a household who had purchased in most of suburban Melbourne.<sup>1</sup> This household, rather than being trapped, would have had considerable capacity to repurchase and relocate across much of the city.

The different nature of ethnic residence and mobility in Australia also meant that the underclass debate and explanation of spatial disadvantage never got traction. This is the argument promoted by conservatives in the US (Wilson 1987) that the interaction of welfare dependency and the changing nature of African-American relationships, such as growth of single-parent families, was creating a distinctive culture which reinforced disadvantage; an underclass culture where welfare dependency, drug use and involvement in the underground economy, including crime, precluded engagement with the wider society and escape from poverty. With little evidence of ethnic residents of disadvantaged areas in Australia taking on such values and behaviours on any scale, the underclass culture linked to migration has had no resonance.

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<sup>1</sup> Calculated from Victorian Valuer General's house price data and assuming a 25 per cent deposit and a mortgage at 13.5 per cent rate of interest over the period 1987–98.



In short, where race and ethnicity have been an enduring factor in perpetuation of spatial concentration in many areas of US and UK cities, they have not been so in Australia. In some cases the very existence of concentrations of certain ethnic groups ensured that such areas would not become areas of enduring disadvantage. The vitality and lifestyle that Greek and Italian migrants brought to inner-city Melbourne and Sydney in particular in the 1950s to 1970s appeared to make these areas attractive for gentrification by educated and professional long-time residents.

### **3.4 Urban governance**

The particular ways in which institutions are structured and power is exercised to plan and manage cities are of fundamental importance for the form of a city and the nature of the issues and problems it experiences. For disadvantaged areas, four are of particular importance: funding structures, planning process, public housing provision and public policy. The first is important as it affects what resources are available; planning because addressing the issues of disadvantaged areas has always figured prominently in its objectives and practice, often with misplaced outcomes; public housing for much the same reasons as planning; and public policy because the ideologies that sit behind policy and policy direction can have great importance for the scale and form of disadvantage.

#### *3.4.1 Funding structures*

Australia is a federal system but compared to, say, the US it is a much more centralised one, with the Federal Government having considerably more financial power and the states, and notably government at the local level, much less. Thus there is the potential for (and the reality of) a much more spatially equitable distribution of funds for social and physical resources than in a system where more funds have to be found locally. In the US, spatially deprived areas often become even more deprived because they do not have the revenue base to provide local services. Schools, hospitals, child care centres and public transport (e.g. local buses) tend to be poor and limited in availability compared to more affluent areas. For example, in the period from the 1950s to the 1970s when the inner-city problem became cemented into US urban life, 57 per cent of public funding for primary and secondary schools came from the local level (Bluestone et al. 2008, p.249). This compares with effectively 0 per cent in Australia, where schools are state and federally funded. In principle and in practice this meant that even areas of disadvantage in Australia offered reasonable educational opportunity, where in the US children in equivalent areas were handicapped by poorly funded and performing schools. This example could also be extended to other human services. From the 1950s to the 1970s Australian households, including the very poorest in the inner cities, had resource advantages which today's outer-urban poor may not have. The best hospitals, some of the best schools, good libraries, most university campuses and excellent public transport were on the doorstep of or located in so-called disadvantaged inner areas, and the nature of federal/state funding meant that this was not eroded over time. These areas were concentrations of low-income people but certainly were not areas of resource disadvantage! The same could not be said for some emergent suburban areas of disadvantage in the 1970s and 1980s, particularly in outer Sydney, where there was not the same level of resource provision as in the inner city, although again federal/state funding relationships did guarantee key services such as education and health care. The weaker elements of resource provision in suburban Australia tended to be public transport and labour markets, with the latter being less amenable to government direction or intervention.

The different structure of urban resource funding in the US has implications beyond effects on households. Inner-city governments constrained by higher numbers of residents on welfare and by a lack of residential rateable value of properties seek to bid up taxes and charges elsewhere, such as local utilities and land and corporate taxes, in order to fund services. In so doing they drive up the costs of inner-city business locations relative to suburban ones; for example, as Porter (1995, p.60) illustrates with reference to Boston, operating costs for an inner-city business were often two to three times higher. In Australia these charges have in most cases been at the statewide level, and therefore, being locationally neutral, are not barriers to local investment and employment creation.

### *3.4.2 Planning*

At the end of World War II the disadvantaged areas of inner-city Australia did not have the problems of the US or UK. In the UK large swathes of the inner cities, much of which was pre-war slum housing, had been damaged by bombing. In the US many 'downtowns' or CBD areas were in economic decline as the much higher ratio of car ownership (compared to Australia and particularly the UK) had already started a process of decentralisation of retailing and some commercial activities to the suburbs. For example, downtown Los Angeles' share of metropolitan retail trade fell from 30 per cent in 1930 to 11 per cent in 1948 and 6 per cent in 1954 (Fogelson 2001, p.393). This created a new problem for disadvantaged areas whose location around the CBD made them threats to downtown's economic revival. This was not the case in Australia, as CBDs were never threatened by suburban decentralisation to the same degree, although by the mid-1960s some concerns were being raised about their long-term future. This was just as much about problem and policy transfer, with Australian planners looking at US practice and believing we faced the same future, but not understanding the very different institutional contexts.

Both in the UK with its bomb-cratered inner cities and in the US with its weakened downtowns, planning was to be the instrument of rescue. Viewed with the advantage of hindsight, planning became part of the problem for these nations' cities in a way which it did not in Australia, because we had neither of these problems to provide a rationale. US business interests lobbied for a planning system which would make downtown more accessible for suburbanites by providing more car parking and constructing limited access freeways, and by eliminating the blighted areas surrounding the CBD and replacing them with middle-income households with greater purchasing power. In most cities lobbying was successful for the former objective but not the latter. The result was a form of planning intervention that made large parts of the inner cities even more problematic. In the 1950s and 1960s, freeways cut through and massive and unsightly car parks dominated the inner city, blighting much of it and pushing down residential property values. There was minimal new housing or compensation provided for households (mostly renters) who were displaced from housing pulled down for redevelopment, and these households relocated to adjacent areas, creating overcrowded and squalid living environments, many of which have not recovered to the present. Housing that was built to accommodate these displaced residents was high-rise public housing, which in turn only accentuated decay.

Australia focused more on strategic planning for the entire metropolitan areas and never had the same focus on the inner city (Hamnett & Freestone 2000). While freeway systems were part of these plans, they never had the same priority as in the US, and by the time planners got around to freeway construction in the 1970s there was greater awareness of the failures of the US model and, partly related to gentrification of the inner city, considerable public opposition. Freeway construction was scaled back in all states, and freeways that were built were more sensitively

routed into the CBD than in the US. Ironically, it could be argued that the massive US freeway model failed in its objective of inner-city and CBD revival, while the more limited Australian versions succeeded by doing less damage to the inner city but still improving access.

The UK planning model could be seen as more benign than that of the US in its intentions for lower-income residents of disadvantaged inner-city areas, but still problematic in the long term, although not to the same degree. The best use for the inner city was seen not as freeways and car parks but as public housing. Unfortunately the 1950s and 1960s were an era when the dominant orthodoxy of public housing was high-rise, and as a low-income housing form it was never successful, in many cases becoming a major contributor to inner-city problems by accentuating rather than mitigating disadvantage (Turkington et al. 2004, p.151; Power 1993).

### *3.4.3 Public housing*

Public housing around the developed world was provided with good intent in most cases (there are some qualifications here with reference to the US) but, many decades on, this good intent has transferred into poor outcomes and there is no doubt that in all three nations many disadvantaged areas may also be ones with high concentrations of public housing. However, this has been less so in Australia for three reasons: the scale of public housing in areas of disadvantage has been less, and it does not dominate to the same degree; the dwelling form has been different (more detached than high-rise) and, probably most importantly at least in comparison to the US, for the first 30 to 40 years public housing was not designed for the disadvantaged but for low-income working households. It is only with the changes in allocations policy of the last two decades and the high degree of targeting that public housing in Australia has become housing for the disadvantaged.

By the 1970s, Australian public housing had reached around 5 per cent of total housing, compared to the UK's 31 per cent and the US's 3 per cent (Murie et al. 1976, p.7; Fuerst 1974, p.134). The much higher UK percentage reflected a post-war commitment to ensuring that every citizen had a decent home, whereas governments in both the US and Australia were reluctant public landlords, forced into a commitment to public housing by the scale of the housing shortage and the pre-war evidence of the private market's inability to supply adequate housing (Hayward 1996; Hays 1995; Harloe 1995). But the important points about public housing are its location and dwelling type. While the overall stock in the US is low, it was very spatially concentrated. Most went into the major cities, notably in the north-east, and virtually all of it into the disadvantaged inner-city areas. While public housing was spread thinly nationally, the density was substantial in specific areas. This was partly because it was seen as a solution to some of the problems of the inner cities and partly because the governments of most suburban areas resisted the provision of any public housing through local ordinances that excluded federally subsidised housing (Bratt 1990, pp.115–19; Hays 1995, pp.92–3). This was less the case in Australia, and in the early post-war years many local governments were enthusiastic about having public housing in their areas and lobbied for it (Burke 1988, p.230). Australian cities tended to have their limited stock of social housing spread across the urban area, with relatively few large estates on the scale of the US and UK. For example, the Melbourne inner-city areas that made up most of the then-disadvantaged suburbs in 1961 had only 3279 public housing units of all types (3.4% of stock). For much the same period, Bronzeville in Chicago's South Side had 4417 dwelling units on one high-rise estate (Robert Taylor estate), which housed at its peak 27 000 people (Alladi

2002). If the sheer size was not a recipe for disaster, there was also the destructive link between freeway development and public housing:

Mayor Richard J. Daley created a barrier between the housing project and nearby resource-rich Bridgeport in the form of the Dan Ryan Expressway. 'Daley grew up there ... and he didn't want the African-American population going over'. (Taylor 2002, p. 1)

US high-rise was typically isolated in neighbourhoods with crumbling infrastructure, poor schools and poor access to public transport. Unlike Australian public housing, these were vertical ghettos, becoming not just concentrations of low-income people but also concentrations of social problems, with high crime rates, almost universal vandalism, extremely high unemployment and poor educational attainment (Vale 2007).

The UK saw public housing as a solution to the slums and bombed-out land problem of the inner city. While not part of the UK housing tradition (other than in Scotland), planners and local government housing authorities were attracted by the modernist design principles which high-rise represented. Between 1945 and 1980 almost 300 000 high-rise units were constructed in England (Turkington et al. 2004, p.155) and, although no single estate was ever as big as those in the US, the large number of estates meant that many areas had substantial concentrations of such housing. A major difference to the US and also Victoria, Australia is that many high-rise estates were not just in the inner city but also on the urban fringe or suburban areas where there was appropriate land. Even before construction ceased in the UK, concerns about high-rise as an appropriate living environment, particularly for families, had emerged and as tenants' dissatisfaction increased, many moved out and were replaced by more problematic household types (Power 1993). As in the US, concentration of social problems was overlaid by those of low income, with the result that some local governments began to demolish the towers (Turkington et al. 2004, p.151).

Not only did Australia not have the same concentration of public housing, it also did not have the same dependence on high-rise as a solution. While Victoria in 1978 had 47.7 per cent of its stock as high-rise or walk-ups (Carter 1988, p.259), other states only had a few estates or some, such as Western Australia, had the isolated single tower. Most public housing mirrored the form of existing private housing, i.e. detached or semi-detached dwellings, and therefore could not concentrate lower-income households to the same degree. This is not to say that such estates were unproblematic. They still did put largish number of lower-income families (not necessarily poor, however) in the same broad area and, notably in outer western Sydney, they were built in anticipation of jobs following as the metropolitan area expanded. This turned out not to be the case and from the late 1960s some estates had problems of resource access.

The other major factor in public housing not being a major contributor to spatial disadvantage, at least up until the 1990s, was allocations policy. In the US, public housing was targeted at the very lowest income earners right from the start and increasingly attracted complex needs households, but in Australia up until the late 1980s it never targeted the poor—in fact, one of the criticisms by some commentators (Jones 1972) was that it excluded them. Most households were working families who were capable of sustaining independent living, that is paying a cost rent. In 1973, 72 per cent of public tenants had incomes of at least 120 per cent or more of the poverty line (Jones 1976, p.289) and, as late as 1987, 36 per cent were still paying a full-cost rent (Department of Community Services and Health 1987). In the late 1980s the role of public housing was questioned and, as funds for new stock dried up,

allocations became more and more targeted. By 2011 it had become so targeted that less than 12 per cent of tenants had income that was broadly equivalent to 120 per cent of the poverty line, that is those who could afford the modest cost budget standard (Burke et al. 2011, Table 5), and only 5 per cent were not receiving a rebated subsidised rent (Productivity Commission, 2012, Table 16A5). In public housing estates, as distinct from public housing which is pepper-potted throughout the suburbs, this does concentrate poverty and, given the complex problems which many more recently allocated tenants have, it has also concentrated social problems in a way that was not the case in earlier decades. Thus we now have the Claymores in New South Wales where disadvantage has a dimension that approximates, but does not reach the same degree as, problem areas in the US or UK. We have to remember, however, that the overall stock of public housing is so small that it will never be the key factor in spatial disadvantage in Australia.

### **3.5 Public policy: the hidden hand**

Sitting behind concentration of poverty, of resource disadvantage and of social problems there is public policy. This can be income support and labour market policy, planning and transport policy and federal/state financial policy, but also industry, taxation, education, health and housing policy. Any or all of these can shape private investment decisions (where commercial and retail activity locates), household mobility (who moves and where to) and the scale and location of social and physical infrastructure. In turn these will affect the economic and social attractiveness and viability of different locations and opportunities for their residents. The form and content of all these policies, however, reflect to greater or lesser degrees the broad ideology of a society as to the objectives and purpose of governance and associated policy. By comparison with most western countries and even Australia, which is often characterised alongside the US as a market liberal society (Esping-Andersen 1990), the US is different. That Australia does not have the same scale of poverty and levels of local unemployment, ill health, poor education and enormously high crime rates reflects a different historical approach to policy. US policy appears disproportionately to reflect the taxation and expenditure needs of business and a largely White middle-class suburban population and has never really concerned itself with issues of regional and household fairness, with redistributive objectives or with social inclusion or sustainability. Australia has always attempted to soften the harshest edge of raw capitalism in a much more active way, and policy has been less captive to business interests. This is an important reason why spatial disadvantage is shallower and narrower than in the US.

On the other hand, Australia has never had a welfarist state to the extent of the UK in terms of the breadth of, say, income and housing support, including public housing. This too may have avoided some of the problems seen in the UK where good public policy intentions were undermined by poor implementation, such as high-rise public housing, or unintended side effects such as the concentrating of welfare recipients in an area.

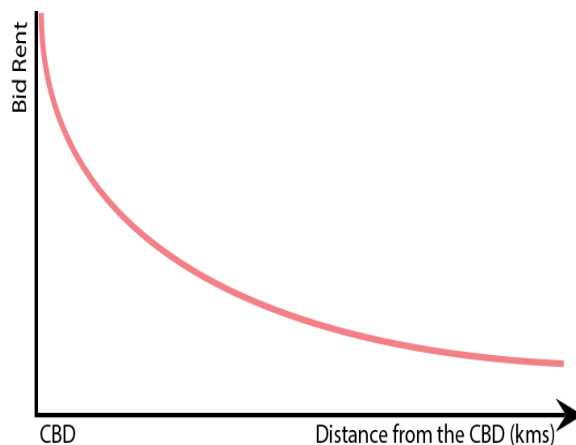
Australia may have got public policy more right by way of spatial disadvantage than both the US and UK, but not necessarily by intent. It may be seen more as an accidental and hidden outcome of policies designed to achieve wider objectives. Understanding these broad policies and their spatial impacts is therefore an important part of addressing future spatial disadvantage.

## 4 HOUSING MARKETS

Housing markets are the mechanism that generates spatial differentiation. There would be no change in an area if people did not move, and housing is the instrument that facilitates movement by allowing them to purchase, rent or in some cases squat in a property and/or location different to one they were previously in. For market-provided housing, price is the major determinant of where and to what people move. Poor and lower-income households, whose choices are severely constrained, must do so in areas where housing is the cheapest. To use the language of the Chicago school sociologists (who first became concerned with spatial differentiation), people 'sifted and sorted' themselves in response to rents and dwelling prices. However, housing markets and submarkets are themselves enormously differentiated and these differences are important in explanation of the scale and form of spatial disadvantage.

One way of understanding the dynamics of housing submarkets and how they can shape spatial disadvantage is through a bid rent curve (Alonso 1964). This is a graph of the variations in land or property prices or rents payable by different users, such as households and firms, as distance increases from some point in a property market. The points at which rents or prices are most intense reflect the most desirable locations. A classical economics depiction of a bid rent or price curve looks like Figure 2 and places a premium on location adjacent to the CBD, declining with distance from the CBD. This appears to be a paradox as it contradicts historical metropolitan development, where lower-income households lived closest to the CBD and higher-income ones further out. The solution to this paradox is that the measure of price is the price per square metre, and this is highest close to the CBD because historically the density of development has been much greater in the land-constrained locations around a CBD. For example, a suburban \$500 000 dwelling on a 0.07 hectare allotment or block would have a cost of \$714/m<sup>2</sup>, while an inner-city one at the same price but with a block size of 0.02 hectare would have a cost of \$2500/m<sup>2</sup>. That is, the only way to provide a \$500 000 dwelling in the inner city compared to the suburbs is to build at nearly four times the density. Given that for much of the 19th century and the first half of the 20th century most employment opportunities were in or immediately adjacent to the CBD, this was where low-income households needed to live to increase such opportunities and to reduce travel costs, such as by walking to work. The high density meant that the price per square metre was high, but the sheer number of dwellings, the low quality of many of them, their often smaller size and the poor local amenity meant that the rent or purchase price per dwelling was low relative to more outer areas.

**Figure 2: Residential bid rent curve**

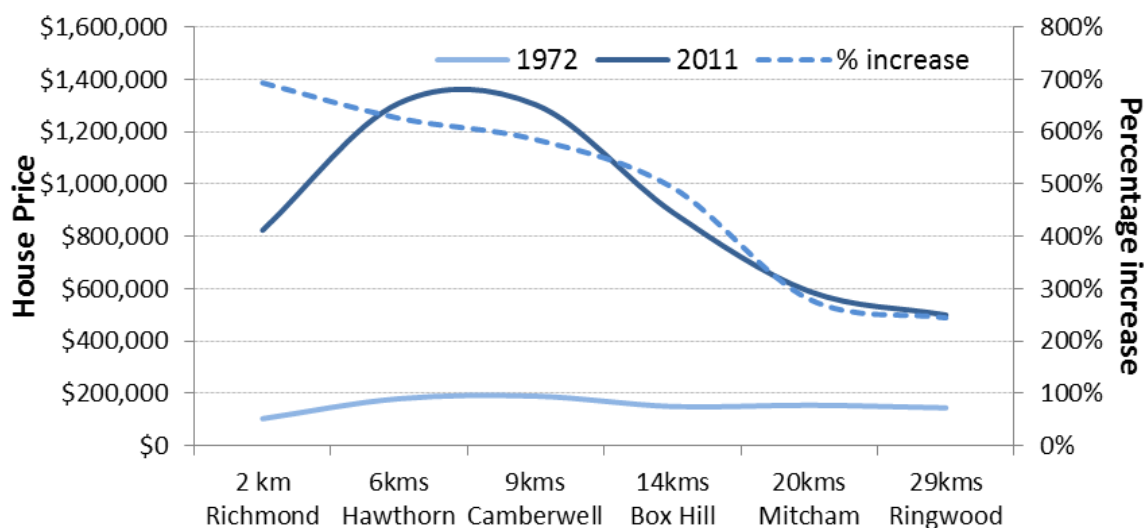


Bid rent curves for a specific city will be a reflection of its geography and historical development and, as the latter changes over time, so may the attributes of the curve, with changes in its height and shape indicating changes in the relative affordability of areas over time and space.

#### 4.1 Relative affordability

Figure 3 shows a simplified house price curve for the eastern corridor of Melbourne from 1971 to 2011, revealing a markedly changing metropolitan housing market. The prices here are not per hectare but are purchase prices in constant 2011 dollars, and the data is derived from unit record sales of all houses sold (there would be a slightly different curve for flats and apartments) (Valuer General 1972, 2011). Suburbs representative of different distances from the CBD have been chosen, and the median price of dwellings determined for each. While this is a measure of purchase price, rents would more or less follow the same pattern although Victoria, and indeed Australia, has no long-term spatial series to build such a rent curve.

**Figure 3: House price curve—price by distance from CBD, eastern corridor, Melbourne, 1972–2011**



Source: Victorian Valuer Generals Property Sales Statistics 1972, 2011

The curve shows that prices were generally much more affordable in 1971 (the curve is much lower than 2011) and were relatively flat compared to 2011. The broad spatial affordability meant that even lower-income households had an element of choice, and not all of them had to concentrate in the inner city. Although the comparative analysis has not been done, the relatively flat price structure for Melbourne (and other Australian cities are not likely to be greatly different) suggests that the housing market is less likely to have played a key role in concentrating low-income households and poverty than in the UK or US. It is also an explanation of why more lower-income and poor households are spread across the suburbs.

What the data implies for the future is, however, somewhat sobering. The greater height of the price curve reveals seriously deteriorated affordability and, more importantly, major restructuring of housing markets, with low-income and poor households having much less choice than four decades ago. It clearly suggests that spatial disadvantage in Melbourne (and likely the rest of metropolitan Australia) will be an outer-urban problem, with poverty disadvantage overlaid with resource

disadvantage and perhaps, in areas where there is too much concentration of poverty, with social problems.

## **4.2 Working-class home ownership**

One of the major problems of the US, historically, in terms of spatial disadvantage has been the role of the private rental sector. This is also true for large parts of the inner cities of the UK in the 1950s and 1960s, a period when areas of spatial disadvantage appeared to become sharper and more locked in. In the large cities of these nations working-class home ownership was largely unknown, as lower-income households lived in private rental (and increasingly in public housing). Home ownership can counteract spatial disadvantage in a number of ways. Firstly, the security which it provides gives the confidence and ability for renovations and additions which can upgrade a rundown area's housing stock; secondly, subject to real capital gain, it enables equity building, allowing people to move on and not be trapped; thirdly, it gives people an investment in a local area, such that they are more likely to campaign for improvements and, as owners, they have greater political legitimacy in a home ownership society and their campaigning is more likely to be effective.

Australia in the 1950s to 1970s had a relatively high proportion of home ownership in disadvantaged areas, interwoven with the large concentrations of relatively low-income migrants who managed to acquire high rates of ownership in a relatively short time after arrival. For example, in 1961 inner Melbourne, made up of most of what were then seen as disadvantaged areas (Collingwood, Fitzroy, Port Melbourne, Prahran, Richmond, South Melbourne and St Kilda), 51 per cent of all dwellings (houses and flats) were owner-occupied (calculated from Logan 1985, Table 1, p.19). Given that old houses were where most of the perceived slum problem was found (flats were relatively new), it is house ownership rates that is important. Here the rate was 64.7 per cent, a remarkably high proportion for the location and the time; in 1961 most countries had not achieved ownership rates of this scale, let alone in their inner areas. This was not unique to Melbourne; in 1971 inner Adelaide had a housing ownership rate of 71 per cent and Sydney 61 per cent (Kendig 1979, Table 1.4).

One of the reason for the high rates of ownership, besides Australia being a rich country for a longer period than most others, was that much inner-city stock was not apartments or tenements as in many inner areas of the older north-eastern cities of the US or of Glasgow in Scotland. As in England, much stock was terraced, semi-detached houses, although of less uniform design than English row houses. Where flats tended to be owned by rich individuals or companies and were not sold on a separate basis, houses had their own titles and were more readily exchanged. This of course does not explain why much of the equivalent row housing in England in the early post-war years was landlord rather than owner-occupied, which brings us to the problem of private rental.

## **4.3 Private rental**

While much recent dialogue around spatial disadvantage has been about public housing, most 20th century areas of disadvantage, often labelled slums, were areas of high concentrations of private rental. This was particularly the case in the US right up to the present and in the UK up until the 1960s, after which it declined rapidly, being replaced by public housing and later by home ownership. It is not difficult to argue that it is this tenure sector which structured into US and UK cities the slums or ghettos (the original areas of spatial disadvantage) that blighted their inner areas. The ways landlordism can accentuate spatial disadvantage are in some respects the converse of the advantages of ownership. Weak tenants' rights can mean no interest in or ability to look after a property beyond the basics, the often easy short-term profits and



weak tenancy law of countries such as the US and Australia can attract the less desirable investors/landlords who have little interest in property repairs and tenants' wellbeing, and landlords who buy into slum areas specifically often do so knowing that there is no expectation of undertaking repairs or improvements. Into the bargain, tenants in an ownership society such as the US have no political legitimacy or voice, compared to landlords who have much more legitimacy on the basis of the importance of property rights.

On the other hand, the poverty attributes of the tenants can make landlordism difficult. Many US inner-city areas confronted abandonment of the properties by landlords, with tenants' limited income and constant mobility rendering a sustainable rent impossible (Bartelt & Lawson 1982, p.61). Abandonment created the conditions for fire, which in turn enabled the receipt of insurance payouts. The lack of rental viability can also deter investment by the 'honest' investors, while attracting the morally bankrupt ones who will avoid or manipulate the legislative environment to their advantage, such as the Rachmans of London in the 1950s and 1960s (Crook and Kemp, 2011, p. 11). Rent controls in the UK were also a factor in the rundown of the rental sector and have also been blamed for doing so in the US, although the evidence for this is not strong, as other factors appear more important (Gilderbloom & Applebaum 1988, pp.132–44). In the US the blighted nature of much of the inner city slums meant that there was very little market for landlords who did want out, with the alternatives being either abandonment or sale to another slum landlord. Sales to sitting tenants as in Australia or the UK were in principle an option, but most were either too poor or they were White and had no desire to buy into areas that were becoming increasingly Black. For the same reason there was little attraction for investment in newly constructed rental stock, such as flats or apartments, that could help reduce blight in these areas. For decades the rental sector dominated in much of inner-city US; poorly maintained, often abandoned, but cheap by comparison to elsewhere in the city, it provided key housing for the urban poor, but more often than not trapped them in what would be seen in most other developed countries as unliveable environments.

In Australia rent controls in the decade after World War II encouraged sales to sitting tenants because their rights under residential tenancy legislation meant that landlords could not sell on the open market. In inner Sydney the proportion of owner-occupied housing rose from 27 per cent in 1947 to 40 per cent in 1954 and 63 per cent in 1961 (Kendig 1979). Abandonment was virtually unknown, and there was also massive investment in newly constructed rental apartments in Brisbane, Melbourne and Sydney—the 'six-packs' that are so visible today. Why the difference? Firstly, there was nothing equivalent to the 'White flight' and abandonment that occurred in the US. Secondly, and partly because of this, sitting tenants could buy with some confidence that they were making a safe investment and that the area would not trace a spiral of decline. Thirdly, there was an investor demand for newly constructed rental accommodation, partly because the income and tenure mix of the inner city ensured no capital loss but also attracted tenants. And these were not necessarily low-income tenants, but more often young people leaving home for the first time and using inner-city rental as a stepping stone to ownership.

In short, the attributes of the Australian rental sector and its changing nature, with houses going into ownership and the emergence of relatively high-quality accommodation, meant that the sector was less of a factor in creating areas of spatial disadvantage than in the US and probably the UK.

## 4.4 Gentrification

One of the obvious reasons that inner-city spatial disadvantage has been greatly reduced is, of course, gentrification. This process has been going on since the 1960s and has succeeded in the Australian context to the extent that there is now little inner-urban disadvantage of low income left. There is still disadvantage for many individual households but it is not a *spatially shared* disadvantage, and many face the problem that local shops and services are increasingly geared to middle-class gentrifiers, not long-established lower-income households. Australian gentrification would also appear to have begun earlier than in the US and UK in areas like Carlton (Melbourne) and Paddington (Sydney), both declared slum areas in the early 1950s but showing evidence of widespread gentrification by later in the decade (Kendig 1979, pp.127–28; Logan 1985).

There are still parts of US and UK inner cities that have only experienced limited gentrification, and spatial concentration of poverty and social problems still exists. Why gentrification appears to be more pervasive in Australia largely relates to many of the factors previously discussed: the less problematic nature of the inner-city both in terms of general amenity and employment opportunity, a housing stock and tenure that was never as problematic and, in the opposite outcome to the US and UK, the benefits of migration. Where in-migration to the inner cities of the US and UK was associated with an element of White flight, most notably in the US, residency of Australian inner cities by Greek, Italian and other migrants actually gave them new vitality and amenity, drawing in growing numbers of middle-class gentrifiers. Perhaps most important factors are the urban resources of Australian inner cities. Even when there was high concentration of poverty, they were always rich in key resources: education, health care, employment (with a temporary lapse in the 1970s), recreational amenity and retailing. Combined with good public transport to access these resources and, subsequent to the 1970s, even greater public investment in inner-city resource provision, e.g. Southgate (Brisbane), Southbank and Docklands (Melbourne) and Darling Harbour (Sydney), it is little wonder that gentrification has become so widespread. The price curve would now suggest a pattern where lower-income households have minimal access to the inner city and its resources.

## 4.5 Suburban disadvantage

This Essay has been hinted at a number of times that one of the differences between Australia and the US and UK is that poverty and low income were beginning to spread to the suburbs even as early as the 1960s; poverty concentration in Australia has not been predominantly an inner-city problem. Part of the reason, as illustrated by Figure 3, is that prices and rents were relatively flat and affordable across metropolitan areas, and even people on lower incomes and the poor were less constrained to locate in the inner city. Just as importantly, by the 1970s prices and rents were beginning to rise in some gentrifying inner-city areas, signalling what was to become more widespread in later years. This was causing displacement of the low-income households and the poor to other areas (CURA 1977, pp.70–85). Another reason is that there was not the resistance in Australia, as in the US, to public housing in its early years, and this housing was scattered throughout the suburbs or provided in newly developing suburbs adjacent to the expanding manufacturing sector. This increased the number of lower-income households and later, as many lost their jobs in manufacturing in the 1970s and 1980s, increased the number of unemployed and poor, particularly in outer western Sydney (Stilwell 1979, p.357). This suggests another explanation: that the industries that provided employment for the unskilled and semi-skilled workers, notably manufacturing, were largely suburban-based due to their late development compared to other western countries—an advantage when

they were growing but a spatial burden after 1970 when they contracted. Hence low-income households were drawn to the suburbs and did not have a housing market in terms of price walls or institutional barriers such as restrictive covenants to stop them doing so.

By the 1990s the housing market was restructuring rapidly to reflect the wider socio-economic changes in Australian cities. The inner and middle ring suburbs were the places to be, and price and rent relativities began to reflect this, as exemplified by Figure 3. By 2011 outer urban areas were much cheaper than more inner ones, and all the evidence suggests that these are where lower-income and poor households are now locating. Unlike the inner areas, they lack many key resources required for liveability such as public transport accessibility, adequate schools and child care and strong labour markets (Baum & Gleeson 2010; Dodson & Sipe 2008). Not all suburban disadvantage is on the fringe. There are two other forms. The first is where there are large concentrations of older private rental apartments built in the 1960s and 1970s, now often in poor condition and somewhat obsolescent. These tend to be in middle ring suburbs where resources are good but still have the effect, given their relative affordability, of concentrating lower-income households (Randolph & Holloway 2005). The second is low-density public housing estates scattered throughout the suburbs, also built in the 1960s and 1970s. The intense targeting of allocations, such that these estates may have high number of poor and complex needs households, combined in some cases with poor design and resource access, has the potential to create on a smaller scale the neighbourhood effects that have undermined the viability of US estates.

In short, spatial disadvantage is moving into new dimensions of form and scale. It may be becoming wider in terms of space and, because of the intersection in many cases of poverty and poor resource access, deeper than has historically been the case. The degree to which this is so will be mapped and analysed by the larger project to which this Essay relates.

## **5 CONCLUSION**

Historically, spatial disadvantage in Australia would appear to be neither as widespread nor as deep as in the US or UK. This reflects a whole range of environmental, economic, social and institutional processes, all with different historical contexts. However, reviewing the distinctive elements that gave rise to this situation, it is possible to suggest that that some of these are breaking down, such as relative income equality, the capacity of a federal system to deliver services, the lack of affordability and spatial neutrality of the housing market, and a slow decline in home ownership. Moreover, some elements identified in mitigating past disadvantage, such as the dominance of the detached house, may be creating future disadvantage as lower-income purchasers and renters are constrained to live in fringe estates, remote from employment and services.

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