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**Smart Cities' risk brain drain without diverse housing types, tenures and prices**

- Innovation districts in smart cities must include affordable housing to attract emerging entrepreneurs
- Without a diversity of housing types, tenures and prices, smart cities may reduce their economic competitiveness
- Well-connected regional and non-metropolitan areas with affordable housing can contribute to innovation-led employment strategies

If workers—particularly fledgling entrepreneurs with great skills but little income—are unable to find affordable housing within easy reach of the technological innovation districts in 'Smart Cities', they are less likely to seek employment there, which in turn reduces the economic competitiveness of those districts, new AHURI research has revealed.

The research, 'Affordable housing in innovation-led employment strategies', undertaken for AHURI by researchers from the University of Sydney examines the role of affordable rental housing in supporting innovation-led employment growth in Australia's metropolitan and satellite cities.

Internationally, a key driver for the popularity of smart city initiatives has been their potential to deliver economic benefits for cities and their governments, businesses, and citizens, and their ability to increase a city's competitiveness locally and internationally. Beside technological infrastructure, innovation districts require an ecosystem of established firms, startups and emerging businesses and public institutions such as hospitals, universities and cultural institutions to thrive.

'We found that across the world successful innovation districts are socially, culturally, and economically diverse places, with a diverse range of housing types, tenures and prices,' says lead researcher Professor Robyn Dowling from the University of Sydney. 'However, the research also shows that without mandating places for low-income workers to live through inclusionary zoning or other regulative measures, market pressure can quickly reduce housing affordability in knowledge economies.'

The research looks to solutions through a number of case studies of innovation district developments both in Australia and overseas, including Kings Cross in the UK and Tonsley in South Australia. Both sites had inclusionary planning requirements of 22 per cent and 15 per cent respectively from the planning stages, meaning their diverse housing options are able to be utilised as intended.

In Kings Cross, options included student studios as well as four-bed family homes and supported housing for the elderly, while in Tonsley, supported by high-speed Internet, smart homes have attracted scientists, 'techpreneurs' and startups as part of the 'affordable and connected' residential community.

Indeed, regional and non-metropolitan areas that are well connected and have the necessary infrastructure to accommodate innovation districts may have significant potential contributing to innovation-led employment strategies due to a larger supply of affordable housing,' says Professor Dowling. 'However, this affordability is not guaranteed over time, and when governments are planning for such areas they should plan to supply affordable housing into the future.'

***The report can be downloaded from the AHURI website at <http://www.ahuri.edu.au/research/final-reports/333>***

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