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The Secretary
Legal and Social Issues Committee
Parliament House, Spring Street
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AHURI submission to the Parliamentary Legal and Social Issues Committee Inquiry into the Public Housing Renewal Program

On behalf of the Australian Housing and Urban Research Institute (AHURI) I am pleased to make a submission to the Parliamentary Inquiry into the Public Housing Renewal Program.

AHURI is a national independent research network with an expert not-for-profit research management company, AHURI Limited, at its centre. Our mission is to deliver high quality research that influences policy development to improve the housing and urban environments of all Australians. Through active engagement, AHURI's work informs the policies and practices of governments and the housing and urban development industries, and stimulates debate in the broader Australian community.

We undertake evidence-based policy development on a range of issues, including housing and labour markets; urban growth and renewal; planning and infrastructure development; housing supply and affordability; homelessness; economic productivity; and social cohesion and wellbeing.

AHURI has recently published a Policy Brief on our website examining public housing renewal and social mix (<https://www.ahuri.edu.au/policy/ahuri-briefs/public-housing-renewal-and-social-mix>), and has shared this Brief with the relevant staff in the Department of Health and Human Services Victoria. A copy of this Policy Brief is attached and articulates our submission to the Inquiry.

I would like to thank the committee for its consideration of our submission. If there is any way we can be of further assistance to the Inquiry, please contact me directly on 03 9660 2300.

Yours sincerely

Dr Michael Fotheringham
Acting Executive Director

Public Housing Renewal and Social Mix

Policy Brief

28 August 2017



Introduction – public housing renewal and social mix – what is the issue?

Supply shortage

Across Australia, the supply of social and affordable housing is not keeping pace with need. Most recent housing need estimates found 806,100 households in affordability stress and a further 527,000 households that had not formed due to affordability constraintsⁱ.

The share of housing stock in the social rental sector has declined from 5.1 per cent at the beginning of the century to 4.2 per cent in 2016ⁱⁱ.

The private rental market has not filled this supply gap; there was a shortage of 271,000 affordable and available private rental dwellings for low-income households in 2011.

Yet, housing needs are projected to increaseⁱⁱⁱ and public housing waiting lists stand, as of 30 June 2016, at 147,884 households^{iv}.

It is an inescapable conclusion that a housing policy priority for Australia is to increase the supply of social housing for the most disadvantaged and affordable housing for low-income households.

Ageing stock not matched to current need

Under a rallying cry of ‘homes fit for heroes’, government building of public housing accelerated after the Second World War. This met multiple objectives of stimulating housing supply, alleviating inner urban slums, housing a growing migrant population and providing a workforce for growing manufacturing industries on the urban fringe. Much public housing stock, built in the 1950s and 1960s, was designed to accommodate working families in three bedroom houses (56% of the public housing stock was three bedroom houses in 1981)^v.

By 2017, this stock is reaching the end of its asset life as maintenance costs become excessive. Expenditure on maintenance rose by 30 per cent in the period 2001 to 2006^{vi}, double the rate of the previous 5 years. As well, with public housing now focussed on housing those with the greatest needs rather than low-income working families, the stock is not fit for today’s tenants who are more likely to be single person households (57% of public housing households)^{vii}.

Consequently, 16 per cent of public housing dwellings were underutilized in 2016 that is there were two or more bedrooms than there were residents^{viii}. In addition as around one third of households in social housing include at least one member with a disability^{ix}, older two or three storey ‘walk up’ apartments are not accessible for these tenants.

How to address the supply shortage and modernisation issues

Public housing renewal opportunity

Though some public housing stock is out-of-date and no longer matched to contemporary needs, properties in locations with good access to services and jobs have seen increases in the value of the land they are built on. This has led to five important opportunities:

- first, to *retain* a supply of social and affordable housing in high amenity neighbourhoods
- second, to *increase* the supply of social and affordable housing in these high amenity locations by increasing the housing density of the site, selling land to the private sector and using the proceeds to re-invest in an increased supply of social and affordable housing
- third, *designing* new social and affordable stock so that it meets the needs of today's and tomorrow's tenants
- fourth, to *diversify* the range of housing opportunities to include social rental, affordable rental, affordable home ownership, market rental and market home ownership
- fifth, to *reduce the high costs* of maintaining ageing housing stock.

These opportunities for renewal are being taken up by State/Territory governments across Australia; in Tasmania, Queensland, ACT, New South Wales, Victoria and South Australia, with the largest and most recent programs being Communities Plus in New South Wales and the Public Housing Renewal Program in Victoria.

Changing the mix: density and design

The process of renewal can generate funds to modernise and increase the supply of social and affordable housing by the government planning a higher housing density in a neighbourhood, selling land to the private sector so that it is no longer exclusively public housing and using proceeds from the land sales to fund the building of new social housing.

Using the proceeds from selling land to the private sector to fund public housing renewal in these neighbourhoods can only be done once. Forward thinking governments will plan now for how to fund the replacement cost of the new public housing in 40 years' time.

As the old public housing is replaced by modern stock, it is integrated with a diversity of other housing opportunities, across the spectrum, including affordable rental and affordable home ownership, as well as market housing. Arising from these new integrated neighbourhood designs is the matter of the costs and benefits for tenants of a changed 'social mix' arising from the new diverse housing opportunities.

The NSW Government 'Future Directions for Social Housing' policy states that it will 'ensure large redevelopments target a 70:30 ratio of private to social housing to enable more integrated communities (generally with an increased number of social housing units where practicable)'^x. While an overarching theme of the NSW Communities Plus policy is to 'develop new mixed communities where social housing blends in with private and affordable housing, with better access to transport and employment, improved community facilities and open spaces.'^{xi}

In Victoria, the Public Housing Renewal Program intends to 'transform ageing public housing estates into vibrant, connected, **mixed-tenure** neighbourhoods, to be delivered in partnership with the private, non-government and community housing sectors.'^{xii}

The NSW Communities Plus and Victorian Public Housing Renewal Program policies both indicate that current public housing tenants can return to the completed renewed social housing areas if they choose.

Defining some key terms

Public housing renewal is the process whereby existing, ageing public housing estates or buildings are redeveloped to improve both housing outcomes for public housing tenants and the neighbourhood's amenity.

Social mix is defined as a 'combination of diverse shares of social groups in a neighbourhood'^{xiii}. A social group has one or more factors in common, such as having:

- similar economic resources (i.e. having low- or high-income)
- the same ethnic background or nativity (i.e. born in the same country)
- the same household structure (e.g. families with children or households of young singles)
- the same tenure (i.e. being tenants or home owners/buyers).

Neighbourhood refers to the area within which a person lives. In the context of social mix analyses, neighbourhoods, the meso level, are the unit of analysis, not whole towns, or cities, (the macro level) nor individual apartment blocks (the micro level)^{xiv}.

As a unit of measurement, 'the neighbourhood' is very imprecise. The US and Canadian literature uses the 'census tract' to measure neighbourhoods, which contain, on average, around 1600 dwellings and 4000 people. In the UK, neighbourhood studies use electoral wards (averaging 5500 population), although some key neighbourhood evaluation studies use areas of 10,000 people.

What constitutes a 'neighbourhood' in low-density Australian suburbs, characterised by detached housing, is likely to differ from the high-density neighbourhoods of inner city Detroit, Chicago or London. Australian analysis is centred on 'suburbs', units with a typical population of 4,000–8000 people, and for which we have Census and housing market data^{xv}.

Disadvantage

Locational disadvantage occurs when a household is remote from or has poor access to opportunities and appropriate resources such as employment, education, health care and public transport^{xvi}. Other forms of locational disadvantage could include a suburb's proximity to excess noise (e.g. road traffic or airport flightpath) or other forms of pollution, or susceptibility to other environmental hazards such as flooding^{xvii}.

Dysfunctional disadvantage refers to areas that have higher incidences of social problems such as crime, drug addiction, unemployment, vandalism and antisocial behaviour exposure to which creates risk and fear for residents^{xviii}.

Concentrated disadvantage refers to a disproportionate number of people with low income and other indicators of socio-economic disadvantage (e.g. being unemployed and having a low level of education) living in an area.

Given the configuration of Australia's housing system (in which 96% of housing is in the private market), much of the country's disadvantaged population resides in the private housing market—both among private renters and home owners—not only in social housing.

Public housing renewal and social mix - the evidence

Vast literature but equivocal findings

Despite a vast literature compiled over many years—much of it from the US, UK and Europe—findings are inconclusive on a number of important dimensions relating to improving outcomes for disadvantaged households through social mix.

Many of the mechanisms through which social mix is hypothesised to create benefits for disadvantaged populations are either unproven or their causality remains ambiguous. This is, perhaps, unsurprising given the large range of variables affecting social and economic life within communities.

This has been recognised in AHURI research which states ‘there is enormous variability between differing neighbourhood contexts in terms of the wider metropolitan systems they are located in, transport and work linkages, social and physical structures and so on^{xix}. In addition to these issues the international research literature is difficult to interpret or transpose to the Australian context in which segregation is growing but remains a much less marked feature of cities than in the US or UK, for example. ... Whereas much of the debate about public housing and desegregation in the US has been focused around race, such concerns are much less evident and patterns less entrenched in Australian cities.’

Concentrated disadvantage

Overcoming ‘the pernicious effects of concentrated disadvantage’ has been part of urban planning philosophy since the 1890s when Cadbury built the first experimental new town, Bournville, England^{xx}.

Research shows that disadvantaged householders are ‘significantly harmed by the presence of sizable disadvantaged groups concentrated in their neighbourhoods.^{xxi}’ but there is no evidentiary consensus about the thresholds at which concentrations of certain populations in a neighbourhood have positive or negative effects on the life chances of others living in the neighbourhood.

Social interaction

The social interaction hypothesis states that having disadvantaged household living closer to higher income advantaged households will lead to meaningful social interactions, which in turn will lead to the low-income households learning to reduce their ‘deviant behaviour’ and improve their employment prospects. ‘However, the empirical evidence consensually shows that such contacts seldom occur’^{xxii}.

Access to better services

The access to better services hypothesis states that increasing the proportion of higher income advantaged households living in a neighbourhood means that they will agitate for more and better public services, such as schools, for the area. However, evidence from the UK concludes that residents of ‘deprived areas’ don’t have worse access to public services^{xxiii}. Moreover, longitudinal studies of maths and reading scores from youth whose families moved to low-poverty neighbourhoods, show that despite initial gains in maths and reading scores these generally dissipate after four years, except for a few modest gains in reading scores.^{xxiv}

Policy and practice implications

Whilst consensual evidence about how specific social mix mechanisms operate eludes us, the research does reach broad conclusions that can guide government policy and practice.

A first overarching conclusion is that disadvantaged householders are 'significantly harmed by the presence of sizable disadvantaged groups concentrated in their neighbourhoods'.^{xxv}

A second overarching conclusion is that any improvements for disadvantaged householders due to social mix arise 'more probably' at a wider neighbourhood level due to 'positive role modelling, stronger collective control over disorder and violence, and elimination of geographic stigma'.^{xxvi}

For Australian governments undertaking public housing renewal with changes to a neighbourhood's social mix there are then a number of practical steps to consider.

The spatial scale for any consideration of social mix is the neighbourhood (4,000 – 8,000 people), not small-scale public housing developments or individual apartment blocks. This means the spatial allocation of social, affordable and private housing should be considered at the neighbourhood scale, not the project or redevelopment site scale.

The policy approach should be '...voluntary, gradualist, housing option-enhancing strategies that over the longer term expand opportunities for lower income families to live in communities with households of greater economic means'.^{xxvii}

Meaningful consultation about the renewal plan with existing residents of the broad neighbourhood is essential. This builds a trusting respectful relationship between residents and developers that can help during the long period of renewal, both in terms of tenancy support and in combating problems with anti-social behaviour.^{xxviii}

AHURI research finds that 'good participation needs to be nurtured'.^{xxix} It needs time to develop and it needs to be adequately resourced. The need for local facilities, accessible community development support and training ... should not be seen as quick fixes. A long-term commitment is required to overcome social problems and to empower local people...'.^{xxx}

As one of the key gains stemming from tenure-mix policies is their ability to reduce the stigmatisation felt by social housing tenants^{xxx}, the physical appearances of newly built or redeveloped social housing should integrate into the existing housing fabric of the surrounding suburb^{xxxi}. For the same reason, where new buildings incorporate both market housing and social housing there should be no visible distinctions between the different tenure types such as separate entrances.

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