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From mixed tenure development to mixed tenure neighbourhoods

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Executive summary

Key points

- Mixed tenure (MT) outcomes are variable. Success measures differ for various stakeholders, locations and project types.
- Tenure mix benchmarks are accepted as best practice but are not clearly linked to how success is understood or achieved.
- A neighbourhood-scale approach to MT housing delivered on existing state housing authority (SHA) sites offers a smaller scale and more rapid mode of development delivery when compared to typical MT models.
- MT neighbourhoods require shifts in how planning, infrastructure and funding are packaged, enabling once-off, site-based processes to be adapted for operations across distributed sites in a neighbourhood over time.
- Other advantages of MT neighbourhood models include tenant and asset management consistent with long-term funding models, retention of established communities and networks through incremental and opt-in processes, and engagement.
- Some SHA land assets are more useful than others for generating uplift through MT neighbourhood design. SHA assets that do not contribute ongoing neighbourhood improvements can be sold to subsidise the delivery of additional social housing.
- An estimated 12,378 small-scale social housing assets could deliver more than 40,000 net new dwellings through renewal of MT neighbourhoods in Brisbane, Sydney and Melbourne. Greater capacities are possible utilising other 'lazy land' and project pipelines in regional towns.

Mixed tenure (MT) developments are an established and growing platform for the delivery of social and affordable housing, internationally and across Australia. Their popularity comes from a range of factors, linked in part to asset management and divesting of outdated stock for newer dwellings as part of semi-private developments, and in part to social outcomes, including improving locational and social mix. However, the rationales and success measures for MT housing vary across stakeholders, locations, and project types, which limits the efficacy and replicability of outcomes.

While typical MT housing models exist in Australia, they tend to be high-density apartment outcomes in high-value areas, driven by development viability. Complex funding arrangements preclude the involvement of smaller builders and community housing providers (CHPs), or necessitate 'bespoke' solutions, constraining the capacity for ongoing growth and improvement of the sector. Criticised as short-term responses to existing social and planning issues, typical MT projects often fail to leverage broader long-term benefits and point to a misalignment between housing and strategic development policies. Increasing the supply, diversity and distribution of MT housing in the short-term, and contributing to strategic renewal initiatives in the long-term, requires the interrelated issue of land assembly, planning, design, procurement and delivery to be reconsidered.

This study examines potential pathways for transitioning from bespoke MT projects towards replicable models for neighbourhood-level development. For the purposes of the research, MT development is defined as housing projects that leverage existing public land assets—although interviews and document analyses also refer comparatively to other models of MT, such as inclusionary zoning in developments on private land. This study leverages the quantum of small-scale public assets and underutilised government land to test 'real world' scenarios for MT neighbourhood renewal against two overarching research questions:

- What are the measures of success in MT developments?
- What opportunities exist to replicate successful MT developments at a neighbourhood scale?

Key findings

The cross-sector study enabled a multi-criteria assessment of the benefits and constraints associated with MT neighbourhoods for different stakeholders, including CHPs and tenants. The findings are structured around five key questions that form the sections of the report.

Table 1: Key findings

Section	Findings
1. Why does Australia need a model for MT neighbourhoods?	• Opportunities exist to deliver small-scale MT in low-rise residential areas, but funding models favour larger-scale development. • MT developments are often 'bespoke'; complex funding processes work against the replicability of successful outcomes. • Working at neighbourhood scale provides flexibility for achieving dwelling and tenure mixes, cross-sector partnerships, capacity building and long-term uplift.
2. How is success measured for MT developments?	• The 70:30 split of private:affordable housing is accepted as best practice but is not always appropriate. Mix is dependent on funding, project scale, tenant types and the role of the private sector. • 'Pepper-potting' MT via separate floors or buildings and tenure-blind designs that enable tenants to shift between different forms of mixed-income housing are often preferred by CHPs. • Dwelling quality in private BtS projects does not always meet social housing standards. Quality and durability have longer-lasting impacts than tenure mix ratios.
3. Where can MT neighbourhoods be delivered?	• MT projects are typically city-centred, where market acceptance, access to services and land values support higher-density outcomes. • MT projects also occur at considerable distance to the CBD, led by land availability, regeneration policies and partnerships. • Areas with about 15 per cent small-scale social housing assets and/or lazy government land offer prime locations for MT neighbourhoods. • Neighbourhood-scaled advantages are more readily achieved when planning frameworks support medium- and high-density housing.
4. What is a viable scale for MT neighbourhood renewal?	• A design-led MT neighbourhood model enables the scale and nature of development to be tailored to specific sites. • Prevailing dwelling prices and land values are key determinants of MT neighbourhood outcomes. Direct development subsidy increases with lower land values; there is almost always a capital shortfall. • Low-value areas have fewer opportunities to leverage existing government assets. Maximising local amenities and delivering initial projects that catalyse uplift for future developments are key. • MT neighbourhoods can be delivered by cross-subsidising social housing via sale and development of existing public assets, and potentially deliver other, less subsidy-intensive affordable housing products on a greater scale.
5. How can best practices resolve barriers to successful MT development?	• Access to land is important but is only one component of feasible MT delivery. • Adopting a whole-of-life approach to buildings and communities amplifies MT neighbourhood outcomes (20–40 years). • Developer attitudes to MT projects matter, and can influence what works in MT neighbourhoods, e.g. presales and de-risking. • Housing diversity is critical for the life cycle and quality of a neighbourhood, community retention and building social capital. • Onsite amenities and non-residential uses are important for the ongoing management of MT housing, and are integral to the longer-term success of a MT neighbourhood. • Lower parking rates than typically required by planning would meet MT demand and enable better design outcomes. Decoupling parking from dwellings can facilitate better MT outcomes.

Policy development options

The availability of sites in appropriate locations is a key imperative of successful and viable MT development. Whole-of-government asset management is required to leverage social, built and financial uplifts. Table 2 provides a summary of policy recommendations contained in the report.

Table 2: Policy development options

Issue	Policy options
Dwelling / tenure mix	• Australia needs a consistent definition of 'affordable housing'. • A whole-of-life approach to buildings and communities is necessary for effective MT neighbourhood renewal—typically 40 years, but at least 20. • Tenure-blind and mixed income developments enable tenants and dwellings to shift between different subsidised or market housing forms. • Increasing the social housing stock provides more options for decanting existing tenants while areas are redeveloped.
Built form and design	• Private housing in MT neighbourhoods should conform to SHA/CHP design standards. An increase in the quality and whole-of-life view of private housing in Australia is needed to enable successful tenure-blind MT housing. • Onsite amenities and non-residential uses are important for stakeholders involved in ongoing MT management. These are also important from a planning perspective and integral to an effective MT neighbourhood model. • Funding models should always consider/support onsite maintenance and other support services.
Planning, land and funding	• Each state and territory has its own policy settings and approval processes regarding, e.g. third party objection and appeal rights, code-assessable vs performance-based zoning, and 'fast-tracking' of affordable housing. There is capacity to compare benefits more closely. • Jurisdictional planning differences also occur across local government areas (LGAs), making a one-size-fits-all MT model impossible. Greater consistency across jurisdictions would aid the development of appropriate funding models and approaches to MT development. • Lower rates of car parking provision than typically set by planning requirements would both meet MT demand and enable better design outcomes. Decoupling parking from dwellings and reducing parking requirements allows MT developments to include more housing and shared amenities, minimises crossovers and local impacts, while still meeting the needs of residents and visitors. • Local and state governments should review landholdings and identify sites with potential for MT neighbourhood development. Site selections should consider local accessibility and amenities; both are critical to MT neighbourhoods. Key factors include walking distance to shops, public transport (although quality and frequency expectations vary), schools, health facilities and work opportunities. • Greater and more consistent capital funding is required, especially in light of increased construction and lending costs. CHPs involved in MT (especially in Victoria and NSW) have more established models but struggle mainly with upfront funding certainty. Public land assets can be used to cross-subsidise social housing development and generate a net increase in social housing.

The study

This study employed a mixed-methods research approach to examine expanded opportunities for, and benefits of, MT development in Australia, involving: literature and case-study reviews; stakeholder interviews; geospatial analysis of existing and future MT project locations; the development of MT neighbourhood design scenarios applied to 'real world' sites; testing the proposed MT neighbourhood model through validation workshops; feasibility assessment of different cross-subsidy and procurement approaches.

A desktop review of global literature around MT housing, international project exemplars and local MT case studies explored and categorised the drivers and objectives of MT housing—including which factors were considered important to successful MT projects, and how 'success' is understood.

We examined innovative examples of overseas projects including affordable, non-market based, and co-operative housing practices, neighbourhood effects, and novel financing arrangements. Paralleled by a review of 120 MT case studies in NSW, QLD, VIC and WA, the combined case-study examination was used to translate best practices to built MT outcomes in Australia, illustrating what is achievable on the ground.

To supplement the case studies, 26 expert interviews were conducted over the course of the project in 2022–2023, with participants in VIC, NSW, QLD and WA. The interview participants included:

- four representatives from state government
- five representatives from local government
- 10 community housing providers
- seven other housing representatives (wearing 'multiple hats' as board members for housing organisations or government advisors, comprising one developer, four architects / consultants and two academics).

To explore the importance of location, geospatial analysis was used to determine the spatial attributes of viable MT developments. The high-level survey of 120 MT projects in NSW, QLD, VIC and WA was mapped against a range of socio-demographic, financial and built environment factors to define the typical contexts in which MT developments occurred, by city. Using these outcomes, as well as visible trends in city policy regarding location, the areas most suitable for business as usual (BAU) projects were determined, as well as those that would be more suited to a regenerative model.

A Masters of Architecture design studio, involving 17 students from Monash University, explored site-specific design opportunities for increasing the diversity and frequency of MT housing in each of the four jurisdictions. The studio environment encouraged students to generate speculative and innovative design ideas. Drawing on the case studies, literature and geospatial analysis, the research team further tested place-specific constraints and potentials for delivering replicable models for MT neighbourhoods in selected locations, identifying how medium-density redevelopment might better respond to contemporary resident needs, as well as deliver broader benefits to address the multiple imperatives of stakeholder groups involved in MT redevelopment.

From the geospatial analysis and design research, a range of MT neighbourhood scenarios were presented for stakeholder feedback through four workshops (one in QLD, one in VIC and two in NSW). These workshops enabled the research to engage with 'real world' processes and constraints around land assembly, planning, partnerships and development delivery. The insights led to potential approaches for cross-subsidising and procuring development at different stages of MT neighbourhood renewal.

The mixed-methods investigation synthesises best practices with a 'real world' understanding of MT drivers and constraints for multiple stakeholders. The integration of traditional and practice-based research identifies key policy pathways for upscaling and diversifying MT housing outcomes in Australia.

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