EXECUTIVE SUMMARY

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Evaluation and learning in public housing urban renewal

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Executive summary

Key points

This report analyses how evaluation and learning from public housing renewal is informing policy development and delivery to maximise financial returns and socio-economic outcomes. The research was conducted pre-COVID-19.

- Public housing renewal provides an opportunity for policy makers to give direction to urban reconfiguration processes. Since the 2000s public housing renewal has increasingly become part of a policy discourse that places emphasis on 'unlocking' under-utilised sites (i.e. public housing estates) for jobs, investment and urban renewal. In this intersection with urban renewal processes, mixed-tenure public housing renewal, in practice, becomes public housing urban renewal.

- This research highlights a consistency of views across stakeholders (often on pragmatic grounds) regarding 'how public housing renewal works'. It is thus possible to conceptualise learning and evaluation in public housing renewal policy-making within an advocacy coalition framework (ACF).

- An ACF framework focuses on the alignment of the beliefs, actions and interest of a range of stakeholders with respect to how policies work, or can work. Our use of the ACF is grounded in a consistency of views about 'how public housing renewal works', given the prevailing institutional and financial constraints, and the implication of this for the role of evaluation and learning, rather than any suggestion of a formal or informal actual coalition, or collusion, in agenda setting or public policy objectives.

- Interviewees perceived evaluation to be one of several integral parts to the policy formation process. However, evaluations have frequently been summative, rather than formative in nature. In addition, stakeholders also relied on personal and institutional experience to inform policy development and decision-making. These learning dynamics have, over time, reinforced key aspects of the policy core belief within the advocacy coalition.

- The policy core belief guiding public housing urban renewal is characterised by a shared belief in the instrumental role of land values and land value change as a means of reconciling multiple asset- and people-based outcomes, while controlling the cost of public policy to public budgets. Mixed tenure, housing density and the strategic leveraging of land are policies that also extract land value for public housing reinvestment and other public policy goals.

- The central role of land and land value has raised concerns amongst tenants, groups external to the advocacy coalition, but also *some* of the interviewees that public housing renewal is increasingly driven by asset-based viability considerations and reduced government exposure to risk. While risk related to physical reconfiguration (public housing stock renewal) in this respect is reduced, other objectives (such as wider social and economic benefits for tenants) increasingly become shaped *by* – rather than shaping urban reconfiguration processes.

- Core members of the public housing renewal advocacy coalition are state governments and private developers. Additional members are (in some cases) community housing providers (CHPs) and local governments. Policy formation within advocacy coalitions is shaped by multiple factors. This includes evaluations, but also reacting to external events and internal stakeholder dynamics.

- In the contextual analysis in this research, change in relative income is used as an indicator of social and economic reconfiguration. Apart from Adelaide, census collection districts (CCD) subject to public housing renewal experienced little improvement in relative income status (1996-2016).

- **Citywide drivers (such as economic restructuring, urban sprawl containment, population growth) and neighbourhood drivers (such as economic obsolescence, relative incomes) are specific drivers of social and economic reconfiguration. These are evident in all three capital cities, leading to the potential to 'unlock' value through mixed tenure and public housing renewal.**

- **Policy options exist that can unlock more inclusive conceptualisations of value, and shift the reliance on land value in the program logic of public housing renewal. The design of public housing renewal tenders, and strategies for implementation, offer considerable opportunity for policy experimentation; identification and evaluation of assumed causal relationships and benefits. A social infrastructure perspective provides a framework for 'unlocking' additional and renewal project-specific values. A number of tools already exist to estimate the (equivalent) monetary value of wider social and economic benefits.**

The social and economic geography of Australian cities has changed significantly over recent decades. Public housing renewal provides an opportunity for housing policy-makers and planners to provide social housing and affordable housing, but also to give direction to processes of urban reconfiguration (Ruming 2018). In the public housing renewal policies of the three states examined in this report, we observed a connection between mixed-tenure housing development and social and economic reconfiguration. This relationship is centred around an urban renewal discourse that speaks of 'unlocking' under-utilised areas for jobs and investment, while creating development opportunities for private and not-for-profit (NFP) sectors. In this intersection with urban renewal processes, mixed-tenure public housing renewal, in practice, becomes *public housing urban renewal*.

In order to understand how policies such as mixed-tenure developments can facilitate both social and economic returns, this research examined the role of learning and evaluation in the evolution of public housing renewal in New South Wales (NSW), South Australia and Victoria. Specifically, the research aimed to analyse how evaluation and learning from public housing renewal is informing current policy and delivery to maximise financial returns and socio-economic outcomes.

This overarching research aim was guided by four research questions.

1. How has public housing renewal policy defined and reconciled competing objectives, outcomes and success indicators across the range of policy, community and private stakeholder interests?

2. How have social, economic and housing market indicators in public housing urban renewal areas changed in comparison to public housing areas not undergoing urban renewal and/or non-public housing areas undergoing significant housing redevelopment?

3. What program-specific site, neighbourhood and citywide evidence and learning was produced through evaluation activity of previous public housing renewal policies?

4. How has that evidence and learning informed the delivery of social, economic and financial returns in current public housing renewal policy?

Key findings

Conceptual foundations

A key finding of this research is that critical understandings around 'how public housing renewal works' (within the existing financial and institutional constraints) are widely shared across key public, private and NFP sector actors. Thus, public housing renewal policy development lends itself to an advocacy coalition framework (ACF) perspective in terms of the role of evaluation and learning in public policy formation and implementation.

An ACF perspective classifies key actors in the policy formation process into core members and additional members (players and tag-alongs), whose impacts on policy development vary. Core coalition members of public housing renewal in Australia are state governments and private developers, who share a view of land value change as the basic instrument for delivering public housing renewal. In some cases, CHPs are emerging as additional coalition members. The role of local government varies across projects.

Throughout this report we refer to this shared understanding of public housing renewal by key actors as the 'policy core belief'. The policy core belief is characterised by a shared belief in the fundamental role of changing land values to enable public housing urban renewal. One implication of this shared belief is that policy formation is generally built on the learnings and adaptations of multiple stakeholders.

Different types of evaluation play different roles in the policy development process. *Formative* evaluations collect and disseminate data and information for the purpose of modifying or improving policies and programs through 'instrumental' knowledge utilisation.[1] *Summative* evaluations collect and disseminates data and information for the purpose of making summary and descriptive statements and assessments of the value (benefit) of policies and programs, often as part of symbolic policy-making.

In order to contextualise the role and position of public housing renewal within the wider urban dynamics that shape cities and the public policy landscape, this research draws on urban-economics-informed frameworks of urban reconfiguration. A criticism of area-based approaches to addressing socio-spatial outcomes is their failure to fully address the systemic causes generating particular socio-spatial outcomes (Pawson, Hulse et al. 2015). A key framing of this research is, therefore, a contextualisation of the learning environment within the site-specific, neighbourhood-specific and citywide determinants of urban reconfiguration.

Contextualising the policy learning environment

A second key finding of this research is that evaluation is, at best, one of multiple sources of knowledge informing policy development and implementation across key stakeholders. Chapter 3, therefore, provides a brief overview of area-based public housing renewal programs in Adelaide, Melbourne and Sydney (between 1996 and 2016), as well as the spatial characteristics of urban reconfiguration.

Including the current suite of public housing renewal programs (until 2020), there have been, over the past three decades, broadly three phases of area-based renewal in each of the states, representing a gradual evolution of public housing renewal. That is, a shift from a perspective where physical public housing renewal and deconcentration of disadvantage provided the impetus for social and economic reconfiguration, to one where the potential for public housing urban renewal is contextualised within the wider processes that reconfigure urban space more generally.

Notwithstanding important differences between specific schemes, there is, across the current renewal programs (in the three states), a consensus around extractable land values as a vehicle for delivering physical reconfiguration of public housing stock. This emphasis on the economic potential of key renewal sites means a number of renewal aims are conditional on wider urban reconfiguration processes.

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1   Knowledge utilisation can be broadly divided into instrumental and symbolic forms (see Section 2.2.1).

The analysis in Chapter 3 highlights the role of citywide and neighbourhood-specific determinants in shaping urban reconfiguration processes. 'Change in relative household income', as an indicator of social and economic change, was selected to be the primary indicator of urban reconfiguration for the study. When controlling for a range of determinants of urban reconfiguration, public housing renewal appears to have limited separate effect on change in relative income status. This is particularly the case for Melbourne and Sydney. In Adelaide there is a positive effect when compared to 1996, but less so for the 2006-2016 period. The learning environment within which key actors in the advocacy coalition gain experience and knowledge is therefore one where wider urban reconfiguration, measured by distance to CBDs and key characteristics of neighbourhoods, may be a critical enabler (generating value to be 'unlocked') of the existing public housing renewal programs – rather than the other way around.

The chapter also considers how public housing renewal programs have been evaluated, and how insights gained have been used to evolve public housing renewal policies. Despite the large number of studies undertaken to assess major urban renewal projects in each of the states, there is little evidence that these evaluations have informed or changed the program logic of successive urban renewal projects, although some process changes were identified (e.g. employing tenant relocation teams).

Does public housing renewal shape urban reconfiguration – or does urban reconfiguration shape public housing renewal?

Framed by current institutional and financial constraints (i.e. minimising costs and risk to the public sector), public and private sector stakeholders shared a core belief that ongoing land value change is a critical enabler of public housing urban renewal. This creates a dual dependency in which neither the public sector nor the private sector can 'unlock' this potential independently.

This shared belief has shaped key policies that characterise public housing renewal in each of the three states. These include leveraging publicly owned land, and capturing land value through tenure mix and increased residential density (particularly in Melbourne and Sydney). Moreover, these policies are instrumental in reconciling physical renewal objectives with area-based social and economic reconfiguration objectives.

Tenure mix and residential density increases enable social reconfiguration and (potentially) expansion of public housing stock in renewal areas, but are also instrumental in meeting viability requirements and maximising the strategic value of land. In this respect, a 30/70 public/private mix rule-of-thumb signals a shared understanding of the market parameters of the public housing renewal process.

The central role of land and land value in policy-making has raised concerns amongst tenants, groups external to the advocacy coalition and *some* of the interviewees that public housing urban renewal is increasingly driven by asset-based viability considerations and reduced government exposure to risk. While risk related to physical reconfiguration in this respect is reduced, other objectives (such as wider social and economic benefits for public housing residents) become increasingly shaped *by* – rather than shaping urban reconfiguration processes.

Moreover, while the program logic of the current renewal model goes some way to reducing public sector financial risk and reconciling multiple area-level social and economic reconfiguration outcomes, it is less clear how, and to what extent, the same is achieved for public housing communities.

Learning processes in public housing renewal

Stakeholders interviewed for this study identified and recognised evaluation as an effective tool for policy formation. However, it was viewed as just one of many sources of knowledge and information feeding into the policy formation process. Evaluations have frequently been summative, rather than formative in nature. In addition to evaluation, stakeholders relied on personal and institutional experience to inform policy development and decision-making around public housing urban renewal.

The policy formation process relies on learning derived from accrued expertise, past and current program experience, and external triggers. Important learning comes from key stakeholders, experts in their own right, who work within the government agencies responsible for public housing renewal. Despite shifts in institutional structures within government over time, many key stakeholders demonstrate a longevity of involvement and a 'shared' learning trajectory, either working in the same organisation over a long period or working on renewal across the public and private domains.

Other forms of information gathering include processes such as expression of interest (EOI), registration of capability (ROC) and request for tender (RFT). These are used for testing of policy assumptions – and the subsequent refinement of policy development – through a negotiated process with stakeholders. They also provide a critical means of assessing renewal parameters against market information and wider urban reconfiguration processes: for instance, the extent to which housing density can operate as a policy lever.

External events can be important catalysts for policy evolution or refinement. This is evident in both Victoria (through the Inquiry into the Public Housing Renewal Program) and NSW, where 'external' events and pressures (notably community pushback and political pressure) have led to demand for reassessment and review.

Policy development options

In all three states, the study identified the fundamental importance of land value change (resulting from urban reconfiguration) as driving a shared policy core belief. Consequently, learning and evaluation activity within organisations has been framed, and constrained, to create a self-reaffirming program logic of public housing renewal based on the policy core belief. The policy core belief acts as a defining characteristic of the public housing renewal advocacy coalition. It is, however, also reflective of a group of stakeholders tasked with the design and delivery of complex policy, within parameters that provide only limited capacity for alternative positions. Wider political settings – reflected in the dominant discourse that public housing renewal needs to be, in effect, 'cost neutral' or 'cost-minimised' to governments – create an environment in which particular policy approaches become engrained.

The learning task for members of the advocacy coalition has become one of ongoing iteration, mostly focussed on system and process improvement, rather than activity that fundamentally interrogates the program logic of public housing renewal and intended outcomes. Under such constraints, the limited capacity for independent evaluation activity and other evidence-based research to influence forward policy development can perhaps be better understood.

At the same time, it is clear that there is also a shared understanding among the advocacy coalition of the limits to the current public housing renewal model (i.e. where it may/may not work). There is also recognition that critiques of the current public housing renewal model may require model adaptation. This is evident in the advocacy coalition's ongoing commitment to innovation and attempts to adapt approaches to public housing renewal. The stimulus and capacity for innovation arise from internal and external pressures on core advocacy coalition members, but also from the increased participation by CHPs in the development and delivery of public housing renewal (representing a broadening of the advocacy coalition).

A number of policy options exist that can, in the terminology of the current public housing renewal model, 'unlock' a broader *conceptualisations* of value.[2]

- Design of public housing renewal tenders, and strategies for implementation, offer considerable opportunity for policy experimentation; identification and evaluation of assumed causal relationships and benefits.

2   A broader conceptualisation of value that can be generated by public housing urban renewal can relate to public sector cost offsets, and individual and community health and wellbeing improvements that currently do not figure directly in the evaluation of development viability assessments,

- A social infrastructure perspective offers one option for adjusting the logic of renewal programs. It provides a framework for 'unlocking' additional and renewal-project-specific value. A number of tools already exist to estimate the (equivalent) monetary value of wider social and economic benefits.

Value and benefits identified and/or 'unlocked' through policy experimentation and innovation can provide an additional source of renewal-specific revenue to support delivery of policy objectives. However, public sector innovation is required to channel additional value to project finances.

The study

This report is a stand-alone Australian Housing and Urban Research Institute (AHURI) project, examining how evaluation and learning from public housing renewal is informing policy and delivery to maximise financial returns and socio-economic outcomes in public housing urban renewal.

Data was collected through a mixed-methods approach, including document analysis and higher-level literature analysis, quantitative and econometric analysis, and a series of key actor interviews.

The document and higher-level literature analysis of evaluation history in Adelaide, Melbourne and Sydney set out to explore public housing renewal activity in each city, collate and examine past evaluation studies, and identify sites of area-based public housing renewal from the 1990s until the present day.

The quantitative analysis examined change in relative household income between 1996 and 2016, as the primary indicator of urban reconfiguration in the three capital cities. Change in the relative household income status of a collection district (CCD) is related to the neighbourhood and citywide urban dynamics that shape urban reconfiguration, and thus provides a contextual setting for determinants of change in land values and the policy learning environment.

Key actor interviews were held in Adelaide, Melbourne and Sydney with individuals involved in public housing renewal activities in each city. Participants were drawn from state government, local government, CHPs, academics and private sector investors and developers. We interviewed a total of 28 actors involved in public housing urban renewal: 13 in NSW, nine in Victoria and six in South Australia.

Interviews were analysed thematically using a common coding frame. In the first instance, analysis was undertaken separately for each state. In the second instance, the analysis included a thematic integration of findings from the three states. The analysis of interview data was framed within an ACF and an urban economics reconfiguration framework.