



## Executive Summary

# Improving outcomes for apartment residents and neighbourhoods

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## Executive summary

### Key points

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- The number and proportion of Australians living in apartments is increasing. A broad cross-section of Australian society lives in apartments, but lower-income households are over-represented compared to other dwelling types.
  - Lower-income apartment residents have a diverse demographic profile. However, there are identifiable lower-income apartment-resident submarkets in Australian cities.
  - Lower-income households are disproportionately affected by challenges associated with apartment living, yet most existing research and policy does not consider the impact of living in density for lower-income residents in particular.
  - Underpinning the high-density development of Australian cities is a policy orthodoxy that privileges market-led housing delivery and a reduced government role in direct housing provision and management. In this context, policy interventions directed at lower-income apartment residents have been limited.
  - Prior research indicates that experiences of apartment living are mediated by the quality and design of the built environment, the nature and quality of service provision, and the demographic profiles and mix of residents at both the building and local area (precinct) scales.
  - Research undertaken for this study, focussing on Sydney and Melbourne, demonstrates that the experiences of apartment living for lower-income apartment residents are influenced by planning and infrastructure provision, urban design, building design and management, neighbourhood amenities and facilities, and ongoing place management and community engagement.
  - The research identified five main points of tension in delivering high-density buildings and precincts that meet the needs of lower-income residents. There were tensions between the development and operational phases of a new development; at the interface between private buildings and the public domain; over the alignment of infrastructure needs and delivery; at the intersection of local and state government responsibilities; and in meeting the needs of both current and future residents.
  - Improving outcomes for lower-income apartment residents will require shifting current priorities in both policy-making and practice. These changes range from relatively simple interventions to proposals requiring significant buy-in from both the private and public sectors.
  - Failure to address the needs of lower-income high-density residents risks undermining the prosperity and cohesion of Australian cities in future years.
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## Key findings

This research project:

- provides new information about the characteristics of lower-income apartment residents and the places where they live
- identifies important issues with how well apartment developments provide for the wellbeing, community and affordability needs of lower-income apartment residents
- considers how these issues can most effectively be addressed in high-density developments at both the building and precinct scale.

### The characteristics of lower-income apartment residents

Lower-income apartment residents are defined as those living in households with household incomes of less than \$1,499 per week, in the bottom two quintiles of household income Australia-wide. Lower-income apartment residents are more likely to have been born overseas, live in lone-person households, be unemployed or not in the labour force, and be renting their homes than either higher-income apartment residents or households living in other dwelling types. However, lower-income apartment residents have a very diverse resident profile, and also include many people living in households with children (32% of lower-income high-density residents), owner-occupied households (31% of lower-income high-density residents), and Australian-born residents (44% born in Oceania).

There are identifiable submarkets of lower-income apartment residents in Sydney and Melbourne. In Sydney the five main submarkets are:

- international students and millennial renters
- older single public housing tenants
- working migrant families
- older homeowners
- Anglo-European migrants, suggestive of a backpacker or working holiday group.

In Melbourne the four main submarkets are:

- international students and millennials (both renters and owner-occupiers)
- migrant families in public housing
- lower-income workers in private housing
- retiree homeowners and public renters.

The apartment housing stock in Sydney and Melbourne has very different profiles. In Sydney, apartment housing is dispersed across the greater metropolitan area. Older apartment buildings are found not only in the inner ring areas of the lower North Shore and Eastern Suburbs, but also further north (the Northern Beaches), west (e.g. Fairfield) and south (e.g. Sutherland). In contrast, the apartment stock in Melbourne is much more concentrated around the central city area. The different lower-income apartment submarket groups can be found in different parts of Sydney and Melbourne. However, multiple lower-income apartment subgroups can often be found living in the same locations, alongside apartment residents on higher incomes. The diversity of apartment residents living in different areas of these cities is one of the challenges in effectively planning for and delivering these developments.

## **How well apartment developments provide for the wellbeing, community and affordability needs of lower-income residents**

Apartment housing can bring both benefits and challenges to residents, at both the building and neighbourhood scales. Lower-income residents often have less choice and influence over the housing or location in which they live, and fewer resources available to respond to challenges that arise.

The wellbeing, community and affordability needs of lower-income apartment residents are influenced by:

- planning and infrastructure provision
- urban design
- building design and management
- neighbourhood amenities and facilities
- ongoing place management and community engagement.

The research findings highlight the central importance of public infrastructure for lower-income residents—especially open space, libraries and community centres. Support for ‘soft’ infrastructure, like community engagement programs and community-led activities, was also important. In the high-density areas studied, infrastructure outcomes were uneven, creating an equity issue where lower-income residents have different quality of life, even within the same local government area. An important reason for these uneven outcomes is the insufficiency and insecurity of current public infrastructure funding mechanisms. The reliance on developer contributions and voluntary agreements with developers is particularly problematic.

Similarly, mechanisms to ensure the availability of affordable housing are not delivering sufficient affordable rental housing stock, which is particularly evident in the Melbourne cases. This is likely to contribute to further gentrification and displacement as these areas are redeveloped in coming years. The same pressures have also resulted in commercial gentrification, restricting the availability of affordable, diverse and accessible retail services that are of real value to lower-income residents.

At the building scale, there is much room for further innovation in both the design and management of high-density buildings to improve quality of life for residents, including designing more useful shared spaces and clarifying shared responsibilities. While lower-income residents often live in buildings with few shared spaces, the shared facilities in higher-end buildings are often underutilised. Meanwhile, many public shared spaces in these neighbourhoods are at risk of overuse. These challenges point to the need for new design and management approaches to ensure the private and public shared spaces in high-density neighbourhoods complement each other effectively.

## **How changes to policy and practice can most effectively address the issues facing lower-income residents in high-density developments**

The study provides evidence of the need for a suite of changes to current policy priorities to ensure our cities better meet the needs of lower-income residents. While many of the proposals in this report will improve apartment living for residents across the income spectrum, they will have the most significant impact on lower-income residents, who are disproportionately affected by the negative aspects of high-density living.

The suggestions range from relatively simple interventions to proposals requiring significant buy-in from both public and private sectors. In many cases, the need for the proposed changes in priorities will be familiar to the relevant policy makers, who will recognise that the real challenge comes in funding and implementation. However, these suggestions are offered in the



knowledge that a key step in the process of change is to shift priorities, which can in turn drive a change in resourcing.

The key policy development recommendations are as follows:

- The impact on lower-income residents should be a focal point for policy makers when reviewing development proposals and planning public infrastructure, as these residents are rarely specifically catered to by the private market.
- In particular, a focus on providing access to free or low-cost services and facilities—both in buildings and in the neighbourhood—is essential to support lower-income residents.
- Coordination across levels of government is essential, despite the complexity involved. Quality outcomes like the public spaces in Rhodes show what can be achieved when both levels of government are meaningfully engaged.
- Local Government Areas (LGAs) undergoing densification will need more funding to provide the necessary infrastructure to cater for all residents; developer contributions and voluntary agreements are too uncertain to ensure good results.
- Some key building-level issues can be addressed through policies designed to improve education on apartment living, including the costs and obligations involved, and to ensure that roles and responsibilities are agreed upon at an early stage.
- Design review processes—for both apartment buildings and public facilities—should prioritise flexibility. This includes enabling retrofitting in apartments and adaptation of public space over time, to reflect changing demographics.
- Planning that enables flexibility to meet the needs of future changes in apartment-resident profiles also needs to be a policy priority, including the needs of families with children, older people, pets and extended families—along with part-time visiting family members.

Adopting and adapting to the proposed policy priorities will involve additional costs, for both government and industry. But failure to address these issues will also bear a cost. As Australia fast becomes a nation of apartment dwellers, more urban residents will confront the challenges associated with high-density living in coming years. Failure to cater adequately for this shift—and failure to minimise the inequities faced by lower-income residents—will risk undermining the prosperity and social cohesion of our cities for years to come.

## The study

The policy proposals offered in this report are supported by the research, which involved a mixed-methods study designed to provide a multifaceted perspective on who Australia's lower-income high-density residents are, how they live currently, and how the planning, design and management of apartments could be improved to better meet their needs. The project involved three research stages:

- **Stage 1** involved detailed quantitative analysis of the profiles of lower-income apartment residents at three scales, using Census data and strata title registration data. It provides a descriptive analysis of lower-income apartment households across Australia's major cities, a detailed analysis of the submarkets of lower-income apartment residents in Sydney and Melbourne, and a descriptive analysis of strata title buildings in which lower-income households live.
- **Stage 2** involved four case studies across Melbourne and Sydney to identify important issues facing lower-income apartment residents, and to understand how the design, delivery and management of apartment buildings and precincts affect this cohort. The case studies included interviews, focus groups, precinct design audits and document reviews.

- **Stage 3** involved workshops with experts and practitioners in Melbourne and Sydney to identify the best policy and practice approaches for improving wellbeing, community and affordability outcomes for lower-income apartment residents.

While the case studies and policy discussions focussed on Melbourne and Sydney, as the two Australian cities with the greatest amount of high-density development, the findings are relevant to high-density residents Australia-wide.

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