

Lessons from public housing urban renewal evaluations



Based on AHURI Final Report No. 358: Evaluation and learning in public housing urban renewal

What this research is about

This research analyses the role of evaluation and learning in public housing renewal in informing policy development and delivery to maximise financial returns and socio-economic outcomes. It seeks to understand how key public policies, such as mixed-tenure development, are related to delivering both social and economic returns.

The context of this research

Public housing renewal projects provide an opportunity for policy makers to shape urban reconfiguration processes. Since the 2000s public housing renewal policy has increasingly emphasised 'unlocking' under-utilised sites (i.e. public housing estates) for the benefit of jobs, investment and urban renewal. In this situation, public housing renewal, in practice, becomes public housing urban renewal.

The key findings

What is public housing renewal?

Public housing renewal can be narrowly defined, for example, as improving the thermal comfort of a set of buildings or enhancing their physical layout or quality. However, public housing renewal can also be more widely defined as interacting with the processes of urban reconfiguration in such a way as to give direction to these processes themselves. For example, community development may occur through place-making processes and tenant wrap-around services that support the capacity and capabilities of individuals to become more independent agents of change (whether for change of self and/or change of neighbourhoods).

Although the policy approach to public housing renewal evolved through the 1990s and 2000s, it remains grounded in area-based programs designed to address physical and social challenges associated with public housing estates. A backlog of maintenance has significantly affected the quality of public housing, some of which is now physically obsolete. However, housing may also become economically obsolete when change in surrounding areas spill over to public and private residential areas, generating an impetus for physical reconfiguration. Both physical and economic obsolescence are factors in the current public housing renewal discourse that references 'unlocking' value.

Public housing renewal constraints include: tenure residualisation through allocation policies; limited financial sustainability of public housing; design characteristics setting public housing estates apart from other residential areas; and urban deindustrialisation leading to the spread of public housing estates across both low- and high-demand neighbourhoods.

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Established policy thinking

There is 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 perspective focuses on the alignment of beliefs, actions and interest of a range of stakeholders with respect to how policies work, or can work. Core public housing renewal stakeholders 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.

A critical reflection on the current public housing renewal model reveals a predominance of commercial and economic objectives. Australian practice, in this respect, differs from some international practice (e.g. Britain and New Zealand), where social policy objectives (such as addressing housing market failure and poverty/area disadvantage) have played a more central role.

Types of evaluation

Evaluations play different roles in the policy development process. Formative evaluations collect information for the purpose of modifying or improving policies and programs through ‘instrumental’ knowledge utilisation. Summative evaluations collect 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. These evaluation types play different roles in the process of public policy formation.

Evaluations have frequently been summative, rather than formative in nature. Stakeholders interviewed for this study also relied on personal and institutional experience to inform policy development and decision-making around public housing urban renewal.

These learning dynamics have, over time, reinforced key aspects of the policy core belief amongst core stakeholders leading to a shared belief in the 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.

Beyond evaluations

Evaluators frequently expect their work to shape the direction of future policy making; however, with respect to public housing renewal, evaluation is one of multiple sources of knowledge informing policy development and implementation.

While evaluations can assist policy makers and relevant stakeholders to identify the consequences and outcomes of public housing and urban renewal, they do not necessarily provide clear guidance on the ‘direction of the system as a whole’, which includes the process of public policy formation more generally. Moreover, evidence on the functioning and outcomes of public policy is rarely uncontested; therefore evaluations cannot necessarily be expected to set directions or settle arguments over opposing ways of delivering public policy.

The literature on policy formation processes and evaluation highlight a number of additional factors for public housing renewal policy formation:

- **Interests (multiple stakeholders)** — The various organisational structures (public and private) involved in the planning, financing and delivery of public housing and urban renewal have objectives beyond the renewal project
- **Ideologies** — systems of belief or values upon which organisations and political parties are based, provide competing ways of understanding cause and effect
- **Information** — Information provides insight and knowledge about outcomes and how programs may or may not work. Evaluations are a source of such knowledge and insight, but stakeholders in public housing and urban renewal also draw information from a range of other sources.
- **Institutions** — Policy makers and stakeholders operate within organisations and bureaucracies with specific internal and external ‘rules of the game’.

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Overview of public housing renewal projects in NSW, Victoria and SA

Over the past three decades there have been broadly three phases of area-based renewal in each of the states, representing a gradual evolution of public housing renewal. There has been 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.

There is 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.

Key public housing renewal policies in each of the three states 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.

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

Findings from the three selected cities

First, in all three cities the citywide urban reconfiguration processes are critical determinants of change (i.e. distance from CBD and income change in adjacent areas) at Census collection district (CCD) level. Inner-city revival, employment growth and economic restructuring all contributed to this process. For the period 1996-2016, relative incomes rose more rapidly in inner city locations, with consequences for land and property values. In Melbourne and Sydney there is an additional spillover effect from income changes in adjacent areas that additionally drives urban reconfiguration at CCD level.

The impact of public housing renewal (1996-2016) on urban reconfiguration is mixed. In Melbourne and Sydney, CCDs experiencing public housing renewal typically show no improvement in relative income over the period. For the period 2006-2016 there is a negative change in relative income for CCDs experiencing public housing renewal. Adelaide is an exception, with public housing renewal areas in the 1990s also experiencing some growth in relative income. This trend is also seen in CCDs with public housing more generally. However, also in Adelaide there is some evidence that public housing urban renewal had less impact in the period 2006-2016.

Notably, these findings do not imply that public housing renewal initiatives did not deliver intended or desired outcomes. What they suggest is that public housing renewal, particularly in Melbourne and Sydney, provided little impetus for stimulating social and economic change at CCD level.

The socio-economic characteristics of a neighbourhood before any public housing renewal activity took place is a key determinant of subsequent change in relative neighbourhood income status.

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Concerns

The central role of land and land value in policy making has raised concerns 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.

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.

A criticism of public housing renewal policies, in Australia and overseas, is the failure of area-based policies to fully address systemic causes of socio-spatial outcomes. That is, spatial concentrations of both physical (housing) decay, and social and economic characteristics, in cities are typically related to institutional as well as urban and global processes.

Observations of renewal over time

Overall, urban reconfiguration may be a critical enabler of the existing public housing renewal model – rather than the other way around. Economic obsolescence resulting from neighbourhood and citywide changes generate the potential for extracting additional site specific (public housing) value.

In order to initiate and give direction to public housing urban renewal, public authorities are therefore reliant on entering into ‘bargaining’ or co-dependent relationships with private sector actors. Access to negotiated land rents, in turn, compensates private sector actors for site and neighbourhood-specific risk factors. A co-dependency therefore exists where state authorities rely on private sector actors to deliver public housing renewal.

Despite the large number of studies undertaken to assess major urban renewal projects in each of the states, there is little evidence that evaluations have informed or changed the program logic of successive urban renewal projects.

Where evaluation studies have been published findings have seemingly had limited breakthrough in challenging dominant policy settings.

What this research means for policy makers

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 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 innovation can provide an additional source of renewal-specific revenue to support delivery of policy objectives. Such an approach might reduce the reliance on unlocking land-related values, but will require public sector innovation to channel social infrastructure value to project finances.

Public ownership of the land remains key, but its treatment, and how it is leveraged, is reshaping. Tendering and negotiation processes are shifting away from the sale of public land, instead aiming for lease arrangements, whereby ownership of land remains with the public sector and full control of land and housing assets are returned to the public sector in due course. This changes the developers’ role from property seller to manager of build-to-rent products. This may reduce the risks associated with having to sell products over an extended period of time and may also provide developers with access to different market sectors. This form of development is novel in the Australian context and comes with a degree of uncertainty for developers.

Methodology

This research analysed existing literature and the evaluation of public housing renewal projects in Adelaide, Melbourne and Sydney, as well as interviewing key people drawn from state government, local government, CHPs, academics and private sector investors and developers.

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