Mixed communities

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January 2012
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First published January 2012
Shelter Brief 48
ISSN 1448-7950

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**Affordable housing**: rental or owner-occupied housing where households are paying a manageable amount of household income on household costs. It is generally taken that if households pay more than 30% on housing, they are living in unaffordable accommodation.

**Brownfield development**: new residential building on land within an urban area that has previously been used for industry. It is often well located to services and transport, though normally requires environmental remediation before construction can proceed.

**Community housing**: social housing managed and/or owned by not-for-profit organisations with a clear social mission

**Exclusionary zoning**: planning requirements that impose high standards on new developments that can make them less affordable to lower income groups.

**Gentrification**: the movement of wealthier people into lower income areas, often resulting in the displacement of the latter group from particular areas.

**Greenfield development**: new residential building in areas without prior housing construction and infrastructure provision. Generally located on the urban fringe.

**Greyfield development**: similar to brownfield development in terms of location within the existing urban area, the term refers to sites formerly used for commercial, retail or lower density residential purposes that can be used for new higher residential building. Contamination is normally not an issue on greyfield sites.

**Inclusionary zoning**: planning requirements that require a given proportion of new developments to be made available to lower and moderate income households.

**NIMBY**: an acronym for a ‘not in my back yard’ approach that opposes various types of new development within a locality. The term sometimes covers the opposition of existing wealthy residents to developing affordable housing in their neighbourhood.

**Public housing**: social housing owned and managed by the public sector.

**Residualisation**: the allocation of social housing to tenants with high, complex or multiple needs - not just those on low incomes.

**Social housing**: rental housing provided at a discount to market rent levels. Provided either by public or community housing providers.
1 Background

The main policy discussion over mixed communities in Australia during the last decade has centred on the de-concentration of public housing estates. This research paper places the debate in a broader context, looking at issues of social mix across all locations and tenures. In particular, it reviews the way planning policies are being and could be used to create a social mix of people in a neighbourhood.

Section 1 of this report provides a background to the topic, a discussion of the main terms used in policy debates and a brief review of the international literature. Section 2 reviews how the notions of social mix and mixed communities are being brought into Australian public policy around urban renewal and capital-city planning. Most research is focussed on New South Wales, with limited comparative examples from other jurisdictions. Section 3 assesses how well those discourses and government plans and strategies address the polarisation of housing tenure and help reduce social exclusion.

1.1 Project context

This paper was commissioned by Shelter NSW in late 2011 to complement their policy work in ‘responsive public housing services’, where social mix is often an element of estate re-development implemented through de-concentrating public housing. It also links to Shelter's policy work in ‘urban policy’ and to a lesser extent ‘financing housing assistance’ through mechanisms such as inclusionary zoning.

Shelter NSW last formally considered this topic in 2002 with a seminar on ‘Social mix in our cities’, following publication of a briefing paper.1 Mixed communities have also featured in a number of other issues and research papers, and in conferences including ‘Renewing the estate’ (2003), and ‘Estates in the balance’ (2010).

1.2 Urban transformation: the polarised city

The driving force behind a policy interest in mixed communities is a concern that Australian cities are becoming less cohesive, with pockets of prosperity with good access to employment and services, along with areas of significant social and economic disadvantage. Although there has always been an uneven spatial spread of opportunity within cities, research suggests this has been getting worse over the last three decades.2 Changes have been caused by industrial re-structuring, with new globally connected businesses located in the Sydney Central Business District and surrounding business centres. In contrast employment opportunities are more fragile in outer suburban areas, offering lower salaries and reduced job security.

Sydney's economic restructuring has had a number of neighbourhood impacts. There has been a ‘suburbanisation of disadvantage’ to the older middle and outer ring suburbs, aspirational families have moved to new car-dependent outer suburbs, and gentrification has transformed former working class inner-city neighbourhoods.3
People living in low income neighbourhoods are less likely to have opportunities to participate in civil society, to access higher education or to obtain better paid employment that would allow more choices on location and housing tenure.

Housing affordability has become a major issue. Around 15% of Australian households pay over 30% of income on housing costs, placing them in ‘housing stress’. Of households in the lowest 40% income band, 28% are in stress. More problems are faced by lower income renters in the private sector (65% in stress), than lower income purchasers (49% in stress).\(^4\) High private sector rents in the inner and middle suburbs of Sydney have led to an accelerated displacement of lower income households to outer areas. This is further reducing the degree to which people of differing income levels are living in the same neighbourhood.

### 1.3 Mixed communities

There is no consistency with the way that key terms featuring in the mixed communities debate are used. In general ‘mixed communities’ usually refers to either the level of asset diversity (property mix) or people diversity (social mix) within a particular area. In many situations, such as contemporary NSW policies for the de-concentration of social housing, both property and people mix are closely linked.

**Property mix**

There are potentially a number of different types of property mix that may be thought beneficial to provide diversity within a neighbourhood. There could be low density and high density developments, mixed residential and commercial schemes, stand-alone single family properties and apartment blocks, accessible and adaptable designed homes for the less mobile, smaller and larger dwelling sizes, and supported facilities for people requiring social service support. A mix of different property types in a new development project should lead to a housing stock that ranges in price point, and therefore should promote a mix of differing income households.

Although there are many different ways of conceptualising property mix, the dominant approach in recent policy debates has been to focus on housing tenure. ‘Tenure mix’ refers to the variety of different legal arrangements for occupying property. These include social rental, private rental and private ownership. ‘Social rental’ can broken-down between whether the landlord is a public sector agency or a not-for-profit organisation. Similarly, private ownership can be split between outright owners and households purchasing a property through a mortgage.

Although this definition sounds straightforward, the terms are more complex than they first appear. Tenure mix debates contain deeply embedded norms and values that are seldom acknowledged. Property ownership has become privileged over rental, regardless of whether the landlord is in the public, not-for-profit or private sector. Too great a concentration of social housing in a neighbourhood is generally considered challenging, though an over-concentration of private housing is seldom problematised. There also remains a perception that social housing is relatively concentrated in ‘problem estates’, despite the fact that some 60% of NSW social housing is either pepper-potted within private housing neighbourhoods, or in estates with fewer than 100 properties.
In the housing literature, tenure is a contested term. Researchers have highlighted how terms used in the tenure debate have changed over time, often as a reflection of the dominant policy of the period. Certain types of tenure arrangements remain hard to categorise: shared equity arrangements, multiple property ownership, second homes, and living in caravan parks, aged care accommodation in rural Aboriginal communities. As noted in the text box, it is becoming more problematic to link housing tenure to socio-economic status. This questions the ability to use tenure mix as a surrogate for social mix.

Research on public housing de-concentration suggests many of the new property owners on an estate have similar income and social characteristics to their neighbours still renting from the state housing authority.

The link between social housing concentration, and concentrations of disadvantage, has been challenged by Australian researchers. Poor neighbourhood quality and pockets of poverty also exist within areas dominated by private housing. This is to be expected as, with only social housing only 5% of housing stock, the sector can only accommodate a portion of people on low incomes or facing other challenges. Social housing waiting lists are long, and include individuals with similar characteristic to current social housing residents. These people currently rent in the private sector. Therefore tenure mix may be a relatively weak indicator of levels of disadvantage in a country such as Australia with a relatively small stock of social housing.

Social mix

The term ‘social mix’ is broad, covering both the spatial mixing of people from different socio-economic groups, as well the degree of sociability between neighbours who are from different social backgrounds. Social mix need not only apply to income levels, but also to people’s household composition, employment type, age, education, ethnicity, disability, sexuality and gender. In many continental European countries, the integration of migrants is a large focus of mixed community programs, while in the USA reducing racial segregation is an important feature of social mix.

There is a growing research literature on the more narrowly defined understanding of social mix as relating to the co-location of groups with different incomes. This is the most widely used definition. Much of the research material has been employed by both sides in recent debates over public housing de-concentration in NSW. This research paper aims only to provide a brief overview of key issues and findings.

Diversifying tenure mix within public housing estates, as a way of increasing social mix, is considered by many policy makers to have both economic and social impacts. Economic benefits include improvements to the local economy, lower levels of unemployment and reduced costs in maintaining neighbourhood infrastructure. Social impacts are said to include reductions in anti-social behaviour, increased social interaction, better health outcomes and reduced social exclusion through removing

‘... once-robust debates about the linkages between housing tenure and economic status, political behaviours and social relations have diminished. Housing tenure, at least in Australia, has become a sterile and descriptive category that enables categorization of data, although not without some difficulties, but which lacks rigour as an explanatory concept’.

stigmatisation associated with perceived ‘problem’ neighbourhoods. In support of the mixed community approaches, a large number of studies in the USA and Europe confirm that there can be negative effects on young people growing up in deprived neighbourhoods through peer group effects.10

There have been a number of critiques of the policy of transforming public housing estates into mixed communities. Several writers contend the bigger issue to address is poverty and the lack of opportunity for certain groups, rather than a need to re-locate poor people from one neighbourhood to another.11 Moving people from public housing estates to other locations can lead to a fracturing of the community that existed in the original neighbourhood.12 For those families moved to new mixed communities, it may be hard to integrate as support networks have been broken. The remaining public housing residents may not form strong social links with the new private sector residents.13 Other researchers see social mix policies as a state-supported process of gentrification, bring wealthier households into inner-city areas once dominated by high rise public housing estates.14

The overall effects of social mixing across cities are less clear, on both disadvantaged and advantaged groups, and on society as a whole. For example, does social mixing increase aggregate community wellbeing, or just benefit those individuals who have moved from areas of concentrated poverty? Research on this topic has been limited, and gives conflicting messages. Some studies have shown mixing can reduce ethnic tensions, others suggest there may be challenges for existing residents of areas where there is an influx of displaced lower income households.15 The lack of definitive and unambiguous evidence has promoted leading researcher Paul Cheshire to describe mixed communities as ‘essentially a belief-based policy’.16

Spatial focus for mixed communities

With both property and social mix there is often lack of clarity on the scale at which it should be measured. As will be noted later in this report, in terms of estate renewal, social housing concentration is nearly always measured within the curtilage of a public housing estate. In such a small area, social housing may account for over 90% of housing stock — as is the case in the Bonnyrigg, Minto and Airds-Bradbury estates prior to redevelopment. However, when data is analysed at local council level, or within a sub-region, social housing concentrations may be far lower.

Social researchers take a nuanced view of what constitutes a neighbourhood, taking into account the views of residents. Seldom will what is perceived as a neighbourhood fit neatly within the boundaries used for social planning. In Australia, neighbourhood social planning is often based on census collection districts containing 200 to 250 homes or around 500 people. By contrast larger spatial areas are more commonly used overseas - census tracts of around 4,400 people in the USA and wards of approximately 5,000 people in the UK. Determining social mixing issues and solutions is highly dependent on which spatial scale is selected by policy makers.17

Degree of social mix

While many countries have policies promoting property and social mix, few programs make clear what level of mix is appropriate. Percentage targets may be set for new greenfield residential developments, brownfield regeneration estates, or for
transforming highly concentrated public housing estates. However, most residential housing exists within established neighbourhoods where policy makers can make little difference to the degree of property and social mix. Mixed community policies therefore operate at the margin of housing supply and re-development.

Most mixed community initiatives, both in Australia and overseas, focus on restructuring homogenous post-war social housing estates. However, the level of social housing within a neighbourhood at which issues emerge is unclear. US research indicates there is a tipping point, and once a particular level of social housing concentration has been exceeded then problems will escalate.\(^{18}\) In contrast UK research suggests there may not be a tipping point, rather that neighbourhood problems increased in a linear pattern as the proportion of social housing increases.\(^{19}\) However, from both studies, neighbourhoods with less than 15% to 20% households living in poverty did produce better social and economic outcomes.

**Sustaining mixed communities**

The mixed community debate often centres on policy interventions that will promote a mix in new developments. However, most communities that are mixed have evolved naturally, usually through gradual change and the movement of people.\(^{20}\) The way that places have developed over a time is strongly influenced by differences between regional housing and labour markets. Many older inner-city areas have diverse tenure, and a mix of people from ethnic communities. Some of the areas were built to include a mix of tenures at the start, but many were not. For example, there is good tenure mix in the Sydney suburbs of Glebe and Woolloomooloo, though this was achieved by the state government acquiring private dwellings in advance of proposed road building and slum clearance. When the schemes did not proceed, the dwellings passed to social housing ownership, thereby providing a tenure mix.

Social mix is therefore not frozen in time (see text box). Planners may establish a tenure mix in a new development project, though there is no guarantee it will be maintained. Homes aimed at moderate income householders might be bought by investors, then rented. Groups of students may rent a larger property destined for single family ownership. Private properties developed for homeownership on a de-concentrated public housing estate may be rented to low income residents in receipt of Commonwealth Rent Assistance. Even if comprehensive planning powers were in place to promote social mix, the actual outcomes may not be as expected.

> ‘Too frequently, the assumption implicit on arguments for neighbourhood-based policies is that the inhabitants – the ‘local community’ – are a stable set of families. But this is not the case. Neighbourhoods are more like buses with a constantly changings set of people in the: people/families are always moving in and others moving out.

Paul Cheshire (2010) p.21

Neighbourhoods with better schools and employment prospects are more expensive to live in. This has the effect of pricing-out poorer residents, reducing the social mix in wealthier neighbourhoods, and forcing many poorer households into poor neighbourhoods. It has been noted ‘the poor do not choose to live in areas with higher crime rates and worse pollution; they cannot afford not to’.\(^{21}\) Contrary to the conventional arguments about social mix, there may be benefits in poor people living
in poor neighbourhoods: housing costs are lower, support networks stronger and there could be a greater feeling of association between people from a similar background. This suggests there may be economic and social reasons why neighbourhoods become less mixed over time, which raises questions over the rationale and effectiveness of governments pursuing mixed community policies.

1.4 The role of planning

The promotion of mixed communities is a common thread in various planning initiatives used both in Australia and overseas. Land use planning policies have a major impact on social mix, both intended and unintended. Zoning rules can encourage smaller, cheaper properties or through detailed design rules prevent cheaper properties being built in a neighbourhood. Mixed use developments can be encouraged, or prevented, through planning regulations.

Much of the literature on mixed communities has its roots in housing policy rather than planning policy, with a major emphasis on social housing de-concentration. In practice the two policy streams are closely linked. This report focuses more on planning as it covers all neighbourhoods and property tenures, whereas housing policy is generally directed towards social housing. Planners and the planning system influence the development and protection of mixed communities in several ways:

- When developing new neighbourhoods, either on greenfield sites on the edges of cities, or re-developing brownfield or greyfield sites within the urban core, planners often promote mixed communities. In redevelopment schemes, social mix can be positioned as a way of minimising the impact of gentrification.

- Planners take an interest in social mix through the increasing consideration given to sustainable development, smart growth and transit orientated development. Higher density dwellings around transit nodes will often provide smaller and more affordable properties than if development had been in the form of single occupation detached houses.

- Policies may explicitly try to introduce wealthier households into areas currently dominated by poorer households. Often these are into areas with high public housing concentrations. State agencies have greater power to bring about change as they are the property owner and landlord. However, there are also examples such as England’s Housing Market Renewal Pathfinder Scheme (2003-2011), which aimed to bring wealthier residents into poorer areas where there was a mix of both problematic public and private housing, and low demand for housing.

- Social mix can also be framed as a way of providing accommodation for ‘key workers’ who are needed in locations close to the CBD where rising property prices make it increasingly difficult to live. Key workers include teachers, fire-fighters, police officers as well as cleaners and hospitality workers. Debates featuring key workers often reflect an economic efficiency argument, rather than a social driven desire to introduce community mix.
1.5 International approaches

This section provided a brief overview of approaches used in a number of overseas countries. Rather than aiming at comprehensiveness, it selects a variety of diverse approaches in order to place Australian mixed community initiatives in perspective.

Britain

In Britain the ‘Right to Buy’ scheme, introduced in 1980, allowed public housing tenants to buy their home at a discounted price. More than one million tenants exercise this right during the 1980s, a figure equivalent to around one fifth of all public housing tenancies when the scheme was introduced.22 Many ‘council estates’ began to have more of a mix of privately owned properties, although the sitting tenants who bought had a similar social profile to their public housing neighbours. In some cases, purchasers of council housing sold to realise a profit and their property became held by private landlords, which could result in poor maintenance.23 From the 1990s the British Government also promoted a variety of intermediate tenures such as shared equity and shared ownership to assist entry to home ownership.

Britain has successfully used the planning system to raise finance from developers and landowners to part-fund social rental housing. Though public grants are still required for social housing, the mixed community benefit is that affordable housing is built on the same site and at the same time as private housing. In Greater London, for example, a target had been set for developments with more than 15 properties to contain 50% affordable housing.24 From 2011 there has been a move away from a specific percentage target, although the Mayor of London will continue to negotiate with individual boroughs on setting affordable housing goals. This looks set to bring London into line with the rest of Britain where although all councils have an affordability target, the level of the target varies.

Housing policy in Scotland diverged from England following political devolution in 1999. Furthermore, Scotland differs to the rest of the UK in having less tenure polarisation, with fewer areas dominated by private ownership. Scotland’s 2011 housing strategy incorporates mixed communities as a key priority, with new multi-tenure housing schemes where private house sales and rentals cross-subsidise social housing.25 Planning guidelines from 2005 encourage local councils to require new developments to contain 25% affordable housing, for sale or rental.

In England, the 2003 Sustainable Communities Plan embedded the concept of mixed communities for new housing developments — see text box.26 Two years later the Mixed Communities Initiative was launched to transform 12 areas suffering from high levels of deprivation, largely through public housing de-concentration. Schemes involved halving the proportion of social housing in the neighbourhood from 60%-80%, to 30%-40%, though absolute numbers of social dwellings are maintained through building at higher densities. No central government funding was provided and schemes need to be self-financing through selling

\[\text{Sustainable Communities Plan (2003) p.5}\]
off public land for private development. Although the 12 projects are still in progress, achievements to date have been relatively disappointing, in part due to the deterioration in the property market limiting the ability to cross-subsidise.27

Other European countries

There is a lack of consistency between European countries. France is prescriptive on tenure mix, with a 1991 law requiring urban communes with more than 3,500 residents to have a minimum 20% social rental housing. In the Netherlands no numerical target is set, and social mix policies are — as in Australia — typically tied to urban regeneration projects. Sweden’s approach is more similar to France’s in that there is a focus on achieving social mix in all neighbourhoods, not just those that are disadvantaged.28 However, Sweden does not have such precisely quantified targets as in France, aiming more generally at achieving an inclusive society. Ireland has followed the British approach, requiring councils to incorporate into housing strategies affordable housing for sale to at below market value to low and moderate income households. Tenure mix is also required on new developments.29

United States

In the US, following the Gautreaux case in 1976 which highlighted benefits where black tenants in public housing estates were moved to mixed neighbourhoods, housing policies started to promote such de-segregation. Tenants might be offered ‘section 8 housing vouchers’, a form of housing assistance allowing households to either rent from private sector landlords or use as a contributing towards mortgage payments. From 1992 the ‘Moving to Opportunity’ program consisted of five demonstration projects which, when evaluated, initially produced optimistic findings, although several researchers have subsequently challenged the methodology.30

Work has also been undertaken in the USA on transforming public housing estates through the HOPE VI program. Since 1992 some US$6 billion has been invested in 254 schemes, resulting in 150,000 public housing units being demolished to make way for new construction.31 Most have been large, high-rise estates in city centres where land values are high. The expectation was that the public investment through HOPE VI would leverage up to US$9 billion in private finance into areas requiring significant regeneration. HOPE VI promotes a move to mixed-tenure neighbourhoods, with long term social tenancy management contracted to private or not-for-profit organisations. The projects mix private debt or equity with public subsidy, and use income from sales of private dwellings to offset the capital costs of rebuilding.
2 Australian mixed community initiatives

The three spheres of Australian government have over the last decade more explicitly built into their strategies commitment to promoting mixed communities. These tend to be in the form of either social strategies that promote more socially inclusive communities, or through urban planning strategies that establish broad guidelines for the functioning of larger cities. Sections 2.1 and 2.2 review strategic approaches to creating and maintaining mixed communities, with Sections 2.3 and 2.4 detailing intervention tools and approaches.

2.1 Commonwealth Government strategies

Social inclusion

The National Government's interest in community outcomes was shown through the establishment of a Social Inclusion Unit in the Department of the Prime Minister and Cabinet in December 2007 to coordinate a whole-of-government approach. This was followed by establishing a Social Inclusion Board in May 2008 to advise government, publication of 'A stronger, fairer Australia' policy document in January 2010, and the appointment of a Minister for Social Inclusion in October 2010.

This policy agenda aims to reduce social exclusion, through providing opportunities for people who 'are trapped in a spiral of disadvantage caused by family circumstances, low expectations, community poverty, lack of suitable and affordable housing, illness or discrimination'.

One of the Commonwealth’s six main social inclusion priorities is to break the cycle of entrenched disadvantage in particular neighbourhoods through ‘using a locational approach to tackle entrenched poverty’. The main policy focus is on better quality and more coordinated service delivery to disadvantaged areas, both in cities and remote Indigenous communities. There is no mention in ‘A stronger, fairer Australia’ of promoting mixed communities, nor of separating approaches to neighbourhoods based on housing tenure.

The 2011-12 Commonwealth budget included $25 million funding of a ‘Better futures, Local Solutions’ program to support social inclusion in ten locations, three of which are in NSW. It has not been disclosed in detail how the local government areas were selected, though they are said to have ‘high levels of long term unemployment, dependence on welfare and young people at risk’. The locations selected in NSW have widely differing characteristics. For example, in terms of the proportion of public
housing compared to total housing stock at the time of the 2006 Census, Wyong (3.3%) was below the rate for metropolitan Sydney (5.1%), whereas Shellharbour (8.9%) and Bankstown (10.3%) were noticeably higher.

When a report card on progress with implementing the social inclusion agenda was published in November 2011, a seventh priority was added of ‘building socially cohesive communities’. This has a narrow focus on assisting the integration of newly arrived refugees in Australian communities, though it indicates ‘mixing’ within communities can be along ethnic as well as social or economic dimensions.

There is therefore evidence that the Commonwealth Labor Government elected in 2007 has started to provide leadership on building social inclusion within communities. A Minister has been appointed, advisory groups established, limited demonstration projects funded and research papers produced. However, the Commonwealth’s focus has been on addressing the perceived social and economic ills within particular neighbourhoods rather than promoting mixed communities.

Setting an urban agenda

The Commonwealth has seldom ventured into the area of urban planning, an exception being the work of the Department of Urban and Regional Development from 1973-1975. Since 2007 the establishment of the Major Cities Unit and the National Housing Supply Council are indications the National Government is taking a more pro-active role. In May 2011 the Commonwealth launched a National Urban Policy which ‘set out the Australian Government’s aspirations for a national approach to planning and managing our cities’, which would be delivered ‘in partnership with State, Territory and local governments, business and the community’.

Selected objectives from the National Urban Policy that relate to mixed communities and social inclusion are summarised in Box 1.

Box 1: National Urban Policy on mixed communities, 2011

- Facilitate the supply of mixed income housing by
  - encouraging housing diversity, including smaller properties;
  - supporting new accommodation for older people, including universal design;
  - reviewing zoning and planning approval processes and infrastructure charges.

- Support affordable living choices by:
  - locating housing close to facilities, services and jobs - both in the urban core and on the edge of metropolitan areas;
  - encouraging compact mixed-use developments;

- Support community wellbeing by:
  - providing access to social and economic opportunity;
  - planning should be guided by principles of social inclusion;
  - redressing spatially concentrated social disadvantage, defined as areas with poor access to education, jobs and services.
The National Urban Policy is an important initiative, developing a broad set of approaches to mixed communities in terms of both housing diversity and community wellbeing. At the time of writing, it is unclear what effect it will have. There are no targets or mechanisms to measure change in Australia’s cities, and the Commonwealth has few direct intervention tools. The National Government is said to be working with the states and territories through COAG’s Housing Supply and Affordability Reform agenda to improve urban outcomes. It is intended that future funding will be aligned with the National Urban Policy’s priorities, though there was little new funding announced when the policy was launched.

Commonwealth funding strategies

The ability of the Commonwealth to make a direct impact on communities is limited as most urban and neighbourhood activities are the preserve of the states and territories, and to a lesser extent local government. However, the Commonwealth can influence outcomes through tweaking the funding mechanisms by which money is passed to the states and territories. As discussed above, this could allow the Commonwealth’s new National Urban Policy to have a longer term impact.

The funding mechanism for social housing was the Commonwealth State Housing Agreements (CSHA), in place from 1945 to 2008, though updated a couple of times each decade. The most recent Agreement, signed in 2003, made little mention of community outcomes, beyond a general commitment for the Commonwealth, states and territories to collaborate to ‘maximise the opportunity for people to actively participate in the community, socially and economically’.39

In the 2007 national election campaign the Labor Party advocated a comprehensive approach to address housing affordability. Much of the delivery was to be through a new National Affordable Housing Agreement (NAHA) between the Commonwealth, states and territories. The current Agreement, signed in 2009, commits the parties to work together on twelve policy actions, the third being to create ‘mixed communities that promote social and economic opportunities by reducing concentrations of disadvantage that exist in some social housing estates’.40

The 2009 NAHA gives no direct guidance on how to achieve mixed communities. However, sitting beneath the Agreement are a series of National Partnership Agreements (NPAs) with earmarked funding, specific targets for housing outcomes and monitoring through reporting mechanisms to Parliament. Two Agreements, both signed in 2009, are relevant to mixed communities:

- The social housing NPA is silent on de-concentrating disadvantage, though more generally calls for improved ‘social inclusion and economic participation for disadvantaged households’.41
- The Nation Building NPA calls for one of the aims of the construction of around 20,000 new social housing dwellings to be a ‘reducing concentrations of disadvantage through appropriate redevelopment to create mixed communities that improve social inclusion’.42

The wording and policy intent driven by these NPAs has had an impact at state and territory level. In NSW, for example, the concept of ‘reducing concentrations of
disadvantage’ was one of the drivers for AHURI research sponsored by Housing NSW in 2010.43 The term also featured prominently in Housing NSW’s most recent annual report, providing a framework for describing the approaches underway at the Living Communities Projects described below in section 3.4.44

In contrast to funding supplied through NPAs, direct Commonwealth funding initiatives to increase social inclusion, for example through the ‘Better futures, Local Solutions’ program, have been limited in number and dollar value. Therefore most decisions on how or whether to take action to promote mixed communities outside public housing estates remain with the states. Although the Commonwealth has started to set wider neighbourhood agendas with the 2011 National Urban Policy, this has come quite late in the life of the Labor Government elected in 2007. Where the term ‘mixed community’ is mentioned in policy documents, it generally refers to a mixing of people of different incomes, which is a relatively narrow definition.

2.2 State, territory and local government strategies

The Commonwealth Government’s social inclusion initiatives after 2007 mirror work underway in some but not all of the states and territories. South Australia established a Social Inclusion Initiative in 2002, followed by the ACT’s Community Inclusion Board in 2004 and Tasmania’s Social Inclusion Unit in 2008. These organisations sit within the Department of Premier and Cabinet, and in South Australia and Tasmania base their work on documented social inclusion policies. In other jurisdictions, social inclusion is often mentioned within state plans, though there is no separate body charged with assisting or monitoring implementation.

In jurisdictions with social inclusion units, approaches towards mixed communities vary. In Tasmania, the policy makes no mention of spatial aspects, mixing within communities or the role played by housing tenure.45 South Australia’s policy is more spatially orientated, with a goal of ‘improving the circumstances of families with multiple, complex needs in identified geographical locations’.46 However, no details are provided of how the policy works spatially, with greater focus on the needs of particular groups such as young offenders, people living with a disability, the homeless and Aboriginal people.

In NSW, the approach to social inclusion has changed with the election of the Coalition Government in March 2011. The 2010 previous State Plan stated that ‘through the development of a social inclusion agenda and collaboration with the non-government sector, we will build the capacity and resilience of communities and the independence, safety and wellbeing of individuals and families’.47 This policy extended to a wide range of groups: young people, Aboriginal communities, homeless people, families and people with a disability. However, the 2011 Coalition Government’s State Plan only refers to social inclusion in the context of Aboriginal people.48

Metropolitan planning

The main state and territory policy documents governing the intended spatial growth of Australian capital cities are metropolitan plans. Table 1 summarises the most recent comprehensive metropolitan plans for Sydney and Melbourne. Both were written by the previous Labor government, and may be subject to change.
<table>
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<td>Mixed community</td>
<td>• Not mentioned.</td>
<td>• Neighbourhoods should be created as integrated and interconnected communities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Because the population is made up of people of different ages, genders, family types, cultural backgrounds, interests and abilities, neighbourhoods must respond to different needs opportunities and aspirations.</td>
</tr>
<tr>
<td>Social inclusion</td>
<td>• A sustainable city integrates equity, liveability and social inclusion into plan making and planning decisions.</td>
<td>• Changes in labour and housing markets have created opportunity for some, disadvantage for others; many people cannot afford a place to live close to transport, jobs, education and services; emerging pockets of social disadvantage have the potential to weaken the fabric of our community.</td>
</tr>
<tr>
<td></td>
<td>• Urban renewal proposals should meet equity, liveability and social inclusion targets based on an understanding of the local community's existing and future needs. The targets would ensure the needs of vulnerable people are considered when planning major renewal proposals.</td>
<td>• The Government will consider the differing needs, values and aspirations of all individuals and groups in society while managing urban and regional growth</td>
</tr>
<tr>
<td>Housing</td>
<td>• Areas undergoing renewal should have a mix of housing types.</td>
<td>• A range of lot sizes and of housing types to satisfy the needs and aspirations of different groups of people.</td>
</tr>
<tr>
<td></td>
<td>• The amount of affordable housing in renewal projects must be appropriate.</td>
<td>• Integration of housing, workplaces, shopping, recreation and community services, to provide a mix and level of activity that attracts people, creates a safe environment, stimulates interaction and provides a lively community focus.</td>
</tr>
<tr>
<td></td>
<td>• The housing mix in renewal projects should include the appropriate mix of adaptable and accessible housing.</td>
<td>• A significant proportion of new development, including new development at activity centres and strategic redevelopment sites, must be affordable for households on low to moderate incomes, especially those that are experiencing housing stress but are unlikely to gain access to public or social housing.</td>
</tr>
<tr>
<td></td>
<td>• Housing NSW will continue to lead renewal of social housing. This will provide opportunities to improve the quality of social housing, make better use of underutilised land for additional housing, reduce concentrations of disadvantage by mixing public and private housing, improve the quality of open space and the public domain, and contribute to the supply of affordable housing.</td>
<td></td>
</tr>
</tbody>
</table>
Comparing the two metropolitan plans in Table 1, both pay attention to social inclusion though it is Melbourne’s plan which more specifically addresses the issue of mixed communities. The term is used to signify a mixing of different types of people in an area, as well as a mixture of housing types to cater for different groups. Melbourne’s plan also considers the importance of a mix of building uses within a community to create activity centres. Sydney, by contrast, emphasises affordable housing and approaches to de-concentrating disadvantage in social housing estates.

2.3 Planning tools and mixed communities

The land use planning system is often used to try and achieve socially fair outcomes in urban development. In an ideal world planning should ensure that no group is unduly disadvantaged by development processes, and has equal access to employment, education, leisure and services. Promoting opportunities for different socio-economic groups to access housing opportunities within new and changing areas of a city is an important way of achieving social equity in urban development.50

There are a variety of planning tools that can be used to promote and preserve mixed communities. Planning guidelines can permit a wider variety of housing types in particular neighbourhoods, for example, homes built on smaller plots of land, higher density schemes, boarding houses, caravan parks and homes for older people or people with a disability. This approach will allow less expensive properties to be built, that are therefore are more likely to be affordable to lower income groups. The opposite approach, termed ‘exclusionary zoning’ in the USA, is where planning rules such as strict design standards and preventing multi-unit developments are used to keep prices high and retain ‘exclusivity’ in a neighbourhood.

Positive planning approaches

Although, as described above, most planning tools can have an effect on housing affordability and mixed communities, many governments now design tools with specific community outcomes in mind. These can be described as positive planning and public sector-led development approaches. Table 2 summarises the broad direction of planning approaches across Australian jurisdictions to preserve or create mixed communities. These have been categorised under the six broad headings.

There is a considerable variety of planning approaches evident in Table 2. The ‘mandatory - state’ mechanisms are the most comprehensive, and will apply to all new development above a certain size. They are therefore likely to have the greatest and most consistent impact in creating mixed communities in either greenfield or brownfield schemes. Using the other planning approaches in the Table may lead to less consistent outcomes as not all development schemes in a jurisdiction will be covered. Individual negotiations will be required, with governments potentially at risk of pressure from either developers or local residents. Some of the planning tools other than ‘mandatory - state’ may be better at preserving affordable and alternative accommodation, and apply to smaller neighbourhood projects.
<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Mandatory - state</th>
<th>Mandated - local</th>
<th>Negotiated</th>
<th>Planning bonuses</th>
<th>Preservation</th>
<th>Land agencies</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>✔</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☑</td>
<td>ACT policy requires 15% new subdivisions through the land agency are affordable, and available to eligible buyers (including purchase by community housing groups). Eligible buyers can earn from $120,000 to $136,000, buy a property up to $337,000 and live in it for a minimum 3 years.</td>
</tr>
<tr>
<td>NSW</td>
<td>✔ ✔ ✔ ✔</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☑</td>
<td>Examples include Landcom’s work in promoting 7.5% house sales affordable for moderate income purchasers, and various site-specific schemes in central Sydney.</td>
</tr>
<tr>
<td>NT</td>
<td>✔</td>
<td>☐</td>
<td>☑</td>
<td>☐</td>
<td>☑</td>
<td>☑</td>
<td>The Territory’s 2008 policy mandates 15% affordable housing in new subdivisions, of which 5% should be social rentals. Eligibility based on Homestart NT loan terms: incomes $80,000 (single) - $135,000 (6 in household). Properties affordable up to $530,000 Darwin/Palmerston, $435,000 Alice Springs and $210,000 in Tennant Creek.</td>
</tr>
<tr>
<td>Qld.</td>
<td>✔ ✔ ✔</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☑</td>
<td>The state’s land agency uses planning bonuses and mandated local planning rules to push for affordable sales to low and moderate income households in new large schemes. Previously the policy aimed for 15%, now the figure is discretionary.</td>
</tr>
<tr>
<td>SA</td>
<td>✔ ✔ ✔ ✔</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☑</td>
<td>South Australia had the first mandatory inclusionary zoning scheme for larger projects in Australia, dating from 2005 (set at 15% affordable). Also widespread use of planning controls by local councils for smaller schemes.</td>
</tr>
<tr>
<td>Tas.</td>
<td>☑</td>
<td>☑</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>Few planning initiatives have been used in Tasmania to date, though Hobart City Council negotiates for affordable housing on sales of council owned land.</td>
</tr>
<tr>
<td>Vic.</td>
<td>✔ ✔</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☑</td>
<td>Examples: VicUrban’s mixed tenure scheme in Docklands, and work in providing affordable housing to for moderate income purchasers at Aurora.</td>
</tr>
<tr>
<td>WA</td>
<td>✔ ✔ ✔</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
<td>☑</td>
<td>Examples: mandatory social rental housing included in East Perth redevelopment scheme. The new 2011 housing policy aims for 15% affordable housing sales within new major developments.</td>
</tr>
</tbody>
</table>

\[51\]
The six categories in Table 2 are detailed below:

- **Mandatory - state**: inclusionary zoning across the entire state or territory. This approach insists that larger new developments provide affordable housing for sale, and/or social housing for long term affordable rental. Policies of this type apply in three jurisdictions: the Australian Capital Territory, the Northern Territory and South Australia.

- **Mandatory - local**: as above, though the inclusionary zoning rules apply to a particular site or local government area, not the whole state or territory. While in the UK and USA inclusionary zoning at local council level is relatively common, in Australia it is rare and inclusionary outcomes are normally achieved through negotiations (see next category). In part this is due to the power of the Australian states and territories in setting planning guidelines. In NSW, for example, the Department of Planning and Infrastructure approves council Local Environmental Plans (LEPs). Two examples in the City of Sydney local government area of site-specific inclusionary zoning based on mandatory provisions are Green Square, and City West (Ultimo-Pyrmont) which is detailed below.

An example of a site-specific planning scheme to deliver affordable housing that was mandated by state government is at Redfern-Waterloo in Sydney. This was through the Redfern-Waterloo Authority Affordable Housing Contributions Plan 2006. The Plan enabled the Planning Minister, using powers under the Environmental Planning and Assessment Act 1979, to require payment of an affordable housing contribution when granting consent for a development in the designated area. With the abolition of the Authority in December 2011, the development contributions for affordable housing will be collected by the Sydney Metropolitan Development Authority.

- **Negotiated**: a mixture of housing tenures and price points can be achieved on a new development as part of local planning consent, or through the terms of sale for a particular piece of publicly-owned land. This approach was used in a number of South Australian greenfield schemes, adopting similar terms to the mandatory inclusionary zoning policy. In NSW the voluntary planning agreement approach has been used in central city locations at Central Park (the Frasers Broadway site, Chippendale) and Barangaroo. Also, Randwick City Council’s LEP requires that developers ‘where appropriate’ will address the provision of housing mix and tenure choice on development sites over 10,000 square metres. In Randwick inclusionary zoning outcomes are negotiated on a site-by-site basis, although the aim is to achieve 1% of total housing stock as affordable social rentals that will be subsequently owned and managed by community housing organisations.

- **Planning bonuses**: granting developers extra floor space or height limits if they incorporate housing in the scheme for particular groups. For example in NSW the 2004 State Environmental Planning Policy (SEPP) on Seniors Living relaxed certain planning guidelines where accommodation is being built for older people, and people with a disability. The 2009 Affordable Housing SEPP also gives bonuses to developers who provide ‘new generation’ boarding houses and innovative schemes such as granny flats. In South Australia, planning bonuses are used under the Planning Strategy for Greater Adelaide to try and achieve the 15%
affordable component in smaller schemes than apply to the mandatory inclusionary zoning scheme.

- **Preservation**: planning tools can be used to preserve existing affordable accommodation, for example by refusing permission to transition from a boarding house to single-use dwellings. This approach has been used by the City of Sydney, and a number of inner-city local authorities concerned about the loss of affordable boarding house accommodation, under the former SEPP 10 whose provisions were incorporated into the SEPP (Affordable Rental Housing) 2009.

- **Land agencies**: these are organisations established after the Second World War by states and territories to control the release of publicly owned land for development, and coordinate with infrastructure provision. The role of these agencies has changed over the last decade, and they now acquire, develop, redevelop and sell residential, commercial and industrial land usually working with private sector partners. Recently, agencies have become involved in the provision of affordable housing and promotion of mixed communities.

**‘Mandatory - state’ approaches**

Although three jurisdictions have used mandatory approach, ‘in terms of planning policy innovation, South Australia has led the way in strengthening and integrating their state wide housing and planning strategies for affordable housing’. The 2005 Housing Plan for South Australia set a target for 15% of all new significant developments to be affordable, including 5% for those with high needs. This has generally been taken to imply that 10% of properties will be affordable housing sales and 5% for affordable housing rental through the Housing Trust, though the precise terms are explained in more detail in Box 2.

Details concerning the effectiveness of South Australia’s inclusionary zoning scheme in delivering mixed communities are limited, and there has been no publicly released policy review or post-implementation study. An October 2011 Green Paper suggested ‘more than 2,000 affordable homes have been committed through the 15% provision, a further 2,000 are currently under negotiation’. However, the authors understand that well under one thousand properties have actually been built under the 15% scheme since 2005, with the rest in the development process. Most of the completed schemes to date have been on government owned land releases, where a direct negotiation with the purchaser would have been able to achieve the same housing mix outcomes as the use of inclusionary zoning.

During 2010-11 the South Australian Housing Trust purchased 54 units for the ‘high needs’ category of the inclusionary zoning scheme. This suggests production of just 162 affordable homes made available for occupation during the year to June 2011. Furthermore, it is believed that not all the properties supplied for affordable housing sales have been sold to ‘eligible purchasers’ due to lack of demand. Therefore some of the designated affordable properties will have been sold in the market, to wealthier families or investors, thereby partly defeating the aim of creating a mixed community. There has also been a suggestion that limitations in the availability of government funding reduced the number of properties that could be purchased by the South Australian Housing Trust for higher needs residents.
Box 2: Inclusionary zoning in South Australia

- ‘Significant developments’ covered by the South Australian scheme include those on government land, ‘major developments’, sites requiring significant re-zoning and areas allocate for significant growth under the 30 Year Plan for Greater Adelaide. The designation of ‘major development’ is at the discretion of the Minister for Urban Development and Planning based on whether it is of major economic, social or environmental importance.

- The 10% affordable dwellings for sale must be made available at below the price points designed by state government, as updated annually. For 2010-11 the indicative price was up to $288,000 in Greater Adelaide and identified regional cities (such as Port Augusta) and $244,000 for the rest of the state. Figures are calculated based on moderate income households — those who earn up to 120% of median household income — paying no more than 30% of household income on household costs.

- Properties are offered through the Property Locator website, which is also used for sales of public housing (www.propertylocator.sa.gov.au).

- Properties must be dispersed across the overall development, and external appearance of affordable housing units should be similar to that of other dwellings, with comparable materials and finishes.

- Affordable dwellings must be offered to sale to eligible purchasers who are:
  - South Australian residents aged over 18 years who do not own an existing property
  - Intend to become an owner occupier, through agreeing to live in the property with 12 months of settlement; the minimum period of occupation is 6 months
  - Earn between $72,904 (single person) and $90,405 (couple with 4 children) in metropolitan areas, or $61,848 - $76,692 (respectively) in regional areas.

- For the 5% housing targeted to higher needs groups, the developer can sell the property at the designated price points to Housing SA (the public housing provider) or to a community housing group or cooperative.

- Homes offered for affordable sale are made available to eligible purchasers for a period of between 30 and 90 days. If not sold in this period, the properties are made available for sale in the general market.

Potentially the issues with the South Australian inclusionary zoning scheme are due to taking time to establish the process, particularly making purchasers and developers familiar with the approach. Research published in 2009 suggested developers had started to become comfortable with the use of inclusionary zoning, and welcomed the opportunity to provide a broader range of housing products to both higher and moderate income purchasers.59 There are 15 greenfield land release schemes in the development pipeline which will include the 15% housing commitment, and affordable housing has also been incorporated into two brownfield site apartment projects in Adelaide CBD. Regional inclusionary zoning projects are also under consideration at Murray Bridge, Stirling North and Port Lincoln. If all these projects are successfully developed, inclusionary zoning will be shown to be workable in an Australian context.

Site based initiatives

In jurisdictions without the more comprehensive inclusionary zoning schemes seen in South Australia, the Northern Territory and the ACT, it is relatively common for
governments to become involved in planning for a community mix within new large-scale developments. Due to the strategic significance of these projects, state governments act as planning authority and lead negotiator with large development companies or consortia. Often projects involve complexities in terms of land assembly and clearance, provision of improved transport links and careful negotiations with neighbouring residents. In some cases state governments own the land.

The approach to promoting mixed communities through site specific schemes is used in a number of jurisdictions, though many of the prominent examples are in NSW and Victoria. Sites are typically located in high-demand central locations, where there is competition between developers to build higher density residential properties aimed at wealthier households. In these situations it is easier for planning authorities to negotiate developer contributions, and to use these funds to provide a greater diversity of housing products aimed at lower income households.

One of the earliest schemes was in NSW when the proposed re-development of land at Pyrmont and Ultimo prompted fears that the neighbourhoods would move from working class suburbs to a gentrified locations, leading to a loss of mix within the community. The NSW government established City West Housing as a not-for-profit organisation in 2004 to develop 450 new affordable rental homes for low to moderate income earners who had a connection with the area.

Funding for City West Housing was complex. The Commonwealth contributed $50m (42%) under the Better Cities Program, and the NSW Government added a 4% levy on local public land sales. Developer contributions were generated from a levy on all commercial and residential schemes in the area which could be paid in cash or housing, though in practice all were in cash - some $14m by 2003. Together with tax and GST savings and a cross-subsidy from higher income tenants, City West's financing is such that they do not need on-going subsidy to provide affordable rental housing. From 1998 City West's area of operation spread south to encompass the development at Green Square which is described in Box 3, and in 2011 the company further expanded to cover the whole of the City of Sydney local government area.

Site based initiatives in central Sydney locations look able to generate between 2% and 3% affordable rental housing based on examples at Green Square, Barangaroo and Central Park. This is in the form of a ‘gift’ of housing at zero cost which can be transferred to the ownership of a community housing provider. The approach is different to the inclusionary zoning schemes in South Australia and the two territories where 15% of housing is delivered at affordable price points then sold to affordable housing providers. One problem with the latter approach is that public and community housing organisations may lack the capital to make the purchase.

The Green Square example shows that, even in prime locations, the proportion of affordable rental housing is very low. There is no provision for there to be a certain proportion of housing to be made available to promote other types of mix, for example earmarking dwellings for older people, for people with disabilities, from an Aboriginal background or refugees. The City of Sydney has an ambitious target for 7.5% of all housing in the city to be social housing, and a further 7.5% to be affordable rental housing. To meet this target almost 8,000 affordable housing and 650 social housing dwellings need to be built in the City by 2030. While the modest
number of properties proposed at Green Square will make an impact on meeting the
target, many more site specific projects will be required.

Box 3: Green Square

Green Square is a 14 hectare site between Sydney CBD and the airport currently mixed use,
but traditionally mainly light industrial. Around 5,700 new dwellings have been built since
2000, bringing in close to 11,000 new residents. By 2030, Green Square is projected to
house 40,000 residents and provide employment for 22,000 workers.

The vision for Green Square is to transform the area into a vibrant and sustainable urban
place, with a diverse mix of housing, open spaces, offices, shops and facilities. Central to
this vision is design excellence, greater accessibility for residents, workers and visitors by
public transport (Green Square station), bike and on foot and social diversity.

The City of Sydney’s Affordable Housing Scheme for Green Square is set out in the 1998
South Sydney LEP and Affordable Housing Development Control Plan 2002. The LEP
encourages and promotes a variety of housing for both the new and existing communities
in terms of building styles, tenure and social mix. A particular aim is the development of
housing that is affordable to a cross-section of income groups.

It is anticipated that Green Square will provide 330 rental units for low to moderate income
households as development proceeds on the site over the next 15 to 20 years. The
requirement to make an affordable housing contribution forms a condition of Council
granting development consent. Developers may choose to provide affordable housing on-
site, or to pay the equivalent monetary contribution to allow housing units to be built
somewhere else within Green Square.

For new residential development at Green Square, the affordable housing contribution is
3% of the total residential floor area, or $138.35 per square metre of total residential floor
area if provided through a monetary contribution. For non-residential development, the
affordable housing contribution is 1% floor area or $46.10 per square metre respectively.

‘The aim of the scheme is to provide different types of housing, including
affordable housing, to ensure that households on very low to moderate incomes
may live in the area. The basis for this is a response to the expected increase in
land values as a result of increased development potential which tends to put
upward pressures on property values and raise the purchase and private rental
accommodation costs beyond the reach of low to moderate income households’.62

The administrative costs of negotiating for affordable housing contributions on a case
by case basis are high, particularly given that negotiations may ultimately break
down. Smaller and medium sized councils probably lack the capacity to undertake the
task, and even large councils such as the City of Sydney can only proceed if their
policies are in alignment with state planning goals. For developers, a site specific
approach provides uncertainty and cost, suggesting mandatory requirements to
promote housing mix that are known up front and applied in a consistent way may be
more efficient. Whether the level of developer contributions evidenced at Green
Square could be achieved in a more marginal metropolitan location is unclear.

Mixed community delivery via land agencies

The role of land agencies is important in the development of new mixed communities,
and is an example of leveraging from the public ownership of assets. In contrast to
their public sector origins, land agencies now have clear commercial objectives and
managerial autonomy with an independent board with property industry expertise. They allow state and territory governments to more directly intervene in securing a variety of policy outcomes in particular localities, for example a particular mix of property types and tenures. Land agencies can also be used by governments to help achieve goals such as urban consolidation, sustainable housing design and transit orientated development.

There are a number of examples of mixed community developments. The land agency VicUrban (recently re-branded as Places Victoria) secured affordable rental housing in Melbourne Docklands aimed at accommodating lower paid workers employed in retail outlets. Working in partnership with the Office of Housing, private developer Land Lease and non-profit Housing Choices Australia, the Merchant project delivered in 2010 a mixed use retail and residential scheme with 76 market rate apartments for sale and 57 social dwellings for rent. The value of the affordable apartments was $18.7 million, comprising 43% of the total units on the site. In another Victorian scheme, this time in a greenfield location on Melbourne’s urban fringe, VicUrban are promoting a major project known as ‘Aurora’ - see Box 4.

Box 4: VicUrban’s Aurora project

Aurora is a 630 hectare development in Epping North which will over the next 15-20 years accommodate 8,000 households. It has been stated that more than 30% of homes at Aurora will be priced in the lowest quartile of the market. This is in excess of the 25% target established by VicUrban.

Attention has been paid to developing community facilities ‘to create a strong sense of community with access to services, facilities and amenities that will meet the needs of new residents’. Most amenities, infrastructure and community services will be available within a walkable catchment of 200-800m and all homes will be 6-star energy rated. 6 Star energy rated homes are achieved through lot and house orientation, passive design, insulation, ventilation and thermal mass.

Housing diversity and choice at Aurora has been designed to be ‘appropriate to community needs’ and promotes liveability. Amenities and community hubs are within walking distance creating opportunities for interaction and increased security for residents. Approximately 80% of all households are within a 400m walking distance to a destination or focal point.

VicUrban’s Aurora project is a classic master-planned community, following leading practice on environmental sustainability and transit orientated development. However, unlike the scheme in Melbourne Docklands there is no long term retention of affordable rental accommodation, nor is there a system such as in South Australia where affordable house sales are restricted to ‘eligible’ (lower and moderate income) households.

Therefore at Aurora there is only a modest mixing of price points for home purchase, and no planned mix of tenure. The policy aim at Aurora appears to be based more on increasing the supply of affordable housing and creating a sustainable community, rather than encouraging a wide mix of accommodation types or catering for households on very low incomes or with special needs.
Land agencies in other jurisdictions have played a role in promoting mixed communities, but probably to a lesser extent than Victoria:

- In NSW, Landcom aim that 7.5% of housing and land will be sold at prices affordable to moderate income groups at up to 120% of household median income in metropolitan Sydney. In 2010-11 Landcom achieved an above-target result of 7.9%, in contrast to the period to 2006-07 when the target was missed by a large margin. Landcom's approach to 'mix' is focused more on mixed use developments that integrate retail and residential and uses, and producing a range of price points for house sales, rather than mixed tenure communities. Like VicUrban, Landcom has more recently become involved recently in locating sites for social rental housing developments. Landcom have also acted as lead development coordinator on projects at New Rouse Hill and Green Square where there are separate projects that will provide long term social rental housing.

- The Land Development Agency in the ACT has established a Moderate Income Land Ballot scheme that sells greenfield blocks by ballot to households within defined income eligibility limits ($100,000-$116,000); house and land packages for a similar target group; and the provision of blocks for development by community housing organisations.

- In Queensland the Urban Land Development Authority (ULDA) ‘works to deliver vibrant, inclusive communities that provide a range of diverse housing options for low to moderate income households’. The ULDA promotes small lot sizes and a greater variety of building types to produce lower cost homes. Low to moderate income households are defined using guidelines issued for the National Rental Affordability Scheme (NRAS) - household incomes up to $44,128 for a single person or up to $104,911 for a couple with three children. UDLA's 2008 Affordable Housing Strategy established a minimum target of 15% of homes developed in designated urban development areas to be affordable for low and moderate income households. This is achieved through site-specific mandatory affordable housing rules and planning bonuses. However, a 2011 revision to the Strategy allows the UDLA to negotiate the exact percentage on a scheme by scheme basis. The land agencies look set to continue to play a role in promoting mixed communities. However, they face a number of challenges. There is a conflict between their economic drives, for example returning a surplus to state and territory government, and their social mission to achieve community outcomes. Without committed future programs to fund affordable housing it is difficult for land agencies to promote consistent year-on-year delivery of housing aimed at moderate income households. Furthermore, programs offered by Landcom and the UDLA do not have mechanism to ensure lower-priced housing products are purchased by lower and moderate income earners, rather than by investors.

**Masterplanning communities**

Land agencies play a role, along with the Department of Planning and Infrastructure, in delivering strategically planned new communities. A number of these have already been detailed, such as the Green Square project in Sydney (Box 3) and Aurora in Victoria (Box 4). In the last decade, state strategic planning documents have increasingly incorporated a number of planning concepts that are common across
developed countries such as transit-orientated development, smart growth, urban consolidation, growth corridors and masterplanning communities. This has involved state governments moving beyond simple land release to private developers, to becoming involved in detailed social and community planning.

The main policy objective is to move away from car-dependent lower density suburban expansion through adopting ‘smart growth’ principles. This has been driven by a realisation that from the 1980s there has been a growth in concentrations of poverty in Australian cities’ middle and outer ring suburbs. These locations generally have poor public transport connections, patchy provision of services and a predominance of lower paid jobs. In Sydney, for example, certain parts of the metropolitan area close to the CBD are seen as places of status and opportunity with many jobs tied into the global economy. Others areas, in the western and south-western Sydney, are becoming seen as areas of unemployment, vulnerability and deprivation. Research suggests Sydney is Australia’s most socially polarised city, containing the highest number of areas of both highest and lowest deprivation.69

Outside public housing estate renewal, described in section 3.4, state governments have limited power to change existing suburbs which are dominated by privately held property. In central city areas, ‘greyfield’ sites used for commercial, retail or lower density residential purposes may be able to be converted to higher-use purposes based on high land values. Green Square is an example of a scheme combining greyfield and brownfield sites. For areas less well located, and with more significant infrastructure issues, re-development is more problematic. There have, for example, been several proposals over the last two decades to improve Parramatta Road leading west out of Sydney. None of the proposals, which combine transport improvements, environmental improvements and higher-density housing, has progressed.

Proposals for Parramatta Road have been based on concepts of smart growth. Urban planning theories of this type support the development of more compact cities, with new residential development based around transit stops. Transit orientated development approaches helped shape Sydney’s 2005 ‘City of cities’ metropolitan strategy. This proposed a central ‘global arc’ from Macquarie Park through the CBD to the airport, connected to a hierarchy of regional cities and major centres linked by development corridors.70 Most new greenfield housing development would be concentrated along two transit corridors in the north-west and south-west of Sydney, accompanied by the construction of two new rail lines.

These two growth centres are major development zones. The north-west Growth Centre is approximately 10,000 hectares in the council areas of Baulkham Hills, Blacktown and Hawkesbury. Focused around a major centre at Rouse Hill, it will contain 70,000 new homes. The south-west growth centre covers 17,000 hectares across the council areas of Liverpool, Camden and Campbelltown, providing an estimated 110,000 new homes. Development in these two centres was initially coordinated through the Growth Centres Commission, established in 2005 as an

The Housing Strategy concentrates development to strengthen centres, towns, villages and neighbourhoods focused around public transport. New housing will be better designed medium density development, incorporating appropriate open space’. City of Cities (2005) p.119
arm’s-length organisation similar to Landcom. In 2009 the Centre’s functions were brought back within the direct control of the minister for planning.

The Department of Planning and Infrastructure use their planning powers, land ownership, infrastructure funding and relationships with local councils and Landcom to achieve mixed community outcomes in the growth centres. The new centres are classic master-planned estates, with careful consideration given to transport, job opportunities, community facilities, street design and housing variety. In Leppington for example, in the south-west growth centre, the O’Farrell Government is pushing ahead with building the South West Rail Line and Stockland have been awarded the development rights for 3,000 new homes at East Leppington.\(^7\)

In suburban fringe growth centres such as Leppington, there are no quantified targets for housing diversity, tenure mix and incorporation of affordable rental housing. This contrasts to inner city re-development projects, such as at Green Square in the inner city. Outcomes on Sydney’s urban fringe are negotiated privately between the Department of Planning and Infrastructure and the developer. A clear aim is to provide a diversity of housing product, sold at differing price points, with a built form mix that contains smaller properties and apartments, built at higher density, and close to transit stops. Therefore the new centres will be differentiated from neighbouring car-dependent suburbs where detached larger family properties predominate.

Unlike in South Australia there are no targets in Sydney’s growth centres for a fixed percentage of affordable housing sales to be built and reserved for moderate income households. Nor is there an agreed portion of long term social rental housing. From discussions with planners, the author understands there is a view that south-west Sydney already has an over-supply of social housing and therefore the focus in the growth centres should be on increasing owner-occupied properties. Therefore it appears unlikely the growth centres will have only a modest tenure mix. Affordable rental housing schemes such as at Rouse Hill in the north-west growth corridor (see Table 4 below) are individually negotiated, rather than being systemically planned as part of the growth centre strategy.

Preserving community mix

The majority of Australian housing is existing stock, rather than built through new development. Most policies aimed at promoting mixed communities focus on new development schemes rather than trying to maintain or promote balanced housing in existing residential areas. In part this is due to the nature and scale of private property markets. When areas become more socially exclusive, for example as seen in the gentrification of the inner suburbs of the larger Australia capital cities, state and local governments have few tools available to intervene.

Policies that preserve housing aimed at accommodating lower income groups largely targets particular types of dwellings such as boarding houses, caravan parks and manufactured home estates. Many of these types of dwellings are specifically zoned, and councils can use their planning powers to make it more difficult to allow a change of use from, for example, a five room boarding house charging low rents to a large single-family owner occupied dwelling. In contrast to planning for mixed communities on new larger development schemes where state and territory governments take the
lead, preservation of affordable housing in communities generally falls within the control of councils (though often using state-level planning initiatives).

Although caravan parks were developed as short-term holiday accommodation in locations sought after by tourists, since the late 1970s people have increasingly turned to caravan parks as a form of permanent and affordable residence. However, caravan parks are decreasing rapidly in number, and those that remain focusing more on short-term holiday rentals. In NSW, based on ABS figures for long term caravan parks with more than 40 sites, St Vincent de Paul Society found that the number of caravan parks had halved in seven years, from 164 in 2000 to 74 in 2007.72 The main driver of the decline in caravan parks has been financial, with site owners able to make profits by selling sites for up-scale coastal residential developments.

Caravan parks are located in a variety of locations, though more are in coastal areas and hence it is councils in these areas that have taken the lead through planning policies. For example, Gosford Council in NSW in 2004 introduced a planning requirement in their Local Environmental Plan to protect or offset the loss of caravan parks and manufactured home estates. Byron Bay Council's 2002 Affordable Housing Policy aims that 30% of local caravan parks should be aimed at long term residents.73 In 2010 Byron Bay Council promoted the development of new caravan parks through issuing an Expression of Interest for a proposed new scheme on council owned land.

With caravan parks, the issue of community mix is conceptually challenging. To some extent the parks provide a mix of housing types on their site, in others they are part of a wider neighbourhood and give diversity of tenure and price point. In coastal areas facing a change in social mix due to the influx of ‘sea change’ wealthier migrants, caravan parks are way of minimising gentrification. However, it is also possible to view caravan parks, particularly those located away from more traditional suburbs, as non-mixed communities.

This locational distinction with caravan parks is less of an issue with boarding houses, which tend to be sited in metropolitan areas and regional towns. Properties are generally closely integrated within their local communities though, like caravan parks, under threat as owners can make a capital gain as areas gentrify. There has been a well document decline in NSW boarding house accommodation, over several decades, with the greatest loss of numbers in the City of Sydney local government area.74

In NSW, low cost rental accommodation started to be protected as early as 1984 with State Planning Policy No. 10 - Retention of Low-Cost Rental Accommodation (SEPP 10). Boarding houses were included in the policy in 1988 with rules on the demolition, alteration or change of use of such properties. The policy was replaced in 2009 with the Affordable Rental Housing State Environmental Planning Policy 2009 (with further minor modifications in May 2011). Legislation both helps protect existing properties, and promotes the development of ‘new generation’ boarding houses through offering developers increased Floor Space Ratio allowances. Grants have also been since 1997 through the Boarding House Financial Assistance Program, and there are exemptions from Land Tax.

Several NSW councils, including the City of Sydney, Burwood, Waverley and Randwick make specific provision for boarding houses in their LEPs Development Control Plans.
(DCPs). The City of Sydney has a DCP specifically for boarding houses. Local government is critical to implementing state planning mechanisms to retain boarding house accommodation, such as the Affordable Rental Housing SEPP. Policy implementation depends on council planners being able to identify applications involving boarding houses, to assess the potential impact of the proposal on the loss of low cost rental accommodation in the neighbourhood and, if the application is approved, develop strategies to mitigate this impact.

Role of local councils

Councils’ roles in promoting mixed communities extend beyond preserving boarding houses and caravan parks. As noted earlier, many development control settings can help to either encourage or discourage a mix of housing sizes, types, tenures and price points. Unlike Britain or the USA, there is no consistent requirement that affordable housing strategies be put in place by councils, and there are no procedures for monitoring whether particular targets have been achieved. Many larger councils, particularly in metropolitan areas, have begun to develop comprehensive policy affordable housing frameworks. Some councils, such as Byron, Randwick and Sydney City, liaise with surrounding councils to attempt a more coordinated regional approach. As shown in the text box, the City of Sydney council has set a broad definition of community mix.

In states such as NSW without strong leadership or policy directives on housing affordability and mix, councils lack a clear framework for setting planning control policies. They also lack many necessary tools, and even when they are in place planning instruments such as the Affordable Rental Housing SEPP are not particularly effective and strong neighbourhood NIMBY objections remain to new lower cost housing in locations dominated by higher cost private housing. However, despite the lack of strong state policy and legislation in NSW, dedicated state government resources for local housing initiatives such as provided through the Centre for Affordable Housing have been important in sponsoring planning policy innovation at the local level.

The South Australian experience contrasts to NSW as clear leadership on mixed communities at state level has fed through to local government. One of the encouraging flow-on effects of the 15% state-wide inclusionary zoning scheme for larger projects is the adoption of this approach by a number of local councils for smaller development projects. Seventeen metropolitan Adelaide councils have adopted affordable housing policy in their development plans, with just over half specifying a commitment to 15% affordable housing. A further 17 metropolitan development plan amendments are currently in progress, and 7 regional councils have committed to progressing affordable housing policy in their development plans.
These include the cities of Murray Bridge and Port Augusta which have specified a commitment to 15% affordable housing.

2.4 Social housing policies

The debate on mixed communities in Australia has more often focused on social housing rather than the new development projects described in Section 3.3. This is in part due to social housing being a policy area where governments can most easily intervene, as they hold control of the land and property. In private housing markets, governments can only steer mixed community outcomes through subsidies, planning interventions and fiscal settings. In social housing, governments have the power to buy and sell properties. Direct decisions can be made as to whether new social housing is dispersed across wide areas, or built in compact areas (‘estates’). Also, governments can choose to reduce the proportion of social housing in a particular area through sales, demolition or re-development.

New build approaches

Post-war development of Australian social housing tended to locate housing in clusters in ‘estates’. This was for a number of solid political, economic and policy reasons. Properties could be built more cheaply in volume on government owned land, and coordinated with the supply of neighbourhood services, transport and employment. The location of new social housing tended to coordinate with regional policy, particularly the de-concentration of industry from central city locations.

In NSW during the 1940s and 1950s, the Housing Commission built ‘neighbourhood estates’ including Maroubra, Seven Hills and Dundas in Sydney. These were envisaged as complete communities with hospitals, shops and schools. During the 1960s the approach continued, but the scale increased. Mount Druitt in Sydney’s west was one of the largest new estates, with 8,000 dwellings intended to house workers in the new industries that were thought would relocate nearby. The ‘Radburn’ house design became popular, with homes facing shared open space connected by walkways with vehicle access to the rear of buildings. This design approach was intended to create strong, cohesive communities. The mixed communities approach to building social housing in NSW can probably be dated back to the 1970s, when the Housing Commission came to the conclusion that the larger estates on the urban fringe had become concentrations of disadvantage. Many of the new jobs and much of the transport infrastructure did not materialise. Greater sociological mix now became the goal. Subsequent public housing estates such as Minto and Airds-Bradbury were built on a smaller scale, often along transport corridors in Sydney’s west and south west. By the 1990s, the focus had shifted from new construction to solving the problems on earlier public housing estates.

Under the Howard Government from 1996-2007 funds for new social housing were limited. As a result, the portfolios of state housing authorities stabilised or moderately declined during this period. It was the election of the Commonwealth Labor Government in 2007 that led to a surge in new social and affordable housing construction through two programs:
The National Rental Affordability Scheme (NRAS), launched in 2008, offered a competitively tendered financial incentive for ten years to investors in new rental housing for low to moderate income households. Under NRAS, over $5 billion of tax incentives for private investors or equivalent cash grants for not-for-profit organisations was made available to part-finance a target 50,000 new rental homes. Bidding organisations had to satisfy conditions established by both states/territories and the Commonwealth, though there were no quotas as to NRAS allocations per jurisdiction.

NRAS was followed in 2009 by a $5.2 billion capital funding to build 19,300 new social housing dwellings intended for higher needs, lower income household. This ‘Nation Building’ project was designed to support residential construction jobs to mitigate an anticipated impact of the Global Financial Crisis. Properties have been built by state housing authorities with the aim of transferring up to 75% of housing stock to community housing providers.

These two programs did not specify property locations, nor was there any mention of how they should be mixed within existing communities. In the period to November 2011, just under 40,000 NRAS incentives have been allocated to 140 organisations, with just under 5,000 properties tenanted. NRAS allocations could potentially lead to a concentration of particular housing types: around 100 NRAS allocations are for projects involving over 100 properties in the same postcode area, with the largest allocation in Bruce in the ACT for 1204 dwellings targeted at students at the Australian National University. NRAS tenant types vary depending on state and territory housing policy, from moderate income ‘key workers’ and students to individuals taken off the public housing waiting list. Therefore it remains possible NRAS could create new concentrations of social housing, at the same time as state and governments are aiming to de-concentrate existing social housing estates.

Comprehensive information is not available on the location of Nation Building program properties. In NSW, the 6,300 stimulus properties are being delivered across 500 sites, suggesting on average low concentrations of new social housing. Some of the Nation Building funds have been used to re-develop a number of the existing properties held by the state housing authorities.

There have been a number of press reports of local residents opposing the construction of new social housing in their back yard. For example, at Albert Street Parramatta, Housing NSW is promoting a mix of medium density social and affordable rental and affordable purchase housing (see Table 4). North Parramatta Resident Group was formed to oppose the project, holding meetings, writing letters and launching a Facebook group. At North Parramatta, some local residents raised issues over traffic and parking, others feared the scheme would not lead to a mixed community. A Resident Group member was quoted as saying ‘we’re not opposed to social housing, but there needs to be a mix that suits long-term needs of the area ... The proposed development involves placing the economically disadvantaged and disabled people, and those with substance abuse problems, in one place’.

28
Parallel to the design changes in public housing estates from the 1970s was a shift in tenant composition. By the mid-1970s tenant eligibility began to tighten with public housing increasingly targeting those with the greatest need. This process of ‘residualisation’ resulted in the sector moving from housing for families and working tenants to housing for more complex and high need tenants. Therefore a more direct link was established between neighbourhoods with high levels of social housing and concentrations of residents experiencing above average levels of unemployment, welfare dependence, low incomes, poor educational outcomes, health problems and crime and anti-social behaviour.87

The concentration of disadvantage in specific neighbourhoods and regions is a characteristic of developed countries. However, since the demise of the Keating Government’s Building Better Cities program in 1996, which funded a range of initiatives aimed at improving the physical, social and economic aspects of Australian cities, there has been a lack of public policies that take into account spatial issues. This is in marked contrast to both Europe and the USA. The main exception is the interest shown by state housing authorities in estate renewal, though in many cases the focus has been more on asset management than community development.88

Public housing estates are not the only localities where disadvantage occurs. Earlier research in Western Sydney indicated that although there was a spatial connection between public housing estates and indicators of social and economic deprivation, there were also a number of pockets of disadvantage in other areas. Of the 778 census collection districts with severe disadvantage in 1996, a third had less than 6% of households renting public housing.89 Although disadvantage occurs in different areas regardless of tenure mix, a defining characteristic of public housing estates is there is a single body — the state housing authority — in a position to intervene.

In NSW, around one third of the total social housing portfolio, comprising some 40,000 properties, is concentrated in 100 larger housing estates. These are normally defined as estates with more than 100 social housing properties in regional areas, or 200 properties in metropolitan Sydney. Listings of public housing estates are not in the public domain, and each estate differs in a many characteristics such as built form, housing density, property quality and level of social disadvantage. It has never been made clear by Housing NSW which estates are chosen for re-development, though it is thought to encompass measures of disadvantage, costs of the project and the ability to leverage-in external funding where land values are high.

The approach to addressing large estates problems in NSW developed in phases:

- In 1994 a pilot program on three large estates concentrated on physical improvements. These included re-configuration of the Radburn design on two outer-urban estates at Airds and Macquarie Fields, and greater safety and security for the inner city high rise blocks at Waterloo. By 1995 the project was widened into a more ambitious Neighbourhood Improvement Program encompassing physical, social and management initiatives. The approach included community development, tenant involvement and more effective social service delivery. In the
four years to 1999, some $100 million had been spent on over 20 estates incorporating around 10,000 properties.\(^9\)

- The Community Renewal Strategy was launched in 1999. Unlike the previous Neighbourhood Improvement Program, this strategy aimed to bring neighbourhood improvement as a core activity for the NSW state housing authority. In an amended version of the strategy launched in 2001, 15 estates were planned to have renewal schemes.

- Launched in 2007 the Building Stronger Communities policy continues earlier approaches. It called for closer working between Housing NSW, community organisations, local businesses and other government agencies to reduce social exclusion for residents of social housing.\(^9\) Over four years, $66 million was made available to try and break the cycle of disadvantage in areas of concentrated public housing including Mount Druitt, Claymore, Macquarie Fields, Dubbo, Killarney Vale and Bathurst/Orange. The policy combines property upgrades, new community facilities, improved access to services and opportunities for training and employment. No mention is made in Building Stronger Communities of reducing the level of public housing on estates.

- Living Communities Projects are large scale public-private-non-profit partnerships aimed at tackling the renewal of substantial public housing estates. Bonnyrigg (now known as Newleaf Communities) was launched in 2004, followed by continuing work at Minto and the launch of the Airds Bradbury project in 2011. The ‘living communities’ approach is said to be a place based approach that encompasses the social, economic and physical development of estates within a single partnership structure. Although there is no net loss of social housing, residents may be re-located elsewhere such that the level of social housing on the finished scheme is reduced to 30%.\(^2\)

It is worth noting that the schemes for NSW estate renewal up to the Living Communities Projects did not include reference to mixed communities. NSW estate renewal programs started in the 1990s by addressing property condition issues, then from 1999 looked at approaches that combined property matters with building stable communities. Only in the latest approach has included specific approaches to de-concentrating public housing. In NSW, the general aim when de-concentrating larger public housing estates is to move to communities with 70 per cent private ownership and rental, and 30 per cent social housing rental. The three largest schemes, all now categorised as ‘living communities’ projects, are shown in Table 3.

From Table 3, a number of conclusions can be drawn about the impact of adopting a target of reducing social housing stock to 30% of total housing stock on completion. For estates such as One Minto and Airds Bradbury with high concentrations of existing social housing but more limited opportunities for achieving higher densities, large numbers of social housing tenants will need to be relocated. This could have the impact of undermining the existing community. By contrast at Bonnyrigg the ability to increase housing densities has reduced the need to relocate, though many new incomers will join the original community.
Table 3: Large NSW estate renewal projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Bonnyrigg NSW</th>
<th>One Minto NSW</th>
<th>Airds Bradbury NSW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dates</td>
<td>2004-2018</td>
<td>2002-2016</td>
<td>2012-2027</td>
</tr>
<tr>
<td>Tenure on-site before: Social</td>
<td>833 (90%)</td>
<td>1,007 (100%)</td>
<td>1,470 (94%)</td>
</tr>
<tr>
<td>private</td>
<td>97 (10%)</td>
<td>0 (0%)</td>
<td>89 (6%)</td>
</tr>
<tr>
<td></td>
<td>930</td>
<td>1,007</td>
<td>1,559</td>
</tr>
<tr>
<td>Tenure on-site after: Social</td>
<td>699 (31%)</td>
<td>350 (30%)</td>
<td>629 (30%)</td>
</tr>
<tr>
<td>private</td>
<td>1,531 (69%)</td>
<td>800 (70%)</td>
<td>1,469 (70%)</td>
</tr>
<tr>
<td></td>
<td>2,230</td>
<td>1,150</td>
<td>2,098</td>
</tr>
<tr>
<td>Social housing to be provided off-site</td>
<td>134</td>
<td>657</td>
<td>841</td>
</tr>
<tr>
<td>Social housing tenants remaining on-site</td>
<td>84%</td>
<td>35%</td>
<td>43%</td>
</tr>
<tr>
<td>Increase in housing density in area</td>
<td>+ 167%</td>
<td>+ 14%</td>
<td>+ 35%</td>
</tr>
</tbody>
</table>

Using NRAS incentives

The North Parramatta project described earlier in this report is one of five estate schemes announced in 2010, though given less publicity than the major estate renewal projects in Table 3. Although these NRAS projects fall within the parameters of the Building Stronger Communities policy, they are significant in that they offer a different partnership approach. Housing NSW opened a competitive tender for community housing providers to bid to partner with them on development projects, with the aim of the provider securing NRAS incentives and bank borrowing to part-fund the project. The community housing provider is expected to play a leading role in building community cohesion in the areas selected.

The five projects are detailed in Table 4. Rouse Hill is a one-off project aimed at securing affordable rental housing in the Rouse Hill growth area on the fringes of metropolitan Sydney. The other four projects are approaches by Housing NSW to redeveloping sites they own and delivering mixed community outcomes. With the exception of North Parramatta, the sites were previously or currently used for lower density public housing. The projects, at Seven Hills and Telopea, are smaller parts of far larger public housing estate renewals. Potentially this is a radical alternative to the estate redevelopment schemes in Table 3 where large estates are treated as a single entity and their transformation managed through a single organisational structure. It mirrors the approaches seen in some larger British cities, such as Glasgow, Manchester and Leeds, where large council-owned public housing portfolios have been broken down into more manageable blocks to transform.

From Table 4 it is apparent that Housing NSW is prepared to take a more flexible and site-specific approach than the normative 70%/30% split between private and social rental housing seen in the large estate projects in Table 3. Three of the five NRAS projects do not have any market sales in the scheme, although at Rouse Hill and to a
lesser extent North Parramatta there is plentiful private housing in the
neighbourhood. Furthermore, there is no consistency on the split between:

- ‘very low income’ housing: public housing style tenancies, based on paying up to
  30% of household income on housing costs, with households earning up to 50% of
  the regional median income

- ‘low to moderate income’ housing: affordable housing tenancies, based on
discount to market rent, with households earning between 50% and 80% (‘low
income’) or 80% to 120% (‘moderate income’) of the regional median income.

Across the five NRAS projects, very low income households range from 25% at Rouse
Hill to 73% at Seven Hills. The highest inclusion of private housing is 31%, at West
Ryde, though this is well below the 70% required on the large Living Communities
projects at Bonnyrigg, One Minto and Airds-Bradbury.

Table 4: NSW estate redevelopment using NRAS incentives

<table>
<thead>
<tr>
<th>Location</th>
<th>Existing housing</th>
<th>Proposed housing</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rouse Hill, stage 1</td>
<td>None</td>
<td>20 units</td>
<td>25% very low income renters, 75% low and moderate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>New apartment block in town centre. Part funded from a 3% inclusionary zoning on new market housing in the area</td>
</tr>
<tr>
<td>Seven Hills, stage 1</td>
<td>Lower density public housing</td>
<td>168 units</td>
<td>73% very low income renters, 27% low and moderate renters</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>These schemes are just one part of a major masterplanning projects of a larger public housing estate</td>
</tr>
<tr>
<td>Telopea, stage 1</td>
<td>Walk-up public housing</td>
<td>306 units</td>
<td>67% very low income renters, 33% low and moderate renters</td>
</tr>
<tr>
<td>North Parramatta</td>
<td>Vacant building on site, no housing</td>
<td>108 units</td>
<td>40% very low income renters, 25% low and moderate income renters, 35% market sales</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Properties to be sold in the market are not specifically reserved for moderate income purchasers</td>
</tr>
<tr>
<td>West Ryde</td>
<td>Vacant land, formerly low density public housing</td>
<td>138 units</td>
<td>49% very low income renters, 20% low and moderate income renters, 31% market sales</td>
</tr>
</tbody>
</table>

Estate reconfiguration: other jurisdictions

South Australia, Western Australia and Queensland stated pursuing large-scale
policies of tenure diversification and social estate renewal policies from the mid-
1990s. This normally involved the sale or cleared sites to private developers, often in
partnership with a private project manager who took the lead in the renewal and
marketing process. By the mid-2000s, New South Wales and Victoria followed.
Policy thinking up to the early 1990s focused more on assets in estate renewal projects. The aims were to improve the condition of the social housing stock, and move to a more balanced mix of tenures on an estate. There was less of a link made between the policy of estate de-concentration and the social and community benefits that may flow as a result. From the mid-1990s, it became more common to link estate renewal with addressing a range of social issues. By 2011, social and community issues feature heavily in estate renewal policies across states and territories. However, as noted in the text box, there remains a tension between the social and economic drivers of public housing de-concentration.

Two of the largest estate renewal schemes outside NSW are detailed below:

- **Westwood renewal project, South Australia (1999–date).** This involved renewing a series of suburbs in North Adelaide developed by the Housing Trust, and with a housing mix of 58% public and 42% private dwellings. The scheme involved refurbishing some public housing units, with half sold privately, and demolishing around two thirds of the public housing with 80% of new properties sold privately. Delivered through a partnership between the Housing Trust and a private developer, Urban Pacific Limited, the scheme has a target tenure mix of 25% public and 75% private dwellings. During the course of the project $2 million was contributed by the partners to community and economic development projects.

- **Kensington, Victoria (2002–date).** A public-private partnership involving developer Becton Property Group is re-developing a 1960s public housing estate. The scheme involves demolishing one of three tower blocks and 15 blocks of walk-up flats. Initially the suburb of Kensington had 30% public housing, though in the estate which is the subject of the transformation the vast majority of the properties were public housing. Kensington will eventually provide a mix of 420 public (46%) and 490 private (54%) dwellings. Place management of the entire site, and services for public housing tenants, is provided by Urban Communities, an independent non-profit organisation established by the state government in 2008. As with the Westwood scheme, $2 million is being provided for community purposes, with a focus on connecting local people to jobs and training.

Earlier research on social housing de-concentration projects across four states has suggested that although there have often been positive social outcomes, such as higher levels of employment, it is hard to assign cause and effect between renewal projects and other changes taking place in the neighbourhood. Positive outcomes normally included higher asset values across the wider area, improved housing stock quality and reduced tenancy management problems for the state housing authority. There was also a suggestion that although the tenure mixed had changed, there was not a move to more varied income groups. Many of the home purchasers were former tenants, or people of a similar socio-economic status.
Selling social housing

Australia has a relatively long tradition of selling public housing to tenants, pre-dating Britain’s 1980 ‘Right to Buy’ policy by several decades. Some 90,000 homes were sold to sitting tenants in Australia between 1947 and 1968, with NSW leading the way by selling 32,553 properties. The properties sold were generally the best quality and in the most desirable locations, leaving a diminished stock of unpopular dwellings that are expensive to maintain.\textsuperscript{101} Although public housing property sales continued in following decades, the rate fell due to restrictions placed in subsequent Commonwealth State Housing Agreements (CSHA). The 1978 CSHA required that social housing properties had to be sold at market value or replacement cost.

In NSW, the social housing sales policy continues. It aims to ‘assist public housing tenants transition into home ownership’ with monies raised ‘used to fund the building of new homes and improvements to existing ones’.\textsuperscript{102} As noted in the text box, the sales policy is linked to estate de-concentration.

Unlike with the UK ‘Right to Buy’, properties are sold to NSW sitting tenants at market value. This is likely to limit the demand to purchase by tenants. However, there are other sales strategies which do not target tenants. In estate de-concentration projects, properties and vacant land are being sold to ‘low to moderate income home buyers’. It is envisaged 750 properties of this type will be sold between 2011-12 and 2019-20 such that ‘as well as increasing the supply of affordable housing, these projects will support public housing de-concentration and establish more diverse communities’.\textsuperscript{103}

The Australian jurisdiction with the largest public housing sales program is South Australia. This is due mainly to the impact of funding formulas rather than as an explicit housing policy. The state has one of the highest proportions of public housing, though receives a share of Commonwealth funding based on the state’s headcount rather than the numbers of properties managed. As a result, the Housing Trust has been forced to reduce their portfolio size through sales. From a peak of 63,000 public properties in 1993, the total had fallen to under 43,000 currently.\textsuperscript{104} Although the South Australian housing sales were not driven primarily by estate de-concentration, this will be one of the outcomes of this approach.

Allocations policy and stock transfer

Tenure mix on social housing estates could be achieved through a change in allocations policy. For example, higher income tenants could be selected for a particular estate to give more of an income mix. Although the author understands this has been considered in private, it has not officially announced as a policy by Housing NSW due to concerns about maintaining equity towards applicants on the social housing waiting list. However, it is likely that Housing NSW exercises discretion over allocations of single people, families, older people, refugees and people with a
disability. It is therefore possible over time, within the public housing system, to change the social and community mix of tenants on an estate.

One policy that has been more explicitly pursued in NSW, Victoria and the ACT has been the transfer of social housing from the public sector to community housing providers. In the case of existing public housing stock this can be in the form of transferring management, transferring ownership, or transferring both management and ownership. With the new public housing funded under the Nation Building plan, it is intended that up to 75% will have both ownership and management shifted to the community housing sector.

Although a switch to community housing providers could be classified as tenure diversity, it may have only modest impact on mixing within a community. Many community housing providers accommodate people from the public housing waiting list, though some are able and willing to offer ‘affordable housing’ rents at a discount to market rents. Typically funded through NRAS incentives, these rental properties are targeted at low to moderate income households. Examples of introducing this class of tenant into social housing estate redevelopment projects are given in Table 4.
3 Analysis and conclusions

With the launch of the National Urban Strategy in 2011 containing a clear commitment to mixed communities, and details announced of the country’s largest public private partnership for estate renewal at Airds-Bradbury, it is timely to consider where Australian policy stands. Perhaps more importantly, it is worth considering whether NSW government plans and strategies seem likely to address the polarisation of housing tenure in city neighbourhoods, and help reduce social exclusion.

This report has provided a brief overview of the national and international literature on mixed communities, and reviewed how the notions of social mix and mixed communities are being brought into Australian public policy at Commonwealth, state and territory, and local government level. Two strands are apparent. At a broad and largely aspirational level, the mixing of communities can be taken to cover both property mix and social mix. The definition of property mix includes both types of properties as well as tenure diversity, and social mix encompasses different ethnic and interest groups as well as people with varying levels of income. At a more practical level, mixed communities is a more deterministic policy aimed at achieving particular tenure mixes on large residential developments and social housing estates.

In Australia the aspirational approach to mixed communities is seen in the National Urban Policy, as well as various state policies of the previous NSW Labor Government. It is also apparent from documents such as the City of Sydney's Affordable Rental Housing Strategy which calls for ‘a mix of people from different incomes groups, occupations, ages, household types, cultural backgrounds and sexualities’. The practical approach to mixed communities is embedded in planning policies for specific development and re-development sites — Barangaroo, Green Square and Bonnyrigg.

The tension between the two conceptual approaches to mixed community policy is not uniquely Australian. However, a brief reading of the international literature hints that policy implementation will be more effective when a strong and explicit link is established between policy aspirations and practical policy details. In England and Scotland, for example, lofty social inclusion ideals are driven towards implementation through council planning requirement that mixed communities must be delivered on new developments. A similar approach can be seen in South Australia, the ACT and the Northern Territory, though not in other Australian jurisdictions. Without a link between aspiration and practicality, the outcomes will be as under the former NSW Labor Government where much was said on community mix yet little delivered.

In NSW the contestation over the policy of social housing de-concentration, particularly the push for large estates to move to 70% private ownership, has relied heavily on overseas research. Sadly, little evidence is available from Australia, which is problematic, as housing conditions are notoriously local. What works in Sheffield or Seattle may not work in Sydney. NSW estate policy has been promoted not on the basis of international evidence, though the evidence is inconclusive on the benefits of social mix. Paul Cheshire’s description of mixed communities as ‘essentially a belief-based policy’ aptly described the NSW attitude. That, however, does not invalidate
the approach. There is relatively clear evidence that younger people’s chances can be limited through growing up on social housing estates, and neighbourhoods with less than 15-20% social housing appear largely unproblematic. Many social policies such as racial integration rely on notions of social justice, rather than calculations of cost-benefit. Perhaps mixed communities is a policy in that category.

The Australian approach to target levels of social mix are instructive, and perhaps part of the national character. In France, and to a lesser extent Britain, mixed community targets are set and hard-wired into the planning system. Local councils, developers and the general public have a clear idea that there will be social mix in new developments, and there is an indication of what that mix will be. In Australia, a far less centralised country, mix is determined at a state/territory, local or even site level. Three jurisdictions aim for 15% ‘affordable housing’ in new developments; NSW wants to limit social housing to 30% on large estates — though through the NRAS projects it is far more flexible on other sites it owns. In urban renewal projects in inner-city Sydney the affordable housing element is low — typically between 1% and 3%.

These targets for community mix show considerable variation. In NSW, predominantly private housing areas can manage 3% affordable housing whereas mainly social housing areas should aim for 30%. This is inconsistent, belying both normative values on the primacy of owner occupation, and the practical realities of making new housing schemes attractive to developers and purchasers. If a National Urban Policy is to make an impact, there needs to be guidance on what level of tenure mix might work - and over what area the mix is being measured. Australian policy works on small spatial areas, perhaps over-dramatising the extent of social housing concentration.

Learning from overseas practice, where community mixing has been embedded in US and European policy for several decades, Australian policy makers need to move towards more comprehensive definitions of social mix. In most Australian jurisdictions the focus is on tenure mix as a surrogate for income mix. Unfortunately tenure is a weak way to determine areas of social disadvantage in a country with a low proportion of social housing. Furthermore, income mix is a somewhat restricted way of conceptualising social mix. Australia shares, on a smaller scale to the USA and Europe, issues flowing from the spatial segregation of ethnic and migrant groups. These issues need to be brought into the mixed community debate which, in general, needs to focus more on the people and less on the property aspects of mix.

Whether or not Australia moves to adopt more comprehensive community mix policies, it needs to be remembered that even highly prescriptive policies will have limited effect. Neighbourhoods change according to a variety of factors beyond the direct control of governments. Communities with 15% affordable housing, or 30% social housing, will not stay frozen in time. With a concentration in Australia on delivering social mix on small number of sites, both greenfield private developments and former social housing estates, only a modest impact will be made on overall community mix. Therefore current policies are only likely to make an impact at the margin, with Australian cities looking set to continue becoming increasingly polarised.
Endnotes


8 For list of research papers, see the website of Redwatch, www.redwatch.org.au/issues/redevelopment/mix (accessed 1 January 2012)


17 See Galster et al. (2010).


33 Ibid. p.3.


38 Ibid, pp.56-58. Selected policy objectives only.


51 Several examples in the table are derived from: Milligan, V., Gurran, N., Lawson, J., Phibbs, P. and Phillips, R. (2009) _Innovation in affordable housing in Australia: Bringing policy and practice for not-for-profit housing organisations together._ Melbourne: AHURI. Note that in Table 2 there are situations where multiple planning approaches will be used, both within a jurisdiction and on a particular site. Also, the Table indicates the main approaches in each jurisdiction, rather than all approaches used.


54 See Randwick City Council (2008) _Affordable housing strategy and action plan, 2008-2018._ Randwick: Randwick City Council.

55 Milligan et al. (2009). p.64.

57 Data from SAHT (2011) *2010-11 Annual report*. Adelaide: South Australian Housing Trust (SAHT). P.34.

58 Milligan et al. (2009). p.47.

59 Ibid. p.48.

60 See City of Sydney (2008b) *Sustainable Sydney 2030*. Sydney: City of Sydney.


62 City of Sydney (2008a) *Green Square urban renewal area background paper, final report*. Sydney: City of Sydney. p.56.

63 See City of Sydney (2008a) *Green Square urban renewal area background paper, final report*. Sydney: City of Sydney. p.56.


78 SAHT (2011). p.36.


105 City of Sydney (2009), p.22.