

TRANSCRIPT

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Apartment Design Standards

Melbourne—Wednesday, 24 November 2021

MEMBERS

Ms Sarah Connolly—Chair

Mr David Morris—Deputy Chair

Mr Will Fowles

Ms Danielle Green

Mr Paul Hamer

Mr Tim McCurdy

Ms Cindy McLeish

WITNESS

Dr Tom Alves, Head of Development, Australian Housing and Urban Research Institute.

The CHAIR: I advise that the sessions today are being broadcast live on the Parliament's website, and rebroadcast of the hearing is only permitted in accordance with Legislative Assembly standing order 234. Thank you so much for joining us today at this public hearing for the Inquiry into Apartment Design Standards.

On behalf of this committee I acknowledge the traditional owners of this land, and we pay our respects to them, their culture, their elders past, present and future and any elders from other communities who may be joining us here today. I also extend a very warm welcome to any members of the public and the media that may be watching us today.

This is one of several public hearings that the Environment and Planning Committee will be conducting to inform itself about the issues relevant to the inquiry. Now, before we begin, I would like to point out that all evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means that you can speak freely without fear of legal action in relation to the evidence that you give. However, it is really important to remember that parliamentary privilege does not apply to comments made outside this hearing, even if you are just simply restating what you said during the hearing here today.

You will receive a draft transcript of your evidence in the next week or so to check and to approve, and corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you so much for taking the time to meet with us today. This is just a reminder to you, Cindy, to mute your microphone when you are not speaking, just in order to minimise that electronic interference that Hansard or broadcasting might hear.

What I might start with is members might actually go ahead and we will introduce ourselves. I know you can see our lovely names here, but I will start, and then we will go to Will and Paul and then lastly to Cindy. So my name is Sarah Connolly, and I am the Member for Tarneit and the Chair of the committee.

Mr FOWLES: And my name is Will Fowles. I am the Member for Burwood, middle-eastern suburbs, and I do not have any official or important role, so pretty boring.

The CHAIR: Of course you do!

Mr HAMER: My name is Paul Hamer. I am the Member for Box Hill.

Ms McLEISH: I am Cindy McLeish. I am the Member for Eildon, which is the city fringe right up to past Mt Buller, and I am also the Shadow Minister for Environment and Climate Change, tourism and sport.

The CHAIR: A little bit later on we may have Danielle Green join us, and she is the Member for Yan Yean. Yes, you can see her name tag there.

Tom, do you want to start by introducing yourself? If you could state your full name into the microphone and, depending on what you have prepared today, if you have a little bit of a presentation or spiel, we would love to hear it. Members will have questions, and it is really just an open discussion.

Dr ALVES: Yes, absolutely. Thank you, Sarah. I am Dr Tom Alves. I am the Head of Development at AHURI, the Australian Housing and Urban Research Institute, which is a national body. I notice my title is slightly wrong there. I am Head of Development, not head of department—but that is fine. In my role I made two submissions: one was I guess an official AHURI submission that I oversaw the development of, and the other was a more personal submission which relates to things that I have done and work that I have been involved with prior to my time at AHURI.

In terms of what I wanted to say, I understand I am I think the first person providing any verbal evidence to the committee. So in that sense I thought I would provide some framing and context and a slightly more foundational set of thoughts before I hand over I guess fairly quickly to you to make comments or questions based on either of the submissions that I am here to speak to.

Firstly, this is an Inquiry into Apartment Design Standards. The terms of reference are fairly broad and vague, and therefore I am assuming the desire is to I guess encompass a whole broad range of issues around that topic. I guess the first thing I would want to say by way of framing is an Inquiry into Apartment Design Standards is going to potentially be looking at two different but related things. One is I guess the design standard of apartments—that is, existing apartments—that exist that may have recently been built or may have existed for some years. The second thing that comes within the scope of the inquiry as I understand it is the standards that are there to control or to influence the design and development of current and future apartments. So they are two slightly different things, and I have I think spoken to both of those things in the submissions that I have put in. But I just I want to make that distinction initially, and I am happy to speak to either part of how I have framed my understanding of the inquiry.

The second thing I want say, as a person whose business is research and policy development in relation to housing, having been in that area for a number of years in a number of different roles, is I do I guess understand things in relation to the whole housing system. So I just want to sort of say that up front, and I will probably refer back to that as I mention different things. I do not see apartment provision and the design issues associated with apartments as things that stand by themselves. It is something that integrates with the whole of the housing system, and the issues cut across a range of different things. So I will be, I guess, making that point a number of times as we go ahead.

In relation to the housing system in Australia I want to provide a bit of context there by saying I think there are three or four key features of the Australian housing system that are very pertinent to this consideration of apartment design. Firstly, housing in Australia is provided almost exclusively by the market, so it is a very market provision context in the global situation. And housing is also largely allocated by the market, so public or social housing, where allocation is not through market processes, is a relatively small component of the housing system in Australia. So we are working in a context of market provision. That is the first point.

My second point is that for a very long time housing in Australia was, and I would argue still is, dominated by detached low-density housing. That is the dominant type of housing. So apartments in that respect are somewhat of an anomaly within I guess the longer history of Australian housing, even within the sort of processes of the provision of housing, right up until today.

The third key feature of the Australian housing system is that it has been dominated by home ownership in terms of tenure. We have a long and extensive history of home ownership in Australia that more recently has come under a lot of pressure. AHURI has conducted some research in that space, as have a lot of other people. We do have that home owning history. It is still the dominant tenure, and a lot of how our housing system works is structured around enabling and catering to home owners.

My fourth and final point in relation to the housing system is that social housing is a very marginal or residualised component of the housing system, albeit of course in Victoria there is very substantial investment in that space at the moment, as I am well aware. But certainly social housing is a very small component of the housing system. However, and of relevance to this inquiry I think, apartments have been a very significant component of social housing throughout the history of the social housing system, and the proportion of apartment dwellings within the social housing system is significantly greater than in the broader housing system, so I make that point as well.

So I guess drawing out some points from those observations about the Australian housing system, I have already mentioned, I think, in relation to market provision and allocation of housing that that creates the context in which apartments are provided. So how apartments are provided within a market context is extremely relevant then to what gets built, what it looks like and the role of, I guess, regulation in terms of, say, design standards. The role that that plays within that system is extremely important. I think there is a very strong case for regulation because of the market-led nature of housing provision and allocation in Australia.

Also—and I will touch on this very briefly here, but it was touched on, again, in my submission—in terms of things I have done previously obviously I was involved, as I have said, in the development of the apartment design standards in Victoria. That is a regulatory response to apartment design and quality and livability outcomes for apartment residents. I have also had a long interest in what other things, what other mechanisms exist to achieve quality and livable outcomes within apartments. And acknowledging that market context, that then becomes a question of: how can we within that context enable different actors to operate in order to get

some more demand-side influence on the production of apartments, which are very supply-side driven, and how do we—and I mentioned the prevalence of low-density housing—bring into the apartment space some of those drivers in the detached housing space where individual home owners have a more direct input into design and outcomes of their housing?

Again, it was mentioned briefly in my submission that I have been involved in some of the thinking and framing around understanding the development process, understanding how that can be engaged with by households who might intend to develop and live in an apartment for themselves and how that can be used to influence, I guess, the quality and the design of the dwellings and the livability of them ultimately. So I am happy to talk to that as well.

Then the final point before I shut up and hand over to you is really to come back to the point I made about social housing being a very small proportion of housing but having played a very significant role in apartment supply historically as well and also innovation in apartment design. I guess I just want to underscore that there is a role for the state beyond regulation in actually demonstration—and experiment even—through the provision of social housing to explore and show to the market how housing might be provided or designed and also to demonstrate the kind of higher density built environment that might be envisaged through strategic planning systems, through that process, where the government actually does control the process and can use it to that end. I will stop there and hand back to you to ask me any questions based on my submission.

The CHAIR: That is great. Thanks, Tom. I think we have definitely got the right person at the table. It looks like you have done a lot of great work and have some incredible experience and expertise in this field. I can see in your submission that you noted that New South Wales is really one of the most effective jurisdictions in Australia that is managing apartment design. How could the approach taken in New South Wales be applied here in Victoria? Why have they set the bar so high, and what do we need to do to lift our game?

Dr ALVES: Yes. Well, we have done some of that towards that. The New South Wales legislation is called SEPP 65, so I will refer to it as that. That came in in 2002, so a lot earlier than in any other state jurisdiction here in Australia. It has become well established. It was reviewed after 10 years of being in place, so in 2012, which was at around the time that we were in Victoria investigating what we might need to do to manage the development of apartments, which had really started to kick off by that time here. So New South Wales is very well established, so what I am trying to say is it has influenced already the development of apartment design standards in Victoria, also in WA, in South Australia and no doubt in other jurisdictions as well. It is comprehensive because there is a clear head of power, certain things are clearly legislated and then there is clear guidance provided about how this flows through into the planning system. There was a very clear understanding from the outset that while the building regulatory system, which is national, does address class 2 buildings, which are apartments, it was insufficient in that there was a role for planning to also provide regulation over the development of apartments. So that is part of the framing of it.

It is also quite comprehensive because it understands the issues and it introduces regulatory responses to those issues and guidance for how they are applied in development. But it is also very cognisant of the actual development process as well, so the planning assessment process and the development assessment process, and it ensures that the application of design principles, which are clearly articulated, carries through that system. So there are requirements for design verification, key steps in the planning and building regulatory approval process that in a way protect and provide some oversight of design through the process, and that, I think, is something that has not been taken up as well in other jurisdictions and it is a difficult thing to implement. I can understand why, but it is something that I think is important and speaks to, I guess, the comprehensiveness of the response that New South Wales has had—and it has also had that time to mature. As I said, it has been through a review process after 10 years. It continues to, I guess, evolve and be applied, so there is a lot of learning over time from that as well. I am not sure if I have answered that question adequately.

The CHAIR: Okay. That is all right. I will hand over to my colleague Will.

Mr FOWLES: Very good. Hi, Tom. Thanks for being here. A couple of issues I want to explore: the first is around inclusionary zoning. You reference it in your report and we have obviously had submissions on it, but I just want you to maybe talk through the benefits and perhaps potential pitfalls of that approach to improving access to housing, particularly for lower income groups.

Dr ALVES: Yes. Look, the short answer is I think it is a good thing to do from that point of view. If your aim is to provide more housing for lower income households, then it is a really effective mechanism to achieve that.

Mr FOWLES: Maybe if we could just explain what it is for the benefit of the—

Dr ALVES: Yes, sure. Happy to. So inclusionary zoning, you said, I think, wasn't it, not inclusionary housing?

Mr FOWLES: Yes.

Dr ALVES: This is, I guess, a planning mechanism to provide affordable housing, so subsidised housing, within a development by requiring by legislation the provision of a certain proportion of dwellings within a development—whether that is an apartment development or whether it is a greenfield development, it actually does not matter—for allocation outside of the market to households who need access to housing and cannot achieve that through the market. And I guess there are different grades of it too. There is that social housing, which I have just described, but for example, in the city of London, where they have had a long history of this, they have actually had not only social housing requirements but also what they refer to as 'key worker' housing, which is a different level of affordability and a sort of subsidised market housing response rather than a social housing response, and that can also be required through inclusionary zoning.

Mr FOWLES: So thinking about that more from an economic perspective, where does that sit? There are numerous ways to decrease the cost of housing, but they all involve some sort of direct or indirect subsidisation ultimately.

Dr ALVES: They do. Absolutely.

Mr FOWLES: So can you explain to us the efficiencies and whatever the opposite of that is—inefficiencies—attached to inclusionary zoning and perhaps some of the other methods that you have seen applied worldwide?

Dr ALVES: Yes. This is moving a little bit off the apartments question, because as I say, I do not think it is exclusive to apartments, although it can be used there, but how it will play out there will be slightly different. One thing I will quickly add before I answer your question directly is, I guess to complete my description of it before, it is not just about requiring that provision, particularly if it is a social housing provision that is required. Yes, you do need it in regulation that 5 per cent or 10 per cent or whatever it is of the housing needs to be social housing, but that needs to be backed up by other policy, including subsidy, funding and allocation processes. There is a whole network of policy that goes with that; it is not as simple as putting it in the planning system. So I will just add that too.

Mr FOWLES: I guess to fine down my point: a lot of these schemes—

Dr ALVES: High-inefficiency schemes.

Mr FOWLES: Yes. They seem to essentially have at their heart this dream, perhaps, of these inclusions ultimately coming out of developer margins, and I am not sure the lived experience bears that out. Ultimately the subsidy is either provided by your neighbours or your neighbourhood or the government, but what is the most efficient way of addressing those affordability questions?

Dr ALVES: Yes. It is like the introduction of apartment design standards. The introduction of an inclusionary zoning requirement, if it is levied on certain particular developments, then it is more inefficient. If it is a mandatory thing, if it is across the board, then (a) it is fair and (b) it is also something then that is certain—it is known—and it can be factored in. It becomes part of the ecology of the housing system and so it gets factored into it. That is one comment about efficiency and inefficiency, I suppose. But yes, it does require subsidy, and there is ongoing subsidy, particularly if it is social housing that is provided. That requires ongoing management and maintenance. The tenants may require ongoing support in other ways. So there is necessary subsidy there that is beyond just the provision of the bricks and mortar of the house. So yes, it is essential that it has that kind of framing around it, but even just what you were referring to, which is the provision of the

development of the project and whether it is reasonable to expect that provision to come out of the development profit margin—

Mr FOWLES: It is also about whether the market will ensure that that is in fact the outcome. Because I think a lot of the time these mechanisms are put in place with the assumption that it will crimp developer margins, but in fact because it is applied across the board you just have a supply and demand adjustment and prices go up. And that is the challenge for governments—that you create a system that is meant to deliver lower cost housing but it ultimately just adds to the cost base of providing the housing and it sort of reverts to mean. Or to look at it the other way, developers have always charged what the market will bear.

Dr ALVES: That is exactly right, and I think my key response to you was going to be—and I have done some work on this, which I have referred to in my submission—the market price of housing is the market price of housing, and that is what dictates whether development occurs, where it occurs and whether it is going to be profitable to provide apartments or not. In work that I have done previously what we have demonstrated is that a lot of the development metrics and economics are all built into the project right at the outset in the initial planning phase in terms of getting the finance—

Mr FOWLES: The investment case.

Dr ALVES: Yes, that is right. They line up the investors, they get the option on the land, they get the debt finance in principle approved—all of that happens from the get-go, so all of the metrics of the project are locked in right then and there. If you then also need to lock in some bits around, ‘Okay, we need to provide 10 per cent social housing’, and maybe that means accessing certain subsidies to do that, that has all got to happen at that point in time. That is the point. In terms of the profit to the equity investor and the profit to the developer, that is realised at the very end of the process. A lot of it is factored in at that starting point, but how profitable the development is going to be is not actually known until the end of the development. It probably would not go ahead if it was not expected to be profitable, and that has all been factored in right at the beginning of the process. So a certain basic level of return is part of the design of that investment process. It could potentially be more profitable, but actually they will not know that until the end of the process—so hence the complexity I guess of capturing a portion of that as the mechanism to enable the social housing. There should not be necessarily be any serious issue with factoring in some provision of social housing, but it needs to be understood in relation to the economics of the development process.

Mr FOWLES: Sure—and factored in from the outset.

Dr ALVES: Yes.

Mr FOWLES: I have got another line of questioning, but I will let others have a turn.

The CHAIR: Paul—I will come back to you.

Mr HAMER: I would be interested to know if you have done some work on demographics and demographic change in sort of the demand for apartments and how the market you see might be responding to that demand and particularly in the context of I guess apartment designs. You did talk about how housing in general in Australia is very much driven by the market, and you also mentioned in your submission the provision of more child-friendly apartments and other elements, so maybe communal spaces or other spaces. I guess I am just wondering perhaps what research you might have done in that area in terms of both the changing demand but then how that actually impacts on the design.

Dr ALVES: Okay, thank you. That is a good question. Getting back to my initial remarks actually, we have a long history, as I said, of home ownership in Australia. And while ultimately most apartment development that occurs is then subdivided and each apartment is individually owned, often by regular households, a lot of the purchasers of apartments, particularly off-the-plan apartments, have been investors—so often the so-called mum-and-dad investors and some international investors too. So when you ask about the market, in terms of purchase it has been largely an investor market that has driven a lot of apartment supply in Melbourne in recent years rather than a home owner occupier market.

Now, there is some of that; particularly at the high end of the apartment market there are owner-occupiers operating there, but generally the demand for apartments that you talk about has been an investor demand, not a

resident demand. That does not mean there has not been a resident demand, but it has not been responded to by the market and it has remained largely untapped. I mentioned that I was involved in the working group that set up Nightingale Housing, for example, which is a local Melbourne group that is providing housing to owner-occupiers that is meeting some of that demand. There are other examples of that type of provision that involves the potential owner-occupier in the process a little more directly in actually getting together in a group of people and expressing their demand in the market to develop an apartment, but that is a very small number of apartments compared to most of them, which are provided in response to a different demand.

Sorry, I feel like I have veered a bit from your question, but in terms of the actual people that live in apartments we know from some research that we have carried out at AHURI that around 40 per cent, or just under that, of apartment dwellers are in lower income rental households. So apartments are being rented and they are supplying housing to rental households, often in slightly lower income bands than those in other forms of housing, which I think gets again to the point of why it is important to ensure certain minimum standards not just in the apartment itself but also in terms of how that apartment sits within the city and what public amenity, I guess, is available near that apartment as well. As part of that point about what that means for design, I think there is a role for design and for standards to ensure that lower income households who are renting apartments are getting a certain level of amenity and livability. On the other hand, as I said, where potential owner-occupiers are able to have a greater involvement in the process, they are affecting a higher standard of design outcome because of that capacity in that instance to express that.

Mr HAMER: So just as a summary of the observation, for a large proportion of the market the industry is targeting more of an investor market and I guess what will end up being a rental property rather than an owner-occupier.

Dr ALVES: Yes, that is right. When we are talking about demand for something, I mean there is demand to actually own and live in a house, but then there is also, particularly with apartments, demand from investors to purchase an apartment as an investment.

Mr HAMER: And they are going to want a different class and type of finish.

Dr ALVES: Yes. And there are also other drivers too obviously in apartments; the equity investor in the development process, that is another market that is operating there as well.

The CHAIR: Cindy, I know you have got a question.

Ms McLEISH: Thank you. Thanks, Tom. It is great to have somebody of your expertise and your longevity that knows quite a bit about this. Part of our terms of reference are about the current apartment living standards. What do you think they are like?

Dr ALVES: Can I just clarify what you are asking me there? Do you mean the planning requirements?

Ms McLEISH: No, the living standards.

Dr ALVES: Or do you mean the quality of living in apartments?

Ms McLEISH: Yes.

Dr ALVES: The standard of life that people experience who live in apartments?

Ms McLEISH: Not the quality of their life, but the actual quality of the standards within the apartments.

Dr ALVES: Of the apartments that exist?

Ms McLEISH: Yes.

Dr ALVES: Yes. Okay. Look, I think this has improved since we introduced design standards in Victoria, but there were some significant issues. I was involved in looking at that in roughly 2012 and the following years here in Victoria and worked with a number of local councils, particularly the City of Melbourne and the City of Moreland, who were experiencing the highest levels of apartment development at that time, to understand what some of those issues with apartment standards were at that time.

A few things that we were seeing at that time—that obviously still exist in apartments, because those apartments exist today—were an increasing prevalence of what we refer to as ‘inboard bedrooms’. So these are bedrooms in apartments that do not have a window, that are internal to the building and have limited access to natural light and natural ventilation. So there are a lot of apartments in Melbourne that were built that have that condition, and I think that is a very suboptimal outcome. There are lots of apartments in Victoria that were built that are single-aspect apartments. By that I mean apartments where only one face of the dwelling is on the external face of the building and therefore has access to outside. So if you think of an apartment I guess as a rectangular prism, only one end of it is facing the outside; the rest of it is internal, a bit like a hotel room. That has implications for the amount of natural light and natural ventilation and also the quality of the outlook from those apartments. Okay if they have got a view, which is luck of the draw, really, but if they are not looking onto something, or if they are overlooked particularly, then that I think is something that has an effect on the amenity of those apartments as well. So I think they are the kinds of issues.

When we did the work leading up to the introduction and the development of the apartment standards that we have, we were hearing also a number of people talking about acoustic issues. That came through very clearly as a big issue. What we were looking at then was the fact that the national building code does govern noise transfer between dwellings. So in an apartment building if your apartment is next to another apartment, sound transmission between those apartments should in theory be dealt with by the building code. What we were hearing was that—

Mr FOWLES: Excuse the pun.

Dr ALVES: Yes, thank you—was that often that was not functioning as intended. I do not know if that was due to any negligence; I am just suggesting it was not working as intended and the outcomes were not ideal. But what we were trying to address actually was the question of noise coming in from outside. Until we introduced the apartment standards there was no regulation actually overseeing that in Victoria, whereas every other jurisdiction had dealt with that in one way or another through different acts and different ways. So that was another issue.

With the tendency, in Melbourne particularly, for apartment developments to have a lot of dwellings on each floor of the apartment building and for many of those dwellings to be single-aspect dwellings, a lot of the dwellings created do not face the street but face the side of the property on which the apartment sits, and that potentially has some significant implications if the separation between buildings is not sufficient, and there may be noise and privacy and overlooking—poor amenity results coming through those. But also, particularly on lower scale apartments what we were seeing—I am talking sort of three- or four-storey apartment buildings that were developed as well, and often covered by ResCode provisions—was the screening of overlooking alongside boundaries, which has then implications for the outlook from that apartment, if you are just looking at a blank screen out the window and not getting that quality of outlook. That affects daylight entry into the apartment as well.

So they are I guess some of the key sorts of things going back 10 years, or not quite, that we were seeing as very prevalent and coming through the planning system at quite an alarming rate, and so the apartment design standards that were developed were in part in response to addressing those types of issues that were of concern. So I think, given that there are a lot of apartments that were built that have those issues built into them, that there are apartments that would have some significant livability issues on that basis.

Ms McLEISH: Can you point to an apartment block that is great?

Dr ALVES: Yes, totally. I mean, particularly as the department development industry has matured in Victoria, we have seen some better examples, and with the introduction of the standards too. But in terms of some good apartment buildings the one that often gets mentioned, because it was a fairly defining moment when it was developed, was the Commons in Brunswick, which was developed before the apartment design standards came in. I remember going through that building when it was nearing completion and looking at it with the eyes of a person who was working out what the appropriate standards would be and interested to see if that particular development met them and actually met I guess what we were thinking of as the possible standards, and it certainly did. So that demonstrated it was possible.

That building has no car parking. And I think while that is perfectly appropriate there, I mean, what that does highlight is that the need to provide car parking and the provision of car parking at certain rates does have an impact then on the capacity to design a building and to design apartments as good as that. So I think the fact that there were no car parks was not just that there were no car parks, it was also that that then enabled certain qualities in the building that are harder to achieve if you are also achieving car parking on a site as well. I will just add that as a caveat. Look, that is one example but, we have seen a lot more good examples coming along in the last few years, I am pleased to say.

Ms McLEISH: Thanks.

The CHAIR: Thanks, Cindy. Look, I believe, Tom, we have the Member for Yan Yean, Danielle Green, listening in, and she has just let me know she does have a question. Danielle is driving. So just to confirm, Danielle, you have pulled over to ask the question?

Ms GREEN: Yes.

The CHAIR: Thank you. We can hear you.

Ms GREEN: Yes, I have. Thank you so much. And I apologise, my husband is in hospital at the moment, otherwise I would have been there. I am on my way in.

Tom, thank you for your evidence. It is just wonderful. In relation to the market we read that especially in the CBD there is a high vacancy rate at the moment, particularly with apartments that were built for the purpose of overseas students. So I wonder, now that that market is going to take some time to recover, how can we encourage those investors—maybe the owner-investors, the developers—to use this opportunity for a retro fit, so to redress some of those issues? But I think we could actually solve a few wicked problems at the moment—you know, the poor standards—which will impact the long-term viability and rental of these apartments, especially the small ones. And I also think that—and I have seen in Europe in particular—you see many more people with disability working particularly in hospitality, people with, say, mobility issues that are sitting on the till or whatever. And I am thinking if we could actually improve the standards, particularly in relation to disability—because so many of these buildings have lifts—and with the NDIS too, it would mean that many more people or actually people with disability would be able to get the support to work. So how do we actually pitch it to those owner-investors that we could actually retrofit to improve their long-term income but also bring out some social good that will help people with disability get into work and also provide low-cost housing for the hospitality sector, which is really struggling in the CBD?

Dr ALVES: Thanks, Danielle. You have covered a few different things in that question, and I will sort of take them one at a time. You talked about—

Ms GREEN: Because I was so keen to ask it.

Dr ALVES: Yes, thank you. You talked about possibilities for the retrofit of the existing apartment buildings, you also talked about vacancy rates, particularly in terms of student housing in the central city, and you talked about disability access to housing and, I guess, some of the design issues associated with that. I will sort of talk about them a little bit separately.

Firstly, on the retrofit question, that is a tricky one. Particularly in the very large buildings where there is very dispersed ownership because of the existence of strata title and how those apartments are developed and marketed at the presale stage, there is often a very dispersed ownership within a building, and where that is a very large building with a very large number of apartments, that creates a lot of complexity then in terms of how that kind of retrofit can be achieved. I am aware of one example of an older apartment building, I think a 1960s one, that was redeveloped jointly by the separate owners of those apartments, but that was a smaller group of owners because of the scale of the building. But they were able to actually get together and form a cooperative, I think, to engage in that retrofit of that building. More of that kind of thing could potentially be done, but it does get very, very complex with these very, very large, particularly high-rise buildings where there are lots of apartments and the ownership is highly dispersed. Although there is an owners corporation that oversees the management of the building, to actually get that kind of coordinated action I imagine could be quite difficult.

Secondly, on the topic of student housing, I think this is an interesting one because in student housing—and I have done a little bit of work on this as it turns out—there are roughly 10 000 beds in the City of Melbourne that have been developed over the last few years to cater for the demand for property from international students. Most of those, I understand, are largely vacant for obvious reasons—closed international borders. But what is interesting about those projects is that they are not only developed but they are owned and managed by a single entity, so that is a very different type of scenario. If you can imagine, you might have two high-rise buildings next to each other. If one of them is purpose-built student accommodation that has a single owner, a single manager, the actual repurposing of that or any whole-of-building decision that gets made about that is much easier to implement if that owner were to want to do something different than it is in the case of a strata-subdivided building where the ownership is highly dispersed. So I make that distinction.

Interestingly, student apartments or purpose-built student accommodation does not fall under the provisions of the apartment design standards, so it has been developed in other ways. The City of Melbourne I am aware was doing some work previously looking at what that very extensive amount of stock—10 000 beds—means as a legacy for the city and what sort of role it is going to continue to play in the city over time. I think that is a really interesting question.

On the subject of disability, one thing that we were able to achieve through the introduction of apartment standards in Melbourne in 2017 was a requirement for accessibility, not just in terms of the lift access. The building code has always required accessible movement between the street and the front door of the dwelling, hence the requirement for lifts and other things. But what the apartment standards brought in was a requirement I think it was for 50 per cent in the end of dwellings in any development, and then there is a list of requirements that are in the standards to enable accessible housing provision and retrofit.

So we have, I think, gone some way there. I am not sure if I am answering—your point about accessibility I think seemed to go a little bit beyond what I have just commented on there. I am not sure if I have addressed that adequately. I will probably stop there on that one for now.

Ms GREEN: No, that has been great. Thank you so much. It has really given me some great food for thought beyond this inquiry, so I really appreciate your time taken to answer. Thanks, Sarah.

The CHAIR: Thanks, Danielle. Thanks, Tom. Will was going to ask a question.

Mr FOWLES: Right on time. It might almost have to be one on notice because it is reasonably broad, Tom, but I wonder if you have turned your mind to the tension between innovation and design freedom and prescriptive rules—

Dr ALVES: I certainly have.

Mr FOWLES: as a general proposition. If we put a rule in place today, the built outcome might not be able to be walked into for four, five, six years, and in the meantime there might have been a whole lot of changes in building materials or technological solutions, whatever. So how do we as regulators provide an environment that provides for maximum innovation but also is prescriptive in the areas it needs to be?

Dr ALVES: Okay. That is an excellent question, and it is I think getting to the heart of some of the issues. It is a question that was grappled with right at the outset of the development of the New South Wales controls, getting back to them. There was that issue: how do you enable an environment where there is the freedom to design and to innovate and to improve, and at the same time how do you sort of require certain things? And there is an inherent tension there.

So a couple of things on that: one of the ways that the New South Wales system sought to address that was by having a set of design principles that are fairly broad—broad but comprehensive in their scope—which are the fundamental thing, and then the particular provisions or standards are about delivering those. Recognising that those principles are what you are trying to achieve, how do you get from a set of principles that do not relate specifically to a building—

Mr FOWLES: Particularly in a value-management environment where everyone is pushing every rule to the nth degree at every step of the process.

Dr ALVES: That is right.

Mr FOWLES: You can have a principle like ‘better acoustic performance’, but without being prescriptive how do you actually determine whether they have delivered against a principle that is broad in that way?

Dr ALVES: That is exactly right, so hence that tension sits there. And I do not think that is ultimately resolvable. I think we have to sort of find the way to actually work with the tension, and I think that is okay.

So what they have done there in New South Wales is develop a set of standards that are shown to address the principles and deliver them; that is what the guidelines that they have are for. And there is a hierarchy within that. There are some things that are more hard and fast—for example, a minimum ceiling height of 2.7 metres, which is greater than the minimum ceiling height in the building code. That is one example of a more specific hard and fast thing that I do not think gets in the way of innovation per se, but then there are a whole range of other things. What it is about then is how it comes through in the actual design and development process and how decisions that are made to deliver on the principles get protected within that process. Hence they have that design verification system, so an architect has to sort of put their name on the line and say, ‘Yes, this design meets these principles’. But they are not just at the start; it happens when the planning permission is granted, it happens when the building permission is granted and it happens at the end of the process as well before the occupancy certificate is signed. So that protects that through the process.

They also have provisions in place for the operation of, say, design review panels providing advice to responsible authorities, whether that is a minister or a local council. Again, that is about trying to get what often needs to be a qualitative assessment. These are complex buildings in particular contexts. The design of every building is particular, and how it delivers on a set of agreed design principles needs to be reinterpreted every time based on the context and the particularities of that project. So, how do you get a sort of, I guess, qualitative assessment process into the system but at the same time have the certainty that a developer will require when they are going to get their finance? They do not want everything to be open ended; they want to have an idea of what they can achieve and what the issues will be in order to get the project started. So it is about how you deliver that certainty, and I think the regulation is really important for that, but then you need to have a process that means it can factor in the particularities of each context and each site, which means how different standards which might be in tension with one another interact with each other in order to get the best possible outcome in that instance. I think that is a big part of it.

I will just also say: you are talking about rules or regulations potentially inhibiting innovation, and yes, they can. But I would also add in there that the market itself can inhibit innovation because the particular constraints of markets and market processes can also act as inhibitors to innovation, and sometimes rules can help to free things up. So, it does sort of go both ways, I will emphasise. Going back to a point I made right at the start, I think there is actually a role for government in indirect provision of housing—and a role that government has embraced at different times throughout the decades—where, by providing public housing and enabling social housing where it is actually the financier and the developer, often the landowner, there is that capacity to experiment and innovate in those contexts that does not actually exist in the marketplace. So, there is an opportunity for innovation, and at different times that has been utilised.

The CHAIR: Okay. I think that is a good place to finish up, Tom. I think we could talk to you all day, asking you lots of questions, but I am just mindful of time. Thank you for taking the time. We really appreciate it.

Witness withdrew.