

STANDING COMMITTEE ON LEGAL AND SOCIAL ISSUES (Legislation and References) Inquiry into the Public Housing Renewal Program

Submission from Dr Kate Shaw

To: The Secretary
Legal and Social Issues Committee Legislative Council Parliament House
Spring Street East Melbourne VIC 3002
Via email: phrp@parliament.vic.gov.au

Thank you for the opportunity to participate in this inquiry.

I have a long history of research into public housing estates and their development as an urban geographer and planner at the University of Melbourne. This includes in particular an evaluation in 2012 of the Kensington estate redevelopment for the then-Department of Human Services, in collaboration with Dr Peter Raisbeck of the Melbourne School of Design, University of Melbourne; Chris Chaplin, currently with the Port Phillip Housing Association, and Professor Kath Hulse of Swinburne University (Shaw et al, 2013).

The Department chose not to release the report from that evaluation.

In this submission I will address five key points under the following headings:

1. Rationale for public housing estate redevelopments
2. The redevelopment model and its long-term unsustainability
3. Loss of public housing
4. Sale of public land
5. Control of revenue

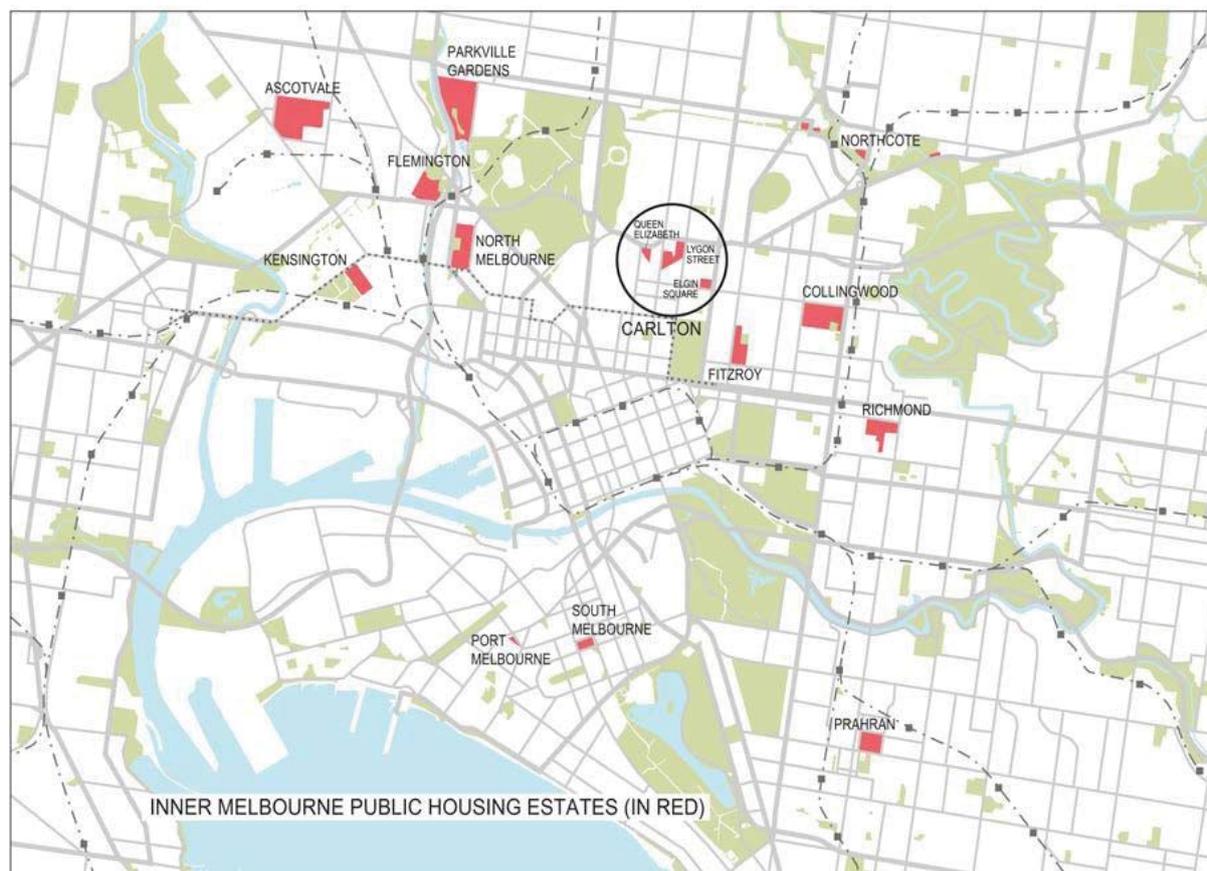
1. Rationale for public housing estate redevelopments

Public housing redevelopment policy draws for its legitimation on the neighbourhood effects thesis, which says that concentrations of poverty exacerbate the effects of that poverty. The concept of de-concentrating neighbourhood effects, or place-based disadvantage, arose in the US and was carried over to the UK to Canada and Australia in a profoundly inappropriate process of policy transfer. While negatively compounding effects might apply in large areas of consistent deprivation such as the rust-belt cities of the US and parts of the UK – where a massive contributor to disadvantage is race and racism – their translation to the well-resourced, already culturally-mixed and gentrified inner-cities of Sydney and Melbourne is absurd.

Around 3 percent of Australia's housing is social housing (ie. public and community). Such as it is, this is mainly located in the inner cities, with some pockets in regional centres. Deb Warr (2005) has done some interesting work on the stigma arising from possible place-based disadvantage in Corio and Norlane on the fringes of Geelong, but there is simply no evidence for negative neighbourhood effects on Melbourne's well-located inner and middle-suburban public housing estates. In these areas, public housing estates are islands of poverty in seas of private housing occupied by well-heeled middle-class citizens. They are serviced by good public transport and surrounded by schools,

pools, community health centres, libraries and senior citizens centres, with close-by services and shops where the opportunities for interaction among all who want it are plentiful.

Figure 1. Public housing estates in inner-Melbourne, with the most recently redeveloped estate in Carlton circled.



Even given these very different international contexts, the logic of place-based disadvantage in very deprived neighbourhoods in the US and the UK, where huge public housing projects are surrounded by low-income and relatively culturally-homogeneous households, continues to drive the rationale for building upmarket private housing on public housing estates in inner and middle-Melbourne.

2. The redevelopment model and its long-term unsustainability

The program of estate redevelopments began at Kensington, which is still regarded as a template for future redevelopments. The Kensington model involves demolishing the public housing walk-ups and selling two-thirds of the estate to a private developer which landscapes the grounds, builds some new replacement public housing and considerably more private housing to achieve the end result of a 50:50 public-private mix. Sales of the private units then constitute the developer's profit.

A similar approach has been applied at Carlton. In essence, the model involves the sale of public land to finance public housing upgrades. The ostensible imperative to increase social mix on the estates, in the interests of the tenants of these estates, has disrupted these few sites of low-income housing and reduced the amount of land available for public housing, thereby actually *increasing* the concentration of disadvantage (such as it is). The added rationale of "better integrating the estates with the surrounding neighbourhoods" appears to justify gentrifying the estates as well.

The sale of public land to fund upgrades is unsustainable. At some point more works will be required and there will be no public land left to sell, other than directly under the public housing needing investment. The only way to stave off the next crisis of demolition and privatisation as the 'only alternative' is a continuous program of maintaining the public housing stock, with serious annual budget allocations, as any responsible building owner would do.

3. Loss of public housing

There were 694 public units on the Kensington estate prior to the redevelopment, of which 486 (all the walk-ups and one tower) were demolished. These were replaced by 205 new public units. There are 224 units in the two remaining towers, resulting in a total of 429 public units on the estate – a reduction of 265 public units. The new build at Kensington is 30:70 public to private.

There were 512 private units built (57 more than in the original plan, with the approval for the increase given in 2008 when the global financial crisis began to be felt by the developer) of which 15 were sold to a community housing association. The finished project therefore has 497 private units, 15 community units and 429 public units – a total of 941 dwellings. Counting the community housing as public (although it is strictly in a third category) the total public to private mix is 47:53.

At Carlton, 192 walk-up units were demolished and replaced by 246 new public units, an increase of 54. But the walk-up flats were all 3-bedroom, and the replacement units are mainly one bedroom, with fewer two and 3-bedroom units. Using the Department's baseline population data, Jama and Shaw (under review) estimate a total decline in public tenants on the estate at 146. It is argued by DHHS that the 3-bedroom units at Carlton were under-occupied. This is an issue of poor management and irrelevant to the case being made here. It is not as though there are not enough families requiring three-bedroom inner-city flats. Also, as the date for project commencement approached vacant units were not re-let, so baseline data immediately prior to the redevelopment underestimates the population loss.

The Department's website in 2017 forecast "approximately 800 apartments for private sale". The total public to private mix, including the units in the unrenovated towers, will be 1,090 to ~ 800, or 58:42. Excluding the public housing towers from the calculations, the new build component is 24:76 public to private, with a clear reduction in the overall as well as proportional number of public tenants on the estate.

The argument for the program of increasing social mix has been subverted on every scale other than the most minute. Taking into account the gentrified neighbourhoods immediately surrounding the Kensington and Carlton public housing estates, social mix in both areas has decreased.

The current government commitment to increasing social housing stock on new redevelopment sites by a mere 10 percent is disgraceful. Australia's rapid population growth and growing unaffordability problems are occurring in a time when public housing is decreasing both proportionally and in real terms. The Public Housing Renewal Program should be aiming for maximum possible increases in both public and community housing stock. The Common Ground project in Elizabeth St Melbourne and the proposed affordable housing complex in the Victoria market redevelopment both contain 100 percent affordable housing, which is entirely justified by their location and proximity to good services. These projects demonstrate that there are some contexts where 100 percent low-income housing is not only appropriate but perhaps even preferable.

In the current crisis of housing affordability in Australian cities, with public housing waiting lists as long as they are, any approach that does not include a serious commitment to increasing social housing stock as much as humanly possible is an abrogation of good governance.

4. Sale of public land

The Kensington evaluation found that the public land in that project was sold for well below its market value – around one-twentieth of the price of serviced land in that neighbourhood at that time (Shaw et al, 2013).

Figures on the precise amount of land sold at Carlton and its sale price are not available.

If the government will not fund public housing itself any longer, and if it must sell public land and redevelop it in a public private mix to fund the necessary upgrades – and these are big ifs and should be the subject of public debate – then at least the land should be sold subject to an open valuation, acknowledging that Valuer General’s valuation isn’t really any guarantee of good value to the state, as in practice it is evidently manipulable.

5. Control of revenue

The developer of the Kensington estate made many tens of millions of dollars in profit. At Carlton the figure is yet to be established, if indeed the figures are ever made available. Profit share arrangements with developers, while superficially attractive, are undermined by previous experience that shows developers can easily disguise profits.

If the current approach is to be continued, and again it is not one I support, at the very least the government should use its own development agency or partner with non-profit housing associations, most of which have building capacity, to control the revenue and invest any surplus back into the estate, preferably to build more social housing.

Conclusions

The current model for public housing estate redevelopments should not be employed any further. Instead, a thorough revision of the program in line with the points above should be initiated. It really is astonishing that such a paltry contribution to social housing could be entertained in this day and age. In the city from which I write, Hamburg, institutionally-owned, largely affordable housing (though there are many different types and models of affordable housing so direct comparisons are difficult) constitutes more than 50 percent of the city’s housing stock. The city has a policy of requiring one-third social housing, one-third affordable rental, and one-third owner-occupied housing in every large new development. In some cases the districts (local councils) can exceed these requirements in favour of 50 percent social housing, 50 percent affordable commercial space.

However, the committee’s term of reference to investigate best practice models for provision of public housing within Australia and overseas should be pursued with caution. While I fully support seeking lessons from elsewhere, it must be borne in mind that different contexts produce very different ways of proceeding. For example, the Hamburg 50:50 social housing-commercial build is justified by the fact that there is much more social housing in that particular neighbourhood than private. In more privileged neighbourhoods, a higher proportion of social housing could be pursued. Victoria has such low base levels of affordable housing provision that any comparison or reference to other jurisdictions must take this fundamental difference into account.

Finally, I suggest that the committee seek access to the Kensington evaluation report. Its full title is: Shaw, Raisbeck, Chaplin and Hulse (2013), Kensington estate evaluation, amended version, January 2013. This final report was amended to accommodate acceptable revisions from the Department. Several further versions from the Department, which included changes the authors viewed as unacceptable, were circulated. This means there are multiple versions and it is important that the version approved by the authors is the one sought.

Further reading

<https://theconversation.com/social-mix-in-housing-one-size-doesnt-fit-all-as-new-projects-show-80956>

<https://theconversation.com/why-should-the-state-wriggle-out-of-providing-public-housing-79581>

References

Jama, A. and Shaw, K. (under review) Why do we need social mix? Draft paper to Housing Studies.

Shaw, K., Raisbeck, P., Chaplin, C. and Hulse, K. (2013), Kensington estate evaluation, amended version, January 2013

Warr, D. (2005). Social networks in a 'discredited' neighbourhood, *Journal of Sociology*, Volume 41(3): 285–308 DOI:10.1177/1440783305057081

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