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# Understanding the assumptions and impacts of the Victorian Public Housing Renewal Program

Final report of a research project with  
Cities of Moreland, Darebin and Yarra

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The authors acknowledge that this report was undertaken on the unceded lands of the Woiwurrung and Boonwurrung speaking peoples of the Kulin Nation. We respectfully acknowledge Ancestors and Elders, past and present.

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## **Purpose**

Final report of a research project with Cities of Moreland, Darebin and Yarra

**Disclaimer:** The findings, views and claims expressed in this report are those of the authors. They do not necessarily reflect the official policy or position of the Cities of Moreland, Darebin or Yarra.

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## Executive Summary

The Victorian Government's Public Housing Renewal Program (PHRP) aims to redevelop 11 inner suburban public housing estates in Melbourne. The redevelopment entails the relocation of residents, the demolition of the existing buildings and the redevelopment of each site by a private developer in partnership with a community housing provider. This raises significant concerns about the effectiveness of the policy in delivering housing in a time of severe housing crisis, the impact of displacement on residents and communities, and the assumptions underpinning the PHRP and the real estate model it deploys.

This research project aimed to evaluate the claims of the PHRP and its underlying model in order to establish an accurate evidence base and assess the anticipated impact of the model on public housing residents in Melbourne. To do so, the research used a desk-top review of relevant Australian and international literature, previous evaluations and studies on similar estates, and a policy analysis. This report of findings provides a critical evaluation of the policy claims and an assessment of the likely impact of the PHRP on public housing residents. It also provides an overview about how the policy and program inter-relates with wider trends and other policy frameworks to provide a more nuanced understanding of how the PHRP and its impacts should be understood in the current context

### Headline findings

The social mix ratio 70:30 private to social housing is not based in any evidence about social mix and is derived purely from a real estate value calculation for what will turn a profit for the private developer in the partnership. The research therefore concludes that the private profit motive is the primary driving policy directive of social mix as advanced in the PHRP

The international research on social mix clearly demonstrates the approach does not work in either theory or practice. When promoted through redevelopment, social mix policies result in the permanent loss of public land, low yields of low-income housing; displacement and intensified segregation and exclusion; loss of public housing; and the homogenisation of populations at the neighbourhood scale. The PHRP will in fact reduce social mix in the target neighbourhoods.

The PHRP will result in an increased number of social housing units but a decrease in the number of bedrooms available. Based on the first tranche of redevelopment announced in April 2019, the redevelopment will reduce public housing to 0 on these sites, as the resulting units will all be either owned and / or managed by a community housing provider. The analysis demonstrates clear to roll this approach across each of the estates targeted under the PHRP.

The PHRP has caused significant direct displacement of residents. The evidence demonstrates that relatively few residents will return, and that it is both inaccurate and wrong to frame this as resident 'choice'. The relocation process itself intensifies the transfer of public money to private hands with the widespread use of privately rented properties to accommodate relocated public housing tenants.

The international evidence demonstrates that displacement has severe impacts on individuals, households and communities including: poor mental and physical health outcomes; the breakdown of long-standing community networks; economic impacts including loss of livelihoods, productivity loss, and intensification of poverty; loss of access to vital services and networks; further uplift in land values causing new rounds of gentrification and segregation.

Public housing stock, management and provision in Victoria has come under sustained criticism in numerous inquiries and reports since 2008. The Productivity Commission, Auditor General and Victorian Parliament have each documented concern about the quality and quantity of public housing, the systems in place to manage built assets and tenancies, and the appropriateness of policy frameworks to provide low-income housing in Victoria. The Victorian Government is yet to sufficiently respond to these concerns including the most recent Parliamentary Inquiry to which the government has to date still not responded.

The PHRP is advanced based on a discourse that stigmatises estates and tenants as a justification for renewal, promotes an agenda of social mix as a 'fix' for concentrated disadvantage. The real estate model of redevelopment is calculated to derive profit for private developers delivering the redevelopment. The Program will result in the following outcomes:

1. the eventual sale of virtually all the public land assets into private ownership;
2. the transfer of most existing public housing stock and all tenancies to community housing providers;
3. the development of new private market housing on public housing sites;
4. the overall reduction of public housing bedrooms available in a context of severe housing crisis for low-income households
5. the displacement of vulnerable households from areas of high amenity and the attendant impacts that are known to result from displacement.

## Introduction

The Government of Victoria established the Public Housing Renewal Program (PHRP) in 2017 under the *Homes for Victorians* strategy, a broad suite of initiatives to address housing affordability and supply in Victoria. The Department of Health and Human Services (DHHS) is implementing initiative four: to increase and renew social housing stock, which is the basis of the PHRP.

The PHRP seeks to redevelop public housing estates and build more social housing properties across metropolitan Melbourne and regional Victoria. A 'real estate development model' underpins the Program to deliver the stated aspirations of: increasing the number of social housing units; modernising and improving social housing stock to be 'fit for purpose'; and de-concentrate disadvantage on public housing estates by implementing social mix. Phase one of the PHRP is funded by \$185m of 'seed funding' by the DHHS and involves relocation of residents and demolition of nine inner-city estates.

This policy platform is being implemented in the context of a severe housing crisis in Melbourne, across the spectrum of housing needs. The number of people experiencing homelessness is increasing across the metropolitan area. Rising rental prices are squeezing affordability for people in the low to middle income ranges. Public housing waiting lists – currently at an estimated 83,000 persons – are long and continuing to lengthen. These factors indicate that housing in Victoria is currently in crisis, and that the policy framework for ensuring the basic human right of housing is failing. The PHRP, as one mechanism within that policy framework, is especially important for the way it advances a specific agenda for public housing.

This research project critically evaluates the PHRP and its primary cognate policy mechanisms including the Social Housing Growth Fund, the Build and Operate Program, and the New Rentals Development Program. The report provides:

1. an evaluation of State policy claims and projections;
2. an assessment of the anticipated impact of these programs on public housing based on existing evidence; and
3. an investigation of how the various funding sources operate and inter-relate.

The project therefore aims to:

1. establish an accurate and in-depth evidence base of the redevelopment model through a review of literature and policy; and
2. assess the anticipated impact and implications of that model for people in housing need in Melbourne through a review of similar renewal approaches.

The project used a desktop analysis of the policy discourse, with a particular focus on the financial and social components. Analysed using an extensive literature review and evaluation of previous studies on the impacts of displacement, the project evaluates the anticipated impact of the PHRP on public housing in Melbourne.

This report of findings is presented in three parts. Part One provides a comprehensive overview of the Public Housing Renewal Program and its context. Then an overview of the context of public and community housing in Victoria, and the national policy frameworks and places where local government policy intersects is provided. The section concludes with an overview of current debates and evidence from recent research about models of providing public housing.

Part Two presents the existing Australian and international evidence about the impact of renewal programs such as the PHRP. A comprehensive discussion of the research evidence about displacement is provided followed by a series of case studies of renewal projects in Victoria that offer an evidence base on which evaluation of the likely impacts of the PHRP can be advanced.

Part Three provides a literature review of the evidence on social mix policies in Australia and internationally. A comprehensive review of the international evidence base on social mix is provided, as well as a genealogy of the concept in Australian housing policy. This section concludes with an analysis of the social mix claims for the PHRP in light of this evidence.

## Part One: The PHRP in context

### Overview of the PHRP and the key concerns

The PHRP emerges from several years of planning and a 2009 investigation by the Department of Human Services into ways of redeveloping 22 ageing walk-up estates 'with a Real Estate development model'. This has been formulated into a Program that aims to achieve: a 10% increase in social housing units; modernising, greening and improving access in buildings; implementing a social mix or 'tenure blind' approach; providing equal access to common spaces; and, improving public space. Phase one of the PHRP is funded by \$185m of 'seed funding' by the DHHS and involves relocation of residents and demolition of nine inner-city estates.

The nine inner-city estates earmarked for renewal are:

- Abbotsford Street, North Melbourne
- Ascot Vale estate
- Bangs Street, Prahran
- Bills Street, Hawthorn
- Gronn Place, Brunswick West
- New Street, Brighton
- Noone Street, Clifton Hill
- Tarakan and Bellbardia estates, Heidelberg West
- Walker Street, Northcote

Two further estates are also being advanced for redevelopment under a separate funding package, but using the same model. These are: Flemington and Preston. For the purposes of this report, all 11 estates are analysed together as they form part of the same policy agenda.

The objectives publicly advanced by the Victorian State Government are to upgrade and modernise 'ageing public housing estates into vibrant well-connected neighbourhoods with homes that are comfortable, modern and energy efficient' (Victorian Health and Human Services Building Authority 2019) in addition to delivering more social housing units overall. The Government and DHHS have made assurances to residents on estates that they will have the 'right to return'.

In preliminary scoping research conducted by the authors on the policy framework, and with public housing residents themselves, a number of false assumptions, misconceptions and design failures in the policy were made clear. These relate to the decanting process (including residents' right to return and right to refuse), the loss of publicly owned assets and especially public land to private ownership, the discrepancy between number of units and number of bedrooms that will result from the redevelopment, a reduction of demographic diversity and the capacity for the program to genuinely address the 'housing crisis' with small increases in unit numbers. These resident concerns were also conveyed in numerous individual and collective submissions to the recent *Inquiry into the Public Housing Renewal Program*<sup>1</sup> conducted by State Parliament's Legal and Social Issues Committee in 2018. The Inquiry outlined numerous concerns with the program, including lack of transparency in tender processes for the development, inadequate consultation with residents and the failure of the program to sufficiently increase stock to meet bare minimum demand.

The PHRP is based on the same model implemented in the redevelopment of the Kensington estate during 2002-08. An evaluation of the project released in 2018, but withheld from public access since January 2013, found that: the social mix approach failed, often leading to deteriorated social outcomes among residents; only 20% of residents



returned after being decanted; the private developer collected a net profit margin of 37.56%, well above industry standard (20%); and there was a loss of public land.

In December 2017, early concerns about the PHRP were formulated at a public event<sup>1</sup> and documented in a widely-distributed statement outlining *Alternative Approaches for the Victorian Public Housing Renewal Program* (Appendix A attached – distributed March 2018). The circulated paper outlined five key issues with the initial iteration of the program:

The deconcentrating disadvantage rationale for public housing estate redevelopments which posits that by bringing private residents onto small public estates surrounded by private housing it will lead to better outcomes for public tenants, is not supported by any evidence. The social mix 'rationale' for the program is misplaced and disguises a primary motive to finance the necessary upgrades with minimal government expenditure.

The development model is unsustainable as the current program of raising funds for replacement public housing by selling parts of the estates for private housing is a short-term economic fix. When further upgrades or maintenance is required, there is no longer term certainty that they will be able to be funded.

The model involves loss of public housing, because of the reduction in family units and increase in single-bedroom units. On the Northcote estate, for example, there are currently 86 dwellings with 201 bedrooms. According to a government-commissioned report from September 2017, the public component of the initial redevelopment plan would have included 96 properties with 139 bedrooms. This constitutes a 10% increase in dwellings, but a 31% decrease in bedrooms<sup>ii</sup>. In the two finalised developments Kensington and Carlton, a decrease in public bedrooms overall was observed.

The sale of public land is short-sighted. Once lost, public land will never be recoverable except at great cost. Well-located public land is a continuing resource, offering potential for on-going initiatives. Limiting future opportunities is short sighted governance.

If any revenue is to be procured from developing the estates, it should be reinvested into those or other estates. The use of private developers in the redevelopment means the significant revenues from private housing sales constitute the developers' profits instead of being invested back into social housing. A government or non-profit partner would increase the number of new public units and/or reduce the number of private units necessary to make the project feasible.

## The Parliamentary Inquiry

In June 2018, the Legal and Social Issues Committee published its findings of its *Inquiry into the Public Housing Renewal Program*. Twelve (12) terms of reference were explored and can be found in the attached Appendix B. The Inquiry provides a comprehensive overview and evaluation of the PHRP, detailing a concise analysis of public housing in Victoria. It established two primary issues to be considered by the Parliament and Government: 1) in regard to current stock configuration, as not currently meeting demand (misalignment); and 2) if a 10% increase is sufficient given the scale of the housing crisis and waitlist. Chapters of the report include an examination of the planning process, impact on residents, and the financial and social model of the program. The Committee received 172 submissions and held three public hearings as part of this Inquiry. A total of 28 recommendations were made.

The Committee consisted of eight (8) members and two (2) participating members:

- Ms Margaret Fitzherbert MLC (Chair) (Liberal)
- Ms Nina Springle MLC (Deputy Chair) (Greens)
- Mr Joshua Morris MLC (Liberal)

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<sup>1</sup> <https://msd.unimelb.edu.au/events/maximising-the-social-benefits-of-public-housing-renewal>

- Mr Daniel Mulino MLC (Labor)
- Ms Fiona Patten MLC (Reason)
- Mrs Inga Peulich MLC (Liberal)
- Hon Adem Somyurek MLC (Labor)
- Ms Jaclyn Symes MLC (Labor)
- Ms Georgie Crozier MLC (Liberal) (Participating member)
- Dr Samantha Ratnam MLC (Greens) (Participating member)

Seven (7) of the eight (8) Committee members, consisting of all Liberal and Labor members, agreed with the findings and recommendations of the report, highlighting a high degree bi-partisan concern with the program. Only the Deputy Chair submitted a minority report. Overall, the Committee was critical of the renewal model, citing evidence from previous case studies such as the Kensington and Carlton redevelopment projects, where there was a loss of public resources, no relief on the waitlist, negative impacts of relocation and erroneous understandings of social mix practices. The most scathing of this critique related to the lack of information provided by the Government to residents and the wider public, stating that ‘community consultation in relation to the Program was flawed and at times confusing’ (2018, p. xii).

A number of other key issues were identified by the Committee, which remain unacknowledged by the Government. It found that there were a lack of evaluations made that considered the impact of the program against housing supply, democratic planning, social impact and the socio-economic rationale for the program. In relation to supply, the Committee notes that current Government investment is inadequate if it hopes to keep pace with housing demand; that the misalignment between current configuration and demand remains unaddressed in the current model; and that the focus on public housing unit increases rather than bedroom increases, will likely exacerbate the shortfall in supply.

The introduction of Development Plan Overlays on affected areas effectively strip power from the default Responsible Authorities (local councils), and was highlighted as a factor that undermines democratic processes available to councils and neighbours. The planning and communication of the program was also defined by the Committee as confusing, erratic and inconsistent. This is reflected in the lack of community and resident input into the indicative design of future estates, which do not currently reflect resident need or desire. Ill-defined relocation processes and the rights of tenants additionally contributed to fear among residents, and the erosion of security on the estates and within the households. This is compounded by the under-resourcing of the resident advocacy body, Victorian Public Tenants Association (VPTA), which has been unable to respond to resident needs and appeals.

The Committee expressed significant concern about the impact that the program will have on tenants themselves. For larger families who require more than two-bedrooms, and for residents requesting a return to public housing, there is an implied loss of right to return. The process of displacement is likely to cause stress, reduce access to community/social services and will have negative short-, medium- and long-term impacts on wellbeing. As such, one recommendation urged the Government to conduct a longitudinal research study that investigates the social impact of the program during the course of displacement and return, to adequately measure the cost of the program on place and people.

The true social and economic cost of the program is presently unknown, and the Committee recommended that the DHHS partner with Infrastructure Victoria to measure the full social and economic value of social housing. Three findings of the report demonstrated that the loss of public land had not been justified by DHHS or the Minister; that there was no valid and verifiable evidence for social mix cited; and that there was no analysis of, or rationale for, tenure mix ratios presented.

Deputy Chair Nina Springle MLC elaborated on these points in her a minority report, however it is important to note that this report did not dissent or contradict Committee findings, but rather, presented additional critique and consequences. These include the loss of public land in strategically valuable locations that are well connected to public infrastructure. The Deputy Chair argued that there is no long term vision within the program that would meet the most basic of housing needs in the coming decades; that the program of privatisation diminished the State’s capacity to provide well-connected appropriate housing into the future; and that the DHHS did not demonstrate that alternative models of renewal had been considered.

The model is described as fundamentally flawed and that there was no evidence that a necessary cost-benefit analysis that evaluated alternative models. Citing the suppression of the Kensington Redevelopment Project Evaluation Report until March 2018, and the ongoing lack of transparency, communication and clarity around the procurement process in the PHRP, it was also suggested that there is a likelihood that public land will be sold to the private sector at significantly deflated prices.

A comprehensive suite of recommendations were made and are collated in Table 1 below. Of particular note are a number of recommendations that seek ‘clarity’, ‘precision’ and ‘acknowledgement’ by the Government around projected increases in stock and how such increases impact on housing affordability more generally. The lack of clarity in project timelines, procurement and impact was not adequately presented to residents, the public or the Committee, and as such there is a lack of defined objectives that the renewal program purports to aspire to beyond rhetoric.

Table 1 - Parliamentary Inquiry Recommendations

#	Detail	Addressed
1	That the Victorian Government clarify by how much it intends to increase social housing through its current suite of programs	Partially
2	That the Victorian Government clarify how the procurement process for the Public Housing Renewal Program will ensure the desired level of affordable housing is achieved	No
3	That the Victorian Government respond to the recommendations in this Final Report within three months of tabling	No
4	That the Victorian Government fund Infrastructure Victoria to partner with the Department of Health and Human Services to measure the full social and economic value of social housing. The partnership should be based on the work previously undertaken by Infrastructure Victoria	No
5	That the Victorian Government tie the Public Housing Renewal Program to a targeted decrease in the Victorian Housing Register	No
6	That the Department of Health and Human Services and the Social Housing Renewal Standing Advisory Committee consider the issues raised in this Final Report when determining the process for future public consultation sessions.	No
7	That in future responses to reports of the Social Housing Renewal Standing Advisory Committee, the Minister for Planning provide the rationale for recommendations that are supported in part or not supported	Not responded to yet
8	That the Department of Health and Human Services be precise in explaining what is involved in future consultation sessions for the Public Housing Renewal Program. The Department should manage expectations by paying particular attention to any power that tenants may or may not have to influence the Development Plan Overlay at their site	No
9	That the Minister for Planning take into consideration the views of relevant local councils when making planning decisions regarding the Public Housing Renewal Program	Unsure–potentially

#	Detail	Addressed
10	That the Victorian Government include the provision of employment opportunities for public housing tenants in the tender process for the Public Housing Renewal Program sites	No
11	That where possible the Victorian Government involve public housing tenants in the design process for the Public Housing Renewal Program sites	No– future potential
12	That the Department of Health and Human Services immediately review and improve how it collaborates with tenants such that it better assists tenants throughout the Public Housing Renewal Program	Unlikely
13	That the Department of Health and Human Services continue to monitor future Social Housing Renewal Standing Advisory Committee consultation sessions for information about tenants' concerns.	Unsure– potentially
14	That the Department of Health and Human Services strengthen efforts to ensure that all tenants at future Public Housing Renewal Program sites understand the difference between the Department and advisory committees set up under section 151 of the <i>Planning and Environment Act 1987</i> and how they can contribute to both	No
15	That the Department of Health and Human Services continue to communicate with Public Housing Renewal Program tenants at all times up to their relocation and throughout the remainder of the whole Program. The Department should continue to answer questions asked by tenants regarding any issue to do with their relocation	No
16	That the Victorian Government confirm with all tenants in the Public Housing Renewal Program that they will be able to return to their estates. All documentation and communication provided to tenants should reflect this.	Provided in deed, but implied loss of public housing on each estate
17	That the Department of Health and Human Services publish the number of tenants who have returned to each estate at the conclusion of the Public Housing Renewal Program	Future potential
18	That the Department of Health and Human Services provide tenants with the opportunity to review all documentation provided and access independent legal advice before being required to sign relocation agreements	Unsure
19	That the Victorian Government resource organisations that are well placed to provide independent legal advice to tenants.	No
20	That the Victorian Government publish the price paid for public land sold as part of the Public Housing Renewal Program	No
21	That the Victorian Government publish the amount of money raised by the sale of land during the Public Housing Renewal Program that will be allocated to public housing throughout Victoria	Future potential– unlikely
22	That at the completion of the Public Housing Renewal Program the Victorian Government provide evidence that all money raised by the sale of land during the Program has been allocated to public housing throughout Victoria	No
23	That the Victorian Government develop and publish an ongoing, long-term monitoring and maintenance strategy for Public Housing Renewal Program sites	No
24	That the Victorian Government identify which public housing estates are suitable for refurbishment and those which are not	No
25	That the Victorian Government conduct a longitudinal study on the link between social mix and social outcomes at public housing estates, and lead research into local area effects in disadvantaged communities in Victoria. The results of the studies should influence future social housing policy	No

#	Detail	Addressed
26	That the Victorian Government ensure that designs of public and private housing at each site are tenure blind, including equitable access of public tenants to common facilities where practicable	Future potential–likely
27	That the Victorian Government explain the rationale behind the final public-to-private ratio build at each Public Housing Renewal Program site. This rationale should help inform future decision-making for the Program	No– M21 commercial reviews
28	That the Victorian Government work with social housing experts and developers to determine the most appropriate development mix for each Public Housing Renewal Program site	No

The report was published in June 2018 and the Government of Victoria was required to respond within six (6) months in writing to any recommendations made by the Legal and Social Issues Committee. The response is public and put on the Inquiry page of Parliament’s website when it is received (<http://www.parliament.vic.gov.au/lsc/inquiries/article/3847>).

As of May 2019, 11 months after the report was tabled, no response from the Government of Victoria has been received. Given that many of the recommendations of the Inquiry aimed to compel a response or acknowledgement from the Government and the DHHS within three months (given the severity of impact on public housing residents), it is unlikely that the recommendations and findings of the report will be actioned. Further to this, the minority report published as an appendix to the Inquiry suggested that ‘[t]he PHRP should not be progressed until the Government responds to the recommendations in this report’.

## PHRP and the Real estate model

The commercial rationale for the PHRP is fundamentally informed by a commercial review of 22 key sites in the Melbourne metropolitan area, conducted by M21 Advisory. In 2009, the Housing and Community Building Unit of the Department of Human Services contracted M21 to investigate ways of redeveloping ageing walk-up estates ‘with a Real Estate development model’. According to the 2018 Parliamentary Inquiry, M21 was tasked with achieving the following objectives:

- Redevelop and increase the number of public housing units and integrated with private housing ‘at little or no extra cost’;
- Improve amenities for residents;
- Upgrade the sustainability and energy efficiency of public housing;
- Reduce maintenance costs; and
- Decrease the average age of public housing.

M21 submitted two reports<sup>2</sup> to the Office of Housing which are not publicly available but were cited and reviewed by the Legal and Social Issues Committee that conducted the Parliamentary Inquiry. In order to obtain access to these reports a Freedom of Information (FOI) request was submitted on 15 January 2019.

Prior to submitting an FOI request, Dr Kelly communicated with James Cain, author of the reports and CEO of M21. In this conversation, it was revealed that 14 properties were assessed against their capacity to yield the highest amount of profit to fund public housing

<sup>2</sup> M21, Commercial review of the potential redevelopment of walk up estate properties, Department of Health and Human Services, Melbourne, 2009.

M21, Study on potential commercial redevelopment viability of aged walk-up estates, Department of Health and Human Services, Melbourne, 2010.

renewal. Estates under review consisted of Category C housing estates that had relatively high maintenance costs per resident when compared with other categories of public housing. Cain noted that five sites evaluated by M21 were subsequently included in the PHRP Stage 1. The remaining four sites were 'known to be viable' according to DHHS. These are estates that have sufficient latent real estate value that would yield enough profit to attract the private sector. Cain cautioned that with the recent downturn in real estate values, particularly in Melbourne, the initial economic rationale upon which the PHRP commercial reviews were based, would have changed fundamentally. It was noted that the 'real estate' viability of the PHRP, in its funding arrangement as at 9 January 2019, might mean that 'the government may be under water now and need to increase the proportion of private units' from the current optimal yield rate of 70%. M21 Advisory recommended a 70:30 tenure mix in estate renewals, which is considered as an optimal, or as a minimum mix scenario for private developers to make the sale of individual units commercially viable i.e. having a significant premium to offset risk. The tenure mix as recommended by M21 Advisory to the DHHS is based on a commercial 'real estate' evaluation. Thus, the 70:30 tenure mix at the base of the policy is based entirely on commercial viability.

The FOI request was delayed by the DHHS on two occasions and an outcome was reached on 5 March 2019. Dr Kelly received part of one report (approximately half) published in 2009, of which a significant proportion was redacted. The DHHS explained that the 'division was unable to locate a copy of the 2010 report', despite its inclusion in the 2018 Parliamentary Inquiry. M21 Pty Ltd (2009, p. 3) states that the primary criterion for assessing the commercial viability of walk-up estates was a 'latent development capacity'. Three filters were used to evaluate the sites. Eight sites were excluded in early evaluations as given that 'the site area to number of units ratio' would not enable a commercial return. These sites could not physically accommodate a density of dwellings needed to produce a financial return in respect to the 70:30 tenure mix model. A secondary filter evaluated the remaining 14 sites, the report states that they:

were assessed for their development potential having in regard to "real estate attractiveness" – the possible expansion of the development envelope through the statutory planning process, and attributes that were able to deliver strong property returns (proximity to services and amenities, incomes, other sales nearby).

Five sites were eliminated in this evaluation and the remaining nine were analysed using a financial feasibility model that calculates the cost of replacement per public housing dwelling. Of these nine sites, five were listed and four redacted. The five listed estates, with latent development capacity and significant private yield are listed below, including their recommended tenure mix according to "real estate attractiveness" modelling:

- Bangs Street, Prahran – 115 private / 120 public
- Gronn Place, Brunswick West – 270 private / 73 public
- New/Airlie Street, Brighton/Elsternwick – 274 private / 127 public
- Rutland/Noone Street, Clifton Hill – 63 private / 30 public
- Walker Street, Northcote – 210 private / 88 public

It is likely that the remaining four sites are not within the original nine sites identified in the first stage of the PHRP, but are earmarked for further stages of the renewal program.

It is important to note that one of the specific objects of the *Housing Act 1983* is 'to promote the integration of public and private housing' (p. 9). The real estate model of housing development and the current paradigm of commodification in housing globally, means that the preference for commercially-driven public housing renewal is mandated by legislation. Further to the case of the Prahran redevelopment, the use of 'rental housing assistance funds' is permitted to ensure 'that public housing developments may be integrated with private housing and to achieve a desirable socio-economic mixture of housing' (p. 123).

## First tranche of redevelopment under PHRP

In March 2019, the Minister for Housing updated the status of the Victorian Government's *Public Housing Renewal Program*, announcing the signing of contracts between private developers and community housing associations. This current tranche of renewal, as reported in a media article in Melbourne's *The Age* (Lucas, 2019), encompasses two of the stage one PHRP estates, and a third amalgam of three sites in the City of Darebin. Of the nine estates initially proposed in stage one of the PHRP, and a further two funded by the Minister, three estates were bundled during the tender process. Table 2 details the current configurations of dwellings on these three estates.

Table 2 - PHRP Current tranche of renewal

Estate	Public units – predevelopment	Total units – redevelopment	Redeveloped configuration	
			Community	Private
Walker ST, Northcote	87	249	106	143
Abbotsford ST, North Melbourne	112	305	133	172
Stokes ST, Penola ST, Oakover RD and Railway PL West, Preston.	26	507	90	417
TOTAL*	225	1061	329	732

\*Bedroom count requested by research team but not provided by DHHS

Although the renewal contracts have not been made public, the developer for these three sites will be MAB Corporation, a Melbourne-based international property developer with 20+ years' experience in providing affordable housing on the peri-urban fringe and high-end inner-city apartments. To date, MAB has completed and anticipate completing 4,200 apartment builds, with \$3.2b worth of project value. MAB Corporation was founded by Michael Buxton, a Melbourne-based property developer who also founded Becton, the developer responsible for the Kensington Redevelopment project.

The developers will work with community housing provider HousingFirst (formerly the Port Phillip Housing Association) to build and then manage the new social housing units. HousingFirst will deliver property and tenancy management services for all the social housing homes across the sites, however the actual arrangement hasn't been explained. This arrangement could include a General Lease or HousingFirst acting as an agent of the Director of Housing.

In a media release by the Minister for Housing, Richard Wynne, it was stated that 'All three sites will be rebuilt with more public housing dwellings than they previously contained.' In fact, all three sites in the current tranche of renewal will contain 0% public housing; instead, DHHS owned properties will be managed by HousingFirst and will be deemed *community housing*. The incentive for the Government to transfer stock and management of public housing to the community housing sector, relates specifically to the eligibility criteria for Commonwealth Rent Assistance (CRA). The whole proportion of CRA is added to the tenant's rent and collected by the community housing provider – this offsets perceived loss of rental income associated with public housing. The maximum rent that can be charged is 74.9% of market rent, as this is the limit for a community housing provider to qualify for GST exemption. If a tenant of community housing loses their CRA (for instance, if they found a job) they will pay 100% of market rent. Community housing providers take responsibility for

most of the maintenance, and unlike public housing cannot allow the properties to fall into disrepair.

The media release, which has retrospectively been withdrawn from the Ministers webpage, also announced stage two of the PHRP, and a reconfiguration of the current stage one:

Under the renewal program, eight estates in the metropolitan area are being redeveloped by the Department and two by Development Victoria. Public housing estates in three regional areas – Bendigo, Benalla and Ballarat – will also benefit from an upgrade.

It is likely that Noone ST, Clifton Hill has been withdrawn from stage one of the PHRP but is likely to be included in new incarnations of the renewal program, or funded through different financial arrangements. Gronn Place, Brunswick West is still under the tender process / probity, and the procurement of a developer and/or site manager has not yet been made publicly available. It is likely that Gronn Place will follow a similar process to the Walker ST, Northcote Estate. It is also highly likely that other strategic sites in Yarra and Moreland have undergone a commercial review process and been identified as ‘attractive’ sites that could adopt the real estate model. The research team is actively attempting to attain this information.

The uplift on the estates, in addition to the 10% announced in previous iteration is 10 units at Walker St, 61 at Preston, and 10 at Nth Melbourne – total 81. It is unclear if these will be DHHS-owned properties leased to HousingFirst or if HousingFirst will acquire them outright through debt-financed *purchase*, as a *capital grant* or a combination of the two. It is also highly likely that some of the 81 additional units may actually be affordable housing that target low-income households not on the Victorian Housing Register (VHR). Affordable housing does not draw from the public housing waiting list.

The number of private units to be built on each estate have increased to more than double the social housing component since the first iteration of the PHRP. At least 20 per cent of all private housing will be priced for first home buyers, 157 units of 732. The total uplift of social housing will be 104 units across all three sites, none of which will be public housing. The Government also announced \$209 million to build an additional 1,000 public housing properties, although the location has not been disclosed.

The announcements of this first tranche of the PHRP has also revealed new aspects of the financial model. It appears that public land is not being sold to private developers. Rather, the Director of Housing will be the party selling the land and buildings to the end purchaser of private dwellings, who may be first home buyers or a buyer willing to pay full market price. The developer will likely act as an agent of the Director selected for its expertise and capabilities to build and develop the estate on behalf of the Director. MAB is not purchasing the land from the Director. The Director owns the land until the dwellings are built and sold to the end purchaser. The end purchaser will make all payments to the Director of Housing who will deduct the value for the land and any associated value uplift at the time of the (future) sale. This does raise the question of the risk, incentive and payment package provided by Government to the developer.

The minimum land value will be independently assessed by the Valuer General of Victoria and the Victorian Land Monitor prior to the sale of the private dwellings and a minimum price set, based on market conditions applicable at the time. The Government of Victoria claims that only 50% of the estates will be private tenure, this does not include first-homeowner purchases and artificially deflates this figure.

In public housing redevelopment projects, market risk is transferred to the developer under the premise that developers possess or procure better market knowledge and add a premium to cover the market risk. It is unclear if there are contingencies for what happens if the market remains soft and unit sales become a difficult and protracted process. In the Kensington Redevelopment Project initial townhouse sales were sluggish compared to apartments. As a result, the developer, Becton, sought to change the plans and later went



into administration – so too had St Hilliers (Carlton and Ashwood-Chadstone redevelopments) a year earlier.

It will be important to maintain a watching brief on the management arrangement determined with HousingFirst and what risk/financial considerations have been made with the MAB Corporation.

## Public and community housing in Victoria

### Background

Prior to federation in 1901, housing in the Australian colonies was typified by a gulf between privileged and austere living conditions, with overcrowding and poor health dominating unemployed and working-class households with private landlords. Hayward (1996, p. 6) characterises the period from 1900-37 as a time of ‘anything but public housing’, where high rates of unemployment, foreclosure and political antagonism compounded the degraded social conditions among the housed poor. Private landlords enjoyed a legally privileged position in society and rampant speculation on the part of financial institutions is said to have been directly responsible for major economic depressions. Social and legal inequality, and lending behaviours that locked underclasses out of secure, safe and clean housing, emboldened the Australian labour movement. Reformers concerned with the growing political consciousness of the labour movement, the growing Communist movement and public health, set about addressing the slum conditions of Australian cities and the effects the urban environment have on the population. The town planning movement, influenced by ideas in the garden city movement in the UK, became a prominent mode of social reform in these early years of Australian federation, and its use is widespread today.

It wasn’t until after successive economic depressions in the 1890s and 1930s, WWI and the emergence of the welfare state, that public housing became a staple fixture in the housing mix. During the 1930s depression years and the advent of the Second World War, construction of housing waned and in 1943 the Commonwealth Housing Commission was established, quickly identifying a need for 700,000 dwellings needed over the next 10 years (Sandercock, 1975). The Commission recommended the establishment of the Commonwealth–State Housing Agreement (CSHA) in 1945, which lasted until 2008 before being superseded by the National Affordable Housing Agreement (NAHA) (K. Arthurson, 2012). The agreement delegated the responsibility of providing low-income housing to the States under the coordination of the Commonwealth and through the provision of low-interest federal loans. This period immediately after WWII was the most successful national building moment in Australian history and was responsible for the building of the majority of the national public housing infrastructure.

Public housing in Australia has been provided directly by both State and Commonwealth governments, emerging in the inter-war period during the 1920s and ramping up in the 1950s and 1960s. It has been positioned in the Australian housing mix as a small share but appropriate tenure type for ordinary working class citizens. In comparison to European countries, public housing in Australia has always been a modest component of the overall housing system. For Australia, however, the boom years of public housing construction occurred from the interwar period up until the mid 1960s. Most houses were built to accommodate families on quarter-acre blocks, with the exception of Victoria and New South Wales, which instead built large high-rise apartment blocks, medium-density estates and detached homes on small inner-city blocks as part of a slum renewal response to the deterioration of urban neighbourhoods such as Fitzroy and Collingwood (Freestone, 2010). At this time, a condition of the CSHA limited the sale of public housing, which enabled considerable growth in the tenure through the 1950s and 1960s. Indeed, the peak of public

housing as a tenure was measured in 1966 when a total of 8% of all dwellings in Australia were held in public tenure (Hayward, 1996).

In 1956, the CSHA was renegotiated to lift the sale limitation, with the intention of promoting private home ownership (Kemeny, 1983). This responded to a shifting housing discourse, alongside the emergence of easily accessible housing finance and a popular discourse that positioned home ownership as centrally important. Thus, the focus on public housing began to shift considerably from the 1950s (Ruming et al. 2004). While the Commonwealth-State Housing Agreement (CSHA) initially promoted public tenure in the housing mix, the shift toward the promotion of private ownership became more pronounced.

With the contraction of the welfare state in the late 1970s, an orthodoxy that demands 'smaller' government and personal responsibility, State and Commonwealth governments have divested public resources from providing public housing. Instead, rental subsidies have been preferred through assistance schemes provided by the now defunct Commonwealth Department of Family and Community Services, a practice which intensified in the 1990s and continues today (Caulfield, 2000; Yates & Wulff, 2000). Through government rhetoric, investment practices and aspirational objectives present in popular discourse, public housing has thus endured an inferiority complex over the past 50 years (Ruming et al. 2004). Ruming, Mee, and McGuirk (2004, p. 235) argue that public housing policy in Australia since the 1900s has 'been implicated in the development of a system of binary opposites which positions ownership as the natural and correct tenure, and public housing as abnormal and, hence, inferior.'

Despite the swell in public housing stock made up to 1966, private ownership became the preferred housing tenure by successive governments – State and Commonwealth. Coinciding with the emergence of neoliberal economics and governance since 1978, and intensifying in the 1990s, Ruming et al. (2004, p. 235) state that 'there has been a significant shift away from state funded public housing provision'. Neoliberalism here refers to the creation of markets, or market-driven policy, in public services and assets. Part of the reason for the shift to ownership and the reduction of public housing as a viable tenure type, relates to the popular-cum-official conflation of 'community' with private ownership, which, argues Ruming et al. (2004, p. 236), 'provides the ideological foundations for policies of social mix.' The notion that a community is constituted by home owners, and to a lesser extent private renters, has led to a scenario in Australia in which public housing residents are interpreted as non-members of the broader community, therefore enlarging the capacity of the state to displace resident groupings and transplant with others. The focus on the creation of 'community' rather than the provision of social safety nets, has orientated housing policy hitherto (Arthurson 2002).

## **Overview of the community housing sector in Victoria**

As of 2018, there are 13,085 households living in community housing in Victoria and 62,247 households that live in public (Productivity Commission, 2019). Community housing is owned or managed by non-government organisations which are registered and regulated by the Government. Key types of community housing include:

- Housing associations who own properties or manage properties on behalf of the Government;
- Rooming houses provide accommodation for a single person;
- Rental housing cooperatives where tenants govern their housing with support from professional staff; and
- Specialist housing providers that provide housing and support for specific groups such as the elderly, youth or people with disabilities.

Community housing can charge tenants between 25-30% of their household income (compared to a public cap of 25%), leases are non-perpetual, tenants tend to be more diverse in terms of income range and rents are subsidised by the Commonwealth Rent Assistance (CRA) scheme and charitable tax exemptions.

The community housing sector in Victoria has seen major recent developments in the 2017/18 financial year that impact the potential future growth of the industry (see CHIA Vic, 2018). Firstly, under the Homes for Victorians policy initiative, the VHR has undergone changes that unite the public and community waiting lists, effectively expanding the criterion for offering tenancies to social housing applicants. As a requirement of managing DHHS properties, community housing providers have to take applicants from the VHR. Given the recent merger of the lists, specifically the renegotiated Allocations Framework, community housing providers can now effectively house tenants that would not qualify as the 'most in need' under the previous arrangement. CHIA Vic have also had a significant role in shaping the Commonwealth National Housing and Homelessness Agreement (NHHA). The peak body for CHPs in Victoria claims to have played a key role in the creation of the Housing Finance Investment Corporation (NHVIC), a Commonwealth lender established in 2018 that issued its first 10-year interest-only (fixed under 3%) \$315m bond to the community housing sector.<sup>3</sup>

According to the Productivity Commission, in the past ten years, the community housing sector has doubled its housing stock nationally – from 38,524 to 80,233 – primarily due to stock transfers from the public sector. State Governments in Australia all have public stock transfer policies with the aim to expand the role of community housing in the provision of social housing. Since 2016, the Victorian government transferred \$304.7m of public stock to community housing providers – only South Australia transferred more. The stock transfer policy has become orthodox in the provision of social housing in Australia. Pawson et al. (2015) support the transfer of public stock to the community sector, arguing that it is 'the best option for a sustainable and financially supportable housing system'. Such conclusion are based upon the envelopment of the Commonwealth Rent Assistance (CRA) scheme, which public housing tenants are unable to access. Further policy analysis is needed in order to understand the value of the CRA for the use of public housing tenants.

## Current debates on social housing in Victoria

The current state of public housing in Victoria is dire. Released in 2019, the Productivity Commission's *Report on Government Services* presented data on housing programs delivered under the *National Affordable Housing Agreement* (NAHA) to 2017-18. The data identifies that Victoria commits the least amount of investment to public housing compared to other states. Since 2014-15, every state in Australia has increased their net expenditure on social housing, with the exception of Victoria and South Australia, who have reduced their net expenditure. Victoria has the lowest net recurrent expenditure on social housing per person in the population, well below other states, and is declining year on year. Victoria's expenditure equates to \$82.94 per person, compared with \$173.35 in NSW – the national average in 2016-17 was \$166.93. Victoria's per person spending on social housing has also fallen each year since 2014-15, down from \$95.92 per person. Since 2016-17, Victoria has transferred more stock to the community housing sector than any other state, with the exception of South Australia. Currently, there are less public housing dwellings in Victoria today than there were 10-years ago – whilst community housing stock has doubled.

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<sup>3</sup> <https://www.ahuri.edu.au/news-and-media/news/national-housing-finance-and-investment-corporation-issues-first-bond-to-community-housing-providers>

The Auditor General (Vic) has highlighted on two occasions in the past ten years that public housing in Victoria is underfunded, poorly managed and has no long-term strategic vision. In 2012, the Auditor-General described the situation for public housing in Victoria as “critical” and that the “long-term provision of this vital public service is at risk”. The 2012 *Access to Public Housing* report is a searing indictment on the operating model of the DHHS, citing a lack of overarching direction, and absence of a strategic, long-term and comprehensive approach to managing its portfolio. It also cites multiple instances since 2006, where Departments and Ministers were made aware of the deterioration of public housing, yet no action was taken. A focus upon momentary bursts of funding by Commonwealth bodies and partnership agreements has meant less of a focus upon state-based long-term planning strategies and the address of increasing gaps in rental income and cost. Asset management strategies have not been reviewed or updated in time, and this has led to a situation where the Department mostly operates without such a strategy. The report states that there is little existing data on the condition and occupancy of stock, resulting in rising maintenance costs, and ineffective communication with regional offices and residents. It lists seven recommendations to the Department, to

1. develop and apply options to overcome the unsustainable operating model;
2. assess its operational efficiency and role in public housing ;
3. develop a long-term plan for public housing with clear objectives;
4. develop a comprehensive asset management strategy and vigorously monitor performance;
5. at the regional level, capture local knowledge and communicate investment criteria;
6. update and strengthen property condition data across the portfolio; and
7. apply relevant data and medium- and longer-term forecasts to asset management strategies.

In 2017, the Auditor General delivered the *Managing Victoria’s Public Housing* report, an update on the 2012 report. The recent report was primarily an evaluation of the advice which underpinned the formation of the whole-of-government housing strategy responding to the affordability crisis and undersupply of social housing, the *Homes for Victorians* initiative. It also assessed whether DHHS is managing its public housing portfolio effectively and if the recommendations from the last public housing performance audit in 2012 have been implemented. The report found that issues identified as “critical” to public housing need and provision, especially around financial sustainability, short-term strategies, and the inability to meet demand have not been corrected. A lack of long-term vision remains the primary explanation for the failure in the Victorian Government’s management of public housing. The Auditor General describes the overarching long-term vision as “disjointed, poorly communicated and lacking in a comprehensive understanding of asset performance.”

The report remains optimistic about the future for the HFV initiative, yet, given the lack of transparency around advice and evidence, it is unclear if it will succeed. In the address of the 2012 recommendations, the Auditor General found most actions to be incomplete or abandoned. Lack of data, transparency, and a focus upon ‘affordable housing’ rather than public stock has meant that there is little in the way of ‘targets’ and ‘objectives’ in the provision of future stock. The audit report is highly critical of the advice that supported the development of the HFV initiative and the PHRP, stating that it does not sufficiently measure the likely impact of funded initiatives on current and projected demand for public/social housing. Additionally, there is still no asset management strategy, a continued lack of property condition assessments, and an endemic restriction on the flow of information between the Department, its regional offices, tenants and the public. Its recommendations echo the 2012 VAGO report, albeit with more detail.

The 2017 report commented that many of the problems identified in 2012 remain of critical importance to the current state and future provision of public housing. Of these concerns, Table 3 highlights those that relate to the current iteration of the PHRP.

Table 3 - Auditor General's 2017 review of 2012 recommendations

Financial sustainability	Public housing rental operations ran at a deficit between 2012–13 and 2015–16, with a small surplus forecast for 2016–17. While the Director of Housing's cash position and net operating cash flow surpluses indicate financial sustainability, these results mask the use of unsustainable strategies such as postponing renewal and acquisition programs.
Lack of long-term direction	Public housing lacks an overarching long-term direction for much of the period since the last audit. The March 2014 release of a new framework, <i>New Directions for Social Housing: A Framework for a Strong and Sustainable Future</i> , set a range of directions for social housing reform, but did not set any overarching targets in terms of growth and sustainability. When the government changed in late 2014, it did not support the framework. The overarching long-term direction for public housing remains unclear following the release of <i>Homes for Victorians</i> in March 2017, due to the strategy's broader focus on housing affordability issues and no specific targets set for public housing growth or sustainability.
Ageing stock	Average age of Victoria's public housing stock is 35 years. In total, 60 per cent of public housing stock is now over 30 years old, compared to 42 per cent at the time of the 2012 audit. While it is clear that Victoria's public housing stock is ageing, DHHS lacks data to reliably assess the condition of its stock, and consequently whether it is deteriorating at a rate faster than it is ageing.
Unmet demand	The public housing waiting list has not grown since the 2012 audit. However, the waiting list does not reflect true demand for social and affordable housing, in part because waiting lists cannot account for unexpressed demand from people who qualify for public housing but have not applied. Victoria's public housing stock is not designed, or well placed, to meet demand. With public housing supply not meeting demand, DHHS has focused its allocations on people in greatest need.
Misalignment of stock and demand	Victoria's public housing portfolio is not configured to meet the growing demand for one- and two-bedroom dwellings, which accounts for around 80 per cent of public housing applicants. Currently there are more three-bedroom dwellings than any other configuration. Overcoming this challenge in the short-term is very difficult, cost due to the high cost and disruptive nature of reconfiguring public housing stock.

A range of other inquiries and reports have also been conducted on public housing in Victoria. In 2010, the *Inquiry into the adequacy and future directions of public housing in Victoria* examined public housing waiting lists in Victoria and their impact on different cohorts; the adequacy, quality and standards of Victorian public housing; the safety and location of Victorian public housing and public housing estates; and, the impact of public housing need on specific groups. The Committee received 109 submissions, held 43 public hearings and was conducted over 10 months within the context of major Commonwealth investment in the form of the National Building: Economic Stimulus Plan. A critical assessment of the funding framework determined that investment is sporadic and at a state level there is a major shortfall in ongoing, long-term investment into social housing. In total, there were 81 recommendations made.

Broadly speaking, the Committee recommended a focus on growing supply through not-for-profit, non-government organisations; increased ongoing investment; targeted access to housing according to demography/need; increase options for rental payment and debt recovery (with the aim to keep tenants in houses, avoiding legal action); increase access to

employment and services; implementation of a long-term asset planning strategy; and, increase the supply of dwellings to meet the waitlist. Additionally, the Committee recommended that the Planning and Environment Act 1987 be amended to include as an objective a need to support the development and retention of affordable housing; and to amend the Victorian Planning Provisions to allow for the use of 'inclusionary zoning'. There was also the explicit need for the Victorian Government to provide a clear statement outlining its vision for the future of public housing in Victoria.

In 2012, the auditing firm KPMG (2012) were commissioned by DHHS to explore the supply-side mechanisms for the provision of future social housing supply, in large part, due to the damning findings of the 2012 Victorian Auditor General's report on public housing. Central to their recommendations was a focus upon two development pathways that capture the largest growth potential in supply – these involve public private development partnerships that require public housing stock transfer (similar to the current PHRP model), and the participation of community housing providers. It explores the viability of the recommendations and ultimately recommends a transfer model where public stock, legal title, rights and responsibilities are outsourced, either partially or completely – including redevelopment and relocation services. The financial model recommended does not include any anticipated increase in stock, but instead seeks to reduce cost for non-government entities in attaining loans, selling of government bonds, and selling stock to the private sector then to be leased back by DHHS. The report rationalises its recommendations against the 2012 Victorian Auditor General's report on public housing, citing misalignment of stock, mismanagement of stock, financial unsustainability of model and a large maintenance backlog.

Most recently, a team of AHURI researchers have evaluated the different models of providing social housing. Lawson et al.'s (2018) AHURI report *Social housing as infrastructure: an investment pathway* is the most comprehensive, empirically-informed and real-world tested analysis of applicable and viable funding pathways for the current need and future demand of public/social housing in Australia. It is a thoroughly-evidenced review of investment pathways for the future provision of social housing in Australia that articulates the scale, type and location of need for current and future provision. Accurate details of the cost for procuring appropriate dwellings in strategic locations are provided through the presentation of five alternative pathways involving a range of debt, efficient financing and capital grant strategies have been modelled to assess their relative costs to government. Lawson et al. (2018) show that a 'capital grant' model, supplemented by efficient financing, provides the most cost effective funding pathway for Australia governments — in preference to the 'no capital grant, commercial financing operating subsidy' model. The key findings of the research point to a number empirically-based recommendations:

- for a shift to thinking about social housing as a social infrastructure akin to schools and hospitals;
- to introduce a needs-based framework for allocating funds that demonstrates transparent costings based upon up-to-date evaluations; and
- to adequately assess the scale and spatiality of deficit and need through appropriate research that can inform the right pathway for investment – current identified need of 730,000 new social dwellings over the next 20 years. 100 new dwellings, per day, for 20 years.

Lawson et al's (2018) work identifies the need for massive-immediate-direct-investment in state provided public housing. Government bodies share in promoting a direct investment model for the provision of affordable and government built housing.

## Policy context

### National level

Since 1945, there have been a number of agreements by Commonwealth and State Governments to collectively fund the provision of public housing. The *Commonwealth-State Housing Agreement (CSHA)* ran from 1945-2008, before being superseded by the *National Affordable Housing Agreement*, which ran from 2009-2018. The most recent agreement is the *National Housing and Homelessness Agreement*, which is scheduled to run from 2018 to 2023.

The majority of the social housing stock present in Australia today, is as a result of the implementation of the CSHA in 1945, the first federal-state agreement on housing in Australia. Between 1945 and 1965, one in six houses built in Australia, were public housing. The premise of CSHAs, is that the Commonwealth would loan financial capital to States to build public housing, and that respective States would cover ongoing costs through tenant rent. Rents at this time mostly covered these ongoing costs, as public housing accommodated large proportions of working people. During the 1970s, capital funding went into decline and has intensified since. Coupled with the directing of public housing stock to people most in need (and most unable to pay market rent), public housing in Australia has operated at a loss and is tightly rationed.

Hall and Berry (2007) have demonstrated how up until the late 1980s, all state housing authorities operated with surplus, but that this had reduced to one state by 2004. As a result, various iterations of the CSHA, particularly the 1989 and 1996 versions, changed the arrangements to include the funding of recurring expenses and switched funding agreements from loans to grants. In the early 2000s, rental rebates were reduced to increase revenue and significant amounts of public stock began to be transferred to the community housing sector to take advantage of Commonwealth Rent Assistance eligibility.

Replacing the CSHA in 2008, the *National Affordable Housing Agreement (NAHA)* was implemented in 2009 to address the following aims:

- people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion;
- people are able to rent housing that meets their needs;
- people can purchase affordable housing; and
- people have access to housing through an efficient and responsive housing market.

The Commonwealth Government provides funding of \$1.3b to the states and territories for them to spend in achieving housing and homelessness related outcomes – this figure is indexed annually. The NAHA also ran in conjunction with other national partnership agreements on remote Indigenous housing (NPARIH) and homelessness (NPAH).

The current agreement is the *National Housing and Homelessness Agreement (NHHA)*, which is a five year funding arrangement that carries over the \$1.3b allocated in the NAHA and dissolves the funding agreements on homelessness alleviation. The NHHA is more achievable in its aims – a response to the fact that no aims were achieved in the previous 2008 NAHA – and has added transparency through the mandatory reporting of State and Commonwealth contributions (Milligan 2018). The biggest difference of the current agreement relates to the breadth of its scope along the housing spectrum, including crisis accommodation and home ownership. It aims to achieve:

- an efficient, responsive and well-managed social housing system;
- support for community housing and affordable housing models that can viably increase housing supply;

- tenancy reform that encourages security of tenure in the private rental market; and
- strategies to promote market supply and efficiency, including planning system reforms, land-release initiatives and support for home ownership.

## Local level

A number of local government policies consider the broader Commonwealth and State policies on the provision of public and affordable housing. An in-depth analysis of the ‘levers’ that councils have at their disposal is not possible within this project report. Importantly, Councils do not have the necessary control mechanisms to halt redevelopment programs that do not reflect the aspirations of local planning and policy frameworks and the local citizens. There are, however, a number of current projects and policies that should consider the ongoing development of the PHRP and its associated effects.

Affordable housing is one area in which each council can tailor approaches to planning and finance arrangements to encourage the expansion of the community housing and affordable housing sector. However, the growth of the community housing sector should be approached with a degree of caution, given that this has historically been at the expense of a robust and well-functioning public housing sector through the transfer of stock from public to community title and management. The primary role of local councils in ensuring the continued supply and equity of public housing rests in its responsibility as a community advocate and significant actor in providing health and safety to its residents.

The PHRP and its consequences intersect with local policies including:

- Darebin Housing Strategy – 2013 (Revised 2015);
- Responding to Housing Stress – A local Action Plan 2010 – 2013;
- Yarra Housing Strategy – 2018;
- City of Yarra Affordable Housing Policy Guidance Note – 2017;
- Moreland Affordable Housing Strategy 2014 – 2018; and
- A Home in Moreland – 2018.

## Victorian Housing Policy: ‘Homes for Victorians’

In 2017, the Victorian Government introduced the *Home for Victorians Initiative* which as a whole-of-government policy that implemented significant amendments to housing in Victoria. It builds on existing work being done, including: *Plan Melbourne 2017-2050*, the reform of the *Residential Tenancies Act 1997*, the *Better Apartment* guidelines and the Family Violence Housing Blitz. Policy initiatives are divided into five streams, see Table 4 below.



Table 4 - Homes for Victorians Initiatives.<sup>4</sup>

<b>1. Supporting people to buy their own home</b>	<b>2. Increasing the supply of housing through faster planning</b>	<b>3. Promoting stability and affordability for renters</b>	<b>4. Increasing and renewing social housing stock</b>	<b>5. Improving housing services for Victorians in need</b>
<p>1.1 Abolishing stamp duty for first home buyer purchases under \$600 000 and phase in for purchases up to \$750 000</p> <p>\$851 million over four years*</p>	<p>2.1 Planning for Victoria's growth</p> <p>Funded within existing resources</p>	<p>3.1 Reform of the Residential Tenancies Act 1997</p> <p>Funded within existing resources</p>	<p>4.1 Victorian Social Housing Growth Fund</p> <p>\$1 billion capital fund*</p>	<p>5.1 Moving homeless Victorians to stable housing</p> <p>\$109 million over five years</p>
<p>1.2 Doubling the First Home Owner Grant in regional areas</p> <p>\$50 million over four years*</p>	<p>2.2 Increasing development opportunities in the inner and middle suburbs</p> <p>Funded within existing resources</p>	<p>3.2 Supporting households to sustain long-term housing</p> <p>\$33 million over two years</p>	<p>4.2 Building more social housing and redeveloping ageing supply</p> <p>Redevelopment of public housing estate program – \$201 million over four years</p> <p>Social housing pipeline – \$140 million over four years</p>	<p>5.2 Towards Home - rough sleeping package</p> <p>\$10 million over two years</p>
<p>1.3 Shared equity opportunities for first home buyers</p> <p>HomesVic – \$50 million equity; \$3 million operating over four years</p> <p>National Affordable Housing Consortium grant – \$5 million in 2017-18</p>	<p>2.3 Land supply in Melbourne's growth corridors – 100 000 extra lots</p> <p>Funded within existing resources</p>	<p>3.3 Making long-term leasing a real option for Victorians</p> <p>\$1 million over four years</p>	<p>4.3 Financial backing for the community housing sector</p> <p>Loan guarantee - \$1 billion over six years</p> <p>Loan facility - \$100 million</p> <p>Implementation costs - \$2 million in 2016-17</p>	<p>5.3 Family Violence housing measures</p> <p>\$152 million over three years</p>

<sup>4</sup> Source: Government of Victoria (2017). Homes for Victorians: Affordability, access and choice. Melbourne, State of Victoria. Pg. 4

1. Supporting people to buy their own home	2. Increasing the supply of housing through faster planning	3. Promoting stability and affordability for renters	4. Increasing and renewing social housing stock	5. Improving housing services for Victorians in need
<p>1.4 Housing for first home buyers in key precincts</p> <p>Funded within existing resources</p>	<p>2.4 Inclusionary housing to increase the supply of social and affordable housing</p> <p>Inclusionary housing pilot program operating costs – \$1 million over three years</p> <p>Inclusionary housing in major developments – \$7 million over four years</p>	<p>3.4 Residential parks</p> <p>Funded within existing resources</p>	<p>4.4 Increasing the capacity of the community housing sector</p> <p>\$3 million in 2017-18</p>	<p>5.4 Rooming houses</p> <p>\$30 million over three years</p>
<p>1.5 Rebalancing the market between investors and home buyers</p> <p>Making the off-the-plan concession fairer – \$841 million over four years (revenue)</p> <p>Introduce a Vacant Residential Property Tax – around \$80 million over four years (revenue)</p>	<p>2.5 Speeding up local government planning decisions</p> <p>\$21 million over four years</p>	<p>3.5 Better Apartments guidelines</p> <p>Funded within existing resources</p>	<p>4.5 The Victorian Housing Register</p> <p>Funded within existing resources</p>	<p>5.5 The Victorian Property Fund</p> <p>\$100 million over four years</p>
<p>1.6 Reforms for a fairer real estate market</p> <p>Funded within existing resources</p>	<p>2.6 Smarter planning for permits</p> <p>\$29 million over five years</p>			

Stream four highlights the extent to which social housing reform will be implemented in Victoria, creating an estimated 6,000 social housing dwellings. A major component of this is the Victorian Social Housing Growth Fund, a \$1 billion capital fund designed to create partnerships with community housing providers or provide rental subsidies for properties in the private market. It was developed in response to the NSW Government’s Social and Affordable Housing Fund pilot to provide low interest loans and government guarantees to community housing providers. The fund cannot be drawn down and will serve as capital to

leverage investment opportunities in new projects. According to the Government of Victoria (2017), the fund will create 2,200 new social housing over five years (2017-22) through new constructions and rental support, the balance of which will be market determined. New constructions will take place on non-Victorian Government land under the Build and Operate program (BOP). In January 2019, the first round of funding was announced that will create 680 new affordable private rentals through recurrent funding to lease new dwellings under the New Rental Developments Program (NRDP)<sup>5</sup>.

The BOP and NRDP programs also feed into the directive to provide financial backing for the community housing sector through loan mechanisms worth over \$1.1b. The loan guarantee program will provide \$1 billion over six years to reduce risks for lenders by providing guarantees on the repayment of loans. It will have the effect of lowering perceived and actual risk of loans to housing associations, with the government guaranteeing repayment of the loans on their behalf. A revolving loan facility worth \$100m will provide capital to registered housing associations through supplementing private finance, reducing the cost of borrowing through the effective lowering of interest rates.

It is made explicit within HFV initiative, and other Australian state government housing strategies, that there is a concerted shift to ensure future social housing supply is provided by the community housing sector. Successive Victorian State governments have underperformed in their duties as public housing landlords over the past 30 years, which is evidenced by the content and recommendations of the 2012 and 2017 Victorian Auditor General's reports into public housing. Shaw (2017), in relation to the PHRP within the framework of the HFV initiative, argues that the 'Victorian government's 2017 housing policy contains a bulk transfer of public housing to housing associations', noting that the 'Housing Minister Martin Foley's explanation is that "the state is a terrible housing manager"'.

In order to increase the capacity of the community housing sector, the Government will oversee a large-scale transfer of public housing (4000 dwellings initially) to the community housing sector through management arrangements and possible title transfers. One-off funding of \$3 million will be provided to assist housing agencies in the transition to managing the DHHS portfolio, primarily to set up community sector managed social services closer to communities. The transfer of stock was negotiated in 2017 along with the reform of the VHR. Transfers will commence in 2018 with a requirement that community housing providers take 75% of their prospective tenants from the VHR – this process is to be funded by the department.

The area of most concern for current public housing residents and critical voices of public housing in Victoria, relates to the directive to build more social housing and redevelop ageing supply. An integral component of this is the Social Housing Pipeline which is proposed to deliver new social housing on vacant or under-used Victorian Government land. This involves partnership with the community sector to purchase or lease properties for people experiencing homelessness. The pipeline directs \$140m over four years, as well as public land, to the redevelopment of Flemington estates, Stoke-Penola Preston estates and PHRP sites. The final component of this stream in the *Homes for Victorians* initiative is the redevelopment of public housing estates under the PHRP, which includes \$185m stage one funding and a total of \$201m over four years.

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<sup>5</sup> <https://www.udiavic.com.au/Side-Navigation/Media-News/Industry-News/Social-Housing-Growth-Fund-allocations-announced>

## Part Two: Existing evidence and case studies of the impact of renewal

### International evidence base on impacts of displacement

In the various submissions to the Parliamentary Inquiry made by Councils (Darebin, Moreland and Yarra), common concerns around forced relocation were presented:

- Community being unnecessarily displaced from their homes, schools, friends, jobs and community;
- A lack of consideration of relocating to nearby public housing estates to reduce impact; and
- A reduction in units on the redeveloped estates resulting in designed permanent displacement and added pressure to the public housing waitlist.

These reflect analysis and findings from the international literature on the manner by which renewal projects such as the PHRP drive the displacement of people from their homes and neighbourhoods (see Porter and Shaw 2009). There is a significant evidence base that demonstrates how state-led renewal and regeneration programs inevitably lead to displacement because the models generally deployed are about redevelopment and uplift in property values, rather than the actual renewal of dilapidated living environments (Porter 2009)

Displacement is defined in the literature as residents of a place or neighbourhood pushed out under conditions not of their choosing or more generally the denial of opportunity to people to make their own life geographies (see Blomley and Delaney 2004). In this sense, renewal projects as they interpenetrate with capitalist urban land markets bring to the fore the way that land remains an essentially class struggle in any contemporary urban context (see Kaika and Ruggiero 2015). In short, displacement describes “what happens when forces outside the household make living there impossible, or hazardous, or unaffordable” (Hartman et al 1982). While the causes of displacement are often varied, they usually relate to the struggle for access to land in a context of highly uneven development. It is important to recognise that displacement is neither an accident nor ‘natural’. It is the product of the interaction of a common array of market forces, local urban development situations, policies and institutions. Moreover, displacement is a core feature of urban injustice because those being pushed out invariably do not benefit and are displaced precisely in order to deliver benefit to wealthier or more advantaged social classes.

Displacement studies are not straightforward, mostly because scholarly research design and structures are often incompatible with the force and timing of residential displacement. Displacees are often difficult for researchers to find and access, simply because they have been displaced. Relatively few displacement studies have been undertaken in Australia. However, more than 50 years of research on the effects of displacement from gentrification and renewal in the US, UK and Europe, as well as the work of key community-based networks and anti-displacement organisations and scholarly work on international displacement with refugees offers a significant evidence base.

A first concept to understand is that of choice. Displacement by definition is forced relocation, such as eviction, which is usually state-supported and often violent (see for example Gray and Porter 2014). Yet forced relocation also covers other forms of relocation that are undertaken not under conditions or drivers of the residents’ own making. This includes relocating into a different social housing unit as a result of urban renewal or having to move because of rising rents. Together, these are what Marcuse (1985) defines as direct displacement, both physical (eviction or making a home uninhabitable) and economic (ibid, p.205). Yet displacement occurs when rising surrounding cost of living, or loss/lack of

services due to other forms of urban upgrading or other exclusionary measures prevent people from remaining in or even moving into specific neighbourhoods. Marcuse (1985) defines this as exclusionary displacement, and it is also sometimes called indirect displacement.

The impacts of these various forms of displacement are overwhelmingly negative. In his seminal study in the 1960s, Marc Fried surveyed nearly 600 people displaced by a large slum clearance program in Boston that saw their homes razed to make way for high-rise luxury housing. Asking about their feelings and responses to this event, Fried concluded that these displacees experienced what can only be described as grief:

These are manifest in the feelings of painful loss, the continued longing, the general depressive tone, frequent symptoms of psychological or social or somatic stress, the active work required in adapting to the altered situation, the sense of helplessness, the occasional expressions of both direct and displaced anger, and tendencies to idealize the lost place. At their most extreme, these reactions of grief are intense, deeply felt, and, at times, overwhelming. (Fried 1963, p.359-60)

In a further seminal US-based study, psychologist Mindy Fullilove documented the psycho-social and health impacts of people displaced as suffering 'root shock': "Root shock, at the level of the local community, be it neighbourhood or something else, ruptures bonds, dispersing people to all the directions of the compass" (Fullilove 2004). In a more recent paper on displacement because of a mega-event in Shanghai, Zhang (2017) has described the effect of displacement as 'domicide' – the murder of home.

The kinds of psycho-social, health and economic impacts experienced by people suffering displacement include loss of sense of home and community, loss of access to key long-standing social networks on which they relied, loneliness, loss of identity, loss of security and ownership, despair, depression and anxiety, loss of livelihood or job, loss of access to vital services or facilities, and isolation. There are documented cases of suicide, death, and self-harm as a direct result of displacement from urban renewal (see Fried 1961; Marris 1961; Fullilove 2004; Zhang 2017; Slater 2013). These impacts have much wider effects than merely on those actually displaced. Families, friends and communities are all impacted as the social, economic, and health effects experienced by those displaced ripple out (Marcuse 1985).

Jane M. Jacobs was one of the first urbanists to document the fallacy of 'renewal' in poor areas of US cities where she observed high levels of community interdependence and relationship. While her work did not specifically examine the impacts of displacement, what it did reveal is the stigmatisation built into most urban renewal policies that poor or disadvantaged urban areas are dysfunctional and requiring a state 'fix'. While it is undoubtedly true that poverty and disadvantage are both unjust and require redress, the form that redress takes is almost universally the redevelopment of poor housing in ways that rarely serve the purpose of regenerating dilapidated areas for the poor themselves, on their own terms.

Often, the stigmatisation of urban areas and the residents who live within them is advanced through state policy frameworks, fuelling a wider and sometimes more nascent public narrative (for example around welfare dependence). For example work done in the UK on the use of the term 'sink estate' (Slater 2018) in policy discourse reveals the active work policy frameworks do in creating justifications for socially unjust displacement. Seminal work undertaken in France and the US similarly revealed the extent to which stigma is a structure built into not only popular discourse but also class structures and policy frameworks in ways that demonise people living in stigmatised neighbourhoods, creating the justifications for their eviction and indeed ongoing rounds of social displacement (see Wacquant 2008 and Wacquant et al 2014). This levelling of sustained stigmatisation has been particularly pronounced in the past three decades against public housing especially, in cities all around the world (see Slater 2013; Goetz 2013).

The displacement occurring as a result of the PHRP is a classical form of direct displacement where residents are required to relocate in order for their homes to be demolished. It is important to note that the relocation services provided by DHHS cannot in itself change the displacement occurring. In other words, the relocation of residents into other homes is in fact part of the very definition of the displacement. Residents do not become 'not displaced' because DHHS has found them a new home. Moreover, the 'guarantee' of return equally cannot, by definition change the status of these residents as displacees. In other words, simply because residents might be able to return does not change the fact of their displacement and its impacts. Here again the question of choice becomes very important. For, as is often the case in urban renewal programs, the policy framework is presented as if it offers choice – residents can 'choose' to return for example. Often, when residents do not return, this is presented by policy evaluations and governments as evidence of resident 'choice'.

What is clear, however, from the evidence is that these are rarely meaningful choices where people are selecting from a range of options what suits them best on terms of their own making. Instead, those 'choices' are highly constrained and often residents are simply choosing the least worst option. An excellent example would be elderly residents who 'choose' not to return to a redeveloped estate simply because they have become frailer and less able to cope with yet another house move as a direct result of their initial displacement. Or families who 'choose' not to return because that would require resettling their children for a second or sometimes third time into new schools and social settings.

In the Government of Victoria's submission to the Parliamentary Inquiry – and indeed all publicly available Government documents –no considerations have been made about any of these social and health impacts that displacement and forced relocation will have, and is having, on public housing residents affected by the PHRP. The following considerations were made:

In collaboration with the Victorian Public Tenants Association (VPTA), the Minister for Housing has made a pledge guaranteeing all existing tenants the right to return to their current estate once the redevelopment is completed. To accommodate families returning to estates, DHHS will work proactively throughout the process to provide suitably sized homes, which may include flexible apartments that can be adapted for larger households.

The Minister's pledge outlines the government's commitment to all relocated residents, as follows:

1. Public housing tenants who are relocated as part of the public housing renewal project will have the right to return to their estates after construction has finished;
2. Public housing tenants who return to the new estates will still have their rent calculation limited to 25 per cent of their household income; and
3. Public housing tenants who return to the new estates will experience no reduction in their security of tenure.

In addition to this, the Victorian Government (2018, p. 22) stated that tenants 'will be relocated from the sites prior to any demolition works commencing', however, as Lucas (2019) has illuminated, demolition has already begun on sites such as Walker St, Northcote while tenants still reside in every building on site.

Jama and Shaw (under review) in relation to the renewal of the Carlton estate, show how involuntary displacement from already established enclaved social networks and services has been shown to have serious physical and mental health effects. Often, residents that are displaced are done so permanently, resulting in a harmful loss of social capital that never returns. Jama and Shaw also reflect that little is known about permanently displaced residents, primarily due to a refusal of Government departments to permit access to those

populations, leading researchers to suspect a prevalence of harm among displaced residents.

As part of the HFV initiative, \$16 million has been provided for short-term housing for existing tenants while the redevelopments occur during Stage One. The primary avenue of expenditure will go toward procuring properties for a fixed period of five (5) years, head-leased from the private rental market. Properties will be returned to landlords at the end of the agreement, at or above the same condition at which the agreement began. It is likely that a significant amount will go toward renovations at the end of the leasing period. Whilst the Government has issued deeds to residents indicating their right to return – given appropriate available units – it is crucial to make the distinction that those residents will not have the right to return to public housing.

## Right to return

Anecdotal evidence gleaned through conversation with the authors of the Carlton evaluation (K. Arthurson et al., 2014) indicates that VicHealth refused to share data on the rate of return for residents. VicHealth indicate that approximately 40% of residents returned, however, researchers question this, estimating that the rate of return is more likely to be below 20%. This follows Shaw, Raisbeck, Chaplin, and Hulse (2013, pp. 8-9) in their evaluation of the Kensington estate redevelopment:

Of the up to 486 public tenant households relocated from the estate (the number is not certain as not all units were occupied prior to the redevelopment) only 20 percent returned. There are a number of reasons for this, including satisfaction with the alternative accommodation, desire to avoid the disruption of a second relocation, the time taken for new units to come available, and the reconfiguration of dwelling types on the redeveloped estate which meant that not all households were able to be re-accommodated.

Given the large-scale reduction in three- and four-bedroom units on PHRP sites, it is reasonable to assume that not all existing or relocated residents will be able to return to pre-development sites. No sites in the current tranche of PHRP renewal sites (Northcote, Preston and North Melbourne) will incorporate *public housing*, therefore, no existing or relocated residents will be able to exercise their right to return to public housing on pre-development sites. The right to return is based upon the likelihood of a 20% or less return rate (given past experiences at Carlton and Kensington) and that residents will be willing to return to *community housing* rather than public. Legal advice offered by community legal offices at the *Save Public Housing* residents meeting (23 March 2019, All Saints Church) have indicated that legal avenues for dispute that invoke the right to return, as enshrined by deeds signed between residents and the Minister for Housing, are unlikely to succeed.

## Case studies of public housing renewal and its impacts

There are a number of evaluation studies that focus on neighbouring resident attitudes and the experience of relocation by pre-development estate residents. In this section, we explore the largest contemporary projects in Victoria and describe their key findings. These offer key insights for what might be anticipated as impacts from the current PHRP.

### Kensington Estate

The *Kensington Evaluation Report* (2013) is the most important study to date in Victoria that suggests the most likely model and impacts of the PHRP. It marks an important moment in the debate around public mixed housing redevelopment policy as it provides forensic detail in the analysis of mix policies (financial, housing and social). The findings almost completely contradict government policy rhetoric around positive impacts of mixed redevelopment

projects. It is therefore concerning that the findings reached in this report have not been considered in the formation of the PHRP. The release of the report was stymied by the Department until 2018 when it became possible to make the report public through the Parliamentary Inquiry. The report's authors note that there were significant gaps in the knowledge provided by DHHS and a wide-spread refusal by government to provide access to relevant data.

The Kensington estate is located in a small and affluent inner-city suburb of Melbourne, west to the CBD and within the City of Melbourne municipality. In the 1960s, the estate contained three high-rise towers and 18 walk-up buildings on a 6.04 ha estate. However, after successive periods of government neglect and a lack of maintenance, one of the towers was demolished in 1999, and in 2000 a redevelopment project was commenced, resulting in the demolition of all walk-ups and the refurbishment of the two remaining towers.

The redevelopment model is a joint partnership between the Government of Victoria and the Becton Corporation, a private developer established in Melbourne in 1982. Becton was contracted by then Department of Human Services (DHS) to design and construct new public housing – the developer purchased two-thirds of the estate (4.18 ha) below market rate for the construction of private housing later sold at market rate. This public-private-partnership model was the first of its kind in Victoria with its emphasis on finance mix, housing mix and social mix.

A significant component of this model is the place management of the renewed estate. Becton was responsible for on-site facilities management, owner's corporation management, community building and marketing private sales. As part of this, Becton set up the Kensington Management Company in 2003 to manage the estate, which was later transferred to a not-for-profit company, Urban Communities Ltd., in 2008.

Table 5 concisely describes the key findings of the evaluation report. In summary, it was found that: there was a loss of public housing units and bedrooms on the estate through the process of housing mix; resulting social mix was found to be ineffective in bringing about social interaction and the premise that there was locational disadvantage prior to development was erroneous; private and public tenures were segregated on site, however physical improvements in buildings contributed to higher rates of satisfaction among public housing residents; revenues flowed to the private developer rather than being retained by the government/public; and that the place management model had mixed effects, in that localised services benefit residents, but that the community development component is under resourced and lacks long-term vision.

The report recommends overall, that the 'redevelopment model at Kensington should not be reproduced in the same arrangement on other estates' (p. 13). In summary of its recommendations, Shaw et al. (2013) suggest that future public housing redevelopment projects should ensure that:

- Financial return should be retained by the government/public as the commercial risk to the developer is much lower than expected;
- There is no loss of public housing;
- Public-private-partnerships should be reconfigured to maximise return for the public component of housing mix;
- On-site management should be encouraged through well-resourced agencies and have clear long-term visions;
- Proportions of public, community and private housing should be determined by site-specific contexts;
- Revenue directly reinvested into public housing through engaging not-for-profit developers;
- Government developer such as Development Victoria should be explored as a viable option; and
- Maintenance should be the responsibility of the place managers.



Table 5 - Key findings, Kensington Estate Evaluation Report (Shaw et al. 2013, p. 8–12)

Redevelopment basics	There were 694 public units on the estate prior to the redevelopment, of which 486 were demolished. These were replaced by 205 new public units. The two remaining towers have 224 units which were refurbished through a different program, resulting in a total of 429 public units. This amounts to a reduction of 260 public units on the estate, with another five lost through conversions.
	The new construction on the estate is 30 percent public to 70 percent private. There were 512 private units built, of which 15 were sold for community housing. The finished project therefore has 497 private units, 15 community housing 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.
	Works commenced in 2002 with completion due in 2008. The project took four years longer than anticipated and was officially opened by the Minister for Housing in April 2012.
	Of the up to 486 public tenant households relocated from the estate (the number is not certain as not all units were occupied prior to the redevelopment) only 20 percent returned. There are a number of reasons for this, including satisfaction with the alternative accommodation, desire to avoid the disruption of a second relocation, the time taken for new units to come available, and the reconfiguration of dwelling types on the redeveloped estate which meant that not all households were able to be re-accommodated.
Finance mix	The cost to DHS of the 205 new public housing units is calculated at \$45,589,040, or \$222,385 per unit, including the demolition of the old stock. This represents a cost-effective arrangement for government.
	The above calculation does not factor in the loss of 260 public dwellings from the estate. It does include the cost of 89 spot purchases elsewhere in Melbourne which were pegged to the redevelopment and used for some of the relocations.
	The government land valuation for the estate in 2002 was \$109.72 per square metre. This is low for inner-city residential land at the time: the Real Estate Institute of Victoria values land per square metre in Kensington in 2002 at \$1,640 (in 2002 prices). The low base land rate is partly explained by the perceived risk of the development. The price ultimately paid for the 4.18 hectares sold (69 percent of the estate) was \$3,760,087, or \$89.95 per square metre.
	The sale of the private units was an important element of the financing of the entire redevelopment. It constitutes the bulk of the developer's return, which is calculated at \$44,879,982. The net profit margin across the project is calculated at 37.56 percent. The accepted industry standard is 20 percent.
	A number of variations were made to the masterplan over the course of the development. The most significant changes occurred in 2009 in a sixth amendment to the development agreement, which changed the product mix to more apartments and fewer townhouses, and increased the yield in the final stage of the redevelopment by 10 public and 57 private units. This final stage netted an estimated profit margin for the developer of 51 percent.
	It is clear in hindsight that apartments on well-located public housing estates do sell in the private market, and that the risk is not as great as thought. This is likely to be more the case on inner-urban than outer suburban estates.
	The value for money assessment in this evaluation is that the financial arrangement could have been more advantageous to government, given that the risks of inner-city public housing estate redevelopment are not as high as initially, perhaps understandably, thought.

Housing mix	The final mix on the Kensington estate is 47 percent public and community housing to 53 percent private housing.
	The urban amenity on the estate is high, and the quality of the new public housing is a vast improvement on the old stock. The tower units were given minimal refurbishments under a different government program, but have improved landscaping and community spaces at their base.
	Public and private residents are separated into different buildings, which range in size in the new build from 10 to 97 units. These are largely indistinguishable, and physically better integrated with the surrounding neighbourhood.
	It appears the private apartments have a strong investor presence, and that the number of owner occupiers is not as high as anticipated.
	There are indications that internal and external communal spaces are being maintained to different standards, in favour of the privately-owned buildings.
	The redevelopment has brought about greater pride of place and tenant satisfaction for the 205 households in the public new-build, due largely to the better housing and improved physical environment.
	A combination of improvements to the housing stock, indistinguishable public and private housing, and presence of residents of private housing has led to public tenants reporting a reduced sense of stigma.
	The estate is reasonably well integrated into the surrounding neighbourhood with the extension of some existing streets onto the estate. The connecting streets and walkways on the estate increase its permeability and encourage neighbouring residents to walk through.
	The objectives of the housing mix have been achieved in that new public housing has been built (though replacing only 42 percent of the demolished stock), new private housing has been constructed, landscaping and infrastructure works have been carried out, and the estate as a result is better integrated with the surrounding neighbourhood.
Social mix	The housing mix delivers a social mix in terms of incomes and stage in life cycle, that is, through providing housing for public tenants, private tenants and owner-occupiers.
	There is little evidence at this stage of social mixing (social interaction) between the different tenure groups. There is mixing among public tenants, facilitated by their proximity within the public housing buildings and strong community organisations. Private residents of the estate appear to mix more with other private residents in Kensington, facilitated by the growing number of suitable meeting places in an increasingly gentrified residential and retail landscape.
	There is no clear evidence for the existence prior to the redevelopment of 'place-based disadvantage', and no evidence at this stage for the mitigation of the effects of long-term poverty.
	The claims of the benefits of social mix, such as increased connectedness, greater social mobility and employment opportunities for public tenants, are not supported to date.
Place management model	The model was introduced initially to support the private sales program through on-site place management and community building. In the course of the project it evolved into what is now seen as a long-term arrangement beyond the life of the development project.
	The place management entity manages all public housing tenancies and private tenancies where requested by the property owners. There are clear benefits from this on-site tenancy management approach.
	The place management entity is responsible for maintenance of all external and internal communal areas (apart from City of Melbourne-managed areas) and building exteriors. It is not responsible for maintenance within public housing units: this function remains with DHS.

	There is some confusion among tenants and within DHS and the place manager around the division of maintenance responsibilities.
	There is some discontent on the part of owners on the estate about a lack of competition in owners' corporation fees and management.
	The community building program has generated many worthwhile activities, but they do not appear to have improved connections between public housing tenants and private residents on the estate or in surrounding areas.
	The place manager has successfully leveraged external grants and other investment for community building activities, and in partnership with other agencies has facilitated the establishment of two small social enterprises providing employment and training opportunities for public tenants on the estate.
	There is no comparable place management model in Victoria. The state's Neighbourhood Renewal program, which has an important community building component, is of limited comparative value because it does not have a tenancy management role, and because the community building component is better resourced than that at Kensington.
	The operating costs of the place management model appear to be exceeding the increase in revenue, but the model is still being established and staff still being employed. It could be expected that absorption of the internal maintenance of the public housing units would increase economies of scale of the current model and contribute to its sustainability.
	The place management model contributes to the redevelopment's economic viability by making the private housing on the estate attractive to purchasers and occupants.

## Carlton Estate

The *Carlton Housing Redevelopment* project is the largest public-private partnership redevelopment project in Victoria. The redevelopment involves three sites on a 7.4-hectare parcel of public land. Work commenced in 2006 and will be completed over nine stages (still in progress). The project includes the redevelopment of both public and private housing units, the construction of a retirement village and an aged-care centre, the development of new public parks, gardens and landscaping, and the gradual renovation of the existing high-rise public units. The walk-ups on the Lygon site were demolished in late 2006, while those on the Elgin site were demolished early in 2011. Before redevelopment had started, there were 192 units in the walk-ups on the combined Lygon and Elgin sites, all of them three bedrooms. The new units comprise a majority of one- and two-bedroom units, and fewer three- and four-bedroom units. In total, there will be 246 new units, a 28% increase in units. However, the number of bedrooms will decrease from 576 to 444. The project incorporates a tenure blind approach and the resultant social mix is projected at 73/27, with 663 new private units. On the remainder of the estate, outside the renewal site, 818 high rise public housing dwellings were retained and progressively upgraded.

The redevelopment was justified because of ageing stock, poor condition of built form and a misalignment of need in relation to bedroom configuration and building performance. Community safety, lack of public amenity and the 'visual impact' of the estate upon the surrounding area were also cited by the Government – in their submission to the Parliamentary Inquiry – as major drivers of the redevelopment. The total cost of the project is estimated at \$250m, with a government investment of \$50m. The project was delivered by the Living Carlton Consortium – comprising Citta Property Group and Australand private developers

A 2014 research study conducted by Flinders University in conjunction with the Brotherhood of St Laurence and VicHealth investigated the health and social impacts of the relocation of

public housing tenants in Victoria and South Australia. The research focussed on the experience of tenants, service providers and local residents in the Carlton estate. Data collection included both qualitative and quantitative methods:

- observations on the estate and at community events while taking field notes;
- in-depth interviews with tenants who were relocated and moved back to the redeveloped building, stayed away or moved into the new building from elsewhere;
- a survey of public tenants; interviews with local service providers; and
- interviews with private residents in the redeveloped complex and a survey of 200 residents in the Carlton area.

A baseline study was undertaken prior to demolition of any public housing, a rare occurrence in public housing redevelopment projects primarily due to restricted access to public housing tenants. This was then evaluated against a post-occupancy study that explored levels of comfort, building efficiency, resource consumption and sustainability of replacement public housing.

The results were published in Arthurson, Ziersch, and Levin (2014). This paper notes that limits on access to data and public housing tenants imposed by the Government of Victoria on the project significantly affected the research. Relocated tenants were extremely hard to find, and a majority of respondents were located near the Carlton estate and experienced a relatively smaller disruption to their lives. The researchers found it difficult to locate tenants who had moved farther away from the Carlton estate. The social networks of these tenants may have been adversely affected by the relocation and this is an area for investigation in future research of this kind. A summary of their findings is collated in Table 6 below.

Table 6 - Carlton Estate redevelopment project findings (Arthurson et al. 2014, p. 6–13)

Reasons for tenants not returning to the new building	The main reason people decided not to return was because they were offered units with fewer bedrooms than needed. This led to distress among some of the tenants who did not return to the redeveloped building.
	Most of the tenants interviewed who did not return were frustrated because they felt that the Office of Housing had promised them the opportunity to move back and to a similar size flat but in the end this promise was not kept.
	A reason for choosing not to return was the significant time lag that occurred between moving out and back in again, sometimes up to seven years later.
Grounds and housing amenity	A common view shared by service providers and tenants was that the quality of grounds and areas surrounding the estate has improved significantly. The improved open space has led to an increase in tenants spending more outdoor time.
Social networks	Changes to social networks were not significant for most tenants who relocated. Tenants mainly moved to units on the estate or to nearby estates, with the Carlton Office of Housing staff trying their best to meet tenants' requests. This meant that most tenants did not experience a major change to their social networks due to the redevelopment project
	A small number had lost contact with their friends due to relocation
Safety and security	Most service providers believed that in general the safety on the estate has improved as a consequence of the redevelopment of the outdoor area with its new landscaping and lighting. Many participants believed that due to redevelopment the estate has become friendlier, leading to outsiders feeling they can pass through it without fear.
	Some tenants felt the old walk-ups were extremely unsafe while conversely others reported that they were very safe. These different opinions were linked to different perceptions of the walk-ups (or previous housing). This may have been a result of the specific location of the unit in the walk-ups, as some blocks were considered safer than others. Issues that were often

	raised were the lack of peep-holes and screen doors in the new units, and the main entrance door that has been broken regularly.
Stigma and reputation	The majority of tenants reported positive change in how people from outside the estate perceived the new building. A few tenants, however, said the change was minimal.
The process of relocation	Most tenants felt that their needs and requests were addressed by the Office of Housing, although sometimes what they were offered did not match tenants' expectations. The mismatch between tenants' expectations and actual reality occurred because when tenants relocated out of the walk-ups, most were moved to a unit with either the same number of bedrooms (three) or more than they already had.
	Tenants who wished to return to the redeveloped new building were later reassessed by the Office of Housing and many were offered a smaller unit than previous. The reason for this was an assessment, according to the Office of Housing, of household needs. That this situation could occur was not made clear to most tenants before relocation, and some felt the Office of Housing did not keep their promise. Of the ten non-returning tenant interviewees, eight did not return for this reason.
	Tenants were not involved in decision making about the redevelopment and relocation process but have only been informed about the project
Mixed tenure and social interaction	Public housing tenants in the redeveloped complex were not very concerned with issues of tenure mix. They reported that they had not experienced social mixing with private residents who live on the same block. Similarly, most private residents were also relatively unconcerned with issues of social mix.
	Some private renters said they did not think social mix could work on the estate because of the disparity between the two groups regarding to education, lifestyle, family situation and social background.
	Public tenants did not have access to the internal garden between the three buildings at Drummond St.
	Public housing tenants and private residents alike felt that there is no meeting space for them to interact around the redeveloped building, and thus few opportunities to get to know each other.
	The only opportunity for social mixing was a project run by Environment Victoria about the green fittings supplied in the buildings. Though only a small number of residents have been involved, this opportunity to mix was appreciated by both public tenants and private residents.
	Some private owners complained that they had not been told about the housing tenure mix when they purchased their apartment.
Health and wellbeing	The effects of relocation in terms of health and wellbeing varied. Some people found relocating to a different unit or estate a very difficult experience. Others were happy to move out of the walk-up to a different environment
	For those who relocated and did not move back to the redeveloped building the change has been less positive. Some complained that their health had deteriorated because of their displacement and lack of ability to return.
External perceptions of the estate and tenure mix	Ratings of all aspects of the estate were statistically significantly higher after redevelopment, suggesting that the redevelopment had improved overall perceptions of the estate by people living in the area.
	Survey respondents were asked whether they thought it was a good idea for housing estates to have a mix of public and private housing. The majority thought that it was a good idea with 62 per cent reporting that they agree with this 'quite a bit' or a 'great deal'

In Shaw's (2018) submission to the Parliamentary Inquiry, it was noted that the Carlton redevelopment shared a similar approach to that of Kensington in that the sale of public land to a private developer was used to finance the housing upgrades. It was argued that the social mix imperative on the sites disrupted low-income people and reduced the amount of

land available for public housing, ‘thereby actually increasing the concentration of disadvantage’. As noted in the above table, the reduction in bedrooms is a major factor for non-returning tenants. Shaw states:

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.

Figures on the precise amount of land sold at Carlton and its sale price have been withheld by the Government of Victoria.

## Other redevelopment projects

The redevelopment projects described in this section have not been subject to an evaluation process by either government or research organisation – at least, none that are publicly known. Review of these projects is derived from publicly available information available up until January 2019.

In 2010 the Rudd/Gillard Government offered \$62 million to the Victorian Government to construct 188 new homes on the corner of Malvern and Surrey roads in South Yarra. These were completed in 2013. Linked to this funding, the Victorian Government agreed to develop a masterplan to guide future renewal of Prahran’s Horace Petty estate. In August 2013, the Victorian Government expanded the masterplan to include the smaller nearby public housing at Bangs, King and Essex streets. In August 2015 it was announced that the high-rise towers would remain in any redevelopment. In January 2016, the department lodged the Prahran Housing Precincts Development Plan (based on the final masterplan) with the Department of Environment, Land, Water and Planning for consideration.

As part of this master planned estate, the site at Bangs Street is included as one of eleven identified to be renewed in Stage One of the Public Housing Renewal Program. The buildings on the site were built in the 1970s, at the moment there are 120 dwellings on the Bangs Street site in four, five-storey walk-ups. These will be replaced by 132 new public housing homes.

The Markham Avenue estate in Ashburton built in 1955 was demolished in March 2016. It contained 56 public housing dwellings across 9 individual blocks. The redevelopment of the site is a Development Victoria-led project and proposes to build an additional 6 public housing units (total of 62) and 163 private dwellings – a proposed mix of 69:31. The estate will be mixed tenure and income from the sale of these private dwelling is scheduled to be reinvested into the public housing portfolio.

On 16 November 2017, the C251 Planning Amendment was revoked in Parliament. This revocation was due to a late motion put before the upper house in November 2017 by Liberal MLC David Davis. A case was successfully made that the C251 planning application had taken planning authority away from the local council and removed the right to third part (public) appeal. In January 2018, The Minister for Planning approved Amendment C298 which included only 200 dwellings, 62 of which were public housing. The following month, Boroondara Council unanimously carried a motion to request non-Labor MPs to revoke the current C298, with Mayor Parke saying that it ‘fails to address the key issue of Victoria’s

unsustainable shortfall in public housing'.<sup>6</sup> In March 2018, the upper house revoked C298, with the Mayor urging that "of the 200 dwellings now proposed at Markham, at least 100 should be public housing managed by the Victorian Government."<sup>7</sup> The project is currently under review.

Koolkuna Lane in Hampton is a redevelopment of 16 aged homes that are no longer fit for purpose. The project involves the demolition and rebuild of 18 public housing units and 189 private, with a total of 207 new dwellings, representing a 91:9 social mix. The housing component forms part of the Hampton Station Precinct Enhancement Project led by VicTrack. A private developer called EPC Pacific (trading under Village@Hampton) is engaged to carry out construction on the housing and station upgrade, and the project involves a similar financial model as the PHRP – sale of individual units to private sector funding the upgrades. The project was referred to VCAT in 2017 and decision made January 2018 that conditional approval be granted.

The Corner of Stokes Street and Penola Street in Preston is a two-stage redevelopment project based upon the sale of existing public units. Stage one involved the demolition of 62 public housing units on the Huttonham public housing estate to accommodate 68 new public housing units in two buildings constructed by private developer S J Higgins Pty Ltd. There is a commitment of \$20-23m of state government funding supplemented by the sale of units to the private market, delivering housing on two sites: site one (29-35 Stokes Street) will deliver 22 apartments in three storeys; and site two (6-20 Stokes Street and 15-19 Penola Street) includes 46 apartments in four storeys.

Stage two of this project is part of the procurement process for phase one of the PHRP. Currently there are 26 public housing dwellings on this site, with a proposed model to incorporate the build of 90 community housing dwellings and 417 private dwellings. This will involve a public-private-partnership with development partners MAB Corporation and community housing provider, HousingFirst. No public housing will be built on site and all dwellings where the DHHS or the Minister for Housing are the landlord, will be managed by the community housing provider. It is unclear what proportion of the social housing component will be owned by the government and which will be owned by community housing. Importantly, the social housing component has been raised from 30 to 90 since amendments to the plan in March 2019. Five modular units were delivered on site for homelessness relief until 2019 and at a VCAT hearing in 2011 instigated by CoD, amendments were made to the planning approval.

The Olympia Housing Initiative commenced in 2012 as a ten-year initiative to revitalise Heidelberg West, Heidelberg Heights and Bellfield suburbs in Melbourne. The project includes two streams. Firstly, the replacement of 600 public housing units through an incremental renewal program, self-funded (\$160m) by DHHS. This stage involves a scattered approach to social mix and utilises a tenure blind model. There were 224 public housing units built at the time of Parliamentary Inquiry in June 2018 and no progress has been reported by the Department since then. The second phase is the redevelopment of the larger Tarakan and Bell/Bardia estates and is included in Stage One of the PHRP (named as Heidelberg West). Demolition works began in February 2019 and will take an estimated 6–8 weeks. The Bell/Bardia and Tarakan estates currently contain 154 dwellings. The renewal program proposes to increase the social housing to 170 dwellings – change of language from public to community suggests that DHHS properties will be managed by a community housing provider. However, the details of the management responsibilities and title ownership are not yet known.

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<sup>6</sup> <https://www.boroondara.vic.gov.au/about-council/news-and-media/media-centre/media-releases/council-sought-support-revocation-amendment-c298-markham-estate>

<sup>7</sup> <https://www.boroondara.vic.gov.au/about-council/news-and-media/media-centre/media-releases/its-time-let-council-get-job>

The Valley Park redevelopment in Westmeadows is a 12-year public-private-partnership project between the Victorian Government, Frasers Property and not-for-profit Baptcare. It involves 145 new social housing homes, 209 new homes for private sale and a 90-bed supported aged care centre. The project commenced in 2008 and is scheduled for completion in 2020. To date, the project has delivered 57 new social homes, with a further 88 new dwellings to be constructed.



Table 7 - Summary of redevelopment case studies

Estate Name	Address	LGA	Age	Unit configuration	New tenure type	Funding/development structure	Completion date	Status	Notes
Carlton	Across three locations near Princes Park and Carlton Baths	City of Melbourne		Previous configuration: 192 PH units Current configuration: 1093 units — 847 private / 246 PH units PH unit increase: 28%	77/23 mix Tenure blind, yet segregated buildings	Delivered by the Living Carlton Consortium — Citta Property Group and Australand private developers Sale of land to developers to fund renewal. Financials not publicly available. Govt estimate worth \$350m	2009–2020 (Nov)	Stage 5a, 7a and 7b remaining	Nine-stage, 7.4-hectare urban renewal and community development project DHHS say 40% return, evaluators say much lower (personal communication)
Prahran Horace Petty Estate	Corner of Malvern and Surrey Roads	City of Stonnington		Previous configuration: 24 PH units Current configuration: 188 new PH units	No mix, solely public	\$62m Commonwealth Government's Housing Affordability Fund	2011-2013	Complete	A condition of the funding was that the Victorian Government develop a master plan for the balance of the estate, setting out the redevelopment strategy over the next 30 years. As such, the Bangs St estate was included in the PHRP, as identified in the Master Plan for the whole estate.
Valley Park / The Mews	Dimboola Road and Erin Crescent, Westmeadows	City of Hume	1980s	Previous: 94 PH units Current: 354 units – 209 private / 144 SH units and a 90-bed supported aged care centre. Component of PH not noted.	59/41 mix Tenure blind	Partnership between the Victorian Government, Frasers Property and not-for-profit Baptistcare \$60m Govt. investment — \$160m total	2008—2020	To date, has delivered 57 new social homes, with a further 88 new to be constructed	Previous proposals put the PH component at 110 units, this has since been increased to 145, but not noted how much of that is PH and how much is community housing
Markham	Markham Avenue, Ashburton	City of Boroondara	1955	Previous configuration: 9 individual blocks consisting of 56 public units, demolished March 2016 Current proposal: 200 units – 138 private / 62 public PH unit increase: 10%	69/31 mix Assumed tenure blind	Development Victoria led Profit made on individual sale of private units.	Unknown, in progress	Under review by DHHS Planning Amendments revoked by Legislative Council on multiple occasions	

Estate Name	Address	LGA	Age	Unit configuration	New tenure type	Funding/development structure	Completion date	Status	Notes
Koolkuna Lane	Koolkuna Lane and Willis Street, Hampton	City of Bayside		Previous configuration: 16 aged-person's units Current configuration: 207 units — 189 private / 18 public PH unit increase: 10%	91/9 mix Assumed tenure blind	Part of the 'Hampton Station Precinct Enhancement Project', which is being delivered by VicTrack Private developer EPC Pacific (trading under Village @ Hampton) doing construction, including housing and station upgrade Same financial model as the PHRP: sale to private sector funding upgrades	Unknown, in progress	Expected to commence in late 2018, subject to planning approvals. referred to VCAT in 2017 and decision made January 2018, conditional approval granted	
Olympia Housing Initiative	Heidelberg West, Heidelberg Heights and Bellfield suburbs in Melbourne	City of Banyule		Stage One: Previous configuration: 600 PH units	One-for-one replacement Salt and pepper Tenure blind model	Incremental renewal Self-funded by DHHS — \$160m Units scattered among suburbs	2022 — ten-year project	224 PH units built at the time of parliamentary inquiry – no progress reported since then	
	Tarakan and Bellbardia estates, Heidelberg West			Stage Two: Previous configuration: 154 PH units (94 Bellbardia and 60 Tarakan) Current configuration: 705 units (604 Bellbardia and 101 Tarakan) units — 535 private (500 Bellbardia and 35 Tarakan) / 170 public (104 Bellbardia and 66 Tarakan)	76/24 mix Tenure blind model	PHRP site and other yet-to-be identified sites PHRP development and funding model to be used across stage two sites		PHRP site, in progress	

Estate Name	Address	LGA	Age	Unit configuration	New tenure type	Funding/development structure	Completion date	Status	Notes
Stokes–Penola	Stokes, Penola, and Oakover Streets, Preston	City of Darebin	1940s	Stage One: Previous configuration: 62 PH units (Huttonham estate) Current configuration: 68 new PH units in two buildings PH unit increase: 9.7%	No data	Build by private developer S J Higgins Pty Ltd committed govt funding of \$24m	Unknown, in progress	two buildings to be completed by September 2018	Site 1 (29-35 Stokes Street) will deliver 22 apartments in three storeys. Site 2 (6-20 Stokes Street and 15-19 Penola Street) includes 46 apartments in four storeys.
				Stage Two: Previous configuration: 26 PH units on two sites Current configuration: 30 new PH units PH unit increase: 15%		Part of procurement process for PHRP sites, new developer funded by the sale of properties			

## Analysis of the PHRP model

The PHRP as a policy initiative and program closely aligns with broader and longer-term international trends, notably a marked neoliberalisation of housing policy. The PHRP contains the hallmarks of those trends: a deliberate stigmatisation of specific estates and the people living there; the inclusion of a strong social mix agenda; the transfer of public housing to private organisations; the transfer of public land assets to the private market; and the shifting of wealth generation opportunities from the social to the private. The result is the displacement of vulnerable communities and the associated deep psycho-social, health and economic impacts that can be anticipated.

It is clear that a number of factors are driving the PHRP program. It is important to separate the drivers for public housing estate renewal from those for the mixed tenure redevelopment model. Regarding the former, the drivers at a departmental level include:

- the claim of a demonstrable stock/demand mismatch;
- a genuine and laudable desire for estate regeneration/renewal;
- a realistic concern about the increasing maintenance costs of ageing assets; and
- a belief (well-founded or otherwise) that the estates are socially dysfunctional, which (so the logic goes) contributes to increased tenancy management costs, repairs bills, and vacancy rates.

It is conceivable and highly likely that there will be a higher ratio of vacant-to-occupied dwellings/units *and* bedrooms on each PHRP site after the renewal has been fully completed. During the process, 1600 dwellings will be taken out of circulation that could otherwise be occupied, during a time of severe housing crisis. While it is true that the overall stock alignment post-renewal might occur, it is important to remember that this will occur through two mechanisms: first, larger families are much less likely to return after establishing themselves in other areas, and second the alignment is corrected only by displacing bedroom numbers from public housing to private market housing.

We also note the vagary in the measurement of stock to need discrepancy, whereby the public housing register lists only individual applicants. Those applicants' actual household composition and housing need does not become apparent to the system until an applicant is deemed a priority for housing, i.e. moves from the waiting list into the system for housing allocation. For the vast majority of people on the register who will never be allocated a housing unit, their family circumstances will remain unknown. Thus the claim that the majority of people in need of public housing are single men rather misrepresents the nature of housing need. Overall, the PHRP will significantly contribute to a widening of the housing crisis in Melbourne, and an overall inefficiency in housing generally across the city.

Rising housing maintenance costs are an ongoing and real concern. The answer achieved by the PHRP is to simply absolve DHHS of the asset, either by progressively selling the housing to the private market, or by transferring ownership or tenancy management to the community housing sector. This is in direct contradiction to the most recent ground-breaking research which finds that the single most cost effective and efficient way for to produce non-market housing for those in housing need is for government to directly finance and build public housing (Lawson et al 2018). The PHRP model absolves the state of the ongoing maintenance cost but will ultimately generate very significantly larger costs in mental and physical health provision, social services, homelessness shelter and crisis accommodation down the line.

Regarding the mixed tenure redevelopment model, the specific drivers include:

- a dogmatic fixation on supposed 'neighbourhood effects' or 'place-based disadvantage' as the cause of the alleged estate dysfunction;
- a housing or infrastructure budget that is woefully inadequate to undertake estate redevelopment on the scale and timeframe required;
- a bipartisan ideological belief in and commitment to the role of "public-private partnerships", a euphemism for the abandonment of government's duty and the privatisation of public assets;



- a political sensitivity about concentrations of disadvantage in highly-gentrified suburbs (poverty is more palatable if it is more dispersed); and
- the political reality that both major parties receive substantial donations from property developers.

Social mix, both Kensington and Carlton estates were used as pilot sites for a social mix and profit sharing model estate redevelopment in Victoria. Social mix has been shown at these estates, and in the international literature to be a flawed policy that delivers neither demographic diversity nor community-based relationships across lines of social difference. Indeed, measured at the neighbourhood scale, the application of the PHRP policy in these Melbourne neighbourhoods actually reduces the demographic and social class diversity of these neighbourhoods.

Finally, the question of the impact of displacement on residents themselves, families, communities, and the other institutions such as local Councils is something that the PHRP simply refuses to acknowledge. Resting the logic on the promise of return serves to deliberately obscure the basic practicality that the post-renewal estates will be simply unable to house the same people displaced from the original sites. Moreover, the 'promise of return' belies all of the international evidence on direct displacement and shifts the burden of 'choice' onto the individual household without appropriately understanding the complex relations of power and domination within which each resident and household is attempting to navigate their future housing provision. We would anticipate that the nature of the PHRP policy as an archetypal urban renewal agenda and the existing evidence about displacement internationally that there will be significant, yet unrecognised, negative psycho-social, health, and economic impacts upon residents, families and communities. These will be borne as costs at the individual and household level, and by local institutions and organisations such as local charities and local government.



## Part Three: Social Mix Evidence Review

### Introduction

The concept of social mix is said to be ‘an intrinsically vague, slippery term’ (Galster, 2013, p. 308). Yet, its use as policy and planning term is inherently political and can connote different meanings in different contexts. This section of the report engages with the slippages around social mix by interrogating the existing academic research and literature around its use and assumptions. It does so by first defining the term and the conceptual parameters of this review before outlining the origins of the concept in the British planning tradition, which still impact how planners and policy makers around the world deploy the term today. International approaches are then offered to contextualise the diversity of approaches in a predominantly western liberal context. The Australian tradition is social mix as a distinctly post-WWII policy initiative is then discussed to before an analysis of its current interpretation and implementation in the PHRP.

Our analysis shows that concerns in Australia over the use and theorisation of social mix practices in urban renewal projects, strongly mirror the experiences, critiques and research findings in the international context. There were no empirical research findings within the approximately 750 scanned, and 70 reviewed articles in this section, which support the implementation of social mix policies. From this body of literature it was found that when social mix is promoted through tenure mixed redevelopment, it most likely results in:

- The permanent loss of public land;
- Low yields of affordable housing;
- Negative targeting of race and ethnicity;
- Class antagonism and conflict within given areas;
- Displaced and further segregated residents;
- Loss of social housing, particularly bedrooms; and
- Homogenisation of populations at the scale of the neighbourhood.

### Defining the term

For Tunstall and Fenton (2006) and Kleinhans (2004), a critical appraisal of social mix illuminates three areas where this slippage takes place: *composition*, *concentration* and *scale*. As such, this section of the report will review the social mix evidence base, which a specific consideration of: whom social mix policies refer to – including race, ethnicity, gender, income, tenure and class; to what degree ratios of social composition are implemented; and, at which geographical scale the spatial boundaries of mix is measured.

The *composition*, or social balance, of residents on newly redeveloped estates implicitly relates to income situation and tenure arrangement. A mix of 30% social housing and 70% private dwellings, with no requirement to provide affordable housing, assumes a mix of both income and tenure. Mean incomes vary between public and community housing (social housing) tenure types, with welfare dependency characterising public, and a mix of welfare and low-income working households in community housing. Private rentals encompass all income quartiles and home ownership (with or without mortgage) generally houses working medium-to-upper income quartile household types. Within these tenure demographics, there are a number of unexplored characteristics, which include a higher proportion of single-parent, ageing, culturally and linguistically diverse households that generally have higher mental/physical health needs.

Public housing households are diverse and are occupied by some of the most marginal populations in contemporary Australia. Further 'mixing' of the present population, in effect, reduces the diversity and 'social balance' at most scales of neighbourhood analysis. Therefore, ratios in social mix should examine the *concentration* of particular demographic characteristics that go beyond tenure and income. In diversifying income and tenure characteristics of households, there is a significant likelihood that there is a de-concentration of social mix when evaluating other identifying characteristics such as race, ethnicity, gender, class etc.

The *scale* of mix is perhaps the most 'slippery' in conceptualising social mix, in part due to the ambiguity around sites and methods of evaluating where mix is achieved. Social mix in terms of income and tenure will indeed take place at an estate level in the PHRP. However, the surrounding neighbourhoods and local government areas of PHRP sites will become more homogenous with the expansion of already-dominant tenure types and a reduction in social diversity. This type of mix takes place at the micro-scale of neighbourhood characteristics, with an intensive method of social and spatial re-composition, and does not achieve social mix at other scales of analysis.

## Conceptual origins

Arthurson (2012, p. 15) notes that 'social mix is by no means new' and its origins can be traced back to 'mid-19th century Britain'. Yet, the historical origins of the 'social mix' concept is not well documented or defined. Although there is a wide-ranging debate with urban studies and housing around the idea, there are few accounts of its longevity as a practice and ideology in urban planning. Despite this, some key examples that address the history of social mix are discussed in this section.

Herbert J. Gans (1961) provides an early account of urban planning in the US that specifically takes to task the assumptions underlying 'population heterogeneity' as it is conceptualised at a neighbourhood scale. Whilst planners up until the 1960s argued that such a population mix produced affirmative 'cultural, political, and educational' outcomes, Gans (1961, p. 176) found that 'population heterogeneity contributes relatively little toward the achievement of these values'. The desirability of a mixed neighbourhood community is adequately placed in policy when considering how a mix of local rate payers ensures a high level of community service provisions. Note, that line of thought is still prominent today, with scholars describing a common condition in Australian cities whereby better quality, accessibility and diversity of services found in areas of relative affluence, resulting in a phenomena termed 'locational advantage' (Fincher, 1991; Fincher & Iveson, 2008). Gans (1961, p. 176) argued that in relation to planning policy and practice, social mix or population heterogeneity:

It is not, however, the best means of alleviating the glaring social and economic inequality now rampant in most metropolitan areas, and planners are therefore urged to place greater emphasis on policies that will reduce this inequality.

Gans (1961) cautions urban planners against the mere aesthetic improvement of the built environment as a means for bringing about a reduction in inequality and an alleviation of deprivation. A rationale based upon the hope 'that the mixing of classes will iron out these inequalities' is misplaced and 'inappropriate' (1962, p. 182). Rather, social policies should seek to provide better services, educational and employment opportunities, increased household income and institutional tailored toward cultural need and want. Gans (1962, p. 183) states, that:

I am suggesting that the city planning profession should pay less attention to improving the physical environment of those who are already comparatively well served by private and public means, and pay more attention to the *environmental conditions* of the deprived population. Such a change in planning emphasis will not by itself solve the problem (even an intensive national program geared to reduce all inequality cannot erase immediately the inequities of a century), but it will be making a contribution toward the eventual solution.



Indeed, '[t]he idea of social mix in town planning has been around for a long time' stated Sarkissian (1976) in one of the first historiographies to adequately acknowledge the longevity of mix ideas in urban planning. Sarkissian roots ideas of social mix predominantly in academic assumptions derived from Elizabethan England nostalgia and class politics based upon privileged ideals, and characterises the 'goals' of social mix in the following ways:

1. To 'raise the standards of the lower classes' by nurturing a 'spirit of emulation':
  - Visual cues taken from upper classes by lower classes in a process of shame, envy and aspirational respectability;
2. To encourage aesthetic diversity and raise aesthetic standards:
  - Diversity in built form, rather than cookie-cutter or mass-produced building design, contributes to aesthetic appeal and raises community standards;
3. To encourage cultural cross-fertilisation:
  - The effective redistribution of 'culture' and 'ideas' to advance whole-of-community cultural uplift;
4. To increase equality of opportunity:
  - A form of upward social mobility based upon individual achievement, whereby 'forceful personalities' are granted opportunity to effectively rise above their class;
5. To promote social harmony by reducing social and racial tensions:
  - The opening of lines of communication between class groups (but also race, culture etc.), diffusing antagonisms between them and fostering 'kindly neighbourliness';
6. To promote social conflict in order to foster individual and social maturity:
  - In contradiction to harmony, conflict has been said to foster personal psychological growth;
7. To improve the physical functioning of the city and its inhabitants:
  - Leadership – mixed communities produce leaders to be emulated;
  - Employment and economic stability – diverse populations ensure diverse needs and employment opportunities;
  - To maintain essential services at minimum expense through mix in housing – diverse occupations drive diverse housing needs and modes of transport use, including frequency and intensity of travel;
8. To help maintain stable residential areas:
  - Mixed residential configurations and housing stock, including housing type and tenure, ensures that kinship and social networks are maintained during periods when housing need changes; and
9. To reflect the diversity of the urbanised modern world:
  - Residential areas to reproduce the broader urban condition of heterogeneous encounter, the natural environment and to catalyse energetic atmospheres not found in homogenous suburbs.

Sarkissian (1976) acknowledges a slump in social mix ideas at the turn of the 20<sup>th</sup> century and especially during WWI and WWII. Prior to this, its predominance can be characterised by moments of utopian impulse in social policy during the post-Industrial Revolution era, and then again with its revival post-WWII, both eras seeking to bring fractured social classes into closer proximity with each other. In western





liberal nations, the idea became commonplace in the midst of economic boom and relative peace after WWII – a time when egalitarian ideals and social justice begun to take on universal expression e.g. the emergence of the United Nations. Social mix has traditionally denoted the bridging of previewed wealth gaps and exclusionary practices during periods where rapid economic expansion resulted in material gulfs between social classes. It is only a relatively recent occurrence whereby ‘social mix’ as a moniker for inclusion – or more precisely, anti-exclusivity – has been applied and unrelentingly tethered to the spatial concentration of public housing in particular locales or neighbourhoods.

One universal purpose of social mix has been to dissolve public dissonance and reduce class antagonisms. This is a utilitarian approach which recognised that homogenous and segregated communities experienced an unequal distribution of social agency, access to services and housing, which in turn produce dissent. In facilitating mix, communities were said to share in the resources of other more affluent groups, reducing class and race anxiety. In Australia and New Zealand, this approach was adopted early in the establishment of European colonies. Edward Gibbon Wakefield (1849), a utilitarian economist instrumental in the colonisation of South Australia and New Zealand, recommend in *A View of the Art of Colonization* that social mix be encouraged to reduce antagonisms produced by segregation – the extent of this policy did not apply to Indigenous peoples. In the 19<sup>th</sup> century era of colonisation, and still to date, social mix theories have been entangled within segregationist policies, primarily around immigration and labour. It wasn’t until the post-war period where social mix begun to on a more urban and neighbourhood focus, and thus housing.

## Post-war social mix

During the early part the 20<sup>th</sup> century, social mix theories and practices were largely absent in public policy, most likely due to the allocation of resources and attention to war efforts. In Britain, during the post-war reconstruction of ‘the social’, Thorns (1972, p. 13) notes that the ‘togetherness and lack of social barriers’ that constituted the life of armed services personnel and their families, resulted in the desire to recreate a ‘social balance’ in urban residential areas. Given that armed conflict seemed inevitable in the coming decades for Britain, social mix emerged as a policy to bring the nation together, which in turn enabled combat abroad. Social balance paradigms in urban planning became a preoccupation not just in Britain, but also the US with the advancement of mix policies to curb the phenomena of white flight to the suburbs of major cities (Sarkissian, 1976). Arthurson (2012)<sup>8</sup> provides the most concise and comprehensive account of social mix in Australia, and notes that any examination of social mix necessarily relies upon the British development of mix policies, given that it is these policies that were most influential in the later Australian – and other western liberal nations – adaptation post-WWII. In Australia, British policies of social mix have impacted planning theory and practice since the 1950s.

## Post-war social mix in Australia

Public housing estates in Australia, and public housing residents, have experienced wide scale criticism in recent decades from policy makers, media and social commentators. Through particular framings of public housing which effectively recast disadvantage as social exclusion, responses to a socially constructed ‘problem’ of public housing in Australia has been met with solutions that have seen social mix theories become orthodoxy (Doney, McGuirk, & Mee, 2013, p. 402). Criticisms have largely focussed upon a high concentration of disadvantage according to their low-income status (Atkinson & Kintrea, 2001; Ruming, 2014; Ruming et al., 2004) leading to the proliferation of the common perception that such estates lack community and culture (Watt, 2017). The problematisation of contemporary public housing

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<sup>8</sup> Much of the prose in this section that deals with social mix and public housing in Australia relies upon the work of Kathy Arthurson.



can be framed by multiple crises of culture, community and exclusion which necessarily mandate material and social change through forms of tenure and social mixing.

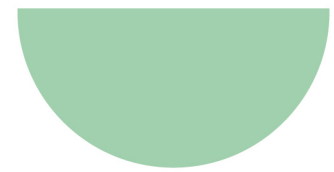
Urban research that explores the impact of social mix in Australia all share concerns about its application, rationale and appropriateness in urban regeneration and public housing redevelopment projects (K. Arthurson, 2012; K. L. Arthurson, Iris; Ziersch, Anna, 2015; Darcy, 2010; Darcy & Rogers, 2014; Doney et al., 2013; Jama & Shaw, under review; Levin, Arthurson, & Ziersch, 2014; Ruming, 2014; Ruming et al., 2004; W. Shaw, 2012). Implicit to these critiques is the moral landscape of 'role modelling via propinquity ... as a means of changing the behaviour of social housing residents' (Doney et al., 2013, p. 404) through a normalising process whereby attitudes, actions, values and beliefs of middle-class people transfer via proximity. Narratives that assert that public housing class populations might remedy their disadvantage through forming new relations to other more advantaged populations, directly places social problems as individual problems rather than structural (Lupton & Tunstall, 2008). Contemporary redevelopment projects in Australia follow this individualised interpretation of disadvantage, as opposed to an earlier (pre-1990s) redistributive approach, which follows the broader neoliberalisation of urban life – characterised by privatisation of public assets, individualisation of social status and commodification of integral infrastructure.

The notion that public housing residents and disadvantaged populations might benefit from social mix programs has been the source of sustained critique because of the inevitable loss of community (Samara, Sinha, & Brady, 2013) and sense of place (Shaw & Hagemans, 2015) through dispersing residents during demolition phases and eradicating their emplaced connections. Connections that often sustain residents' wellbeing in place pre-development, are in turn displaced by attempts to accommodate higher concentrations of middle-income residents. Upon the reintegration of diverse populations, contemporary Australian research has shown that in the case of the Carlton Estate in Melbourne, principles of social mix are often the first to be disposed of when commercial interests are threatened. During the global financial crisis in 2008, decisions in relation to social mix on the estate were made so that the private developer could have more confidence in financial return. This meant that design features that facilitate social mix were reevaluated, resulting in compartmentalised tenures, separate recreation and community spaces, and different entrances and exits according to tenure (K. Arthurson, Levin, & Ziersch, 2015). In the case of the Kensington redevelopment, the reduction in family sized unit meant that there were less children on site after redevelopment, which resulted in less social encounter given that children are often the catalyst for interaction (Shaw et al., 2013).

Generally, social mix policy and practice in Australia resonates with international examples (discussed in later section) and can be placed in a broader neoliberalisation of urban policy and the emergence of state-led gentrification. Central to this approach is the appropriation and implementation of a range of practices that follow similar principles. In the past 20 years, the Australian public housing renewal paradigm has operated on a 'consensus approach' that problematises the physical and social condition of estates, seeks to unlock equity in publicly held land, and strives to densify housing into a compact city design (Pawson & Pinnegar, 2018). Pawson and Pinnegar (2018, pp. 314–323) characterise these as 'consensus principles' that scaffold social mix aspirations in urban regeneration:

### ***Poverty de-concentration***

A central pillar of estate regeneration whereby the 'neighbourhood effect' – the local way of thinking and acting – is seen as socially corrosive with proximity to poverty leading to further entrenchment of poverty over time. In the 2009 National Affordable Housing Agreement, an agreed aspiration was to create 'mixed communities that promote social and economic opportunities by reducing concentrations of disadvantage that exist in some social housing estates' (COAG 2007, p. 7; cited in Pawson and Pinnegar, 2018, p. 315). Poverty de-concentration has been legitimised by framing certain locations as underprivileged and showing how poverty is reproduced through neighbourhood effects, so that their reintegration into the social fabric by means of relocation is seen as a viable measure.



Internationally, the idea of 'neighbourhood effects' – as the phenomena of living in a poorer area compounding the effects of poverty and disadvantage – has been repeatedly challenged in far-reaching international research (Manley, van Ham, & Doherty, 2012; Smets & Watt, 2017; Tyler & Slater, 2018). K. Shaw (2012) demonstrates that this is a concept drawn from the rust-belt cities of the US through a process of policy transmission from the UK. At its core, the concepts holds race as the major factor in combination with poverty. The racial element of segregation in the US and UK has been discarded along with the emergence of multicultural policies and rhetoric, and with that the notion of neighbourhood effects has been refuted as a legitimate policy concern. Yet, in the Australian context the policy remains with little reflection on its origins and race-based analysis.

The dispersal of disadvantaged groups is a key aspect of urban policy in Australia, with little consideration on the social and health effects of those groups. Rogers (2012) demonstrates how community leaders and spokespersons for public housing estates are relocated and disconnected from local debates, leading to the weakening of community voice. Darcy (2010) also draws attention to an important contention yet to be sufficiently considered by policy makers, and yet to be adequately researched, about whether relocated residents continue to experience the same or different levels of poverty and disadvantage once dispersed, albeit in less politically visible ways. Pawson and Pinnegar (2018) note that in the US version of redevelopment, residents who wish to remain are often accommodated on site during works whilst the quantum of stock is generally reduced, leading to a diminished rate of returning residents. In the Australian context the quantum of stock is generally increased with a 'right to return' for residents, however, given the low rates of return in the Australian context, Pawson and Pinnegar (2018, p. 317) question 'whether contemporary Australian estate renewal practice is actively aimed at fostering the off-site displacement of disadvantaged people.'

### ***Mixed tenure redevelopment***

In Australian redevelopment projects, a ratio of 70% private to 30% public mix has been the default policy of many redevelopment agents (Coates & Shepherd, 2005), however this formula lacks in any 'strong evidential basis' (Pawson & Pinnegar, 2018, p. 317). Mixed tenure differs from social mix in that the former is a means to achieving the latter. There are multiple research studies that demonstrate the limited extent to which mixing occurs between different tenure types (K. Arthurson, 2012; Galster, 2013; Manley et al., 2012). Jama and Shaw (under review, p. n.p.) demonstrate how public housing residents on the redeveloped Carlton Housing Estate in inner-city Melbourne 'do not mix socially with their private neighbours any more or less than they did before.' K. L. Arthurson, Iris; Ziersch, Anna (2015, p. 31) further note that,

...opportunities for social mixing in Carlton Stage 1 were reduced after the government chose to compromise the implementation of important design principles in order to keep developers engaged during difficult financial times. In reality the government was more committed to the developers' goals of selling property than to the supposed aims of the mixed-tenure redevelopment, which have faded from the public discourse during the process.

Mixed-tenure principles in estate regeneration continue to be implemented in Australia under the guise of its ability to create opportunities for social mixing. However, research continues to demonstrate how mixed tenure redevelopments such, as the Kensington Redevelopment Project in Melbourne, are primarily enacted in order to attract private investment (Hulse, Herbert, & Down, 2004), and that the ratio of 70:30 tenure mix is a commercially-driven practice disguised as an affirmative style of contemporary social planning (Shaw et al., 2013). In regard to the scale of mix according to building, street, block or neighbourhood, and whether or not 'pepper potting' and 'tenure blind' principles will be integrated, there is evidence to suggest that the commercial sector prefer hierarchical segregation which limits social interaction (Levin et al., 2014).



### ***Public-Private-Partnership models***

In the address of intractable ‘social problems’, planning approaches need to ensure that multi-agency and stakeholder collaborations are effectively carried out through a shared networked governance structure – in that, all partners have appropriate and equal contributions. Government agencies are largely the instigators of such models and have a large capacity to develop whole-of-government responses to housing issues – which should involve local, state and Commonwealth governments as well as residents, community groups and service providers. In Australia, the partnership model that has come to dominate over the past two decades is the private-public-partnership (PPP), such as those implemented at Kensington, VIC and Bonnyrigg, NSW. These partnerships are generally between property developers and government – with complex profit-sharing arrangements and accountability structures that are often unknown to the public – but have also come to include community housing providers in recent years. Examples include the Housing Tasmania Better Housing Futures program, which has been responsible for upgrading large broadacre sites and the Logan Renewal Initiative which was planned to redevelop large public housing estates in Brisbane. The Communities Plus renewal program in NSW is redeveloping public housing assets and land through partnerships with not-for-profit and private developers, which is an approach that has been internationalised where in London the Harringey Council is working with Australian developer Lendlease to transfer over £2 billion in council assets to private and NFP providers (Kelly, 2018).

The inclusion of private developers in the Kensington estate renewal has seen large profits flow from public to private hands, with land being sold by government at a fraction of its market value, and ambiguity around maintenance responsibilities (Shaw et al., 2013). In relation to the emerging preference of community housing providers, there are different accountability mechanisms that mean that the administration of government assets, or assets that should be held by public agencies, are not answerable to elected government ministers, but rather, skills-based boards that have no reporting responsibility to the public. Yet, the transfer of public housing to community housing providers continues to be the preferred method of tenancy and place management in the Australian context. Community housing is likely to expand as the capacity of providers grows through government-driven incentives, subsidies and low-interest loans that are not available to the public housing sector (Pawson, Milligan, Wiesel, & Hulse, 2013)

### ***Community participation and placemaking***

In the past two decades, there has been a shift in planning thinking to include the participation of residents in estate renewal program under broader shift to ‘democratise’ urban planning processes (Sandercock, 2005). Governments now seek to include the representation of community stakeholders and residents, who may or not be public housing tenants, in consultation processes related to relocation and design. Pawson and Pinnegar (2018, p. 322) argue that the ‘extent to which “tenant participation” ... involves substantive government openness to resident influence is a debatable matter’ and that such ‘participation’ relies heavily upon how governments actually define the term. Darcy and Rogers (2014) argue that in the case of redevelopment projects in Sydney, resident representation in government processes are largely used to build consensus – and to neutralise dissent – rather than to facilitate the reception of activist-resident perspectives.

Social mix in the Australian context has been a central component of the neighbourhood renewal process for the past 20 years. As state and Commonwealth governments continue to embrace neoliberal social and economic policies, its practice will intensify, albeit tempered and nuanced by community housing involvement. The PHRP in Victoria is the latest project in Australia to enact and build upon these consensus principles to implement a social mix at the intensive scale of the estate.



## International approaches to social mix

Within the extensive academic literature on social mix, there is a dominance of perspectives from western liberal contexts. Lees, Butler, and Bridge (2012, p. 3) observe that the contexts in which social mix policies and programmes are promoted and executed, share in one common theme: 'they are all functioning liberal democracies and have welfare programmes of one variety or another.' In other non-western contexts, social mix is rarely used as a policy directive or in development rhetoric, in part because developer- or state-led gentrification is performed with brazen transparency – often with the explicit aim to rapidly homogenise/gentrify areas rather than implement staged mix. For this reason, many of the case studies presented here reflect the academic focus on these western liberal contexts.

The *Garden City Movement* in the UK emerged after the 1898 publication of *To-morrow: a peaceful path to reform* by Ebenezer Howard and has subsequently influenced generations of planners in western thought. In the first iteration of the garden city, Howard (2003) advocated mixed towns and large neighbourhoods that were segregated according to class at the smaller block level – clusters of homogeneity among diversity (August, 2008). This was a form of limited social mix whereby different classes lived in compartmentalised collectives that controlled aspects of planning, employment, production and the economy. In this sense, the movement was utopian and was critical of industrial-capitalism, instead recognising what Sennett (1905, p. 12) called 'the mutual dependency of the classes [where] every grade of social status must be represented.' Subsequent interpretations of the garden city model began to obscure the ideological and critical elements proposed by Howard, with social mix implemented differently at varying scales from town to block (Arthurson, 2012).

The implementation of the garden city philosophy has come with mixed results, but has largely implemented principles around the differentiation of land use zones and social segregation at different scales (August, 2008). In the US, renowned city theorist and architect Lewis Mumford argued for fine-grained social mix and very localised scales, and realised visions of these locales in 1920s Queens, New York (see Mumford, 1938). During the 1950s and 1960s, US cities experienced middle-class flight to the emerging suburbs, leaving inner-city neighbourhoods in a state of decline. Urban theorist, Jane Jacobs (1961), became a prominent voice during this time, arguing that more diverse spaces improve city life through convivial relations between co-inhabitants and increased safety through the passive surveillance of strangers. Wilson (1987, p. 129) further argued that the flight of middle- and working-class families remove an integral 'social buffer' that shielded local populations from chronic unemployment through community and social infrastructure. Low-income public housing estates known colloquially as the 'projects' were built *en masse* in industrialised urban centres, which deteriorated spectacularly due to lack of investment, economic recession, de-industrialisation and racism (Vale, 2013).

As a response to the ghettoisation of the 'projects' in the inner-city, and some decades later, the US Department of Housing and Urban Development embarked on a mission to deconcentrate poverty from the city. The HOPEVI program in particular, had the express goal of deconcentrating poverty and promoting home ownership among the lower-classes, at the same time redeveloped sites where poverty had been displaced and replacing the population with mixed communities (Lees et al., 2012). This signalled a new era in social mix practice in the US, yet critiques emerged that found a lack of social mobility through the plantation of middle-class populations alone, arguing that there needed to be structural economic and social change for any benefit to be realised by low-income people. For instance, Joseph (2006) argued that whilst there is more informal social control in mixed redevelopments (generally regarded as a good condition in the literature), there is unlikely to be any benefit from social interaction. There is also an inequality in the positive effects that are observed, with middle-income residents benefitting more from mixed communities than lower-income residents (Fraser & Nelson, 2008).

The tradition of social mix in the US in the era of the HOPEVI plan was adopted by policy makers and practitioners in the public services of many western countries. Policy mobility and transfer became commonplace among an emerging urban professional and international class of public servants (McCann, 2011). As such, US-style public housing policies were adopted by Tony Blair's New Labour government,



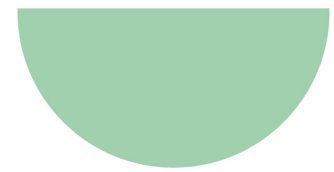
and has become the mainstay of policy since (Lees et al., 2012). The 'New Deal for Communities' seen large estates in UK cities being demolished in order to disperse poverty, effectively legislating against social exclusion, particularly the concentration of low-income people (Lupton & Fuller, 2009). Tenure mix has become the central method in urban and neighbourhood redevelopment projects in the UK since. The diversification of housing in low socio-economic areas, has been delivered under the monikers of 'sustainable' and 'mixed and inclusive' communities (Bricocoli & Cucca, 2014). Similar to most social mix contexts, these are based upon the assumption mix contributes to the local economy and levels of social wellbeing. This is despite research that finds ambiguity in the results of social mix and a complete absence of correlation between tenure mix and social outcomes in multiple public housing redevelopments in the UK and Europe more generally (Arbaci, 2007; Graham, Manley, Hiscock, Boyle, & Doherty, 2009).

Social and tenure mix programmes take on different forms in international contexts. Holmqvist and Bergsten (2009) explore the introduction of social mix in Swedish public policy beginning in 1974, in what they characterise as 'a reaction to the increasing socioeconomic segregation in the housing market' (p. 477). The research, based upon policy analysis and interviews with policy makers, compares understandings of mix policies in Sweden with international perspectives, particularly around the social mix of ethnicity. They found that social mix in Sweden has been deployed consistently over time, with the targeting of socioeconomic status rather than a more Euro-American style that targets race and ethnicity. Mix is achieved through new construction rather than through displacement, demolition and redevelopment. Importantly, this is achieved because of the tendency of Swedish policy makers to avoid discriminatory situations that 'violate the social right to choose where to settle' (p. 488).

Mix in new construction is seen in the academic literature as a more pragmatic approach to producing social mix, resulting in better outcomes for residents when compared to mix in redevelopment whilst growing public housing stock. In countries such as Malaysia and India, new constructions are required by law to have inclusionary housing, although such practices are implemented unevenly (Calavita & Mallach, 2010). In South Africa for instance, inclusionary housing policies have had insufficient overall impact. This is often because of the huge inequality in income which results in 'housing price cliffs', in turn requiring government subsidy to operate and a more targeted approach whereby mixed developments include populations that are more socio-economically similar (Klug, Rubin, & Todes, 2013, p. 667).

In other international contexts, social mix is implemented through desegregationist policies that disperse poverty, often with explicit and implicit implications for ethnic and racial minorities. In The Netherlands, there has been a swathe of policies that have determined urban and housing policies that seek to deconcentrate poverty. Anti-segregation policies rolled out initially in Rotterdam (Musterd & Ostendorf, 2008), and then nationally (Bolt & van Kempen, 2010), have given local authorities the power 'to refuse unemployed or underemployed households to locate in rental housing in neighbourhoods deemed to have too high a concentration of low-income' (Lees et al., 2012, p. 5). Van Eijk (2010, p. 824) argues that in the detail of these policies, is the explicit assertion that 'neighbourhoods could become "unliveable" as a result of the concentration of ethnic minorities', and that policies of inclusion often exclude along lines of income *and* ethnicity. Indeed, many continental European countries explicitly cite the dispersal of ethnic enclaves as the primary objective of social mix policies. Britain has experienced a rhetorical shift from a focus on race to one of 'social inclusion' (Van Kempen & Bolt 2009, p. 459), whilst other western countries use terms such as poverty and disadvantage as substitutes for ethnic minority or Indigenous groups (citations needed).

Germany is one example where there is less subtlety in the objective aim to deconcentrate non-white ethnicities from housing developments. Münch (2009, p. 441) demonstrates how quota systems known as 'moving-in bans' prevent the concentration of foreigners, primarily ethnic migrants. German housing associations today, are influenced by the *Institute for Housing, Real Estate, Urban and Regional Development's* recommendation that 'only 15% foreign households' should occupy a building, for fear that locals would not be willing to move into neighbourhoods with higher ratios (Planerladen 2005, p. 27; cited in Münch 2009, p. 446). Housing policies such as this are administered despite the percentage of



residents in Germany from migrant backgrounds being 19%, and closer to 50% in major cities. Whilst there is a policy directive that structures mix at a national level, demand for housing, geographical differences and landlord sentiments on the appropriateness of mix in developments, also come to impact the ethnic concentration of neighbourhoods.

Münch (2009) argues in relation to social mix in the German context, that assertions around the causes of social disfunction are incorrectly attributed to the concentration of ethnic migrants, and by extension, low-income groups. As a result, social mix policies that overwhelmingly focus upon these groups, are unable to establish mixed neighbourhoods. New migrants have a strong tendency to reunite with family in geographically specific areas, therefore deconcentrating ethnicity is unlikely to keep pace with demographic increases in these locations. Given the small number of social housing as part of the overall housing mix (at 7% in 2006 and decreasing), any changes to the mix in these developments is unlikely to actually deconcentrate ethnicity. Additionally, capital gain is always more likely to impact private investor decisions, with social aspects often taking secondary consideration. It is for these reasons, as well as the lack of 'ties to empirical research', that Münch (2009, p. 451) concludes 'that mixing policies are likely to become useless in the future' of German housing policy. In the Australian context of the multicultural turn – much like that of Germany – it is argued that 'mixing strategies will remain high on the agenda' due to the policy 'commitment to multiculturalism' that relies on assimilationist modes of social integration (p. 452).

In France, redevelopments have been undertaken on a grand scale since 2003 under the national programme *Programme National pour la Rénovation Urbaine* (Boisseuil 2019). Boisseuil (2019) notes that this project is the largest public housing project to emerge in France since the 1960s and targeted 595 disadvantage neighbourhoods, receiving €11.66b in public funding and approximately €35b in private. Four goals structured the programme, including the overall social restructuring of urban France, social mixing, reduction in urban inequality and sustainable design. Boisseuil (2019, np) notes that social mixing 'had a special status, as it constitutes the cornerstone of the entire programme.' Social mix in the French academic literature has been extensively critiqued as a policy failure (see for example Genestier 2010; Bacqué and Charmes 2016; Chaskin et al. 2007). Part of the reason for this is the ambiguity around the concept, with a neglect of what social mix is to achieve beyond rhetoric, and how this is measured. This ambiguity extends to a lack of evidence to support assumptions that low-income people's social capital increases when proximate to middle-income people; that higher-income people are suitable role models for the poor; and, that social control of space is enhanced when mixing takes place. Despite this, social mix continues to be the main objective in public housing redevelopments in contemporary France.

Overall, international perspectives on the desegregation of particular groups in society tessellate between the overt targeting of particular ethnic and racial groups, to the de-concentration of disadvantage marked by socio-economic status (Bolt, Phillips, & Van Kempen, 2010). Mixing measures include inclusionary housing policies – primarily located in the Global South – new build constructions in Sweden, de-ghettoisation practices as seen in the US, France and The Netherlands, ethnic quotas in Germany and the redevelopment of social housing in the UK and Canada. Whilst in some instances the aspirational objective is explicitly stated to disperse race and ethnicity, as well as low-income groups, it is important to note that all social mix policies have the effect of targeting ethnic and racial minority groups disproportionately (Somerville & Steele, 2002).

## **Analysis of Social Mix as a policy objective in the PHRP**

In relation to social mix, and the associated objective of reducing the spatial concentration of disadvantage, the Government Submission (172) to the 2018 Parliamentary Inquiry is an important source of evidence. Addressing the terms of reference set out by the Inquiry, Submission 172 references 'best practice models' for public housing redevelopment in international and domestic research. The primary source of evidence for the social mix rationale cited throughout government PHRP documentation relates to an AHURI policy brief webpage. Submission 172 (p. 100) states that:

One of the key objectives of the PHRP is to create mixed communities that include both public and private residents, and are integrated within the development and the wider community. This aims to offset some of the challenges stemming from the concentration of sizeable disadvantaged groups in one location or neighbourhood, which were recently highlighted by the Australian Housing and Urban Research Institute.

This AHURI policy brief is the only referenced work cited in relation to social mix and the spatial concentration of disadvantage. No research evidence is drawn upon aside this brief, and there are vague unsupported references to ‘challenges stemming from the concentration’.

The brief, which does not name individual authors, rationalises the use of social mix given the context of a national affordability crisis, a decline in the supply of public housing and the unattainability of private rental dwellings. It positions the undersupply of social housing as the eminent underlying issue to be considered in the development of future renewal programs. As such, issues highlighted around a lack of supply, rising maintenance costs and a misalignment between the previous, current and emerging need in stock configurations, leads AHURI to propose ‘five important opportunities’, in:

- retaining social housing in desirable serviced locations;
- increasing density of sites and selling land to private developers;
- designing flexible stock configurations;
- diversifying types of housing frameworks beyond public and social; and
- reducing maintenance costs of current ageing stock.

This policy brief was authored and published after the PHRP model had been articulated by the Government of Victoria and cites the PHRP as one example where these opportunities are being realised; another example is the Communities Plus model in NSW, which is cited in Submission 172 as a supporting case study for the PHRP. The brief is a retrospective validation of the PHRP model, not an empirically-grounded independent source of evidence derived from rigorous evaluation of the academic and research literature around social mix and de-concentration of disadvantage.

This AHURI brief advocates for the transfer of stock to the private sector and cites the NSW Government ‘Future Directions for Social Housing’ policy’s 70:30 ratio of private to social housing as a mix that produces more integrated communities. It defines social mix as,

a ‘combination of diverse shares of social groups in a neighbourhood’. A social group has one or more factors in common, such as having similar economic resources (i.e. having low- or high-income), the same ethnic background or nativity (i.e. born in the same country), the same household structure (e.g. families with children or households of young singles) or the same tenure (i.e. being tenants or home owners/buyers).

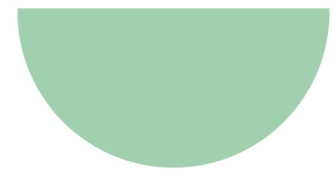
Critically, the scale of ‘neighbourhood’ is not defined as a geographical space, and the Government claim that social mix will lead to ‘vibrant, connected, mixed-tenure neighbourhoods’<sup>9</sup> does not adequately define such a space where vibrancy and connection can be evaluated. In Human Geography, the concept of *neighbourhood* is commonly understood to be an urban area dominated by residential use, has no discernible robust scale and is contextually defined according to local cultural and political context (Gregory, Johnston, Pratt, Watts, & Whatmore, 2009, p. 494). However, neighbourhood is often conflated with the territorial concentration of a dominating social group, which is a perspective refuted by urban studies scholars.

There is both a lack of spatial definition around the notion of neighbourhood and a basis of evidence that describes whom the neighbourhood envelopes, and therefore how ‘mix’ is measured. The AHURI Policy Brief notes that the spatial scale for any consideration of social mix is the neighbourhood (4,000 – 8,000 people), not small-scale public housing developments or individual apartment blocks. Social mix on individual PHRP sites will therefore be radically different and will require site-specific considerations. In

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<sup>9</sup> <https://dhhs.vic.gov.au/homes-victorians-social-housing-and-homelessness-reform-industry-engagement-calendar>





changing the social structure of defined locations, such as PHRP sites, the effect will also see a flattening of diversity at the scale of the suburb, block and street. The Policy Brief states on this issue:

The spatial scale for any consideration of social mix is the neighbourhood (4,000 – 8,000 people), not small-scale public housing developments or individual apartment blocks. This means the spatial allocation of social, affordable and private housing should be considered at the neighbourhood scale, not the project or redevelopment site scale.

Only at the very intensive scale of the individual sites and buildings, may there be a diversification of tenures – note, that this does not necessarily mean social diversity, but rather tenure diversity. The sites themselves will become more diverse and mixed in terms of income and class, but at other scales the net effect will see less mix when considering the wider neighbourhood assemblage. Income diversity at a suburb or district level will decrease, with less low-income households as a total share of the population.

A baseline must be established in order to measure any change at any scale; without a baseline measure of ‘connectivity’ and ‘vibrancy’ no claims to neighbourhood improvement can ever be evaluated. Assuming that an objective of mix is to bring about a ‘neighbourhood effect’ – as stated in the claim to make PHRP sites more connected and vibrant – whereby residents form new connections and relations across social groups, this assumption must be understood in its effect on local sites and people. The neighbourhood effect is a geographical phenomenon whereby the spatial context – that is, the social make-up of a given location – acts upon and influences how individuals think and act. It assumes that there are preconditioned models for acting in particular ways, and customs of certain groups shape social attitudes.

The lack of definition around the scale of such neighbourhood effects, particularly in the AHURI brief, makes an assumption that positive forms of social mix at the scale of the neighbourhood (4-8,000 people) do not already exist.

The Policy Brief does correctly acknowledge, however, that there is little international and Australian research evidence to support social mix policies, stating:

Despite a vast literature compiled over many years—much of it from the US, UK and Europe—findings are inconclusive on a number of important dimensions relating to improving outcomes for disadvantaged households through social mix.

Many of the mechanisms through which social mix is hypothesised to create benefits for disadvantaged populations are either unproven or their causality remains ambiguous.

The hypothesis that social interaction is enhanced through social mix, is also correctly acknowledged as a fallacy:

The social interaction hypothesis states that having disadvantaged household living closer to higher income advantaged households will lead to meaningful social interactions, which in turn will lead to the low-income households learning to reduce their ‘deviant behaviour’ and improve their employment prospects. ‘However, the empirical evidence consensually shows that such contacts seldom occur’.

Two conclusions are made in the Policy Brief that seem to support the social mix policy directive. Both conclusions are extracted from the abstract of Galster and Friedrichs (2015) introduction to a special issue of *Housing Studies* (academic journal). It is important to note that this is not an empirical article, but rather a review of the European and North American context of social mix at the scale of the neighbourhood. The Policy Brief states:

A first overarching conclusion is that disadvantaged householders are ‘significantly harmed by the presence of sizable disadvantaged groups concentrated in their neighbourhoods.’

A second overarching conclusion is that any improvements for disadvantaged householders due to social mix arise ‘more probably’ at a wider neighbourhood level due to ‘positive role modelling, stronger collective control over disorder and violence, and elimination of geographic stigma’.



It is crucially important to note that these conclusions are based upon different social and geographical contexts to which the PHRP is being implemented and therefore have at most a tenuous link to the Australian context. Additionally, Galster and Friedrichs (2015) propose that it is better to be poor in an affluent area than to be poor in a poor area. This assumption permeates the research cited in the special issue, and also by other AHURI publications on the same issue (Atkinson, 2008). However, the defined area is once again ambiguously defined and seems to relate to suburb and neighbourhood level. Given that the sites of the PHRP are all in gentrified inner-city suburbs of Melbourne with above average levels of educational attainment, income and health, these conclusions cannot be said to relate to the PHRP in particular. Public housing residents in PHRP sites are already 'poor in an affluent area'. At the scale of the neighbourhood, all areas where PHRP sites are located would experience a decline in social mix if the proportion of public housing were to decrease overall.

In reviewing the case for social mix in the PHRP, the following reflections are important to consider given the normalisation and expansion of the social mix philosophy in Australian public housing redevelopments. Firstly, Melbourne's inner-city and middle-suburban public estates do not suffer from severe or profound segregation, and therefore mix policies that are based upon the 'de-ghettoisation' of estates are misplaced. Public estates in Kensington, Carlton, Prahran and PHRP sites in Darebin, Moreland and Yarra, do not suffer from negative neighbourhood effects that are argued to emanate from segregation and the concentration of poverty (Shaw, 2012). As previously discussed, the logic of neighbourhood effects is curiously evident in Australian policy, despite its history as a race-based analysis that is challenged internationally.

Secondly, estates within the current tranche of redevelopments in Melbourne are well-resourced by social services and infrastructure and constitute small islands of low-income residents among increasingly affluent private areas. Melbourne's inner- and middle-suburban estates are small and surrounded by private housing. Public housing blocks already have private households in the immediate neighbourhood surrounds. They all have excellent infrastructure and local services including public transport, pools, schools, libraries, community health centres and sports centres. All have an abundance of public and semi-public spaces ripe for encounter and opportunities for social interaction. Most of the estates are more diverse in culture, religion and ethnicity than that of their surrounds such that the assertion that 'social mix' policies will actually bring about a mix, are misplaced at best.

Additionally, Victoria has an affordable housing crisis much like the rest of Australia and there are close to 40,000 households on the public housing waiting list. The households on public housing estates are not as poverty-stricken as those still on waiting lists and those households in the private rental market. Indeed Lawson et al. (2018) calculate that there are 465,000 private renters in Australia that are income-eligible for social housing provision. Housing for public tenants is subsidised and contains strong support structures, and there are many case studies in the literature of lasting community bonds and social networks that develop in this context of relative adversity (Tyler & Slater, 2018). Rather than disrupting existing communities and dispersing public housing residents to Melbourne's outskirts, well-located public land should be utilised to the greatest possible degree to build more public housing. The disruption of communities with the intent of 'deconcentrating poverty' not only breaks-up existing networks, it also disperses larger households to the urban fringe. Projections that there will need to be an uplift in one-bedroom units, disproportionate to the remainder the stock, does not mean that larger families and their needs are met.

On the redeveloped estates such as Kensington and Carlton, there are fewer children (who are vital in encouraging greater social interactions) and a larger number of white middle-class households who blend in with the surrounding middle-class households (Shaw et al., 2013). New exclusively private housing blocks are still separated from the exclusively public housing blocks. As a commercial decision, developers on the Carlton estate segregated the tenure types, raising questions as to where and how stigmatisation is produced. Jama and Shaw (under review) demonstrate that many public tenants' relationships with their immediate neighbours as they, like private occupants, source friends and relationships at the broader neighbourhood scale.

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## Appendix A: Alternative approaches for the Victorian public housing renewal program

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There are five key arguments against the current public housing renewal program. They can be summarised as follows:

1. *The rationale for public housing estate redevelopments is flawed.* There is no evidence that 'deconcentrating disadvantage' and bringing private residents onto small public estates surrounded by private housing leads to better outcomes for public tenants. This and the resulting social mix is the 'rationale' for the program. We argue the main reason is to finance the necessary upgrades with minimal govt expenditure. This is a problem because:
2. *The development model is unsustainable.* The current program of raising funds for replacement public housing by selling parts of the estates for private housing is a short-term economic fix. What happens when further upgrades are required? This is a version of kicking the can down the road. It is not only not good from a governmental perspective, but the model itself creates problems:
3. *The model involves loss of public housing.* The current model involves a reduction in family units, an increase in single units and, in the two finalised developments so far (Kensington and Carlton) a decrease in public bedrooms overall. Even if a 10 percent increase in bedrooms were enabled, it would still not be enough.
4. *The sale of public land is short-sighted.* The privatisation of land to fund public housing upgrades is a bad deal for taxpayers. Once lost, that land will never be recoverable except at great cost. Well-located public land is a continuing resource, offering potential for on-going initiatives. Limiting future opportunities is not good governance.
5. *If any revenue is to be procured from developing the estates, it should be reinvested into those or other estates.* The use of private developers in the redevelopment means the significant revenues from private housing sales constitute the developers' profits instead of being invested back into social housing. A government or non-profit partner would increase the number of new public units and/or reduce the number of private units necessary to make the project feasible.

This short paper outlines four alternative approaches. They are proposed in the current context of Australia as a wealthy country, with a relatively (globally) stable economy, record high landprices, record low interest rates, and in Victoria, an annual revenue of \$6 billion to the state government in stamp duty alone.

Victoria has a public land developer, Development Victoria. Many housing associations also have development capacity, and work independently and in partnership with governments to deliver housing at lower cost than the private sector by not requiring a profit. Local evidence of successful developments exists with Port Phillip Housing Association's Ashwood-Chadstone estate; the former Yarra Community Housing's developments in Gertrude St Fitzroy; and Community Housing Ltd.'s developments in Craigieburn, Pakenham, Hastings, Point Cook and Ferntree Gully; among others

Public and non-profit organisations can currently borrow at very low rates. The logic of engaging public and/or non-profit developers is clear: they can invest the returns into more social housing and associated services.





The conditions for involving such organisations in social housing developments now are ideal.

Rather than selling public land *and* foregoing potential returns, the following models should be considered:

1. Increase public funding for public housing upgrades and new social housing construction in inner and middle-Melbourne. This funding could be derived from a fixed proportion of stamp duty revenue. This option should not be abandoned.
2. Establish a revenue stream for public housing upgrades and new social housing by constructing build-to-rent market housing on some estates, to be managed by not-for-profit developers. Build to rent is normally owned and managed by the private developer, or in the UK, Canada, Scandinavia and most North West European countries, housing associations. There is no reason why housing associations in Victoria could not gear up for this role.
3. Establish a revenue stream for public housing upgrades and new social housing by building private housing on-site for fixed-term lease rather than sale, the component to be determined by the development economics of the estate. Consider sale of 30-99 year leases, as is routinely practiced in the USA. These wouldn't bring in as much as freehold, but would still provide substantial revenue. Finally:
4. Build private housing for sale, the component to be determined by the development economics, ensuring that the profits are controlled by the government and/or non-profit sector. This should be the option of last resort, but it could operate on the Ashwood-Chadstone (75 percent public: 25 percent private) model.

In Melbourne's privileged inner and middle-suburbs, the amount of social housing on existing estates should be maximised. This would make best use of the city's limited public land assets, and go some way to redressing the lack of affordable housing. Maintenance of the range of services and tenant supports around these estates will ensure that the small concentrations of poverty do not become any more 'problematic' than they are already (recognising that the only way of eliminating 'problems' of poverty is to eliminate poverty).

We are urging the government to engage any or all of these alternative approaches on the nine estates currently proposed for redevelopment. Brunswick West, North Melbourne, Heidelberg Heights, Clifton Hill, Brighton, Prahran, Hawthorn, Northcote and Ascot Vale are among the most valuable estates in Melbourne with the lowest possible risk in their redevelopment. They offer excellent testing grounds for new approaches that, if successful, can be applied to other more difficult estates.

An alliance of housing workers and researchers, public housing tenants, housing associations and peak bodies that advocated these alternatives would be difficult to ignore.

We have a Labor government with a planning minister who knows housing policy well, and a housing minister who knows the community housing sector well. If we can't get a good model up now, specifically encouraging the not-for-profit sector to participate at the very least in a trial, then when?

Thank you for considering. Please contact [kates@unimelb.edu.au](mailto:kates@unimelb.edu.au) with comments.



## Appendix B: Inquiry into the Public Housing Renewal Program terms of reference

1. the adequacy of a proposed 10 per cent increase in public housing (or 1,100 public units) on the sites given the size of the waiting list for public housing;
2. the ability to cater for all demographics including families, couples and singles with the proposed housing mix;
3. the effects on current public housing tenants, including:
  - whether they will be moved to accommodation that is secure, stable and fit for purpose;
  - whether they will be moved to accommodation that is close to existing social support networks, educational, health and welfare services;
  - whether current tenants will be able to return to the estates;
4. the allocation of parts of the sites between the proposed new public and private housing units;
5. the lack of public condition assessments of the estates or alternative options such as refurbishment of all or part of the existing housing units;
6. the proposed significant increase in density and heights and any local environmental impacts, such as the loss of open space and mature vegetation;
7. the removal of planning controls from local councils, and planning implications surrounding communities including existing neighbourhood character, traffic flow and provisions of services;
8. the proposed loss of third party appeal rights;
9. the transparency and genuine community consultation with affected residents, neighbouring communities and the broader Victorian community regarding the short, medium and long term implications of the PHRP model as currently proposed;
10. public housing estates where similar models are envisaged or underway, including —
  - Markham Avenue, Ashburton;
  - Koolkuna Lane, Hampton; and
  - the corner of Stokes Street and Penola Street, Preston;
11. previous Victorian public housing renewal projects, including but not limited to the Kensington, Carlton and Prahran public housing estates;
12. best practice models for the provision of public housing from within Australia and overseas.

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<sup>i</sup> <https://www.parliament.vic.gov.au/lsic/inquiries/inquiry/923>

<sup>ii</sup> <https://theconversation.com/voices-of-residents-missing-in-a-time-of-crisis-for-public-housing-93655>