

The inevitable link between density and disadvantage

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The densification of Australian cities has been heralded as a boon for housing choice and diversity. The up-beat promotion of “the swing to urban living” by one of Australia’s leading developer lobby groups epitomises the rhetoric around this seismic shift in housing. Glossy advertisements of new opportunities for luxury living in our city centres and suburbs adorn the property pages of our newspapers – indeed whole supplements seem to be devoted to this marvellous new way of living. Brochures boasting breathtaking city views from upper storeys, gushing marketing puff about amenity, life style and ‘liveability’ – the later often boasting the benefits of adjacent public infrastructure investments (but please don’t mention ‘value sharing’). Ritzy computer-aided impressions of attractive younger people, occasionally clutching a smiling infant, are

prominently put forward as the image of all thing new, urban and desirable. Long gone are the days when the manifestations of property marketeer’s imaginations were restricted to images of low density master planned estates on the urban fringe. We hardly ever hear about these nowadays.

There is obvious truth in the claims that housing choice and diversity have indeed widened in the last few decades as a result. The statistics clearly show a much greater spread of dwelling options in our cities – with apartments now accounting for 28 per cent of all homes in Sydney and 15 per cent in Melbourne. As the accompanying maps show, while the bulk of recent growth in the apartment stock in Melbourne and Sydney are clearly in and around the inner city, even the more distant suburbs have witnessed an increase in higher density residential development.

For many, the opportunity for urban living in inner city location is clearly a preferred choice for the stage in their life when apartment living in an upcoming and ‘vibrant’ neighbourhood is a real attraction. High density urban renewal has been a boon for hipsters and students alike.

But the issue of choice really needs to be unpacked carefully. For many others, the “swing to urban living” is more a necessity than a positive choice. True, the surge in apartment

building has put a large number of properties onto the market to rent or to buy that are clearly cheaper than houses in the same suburb. From that

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point of view, they have added to the relative affordability of living in these neighbourhoods. However, affordable to whom is an open question – \$850,000 and upwards for a standard two bedder in Waterloo, South Sydney, and \$500,000 or more in Melbourne’s Docklands for a similar property, and rent levels to match, are not exactly a cheap option for anyone on a low income.

But other than in the prestige areas, where higher income down-sizers and *pied a terre* owners can be enticed to buy in some comfort, much of what is being built is straightforward “investor grade product” - flats built to attract the burgeoning investment market. It can be argued that the

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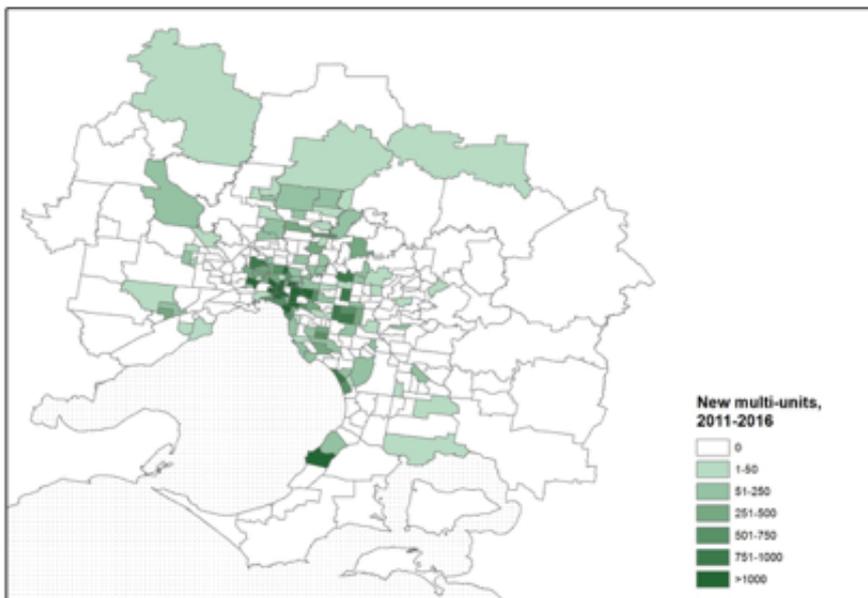
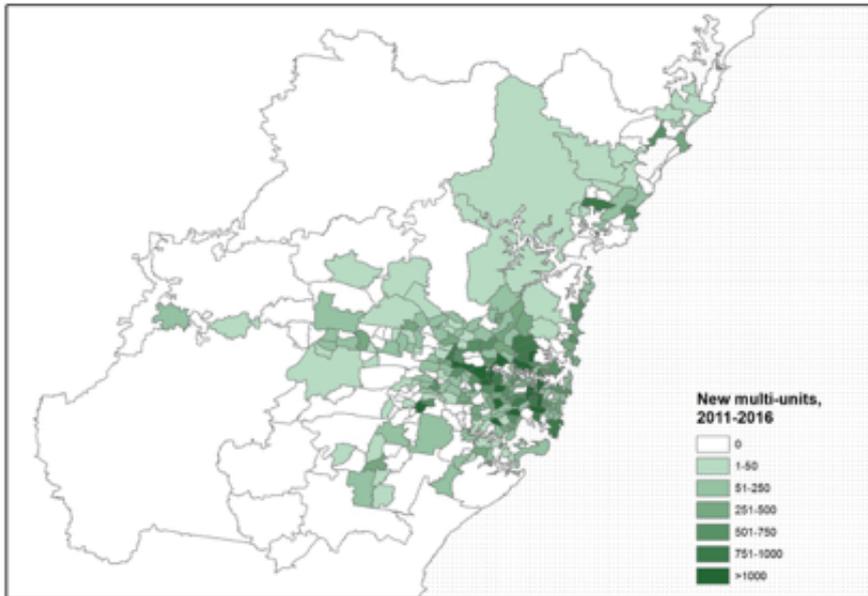


Figure 1:
Change in the number
of flats and apartments, 2011 to 2016,
Melbourne and Sydney
 (ABS Census, both years).

investor has always been a major target of apartment developers, even in the 1960s and 1970s when strata units became common, particularly in Sydney. But it is even more so today.

Despite the clamour to control overseas investors perceived to be flooding into the country, the bulk of investors in the apartment market are home grown. We don't need to rehearse the debates on the factors that have fuelled this splurge, but clearly, the development industry has been savvy to the possibilities of this market. In the last decade, backed by state planning authorities and politicians desperate to claim they have

'solved' housing affordability by letting apartment building rip, developers have moved into this market on an unprecedented scale. The figures bear this out: for the first time, Australia recently built more apartments than houses, and the majority end up for rent.

In the rush, we, the housing consumers, have been offered a motley range of new housing with a series of escalating problems to address. Leaving aside the issue of amateur management by owners' bodies in charge of multi-million dollar assets, problems of short-term holiday lettings and neighbour disputes that turn

sour, there are more serious concerns over build quality, defective materials and fire compliance. A history of deregulation of the building industry – moves toward complying development approval for high rise, self-certification of building components, complex design and non-traditional building methods, relaxation of defect rectification requirements, long chains of sub-contractors, poor oversight by local planners and authorities, and cheap or non-compliant fittings and finishes, plus the rush to get buildings up and sold off, has left the apartment market wide open for poor quality outcomes. Not to mention the fly-by-night 'phoenix' developers who vanish as soon as the last flat is occupied, never to be found when the defects bill come in. The lack of consumer protection in this market is astounding – even the average toaster comes with more consumer protection – at least you can get your money back if the product fails!

These particular chickens will surely come home to roost in lower end of the market that will never attract the wealthy empty nesters or cashed-up professionals with the resources to maintain their buildings in good order. In Melbourne, space and design standards, including windowless bedrooms, have come under critical scrutiny, as has site cramming, with tall apartment blocks cheek-by-jowl in overdeveloped inner-

city precincts. At least NSW has State Environment Planning Policy 65, which provides guidelines for space and amenity standards, and the BASIX environmental standard, prevent the more egregious practices.

But the problems of density are likely to be most felt in the many thousands of new units now adorning precincts around suburban rail stations and town centres, built under the uncertain logic of ‘transport orientated development’, often replacing light industrial or secondary commercial development. They attract a mixed community of lower income renters, many from recently arrived immigrant groups, and marginal home buyers – often first timers. Many have young children – the only option for young families to buy or rent in otherwise unaffordable housing markets. Overall, though, renters predominate.

What will be the trajectory of these blocks, once the immediate gloss wears off and those who can move on do so? You only have to look at the previous generation of suburban walk-up blocks in these areas to find the answer. Far from bastions of gentrification, the large multi-unit apartment building in lower value locations will drift inexorably into the lower reaches of the private rental market – if they are not already there. Town centres like Liverpool, Fairfield, Auburn, Bankstown and Blacktown in Sydney point the way. Indeed, the cracks in the density juggernaut are already showing in many of the more recently built blocks in these areas – literally, in many cases.

The inexorable logic of the market will create suburban concentrations of lower income households on a scale hitherto only experienced in the legacy inner city high-rise public housing estates. With the latter being systematically cleared away, the formation of vertical slums of the future owned by the massed ranks of unaccountable and profit-driven investor landlords is a racing certainty.

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The consequences are all too easy to imagine.

The call for greater regulation of apartment planning, design and construction is now being heard in some quarters – as the 2015 NSW Independent Review of the Building Professionals Act highlighted.¹ But don’t hold your breath for rapid progress. No one wants to kill the goose that’s laying so many golden eggs for the development industry and government alike – especially in inflated stamp duty receipts. The market has a habit of self-regulating on supply, of course, and the current evidence of a marked downturn in apartment building is a clear sign of that. But don’t expect the market to self-regulate on quality, at least with the current highly fragmented, confusing (not least to builders and bureaucrats), under-resourced and largely unpoliced regulatory system that is supposed to oversee such development. The legacy of this entirely avoidable crisis is completely predictable, but will be for future generations to pick up. 🏠

Note: An earlier version of this article was published in *The Conversation*.

¹ Lambert, M. (2015) *Independent Review of the Building Professionals Act 2005*, NSW Government.

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