

Meeting current and future needs of lower-income apartment residents in Australia



Based on AHURI Final Report No. 329: Improving outcomes for apartment residents and neighbourhoods

What this research is about

This research provides new information about the characteristics of lower income apartment residents and the places where they live. It discusses how well apartment developments meet the needs of this group and considers how future developments can best provide for the wellbeing, community and affordability needs of lower income residents at both the building and neighbourhood scale.

The context of this research

In Australia, 10 per cent of the population lives in an apartment; 85 per cent of apartment residents live in capital cities; and 39 per cent of households living in high-density apartments are lower income households. There are identifiable lower income apartment resident submarkets in Australian cities.

The key findings

The experience of apartment living for lower income residents is influenced by planning and infrastructure provision; urban design; building design and management; neighbourhood amenities and facilities; and ongoing place management and community engagement.

Who are lower income high-density apartment residents?

Lower income high-density apartment residents have household incomes in the bottom 40 per cent of household income Australia-wide (less than \$1,499 per week in 2016) and live in apartment buildings of four or more storeys. Compared to higher income apartment residents or households living in other dwelling types, they are more likely to have been born overseas; live in lone-person households; be unemployed or not in the labour force; and be renting their homes. They have a very diverse resident profile and include households with children (32% of lower income high-density residents), owner-occupied households (31%), and Australian-born residents (44% born in Oceania).

The research identified various types of lower income households in apartment dwellings. In Sydney the key groups include:

- international students and millennial renters;
- older single public housing tenants;
- working migrant families;
- older homeowners; and
- Anglo-European migrants.

Around 33 per cent of Sydney lower income apartment households were homeowners or buyers.

In Melbourne, key groups include:

- international students and millennials;
- migrant families in public housing;
- lower income workers in private housing; and
- retiree homeowners and public renters.

Around 20 per cent of Melbourne lower income apartment households were homeowners.

In Brisbane, Adelaide, Perth and the ACT, around 28 per cent of lower income apartment households were homeowners; in Darwin this is around 24 per cent, and in Hobart only 17 percent were homeowners.

Challenges for lower income apartment residents

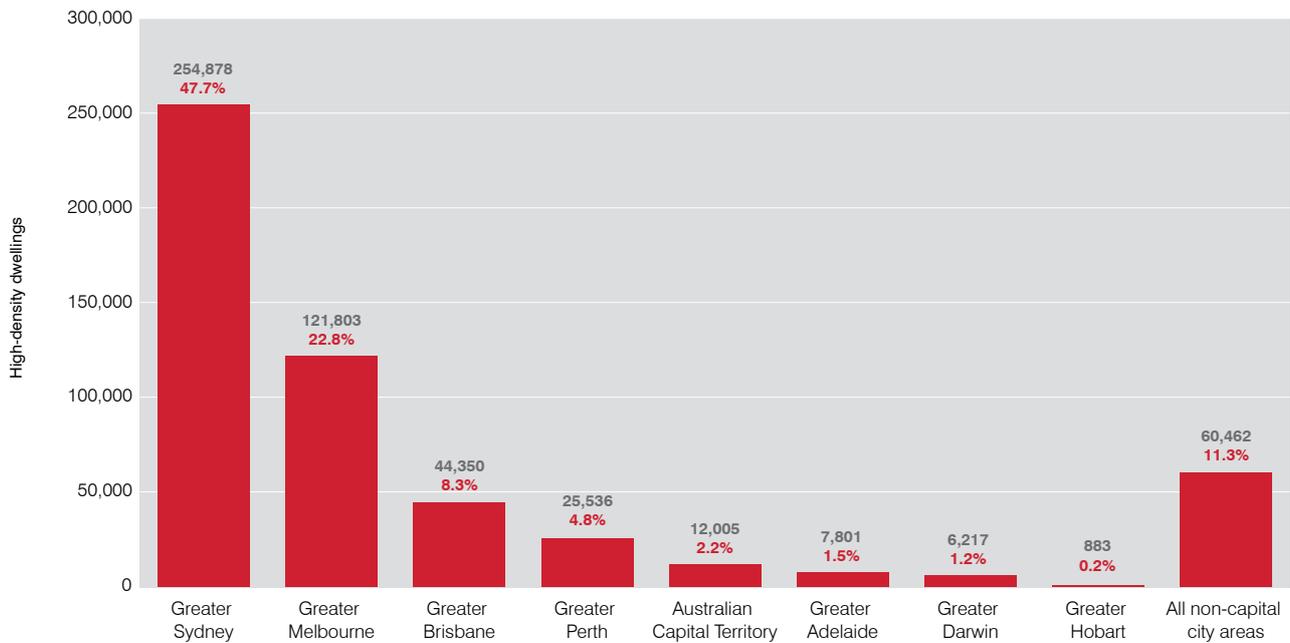
Lower income residents often have less choice and influence over the housing or location in which they live, and fewer resources available to respond to challenges that arise. Findings highlight the central importance of public infrastructure for lower income residents—especially open space, libraries and community centres. Support for ‘soft’ infrastructure, like community engagement programs and community-led activities, was also important.

In the high-density areas studied, infrastructure outcomes were uneven, creating an equity issue where lower income residents have a different quality of life, even within the same local government area. An important reason for these uneven outcomes is the insufficiency and insecurity of current public infrastructure funding mechanisms.

What is high-density housing?

This research project focuses on ‘high-density’ housing, which is defined as buildings of four or more storeys. The below graph shows the distribution of high-density dwellings across Australia’s capital cities. Around half are located in Greater Sydney, which has two times more than Melbourne. Together, over 70 per cent of Australia’s high-density dwellings are found in these two cities. The decision to focus on case studies in Sydney and Melbourne in this research reflects the scale of the difference in the size of these high-density markets compared with the rest of the country.

High-density (4+ storeys) dwellings by capital city, 2016



Source: Page 24, AHURI Final Report No. 329.

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Case study findings

Two case studies in each of Sydney and Melbourne provide an interesting comparison in terms of the location of apartment stock, with Sydney's apartments spread across the metropolitan area, while Melbourne's apartments are more concentrated in the central city and inner suburbs.

Sydney case studies

Nearly half of all high-density dwellings in Australia are concentrated in Sydney, and lower income households make up 35 per cent of high-density apartment residents.

Upper Strathfield, Canada Bay LGA 227 lower income households

This case study highlights the problems with relying on developer contributions to fund public infrastructure, as the realisation of public benefit depends on the decision of private companies. The failure to develop empty building sites resulted in insufficient developer contributions to pay for planned public infrastructure in the area.

The location of the completed apartment buildings hard up against Parramatta Road—a major arterial—creates issues with noise, pollution and walkability. The lack of private facilities in these buildings—for example, communal spaces and open spaces—compounds the problems of lack of public infrastructure in the precinct.

Rhodes West, Canada Bay LGA 833 lower income households

Planning the 43-hectare site as a single entity seems to have made it easier to achieve visual and physical coherence and ensure an orderly development process, as well as to justify the need for more significant community infrastructure. Importantly, having only a small number of landowners to deal with likely made it easier for the council to successfully negotiate a plan to increase density in exchange for more community infrastructure.

One remaining challenge is the potential for conflict over the use of public space, particularly along the foreshore. This will be a challenge faced by all high-density areas, especially as densities increase. Identifying strategies to mitigate these conflicts will be important for lower income residents, who rely disproportionately on the use of these spaces, as they often have less private recreational space available to them.

Ultimately, the differences between the two case-study precincts highlight an equity issue—which is particularly striking given both precincts are within the one LGA. While many parties have contributed to the different outcomes—including developers, local and state government, and the local community—the result is a notably different quality of life in the two areas, even though lower income residents live in both precincts. The inequity of these outcomes highlights why improved policy responses, applied consistently across cities, are greatly needed.

Melbourne case studies

In Melbourne, lower income households make up 46 per cent of high-density apartment residents.

Carlton North, City of Melbourne LGA 528 lower income households

While the residents interviewed were generally satisfied with the neighbourhood services and amenity (particularly the upgraded parks and the local community centre), the quality of available housing was often poor, with challenges including overcrowding, inadequate building facilities and poor building management.

At the neighbourhood level, commercial gentrification was evident, with lower income residents needing to leave the area to shop affordably. Similarly, the private retirement housing in the precinct is unlikely to be affordable for lower income residents—meaning their capacity to stay in the neighbourhood long-term is likely to depend on the appropriateness (and availability) of public housing. Even in a neighbourhood where much of the housing is specifically targeted at lower income residents, pressures from gentrification and redevelopment are still present. Similar pressures face the local community service providers, with ongoing funding streams uncertain or unavailable, despite the clear value these services provide for lower income and migrant residents.

South Carlton, City of Melbourne LGA 914 lower income households

South Carlton is an area in transition, where strong neighbourhood attributes (proximity to the CBD, transport accessibility, and a diversity of land uses) are serving as a catalyst for change. These change processes are being driven both by the government, through rezoning, and the private market through redevelopment.

It seems highly likely that lower income residents will struggle to remain in the precinct as redevelopment proceeds, and older, poor quality housing stock is replaced by high quality, market-rate apartments. This outcome, even in an area with a dedicated housing policy that acknowledges the needs of lower income residents, highlights a key reason why high-density housing in Australian cities often fails to meet the needs of lower income residents—under the current market-led system, it is simply not being built for them.

In both Melbourne case study precincts, the most pressing issue facing lower income residents was the ongoing availability of affordable housing, given the existing affordability pressures and the redevelopment plans afoot.

Key learnings from case studies

In the four case studies there were notable differences in the outcomes of urban redevelopment that was coordinated and redevelopment that was ad hoc. However, in both scenarios there was a common theme of the difficulty in securing funding (both the needed amount and the timing of it being available) for necessary infrastructure. This was particularly the case when tied to developer contributions or voluntary/negotiated agreements with private developers.

The requirement that planning authorities to ensure developments were both publicly beneficial and privately profitable is challenging to satisfy. While there was evidence of positive development outcomes, there was also evidence of speculative activity, inflated property values and associated displacement, and developers overpaying for land then reducing quality to recoup costs. There is clearly value in flexible planning controls, but ongoing changes in policy settings was generally detrimental.

All four case studies highlight the fundamental importance placed on local community facilities and spaces—libraries, community centres, parks—that were accessible to those on lower incomes (as residents were less likely to be able to afford to use other spaces such as cafes). The effect that high levels of visual and recreational amenity can have on people's wellbeing and satisfaction with their neighbourhood was clearly evident.

What this research means for policy makers

Failure to address the needs of lower income high-density residents risks undermining the prosperity and cohesion of Australian cities in future years. Improving outcomes for lower income apartment residents will require shifting current priorities in both policy making and practice. These changes range from relatively simple interventions to proposals requiring significant buy-in from both the private and public sectors.

Coordination across levels of government is complex but essential. Despite the challenges involved, quality outcomes can be achieved when local and state government are meaningfully engaged and have well-defined roles.

Local government areas undergoing densification will need more funding to provide the necessary infrastructure to cater for all residents; developer contributions and voluntary agreements are too uncertain to ensure good results on their own.

There is much room for further innovation in both the design and management of high-density buildings to improve quality of life for residents, including designing more useful shared spaces and clarifying shared responsibilities. Lower income residents often live in buildings with few shared spaces so that many public shared spaces in their neighbourhoods are at risk of overuse. These challenges point to the need for new design and management approaches to ensure the private and public shared spaces in high-density neighbourhoods complement each other effectively.

Planning that enables flexibility to meet the needs of future changes in apartment-resident profiles also needs to be a policy priority, including the needs of families with children, older people, pets and extended families—along with part-time visiting family members.

Methodology

This research reviewed Census data and strata title registration data to provide a descriptive analysis of lower income apartment households, focusing on Sydney and Melbourne. It also includes four case studies involving interviews, focus groups and site visits.

TO CITE THE AHURI RESEARCH, PLEASE REFER TO:

Easthope, H., Crommelin, L., Troy, L., Davison, G., Nethercote, M., Foster, S., van den Nouweland, R., Kleeman, A., Randolph, B., and Horne, R. (2020) *Improving outcomes for apartment residents and neighbourhoods*, AHURI Final Report 329, Australian Housing and Urban Research Institute Limited, Melbourne.



Available from the AHURI website at ahuri.edu.au/research/final-reports/329

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