

***CITYFUTUREs**

Socially Sustainable Urban Renewal UNSW f|b|e **Delivering more than numbers**

Bill Randolph, Jack Barton, Ray Bunker, Bruce Judd,
Simon Pinnegar, Kristian Ruming and Andy Tice with Richard Cardew

City Futures Research Centre
Faculty of the Built Environment UNSW

Socially Sustainable Urban Renewal: Delivering more than numbers

*
CITYFUTUREs



- ARC Linkage grant – co-funded by Auburn, Bankstown, Fairfield and Penrith Councils, WSROC and Housing NSW
- Focus: Low value residential suburbs and centres
- Context: Sydney Metropolitan Strategy – *A City of Cities and targets for higher density urban renewal*
- 5 Local Case Study Sites
 - sites selected with partners to pick up a range of densities, scenarios
 - quantitative and qualitative research
 - spoke to LGA officials, planning consultants, local developers, real estate agents
- Exploring the market/planning interface
 - how will socially inclusive and sustainable (i.e. affordable) renewal be delivered in a low value market?
 - How can better urban design outcomes be facilitated through renewal activity?
- Suggesting policy settings for sustainable suburban renewal

Sydney Metropolitan Strategy

2005: *A City of Cities*

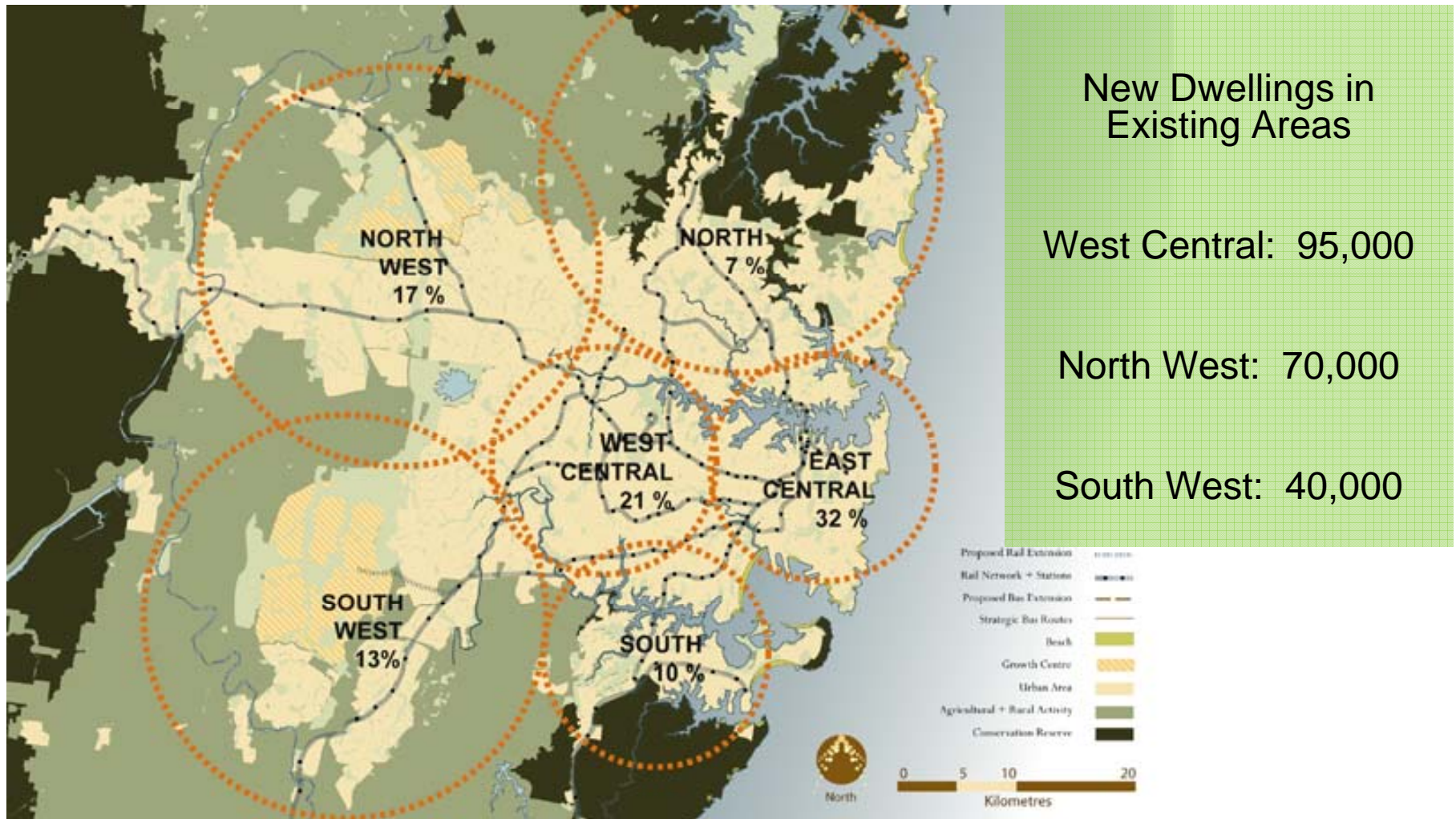
*
CITYFUTUREs



- Of the **640,000 new dwellings** to be constructed to 2031, only 30% will be located on greenfield sites, with the remaining (**450,000**) in existing urban areas
 - Gross or net? Need to account for the stock that may need to be redeveloped in the process
 - Capacity estimates based upon redeveloping to maximum provision by zoning?
- The development, timing and style of development will essentially be **market led**, facilitated through higher density zoning surrounding defined activity centres
- Much will depend on developing brownfield sites, opportunities tied to existing land assets e.g. through public housing estate renewal, **but much will focus on the renewal of existing residential stock**
- **But how the market will deliver** – when, where, and for whom?

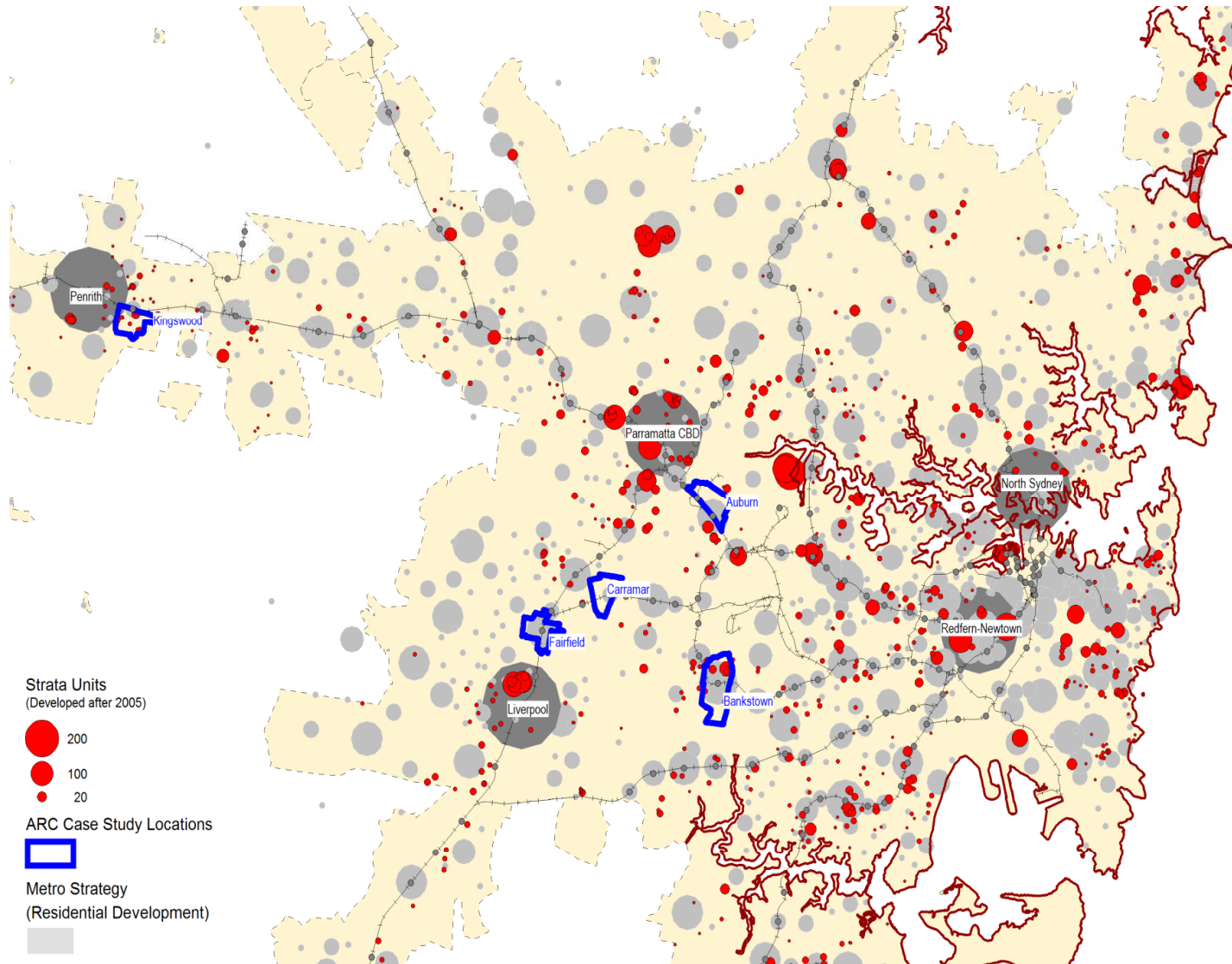
Sub-regional shares of the 640,000 new dwelling targets

* CITYFUTURES



Strata development post-2005 in Metrix Centres

***CITYFUTUREs**



**Post 2005
development
Strata Units
Developed 7,722
Within METRIX
Locations 4,858
= 63%
Target 2006-2031
= 82%**

Smaller town/village centres will take the strain

*CITYFUTUREs



Centre typology	Brief descriptor	Example centre	Additional dwellings	% of total additional dwellings
Global city, regional cities and specialised centres	Focus for national/ international activity; Full range of business, governmental, retail, recreation, entertainment	Sydney City, Parramatta, Liverpool, Penrith	90,000	20%
Major centres	Shopping and business centre for surrounding area – minimum 8000 jobs	Strathfield, Burwood	45,000	10%
Town centres, villages, neighbourhood centres	From large group of shops and services down to a small cluster with schools, public transport	Cabramatta, Auburn	230,000	52%
Suburban areas (not near centres)			80,000	18%
Total additional dwellings by 2031			445,000	100%



- Accounts for a large proportion because many more centres at this level in the hierarchy
- Arguably demonstrate more diversity, more complex challenges, less obvious opportunities
- Current tool kits and models struggle: how to tackle the likes of Cabramatta or Kingwood less understood than, say, Parramatta
- In *City of Cities*, these smaller centres seen as providing greater potential for adding numbers across a range of densities
 - foster vibrant and successful places
 - improving housing mix
 - improving design quality
 - optimising use of existing services
 - strengthening local economy
- But linking aims with broader social inclusion, sustainability and housing affordability debates are not effectively brought together in the Strategy

The renewal conundrum: displacement vs market feasibility

*
CITYFUTUREs

- *We are aware socially that [Case Study Area] is not doing that well in many respects, although there are a lot of newcomers to the community ... it is where people first arrive [in Australia]... we are looking at ways that we can retain that.*
- *Council have always said that they are very proud of the population that we have ... There has never been a strategy or plan to fast-track gentrification or anything like that.*
- **Planners** note value of diversity and provision of relatively affordable housing in these areas
- **Developers** noted importance of encouraging social mix so areas are not dominated by renters, and are more attractive to a wider market.
- The challenge is getting the balance right between encouraging people to move into the area, but needing to avoid fuelling further affordability problems and displacement

Bridging the *Renewal Gap*: What are the Barriers?

*CITYFUTUREs



Strata Renewal.....

- *But a lot of flats buildings are from the 60s and 70s and badly designed. I doubt you can knock them down, because what would you do if you gave them a higher height? The sites are too narrow. (Council Officer)*
- *Almost all of it is strata-ed [sic]. But the stuff that is strata-ed is almost impossible to redevelop. (Council Officer)*

..... Site Amalgamation

- *[Site] consolidation is the biggest pain that you get. (Planning Consultant)*
- *What you will find is [developers] want to buy it all at once. They don't want go and buy one and sit on it. A lot of my more successful clients will buy it all in one hit, they won't buy one block and wait, buy another block and wait. (Planning Consultant)*

Bridging the *Renewal Gap*: What are the Barriers?

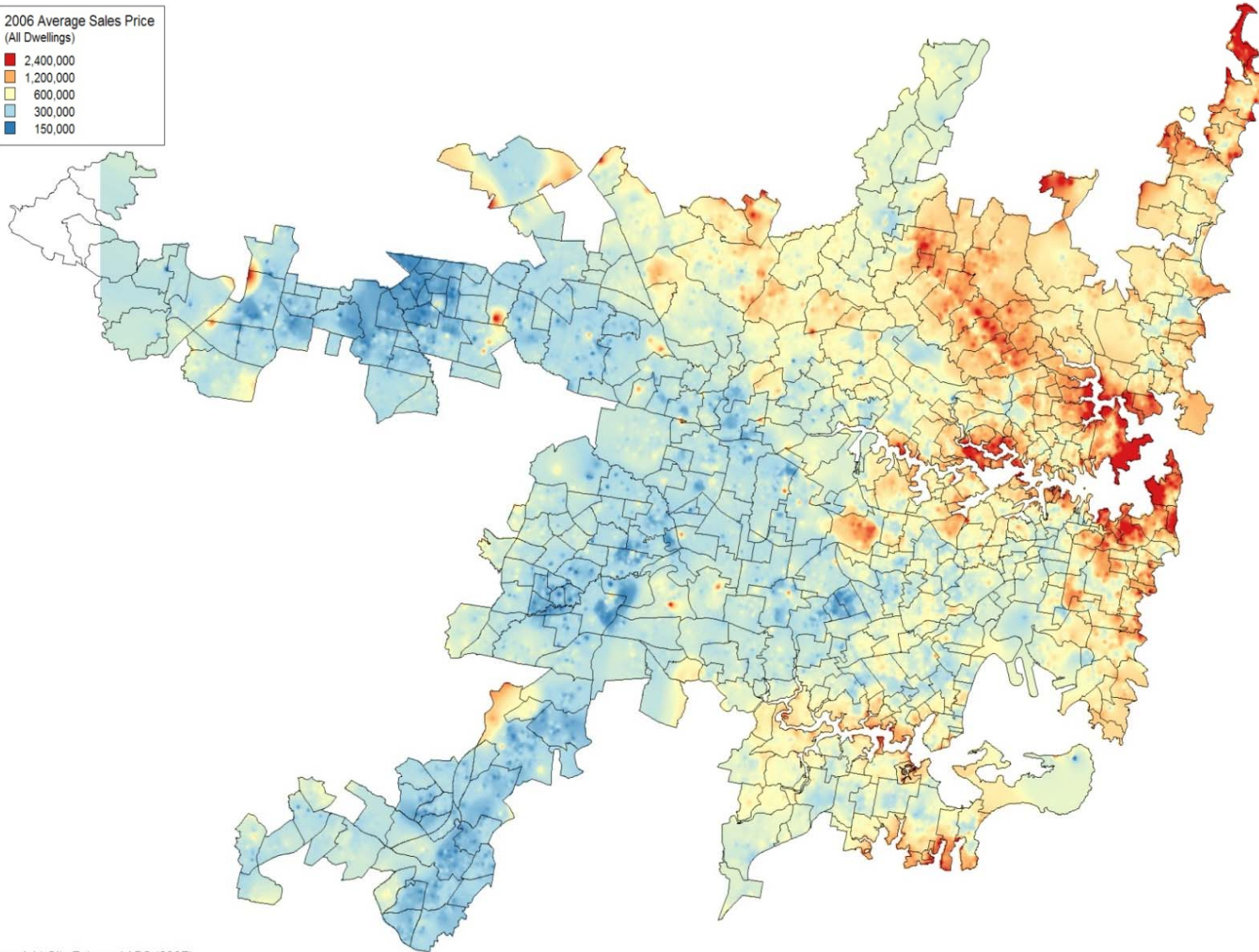
*
CITYFUTUREs

BUT the basic issue is land value – and mismatch with what the market needs and can afford

- It's very difficult for new development to compete with existing stock
- *Why would people buy a new villa for \$330,000 when they can buy [the house] next door for \$238,000?*
- *You have land costs, development costs, holding costs and you need to sell the units for more than \$350k, but you can buy the original house for \$240k. That is the scenario.*
- *The typical developers are working to not much. They would love to put 30% on a project, but I don't think that you can achieve that. If you are getting 10% you are lucky. It is difficult to make a project stack up.*

Why? – Sydney, the Divided City: Property price gradient (2006)

***CITYFUTURES**

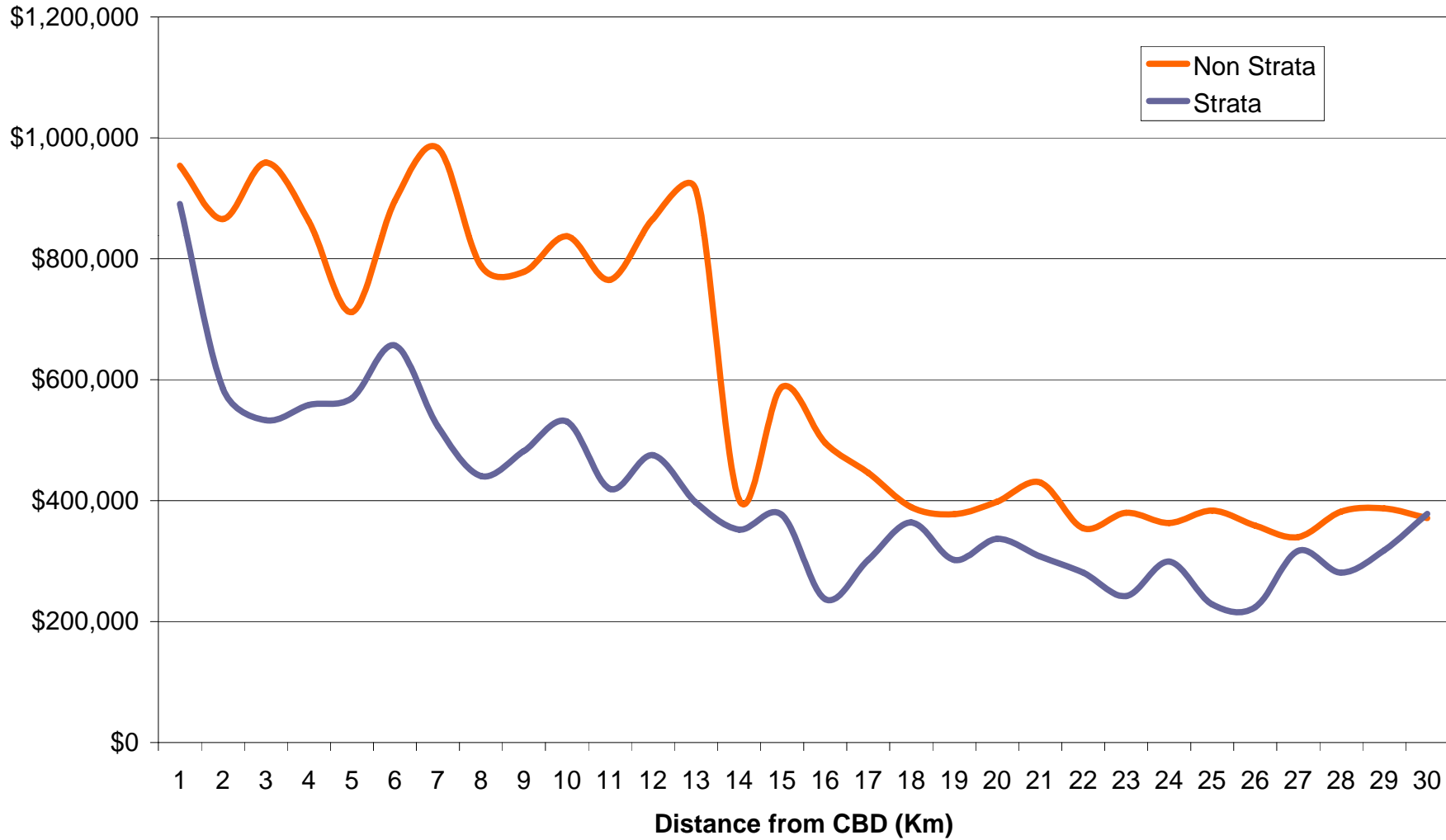


Copyright City Futures / ABS (2007)

www.cityfutures.net.au

The Property Price Precipice: Sydney CBD to Fairfield Fringe average sales price (2006/7)

* CITYFUTUREs

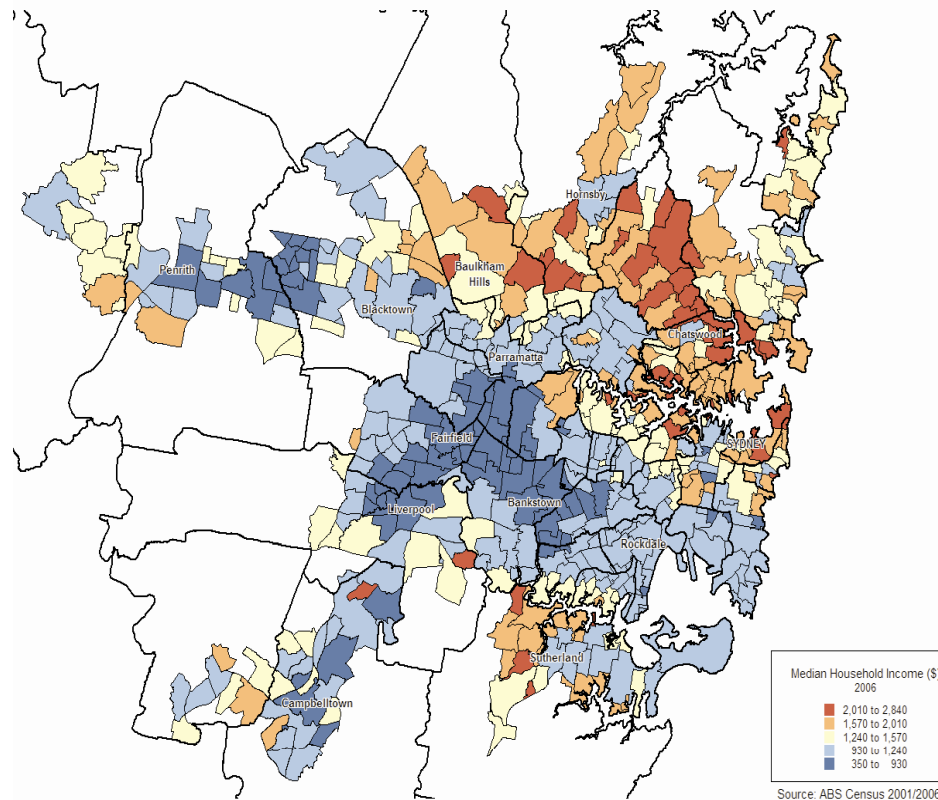


Income polarisation – demand gap affects residential prices in Western Sydney

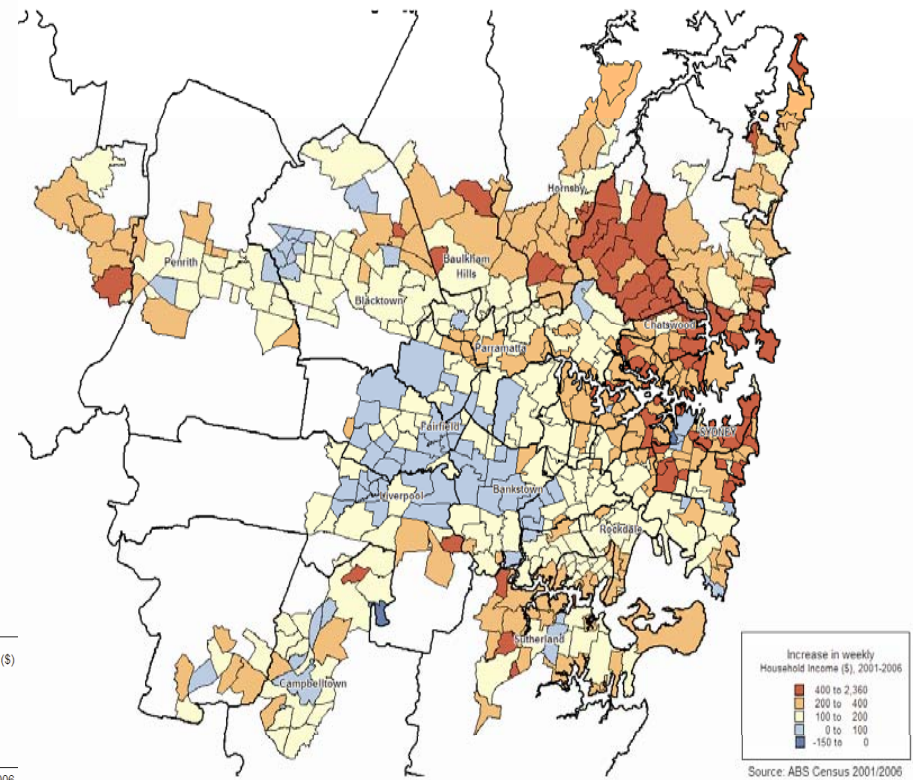
* CITYFUTUREs



Median household income levels by suburb, Sydney 2006



% Change in median household income levels by suburb, Sydney 2001-2006



Bankstown Renewal Potential: Targeted higher density in a typical suburb



© 2007 Europa Technologies

Image © 2007 DigitalGlobe

© 2005 Google

Pointer 33°54'52.44" S 151°01'50.40" E elev 94 ft

Streaming 100%

Eye alt 992 ft



Bankstown Renewal Potential

*CITYFUTUREs

What can the market deliver under current settings?

Zoning = 2b			
Estimated Purchase Price	\$550,000	\$550,000	\$1,100,000
Lot_area (m2)	593	589	1182



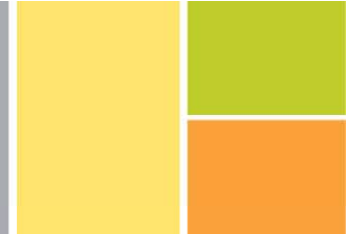
Bankstown Renewal Potential

***CITYFUTUREs**



**What the developers say they could do.....
.....or not (in late 2007)**

Developer profit	
Zoning	2b
Address	
Site Size	1182
Total Site cost	1,100,000
Type of Dwelling	Townhouse
Number of Dwellings	5
Land cost per site	220000
Cost of construction per dwelling	200000
Cost of site per dwelling	420000
Developer charges per dwelling	20000
Cost = land/construction/contributions	440000
Expected sales price	391000
Net position per dwelling	-49000.00
Net position total development	-245000.00
Developer premium (%)	-11.136

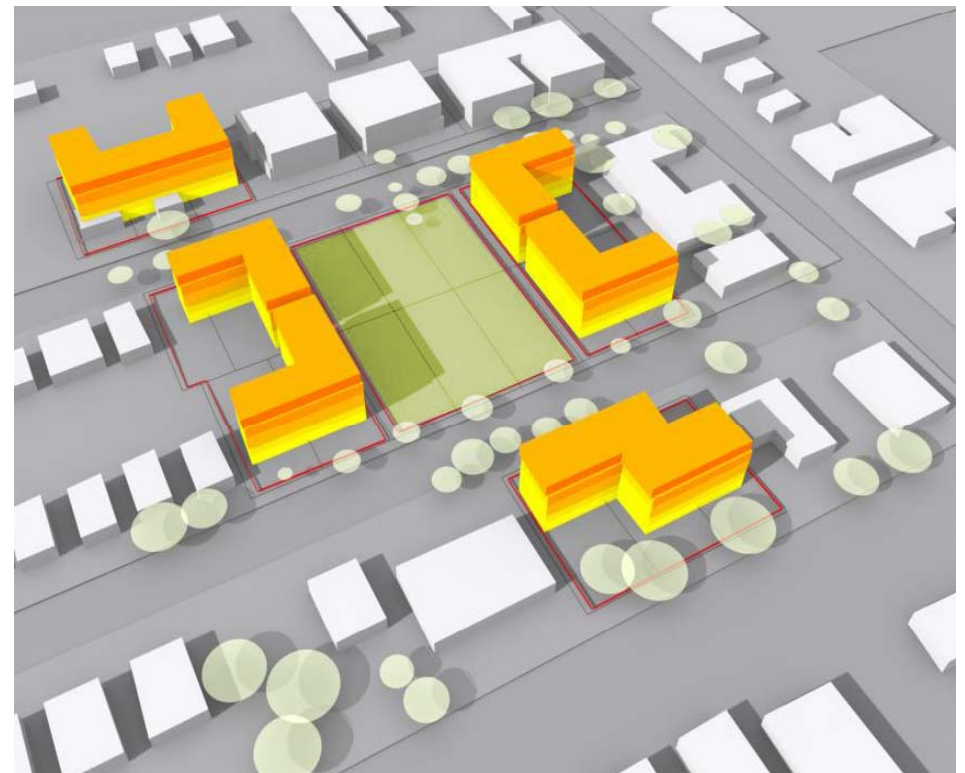


Social Sustainability: Good Design Applying Best Practice Footprint (SEPP 65 Principles)

Existing Massing



Best Practice Massing



Social Sustainability: Dwelling Mix

Renewal Capacity

Existing = 24 dwellings

Total Development:

1 Bed: 51 Units

2 Bed: 80 Units

3 Bed: 33 Units

Total: 164 dwellings

Net gain = 141 dwellings



Cabramatta Renewal Potential: Renewing strata





Cabramatta Renewal Potential

*CITYFUTUREs



What can the market deliver under current settings?

Zoning = 2b	
Estimated Purchase Price (12 units)	\$200,000 (recent) = \$2.4mill
Lot_area (m2)	1633





What the developers say they could do.....or not (in late 2007)

Developer profit	
Zoning	Residential B
Address
Site Size	1633
Total Site cost	2400000
Type of Dwelling	Unit
Number of Dwellings	13
Land cost per site	184615
Cost of construction per dwelling	140000
Cost of site per dwelling	324615
Developer charges per dwelling	20000
Cost = land/construction/contributions	344615
Expected sales price	210000
Net position per dwelling	-134615.38
Net position total development	-1750000.00
Developer premium (%)	-39.063

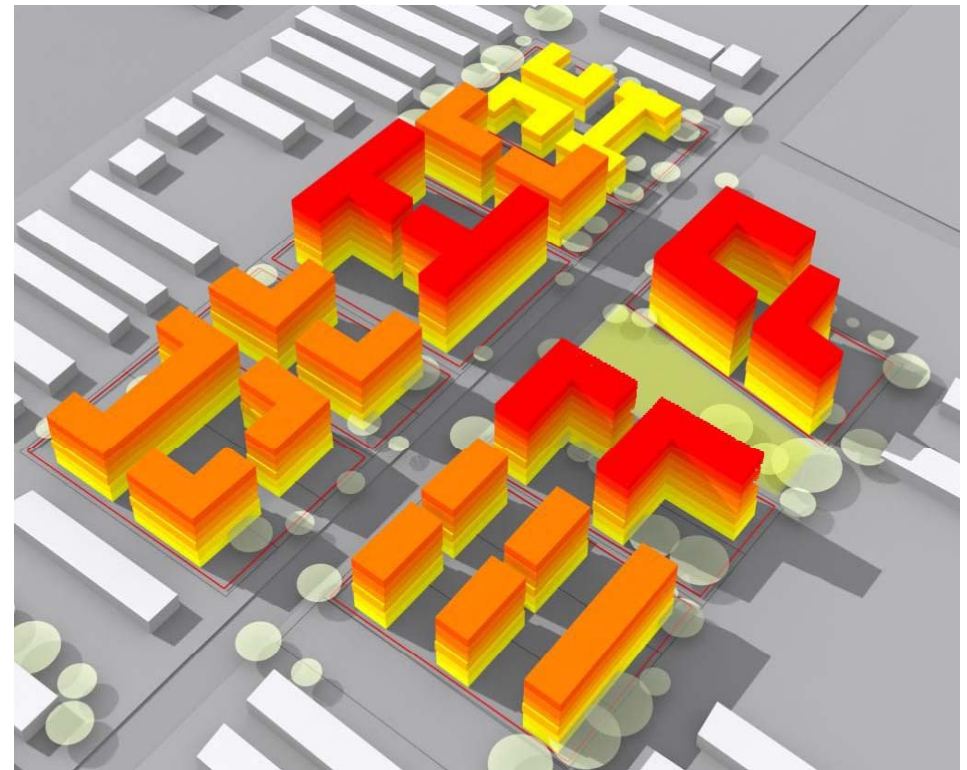


Social Sustainability: Good Design Applying Best Practice Footprint (SEPP 65 Principles)

Existing Massing



Best Practice Massing



Social Sustainability: Dwelling Mix

Renewal Capacity

Existing = 218 dwellings

Total Development:

1 Bed: 213 Units

2 Bed: 333 Units

3 Bed: 139 Units

Total: 684 dwellings

Net gain = 466 dwellings



Design – An essential component

*CITYFUTUREs



www.cityfutures.net.au

Social Sustainability: Affordability

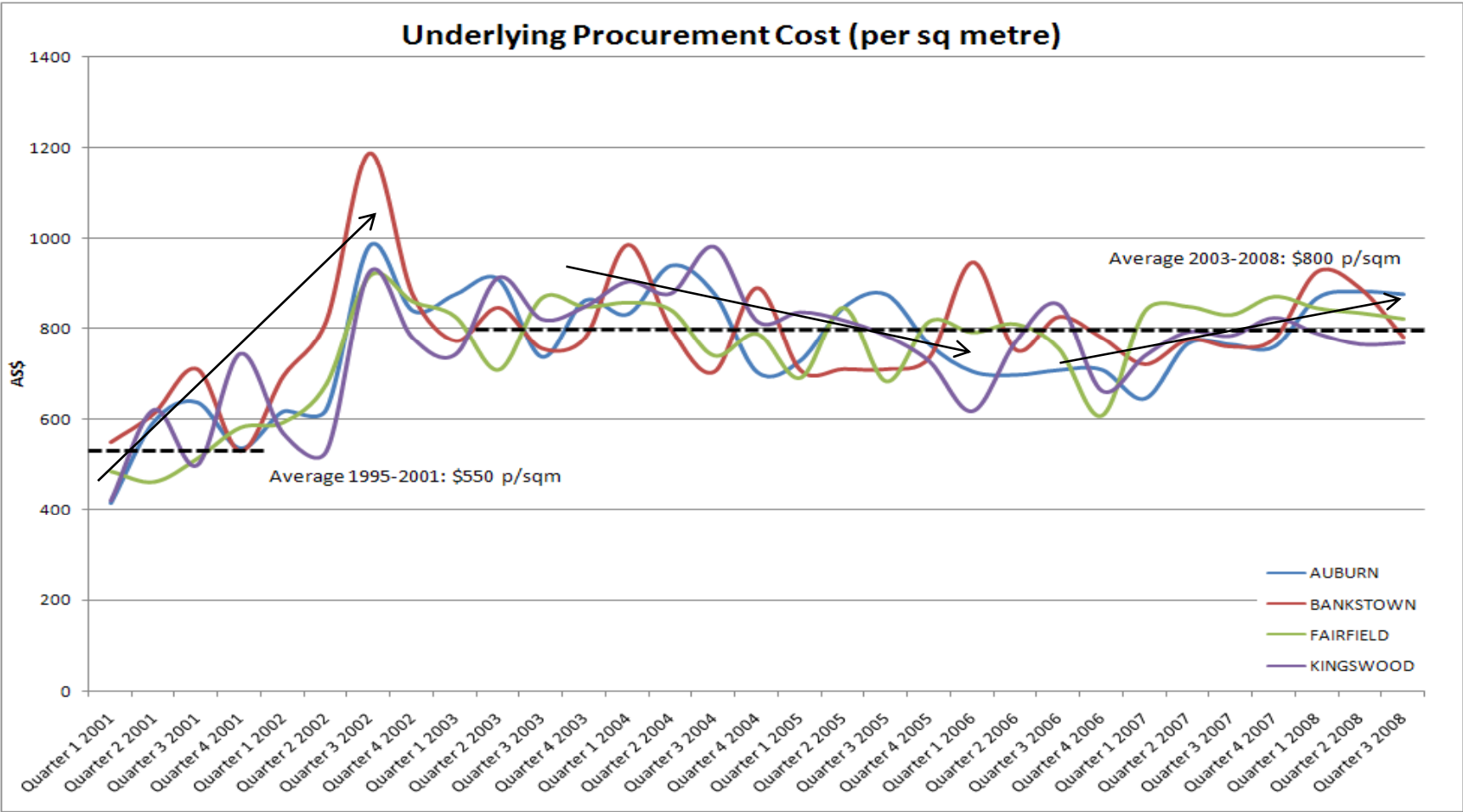
- **Two Factors in the housing affordability problem:**
 - Relative income decline amongst key purchaser groups
 - Underlying Land Prices stagnant
- **Data modeling to assess these issues**
 - **Income Projections from Census** for two target groups – young family buyers and single renters in the region
 - **Land Price Values:** Non-Strata Lots, the modelled price per sq metre derived from one years worth of sale in each LGA

Land values across the case study locations

* CITYFUTUREs

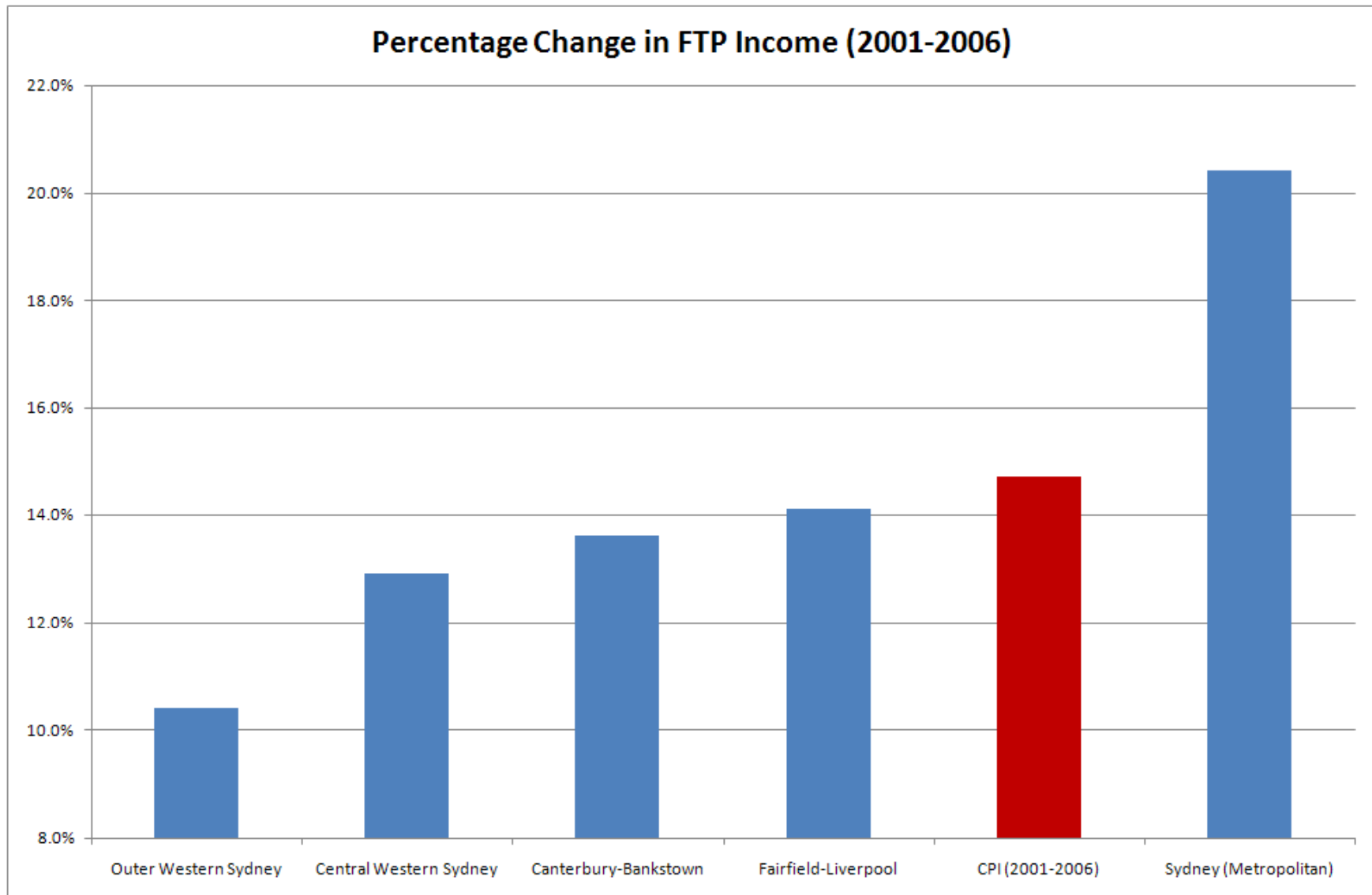


Whilst substantially lower than market peak the underlying value has stayed around \$800 psqm for the last 5 years



Income polarisation in Sydney: How the case study areas have lagged behind

***CITYFUTUREs**



Modeled Development Price Points (2008)

Location	Modeled Market Price		
	1 Bed	2 Bed	3 Bed
Bankstown	\$185,000	\$284,000	\$399,000
Cabramatta	\$205,502	\$316,803	\$446,654



Additional household income required for affordable purchase and rental @ 30% income

<i>Affordable Market Purchase</i>		1 Bed	2 Bed	3 Bed
Bankstown	Young Family		+17%	+36%
	Single Renter	+20%		
Cabramatta	Young Family		+11%	+27%
	Single Renter	+20%		

<i>Affordable Market Rental</i>		1 Bed	2 Bed	3 Bed
Bankstown	Young Family		+3%	+16%
	Single Renter	+5%		
Cabramatta	Young Family		-2%	+10%
	Single Renter	+5%		

Basic requirements for socially inclusive higher density renewal in the West

- ***Plan for communities and people, not numbers*** – Higher density communities cannot afford to be polarised. That means real social mix and balance for *long term* residents, children and older people as well. Is the industry geared to deliver this?
- ***Planning for higher densities must recognise the social diversity of lower value locations*** – not result in another set of socially exclusionary outcomes
- ***Building design quality and dwelling mix*** – hold the key to successful higher density renewal– but this is far from assured in middle Sydney locations
- ***Housing affordability*** – to retain local communities, but how can this be achieved in these locations?
- ***Nothing much in City of Cities or subsequent pronouncements suggests a social inclusion agenda is intended – no obvious links to housing policy or social policies - but the context for renewal is changing***

New Frameworks for Renewal?

- **Based on social inclusion and sustainability principles – good urban design, balanced dwelling mix and affordability**
- **Renewal Master Planning:** to set the vision, coordinate consolidation of sites and plan for adequate infrastructure provision (hard and soft)
- **More flexible local planning frameworks:** mixed densities, mixed tenure, mixed community outcomes, 30% family homes, Universal Design for all ages/capacities
- **Locally determined and integrated neighbourhood planning** will be needed – not broad brush permissive rezoning. We will need more and better local planning, not less, and more empowered and interventionist local planning to identify problems and assist in solving them
- **‘Switched On’ Planning** – careful phasing of centres ready for renewal
- **Managed approach to strata buy-outs and site assembly :**
‘Inclusive Acquisition’ at fair value or profit share plus local re-housing opportunities

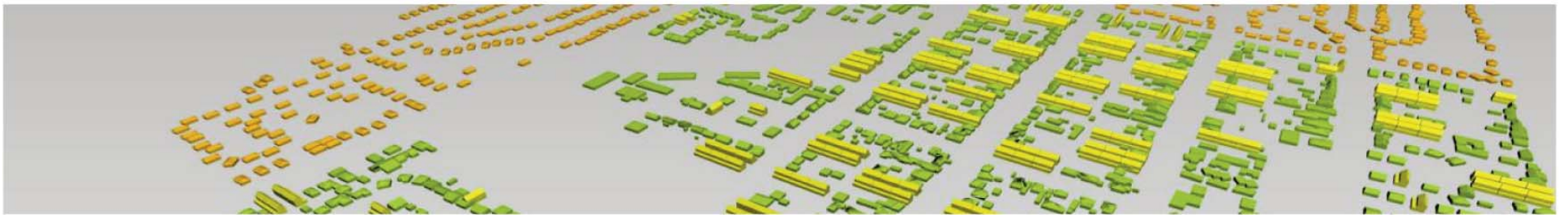
New Delivery Methods?

- **Urban Renewal Partnerships:** public, private and non-profits; locally accountable with performance criteria and expectations
- **Housing renewal via Local Housing Companies** in partnership with private sector
- **Site amalgamation program via Landcom** or similar agency
- **BUT land retained in long term community ownership** and long leased for development) via **Community Land Trusts**
- **Retained Affordable Housing component (25% minimum):** Funded through
 - **Targeted subsidies** (NRAS,HAF) via Community non-profit housing providers
 - **Creative use of public land assets:** valued as social not financial assets
 - **Tax and rating concessions and planning agreement bonuses** for development proposals compliant with Master Plan principles
 - **Private lending** or equity inputs from partner agencies
- **All development proposals compliant with Master Plan criteria**

Socially Sustainable Urban Renewal

How can we deliver the numbers?

*CITYFUTUREs



www.cityfutures.net.au

City Futures Research Centre