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Explanation of intended effect (EIE) for a Design and Place SEPP

AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE

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About AHURI

As the only organisation in Australia dedicated exclusively to housing, homelessness, cities and related urban research, AHURI is a unique venture. Through our national network of university research partners, we undertake research leading to the advancement of knowledge on key policy and practice issues.

AHURI research informs the decision-making of all levels of government, non-government sectors (both private and not-for-profit), peak organisations and the community, and stimulates debate in the media and the broader Australian community.

Our mission is to inform and impact better housing, homelessness, cities and related urban outcomes through the delivery and dissemination of relevant and authoritative research. To achieve this mission we deliver four key programs.

National Housing Research Program

AHURI's National Housing Research Program (NHRP) invests around \$4 million each year in high quality policy-oriented housing research and associated activities. We broker engagement between policy makers, key stakeholders and researchers. This allows us to undertake research that is immediately relevant and actively contributes to national housing policy development.

Our network of university research partners conducts research on key policy issues utilising a variety of research activities. This ensures the flexibility to undertake longer-term projects when fundamental research is needed, while also responding quickly to new strategic policy issues as they arise.

Australian Cities Research Program

AHURI is actively broadening its scope to consider the role, functioning and policy questions facing Australian cities. We are enhancing our significant evidence base on housing and homelessness policy and solutions, and consolidating our role in delivering integrated and robust evidence to guide policy development. We are investing in and developing partnerships for an Australian Cities Research Program. AHURI is working with governments and relevant stakeholders to expand our role in delivering research that informs urban policy and the shaping of cities in Australia.

Professional Services

AHURI Professional Services draws on our in-depth understanding of housing, homelessness, cities and urban policy and the expertise of AHURI's national network of Research Centres. We deliver evidence reviews and synthesis, policy engagement and transfer, and are experts in research management and brokerage.

Conferences, events and engagement

Our conferences, events and communications stimulate professional and public dialogue. We disseminate research in innovative ways and engage with government, private, not-for-profit sectors and the community.

National Network of AHURI Research Centres

There are currently nine AHURI Research Centres across Australia:

- AHURI Research Centre—Curtin University
- AHURI Research Centre—Monash University
- AHURI Research Centre—RMIT University
- AHURI Research Centre—Swinburne University
- AHURI Research Centre—The University of Adelaide
- AHURI Research Centre—The University of South Australia
- AHURI Research Centre—The University of New South Wales
- AHURI Research Centre—The University of Sydney
- AHURI Research Centre—University of Tasmania.

Part A: Introduction

AHURI welcomes the opportunity to comment on the Explanation of intended effect (EIE) for a Design and Place SEPP prepared by the NSW Department of Planning, Industry and Environment.

AHURI research evidence highlights the important role of the planning system in achieving positive outcomes for communities. There is considerable alignment between the findings of AHURI research and the identified aim of the Design and Place SEPP, *to design healthy and prosperous places that support the wellbeing of people, community and Country.*

Structure of the submission

AHURI's September 2020 submission to the proposed new Housing Diversity SEPP – Explanation of Intended Effect highlighted the increased need for improving housing diversity, regulating accessible, good-quality housing and providing more affordable and social housing.

This submission draws on AHURI research evidence to provide commentary relevant to the principles of the new Design and Place SEPP. AHURI has a substantial evidence base in relation to Principles 3 and 5, and therefore these principles are the focus of this submission. A review of this evidence is provided in the discussion in Part B. This is summarised in the Evidence summary below.

Evidence summary

Principle 3: Design productive and connected places to enable thriving communities.

AHURI research has emphasised the importance of closer integration of policies across housing, productivity, economic development and public health.

Recent AHURI research on urban productivity recommends increasing the supply of affordable rental housing close to employment centres in the inner and middle ring of cities. The research shows this has the potential to support labour force participation as well as reducing commuting burdens and road congestion. Underutilised land in inner areas has been identified in Sydney and Melbourne, and detailed research has been undertaken on the redevelopment of greyfield precincts.

In outer areas and satellite cities, place-based funding to encourage the development of new employment centres and investment in digital infrastructure and innovation also offer opportunities to contribute to economic growth.

The potential of mixed land-use zoning to contribute to and promote economic development has also been examined.

Principle 5: Design resilient and diverse places for enduring communities.

AHURI research has identified the need for more medium density housing, well-designed higher density housing options, security in private rental, and more housing affordable to those on low and very low incomes. There are opportunities for government to promote diverse housing options through strategic policy documents, working directly with housing developers, providing subsidies for affordable housing and delivering demonstration projects.

AHURI specifically examines the economic growth implications of access to appropriate accommodation for key groups including knowledge workers, and key workers. It also considers appropriate housing through life stages, in particular facilitating ageing in place.

Future AHURI research on cities and urban policy

In 2020 AHURI launched its National Cities Research Program Strategic Agenda, which presents a framework for future research and identifies emerging issues for cities policy in Australia (AHURI 2020a). The Strategic Agenda is based on an in-depth review of Australian metropolitan plans and other strategic documents, and Australian and international research (Roggenbuck et al. 2019). Built environment and design, and specifically the role of good design governance is an identified research priority in this agenda (AHURI 2020b).

The following issues were identified based on this analysis:

- How could design policies and processes achieve better outcomes and integration with statutory planning and building regimes?
- What are the opportunities to achieve better place design outcomes through the integration of indigenous perspectives on place and cities in Australia?
- What is the role of urban planning in the transition of Australian cities towards environmentally sustainable outcomes?

Concluding remarks

The Design and Place SEPP goes some considerable way towards addressing the emerging issues identified by AHURI in developing the Strategic Agenda. The prominence given to connecting with Country through a place-based approach, the integration of BASIX, and the attention given to integration with other planning instruments and policies and the planning pathways detailed in the EIE are positive developments. Overall, the Department of Planning, Industry and the Environment has provided a forward-looking document that will support the delivery of its stated objectives.

PART B: Discussion

Principle 3: Develop productive and connected places to enable thriving communities

AHURI research supports the stated principle of the Design and Place SEPP, to develop thriving places based on sufficient densities and good access to employment and services — the role of liveable and walkable neighbourhoods has been highlighted by the COVID-19 pandemic (AHURI 2020c). Planning responses could entail encouraging active forms of transport in inner city urban renewal projects or establishing walkable neighbourhoods in urban growth areas (AHURI 2020d).

Considerations to enhance local economies and communities include:

- providing affordable housing that has access to local employment and public transport options
- delivering quality higher density housing

Improving urban productivity

In Australia's cities, residents' ability to live locally is constrained by expensive housing markets and sprawling suburban areas that are characterised by low-density residential zones with limited local employment opportunities. Job-rich areas, concentrated in inner- and middle-ring suburbs, have limited affordable housing supply for low-income households, impeding labour force participation and economic growth (Ong et al. 2017).

A recent AHURI Inquiry investigated ways that strategic policy interventions can improve urban productivity by addressing the limited supply of affordable rental housing (Gurran et al. 2021). The research focused on low-income households and their challenges finding affordable rental housing near employment centres in Australia's major urban areas. Despite low-income households representing a critical sector of the workforce, employment opportunities are difficult for them to access, especially since these are concentrated in inner and middle ring areas. This research found that low-income households face housing affordability stress or high commuting burdens, and proposed potential policy development options including:

1. Increasing the supply of affordable rental housing close to employment centres
2. Applying strategic place-based funding interventions and digital innovation to encourage the development of new employment centres, including in regional or satellite cities
3. Improving the accessibility of outer suburban and satellite city housing markets (Gurran et al. 2021)

The first policy development option would help to enhance labour market access, reduce commuting burdens and road congestion (Dodson et al. 2020). AHURI research highlights even in major cities, like Sydney, there are potential sites close to employment nodes that are attractive for housing developments, in which affordable housing could be integrated (Dodson et al. 2020). However, policies would need to subsidise the developments to ensure that housing is also affordable to low-income households (Dodson et al. 2020).

AHURI research has also emphasised the importance of policies to better integrate across different policy fields, such as connecting housing, productivity, and economic development more closely (Maclennan et al. 2015). Findings suggest that mixed land-use zoning is one viable option to promote economic development (Maclennan et al. 2015). A mixed land use activity centre would combine medium or high-density housing with commercial and industrial land uses in a precinct. By providing mixed housing close to employment, commuting and traffic congestions is reduced, with consequent time savings and productivity gains (Maclennan et al. 2015).

This research (Maclennan et al. 2015) also addressed the impact of housing outcomes and neighbourhood design on the health and wellbeing of residents. This has direct consequences for economic participation, and indirect impact on the economy through the higher fiscal costs of treating poor health. The design of neighbourhoods and land use patterns, residential densities and street layouts affect walkability as well as access to public transport (Maclennan et al. 2015).

Delivering higher density housing

Provision of more housing in well-located areas

A more compact urban form would allow the provision of more housing in well-located areas, including housing affordable to low-income households. AHURI research has suggested that there is extensive market underutilisation of residentially zoned land in Sydney and Melbourne (Dodson et al 2020). Findings indicate that the market supplies less dwellings per hectare than the planning systems intends. The research argues that policies should focus on encouraging higher-density housing developments appropriate to the residential zone, rather than relax residential zoning regulations (Dodson et al 2020). Benefits would include better access to employment opportunities, including for low-income households.

Urban renewal of 'greyfield' sites

AHURI research has examined the potential to redevelop the middle ring 'greyfield' areas in Australian cities, which are dominated by aging housing stock and underutilised land (Newton et al. 2011; Murray et al. 2015). Applying a precinct-scaled approach to develop greyfield sites can provide more housing and create opportunities for district-wide sustainable infrastructure and public realm upgrades (Murray et al. 2015). The research found that integrated redevelopments of precincts can achieve substantial increases in the number of dwellings compared to business-as-usual approaches, in which individual lots are subdivided into smaller parcels. The research estimated that two to four times the number of dwellings could be accommodated (Murray et al. 2015). Also, by considering urban design and place-making strategies, a greater variety of households and tenure types could be included, informing Principle 5. The research presents the case that the redevelopment of precincts would enable the amenity and infrastructure of the neighbourhood to be upgraded (Murray et al. 2015). Key learnings of the research include:

- Strategic planning interventions should consider redeveloping greyfield precinct more closely
- Public housing estates are a significant government asset for urban renewal, which requires strategic 'stewardship' to realise its full value
- The quantity, condition and distribution of public housing stock present a unique and timely opportunity to regenerate the middle suburbs
- Precinct redevelopment of public housing assets could provide market leadership and 'kick-start' greyfield regeneration in the private sector (Murray et al. 2015)

High-density apartment living

An increasing number and proportion of residents in Australian cities are living in high-density apartments. To enable communities to thrive in high-density housing, policies need to consider the experience of households living in apartments and their requirements of the neighbourhood. AHURI research has shown that lower income households are more likely to live in higher density housing (Easthope et al. 2020). Many of these households have insufficient access to green space, are impacted by overshadowing and road congestion and have limited acoustic and visual privacy, all of which can have negative effects on residents' health and wellbeing (Easthope et al. 2020). The research argues that planning and infrastructure provision, such as through the delivery of neighbourhood amenities and facilities, needs to address these experiences of residents more effectively. The research recommends comprehensive precinct planning in the development of high-density apartments, to consider residents' need for shared private and public spaces more closely (Easthope et al. 2020).

Principle 5: Design resilient and diverse places for enduring communities

Evidence by AHURI is supportive of the Design and Place SEPP focus on providing diverse housing types and tenures, and affordable housing. AHURI evidence highlights the role government intervention and regulation has on facilitating housing diversity and increasing affordable housing.

Provide diverse housing types and tenures

AHURI research has examined the role of urban regulation in providing more diverse housing supply (Gilbert et al. 2020). Housing diversity encompasses a wide range of factors, including tenure, dwelling size and design, construction method, and the development and financing model. The research identifies a lack of diversity in the existing housing stock, including a lack of medium density housing, limited design and configurations of higher-density housing, no long-term tenure security of private rental housing, and few housing options that bridge the gaps between social housing and private rental and home ownership (Gilbert et al. 2020). Findings indicated a need for:

- More diverse housing types to complement the predominant detached house, particularly in lower-density suburban areas
- Increased supply of medium and high-density housing that better accommodates resident design and lifestyle preferences
- Greater tenure security for rental housing
- More housing affordable to very low to moderate income households, across all tenures (Gilbert et al. 2020)

The research highlights the potential of providing more diverse housing types and tenures to enable households to better match their housing with their needs and increase mobility within the housing system (Gilbert et al. 2020).

The research also has shown challenges and barriers faced by projects that aim to implement and scale-up models which deliver diverse housing types and tenures. Barriers the research identified include zoning rules that do not permit diverse built forms, high costs of urban land, limited access to finance to develop housing that is affordable and/or caters for diverse needs, and a lack of skills to provide non-standardised housing in the development and construction industry (Gilbert et al. 2020).

The research identifies the following opportunities for governments to intervene:

- Address the need for more diverse housing types and tenures in strategic policy documents to show leadership
- Encourage the delivery of diverse housing products by guiding and supporting private developers and other organisations
- Deliver affordable housing for low-income and moderate-income groups by subsidising and supporting projects to lower financial risks
- Demonstrate the viability and effectiveness of diverse housing types, tenures and delivery models by facilitating replicable projects (Gilbert et al. 2020).

AHURI research has addressed the provision of diverse housing types and tenures to support mixed communities, including the following demographic cohorts:

Knowledge workers

Knowledge workers employed in creative and information industries are a cohort for whom urban and housing policies specifically cater. AHURI research has highlighted the policy discourse around high-density environments being more attractive to knowledge workers to form business relationships through face-to-face contacts (Maclennan et al 2015). Integral to this thinking is that knowledge workers are especially attracted to good quality diverse housing in high amenity neighbourhoods (Maclennan et al 2015).

More recent AHURI research has investigated ways that land-use planning frameworks can support the development of innovation districts (Dowling et al. 2020). Besides planning new places around amenities and with distinctive and sustainable urban design, the research highlights the importance of attracting 'knowledge workers' through particular housing typologies (Dowling et al. 2020). This includes flexible tenures, accessible locations, and high-quality amenities. The research recommends policies to integrate the provision of housing, infrastructure and services and adapt these to the needs of future residents. To achieve more flexible policy approaches, models for financing diverse housing types should be considered (Dowling et al. 2020).

Key workers

Retention of key workers in high-cost metropolitan areas, like Sydney and Melbourne, is a current issue. Upcoming AHURI research is investigating the evidence of housing affordability, housing choices, commuting patterns and residential moves of key workers. The research aims to identify approaches that could support key workers to live near and access employment (Gilbert forthcoming).

Earlier research (van den Nouwelant et al. 2016) examined housing options for lower income workers near job-rich central city locations. The research found that the median distance travelled by low-income workers with jobs located in the central city was approximately double the distance travelled by low-income workers across the whole metropolitan area. Furthermore, there was evidence of compromise in the housing choices of low-income central city workers. They were more likely to be:

- renting
- living with unrelated strangers or extended family
- living in an apartment
- showing signs of dwelling size compromise, in terms of bedrooms/occupant
- living further from their place of work.

Ageing in place

AHURI research has shown that providing a more diverse housing stock would enable households desiring to downsize to achieve this transition (Gilbert et al. 2020). However, current housing supply is not meeting the aspirations of older Australians, impeding their ability to downsize to more suitable housing (James et al. 2019).

Previous AHURI research found that 40 per cent of potential downsizers would consider moving if there were suitable housing options in their preferred location (James et al. 2019). The research identified a significant unmet demand for smaller houses with two to three bedrooms (except for social housing residents who wanted larger housing) in neighbourhoods with high amenity. To meet the diverse aspirations of older Australians, the research recommends adopting policies that provide adequate housing and housing assistance. One option is to develop alternative home ownership options to improve security of tenure and facilitate ageing in place (James et al. 2019).

Affordable housing

AHURI's evidence base demonstrates ways to facilitate a well-functioning affordable housing system. Potential government interventions and policies include inclusionary zoning and strategic planning interventions, like the current City Deals.

Apply inclusionary zoning in planning

AHURI research has investigated the potential of different policy levers to increase the supply of affordable housing in Australia (Gurran et al. 2018). The research shows that inclusionary planning mechanisms can facilitate the access to land and resources to develop affordable housing. This is the case, particularly, in high growth residential areas in Australian cities, for which mandatory inclusionary planning mechanisms could be applied more broadly (Gurran et al. 2018). The research evaluated inner-city planning schemes but found that in only a few cases (inner Sydney, Perth) were planning mechanisms used to help fund affordable and social housing developments. The research recommends designing inclusionary planning mechanisms to target housing supply more effectively to local market conditions (Gurran et al. 2018). To work effectively, inclusionary planning mechanisms require additional resources, for example provision of land and funding dedicated to development affordable housing (Davison et al. 2012).

Leverage affordable rental housing through strategic spatial planning

AHURI research has examined the role of strategic spatial planning and funding interventions such as 'city deals' to enhance urban productivity by providing affordable housing choices near employment centres (Pill et al. 2020). In current strategic plans, policies focusing on employment growth, housing choice and affordability, and transport connectivity in Australian cities are not integrated as well as they could be (Pill et al. 2020). The research indicated that strategic funding interventions, such as city deals, have potential to align planning for employment more closely to existing and newly developed housing. The research emphasises the importance for strategic planning to ensure that housing remains affordable to low-income households (Pill et al. 2020). The research recommends that capital city strategic planning initiatives also consider satellite cities, such as Wollongong. Satellite cities typically offer more affordable rental housing supply but less employment opportunity. A focus of strategic planning interventions therefore could be on stimulating the creation of new jobs in these cities, whilst ensuring that housing remains affordable (Pill et al. 2020). Overall, the research recommends that strategic planning frameworks integrate specific policy levers to preserve and deliver affordable housing in accessible locations, in satellite cities as well as in major capital cities (Pill et al. 2020).

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