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Shelter Brief 61

# EQUITABLE DENSITY

The place for lower income and  
disadvantaged households in a dense city

Report 3  
The Metropolitan Scale

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**Equitable Density:** The place for lower income and disadvantaged households in a dense city: Report 3, Metropolitan Scale

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# INTRODUCTION

Higher density multi-unit residential developments, such as townhouses and apartment buildings (henceforth '**higher density housing**'), have become increasingly common feature of Australian cities. Across the country, 2016 marked the first time when construction began on more higher density housing than detached houses. New South Wales (NSW) already passed this milestone some years ago,<sup>1</sup> and over a quarter of Sydneysiders now live in higher density housing.<sup>2</sup>

In the light of this shift, Shelter NSW engaged the City Futures Research Centre to identify the major challenges confronting lower income and vulnerable residents in higher density housing. Shelter NSW is concerned to explore and highlight how contemporary urbanisation processes disproportionately affect more vulnerable social groups. These reports provide a summary of the research evidence currently available to answer these questions, as well as an indication of the gaps in evidence.

The trend towards higher density housing can bring both benefits and challenges, which are quite different to those associated with low density, suburban development. These differences are apparent at various scales. In higher density buildings ('**the building scale**'), factors like proximity between residents, and the need to share responsibility for building upkeep, create a different living experience to that of detached housing. In areas with growing quantities of higher density housing ('**the neighbourhood scale**'), this densification can strain local services and reshape the area's socio-economic mix. And in cities that have embraced the 'compact city' model ('**the metropolitan scale**'), this policy objective puts pressure on governments to coordinate infrastructure planning and delivery, and to manage the social, economic and environmental effects of changing population patterns and urban form.

Many of these issues impact residents across the income spectrum but different socio-economic groups have different resources available to respond to these

pressures. Because lower income and vulnerable residents generally have less choice and less influence than other socio-economic groups, they are disproportionately affected by the challenges of higher density living. However, much of the research evidence currently available on the challenges of higher density housing does not explicitly consider the impact on lower income and vulnerable residents in particular. Similarly, Australian governments have not adequately acknowledged and addressed the impact of higher density housing on lower income and vulnerable residents. For this reason, these reports focus on issues with higher density living that are specific to, or exacerbated for, lower income and vulnerable households. Where necessary, we have extrapolated from the more general research evidence to consider the impacts for lower income and vulnerable residents in particular.

In preparing these reports, we have kept our definition of 'lower income' and 'vulnerable' as open as possible. However, as a rule of thumb we consider the following definitions to be useful:

- **'lower income households'** refers to households in the bottom two income quartiles (earning less than \$649 per week in NSW); and
- **'vulnerable households'** refers to households experiencing various forms of socio-economic disadvantage (such as low education, high unemployment, low-skilled occupations, poor English proficiency and single parent households)<sup>3</sup>, as well as people with physical or intellectual disabilities and victims of domestic violence.

To decide which issues should be covered in the reports, a workshop was held with key stakeholders

from across the housing sector. This workshop identified the major issues facing lower income and vulnerable residents at the building, neighbourhood and metropolitan scales. These reports are written with these key issues in mind, while drawing upon the existing research evidence. While much of the report material focuses on the NSW policy context, many of the issues raised are equally relevant across Australia and around the world.

The first two reports have focused on the building and neighbourhood scales to explore specific issues faced by lower income and disadvantaged households living in higher density dwellings. This final report focuses on policies, processes and economies that operate at the regional scale and their impact on lower income and disadvantaged households. It considers policies that affect the structural features of housing markets, policies and investment affecting urban regions, and the governance arrangements that influence the function of cities. This entails consideration of the activities of State and Commonwealth Governments in affecting the conditions under which housing is provided in Australian cities, with particular focus on Sydney.

There are three key metropolitan scale processes that have further entrenched disadvantage in some communities:

1. The socio-spatial polarisation of wealth and opportunity over the past three decades.
2. A commitment to neoliberal approaches to urban and housing policy.
3. The unaffordability of urban housing markets, further accentuated by a lack of affordable housing.





# Spatial polarisation of disadvantage and opportunity

## KEY POINTS

*The past three decades have seen growing inequality in Australia, which has contributed to the increased housing pressures experienced by many lower income households.*

*In Australia's cities, this inequality has a distinct spatial pattern, as disadvantaged communities have shifted from inner city areas to suburbs on the city fringe.*

*Higher density renewal and gentrification of inner city areas has contributed to this shift, which has left disadvantaged residents living in areas with increasingly poor access to jobs and services.*

*At the same time, labour market restructuring has resulted in the centralisation of economic opportunity, as the most lucrative 'knowledge economy' jobs are overwhelmingly based in CBDs and inner-city areas.*

*This economic transformation compounds the locational disadvantage of those living in city fringe areas, who are far from both the jobs and the transport networks that provide affordable access to them.*

The shift in political discourse towards a neoliberal agenda from the late 1980s has aligned with increasing inequality in Australian society<sup>4</sup>. The winding back of the welfare state has been a central driver of many of the housing pressures experienced by lower income households. Coupled with a declining industrial employment base and associated spatial reconfiguration of economic activity, there has been an intensification of spatial inequalities in Australian cities, including Sydney<sup>5</sup>.

## Suburbanisation of disadvantage

Based on an analysis of SEIFA indices<sup>6</sup> over a period of 25 years, researchers<sup>7</sup> have noted that in all major cities in Australia there has been a progressive shift of disadvantaged communities from inner areas to the city fringe. The drivers and impact of this change are multiple<sup>8</sup>, but one important factor in all Australian cities, including Sydney, is the role of renewal-

led gentrification processes. Broad labour market restructuring has played a key role in facilitating this 'urban inversion'<sup>9</sup>. A series of government and private sector led strategies have been implemented to re-value inner city areas left behind in the wake of economic change. Driven by construction of new higher density housing, revitalised inner city housing markets have been at the vanguard of socio-spatial change. New build gentrification (discussed in Report Two) has underpinned a process that has left lower income and disadvantaged communities with little choice but to relocate to cheaper areas.

Renewal-led gentrification in the urban core has driven this outward shift of disadvantaged communities to peripheral suburbs, and has intensified over a long period, through increasing rationalisation of government and non-government services. More than a decade ago Brendan Gleeson<sup>10</sup> articulated the progressive decline faced in the 'suburban heartlands', driven by an economic reform agenda centred on a belief that trickledown economics will deliver benefits to all. Not only are disadvantaged households being squeezed out of the increasingly well serviced core, but they are being relocated to increasingly impoverished zones on the margins. Though it is contested, arguments in favour of greater density have suggested that higher density housing would lead to greater access to services and amenity<sup>11</sup>, but for lower income households, the reverse is potentially true. In the past five years, even the poorly serviced periphery is becoming unaffordable to households on median incomes<sup>12</sup>, let alone those who have limited employment and low incomes. The sudden feasibility of delivering higher density housing on the periphery of Sydney—in locations once unimaginable—is testament to the crisis being faced by lower income households. In these locations, lower income households are now forced to compromise on both housing standards and location.

While Gleeson bemoaned the destruction of suburbia by neoliberal policy, he also identified the enormous potential which has underpinned the evolution of suburbs. But some of these qualities are now being undone through the delivery of low quality housing on the fringe. The 20th century suburban model was at least in part underpinned by a minimum standard of housing as part of the basic rights of citizens to shelter<sup>13</sup>, but the current drive for more dwellings at any cost is seeing standards steadily eroded. As a result, new inequalities are emerging in which lower

income households are forced to compromise not only on location, but also on quality of housing<sup>14</sup>.

### Concentrating employment and opportunity into the 'Global Arc'

In parallel to the relocation of disadvantage to the fringe the past three decades have seen a process of centralisation or concentration of economic opportunity. Shifting labour market composition has had a distinct spatial impact on the location of employment opportunity. The steady deindustrialisation of employment and continued emphasis on knowledge-intensive employment has re-centred employment into Sydney's 'global arc'. The re-emergence of inner urban economies presents a double whammy for disadvantaged households, displaced from the job rich core through gentrification and locked into suburban locations with diminishing opportunity.

Recent research<sup>15</sup> showed that in order to access employment, lower income workers are more likely to be forced to compromise in their living arrangements. Specifically, this group will more likely rent, live in share house situations, live in apartments, compromise on dwelling suitability (e.g. too few bedrooms for occupants) or live far from their place of work. Importantly, the increase in inner city housing supply through new higher density development has done little to ease the affordability burden of lower income households<sup>16</sup>. Some additional housing opportunities (see Report One) have been provided for certain household types (e.g temporary and student workers), however few affordable family dwellings have been provided through the private market<sup>17</sup>.

Good transport linkages into central Sydney have partly offset this trend, however the same cannot be said for employment centres outside of central Sydney. Transport presents a significant barrier in Sydney, with much of the network under clear strain. Significant investment in public transport and road networks has been proposed or is underway, but simple geographical analysis suggests that large parts of Sydney's west will not benefit from this change.

This kind of locational disadvantage is not new in Australia, but in contrast to previous periods, there has been little evidence of policy attempts to directly address both exclusion and distribution of

opportunity. An exception is the Greater Sydney Commission's recent interest in a '3-cities' model<sup>18</sup>, which advocates the development of a second airport as a major catalyst for economic development in south-west Sydney. This kind of directed spatial investment to facilitate and underpin renewed growth is something that has been broadly missing from the urban economic development agenda in Sydney for a long period.

## Neoliberalising Australia's Housing and Urban Policy

### KEY POINTS

*Australia's post-war housing system was defined by the principle that it was every citizen's right to have access to house of their own of a minimum standard. Overtime, there has been a gradual withdrawal of direct government support for housing, in favour of demand side subsidy measures.*

*The result of this withdrawal has been a dramatic increase in public housing waitlists, as well as lower income households being forced into the cheaper end of the private rental market. In Sydney, this increasingly means higher density housing.*

*The prospect of obtaining speculative profit through rezoning has become a central feature of Sydney's urban development landscape. There are few mechanisms in place to capture some of the windfall profits obtained by land holders when low density land is converted to higher density, which could be used to support affordable housing or public infrastructure.*

*There has been limited application of planning mechanisms such as inclusionary zoning to ensure delivery of more affordable or social housing within new higher density developments.*

*Planning law reforms have also contributed to a shift away from a planning framework that actively directs market activity to one that reflects market drivers.*

*As a result, Sydney has failed to capitalise on the opportunity for urban renewal to deliver improvements in services and employment access. This failure underpins the shortcomings in service and infrastructure provision that are a feature of much of the recent higher density development in Sydney.*

Australia's system of housing from the 1940s was defined by a central belief that it was a right of every citizen to have access to house of their own of a minimum standard. Security of tenure, house quality and size appropriate to household composition were paramount in delivering this right. Initially the expectation was this was to be delivered through an extensive system of public housing, but by the mid-1950s the housing programs had shifted to supporting home ownership<sup>19</sup> as a bedrock of Australian society<sup>20</sup>. Government remained a central player in delivering this ambition, however, through substantial Commonwealth support into state housing agencies delivering housing for purchase and ensuring cheap finance to prospective home owners.

Public housing stock grew rapidly as proportion of total stock in the early 1950s, and such proportional gains have not been matched since<sup>21</sup>. Stock numbers continued to grow in total, but this has more than been offset by overall growth in the population. Apart from a brief increase in payments in 1983/84, since the 1980s there has been a gradual withdrawal of direct government support for housing.

The introduction of the National Competition Policy in 1991 outlined a broad agenda that would see the gradual retreat of government from the provision of a range of urban services<sup>22</sup>. While privatisation of public housing was not explicitly on the agenda, there were two major policy shifts around this period that epitomised a transition towards a 'workfare' and non-government model of social support. First, eligibility for the remaining housing stock was increasingly tightened, resulting in an increasing share of tenants paying very low rents, undermining the financial viability of public housing<sup>23</sup>. Second, rent assistance was extended to all low-income households receiving government pensions<sup>24</sup> who were unable to secure public housing and forced to remain in the private rental sector<sup>25</sup>. Housing in essence became an extension of the welfare system, available only to those with highest need, rather than open to anyone who desired alternate tenure. This shift was also supported by greater emphasis within government broadly towards indirect income support subsidies as the central mechanism to ensure housing access<sup>26</sup>.

By 1992 the expenditure on Commonwealth Rent Assistance exceeded that of direct payments for the provision of housing by the state authorities<sup>27</sup>, and over time has failed to keep pace with price inflation pressures<sup>28</sup>. Combined with the declining levels

of funding into public housing programs, the net effect has been a dramatic increase public housing waitlists<sup>29</sup> and a continuing shortage of private sector low-rent dwellings<sup>30</sup>. Increasingly in Sydney, this means that lower income households are forced into the cheaper end of the private rental market, which is increasingly dominated by higher density housing.

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### **Land Speculation: the hidden driver of the urban change**

This broad shift in housing policy away from direct provision and towards demand-side subsidy measures has also seen governments increasingly turn to the private sector to deliver new housing. Australia's housing system has long been defined by market speculation<sup>31</sup>, generating a number of boom bust cycles<sup>32</sup>. However, this has been partly offset over the past 60 years by significant government housing programs delivered principally through Commonwealth-State housing agreements<sup>33</sup>, land development authorities and general wage growth<sup>34</sup>. Speculation on land value increase through land





banking, rather than house building, has been one of the central drivers of increasing housing prices<sup>35</sup>. At various points, governments have sought to control the unearned gain in land value generated through the planning system by operating directly in the land market, and controlling the supply of land for market housing across all major cities. The land commission program of the 1970s was founded on this principle and sought to control speculation through control of the land market, and played a significant part in delivering new market housing<sup>36</sup>. The housing delivery authorities, such as Landcom, that were established as part of this program still exist today, but their focus has shifted to delivering profits for government rather than lower cost housing<sup>37</sup>.

The importance of this in relation to higher density housing is that speculative profit through the land zoning system has become a central feature of Sydney's urban development landscape. The conversion of low density, industrial or commercial land to higher density uses confers significant windfall profits to land holders, with few mechanisms in place to ensure that this value contributes to affordable housing or public infrastructure. There is little Australian research that directly addresses this issue, however recent inclusionary zoning, and value capture proposals are based on capturing some portion of this speculative profit<sup>38</sup>.

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### Urban renewal in the neoliberal city

Other urban development initiatives have also supported the turn towards urban renewal as the preferred model for delivering new housing. Critically, these projects, beginning with major initiatives in all capital cities such as Pyrmont and Ultimo in Sydney, were framed around facilitating private sector investment<sup>39</sup> rather than direct delivery of housing by government. The importance of this transition for lower income households is that providing sub-market housing is often seen as a threat to the viability of projects. Project success has become tied to maximising investor return, rather than delivering housing outcomes that will at least in part be accessible to lower income households. Compounding this trend has been limited application of planning mechanisms such as inclusionary zoning<sup>40</sup> to ensure delivery of more affordable or social housing within these developments. The Pyrmont Ultimo project did implement inclusionary zoning, with housing delivered through City West

Housing in what has been a relatively successful (albeit small) model for ensuring some affordable housing outcomes. To date, however, the extension of inclusionary zoning to other parts of Sydney has been limited (discussed further below).

Planning as a process to ensure equitable outcomes has been frequently criticised by developer groups and parts of government for creating too many restrictions on the operation of a free market. A reform push in the mid-2000s (led through a Council Of Australian Governments agenda) has progressively sought to remove safeguards in the planning system, to facilitate a reduction in restrictions on the operations of the development sector<sup>41</sup>. Explicit reforms are emblematic of a gradual shift of planning policy from one that directs market activity to one shaped by market desires<sup>42</sup>.

Various authors have argued that impacts of neoliberalism are most keenly felt in and through cities, as both the location of economic and social activity and the process driving global economies<sup>43</sup>. The spatial expression of neoliberal policies, both in terms of socio-spatial restructuring and the outcomes of this governing framework to the development of new spaces, has had important ramification for access in public spaces<sup>44</sup>. The creation of quasi-private spaces, and the dominance of consumption driven spaces in new developments can contribute to the exclusion of lower income households. This has become particularly problematic in higher density, inner city neighbourhoods reworked through private sector led urban renewal. As discussed in Report Two, the capacity for lower income households to participate in the kinds of places being developed as part of the urban renewal process is limited by their capacity to consume. While this change has been gradual and is far from universal, the provision of facilities underpinned by concepts of open and free access is increasingly being tested in the context of contemporary profit-driven urban renewal objectives.

Urban renewal presents an opportunity to deliver improvements in services and employment access, but this opportunity has not been taken up on many fronts. The reticence of state government to actively dictate the terms upon which renewal will occur—instead allowing private land owners to set the agenda—not only sees profits from the process escape to the private sphere, but leaves increasingly under-funded public initiatives to pick up the pieces. The failure to ensure adequate schools



in inner Sydney<sup>45</sup> alongside major population growth through apartment construction is testament to the inadequacies of a model that favours 'highest and best' use of land under renewal.

## Housing affordability and affordable housing

### KEY POINTS

*Australia lacks a comprehensive, whole-of-government housing strategy that addresses multiple points of the housing and income spectrum, including (i) increasing the supply of public housing, (ii) supporting the development of affordable (sub-market rate) housing, and (iii) addressing housing affordability by controlling how private housing markets function.*

*The lack of overarching multi-agency, multi-scalar housing policy is one of the biggest impediments to addressing equity issues in Sydney, including the challenges faced by lower income and vulnerable residents in higher density housing.*

*Commonwealth tax incentives that disproportionately benefit wealthy owners are another key factor.*

*A key challenge is the current reliance on supply-side measures to deliver greater affordability. Research shows that supply alone will not deliver affordability improvements, as increased building rates are actually facilitating higher prices.*

*New multi-unit development is primarily driven by demand from property investors. This demand profile has meant dwelling construction is no longer aligned with the dwelling needs or financial capacity of many owner occupiers.*

*Major infrastructure investments are increasingly being determined based on investment outcomes rather than urban planning needs. This means that suburbs which could most benefit from infrastructure investment may be left out, including areas with growing numbers of lower income and vulnerable residents in higher density housing.*

The increasing reliance on the private sector to deliver housing has left a void in government policy on two fronts. The first is a failure to deliver

**affordable housing**, and the second is a failure to address **housing affordability**. There is no broad, multi-scalar, multi-agency strategy or set of policies to deliver affordable housing in Australia. Neither is there any explicit policy and action to address increasing unaffordability of housing through shaping how housing markets operate.

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### Affordable housing policy

Arguably, public housing has not been a priority in Australia since the 1950s. Over the past three decades public housing has increasingly been marginalised, however, with current waitlists greatly exceeding available stock<sup>46</sup>. In NSW, underfunding and political marginalisation has left the public housing agency with little capacity to make any serious additions to overall stock levels.

This marginalisation of public housing has been compounded by the failure to implement a comprehensive, whole-of-government housing strategy. To be effective, housing policy needs to address multiple points of the housing and income spectrum. Social housing, which broadly includes public and affordable housing (see Report One), has struggled to make sizable contributions to housing stock, because it relies on some level of government support to work. **This type of housing simply is not profitable under a free market model, but may be under not-for-profit or public sector models.** This trend has been exacerbated in the higher density housing space as construction costs and land prices can often make the cost of individual dwellings higher than detached dwellings. If lower income households are increasingly represented in this form of housing<sup>47</sup> (see also Report One), this poses a considerable challenge to delivering affordable housing in a private sector dominated housing market.

Efforts have been made over the past decade to develop the Community Housing Provider (CHP) sector<sup>48</sup> to fill the housing void for people unable to secure public housing, but without sufficient income to compete in the private housing space. The sector's capacity has certainly increased<sup>49</sup>, but much of their stock growth has come through housing transfers from the public housing pool<sup>50</sup>. Building CHP capacity to develop new housing stock has been somewhat successful, but their ability to compete with private developers is limited by lack of policy support from government, in particular to secure sites

to develop new housing and obtain better finance arrangements. The introduction of a bond aggregator at Commonwealth level will potentially offer cheaper finance, but in the absence of wider policy support to compete within a tight land market, the impact may be limited<sup>51</sup>.

There have been recent calls to increase the provision of affordable housing through the planning system by requiring contributions by developers to affordable housing outcomes using inclusionary zoning. The cost burden would fall onto land owners, by reducing the price developers pay for land, rather than increasing the cost of development. Resistance to broad implementation of inclusionary zoning measures has come from different parts of the development sector<sup>52</sup>. However, some of Sydney's major residential developers have broadly supported such moves on the basis that in order to maintain productivity, Sydney needs to ensure that there is housing accessible for a wider range of incomes<sup>53</sup>.

There is, however, no one solution to delivering an increased supply of affordable housing, which will require a whole of government, multi-agency approach to ensure both that private sector housing markets are controlled, and that the volume of secure affordable rental housing is dramatically increased. All workshop participants agreed that the lack of a broad housing policy was one of the biggest problems in addressing equity in Sydney.

## Housing markets and drivers of unaffordability

The fact that housing markets do not actually behave like other commodity markets is routinely unacknowledged in Australian policy and public discourse. A central feature of current housing policy is the reliance on supply side measures to deliver improvements in housing affordability. Recent research<sup>54</sup> has demonstrated that supply alone will not deliver any improvements in affordability, with current increased rates in house building both being driven by, and facilitating, higher prices<sup>55</sup>.

This situation is largely dictated by the demand process driving new residential development in Australian cities. New dwellings in Sydney are now predominantly apartments, with over 70% of dwelling approvals being for higher density housing (see figure 1). Research based on analysis of census data suggests that over 62%<sup>56</sup> of all multi-unit dwellings in Sydney are investor owned, with higher rates in other cities. This pattern is also reflected in the volume of finance going to investor loans (see figure 2)<sup>57</sup>.

**New multi-unit development in Australian cities is primarily being driven by property investors, not owner occupiers.** It should however be noted that while new supply across Sydney is being driven primarily by investor demand, the bulk of investment capital is going into existing housing stock (not new stock), adding further pressures into other parts of

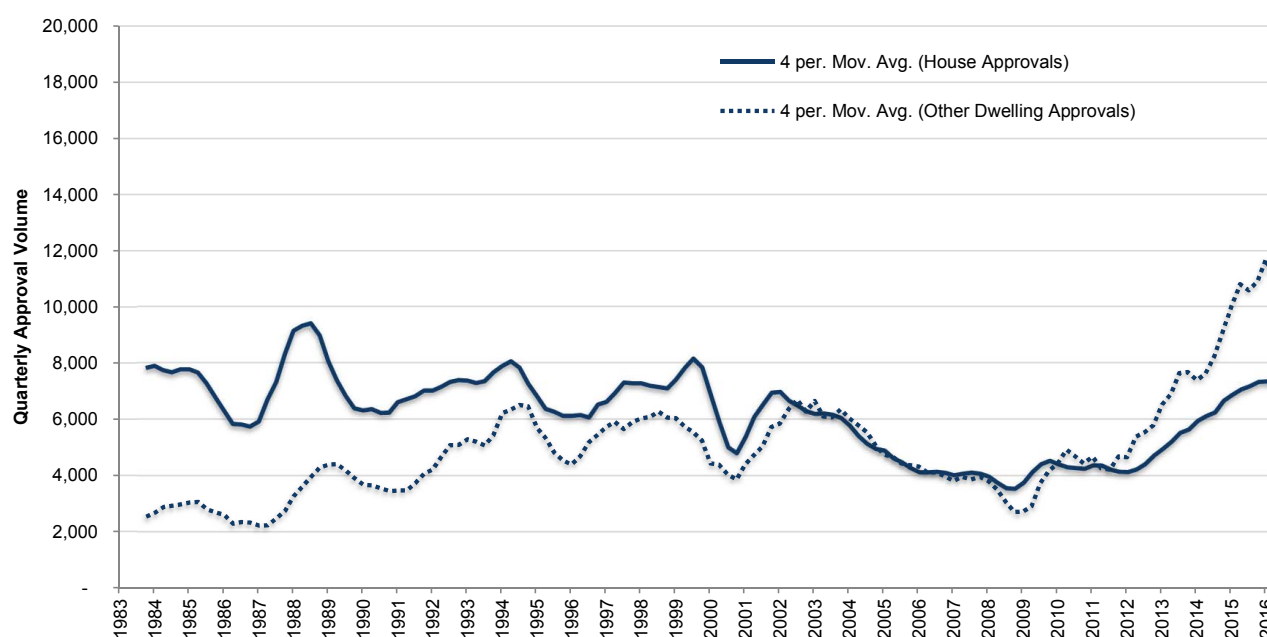
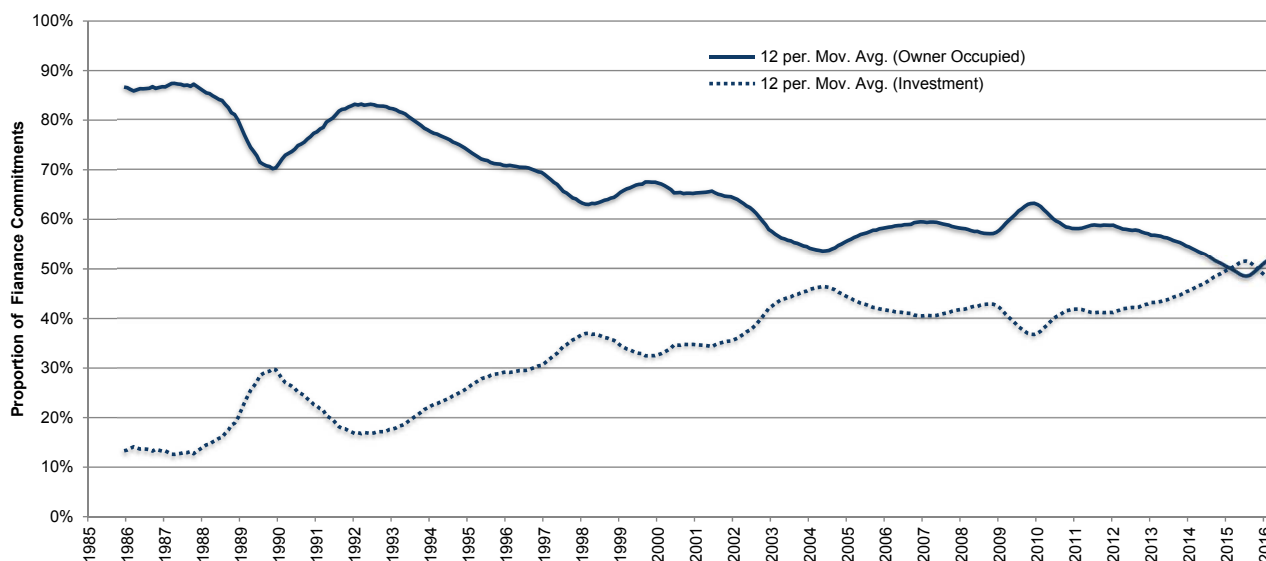


Figure 1 Higher density and detached housing approvals for NSW



**Figure 2 Share of bank lending to investor and owner occupiers (excludes refinancing of existing loans)**

the housing market.

This demand profile is fundamentally detaching drivers of dwelling construction from core drivers of dwelling need and price, namely population growth and wage inflation<sup>58</sup>. This investor fuelled demand underpins problems with new housing products, with emerging research<sup>59</sup> suggesting that this supply often doesn't meet the desires and requirements of residents<sup>60</sup>. Much of the speculative activity is being incentivised through various tax concessions offered to property investors. Workshop participants identified tax incentives as the single biggest factor in the unaffordability of housing in Australian cities. Negative gearing has been permitted since the 1980s but it was arguably the capital gains discount concessions introduced in 1999 that were the main catalyst for the rapid rise in investor activity, triggering the first major round of house price inflation.

The benefits of these policies disproportionately flow to wealthier households. Lower income groups receive little gain from tax policy, and are also forced to contribute a greater share of their income towards housing because of tax driven price inflation. The price squeeze has a number of interrelated consequences:

- The first is increasing evidence of a new generation of people (generation rent<sup>61</sup>) locked out of home ownership and forced to remain in the private

rental sector<sup>62</sup>. While this group is not the focus of this report, lower income groups will be most affected by this broad shift in housing market structure.

- The cascading impact within the housing market means there is a direct implication for lower income groups. The private rental sector, particularly in inner city housing markets, is increasingly occupied by moderate income groups seeking both cheaper housing locations or types of dwellings that are in poorer condition or inappropriate for the household type<sup>63</sup>. This pushes lower income groups further to the margins.
- With a greater share of incomes being spent on meeting housing costs, less income is available in household budgets of lower income households for other necessary items, such as food, clothing, health care and transport.

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### Infrastructure in the compact city

The compact city model of the past 30 years has rested in part on the assumption that there is excess capacity in existing urban infrastructure to accommodate population growth (see also Report Two). This notion is slowly changing as there is a realisation of the need to deliver additional infrastructure to support alternate compact city



models<sup>64</sup>. The recent 'infrastructure turn'<sup>65</sup> in city planning implicitly recognises this shortfall, with a growing emphasis at state and commonwealth level on major transport infrastructure projects. In Sydney, the metro project has been a signature initiative of the current state government, who are aiming to use this large investment to underpin major urban renewal initiatives, such as the renewal of Waterloo housing estate and low-income suburbs along the Bankstown train corridor. What is becoming increasingly evident is the desire to use increases in housing density to fund investment in new infrastructure. There are three main problems with such an approach:

- First, urban renewal ambitions are increasingly being driven by the desire to maximise investment. Rather than current and future transport needs, coupled with planning ambitions for the future shape and form of Sydney, decisions are being shaped by profit maximisation strategies of Treasury and Transport<sup>66</sup>.
- Second, in so far as the spatial investment strategy is being led by redevelopment opportunity, areas of the city that could benefit from investment in public transport infrastructure are being left out. Large parts of Western Sydney will see very little direct benefit from these major changes. It is in these areas that lower income and disadvantaged communities are increasingly concentrated, in smaller, higher density housing forms that do not benefit from proximity of services and jobs and access to public transport.
- Finally, strategies to ensure delivery of affordable housing alongside new infrastructure are being seen as a threat to paying for infrastructure and ensuring 'return on investment'. Gentrification and re-valorisation of land values becomes the central objective, which actively works against more inclusive housing outcomes.





# CONCLUSION

As Australian cities continue to embrace densification policies, the implications for residents across the socio-economic spectrum must be understood and addressed. Examining the impact of densification at different scales provides a useful structure for identifying and examining the complex range of issues this policy shift raises, particularly for lower income and vulnerable residents. At the metropolitan scale, this report outlined:

- The deeply **speculative characteristic of housing markets**, led by higher density housing developments, underpinned by generous tax concessions at the Commonwealth level. Addressing these indirect subsidies in housing that flow disproportionately to higher income households, and penalise lower income households, is one of the single biggest issues driving equitable housing outcomes.
- The lack of broad cross-government policy on housing that **addresses the growing unaffordability** of housing markets, and delivers a dramatic **increase in the supply of affordable housing**. Broad cross-government, and cross-agency housing policies addressing a spectrum of housing outcomes are critical to first reducing the overall unaffordability of housing, and second increasing supply of housing affordable to lower income households.
- These inequitable outcomes and policy gaps a **driving spatial inequalities within Sydney**, forcing lower income households into poorly serviced and relatively inaccessible locations. There is a lack of explicit policies aimed at mitigating the gentrification pressures in inner ring locations, as well as broad strategies for the distribution of economic development in Sydney's regions.

The current predicament is rooted in the manifest failure of current city building efforts to deliver on the well-established societal expectations around housing and community infrastructure. Irrespective of whether home ownership should be the preferred model, it has been broken by a rampant investment culture, with NSW and Commonwealth governments largely silent on broad, cross government housing policy. Addressing the three key points outlined above will be key to delivering a more equitable compact city.

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