Can Australian Governments Steer ‘Just Intensification’? Evaluating Victorian affordable housing policy

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Abstract: Over the past two decades, Australian planning policies have supported largely unregulated land speculation and gentrification in relatively well served inner and middle suburbs, leading to displacement of low and moderate income households and growing spatial inequalities. The current Victorian state government signalled a new direction by ‘refreshing’ the third metropolitan strategy in as many decades, Plan Melbourne (2014/2017), with an increased emphasis on ‘diverse housing close to jobs, transport and services. It also established a new independent infrastructure advisory body that defined social housing as an infrastructure priority, and developed a ‘whole of government’ affordable housing strategy.

Through a content analysis of Plan Melbourne, along with the two associated recent strategies, this paper asks whether they provide sufficient regulatory, governance and finance mechanisms to address and potentially reverse the trend towards greater social polarisation. We conclude that absence of a coherent vision, strong evidence base, coordinated partnership mechanisms, and ambitious targets combine to make progress towards more just intensification unlikely.

Keywords: Affordable housing, metropolitan planning, Melbourne, urban intensification, social justice

Introduction: intensification, strategic planning, and housing outcomes

A perfect storm of urban intensification, employment centralisation, gentrification and a housing boom has eroded the provision of well-located affordable housing for low- and moderate-income Australian households in capital cities over the past three decades (Yates, 2001, Davison et al, 2012, Gurran and Phibbs, 2015, Pawson et al, 2015).

Across Australia and internationally, urban intensification (also known as ‘compact city policies’, ‘smart growth’, and ‘urban consolidation’) has become the dominant paradigm for metropolitan planning in the 21st century (Searle and Bunker, 2010). At its most basic definition, urban intensification encompasses increasing residential densities and land-use mix within the existing geographic footprint of a city. Usually, urban intensification has also been associated with enforcing an urban growth boundary, or at least limiting uncontrolled and uncoordinated areal expansion - urban sprawl - at the fringe of cities. A common mechanism for implementing urban intensification is through transit-oriented development, the focusing of new higher density development, including housing, close to public transport nodes (Curtis and Schuerer, 2017).

Urban intensification has been posited as a solution to “a set of urban challenges” (Ruming, 2014, p. 254; see also Raynor et al, 2017), including urban sprawl and related loss of valuable agricultural and environmentally significant land at the fringes of cities; increased infrastructure costs and reduced efficiencies; reduced social cohesion; decline of traditional street shopping; increased automobile dependency and reduced walking, cycling and use of public transport; and housing affordability. There
has been considerable debate in Australia about whether the environmental sustainability claims of urban intensification are validated by evidence, with a previous generation of urban research emphasising its ‘perils’ (Troy, 1996, title page). Researchers also argue about the extent to which the policy rhetoric of intensification has influenced the actions of large scale private developers at the fringe of Australia’s rapidly growing capital cities (Newton, 2012, Raynor et al, 2017).

Urban intensification policies have supported a highly spatially centralised pattern of infrastructure investment. Federal and state government-subsidised but private sector-led transport and other infrastructure investment has overwhelmingly favoured central cities since the Better Cities Programme in 1983 (Troy, 1996), and has continued relentlessly since, at the expense of middle and outer suburbs (Wiesel, 2017). This emphasis on centralised investment has been justified as a means to the end of attracting globally mobile businesses and ‘creative class’ business leaders to the ‘liveable’ centre, rather than meeting the needs of those citizens most in need of employment, education and service opportunities (Burke and Hulse, 2015, Wiesel, 2017).

Concurrently, the gentrification of the amenity-rich inner-city by more affluent populations, and the displacement of disadvantaged populations to amenity-poor middle- and outer-suburbs, has further entrenched spatial inequalities (Weller and van Hulten, 2012). While displacement of low and middle income households from job and amenity-rich inner cities to under-serviced outer suburbs has been a feature of contemporary urbanism in Europe and North America, it is in Australian capital cities where this outcome has been most decisive over the past 30 years (Randolph and Tice, 2014). Without any regulatory mechanisms to moderate market forces in an overwhelmingly privatised housing market, low and moderate income households have been forced out by gentrification associated, at least partly, with the centralised pattern of investment that increases land values in areas near public transport, employment opportunities, and community amenities (Pawson et al, 2015, p. 7).

The impacts of intensification, centralisation and gentrification have been compounded by a booming housing market underpinned by taxation policy. Across Australia’s major cities, both house prices and rents have increased much more rapidly than incomes (Economics Reference Committee, 2015, p.20). Not only low income residents, but moderate income households as well, are finding it increasingly difficult to afford well-located housing, making it an increasingly important political issue. Eighty four percent of Australians say that housing affordability is of concern to themselves and their families, ahead of public education or border security, while satisfaction with government performance on housing policy rates below crime or public health (Gurran and Phibbs, 2015, p. 711). Despite $50 billion annually in mechanisms such as negative gearing (which allow tax exemptions for housing investment in both primary and secondary residences) and capital gains tax exemption, justified as stimulus for both owner and rental housing investment, 60% of low income renters are in housing stress (paying more than 30% of gross household income on housing costs) (Gurran and Phibbs, 2015, p. 712). In response, every state in Australia has released an affordable housing strategy linked to their metropolitan strategic planning processes in the past dozen years, with South Australia leading the way, and Victoria and Queensland the last states to develop a strategy (Davison et al, 2012; see also Whitzman, 2017).

Contemporary Australian strategic planning has been shaped by the ascendancy of neoliberal principles including market competition, privatisation and economic growth logics, which dominate over other social and environmental imperatives (Gleeson and Low, 2000). This period of change in the governance and management of cities has also witnessed the rise in policy, investment, and community engagement tools supported by a collaborative planning ‘turn’, which are fundamentally shifting planners from advocates for public benefit to facilitators of these inequitable processes (Gurran and Phibbs, 2015, Legacy and Leshinsky, 2013). Given this context, the question, then, is how to utilise planning tools, ranging from metropolitan strategies to better community engagement mechanisms, in order to obtain socially just outcomes from urban intensification (Legacy and Leshinsky, 2013).
This paper will focus on how well the particular regulatory tool of metropolitan-scale planning is working to support ‘just intensification’, using metropolitan Melbourne as a case study. In defining ‘just intensification,’ this paper draws on Fainstein’s (2010) conceptualisation of the just city. In particular, just intensification includes a focus on equity, defined as the ‘distribution of both material and nonmaterial benefits derived from public policy that does not favour those who are already better off at the beginning’ (Fainstein, 2010, p. 36).

Between December 2016 and March 2017, three complementary reports were released that were intended to support well-located affordable housing in both metropolitan Melbourne and regional areas throughout the state of Victoria. First, a new state government advisory body, Infrastructure Victoria, released a 30 year Infrastructure Strategy where ‘affordable housing’ was named as one of three key infrastructure investments (Infrastructure Victoria [IV], 2016). Then the state’s first affordable housing strategy, Homes for Victorians (Victorian State Government [VSG], 2017a) was followed a week later by the re-release of Plan Melbourne (VSG, 2017b), a metropolitan strategy that had been ‘refreshed’ after a change of government from Liberal to Labor, with the victorious party supporting ‘the right to safe, affordable and secure housing’ (Victorian Labor Party 2014 election platform, cited in Whitzman, 2017).

This paper focuses on the content of the plans themselves, rather than the partnerships and actors who influenced these policies (Whitzman, 2015) or the policy environment underlying the plans (Lowe et al., 2015). Likewise, it is too early to judge the impacts of these policies and related programs, released less than a year ago, on social inequalities.

We use both ‘normative’ and ‘efficacy’ lenses to examine this suite of policies. The normative lens is based on established definitions of ‘healthy public policy’, which improves the conditions under which people live: secure, safe, adequate and sustainable livelihoods, lifestyle, and environments, including housing, education, nutrition, information exchange, childcare, transport and necessary community and personal social and health services (Milio, 2001, p.622)

The links between healthy, liveable, socially just and sustainable environmentally sustainable communities (Campbell, 1996), has influenced community-based indicators (Badland et al, 2014). However, as Fainstein (2010, p. 85) suggests, metropolitan-level indicators do not address intra-urban inequalities exacerbated by intensification. Our normative focus is thus the extent to which there is a goal of maintaining existing, and developing new, affordable housing that is well located in terms of access to public transport, services, and employment.

The efficacy lens is based on the criteria developed through Berke and Godschalk’s meta-evaluation (2009) of metropolitan strategies in 12 US states developed under smart growth legislation. Berke and Godschalk do not explicitly address social justice criteria. Rather, they ask basic questions about internal validity – whether the plans provide sufficient information about goals, possible alternatives, spatialisation, costs, monitoring and evaluation – and external validity – inter-sectoral partnerships and coherence with legal, regulatory and fiscal instruments of other levels of government. Following on from Mees’ critique of previous Victorian planning strategies (2011), we would argue that it is policy failure when social justice rhetoric is not backed up by implementable actions.

In examining three strategies (Plan Melbourne, Victoria’s 30 Year Infrastructure Strategy and Homes for Victorians), we ask: Are these strategies likely to create substantial change in ‘just intensification’ outcomes? We focus on one key outcome - the capacity to develop sufficient quality and quantity of well-located affordable housing as part of an ongoing commitment to urban intensification, and use the following measures derived from Berke and Godschalk:
1. How does the vision and issues identification lead to goals or targets, and a monitoring and evaluation framework?
2. Is there a process for including all key stakeholders in a sustainable partnership model, with clear leads on policies?
3. Are the plan directions and support mechanisms based on data that establishes needs and problems, including spatialisation of the phenomena?
4. Is there a selection of options based on a transparent analysis, leading to an estimation of costs and sources of revenue as part of recommendations, as well as mechanisms to overcome any fiscal or legal impediments?

1. **Vision, Targets, Monitoring**

Melbourne has had the awkward distinction of having been ‘planned’ through five supposedly 20 to 40 year metropolitan strategies in as many decades - 1971, 1980, 1995, 2002, 2014 - with none outlasting a change in state government (Whitzman and Ryan, 2014). Ironically, Mees (2003) points out that the stated visions of the 1995 Liberal government *Living Suburbs* strategy as well as the 2002 Labor government *Melbourne 2030* strategy were so vague as to be completely transposable: both based on a conservative notion of ‘maintaining liveability’ without providing any substantive definition or measures for that highly contested term, let alone describing how to spread the benefits of ‘liveability’ evenly across the metropolis. *Plan Melbourne*’s vision, that ‘Melbourne will continue to be a global city of opportunity and choice’ (VSG 2017b, forward), also emphasises continuity over change, and the strategy never defines ‘opportunity’ or ‘choice’ in a way that could be objectively measured over time.

*Plan Melbourne* continues the urban intensification rhetoric of the two previous metropolitan plans, specifically linking intensification to well-located affordable housing. It contends that ‘[t]he more the city sprawls, the greater the risk that it will become an unsustainable city divided by disadvantage and inequity,’ thus a diversity of ‘[h]ousing must be available in locations that capitalise on existing infrastructure, jobs, services and public transport’ (VSG, 2017b, p. 6). This is a noble although hardly new high-level aspiration, since increased housing ‘diversity’ and ‘choice’ was also a goal of the two previous metropolitan strategies (Yates, 2001). Calling for ‘diverse’ housing near transport, jobs and services is a far cry from ‘the right to housing’ in the 2014 Labor election platform.

When it comes to numerically specific targets for affordable housing, the strategy is silent. It provides an overall projection of the need for 1.6 million new housing units over the 33 years from launch date of 2017 to 2060 (VSG, 2017b, p.43), but does not say how half of those units (approximately 25,000 per year) might be affordable for those households below median income. Instead, responsibility is shifted to an affordable housing strategy that would ‘outline the needs for various housing types [and] identify preferred housing outcomes’ (ibid, p. 46).

Turning to the affordable housing strategy which was developed concurrently with *Plan Melbourne*, there is a more specific set of goals stated in the preface: ‘We’ll make it easier for first time homebuyers. We’ll make renting more secure. We’ll make planning simpler. We’ll make social housing better.’ (VSG, 2017b, preface). While the overall target of 50,000 new housing units a year is restated (ibid, p. 17), there are no numeric targets for goals of affordable homeownership or secure moderate income rental. To use the most blunt analysis, nowhere do these policies say 25,000 new units a year would be affordable to households earning median income or below. *Homes for Victorians* provides a numeric target for social housing: renovation of 2,500 public housing units plus a $1 billion Social Housing Growth Fund to support up to 2,200 social housing units over five years (ibid, p. 32). Infrastructure Victoria provides a target for total affordable dwellings: 30,000 in total (comprising social housing as well as moderate income rental and homeownership) over the next 10 years (IV, 2016, p. 104). At less than 1,000 units per year, *Homes for Victorians* pledges a 2% new social housing component, a rate lower than the current proportion of social housing in Victoria, which is the lowest state provision in Australia (SGV, 2017a, p. 31). Infrastructure Victoria’s wider target of 3,000 new ‘affordable’ housing
units a year would mean that 6% of new housing would be affordable to 50% of households earning median income or below.

2. Stakeholder Partnerships and Engagement

In Australia, state government is responsible for both metropolitan strategic planning and most infrastructure provision (Searle and Bunker, 2010). Thus, at least in the abstract, the state government should be able to link regulation of development to the provision of infrastructure, permitting new housing at various price points and sizes in proximity to public transport, services and employment centres. However, federal government is responsible for taxation, immigration and social support mechanisms that shape housing affordability issues (SGV, 2017a, p. 6), while local government is where most development decisions are made (Taylor et al, 2016). Social housing stock is mostly state-owned, with a comparatively weak set of relatively small scale community housing providers (SGV, 2017a, p. 31). Lack of institutional investment in affordable rental housing is one of the key drivers of the housing crisis (Hulse et al, 2015). For implementation of affordable housing policy to succeed, state government would need to work in a collaborative way with these key housing actors – the federal government on taxation and shelter support, local government on ways to meet housing needs in well-serviced areas, private developers and investors. They would need to massively scale up affordable housing that is affordable to low and moderate income people over the long term (with an emphasis on serving the 28% of households who rent), and social housing providers who both produce and manage affordable housing.

When it comes to private housing developers, large and small, state governments are often swayed by powerful lobbying by national bodies such as the Property Council of Australia, who argue that any regulation will cause developers to ‘move to another city’ or simply pass on all costs to consumers (Ruming and Gurran, 2014). But the problem goes deeper than who is most successful in lobbying the government of the time, and becomes an issue of co-producing strategic conviction and transformative practices (Albrechts, 2015). As Mees (2011) pointed out in relation to the previous decade’s metropolitan strategy, rather than setting clear goals and then engaging with actors on the best mechanisms to achieve these goals, the state government has preferred a dyadic and largely sham ‘consultation’ process when it comes to land use planning. This consists of an advisory committee or ministerial staff requesting submissions from separate groups, creating a draft which again receives responses from peak bodies, and then making very minor amendments to a final plan that has been largely pre-determined by political priorities of austerity and risk aversion.

In Plan Melbourne, the Commonwealth government is specifically referred to only as a landholding party to consult with as part of the development of several ‘national employment centres’ (SGV, 2017b, p. 27-29). Similarly, the strategy speaks of working with ‘developers, local governments, and stakeholders to create sustainable, liveable and attractive places’ (ibid, p. 50), but not of higher level implementation partnerships that would engage these actors in problem-solving around clearly stated goals. While there needs to be community and stakeholder engagement at the local scale, this needs to be underpinned by a partnership at the metropolitan scale.

Homes for Victorians, a product of a human services instead of a land use planning bureaucracy, is a much more overtly political document, criticising the federal government for taxation policies that have contributed to housing speculation as well as policy uncertainty about funding for affordable housing construction and ongoing housing subsidies (SGV, 2017a, pp. 3-5). Homes for Victorians is also stronger on the partnerships criterion, discussing the importance of the federal government ‘coming to the table’ with a substantive plan (ibid, p. 3) and specifically advocating for the two levels of government working on a ‘bond aggregator’ model to stimulate private investment in the hitherto neglected investment rental sector (ibid, p. 24). The document continues a larger trend towards shifting responsibility for social housing provision to the not-for-profit community housing sector (Milligan et al.,
2015), committing to giving the ‘the sector the investment tools it needs to grow’ (SGV, 2017c, webpage). In particular, the Social Housing Growth Fund will be allocated through competitive processes that encourage consortia to collaborate to access government funds (SGV, 2017c). *Homes for Victorians* concludes with the importance of working ‘in partnership with the Commonwealth Government and local councils, as well as the community social housing sector, and the development and construction industries’ to achieve affordable housing outcomes (SGV, 2017a, p. 43). However, the strategy does not set out how this partnership will occur on an ongoing collaborative basis.

Weak overall targets translate into weak direction for local government, where most community engagement around mechanisms to improve affordable housing occur (Taylor et al, 2016). *Plan Melbourne* bypasses the local government level, instead proposing five year plans for a set of newly defined ‘metropolitan regions’, each consisting of four to eight of the total of 32 local government areas in Melbourne (SGV, 2017b, p. 17). The plan does not say how these new sub-regions will deliberatively develop affordable housing targets at various price points. It also begs the question of how local governments can engage in community engagement around how these regional affordable housing targets might be met, without the loudest and highest income households and areas successfully blocking intensification (Taylor et al, 2016).

It is difficult to develop vertical integration between governments when there is an absence of horizontal integration between arms of state government (Lowe et al, 2015). Since the 1990s, housing policy has been led, at various times, by the state land development authority (Urban Land Authority, then Urban Land Corporation, then VicUrban, then Places Victoria), the Department of Housing (which then became the Office for Housing and now is simply part of the Department of Health and Human Services), the Metropolitan Planning Authority (now the Victorian Planning Authority), the Department of Premier and Cabinet, and the planning department (which has changed names six times in the past 17 years). Discussion of any taxation, financing or use of government land has to go through the Department of Treasury and Finance, which has an agenda of revenue maximization in their cost-benefit analysis calculations. The Office of the Victorian Government Architect steps in with advice on well-designed housing and precincts. VicRoads, VicTrack and the education department have large under-utilised land holdings that could be used for affordable housing, but are constrained by a revenue generation mandate. In total, there are over a dozen state-level departments and agencies with skin in the game of affordable housing, and no governing authority to coordinate state-level affordable housing development.

To conclude, *Homes for Victorians* has a weak approach, and *Plan Melbourne* has a virtually non-existent commitment, to stakeholder partnerships essential for successful implementation of affordable housing strategy.

### 3. Evidence-led policy

Infrastructure Victoria explicitly recognises that state government data on affordable housing need is poor (IV, 2016, p. 99). It is true that both state and federal government have cut back on affordable housing research, but there are still recent reports (eg., Hulse et al, 2015, Tenant Union of Victoria, 2015) that could be cited to support calculations of need. Infrastructure Victoria estimates a current shortage of 75-100,000 social housing units across the state, by combining 30,000 households on the public housing waiting list with 120,000 households in housing stress in Victoria receiving Commonwealth Rental Assistance for private or non-profit accommodation, of which 50,000 are in the very lowest income bracket. It also states that at least 10,000 public housing properties, about one in six, are nearing obsolescence (IV, 2016, p. 98). This data would suggest the need for at least 10,000 new social housing units dwellings annually for at least the next decade to address the shortfall for low income households, let alone meet the needs of newcomers. This figure is more than ten times more five year target in *Homes for Victorians.*
To be fair, *Plan Melbourne* has a separate implementation strategy that, working at the sub-regional basis outlined above, is intended to ‘assess the existing capacity to accommodate more dwellings over the period to 2051 [including infrastructure improvements and]… identify the preferred locations for the delivery of medium- and higher-density housing’ (SGV, 2017c: action 19). There has already been some preliminary mapping of suitable vacant or underutilised local government land in well-serviced inner city locations (eg., Property Council, 2016), but without clear data as to the need at various price points and for various household sizes and types, it is hard to assign any meaningful targets, let alone proceed to community engagement, design, and financing considerations. Similarly, without a sense of what key public infrastructure is necessary and what is the current capacity of that key infrastructure (at the minimum, this would consist of a public transport stop with frequent service, public primary school, a grocery or other fresh food shop, a bulk billing health centre, and access to a green/ open space network), it is difficult to map which sites are best for subsets of the population (eg., older people, families with young children) and yields of affordable housing.

### 4. Financing Options and Revenue Streams

The three strategies open up a range of options for funding construction of affordable housing, although they are weak on transparent selection of options and how these options will be financed. They also are very weak on the gap between social housing and homeownership: namely, scaling up the affordable private housing rental sector (Hulse et al, 2015).

At the very low income housing level, *Homes for Victorians* sets up a $1 billion Social Housing Growth Fund, that is expected to leverage additional private development financing to obtain 2,200 new public or social units over five years (SGV, 2017a: 31-32). An additional $341 million is going towards redevelopment of 1,100 public housing units on nine estates, which will replace units but also add ‘new residences’ (ibid: 32). Under previous Victorian state governments, this wording has been code for sell-off of public land for private development in return for financing and managing redevelopment of estates (Shaw, 2013). A recent Registration of Capability document released by the State Government indicates that the State Government is seeking a consortium to undertake development of social housing, private housing and commercial land uses on these Public Housing Estates. The Department of Housing would pay for the social housing component and would receive a proportion of the profits of selling private housing and commercial land uses on the Public Housing Estates based on the value of the land. The consortia would receive the development proceeds. Significantly, it appears that ownership of the title to the sites would transition to the purchases of private housing or commercial developments on that site, thereby leaving public ownership (SGV, 2017d).

*Homes for Victorians* emphasises strengthening the non-profit housing association sector, through mechanisms such as $100 million in low cost loans and $1 billion on loan guarantees (SGV, 2017a: 34). The notion is to gradually assist in the strengthening of the sector, which has 20,000 rental units at present, by transferring 4,000 of the 64,000 current public housing units to them. In return, housing associations would merge their waiting lists with those of the government and provide 75% of these units to those at greatest need on the 30,000 person public housing waiting list. While these capacity building initiatives are welcome, they do not address the sheer scale of investment that would be necessary to build up social housing to a level that might meet the need of the 6% or so of households that earn less than 30% of Melbourne’s median income (id., 2016).

The real gap is in financing for those approximately 35% of households who earn between 30% and 80% of median income, who fall between eligibility for public housing and ability to afford a down payment or carry a mortgage, even in an outer suburb remote from jobs or services. *Homes for Victorians* provides a conservative estimate of 435,000 renter Victorian households in the private rental market, facing a rental market where only 7% of new lettings are ‘affordable’ (SGV, 2017a, p. 27). Rental assistance to an additional 4,000 households (300,000 are currently on Commonwealth Rental...
Assistance, including those in social housing) is a drop in the bucket, when 38% of renters are in housing stress (paying more than 30% of their household income in rent) (Tenant Union of Victoria, 2015, SGV, 2017a, p. 28). While reform of Residential Tenancy Act to assist in rental security and apartment design standards are both welcome, neither of these measures specifically addresses affordability (SGV, 2017a, pp. 28-29).

It is here that planning regulation such as inclusionary housing might come into play, but both Homes for Victorians and Plan Melbourne are cautious. A ‘pilot’ inclusionary housing scheme will be trialled on government land, but the purpose of a small scale pilot, as opposed to introducing a universal scheme that would level the development playing field, is unclear. To make a difference, the affordable housing targets for this strategy (and any others that follow) will need to be closer to the 25-50% targets that exist in overseas cities such as London and New York, than to the targets of similar strategies currently operating elsewhere in Australia (Davison et al, 2012).

A potential part of the solution lies in recent policy announcements from the Federal Government, foreshadowing the creation of a bond aggregator model in Australia. The Federal Government has committed to establishing a National Housing Finance and Investment Corporation designed to ‘encourage greater private and institutional investment and provide cheaper and longer-term finance to registered providers of affordable housing’ (Commonwealth Government, 2017, webpage). Based on similar models in the UK and throughout Europe, the model has the potential to create a currently non-existent investment class in Australia; long-term affordable rental housing (Lawson et al., 2014). However, finance cost savings resulting from a bond aggregator are unlikely to provide sufficient subsidy to construct safe, adequate housing at affordable rents for low income tenants between 30% and 80% of area median income. Australia requires a long-term, bi-partisan incentive or subsidy such as the Low Income Tax Credit in the US or Australia’s discontinued National Affordable Rental Scheme to fill the remaining subsidy gap. And without clear statutory guidance from states on affordable rents and tenant eligibility, non-profits may not be able to maximize the benefits of a bond aggregator.

**Conclusion: Beyond plan analysis to just intensification**

The three strategies discussed represent the first serious attempt to plan for affordable housing in Melbourne for several decades. Homes for Victorians is an important step towards remedying housing affordability in one of the world’s most expensive cities. Plan Melbourne offers commitment to addressing spatial inequality. Infrastructure Victoria recognises the importance of affordable housing as social infrastructure. This state strategy comes at a time when the Federal Government is making similar promises to support lower-cost capital for affordable housing providers.

This progress is undermined by a lack of clear spatialized targets linked to firm definitions of affordable rents for a diverse array of housing types and household sizes, as well as an inability to accurately assess the scale of the problem, and address the causes of this market and policy failure. Lack of effective state interagency coordination, statutory limits on the use of some public lands, and the concentration of fiscal instruments at the Commonwealth level, and decision making power at the local level, limit the state’s ability to best utilise available resources. These impediments suggest a need to develop stronger partnerships amongst all stakeholders, steered by a shared, but sufficiently ambitious, vision with enough political support to last and grow through changes in both state and federal government.

Perhaps the most powerful tool at the moment to address Plan Melbourne’s vision of reducing spatial inequalities is the competitive criteria established by the state to administer the Social Housing Growth Fund. The state could utilize competitive criteria to guide new social housing construction into well-resourced areas as is practiced by subsidy allocating agencies in the United States (Johnson, 2014). If these shortcomings of current efforts can be quickly addressed, Victoria could leverage related state
and federal programs with the goal of increasing the production of affordable housing. This could be tied to infrastructure investments that create new development opportunities on state-owned land. Since 2015, Victoria has embarked on a highly popular program of level crossing removals on a scale not seen for 100 years. These projects can create new public amenity and open up potential mixed-use affordable housing developments integrated with public transport interchanges (Woodcock and Stone, 2015).

In drawing on Fainstein’s Just City concept, we conclude this paper by asking, is just intensification in the neo-liberal metropolis even possible? Drawing on our analysis of three contemporary planning documents that purport to contribute to a new vision for affordable housing in Victoria, we conclude that these reports offer, at best, a tentative and inadequate approach to a complex and systematic crisis facing Australian cities. Under austerity-driven ‘politics as usual’, Victoria is failing to realise potential benefits from intensification with its timid approach to policies like inclusionary housing and programs like public housing redevelopment. Academics and policymakers must start by recognising that just intensification is currently an oxymoron in the Australian context, while policymakers need to acknowledge that increasing efficiency in housing financing and the public approval process are insufficient substitutes for hard fiscal subsidies and substantive regulation. Only from an honest and critical assessment of current policies can we begin a process to envision a more just form of urban intensification for urban Australia; one that fractures from an environment where policy ambition remains constrained by compact city orthodoxy that is structured around narrowly conceived economic priorities.

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