

Inequality in housing and community solutions

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Abstract

Inequality is the major issue facing Australian society today. We are the most urbanised country in the world, and our cities are driven by market economics, not societal well-being, creating inequality in public services health, education, retail and transport. Our cities are predominantly suburbs driven by property investment that has distorted housing supply, particularly individual suburban houses, exacerbating inequality. There are three types of dwelling ownership: owners, purchasers, and renters. The first have several dwellings whilst the third have none at all. The public sector, funded by taxes, is needed to redress these inequalities, but Australia now has such a low tax-to-GDP ratio that public housing, once quite strong, is now underfunded and failing. There is no comprehensive federal or state program for social housing, but the demand for social rental housing has dramatically increased. Social and affordable housing will increasingly rely on community developers, using a mixture of philanthropy and commercial approaches to provide “build-to-rent” housing. These include “Community Housing Providers,” “faith-based housing” and “self-build” indigenous projects.

Introduction

Inequality is the major issue facing Australian society today. Its quantitative and qualitative discrimination affects every part of our lives, easing it for some and impoverishing many. It is detrimentally impacting our cities and housing, and makes climate change mitigation and adaptation much more difficult to address. Inequality is often measured by both income and wealth in “quintile analysis.” Income inequality creates unequal access to opportunities generally, and particularly to public services such health, education, transport and commercial activities like retail and entertainment.

Wealth inequality has a far greater differential between the richest and poorest. This is because Australia, more than any other developed country, has an economy where wealth is accumulated in speculative

property development, particularly housing. Its effect on the quality of our cities, our suburbs, and particularly housing is brutal. Some make great fortunes, one third of households own multiple dwellings, one third never own one. As a developed western nation, we also have unconscionable numbers in housing stress and homelessness. Our obsession with property development has made us world leaders in social disadvantage.

Inequality

To understand this widening inequality in housing we must first look at the how our planning policies encourage inequality in our cities, particularly through the promotion of suburbia, how a property development culture has perverted the supply of housing, and how it affects the

quality of our cities and environment. We need new policies in all sectors of housing, particularly for the poorest where public housing has failed. A radical rethink of this area is needed. Community-based housing offers a positive solution to levelling up the vital provision of shelter for all households in the nation.

Cities

In folklore we think of ourselves as a rugged “bush nation,” inventively living off the land. Yet we are the most urbanised of all the OECD nations with over 40% of the population in two extended cities, 70% in ten. Whilst the population is concentrated in just a few cities, the housing in each of those is spread through extensive suburbia. More accurately we are the most suburbanised of OECD nations.

Whilst city centres have visual prominence through tall buildings and gravitas as the centre of politics and culture, the CBD built area is tiny in comparison to the broadacre suburbs which begin barely three kilometres from the GPO (or CPO in Melbourne). Australian cities are largely planned around those suburbs, driven by market economics, not by societal well-being and efficacy. Key services are located in the city centre (or in major suburban centres), and the dwellings closer to those centres are more valuable, whilst the land further away is cheaper, as are dwellings. This creates distortions which gives rise to “spatial inequality.” Those closest to those city centres have better access to better options: public spaces (civic buildings public squares and parks); health facilities (public and private hospitals and more GP clinics), education (public and private schools), retail (vibrant inner city high streets vs

enervating suburban shopping malls) and commercial facilities and transport (public transport and motorways).

All of this is seen by planners (and the media) through the prism of economics, of *quantity*, whereas the lived experience is one of social and environmental *quality*. In response, social commentators like Eva Cox hold to the mantra: “We live in a society, not an economy” or as Jack Lang, France’s Minister for Culture says: “*économie et culture, même combat*” (economy and culture, same fight).

Suburbs

Modern suburbs are a political decision. In 1942 the future PM Robert Menzies staked his claim for political success on the middle class, whom he called the “forgotten generation.” Home ownership thus became a core tenet of the Liberal party, and all Federal governments thereafter. The post-WW2 baby boom and sponsored immigration created a high demand for development, particularly housing. The majority approach was to subdivide city fringe land into multiple separate titles, on which a freestanding house could be built. Australia’s “Torrens Title” legislation that enabled this easy land subdivision is regarded as world’s “best practice.”

Almost all political activity was concentrated on having a “home of your own” — home ownership — in those suburbs, with public housing lagging well behind. In 1945 a Commonwealth State Housing Agreement (CSHA) was established for the Commonwealth to fund public housing via loans to the States. When the first CSHA was concluded in 1956, the Menzies government, together with some states that had been agitating for home

sales not rentals, redirected 30% of Commonwealth funds to building societies and state banks to subsidise home ownership finance. Public housing, then at its height of almost 10%, has lost support and fallen ever since (see below).

Since WW2, the population of our cities has more than trebled, Sydney grew from less than 1.5 to more than 5 million. Dwellings were concentrated in suburbia and the areas of cities trebled as well, leading to the distortions in the provision of services. Existing inner suburbs were well catered for, often improved, whilst services always lagged the opening up of fringe suburbs. The quality of suburbia, and the dwellings, changed dramatically with increased population.

Suburban housing

In sixty years, every critical characteristic of individual suburban houses changed by a factor of two: sometimes doubled, sometimes halved, but the net effect was the loss of most of the good qualities of interwar suburbia. Call it $2 \times 2 \times 2 \times 2 \times 2 \times 2 \times 2$ — it had a disastrous effect on sustainability, and thereafter inequality.

Land subdivisions are now *half* the size of the post-WW2 quarter acre (1000 m²), often as small as 350–400 m². The sites are narrow to minimise the street length, and so small that the houses are oriented to the boundaries, not the sun. In contrast, the average house area more than *doubled* from less than 120 to 240 m², prompted by both a reduction in the quality of construction materials and the demand by purchasers for houses as large as possible. Children once shared a bedroom and single bathroom, now they have a bedroom and ensuite each; once one living room sufficed for the whole family,

now houses have multiple living, family, study, play areas and so on.

When a house, *twice* the size, goes on a block *half* the size, it can no longer be a bungalow. It *doubles* to two storeys, with limited areas for landscape, gardens, or trees. The two storeys are built to the boundaries, overshadowing the neighbours, and invading their privacy. Passive solar is not possible, and cross ventilation breeds a loss of privacy, so air conditioning is the norm. The increased bulk and absence of trees creates dominant forms in the street where once street trees masked the single-storey bungalows.

The *double* garage doors dominating the narrow fronts tells of another *doubling*. In 1960s the family had one car, now the family has two or more cars, bought as soon as you can drive. Parked on the front driveway, the front lawn, the nature strip (weird term), cars are necessitated by the lack of public transport in the outer suburbs: no trams, no trains, and privatised bus services that are hopelessly inadequate.

Houses now have *double* the glazing area (windows and doors). Project homes in the '60s had glass areas about 12–15% of the floor area, dictated by costs and the requirements of Ordinance 70 (the NSW Building Code then). Not only has the floor area *doubled*, but the glazing ratio has also increased to 20 to 35%. It should be double-glazed to pass NatHERS (the thermal comfort measuring tool), but often isn't.

One modest refrigerator was sufficient in the '60s, now there are *two* or more refrigerators, not only a large 3- or 4-door in the kitchen, but also one in the family room for drinks, or in the garage for frozen food, bait and fish. The *second* fridge is often older, less efficient, with polluting refrigerants.

Refrigerators are the biggest consumer of energy after hot water and their doubling in number and size increases electricity demand.

Where one TV in the house once sufficed, now it's one in every room. Many other appliances have *doubled* or proliferated: ovens, microwaves, blenders, computers, heated tower rails, hair dryers, fish tanks, and so on, along with many more lights. All *doubling* electricity usage in the house.

Hot water is one area where energy improvements were once made; the power-hungry single electric storage heater gave way to instantaneous gas and, in 5% of cases, roof-top solar. Now that fossil fuels are on the outer, gas heaters need to be replaced with heat-pump storage, run by photovoltaic (PV) solar panels, or pumped solar panels. A homeowner can buy multiple refrigerators or appliances from big-box stores, but sadly, not good water heaters or PV panels. We are encouraging consumer behaviour to increase energy demand, not to raise sustainability and lower bills.

The last, most dramatic change is the number of people in houses. In the '60s, average occupancy was more than five persons. Now it's less than *half* at 2.5. In the '60s, suburbia was for families, parents and children, sometimes multi-generational, and often board and lodging for non-family. Now singles and couples outnumber family households, and even allowing for the lower occupancies in apartments, suburbia now has many big houses on small blocks with only a couple in them.

This change didn't take place overnight; it took 60 years to destroy the high quality of the original suburbs, and along the way to decrease sustainability and increase inequality. Inner-city suburbia of the '50s

and '60s, with its infrastructure and services complete, is now so valuable that only the richer middle class who bought in decades ago can afford to live there. The first home buyers and poorer middle class are pushed out to the vast, dark-roofed, treeless overheated suburbs that have recently been built at the edges of our cities. Minimal public transport and less local services (that trail the developments in rollout) have bred a high car dependency, exacerbating inequality.

Property development

Suburbia has been the principal location for property investment. Huge numbers of single houses on individual plots creates a vast industry, made up of many individual small-scale players. Numerous individual contractors and sub-contractors proliferate, realtors and banks multiply, and the media takes to home design with many glossy magazines. The big corporates concentrate on constructing commercial, civic and a few flats buildings. The tradition of individual houses spawns the multitude of homebuilders we have today.

Construction of infrastructure and buildings boomed, and fortunes were made, both continuing today. As an economic activity, construction is the largest single sector of GDP and employs more people than mining. Eight of the twenty richest people in Australia derived their wealth from property development.

The success of property development has skewed the physical, social and economic shape of our cities, exacerbating inequality. Suburban houses still dominate demand and sales, creating poorly serviced, highly transport-dependent sprawl at the edge of our cities. It fails unsustainability on almost

every metric. Even now, when individual houses and apartments are built in about equal in numbers, suburban expansion continues.

The financial success of property developers encourages the populace to follow their lead, to see housing as *property*, not *shelter*, to be amongst the most highly leveraged in the world. The sector is spoken of as a “housing market,” one which sees cities through the prism of the economic wealth, not societal or cultural value. We have become a nation in love with property development, whilst suburban homeowners revile property developers. Some irony, some social failing.

Home ownership

There are now three types of dwelling ownership, with approximately the same number of households in each: owning the dwelling outright, purchasing the dwelling on a mortgage or loan, and renting as they do not “own” a home. Let’s call each of those a “housing sector.”

In the first sector, outright *owners* benefitted from rising values over time and long-term loans, often at low interest rates, and so can leverage their ownership equity to buy additional dwellings. 18% of households own (or are purchasing) a second house. 5% of households own three or more houses. Additional dwellings total a third of all dwellings, and are the primary source of rental properties (see below).

In the second sector, one third of households are *purchasers*, most commonly through a mortgage to one of the “big five” banks. The mortgage gives the bank title to the dwelling, or at least that portion of it that remains to be repaid, giving them great economic leverage. The owners’ ability to afford the mortgage payments is often

referred to, by politicians particularly, as “housing affordability” — can you afford to buy a house?

The third sector is households who are *renters* with no ownership at all. The renters’ dwellings are owned in a variety of ways: privately (that is, by the first third), by the state in public housing, by housing providers (commercially or community run) and a small number of other ownership models. In all cases the renters are paying for the costs of the housing provision, benefiting the owners.

Different policies are needed for each of the three sectors, *owners*, *purchasers* and *renters*. Just as the sectors are divided, so are the current housing policies, disconnected into silos, but all contributing to housing inequality. All these housing policies must be addressed if we are to improve equality in housing opportunity, particularly for the third sector where housing stress is increasing.

Housing policies for owners

Australians have been obsessed with home ownership for 120 years, but we’ve gone from world’s best to near worst. At Federation, 50% of homes were owner occupied, the world’s highest rate at that time. As high as 70% in the 1970s, it has fallen to 66%, and is falling further. We are 42nd out of 52 industrialised countries, behind the USA, UK, most of Europe, Scandinavia, and many Eastern bloc countries.

Nevertheless, owners and purchasers, being two thirds of households, are overwhelmingly seen as vitally important by the two main political parties. At 66% it’s a greater majority than has been achieved by either modern political party or in a referendum. So federal and state housing

policies are almost exclusively aimed at “home ownership,” and politicians are vocal about “housing affordability” for purchasers and owners, at the expense of the forgotten third who seek “affordable rental housing.”

Owner households have been encouraged to develop a “property portfolio” for the last 40 years. Those owning a house are encouraged to own several, in three related ways: favourable banking regulations with low interest rates on secondary properties, tax deductions on rental properties through negative gearing and discounted capital gains on sale.

Negative gearing and capital gains tax

The most effective, yet pernicious, promoter of secondary dwellings is “negative gearing,” introduced in Australia in 1985 by the ALP Hawke/Keating government. Although it was used elsewhere at that time, Australia is now unique in allowing people tax deductions on multiple houses rather than on their own individual dwelling. The intervening years have seen housing become the most popular and profitable form of investment in Australia.

These investment houses make up most of the houses rented in the “third sector.” The houses are leased from a “private landlord,” rather than through a co-operative or housing society, as is common in Europe. There are no rent controls; rental laws favour owners over renters; and there is little deterrent to extorting a profit, which is offset by negative gearing. The net effect is that the renters are financially supporting the owners, furthering inequality.

Arithmetically there is plenty of housing supply, as there are more houses in Australia (almost 11 million) than households (9.8 million). Renters should have choices

at reasonable prices but that is not the case. Many of the secondary dwellings are holiday homes with no permanent residents. Availability became far worse with the rise of short-term rentals (Airbnb, Stayz etc), which has skewed the market in the owners’ favour even more, with a short-term nightly rent now equally a weekly long-stay rent.

Renting a privately-owned dwelling at a reasonable rate was possible five or so years ago, but conditions for renters have deteriorated markedly, as the profits for owners have soared. The recent federal budget papers accurately diagnosed: “that renters are experiencing deteriorating conditions with rents increasing and vacancies low,” but they fail to identify the reasons for this.

Equality solutions for owners

Changing tax policy is the best way to support long-term rentals and discourage short-term holiday lettings (at least until the housing supply improves dramatically). And that could be achieved with the stroke of a pen, or more accurately an inversion of current taxation. Instead of tax relief on investments, there should be tax concessions on the primary residence (as is the case in most of the OECD) that would benefit all owners/purchasers.

We need a tax policy on un-earned capital gains. Profiting from rise in dwelling prices, when no value has been added, is unfair when it puts one third of Australians further into housing stress. The only way to discourage this “speculation without value” is to re-introduce a substantial capital gains tax. Not on the primary home, but a tax on profit gained, outside dwelling improvements and the rate of the inflation, could be taxed at rates as high as 80% to immediately halt the rise in dwelling prices.

These changes would create a much-needed correction in the rental market, at least in the short term, but the problems for renters are more endemic and longer-term solutions for renters will be needed. Further economic benefit could be derived by re-directing tax concessions in housing to investments in manufacturing or rent-controlled social housing by community groups (see below).

Removing the incentive to profit from home speculation would have two benefits: it would cool the current spiralling dwelling prices; and it could redirect investment wealth into more economically productive activities: encouraging research and development and promoting industries, particularly those with the triple bottom line. Stripping negative gearing and capital-gains concessions from investment houses opens the way to tax the rental profits, particularly from short-term rentals, but changing negative gearing (and capital-gains concessions) is political poison at present and the total tax levied may have to be made revenue-neutral in deference to the politically incendiary issue of property taxes.

At the 2019 federal election the ALP promised to abolish negative gearing and further reduce capital gains tax concessions from 50% to 25%. Sound policies if you want to rein in multiple home ownership for short-term rentals. The LNP and Clive Palmer viscerally attacked those ideas (often with lies such as a “death duties tax”). Labor was so chastened by its loss that it withdrew these policies, which were eminently sensible then, and urgently needed now. Talk of tax reform is now considered so evil that no party has any policy to effectively address the spectacular rise in dwelling prices, further entrenching inequality.

Nevertheless, most housing commentators on social and affordable housing are calling for changes to negative gearing and capital-gains tax as the societal impact is so profound. Roger Cook, Labor deputy premier of WA said recently: “As health minister and mental health minister I learnt that housing is not a supply issue, it’s a social issue.”

Housing policies for purchasers

Households who are purchasing their dwellings through a mortgage are always characterised by politicians and the media as “families,” cruelly subject to interest rate fluctuations. Politicians focus disproportionately on them, or those who want to join them, as in “can they afford to buy a house?” or “housing affordability.”

To provide relief for existing borrowers, the government would need to alter bank rates and charges by discounting rates for first homes and raising rates for secondary homes. This would recalibrate the “playing field” towards greater equality. We cannot continue to have five of the world’s most profitable banks if they are the major cause of housing inequality in Australia.

A further change to benefit purchasers over owners would be the reversal of negative gearing from secondary properties to primary residences, which would create incentives to improve the sustainability of the dwellings if the tax relief was targeted at energy- and water-saving measures.

A more extreme proposal for more equitable housing is to strive for every household to own their own dwelling. 100% home ownership would be a step too far as there will always be some households who rent, either out of convenience or necessity. Nevertheless, it is an interesting theory to pursue as it

will show the changes that are needed today to expand the current third of households who are purchasers.

If the amount a household should pay for shelter is 30% of after-tax income, then either incomes need to increase (unlikely) or repayments need to fall. The latter is achieved by lowering repayments, which in turn could be achieved with banks lowering interest payments (again unlikely) or by housing options allowing for cheaper dwellings.

Current State and Local Council planning regulations are geared to a middle-class suburban ideal from fifty years ago. They discriminate against small houses and particularly apartments, having demands that continue Australia's excessive space expectancy. A further impediment is the intransigence of banks to lend on apartments under 50 square metres.

Housing policies for renters

There was always a divide between owners and renters, but the policies favouring owners and purchasers has made it a gulf. There is now a diverse range of owners from whom dwellings are rented. Essentially they divide into three: private owners, who are the first third, 22%; public authorities, mostly state public housing, 3%; community-run housing providers, 3% and increasing; and lastly by some other ownership models such as commercial build-to-rent, 3%, also increasing.

Reducing profiteering by private owners has been canvassed above: it requires a change to the taxation system to preference the household's first dwelling, and disincentivise the secondary dwellings such that short-term rentals become long-term, at least from the near term. Although this is by

far the largest rental market, there is little more that can be done for equality other than changing the property development settings for negative gearing and capital gains tax.

Public housing

Traditionally the states provided housing for the poorest, generically called "public housing" as in provided *by* the public — through taxes — *for* the public, and has done so for 120 years. After every major war and depression there has been a worldwide push to address the resulting housing crisis. Unfortunately, Australia has missed, or misused, many of those opportunities, so a history of public housing is instrumental in understanding why it is now failing so badly, how to avoid repeating past mistakes, and why current proposals to rectify the situation are misdirected.

Early public housing

Housing in Victorian times was either large freestanding houses for the owner-occupier gentry, or row housing which were rented. Often called terraces, these were groups of mostly two-storey houses which were built and owned by the developers of the day, naming them after their wife or daughter, and rented out to families, with 3 generations and 10 or more people in a house.

There were some households too poor to rent in that private market, who need "subsidised" housing. In the 19th century in Australia this was primarily supplied by churches, in modest houses around a church, called a "glebe," as in the Sydney suburb. The state governments were busy building schools and hospitals, but not housing.

By the end of the last century, 50% of houses were owner occupied, 45% were pri-

vately rented, and the remaining 5% were owned by churches and a few local councils. The Sydney Harbour Trust, which acquired houses in The Rocks and Millers Point in 1900, when there was an outbreak of bubonic plague, let those houses to waterside workers; it was our first “publicly owned housing.”

At the turn of the last century, there was an international movement to reform housing from a social point of view, but that was not of interest to the newly formed Federal government, which considered it a state matter, which it has remained ever since. Also, at that time some local councils, concerned about areas of slums (privately owned by absentee landlords), followed a lead from the UK with purpose-built housing for the increasing working class in the inner city.

The NSW government was the first to address public housing, with the Housing Act of 1912, and the NSW Housing Board planned the first public housing estates in Australia. State treasurer Roland Dacey proclaimed: “We propose to establish a garden city and to offer people healthy conditions for living ... will yield big dividends to the nation ... that has how Australia builds its garden cities.” Sadly, the visionary Dacey died soon after, and his vision was not built until after WWI, but his name is commemorated in the first of those garden city public housing estates, Daceyville, near UNSW, south of the Sydney CBD.

At the same time as the Housing Act of 1912 was passed, the NSW government also passed legislation to advance the control of deposits and mortgage financing so that workers could own their own homes. Dacey’s nascent social liberal reform ran second to encouraging housing in the private market.

Following the Great War, the states increasingly took over that role of subsidised rental housing from councils. The loss of men in the war left many widows, who supported themselves by subdividing their houses into “board and lodging rooms,” which were later regularised as “boarding houses.” These were key to accommodating the working class through the Depression.

In 1919 the Federal Government established the War Service Homes Commission, which offered low-interest loans to return servicemen to construct or buy a house, promoting private home ownership, and to avoid housing being dependent on the old private rental model. The NSW Housing Board was disbanded in the late ’twenties, both instances where the government promoted home ownership over the public supply of rental housing.

The provision of all housing was seriously delayed by the Great Depression, but it was followed by a number of public housing initiatives by various States in a desire to provide housing for those who were poor. Many of the old private and church housing estates fell into disrepair, and a Methodist social reformer, Frederick Oswald Barnett, drew attention to them as “slums,” and was instrumental in forming the Housing Investigation and Slum Abolition Board in Victoria in 1936. A similar housing slums investigations committee was formed in NSW, leading to a Housing Improvement Board established from 1936 to 1942.

A building act inquiry committee in South Australia led to the creation of the SA Housing Trust in 1937; the Victorian Housing Commission was created in 1938 and the NSW Housing Commission in 1942; and in Tasmania public housing provision

was promoted through a housing division in the Agricultural Bank in 1935.

Mid-century public housing

In 1943, the Commonwealth Housing Commission (CHC) was established by a board of inquiry appointed by Ben Chifley, minister for post-war reconstruction. It concluded: “We consider that a dwelling of good standard and equipment is not only the need, but the right of every citizen, whether the dwelling is to be rented or purchased, no tenant or purchaser should be exploited for excessive profits.”

Thus, the CHC promoted housing as a right for all Australians, targeted to low-income workers: “... it has been apparent for many years, that private enterprise, the world over has not adequately and hygienically being housing, the low-income group.”

The CHC report of 1944 made detailed proposals and recommendations to the Federal Government, most of which were ignored, and instead the 1945 Commonwealth State Housing Agreement (CSHA) was established for the Commonwealth to fund public housing via loans to the States, a system which has continued in various forms to this day.

Immediately after the Second World War, the states operated public housing schemes in varying ways. In NSW and Victoria, the public housing focus was on slum clearance to rehouse those in poverty, preference being given to large families and those recently returned from service.

In 10 years after WW2, state housing authorities built almost 100,000 dwellings for public rental, one in every seven dwellings built in Australia. The NSW Housing Commission built almost 38,000 of those dwellings, 18% of all dwellings built in

NSW. The majority of the housing built was detached houses in “garden city” plans in middle and outer suburban areas, such as Green Valley and Mount Druitt in Sydney.

Fewer in number, but more visually prominent, were the flats — initially walk-up blocks of 3 to 4 levels but later high-rise towers of 20 to 30 storeys in Sydney and Melbourne. In 1946 the Victorian Housing Commission repurposed a Commonwealth Tank Factory as the “Housing Factory” for the production of concrete panels for pre-fabricated houses and flats. Eventually 27 towers using those precast concrete panels were built across 19 suburbs in Melbourne. Housing towers were vilified in Melbourne and Sydney for their stark visual presence, but moreover for gathering too many people of the same socio-economic status in one place, typified by violence, drugs and suicides. The irony is there were far more tenants in suburban houses, largely indistinguishable from everyone else’s housing.

As mentioned above, when the first CSHA was concluded, the Menzies government redirected 30% of Commonwealth funds to building societies and state banks to subsidize finance for home ownership. Public housing completions declined to about 9% of all dwellings, and the state authorities sold off much the public housing; sometimes more was sold than was built in a year. By 1969, the NSW Housing Commission had sold almost 100,000 dwellings, one third of all the dwellings it had built. The conservative governments turned against public housing, reducing the size of public housing sectors and shifted the public housing’s clientele away from workers and their families to people on a social wage or those who were unemployed.

Australian Labor Party reforms

The Whitlam government had big intentions for housing and urban renewal. Through the Department for Urban and Regional Development (DURD) the minister (and sometime deputy PM) Tom Uren brokered deals with State and Local Governments for the provision of public housing in Glebe and Woolloomooloo, guided by the “Green Bans,” promoted by the Builders’ Labourers Federation and Jack Munday.

The Hawke Labor government of 1983 negotiated building more public housing as part of the deal to encourage wage restraint. And Brian Howe, again deputy PM, took a particular interest in developing a joint program with the States called the Local Government and Community Housing Program, referred to as “Logchop.” The idea within the program was to provide public housing to those at the margins who were not normally housed publicly — artists, students and refugees — in cooperatives and local groups.

The program was never able to effectively take off before the government changed to the Howard coalition, which made further cuts to funding social housing under the CHSA. Each return to conservative government saw a continuing fall in public housing: the share of dwelling completions fell from an average of 16% from 1945 to 1972, to 9% over the 1980s, and fell again to 5% over the 1990s.

Public housing today

By the millennium, almost no public housing estates were being built, and state governments were being encouraged to sell off the most valuable stock to build new housing. The Berejiklian government in NSW did so with alacrity, selling off the

buildings in Miller’s Point that had been public housing for 120 years, together with the purpose-built Sirius apartments.

This approach was combined with privatisation; existing low-scale public housing was sold to private developers who could build at a greater density, if a fixed percentage of the new housing, usually around 20%, was set aside for “social and affordable housing,” managed by Community Housing Providers rather than the state. Sometimes, this did not match or increase the amount of public housing lost.

With falling home ownership and wage disparity, the demand for rental housing has increased, dramatically so for social and affordable housing, with demand reaching 10% of all households. But support for public housing by NSW and Victoria governments declined, with Housing Commissions almost entirely disappearing.

Public housing declines

Social democracies redress inequalities in society in general, and housing in particular, through the “public sector,” funded by taxes. The size of the “public sector” is measured by the tax-to-GDP ratio, or Tax/GDP. In most OECD countries the Tax/GDP is in the range of 30–40%, with an average of 33%. Australia has a very low Tax/GDP of 27%, (only the USA is lower, at 24%). Therefore, the Australian government cannot fund social programs like those in Europe and Scandinavia, and so must choose which areas to underfund.

Currently social welfare programs and support for social housing are not prioritised, as is evident in the Federal Government’s very low targets for public housing (10,000 over 10 years), which is dependent on profits from an investment fund, whose prospects

of economic success has been roundly criticised. This in turn increases dependence on philanthropy (more common in the USA). Recently it has been suggested that superannuation savings be used as a form of national savings for investment. This has been contested by the Federal Government. In summary, all governments have insufficient funds allocated to address rental housing for the poor, and so other methods of supply must be instigated.

Social and affordable housing

More than 6% of all housing was state owned in the 1960s, but has substantially waned since then, to where it is now at less than 3% (for twice the population). If we are to reach a desirable level of 10% of households in social housing, we must examine ways to increase the supply, but there is no agreed comprehensive federal or state program for public housing now.

Traditional modes of public housing cannot address the problem at all. It is being rebranded as “social and affordable housing” (or social housing) and is being outsourced to public-private partnerships (PPP), or not-for-profits, such as “Community Housing Providers.” Essentially, public housing as we have known it for 120 years is dead, and new methods of delivery, such as PPPs and CHPs and community housing, are needed. This requires an understanding of three issues: what lessons can be learnt from the typologies of former public housing; how funding approaches can learn from commercial housing developments; and, critically, how “wrap around support services,” so essential for people who are in the greatest housing stress, can be incorporated. Only then can we see a viable way forward for housing the poorest 10%.

Lessons from public housing

There are several lessons to be learnt from the public housing of the past. Housing post-WWI was almost solely concentrated on single-family homes in suburbia, the perceived need at the time. But this often meant the housing was far from essential services. Current requirements are for far fewer “family” homes and more singles and doubles accommodation. That will require an increase in better located individual houses, and more modest apartment complexes.

The public housing post-WW2 was high in numbers, but the 20+ storey towers in Sydney’s Waterloo and South Melbourne were a very poor typology, creating “ghettos” of similar distressed residents. High-rise living is often targeted to wealthier occupants, whereas as the poor, with especially those with complex social and mental problems, prefer to be closer to the ground. The other major issue for the “towers” was being in one area without support services. Not only did it create the stigma of “housos,” but many residents have family or friend connections elsewhere, and being grouped together created dislocation. Public housing needs to be more dispersed throughout the city.

Many of the public housing schemes of the ’70s and ’80s were silly experiments by architects. It is insulting for the poor to be further stigmatised as being apart from the rest of society by being given a “different” design aesthetic. Post-modernism was rampant in the polychrome brickwork of Carlton semis, and the fatuous curves, oriole windows, and brick bands of Woolloomooloo and public housing elsewhere.

In summary, we may say that good social housing for the future has five characteristics:

low-scale; modest-and-robust; interspersed; indistinguishable; and everywhere.

It should be *low-scale*, no more than four storeys where practicable, to ensure residents have good contact with the ground and, in a related consideration, it should be *modest-and-robust* in design, eschewing experimentation and relying on well trusted robust construction methods, capable of hard wear and minimising maintenance.

It needs to be *interspersed* throughout the local community, and *indistinguishable* from the surrounding housing, so as not to be highlighted or differentiated. It must cease stigmatising social housing and not stand out. And last, but not least, we need social housing in *every* suburb, town, and village as we seek to house people within their communities and avoid any “ghettoization.”

Lessons from commercial housing

If there is no public subsidy for social housing, the process of housing procurement will have to be framed on a more commercial basis to deliver housing at a lower cost. Commercial housing is mostly based on the one-third rule where the final *sale* price is based on three roughly equal parts: the cost of land, the cost of construction, and the profit (revenue less financing costs).

Social and affordable housing can cut costs in two of those three parts: land costs can be discounted (or better still nil) if it is supplied by the government, a not-for-profit, or other philanthropic organisation. And, secondly, the profit on sale is eliminated if the project is “build to rent.” Conversely, the cost of construction will increase as the project needs to be “more robust” than the usual standards for dwellings for sale. As a “built-to-hold-for-rent” project, the considerations

of durability and costs of maintenance for a period of 25 to 50 years must be factored in, requiring a much higher standard of build. The poor standards of “built-for-sale” units are currently the subject of actions of the NSW Building Commissioner.

Wrap-around services

One of the failings of public housing was an absence of consultative support for residents. The poor are far more likely to have social- and mental-health issues, and the provision of housing is only one service they need. Future social housing will have to be developed by organisations that have “wrap-around” social services such as welfare groups or church outreach organisations.

New social housing models

There are several nascent ways in which social housing is being delivered in new ways. All are exclusively “build-to-rent,” but on a semi-commercial basis to cover their costs, and to allow them to grow. All strive to meet the five principles outlined above, assisted by being small organisations tied to local communities, rather than a large, state-based bureaucracy.

Community housing

The best known — and largest social-housing — developers are Community Housing Providers (CHPs). These not-for-profits gained impetus in NSW some ten years ago when public housing stock was passed into their ownership, forming a quasi-PPP. They are not-for-profits run by boards with responsibility to manage and expand the portfolio from rental income. Effectively, they have the benefit of discounted land and construction that gives them a financial

starter to run a “commercial” organisation that rents properties at a discount or affordable rate to socially qualified tenants. But they must make a profit from existing stock to build more. Some will draw on philanthropy, and possibly investments from superannuation (if rules change), to expand their portfolios. CHPs are in their infancy, and some appear to be struggling, so it may be too early to judge their success.

Parallel to CHPs, there is a rise in commercial build-to-rent proposals which are both commercial and sometimes not-for-profit, and many of these have taken advantage of the “boarding house” or “co-living” provisions of the former Affordable Housing SEPP, rebadged as The Housing SEPP. These boarding houses have been vital in providing lower-cost accommodation for the last 7 years, but their poor design quality and ubiquity in inner Sydney has seen locals protesting their proliferation.

Government social housing

As outlined above, as the NSW Department of Housing wound down, the government sold public housing to developers in exchange for some social housing being included in the replacement development. All those dwellings are managed by a CHP, not the government, but there has been much debate about the disappointing yield of social housing from that approach.

Both major parties in NSW politics are now investigating how government land can be developed in a socially progressive manner, rather than being sold off to developers at a profit. Most of these untested proposals will hopefully include a greater proportion of social housing, all to be managed by CHPs.

Faith-based housing

One community housing initiative that is just starting is the repurposing of church land as housing, being championed by the NSW Faith Housing Alliance. This involves existing church buildings, which have no congregation or where church use has lapsed, being demolished and replaced by housing. These are intended for those in extreme housing stress and use the Housing SEPP co-living provisions. The churches describe this change in direction as moving from “worship to mission.” These proposals are ideal for the new model of community housing: church land is in ideal locations, well dispersed through all communities. Churches often have independent funding already registered as CHPs, often with strong welfare capabilities. By contributing land at nil cost and removing the sales profit, they are forecasting that they can offer housing rents at a range of 25–50% of market rates, meeting the affordability criteria, and provide the possibility of housing for a *variety* of low-waged occupants within a single project. We can expect that this will become a more common — but controversial — development as church buildings are often held in higher regard as heritage items by the local community than the churches themselves.

Indigenous self-help housing

One area of social housing that has been intractable has been that of indigenous housing. A key lack has been agency for the indigenous themselves. This problem is greater than can be canvassed here, except to outline a recent project that had great traction, if not funding. Working with the

Wunan Trust and people in Kununurra, a program was developed to build a factory to produce steel frames (floor, wall and roof) for houses that could be assembled to any design. The infrastructure was to be funded by the Federal Government and run by the local indigenous people, who would be trained in factory work, and in site assembly and maintenance.

The houses could be adapted to any site or program and would become a business supplying housing for indigenous and whites. Unfortunately, the funding was refused under the Building Better Regions Fund program, but the program remains to be activated at a future time.

Summary

The short, sad story is those who don't own a house now are unlikely to ever own one, renting from a private owner forever. For the lowest income 10% that option is not viable, and social housing is the only option, but federal and state governments have stepped away from public housing, and a new form of housing is needed, one that is funded and run by the community, for the community.

Notes on terminology

Dwelling refers to all forms of houses, including freestanding houses (x%), duplexes (x%), townhouses (x%), and all forms of flats/apartments (x%). *Dwelling* is widely used in statistical measurements and used here to describe all forms of housing.

Homes is used in populist literature, such as realty advertisements, sometimes taken to mean all forms of dwellings, but sometimes not. Hence *dwellings*, not *homes* or *house*.

Household is the occupants of a dwelling as a single economic entity. It may have

several owners or none, be a family with dependents or none, couples, singles.

Families often taken to be the household, particularly politically. *Families* are no longer the majority of households, with more than 50% of households singles and couples.

Townhouses are houses conjoined by party walls in a repetitive sequence, also called row houses.

Terraces are Victorian-era townhouses as they step in plan or down a street, a typical typology in Sydney and Melbourne.

Flats are dwellings above one other horizontally, for *rent*, often a pejorative for public housing.

Apartments are dwellings above one other horizontally, for *private ownership*, divided by *strata*.

Units is a common term for *flats* and *apartments* but is seen pejoratively.

Apartments here refers to all types of buildings and all forms of occupancy.

Note, in the USA *apartments* refers to rentals, *condominiums* to ownership.

Strata ownership started in 1961, in response to individually owned *apartments*, the earlier *Company title* for rental flats was too cumbersome for the lending banks.

Low rise apartments are 2–3 storeys, considered walkable without a lift, no sprinklers.

Medium rise apartments are 4–8 storeys, max 25 m to the top floor, single lifts and stairs and lower fire protection requirements.

High rise apartments are 9–20 storeys, requiring multiple lifts, added fire protection such as twin stairs with pressurisation and additional sprinkler requirements.

Super rise apartments are rarer, requiring additional structural considerations, and often without traditional balconies above 30–40 storeys given the wind pressures.

There are fewer than 10 super rise buildings of 70+ floors in Australia.

Public housing is any form of housing built or owned by the state and rented to low-income households.

Boarding house/Co-living are buildings with several small *units*, with one owner that are permanently *build-to rent*.

Social and affordable housing, superfluous usage for *social housing*, originally rental accommodation by anyone other than the state, now including *public housing* to avoid the latter term.

Community housing, social housing by Community Housing Provider (CHP) or the like.

Triple bottom line, consideration given to social, environmental and financial matters in a project.

Build to rent, any building that is intended to be held by one entity, and rented in perpetuity, or for a fixed term.

SEPP, State Environmental Policy, particularly the *Housing SEPP*, formerly the *Affordable Housing SEPP*.

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