

# **East Darling Harbour and the Intermediate Housing Market**

**Prepared for  
Sydney Harbour Foreshore Authority**

**by  
Bill Randolph**

**August 2006**

© Bill Randolph, 2006

## **1 Introduction**

This summary report has been commissioned by the Sydney Harbour Foreshore Authority to assist in the preparation of a Concept Plan for the East Darling Harbour (EDH) site with respect to the potential for including provision for the development of a sustainable mixed community on the site.

One of the most important objectives of the residential element of the redevelopment of this significant site will be the creation of a successful and vibrant community that complements both social extremes of the existing Millers Point and Walsh Bay communities, appropriately reflects the role of Sydney's CBD as the employment and cultural heart of the city and also meets or exceeds world's best practice in the area of socially sustainable renewal.

The case for adopting social sustainability as a principle to guide the EDH redevelopment centres on the notion that sustainable communities should include a degree of social mix (either in terms of income or household type, for example) that provides for a more balanced, and therefore sustainable, social profile. Therefore consideration of what might make up a successful community is central to the issue of what the residential component of the redevelopment should be.

A key component of the social mix argument lies in the need to provide a range of housing product, some of which would be affordable to a broader range of households than would be accommodated in a site of this significance and location if left entirely to market processes to determine. It is therefore in the nexus between social sustainability and the housing market that the case for supporting a socially mixed residential outcome for the EDH site has to be placed.

The current report provides a summary of these issues. Its aim is to provide the Foreshore Authority with a clear basis on which the inclusion of affordable housing in the EDH redevelopment LEP can be supported, should this be considered appropriate.

### **What is a 'socially sustainable' community?**

The UK government's Sustainable Communities initiative identifies 12 key requirements of sustainable communities including thriving local economic conditions, good transport infrastructure, quality public services, well-designed public spaces and effective participation by local residents and businesses. In particular, with regard to housing, it argues that "a well-integrated mix of decent homes of different types and tenures to support a range of households, ages and incomes" is needed to create and maintain a sustainable community structure<sup>2</sup>.

---

<sup>2</sup> Office of the Deputy Prime Minister. Sustainable Communities: Building for the Future. UK. February 2003. <http://www.odpm.gov.uk/communities/plan/main/index.htm>

## **2 The case for social sustainability**

There are a number of basic arguments that can be put forward to support the inclusion of a social sustainability agenda for the EDH redevelopment.

### **2.1 Social mix and community diversity**

There has been a persistent logic in urban planning literature dating back to at least the Garden City and Model Village movements of the late 19<sup>th</sup> century, and echoed more recently in the writings of Jane Jacobs and in the literature on New Urbanism, which more or less explicitly argues in favour of the benefits of socially mixed communities. In all these cases, the emphasis is on the capacity of physical planning or land use mix to influence socially 'desirable' outcomes.

Current interest in the notion of 'culturally diverse' communities also reflects this idea. The proposition that successful cities are driven by high proportions of creatively mixed communities<sup>3</sup>, for example, clearly inspires images of heterogenous urban social milieux, of which Newtown or Surrey Hills in Sydney are perhaps the locationally closest models. A key feature of these latter areas is the availability of a variety of housing opportunities at a range of prices, both for purchasers and renters. This variety in the housing market in turn attracts a variety of population in terms of social class and life stage. Vibrant communities rely on a diverse range of housing opportunities to generate the range of households and social groups necessary to support social diversity. The counter proposition is that vibrant communities are rarely, if ever, 'monocultural'. Such communities inevitably become either dormitory suburbs or are socially dysfunctional over the longer term.

Evidence reviewed for the Millers Point area showed that households in a broad middle income range and households with children were notably under-represented in the areas adjacent to the EDH site (Millers Point and Walsh Bay). The EDH renewal offers the possibility of building social bridges between the two socially disparate communities in the area by re-introducing sections of the wider Sydney community currently largely excluded from the area.

### **2.2 Social equity and social inclusion**

Contemporary planning orthodoxy, such as that derived for the New Urbanist school which have been influential in the broader context of the new Sydney Metropolitan Strategy, has strongly promoted the notion that mixed residential areas foster the development of greater social equity<sup>4</sup>. The provision of a mix of housing types, size and price points assists in the creation of a more diverse community, from which greater prospects of social cohesion may flow. The obverse, social homogeneity, which in this case would almost certainly

---

<sup>3</sup> Florida, R. (2002) *The rise of the creative class*, New York: Basic Books

<sup>4</sup> Talen, E. (2002) The social goals of new urbanism, *Housing Policy Debate* v13 no 1 pp165-188.

include the kind of communities that occupy both Walsh Bay and Millers Point, would clearly be contrary to such principles.

A broader point is to argue that a site of such national importance as EDH should not be reserved exclusively for those with high net asset worth, but should also reflect the broader Australian population in its community profile. EDH therefore offers an opportunity to reflect a socially inclusive approach to the renewal of such a location, rather than an example of further social exclusion prevalent in comparable areas of Sydney.

### **2.3 Economic efficiency and changing central city labour markets**

The globalisation of the Sydney labour market has increased the volatility and risk of employment opportunities, and hence in income potentials. The development of a polarised city workforce has been a common feature of global cities such as Sydney since the 1970s<sup>5</sup>. As well as the growth in high status and income employment, consistent with the City's central position in the "Global Arc" of new economy employment in Sydney<sup>6</sup>, significant numbers are also employed in less skilled and lower income occupations associated with employment which supports the City's growth sectors, including the important hospitality and tourism industries. But while lower paid service jobs have remained a prominent feature of the city's labour market, their housing opportunities have steadily disappeared. An associated issue centres on concerns that both recruitment and retention, particularly among low to moderately paid city workers, has become an issue in certain sectors. These issues point to the need to consider planning outcomes for EDH in relation to the overall economic wellbeing of the central city area and the efficient functioning of its labour market.

### **2.4 Essential workers and the 'Intermediate Housing Market'**

The loss of lower cost housing in other global cities has led to a growing awareness of the housing needs of these low to moderate income workers who, while being necessary for a functioning city, are now effectively excluded from the local housing market due to its growing expense. The result is that these workers, variously termed 'key workers' or 'essential workers', are being effectively forced to live ever further from the inner city where their jobs are located, leading to long work journeys or increased levels of housing stress. Moreover, this group of workers do not qualify for traditional public housing and therefore are unable to access the subsidised public housing stock that remains in the City. Nor, by and large, do they qualify for Commonwealth Rent Assistance or other forms of housing assistance.

In the UK and the US, for example, policies have been introduced to target affordable housing on groups deemed important for the inner city workforce but who find it difficult to afford housing in high the cost areas in which they work. In both countries, public sector workers have been prominent among

---

<sup>5</sup> Sassen, S. (1991) *The Global City*, Princetown University Press.

<sup>6</sup> Searle, G. (1998) *Sydney as a Global City*, NSW Department of Planning

the groups targeted for this housing, such as police, nurses, fire fighters, government workers, transport workers and teachers.

But in overall terms, recent research in Sydney has shown that the housing difficulties faced by lower paid service workers such as cleaners, hospitality workers and other occupations that are also essential for the service industries of the central city, far outnumber public sector professionals in terms of their housing-job mismatch<sup>7</sup>. This mismatch is compounded for many lower paid service sector workers by part-time and contract work and working practices typified by unsocial hours, shift work and split-shift working, all of which increase the difficulties of travel to work from more distant suburbs, especially by public transport. Other recent research in Sydney has confirmed this issue to be one essentially related to low to moderate paid workers in high cost locations<sup>8</sup>.

The term 'Intermediate Housing Market' has been coined to denote a form of housing provision that is provided on a below-market basis, whether by rent or sale in some form, for a range of households who fit the essential worker profile. In the context of EDH, intermediate housing therefore indicates a housing market that might provide housing for people working in occupations considered essential to the success of the central city economy, but who find it impossible to afford to live near their jobs, as well as other key social groups currently excluded from the area.

## **2.5 International benchmarking against comparable sites of global significance**

A final strand of argument to support the incorporation of socially inclusive and sustainable principles in the Concept Plan for EDH can be made in relation to international best practice benchmarks in this area. Several comparable redevelopment sites in other global cities have incorporated significant proportions of affordable or sub-market housing in their residential component specifically to ensure a degree of social inclusion or sustainability. In New York, the Lower Manhattan renewal area is scheduled to include up to 20% of the new units affordable to people who couldn't otherwise live in market-priced housing. In London, the Greenwich Peninsular redevelopment on the Millennium Dome site will include a 38% affordable housing component. In both cases, innovative combinations of public and private funding together with flexible planning approaches have been utilised to provide mixed tenure and mixed income outcomes on sites of international significance. The opportunity therefore arises at EDH to look to international benchmarks in the provision of socially inclusive housing for comparably

---

<sup>7</sup> Yates, J., Randolph, B., Holloway, D. (2006) *Housing Affordability, Occupation and location in Australian Cities and Regions*, Final Report, AHURI, Melbourne.

<sup>8</sup> Epic DotGov (2004) *Northern Beaches Key Workers Study*, Final Report produced in association with Glazebrook and Associates for the Department of Infrastructure, Planning and Natural Resources, NSW Department of Housing, Manly Council, Warringah Council; Randolph, B., Holloway, D. and Murray, D. (2004) *The Need for Moderate Income Housing in the Greater Sydney Region*, Report prepared for Landcom, Faculty of the Built Environment, University of New South Wales.

significant sites in planning residential mix targets for the area. Current NSW affordable housing planning targets (ranging from 3% in Piermont-Ultimo and Sydney Olympic Park to 7.5% for Landcom's portfolio, for example) are below accepted and achieved international standards.

### **3 Conclusion**

There are a number of grounds for the inclusion of socially sustainable non-market housing delivered through a mix of housing opportunities in the EDH scheme:

- *Social equity and inclusion*
- *Social mix and diversity*
- *Housing the global city workforce*
- *International best practice*

In order to implement a social sustainability policy through an intermediate housing market in the EDH site, a range of associated matters will need to be resolved for which, at present, there is no clear model. These include the appropriate housing product mix and target social mix, mechanisms for funding, delivery and the transparent allocation and marketing of such housing, and an appropriate long term management vehicle. These aspects will be explored in greater detail following the Concept Plan process.

#### **A note on future affordable housing policy**

It is increasingly likely that, over the lifetime of the EDH redevelopment project, changes in the national framework within which housing assistance policy operates will provide for the creation of elements of an affordable housing system that would assist in the delivery of an intermediate housing market on this site. In addition, it is known that the current NSW State Government is considering options for an Affordable Housing Strategy. While nothing has materialised either at Federal or State level at the time of writing, it is highly likely that some form of affordable housing strategy or agreement will emerge in the near future that may have implications for any proposals for an intermediate housing market provision in EDH, possibly linked to the review of the current Commonwealth State Housing Agreement in 2008. The proposal for provision for an intermediate housing product in the EDH redevelopment should therefore be considered in the light of the opportunities such a policy change would make.