The policy and practice of apartment provision: a test case for Australia’s New Urban Agenda

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Abstract. Despite the low-density form of Australian cities, metropolitan planning policies have long supported urban consolidation and residential densification, with the objective of achieving a more sustainable urban form. However, recent high levels of apartment development, especially in the capital cities, have failed to deliver the social and environmental advantages anticipated from providing higher density housing in established areas. Instead, rapid densification has occurred alongside, and is directly related to, a substantial decline in the affordability of housing for rent and purchase, and spatial polarisation of housing markets.

Drawing upon the author’s direct involvement in policy development and regulatory reform, the paper provides a detailed investigation of the policy, governance and regulatory frameworks for apartment development in Australia’s major cities, and the specific attempts in recent years to reform these to achieve better outcomes. The research uses Ball’s ‘structures of housing provision’ framework of housing systems analysis to offer a unique contribution to the literature on urban sustainability transitions.

The paper finds that apartments represent a persistent problem for Australian planning and, furthermore, that resolving this problem will be critical to managing Australia’s transition to urban sustainability, while improving access to quality, affordable housing. Relevant strategies and successful points of intervention are identified.

Apartments as a development type pose a unique set of challenges for planning and other regulatory systems. Recent proliferation of apartments has highlighted the contingent nature of existing development controls, which have evolved in conjunction with market processes and established structures of housing provision, principally suburban housing growth. Apartment development presents a challenge to this established model, akin to the challenge that integrated sustainable development represents for planning systems as a whole. This paper provides a framework for understanding emergent pathways from the current impasse and some practical directions.

1. Introduction – context, question and methodology
The United Nations’ Sustainable Development Goal (SDG) 11 is to ‘Make cities and human settlements inclusive, safe, resilient and sustainable.’ For growing city regions, achieving this ambition will require balancing efforts to improve the environmental sustainability of cities with meeting the needs of urban populations, particularly the need for adequate, safe and affordable housing. In countries that are already urbanised and developed, and where the focus needs to be on reducing resource consumption to transition to a low-carbon built environment, there is often a strong tension between these two aims. Maintaining the affordability of housing for all has proved to be a major challenge in developed cities around the globe, especially for those experiencing strong growth. In many such cities, an increasing
number of low- to moderate-income households is finding it difficult to access appropriate housing within their means, making cities less inclusive, less safe and less resilient. [1]

This paper presents an understanding of the role and place of apartment development in Australian cities and explores the significance of this for Australian governments and other actors in contributing to the implementation of the UN SDG 11, and the ‘Transformative commitments for sustainable urban development’ identified in the New Urban Agenda. [2] In the global context of rapid urbanisation and urban development, the provision of quality, secure and affordable housing is identified as central to attaining the goal of sustainable cities and communities (SDG Target 11.1). Australia is already extensively urbanised and highly developed, and in relation to the ambitions of the New Urban Agenda Australian cities are starting from a very high base of inclusion, prosperity and overall development, but also very high levels of greenhouse gas emission and resource consumption. [3] This makes reducing the adverse per capita environmental impact of cities (SDG Target 11.6) a particularly daunting task for Australian governments and communities. Meanwhile, the trajectory of Australia’s major cities in recent decades has seen housing become less affordable and cities less inclusive, while no overall improvement in environmental sustainability has been achieved.

Australian cities exhibit very low densities and as a consequence cover very large geographical areas, with implications for car dependence, [4] the provision of public infrastructure, biodiversity, local food production, [5] social connectedness and public health. [6] This is due primarily to detached housing on suburban estates being the principal type of new housing supply, both currently and throughout most of the historic development of all major settlements. Despite this reality, the provision of medium- and high-density housing has been a component of planning and urban policy for the metropolitan regions of Australia’s capital cities for most of the post-war era. Since the 1990s there has been accelerated growth in this type of housing and in the twenty-first century an historically unprecedented supply of high-rise apartment buildings. Apartment provision—especially its management through the planning and building regulatory systems—has become a critical and fraught issue for Australian governments, who nonetheless remain committed, at least in principle, to its role in the delivery of strategic urban planning policies, the stated objectives of which align broadly with those of the SDGs.

This paper asks why the process of urban consolidation and residential intensification—a major plank in Australia’s implementation of the New Urban Agenda—has been so difficult to achieve, and if there is any hope this situation can be remedied. To do this it examines the place of apartment provision within the wider housing system, through theoretical analysis of the development process itself, and further asks what systemic changes might be required to aid future management of sustainable urban growth.

1.1. Methodological approach
The paper is based on a study of the specific situation of apartment development practices and processes in Australia and Melbourne, including the policy and regulatory frameworks governing apartment provision. It draws upon the author’s own direct involvement in the development of planning policy for housing in Victoria, especially the design standards for residential apartments introduced in 2017, and brings this together with data and findings from other published research projects with which the author has been involved, variously analysing the development processes for medium density housing, apartment provision, ‘deliberative development’, and the consolidation of ‘greyfield’ residential areas. The unique contribution of this paper is the development of the hypothesis that the fraught nature of managing multi-unit housing development (and especially apartment development) in the Australian urban context highlights fundamental issues for Australia’s implementation of the New Urban Agenda and the pursuit SDG 11. Interviews with the key proponents of alternative, more participatory development models that have been emerging in the last five years were also important for obtaining insight into scalable solutions to the challenge of providing sustainable urban housing.

2. The Australian housing system – challenges for sustainability and public policy responses
Australia, in common with most Anglophone countries, takes a strongly market liberal approach to the management of economic, social and environmental issues. This contrasts with the social democratic
model prevalent in most countries in Europe, including the Scandinavian nations. In Australia, resources required for housing provision—land, labour and finance—are provided by the private sector and there is relatively light control through the planning system over how these resources are allocated. The financial system is largely geared to providing finance for the private ownership of housing (to households or landlords) but performs poorly in providing funding for social or affordable housing provision.

Australia has been a home owning society for longer than any other advanced industrial country. The level of homeownership in Australia was already close to fifty per cent in the late nineteenth century, and in the postwar decades expanded to seventy per cent due to the increased capacity of what Dalton [7] has called the ‘high-carbon sociotechnical regime’ of suburban housing provision. In addition to a long history of home ownership, Australian cities are also characterised by having some of the largest geographical areas in the world. The major reason for this is the dominance of the detached house among dwelling types. Australia has more than seventy per cent detached housing, although there are variations from city to city, with Melbourne having the greatest number overall (> 1.1 million detached houses).

By the standards of most developed countries Australia has a very small proportion of social housing (only four per cent of housing nationally), with Melbourne sitting below the national average at closer to three per cent. With eleven per cent of households living in poverty, the inadequate supply of social housing has implications for rental markets and as a consequence, Australia has a growing homelessness problem and high levels of homelessness for a developed nation, (around 110,000 at any one time).

2.1. Australia’s housing market and public policy challenges

Australia’s major cities are growing at a significant rate. The population of Melbourne, a city of approximately 5 million people, increased by 800,000 during the last decade and is projected to grow to 8 million by 2050, largely due to immigration. The current rate of inward migration sees the city growing by 2,800 people each week. This high rate of growth is driving an even higher rate of new household formation and has supported an increase in new dwelling supply. The greatest increase has been of apartments in new high-rise buildings. Recently, provision of multi-unit housing through redevelopment and intensification of existing urban areas has reached an all-time high. Between 2005 and 2016, 220,000 dwellings were added by way of densification of existing built areas of the Melbourne metropolitan region. [8]

Australian cities have also experienced a long period of housing price inflation. Coupled with the very high levels of household growth, this has resulted in a serious decline in housing affordability for low and middle-income households. [9] There are several other effects that flow from this, including high levels of household debt. Due to a range of factors, including historically low interest rates, Australia has extremely high levels of housing debt, the highest in the Asia Pacific region.

High prices and household growth also mean that Australia is one of the few advanced industrial countries where home ownership is in decline, albeit from a high base, and this is placing pressure on other housing tenures. The private rental market in Australia evolved as largely a transition tenure for those moving towards home purchase but has become a sector for permanent living for a large and growing number of households. The policy environment does not reflect this changed reality; security of tenure is weak, there are significant issues with housing quality, and severe to extreme shortages at the low-cost end of the market. [10]

The growing polarisation of wealth and income in Australian cities, which is to some extent a factor of housing market changes—and certainly reinforced by these—has been tending since the 1990s to manifest spatially. [11][12] Lower income households are located disproportionately in the outer suburbs of metropolitan regions, while inner urban areas are occupied by the more affluent. One significant outcome of inner urban gentrification has been the substantial increase in the number of high-rise, high-density apartment buildings being constructed in the inner metropolitan region, in response to the dramatic rise in underlying property values.

Lower income households in outer suburbs are further removed from employment centres and quality services, making them heavily car dependent. This is one of the many factors contributing to the
extensive ecological footprint of Australia’s cities. Another is the poor environmental performance of the housing stock, combined with a heavy reliance on fossil fuels to meet energy demand. Melbourne’s ecological footprint is twice that of highly liveable European cities and four times the world average, making it one of the world’s worst performers. [13] Changing the fundamental processes of residential intensification and new housing provision has been identified as critical if cities like Melbourne are to manage the transition to regional sustainability. [14]

2.2. Policy environment
Metropolitan planning policies in Melbourne have long supported urban consolidation and residential intensification. This has been the case for the entire post-war era, [15] despite substantial variation in actual outcomes over this period (Figure 1). The author identifies three broad phases within the history of policy debate about urban form and residential density in Australia during this time. An initial phase, from the mid-1960s to mid-1970s, focused on ‘urban containment’ and was influenced by international planning concerns about ‘urban sprawl’, as well as the contemporary experience of rapid post-war suburban expansion in Australian cities. [16][17] From the late-1970s, the emphasis shifted from urban containment to ‘urban consolidation’, a concept encompassing a disparate array of environmental, social and economic concerns and the debates surrounding them. [18][19][20] From the mid-1990s the urban consolidation debate gradually transformed as it became re-situated within broader, ongoing discourse about ‘sustainability’ and the built environment. [21][22] Higher density housing provision has been an integral aspect of this debate since it began. The current Metropolitan Planning Strategy, Plan Melbourne 2017-2050, [23, p46-47] continues to articulate social, economic and environmental ‘benefits of compact, higher-density neighbourhoods,’ as part of a Direction (2.1) to, ‘Manage the supply of new housing in the right locations to meet population growth and create a sustainable city’. It proposes to achieve this by promoting urban containment (Policy 2.1.1) and consolidation (Policy 2.1.2).

Figure 1: Medium and high density(a) dwellings as a proportion of total housing supply, Melbourne SD, 1956/57 to 2011/12(b)

![Graph](#)

(a) Medium Density is defined as: Semi Detached row or terrace house, Flats units or apartments in a one or two or three storey block. High Density is defined as: Flats units or apartments in a four or more storey block.

(b) Data for 1956/57 to 1995/96 relates to dwelling commencements in the Melbourne Statistical Division, as defined at the time of release.

Source: ABS (1956/57 – 1983/84) Statistics of Victoria: Building Occupations; ABS (1984/85 – 1995/96) Dwelling Unit Commencements Reported by Approving Authorities, Victoria, Cat. no. 7741.0; ABS (1996/97 – 2002/03) Building Approvals, Victoria, Cat. no. 7731.2 (customised tables)
3. Apartment provision in Australia – analysis and implications

The provision of quality higher density housing in the form of residential apartments needs to be an essential and major component of the transition to sustainability of Melbourne and other Australian cities. [24] However, in the context of Australia’s housing system this provision is linked directly to the housing market processes associated with declining affordability and increasing spatial polarisation. [25] There is also deep-seated resistance by homeowners to the intensification of existing residential areas. [26][27] Furthermore, design quality, residential amenity and environmental performance have tended to be poor, [28] resulting in a legacy of inferior stock whose complex ownership and management structures make retrofit or future redevelopment extremely difficult. How to increase residential densities successfully remains a vexed policy problem.

In this section of the paper, apartment provision in Australia is analysed in relation to the Australian housing system using Ball’s structure of provision framework, to understand how this provision fits within the wider system and what it means for urban and housing outcomes.

3.1. Structure of provision for apartments

The ‘structures of provision’ framework was first articulated by Michael Ball [29] and brought conceptual clarity to the analysis of housing systems. According to Ball, ‘Creating and building built structures invokes particular sets of social agents defined by their economic relation to the physical process of provision itself. Each historically specific set of social agents can be defined as a structure of building provision.’ [29 p455] The structure of provision of apartments in Australia is qualitatively different to that of detached dwellings and other types of housing. [30] The different process of property subdivision associated with the provision of apartment housing (strata subdivision) affects the size, complexity and the risk profile of development projects.

Burke and Hulse [31] have provided further clarification of the housing ‘sub-systems’ implied by Ball’s structures of provision framework, to locate conceptually those components of the housing system that assist with understanding the development process:

- **Production** — the nature and techniques of land ownership, assembly and housing development;
- **Consumption** — the forms and methods by which households consume housing;
- **Exchange** — the practices and institutions that facilitate the sale, renting and use of housing, and;
- **Management** — the processes and practices by which governments manage the housing system, including policy and planning, building regulation, taxation, transfer payments, allocations, etc.

These sub-systems are used to structure the present analysis of apartment provision in urban Australia.

3.1.1. Production

All types of market-led housing production involve the creation of multiple property rights from a single property right and in the process the extraction of value from real property. The critical difference between apartments and other house types lies in the relationship between the dwellings and the land on which they sit, and results in different types of property right.

A particular feature of Australian housing, directly related to the dominance of detached dwellings, is the separation of land development and housing production. In many countries it is commonplace for one the firm to purchase land, subdivide it into residential lots, and then construct the dwellings. In Australia this is unusual. Typically, some firms undertake land development and subdivision, while others specialise in dwelling construction. Housing consumers purchase a ‘house and land package’ that separates the sale of the land from the housebuilding contract. This approach is not dissimilar to ‘self-build’, a subject of recent interest in the UK and The Netherlands where it has been proposed as a means to address housing supply issues in those countries. [32] This type of housing production has prevailed in Australia since the late nineteenth century. Apartment development by necessity integrates the land development, subdivision and dwelling construction processes and is a major factor in the high cost of this type of housing.

The production of detached housing in Australia has been stubbornly constant, despite policies of urban containment and consolidation. It has equally resisted attempts to increase production in the interest of affordability. [33] Gharaei [34] has demonstrated a constant production rate of 25,000 houses
per quarter nationally since at least 1981. This is in spite of dramatic shifts in housing demand in that time, not to mention other economic and political factors. By contrast, multi-unit housing supply has waxed and waned substantially throughout the post-war period (see Figure 1) and has been highly sensitive to market and economic changes. [15]

Together, these findings reinforce the understanding of Australia’s suburbs as a high-carbon sociotechnical regime. [7] In this regime, apartment supply becomes the means to address surges in demand. This is analogous to the role that renewable power generation has played within the high-carbon sociotechnical regime of energy supply in Australia, which is highly dependent on coal-fired power to supply the base load. Apartment provision has not yet been able to challenge the fossil fuel ‘bedrock’ of Australian urbanisation [35 p10], which will be necessary to make progress towards implementation of SDG 11.

3.1.2. Consumption. At the global level, attention has focused in recent years on the so-called ‘financialisation of housing’. [36] This describes a trend, since the start of the twenty-first century, for global capital to flow into real estate and especially towards large scale apartment development in cities. Nethercote [37] has provided an analysis and reading of Melbourne’s apartment boom in this context. Large apartment projects have fuelled the economy and generated property-related revenue for the Victorian Government, while projecting a positive image of Melbourne to the world.

The deregulation of finance that has transformed housing markets in Australia, as elsewhere, since the 1980s has changed profoundly patterns of housing consumption. Where detached suburban housing had supported Australia’s growth as a home owning society in the twentieth century, [7] apartment development has catered to the shifts in housing consumption in the twenty-first. It has provided rental stock for mobile knowledge workers and international students, [38] but also a new asset class for investment in the context of Australia’s housing-based wealth accumulation and transfer processes, and asset-based welfare regime. [39]

3.1.3. Exchange. The author (with others) has identified previously that a critical understanding of development finance and the particular institutional structures of the exchange sub-system holds the key to unlock the complex set of problems associated with achieving sustainability and affordability in apartment housing, and to develop solutions relevant to an Australian housing market context. [40][41]

For multi-storey apartment complexes, property titles are created in ‘strata’ of airspace above the land on which a building is constructed. Development financiers are necessarily concerned with the gap between the raw value of the land and the cost and risks associated developing the airspace to create the new property titles. While the development site is used as initial security for the finance required, the size and conditions of the development loan reflect the anticipated overall cost and value of the future, finished development. The biggest risk in this process is that there will be buyers for the apartments upon completion. To mitigate this risk in Australia, ‘pre-sales’ are used to confirm market acceptance of the product type and the price point on offer. [42] Loan terms typically dictate that construction finance is not released until sufficient pre-sales have been achieved to cover repayment. This is time-consuming and expensive, comprising around ten per cent of total project costs. [40] Larger developments take many years from inception to completion, with many hurdles along the way, [43] and market conditions or demand my shift in this time. If market conditions weaken, purchasers are inclined to ‘walk away’ if the value of the apartment falls significantly between contract and completion, or if mortgage lenders withdraw offers of finance.

Unlike greenfield development, which can be staged to deliver incremental revenue, apartment projects receive no positive cash flow until completion of the project, leaving the developer highly exposed until the new titles have been created and pre-sales settled. Demand, therefore, needs to be well ahead of supply in order to de-risk an apartment development to the point where it can proceed, meaning a structural undersupply of dwellings is part of the system. Government intervention in housing markets (planning, taxation and the like), or rising construction costs (frequently attributed to unionised labour), are often examined for their contribution to what is implicitly assumed to be a regulatory failure.
Elsewhere, the author (with others) has challenged this assumption \cite{30}, arguing instead that the issue is one of market failure, constituted by the problem of coordinating supply and demand for apartments, and the transaction costs that thereby arise.

3.1.4. Management. Statutory planning in Victorian combines land-use zoning with a performance-based system of development assessment. The separate system of building regulation was nationalised in 1991, and energy efficiency standards were added in 2007. The growth in apartment development since the 1990s has occasioned frequent amendment and reform of planning rules and processes, while development outcomes have highlighted major deficiencies in the system of building regulation. \cite{45}

From the mid-1990s, various attempts were made to introduce design and built form controls into state planning systems. This was largely in response to the re-emergence of medium density housing development in established, often high-value neighbourhoods. In 1996, the Victoria Planning Provisions (VPP) introduced a State Policy for Design and Built Form (Clause 19.03), which served to confirm, for the first time, that design was a relevant matter to take into account in the assessment of planning applications. The policy lists design principles and over time has included reference to departmental guidelines for: activity centre design, higher density residential development, and safety. Despite Clause 19.03, the quality of built form outcomes has remained a focus for contention in the planning process, giving rise to delay and controversy in the processing of development applications.

Until recently, the VPP did not address specifically issues pertaining to the design, amenity or performance of apartments. Clause 55 (introduced in 2002) did address design and amenity issues for medium density housing and applied to residential development of two or more dwellings on a lot, up to three storeys. The application of Clause 55 was later extended to four-storey development, largely in response to increased numbers of applications for low-rise apartment buildings. This helped protect the amenity of third parties but resulted in perverse outcomes for the design and amenity of apartments themselves, as the standards were not conceived for this application. For residential development higher than four storeys, only an Urban Context Report and Design Response was required (VPP Clause 52.35). The National Construction Code (NCC), which contains minimum requirements for room heights, natural light, ventilation, noise transfer and energy efficiency in Class 2 buildings (i.e. apartments), was effectively the only regulation governing the design and amenity of apartments in Victoria prior to 2017.

An absence of density controls (e.g. Floor Space Ratios or dwelling densities) on sites where multiple housing is a permitted use in Victoria exacerbated apartment design problems. As discussed, apartment development, which involves creating multiple property rights from a single property right, is expensive and carries significant risks. While it can be highly profitable, the return on investment is not realised until the end of the process. To manage this risk and secure a profitable return for the project’s equity investor(s), development proponents look to maximise the dwelling yield from a development site. More and smaller apartments will deliver a higher rate of overall return than fewer larger ones, provided a market exists.

In a market that has favoured owner investors, the result has been a supply of small (primarily 1 and 2 bedroom) apartments, and a substantial number of single aspect apartments, in buildings with large floor plates that maximize the development area of the site. Most developments occur on re-zoned existing property titles, originally created to serve other land uses or lower residential densities, so the site configuration or pattern of subdivision is often not optimal for apartment buildings. The prevailing outcome, therefore, is deep-plan, single aspect apartments with poor daylight access, limited natural ventilation, compromised outlook and cramped or inefficient floor plans.

Planning controls, primarily concerning the built form of development, typically seek to manage the impacts on external third parties and the public realm and do not address resident amenity and other issues associated with the building’s performance. While these issues are the traditional concern of building regulation, by the time construction approval is being sought, development consent has already been granted for the proposal and fundamental parameters affecting amenity and building performance are set.
4. Sustainability, development and planning – potential ways forward

At the end of the twentieth century, there was considerable theoretical reappraisal of urban planning and development in light of deepening theoretical understandings of sustainability. [46][47] Dyck, [46] for example, argued for the integration of environmental sustainability theory with planning theory in order to overcome the shortcomings of Newtonian, ‘rational’ Modern planning in addressing (or even accommodating) ecological concerns. Practical implications of this integration, he argued, would need to include synthetic (i.e. design) approaches to knowledge development [46 p.37] and community-based implementation strategies. [46 p.39] Since then, there has been a new acceptance of the important role that ‘a revitalised planning’ can play in addressing contemporary urban challenges. [48] In fact, the UN SDGs and New Urban Agenda represent an important part of this refreshed perspective on the contribution urban planning can make to the sustainability of the built environments globally.

More recently, growing appreciation of the complexity and interaction of urban systems has also seen the theory of sustainability transitions applied in the urban governance context. [49][50] Newton in particular [14] has been instrumental in applying sustainability transitions theory to the problem of planning for housing growth in Australian cities and the particular problem of consolidating the ‘greyfield’ suburbs. [51] To actually achieve sustainable urban development, however, will require closer integration of the urban planning and development processes, as has been argued by Yigitcanlar and Teriman. [52] Our analysis of the provision of apartments in urban Australia supports this view. In the remainder of this paper we highlight ways in which this can and has been occurring, as well as identify continuing barriers to creating sustainable cities and communities.

4.1. Integrated planning

Integration of planning and development is in fact achieved in suburban subdivision, although this does not support sustainable urban growth. We have mentioned already Dalton’s reading of Australia’s suburbs as a ‘high-carbon socio-technical regime’. [7] The planning process for this type of housing is intimately related to land development and the institutions of housing production. The separation of planning and building assessment regimes both corresponds to and facilitates the separate land development and dwelling construction processes that are the hallmark of the ‘house-and-land package’ model of housing provision that has been the mainstay of supply.

Apartment development, where property subdivision and the creation of new property rights does not occur until after completion of construction, does not benefit well from this system. Instead, it adds to costs, inhibits supply, and leads to poor quality design and construction outcomes.

New design governance regimes that have introduced design quality and amenity standards for apartments into planning systems begin to blur the line between planning and building regimes. This move has encountered resistance from industry groups and property development interests but is an essential step in promoting sustainable development, and was supported by a Victorian Planning Panels investigation, which found: ‘There is a clear need for an integrated planning and building approach to achieve sustainable outcomes.’ [53 p.62]

4.2. Deliberative development

We argued above that a significant problem for the supply and affordability of apartments is the inability of the market to match supply and demand efficiently in the development process, with pre-sale contracts an inadequate mechanism for mitigating settlement risk and the high cost of finance. The result is apartment development in Australia caters almost exclusively to two market segments: the luxury end of the owner occupier market (where greater margins are available), and investors in residential property seeking short term rental yields and longer-term capital gains. As a result, developers behave conservatively in regard to the type of product they offer, and the localities and price points they target, to ensure sales.

While this points to the existence of structural barriers to the provision of affordable, owner-occupied multi-unit housing (we have already identified these as settlement risk and the resultant high cost of development finance), it also indicates the existence of a still largely latent demand for such housing
and creates an opportunity to cater to this unmet demand, by means of what the author elsewhere has termed ‘deliberative development’. [40] Deliberative development is where potential owner-occupiers are more directly involved with the development process (or even the proponents of it), reducing settlement risk and creating potential for cheaper finance. That the demand exists is evidenced by the substantial public and strong consumer interest in newly emerging facilitators of deliberative housing development in Melbourne, such as Nightingale Housing. Within four years, Nightingale Housing has already commenced ten apartment projects, all of which were over-subscribed, and has a waiting list several thousand strong. Dwellings are allocated by ballot.

Previous research by the author and others [41] focused on the specific challenges to this type of development in Australia, posed by a finance system that assumes typical parameters for apartment development. Now that emerging facilitators of deliberative development, like Nightingale Housing, have demonstrated strong underlying demand for quality, affordable owner-occupied apartments, (as well as its design benefits and strong environmental performance), lenders are becoming cognisant of the lower risks involved in development of such non-speculative, consumer-led, multi-unit housing and have been willing to consider more favourable lending terms.

5. Conclusions

Apartments as a development type pose a unique set of challenges for planning and other regulatory systems in Australia. The recent proliferation of apartments has highlighted the contingent nature of existing development controls, which have evolved in conjunction with market processes and established structures of housing provision, principally suburban housing growth. Apartment development presents a challenge to this established model, akin to the challenge that integrated sustainable development represents for planning systems as a whole.

This paper provides a framework for understanding emergent pathways from the current impasse and some practical directions. The recent, high levels of apartment development in Melbourne and elsewhere are driven by the supply side of the market and, we argue, have failed to deliver the social, economic and environmental advantages anticipated by urban consolidation policies. Instead, rapid densification has occurred alongside—and is directly related to—substantial decline in the affordability of housing for rent and purchase, and the spatial manifestation of housing market inequalities. To move forward requires carefully targeted regulatory interventions that are more sensitive to the means of apartment housing provision, as well as the identification of market design opportunities, including a role for more deliberative development processes, to enable an alternative housing growth model better aligned with the policy objectives of densification and achievement of the UN SDGs.

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