

News from the front desk: Issue No 337 – On our Flash Forum and one big idea to help with affordability.



(L-R): Adrian Harrington, John Daley, Nicki Hutley

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The Fifth Estate's Flash Forum on housing affordability, held on Tuesday night in Sydney, covered a wide range of solutions to a seemingly intractable issue, with the event specifically targeting federal government interventions.

There was debate on the capital gains tax discount, negative gearing, foreign investment, macro-prudential rules and institutional investment in affordable housing.

Our panellists – Urbis director and chief economic **Nicki Hutley**, Grattan Institute chief executive **John Daley** and Folkestone head of funds management and AHURI board member **Adrian Harrington** – didn't necessarily agree on what the best solutions were.

However, at the end of the night, when asked by moderator Rob Harley to name "one big idea" that would help improve housing affordability, all our panellists were in agreement.

The catch was that this big idea was firmly in the purview of state government.

What was that? **A supply lever – increasing density in inner and middle ring suburbs.**

"I think we need to change the planning regimes to allow for greater density in inner and middle ring," Nicki Hutley said.

John Daley John Daley agreed.

“The question is how do we get there? We all agree that’s a good idea, but not in my suburb,” he said.



John Daley

Get the baby boomers activated

Daley noted that there was a new constituency that could help make this happen – one that had always gotten their way over the past 30 years: baby boomers.

But why is it in their interest?

“Because they’ve all turned 65 and they’ve all decided that they do want to downsize,” Daley said.

“But when they downsize they’re really clear that they want to stay in the same rough location. And there is a certain kind of poetic justice to the fact that they can’t downsize to their current location because they have very systematically locked up the planning laws over the last 30 years so that there is no medium density housing in the place where they are living.”

Daley said we needed to have a conversation about the extent to which people wanted to downsize while staying in the same place.

“That’s a really good idea. There’s any number of social reasons why that’s a good outcome. But in order to make that happen we do need to create a lot more medium density – not necessarily 15 story apartments – but essentially two bedroom townhouses in a whole series of established suburbs.”

If the baby boomers want to do that, Daley said, they’ll need to thinking about how they will – ironically – pressure their local council to make that happen.

“As I said, this is the one cohort in Australia that’s actually gotten its way on public policy change over the last 30 years, and it’s time we enlisted them.”

Adrian Harrington agreed, and shared an anecdote on a development owned by Folkestone.

“We’ve just bought a retirement village in Castle Cove, and there’s 58 residents, and 55 have come from within a 10km radius,” he said. “It’s two storey medium density, and it’s blended into the neighbourhood really well. And if you drive up through Castle Cove you can’t even tell it’s a retirement village. It can be done and it must be done. And it’s not just retirement. It’s child care, it’s all these services, it’s schools. We’ve got a massive shortage of all these things in these inner areas because the planners all thought everyone would either go up north, sea change or go out and live on the boundaries. And it’s not the case. So totally agree with that.”



NSW moves to tackle missing middle

Movements are already starting in some states to increase medium density housing, though it is still a contentious topic, with many in the community wary of density thanks to myriad bad examples of densification available to point a finger at. In NSW the government is making a start, both through changes to strata laws to make it easier to terminate schemes, and through its Medium Density Design Guide and Medium Density Housing Code drafts that hope to make it easier and more acceptable for denser housing typologies in low density areas.