A Local Government Approach to Achieving Affordable Housing in the Inner City

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Abstract

The current study is set in the Melbourne suburb of St Kilda in the City of Port Phillip. St Kilda is an iconic Australian place name and has about it an individuality; it is bohemian, culturally and ethnically diverse and very mixed socio-economically. Nowadays however, that socio-economic mix at the low income end is under threat from gentrification and a real estate boom that has driven affordability to record lows, making home ownership and many rentals in the area only available to the upper middle class and above.

As part of an ongoing affordable housing strategy, in 1996 the local council commenced its most ambitious project, the development of a surplus council depot site. This was to be a demonstration project of cutting edge ecologically sustainable design built into a housing development with a salt and pepper mix of affordable social housing and private dwellings with a range of price points.

As the project evolved it became apparent it was going to be unprecedented at the local government level. The council master planned the site then entered a form of joint venture with a private developer. The developer took possession of the site but payment to council was largely in the form of housing units, purpose built to council requirements.

This research was an evaluation of that project from first conception to post-occupancy. Using a social constructionist perspective to critique and give insight into the project, the people and the political milieu, the aim was to determine whether council’s approach represented a successful model for the delivery of affordable housing in the inner city, and if so, was the model transferable to other councils and other site specific situations. Once the planning commenced it was soon discovered that a hoped for mix of affordable entry points was not financially viable. As such, the study was an evaluation of the generation of community and some public housing.

For the evaluation to be complete, the study has necessarily been wide ranging in its exploration, including: political complexities; conceptualisation and master planning; risk; finance; and post-occupancy analysis.
The findings of the study suggest the model was robust and financially successful for council. The basic elements were considered transferable, but many lessons were learnt that would most likely alter how this or any other council might approach a similar project in the future.
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Quite a number of busy individuals willingly gave of their time to be interviewed and the findings of this research would have been meaningless without their contributions, so I thank them and their organisations.

Finally, I acknowledge the unconditional support given to me by my wife Margaret who has had to tolerate a lot throughout this process.
Student Declaration

I declare that this thesis:

- contains no material which has been accepted for the award to the candidate of any other degree or diploma, except where due reference is made in the text of the thesis;

- to the best of my knowledge contains no material previously published or written by another person except where due reference is made in the text of the thesis;

- where the work is based on joint research or publications, discloses the relative contributions of the respective workers or authors;

- David Hudson of Swinburne Institute for Social Research proof read the thesis and suggested various grammatical or punctuation changes.

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Ron Aspin
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Chapter 1

Overview of Research Themes and Design

Housing provision and affordability\(^1\) for inner city low income earners have become a growing concern over the last four decades. While there is clearly no single causal factor that explains the changes in housing affordability, certainly the growth of a post-industrial service and technology based economy, as occurred in most Western countries (Badcock, 1986), played a significant role. One result of the latter was the revitalisation of the inner city as a place to live for mid to high income earners (Paris, 1993:46; Bunker, 1986; Logan, 1985). In Melbourne programs such as ‘Better Cities’ and ‘Postcode 3000’ successfully encouraged people and investment into the city, reinforcing the process of gentrification (Jamrozik, 2005:295; City of Melbourne, 1992).

This gentrification process is a continuing one but started with the early transformation of East Melbourne in the 1960s and 1970s (Logan, 1985). Logan’s study looked specifically at three inner city suburbs: East Melbourne, Carlton to the north, and Kensington, a strictly industrial and blue collar region to the west. His analysis revealed a staged transformation commencing with what he termed a process of ‘trendification’ (Logan, 1985:65; see also Smith, 1986:16-18).

By the late 1990s most of inner Melbourne had been transformed to the extent that a state government review titled ‘Melbourne in Fact’, based on the 1996 census, showed the inner city’s eastern fringe had attracted the largest slice of Melbourne’s professional sector. In the City of Yarra, an inner eastern region which comprises several traditionally working class suburbs, over one third of the population was in a

\(^1\) The terms affordable, public, social and community housing are used frequently throughout this thesis. Appendix 12 defines these terms with particular emphasis given to the imprecise nature of the concept of ‘affordable housing’. Very loosely, affordable housing includes some forms of private housing plus all social housing; social includes public and community housing; public is government owned and managed; community is usually government subsidised but not government managed.
professional occupation, with one newspaper declaring it a ‘yuppie hang-out’ (Barrymore, 1998), and this pattern was repeated to varying degrees across the inner metropolitan area.

The downside of such transformation is that gentrification results in higher income earners and investment dollars flowing into the local housing market driving up prices and rents and creating an affordability problem for the original and potential future low to lower average income earning residents (Redfern, 2003; Kennedy & Leonard, 2001; Smith, 1996; Glass, 1964).

One historical approach to alleviating the housing problem for those in the lowest income brackets has been through the supply of public housing, but not all urban areas were well catered for in this respect including the case study area. Moreover, by the 1980s the federal government was starting to devolve its housing functions and was looking for alternative means of meeting housing needs. As part of this process it sought to encourage greater local level initiatives and in 1984 established the Local Government and Community Housing Program (LGCHP) within the Commonwealth State Housing Agreement. The program was intended to bring together two previously separate initiatives for community and local government housing that would be better situated to determine and meet local housing needs (Paris, 1990). A few local governments tapped into this funding by entering into joint ventures with their respective state housing authority, with the City of St Kilda being one of them. This funding model lasted only a few years but helped establish St Kilda council’s longer term housing strategy.

The encouragement given to local governments by the Commonwealth government to become involved in local housing supply via the LGCHP and other funding models that followed underpins the conflict that was evident between St Kilda council – later part of the City of Port Phillip – and the Kennett Victorian state government. Furthermore, the LGCHP set out to group council housing initiatives in with the non-government community housing sector rather than as part of a federal/state/local government response to housing need, thus separating state owned public housing from local government owned community housing (Paris, 1990:60-64).
As indicated, the current study is set in the suburb of St Kilda in the City of Port Phillip, an inner metropolitan locality immediately to the south of the City of Melbourne (Figure 1.1) and formed from an amalgamation of the previous City of St Kilda and approximately half of each of the cities of Port Melbourne and South Melbourne. The city is not homogeneous in character or form and, given the case study is situated in the old City of St Kilda, most of the demographic and housing analysis is based on that area rather than the larger municipality of Port Phillip. This allows the peculiarities of the local area to be highlighted. The area of St Kilda has been undergoing gentrification since the 1970s (Shaw, 1999). The changing demographics and type of residential construction and redevelopment that typify gentrification resulted in a rapid and significant drop in affordable housing even before the current boom (Spivak, 1997b). As a local response, the City of St Kilda engaged in the direct provision of community housing, an initiative continued by the City of Port Phillip (CoPP), and it is the first major housing project by the then new CoPP that forms the basis of this thesis.
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Because the case study project took place at a time of quite rapid transformation of the local area it was an intentional act of this research to draw extensively on literature and data pertinent to the time period of the case study in order to capture the context and state of knowledge that existed when decisions were being made. More recent material, such as current housing market prices and trends, are added at times to highlight the wisdom or otherwise of some of those decisions or to place that period in the broader context of current knowledge/data.

In essence this research evaluates, as a case study, the model adopted by Port Phillip council to plan and construct a mixed social-private occupancy residential development as a way of achieving affordable housing in the inner city. The planned development, badged as Inkerman Oasis, comprised 242 units across six buildings of three to five storeys, situated on what was the previous St Kilda council’s depot and waste transfer station.

The final project model involved council, with the support of a steering committee, master planning the total building project as a demonstration for future design and sustainability in the municipality. The proposed project and master plan were put out to tender and the successful tenderer then took ownership of the title and funded and constructed the site. The main financial arrangement for the project was that council would sign over the title to the land in exchange for an equivalent value in units, to be purpose built for community housing, along with options on a number of other units that would be offered to the Office of Housing and other community groups to purchase at discount rates. This process resulted in council obtaining 28 units, the Office of Housing buying a further three units and another community body buying one unit.

It is this process of moving from first conceptualisation to post-occupancy, with particular reference to the period leading up to the signing over of the land title, that is the focus of the current study.

To guide the research, two key questions were formulated. The first asked:

Was the model viable, that is, did it produce the results it set out to produce in a low risk and cost effective way? The second asked:

Was the model replicable?
Expressing these another way, the research was an investigation into a potentially replicable process by which more affordable housing might be achieved in the inner city using the Inkerman Oasis as a case study.

These two research questions prompted a number of supplementary questions that it was felt would be important to answer in order to clarify and respond to the main questions:

- Was there an adequate broader policy framework that would encourage projects of this nature?
- Was there anything peculiar to the St Kilda or Port Phillip area generally that would be relevant to the project, its outcomes and reproducibility?
- Can the wider housing market affect outcomes for a project of this nature?
- From what or whose perspective should the model be evaluated?
- One of the aims was to produce affordable housing but what is meant by ‘affordable’ and was that achieved?
- Another aim was to produce social housing, so did it achieve that?
- How critical was the role of individual actors?

**Research design**

As the introductory comments and research questions above suggest the focus of the research is on a process by which affordable housing might be achieved in the inner city. In order to address this issue a suitable research design needed to be established and this process was guided by five factors that make up the essence of the research. Each factor points to subsets or linked concepts that would need to be investigated and addressed as part of the research, and therefore fall within the capacity of the research design to deal with them, but would not necessarily be individually critical to the research.

The first of these factors is that affordable and social housing are key elements of the research. The research design would need to incorporate a review of the meaning of affordability and investigate the role of the planned social housing project in addressing affordability in St Kilda.

A second factor is the spatial element as the study looks specifically at Melbourne’s inner city. As such the research design would need to canvass, though not in any great detail, issues of urban renewal, gentrification and displacement, and the
related issues of employment opportunities and the new economy. There is an inherent question here concerning political and community attitudes about, and responses to, diversity and healthy communities that should be addressed.

A third factor is the role of local government as a housing provider. Because local government is closest to the community it is, in principle, well positioned to have the greatest understanding of, and impact on, community values and needs, local diversity and non-housing outcomes. The research would need to take into consideration: state government legislation and policies concerning housing; how they apply to local government; and whether they inhibit or assist local government activity as a housing provider. Further, why have so few other local governments taken up this role?

The fourth factor results from the many unique characteristics and the innovative approach used in the Inkerman Oasis development, hence the research design would need to be based on this single case rather than the council’s housing strategy as a whole.

Finally, the council’s housing strategy and the case study development itself were known to be championed by a few individuals who exercised a great deal of influence. Without them the entire development was unlikely to have commenced and almost certainly would not have been completed. From this perspective any research design would have to allow for an exploration of the role of actors, their interaction with each other, and with the institutional structures of business and government.

A possible suitable approach to address such a wide range of factors would be to follow a strictly evidence based research design. This tends to be the model utilised for a great deal of contemporary housing research in Australia (Marston, 2002) and is best illustrated by much of the work of the Australian Housing and Urban Research Institute (AHURI). Reduced to its basic elements, this research strategy gathers survey and/or interview data and reviews it in the context of previous research and understanding. New interpretations or findings are then considered for their political and other implementation factors, and policy recommendations are made. This essentially quantitative approach has guided the current research particularly with respect to its treatment of secondary data and surveys, and taking
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into consideration the approach’s effectiveness, efficiency and appropriateness (Milligan et al., 2005).

A strict evidence based approach has been critiqued by Jacobs and Manzi (2000) who argue such research generally lacks any explicit theory and relies on a positivist epistemology:

The resulting research product is often methodologically conservative. In addition, it is difficult to pursue new lines of investigation or, for that matter, to develop different conceptualisations of the policy process. Perhaps the most serious problem is that research of this kind is generally reactive to the professional housing lobby which limits its opportunities to pursue a critical line of enquiry (p. 35).

Essentially their concern is that, should the research and findings within that approach drift too far from what would be expected under the dominant ideology, it would not be taken seriously by its intended audience. Lacking a sound theoretical underpinning to support the findings, the methodology and interpretations would be open to question from funding agencies and interested stakeholders.

Given the key findings for this research would be derived from contestable recollections and reconstructions given by the prime stakeholders, a relatively small number of key actors involved and limited number of survey respondents, a primary quantitative methodology was not possible.

An interpretivist position, however, would encompass meaning, understanding and knowledge through the experiences and interactions of those who were intimately involved in the project. An interpretive approach would give an appropriate context to draw conclusions about what has been learnt from this exercise, how the difficulties encountered were overcome, and the various perspectives of stakeholders of the success or otherwise of the project as a whole. According to Neuman (1997:68):

the interpretive approach adopts a practical orientation. It is concerned with how ordinary people manage their practical affairs...or how they get things done. It is concerned with how people interact and get along.
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At one level this thesis tells the story of how ordinary people worked together in order to get a job done. Other ‘factual’ information contained in project team minutes, demographics, affordability data etc. do not speak for themselves but must be interpreted in the milieu of the day as recorded or recalled by others, or reinterpreted by the researcher (Neuman, 1997:67-73). This does not deny the basic knowledge of facts and reality that the council engaged in a housing project and buildings were constructed, but such knowledge does not reveal the process or the how and why questions that are inherent to this research. That knowledge is based in social action and self-constructed realities.

It cannot be ignored that the five factors outlined to guide the formulation of a research design are linked to government through issues of welfare, policy, planning and economic decision-making. The project commenced at a time of highly emotive and complex political and policy changes that impacted directly on local government. For this reason the political climate, as it was at that time, forms a significant part of the contextual framework. The policies and regulatory activities of the state government, and where relevant the federal government also, are presented and explained through the lens of the economic liberal\(^2\) ideology that underpinned them (Peck & Tickell, 2002; Stilwell, 1993:31).

Taking into consideration the aims of the research, the methodological approach needed logically fits within the spectrum of a qualitative study supported by a lesser amount of quantitative analysis. More specifically the approach adopted is an evaluative case study as defined by Yin’s second rationale for a single case study – the unique case (Yin, 2003:40-41) as this approach to achieving affordable housing was unique for local government at that time.

\(^2\) The term ‘economic liberalism’ is used throughout this thesis as opposed to the many other possible permutations such as market liberalism, neoliberalism, the Washington consensus, economic rationalism, Thatcherism, Reagonomics or Rogernomics, some of which are regionally specific and used in the pejorative sense. Quiggin (2005:21, 31) puts a brief and succinct argument for the validity of economic liberalism as a descriptive and accurate naming of this ideological approach to social and economic management.
The case study design indicated by Figure 1.2 is used to give a schematic and simplified view of the current study. The ‘Context’ in the figure is a complex multi-layered system of socio-political forces. At the national and state (external) level, political, economic, demographic and legal forces were acting on the local environment, influencing the local labour market and local housing market. These two market forces directly affected affordability and gentrification in the local area, creating housing pressures on low income earners including the working poor and government income beneficiaries (adapted from Burke, 1999:107). This contextual environment is schematically represented in Figure 1.3 and demonstrates how the case study is a local response.

The ‘Case’ is the Inkerman Oasis housing development, or to be more specific, the model or process by which the housing development was achieved. As indicated in Figure 1.2 there are two primary ‘embedded units of analysis’. The first is the social housing outcome (i.e. public and community housing was to be incorporated) and the second, the demonstration project outcome.
According to Yin (2003:15), evaluative case studies do not automatically imply qualitative methods but can incorporate a mix of qualitative and quantitative research methods. The choice of methods largely depends on the nature of the case study and what is being investigated. Yin (2003:14) argues:

the case study as a research strategy comprises an all-encompassing method – covering the logic of design, data collection techniques, and specific approaches to data analysis. In this sense, the case study is not either a data collection tactic or merely a design feature alone (Stoeker, 1991) but a comprehensive research strategy.

The choice of a single case study is in some ways limiting, but was deliberate as the study was designed to be an intensive evaluation of a particular model used for one project. Others may find it useful to follow up with a comparative analysis of different models utilising the results of the current study as one component for that purpose.

When considering the end use of this research, the potential drawback of a single case study is its lack of generalisability which would then negate one of the aims, that being to assess the possibility of other councils adopting the model. According to Yin (2003:10) this is not an issue provided the case study is more explanatory and less descriptive or exploratory, in this instance, attention is paid to the fundamental underlying principles that are transferable as well as any detailed

Figure 1.3 Schematic representation of the contextual environment of the study
description of the unique characteristics of the project. It is the aim of this research design to achieve that end.

**Methods**

Qualitative and quantitative data have been gathered from primary and secondary sources and combined with the extant literature to form a triangulation of findings. The type, nature and details of the research methods, participants and materials used are discussed in the relevant chapters of findings as appropriate, and presented in full in Appendices 1 to 7.

By way of an introduction to the methods, primary data collection was obtained using semi-structured interviews, emails, phone calls, surveys and post-occupancy surveys. Participants included key stakeholders, local businesses and residents, and residents living in Inkerman Oasis.

Secondary data was obtained from project documents supplied by Port Phillip council and statistical analysis of various databases including Australian Bureau of Statistics time series and census records, the Australian Taxation Office and Valuer General.

The semi-structured interviews were conducted with eighteen project stakeholders. A full list of interviewees, their position and date of interview is given in Appendix 2 along with others who contributed information, but key interviewees included three councillors who served at that time, two council officers, all members of the steering committee, the project architects, the council’s CEO and a representative of the developer. Only a few key players did not respond to requests for interview: the CEOs of the two building companies which formed Inkerman Developments; the legal company that represented the council; a representative of the Office of Housing; and two previous councillors. However, the interviews obtained were sufficient to construct an understanding of the project.

Surveys were conducted of residents and businesses in the local area to assess their reaction to the development during its early stages of construction. Once the first stage of the development was occupied and a period of time was allowed for residents to settle in, a post-occupancy survey was conducted. This was repeated after completion of the second stage.
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The secondary data sources supplied by the Australian Bureau of Statistics, the Australian Taxation Office and Valuer General, being the main ones, were used extensively to give an overview of housing, migration and general demographic information. While the study is qualitative in nature, quantitative statistical analysis is not outside the bounds of the research approach (Neuman, 1997:336). The ways in which statistics are generated and interpreted have long been known to take on the meaning of those who generate and interpret them. The basic building blocks of quantitative data are the individual actions/responses of many actors, and their mass effect (a statistical generalisation) is a measure of these multiple micro interactions and decisions.

**Theoretical approach**

In keeping with the arguments presented for an interpretivist epistemology and the research strategy, social constructionism has been adopted as the main theoretical perspective. Social constructionism was chosen specifically for its proven capacity to deal with the complexities of housing research in areas addressed by this study. These include: the meanings residents put in their homes (Steggell et al., 2003); housing policy (Marston, 2002; Darcy, 1999), power (Jacobs & Manzi, 2000; Kemeny, 2002), and social housing supply and management (Franklin & Clapham, 1997). In adopting this perspective I am mindful of Clapham’s caution that ‘any framework offers only a partial insight into any social phenomenon’. Having made that statement he then offered a framework based on social constructionism that he believed to be ‘internally consistent and relatively comprehensive in its coverage’ (Clapham, 2002a).

Interestingly, Clapham (2004), Jacobs (2001) and Jacobs and Manzi (2000) refer to social constructionism as a paradigm and variously imbue it with the status of ontology, epistemology, theory and methodology. To quote Clapham (2204:94): ‘A paradigm has an appropriate ontology which defines the nature of “reality”, an epistemology which defines the nature of the relationship between the researcher and the world to be studied, and finally a methodology, which lays out the methods for finding out about the world.’ This is not without precedent as, for example, Sarantakos (1998:31) prefers the concept of a research paradigm that melds epistemology with theory, concepts he considers to be inseparable. The current
study treats social constructionism simply as a theoretical position, a chosen perspective if you will, from which the researcher believes the research project can best be viewed to optimise explanations and understandings.

A number of criticisms of social constructionism’s inability to move beyond the actor level and micro analysis are aired and dispelled by Clapham (2002a), Marston (2002) and Jacobs and Manzi (2000) who demonstrate its capacity to deal with the complexity of issues raised in housing studies at individual, social and policy levels. Through its capacity to embrace the likes of Fairclough’s discourse analysis (Marston, 2000:85; Jacobs & Manzi, 1996), Foucault’s analyses of power (Jacobs & Manzi, 2000:36) and Giddens’ structuration theory (Clapham, 2002a:62), social constructionism has moved beyond its historical roots as a subjective micro theory and demonstrated its capacity to have wide application taking in macro issues that make it well suited to the current study.

One such issue is that of the dichotomy of the state versus the market and the resultant discussion as to whether it was the responsibility of the state or the market to fund, construct and manage social housing. Economic liberal ideologues would argue that many of the issues addressed by the more welfarist social policies of Keynesian economics, such as government supplied housing, need to be left to free market forces to resolve (Jamrozik, 2005:46; Kemeny, 2002). However, the market will not act unless government offers suitable incentives to reduce the perceived risk and can guarantee profitability (Millar, 2006). The current dominant view of the role of the state is through the lens of economic liberalism, this being an ideological approach to economic management including social policy (Hay, 2004; Tickell & Peck, 1995). The political milieu in Australia is one in which economic liberalism gives a framework and direction to policy-making decisions, and it could be argued it places economic outcomes ahead of social on the assumption one follows the other (Newby, 1993:107). It was within the context of this broader political and economic framework of economic liberalism, a period when state and federal governments were narrowing their activities to what was perceived to be core business, that the Inkerman Oasis project commenced.

The current research into the Inkerman Oasis as a model for social housing provision is conducted predominantly at the micro level and it is one in which
individuals, albeit representatives of various institutions, have played a significant role in conceptualising and driving it. At the time of writing, a few of these individuals continue to play a role in ensuring its completion. However, while they and their institutions acted within the context and constraints of the larger structures of governments, markets and society, they also reflexively acted against them by trying to change government policy, attract market activity and change social attitudes.

Social constructionism is used here in the sense espoused by Jacobs and Manzi (2000:36) that ‘an individual’s experience is an active process of interpretation rather than a passive material apprehension of an external physical world’ and that ‘actors do not merely provide descriptions of events, but are themselves constitutive of wider policy discourses and conflicts’.

The reflexive and interactive relationship between individuals and between individuals and structures constantly produce, reproduce and validate structures, affirming the reality and role of structures in society as well as their relational power (Kemeny, 1988). Equally the formation and reproduction of structures that comes from the combined action of actors puts power in the hands of actors who choose whether or not to engage in these interactions.

These complex interrelationships and the power relations within the current social and political environment are further described in considerable detail by Giddens (1998; 1991). From his social liberal position he charts a course for individual action within an environment where information, knowledge and skills undergo constant change that can deskill and disempower individuals while strengthening institutional power. Giddens argues that individuals then must reflexively adjust to regain control and meaning and have input back into the institutions, thus creating a two-way system of reflexivity between institutions and individuals. The inference here is that actors can exercise power by engaging with institutions.

Giddens extends his argument to look at how many of the social and economic changes of modernity have stripped away the traditional external referent points such as employment based on socio-economic status, religious dogma, kinship ties and marital expectations, to name a few, and so has jeopardised self-identity,
meaning and social cohesion. To counter this there is a need to build internal referents and a secure self-identity (Giddens, 1991:35-36; 187-188).

Giddens’ position does highlight one seemingly apparent point of difference with social constructionists. He only speaks of the reflexive action of individual actors with structures to achieve change. Social constructionists, on the other hand, are said to argue that it is equally the interaction between actors that brings change. Drawing from symbolic interactionism, it is possible to argue that change can come about through interaction between actors, between individuals and symbols, or between individuals and institutions (Jacobs, Kemeny & Manzi, 2004:6).

From Giddens, Clapham (2002b) brings our attention to the critical and often overlooked role of housing as an external referent through which people draw and express their self-identity. This is exemplified in the frustration often expressed by rental tenants in their inability to individualise their tenancies. This holds especially true for those in public rental as they cannot easily move if they are dissatisfied with their surroundings. This perspective lends support to the government’s position of drawing back from public housing and encouraging a greater diversity of affordable housing options by encouraging, in a number of ways, the not-for-profit and private housing sectors (Kemeny, 2002).

Power is another element relevant to this research and is frequently revealed through the use of language in housing policy as discussed by Jacobs and Manzi (1996). Their starting point is that the language of policy had not been deconstructed, as had many other discourses, because policy was considered to be a neutral statement of a single reality. They note that this perspective ‘overlooks the extent to which housing policy is contingent on social constructions of reality and the way housing policy issues are enunciated as the outcome of power, ideological contestation and political conflict’ (p. 544).

Applying this deconstructive gaze to some common recent policy terminology we see ‘customer’ as applied to public housing tenants can have the effect of reducing any sense of responsibility for their personal welfare by departmental officers (Darcy & Manzi, 2004). However, being a ‘customer’ can equally empower the tenant by removing some of the tenant/landlord power imbalance. The term ‘better targeting’ carries the subtext of a reduction in government spending on services for welfare.
Chapter 1 Overview of Research Themes and Design

Concepts of ‘choice and freedom’ are used when applicants seeking public housing are instead given rent assistance. These and many other terms only become transparent to their deeper meaning when viewed within an economic liberal context (McInerney, 1999; see also Batten, 1999).

The media can also be held accountable for perpetuating negative images and representations of public housing tenants, rarely portraying them in a positive and constructive light. Policy statements reinforce these images in that they refer to public housing as being targeted to only those in greatest need (National Housing Strategy, 1991:xi). The general public can easily read ‘troublesome’ into terms like ‘those in greatest need’ and unfortunately it becomes self-fulfilling. Because of deinstitutionalisation of mental health sufferers and targeting, those in most need are almost by definition people with the biggest problems (Jacobs, Marston & Darcy, 2004; FaCS, 2003a; McInerney, 1999). The difficulty for community housing, where the level of oversight and care extended to tenants is demonstrably greater than in public housing, is that the general public has either never heard of it or does not understand the difference. However, once these negative social constructions become normalised they are difficult to change.

Social constructionism also aids our understanding of how and why policy can be interpreted differently by different government organisations, the private sector and individuals – they construct an understanding from their particular perspective and/or to suit their preferred outcome (Clapham, 2002b; Clapham, Franklin & Saugeres, 2000). Feeding into this understanding, social constructionism has been used to expose an implicit metanarrative of a good versus evil struggle between the state and the market. Each side plays good or evil roles depending on the frame of reference of the storyteller and thus the multi-layered dimensions of narrative and policy are revealed (Kemeny, 2002; Healy, 1999).

In summary then, social constructionism has now developed a credible track record of use in housing research especially when applied to social housing where policy, rhetoric and power impact directly on those in greatest need and dependent members of our society.

In consideration of how social constructionism addresses the two central research questions – was this an efficient and effective model to produce the desired
outcomes, and is the model viable for duplication on other sites in other locations and with other councils – it offers several valuable insights.

First, in addressing the first research question, the analysis is largely based on stakeholder perspectives; however, each is able to perceive a different set of realities based on their unique frame of reference. Social constructionism acts as an explanatory tool for these many realities. Each actor, whether speaking for themselves or as a representative of an organisation, will interpret the approach taken and outcomes achieved from within their own frame of reference. For example, the council had a number of outcomes they wished to achieve – a healthy and diverse community, a demonstration project and mixed social-private occupancy housing, cost neutrality, a good use of council land etc. – and may evaluate the development differently for each outcome. Where the evaluation is measured against policy an interpretation of both the language and intent of the policy is required and that will be generated subjectively by the actor. However, while all these realities have validity, relative power will dictate which are accepted as the dominant narrative (Patton, 2002:100; Kemeny, 1988).

Second, again addressing the first research question, it has a strong focus on the interaction of several actors all working to achieve a common vision and plan for the development of the site. These actors moved the vision forward through a reflexive process of negotiation and renegotiation between themselves, others within the institutions they represented, and representatives of other structures with whom they interacted such as state government departments and utility providers. Social constructionism aids our understanding of these interactions and gives insight to the power relationships and compromise that worked to help achieve the final vision.

Third, to answer the second research question of generalisability and transferability of the model it was necessary to come to an understanding of how the Local Government Act was interpreted by the council and also gain insight into the power relations between the state and local government at the time. This was to determine whether either of these played a defining role in the project. If this were the case would a change in any of these variables render the model obsolete?
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Fourth, there is a particular emphasis in parts of the analysis on the role played by certain actors or ‘project champions’ who were deemed to be integral to the success of the project. The evaluation needed to consider that the ‘duplication’ of these actors would be the critical factor for the successful completion of a housing project regardless of the model used. Social constructionism was found to be the most useful theory to investigate and explain the micro level interactions and power networks that were established by these key actors.

Fifth, the analysis also involved discussion of how well the difficulties encountered, for instance, with some government and corporatised bodies, have been resolved for reproduction to progress more smoothly, that is, how well have the relevant bodies responded to facilitate future developments of this nature. For example, at that time no government regulations existed to approve a closed on-site water treatment and recycling facility. This resulted in extensive negotiations between the council, the Environmental Protection Authority and the local water authority South Eastern Water Ltd (SEWL), resulting in new government policy allowing later developments to incorporate similar systems. Social constructionism helps explain these types of reflexive interactions that would result in changes to policy or procedure.

As a final insight, without established benchmarks against which to measure the project, as many of the aims were innovative and without precedent, it was necessary to use the project’s own aims as the benchmark and determine whether these were met and were they met to the full expectations of the stakeholders. Again these are highly subjective processes that involve the views of the stakeholders. These views are then interpreted by the researcher from his frame of reference and taking into consideration the wider context of the political environment.

The researcher’s frame of reference is important to the presentation of this thesis, as indicated, since all data is filtered through my perception, understanding and bias. This is expanded on under the subheading ‘Researcher bias’ in Chapter 7. However, by way of introduction, I was excited by this project for the potential it offered in furthering the supply of affordable housing in the inner city. Even so, I was equally keen to play the devil’s advocate in testing every claim and argument
because it would undermine the potential for the model to be replicated many times
over if I were to present it in any light other than what I truly believed it was capable
of achieving.

As to possible concerns over the researcher having any possible impact on the
outcome of the project, as is often the case either directly in action research or
adventitiously as an objective observer of real-time events, neither was the case in
this research. The research was conducted largely in retrospect through document
analysis and interviews with individuals who were reflecting on events that occurred
up to ten years previously.

The thesis overview

The nature of this study was such that a more traditional structure of introduction,
literature review, methodology, theory, results and discussion was not suitable. The
research necessarily required the case study project to be viewed from a number of
perspectives, including the critical socio-political and housing market contexts
within which it evolved. For this reason each of the chapters from 2 to 6 contains its
own literature review and analysis. This process resulted in a set of chapters that
appear simultaneously interdependent yet separate and are not properly drawn
together until the final chapter. Resolving, then, which chapter should precede the
next to create a sense of logical flow was not an obvious choice. In particular the all
important first few chapters presented a quandary – whether a detailed description
of the case study should precede the wider context within which this took place or
vice-versa. Understanding the case study would give insight into the importance of
the context, while the context was relevant to many aspects of the case study.
Similarly, the theoretical approach both hinged on and was relevant to both.
Ultimately it seemed best to set the methodology, theory and context first, leaving
all remaining chapters devoted entirely to the evaluation and analysis of the case
study. The final structure is outlined below as an overview.

Chapter 1 introduces the research topic and constructs an argument for the
research design and theory. Chapter 2 expands upon the contextual framework
generated by ruling state and federal governments. The dominant political and
policy ideology adopted by all governments at that time was economic liberalism
and this set the context for the study. This ideology played a crucial role in the push for private investment in government activity in the market and altering official approaches to social policy and welfare. It also had an impact on the wider housing market, the supply of public housing and the growing prominence of community housing, all of which were relevant to the case study project. This chapter therefore establishes the broad political and housing market environmental setting in which St Kilda council first devised the housing program and clarifies their justification for doing so. The context is then extended to the time when the Inkerman Oasis development, under the City of Port Phillip’s housing program, was conceptualised and progressed.

Chapter 3 commences by locating the study in the suburb of St Kilda, within the City of Port Phillip, with all the diversity and social activism which is part of that locality. The history of the community housing program established by the council is described, this time within the local political and social context, and the case study is framed as part of that program. An integral part of the success of the council’s community housing program is the role of the Port Phillip Housing Association which is also described. The chapter concludes with a more detailed overview of the key aspects of the residential development, Inkerman Oasis, that is the case study.

Chapters 4, 5 and 6 are a response are specific to the case study and break the evaluation into key elements of process, finance and outcomes analysis. Each gives basic insights as to whether the project delivered a cost effective and viable model that would be reproducible. Chapter 4 examines conceptualisation, master planning and risk aspects. Each of these presented challenges that the steering committee and council had to overcome. Chapter 5 looks closely at how the model for the case study evolved through financial considerations and assesses the final value for money argument expressed by council. Chapter 6 then evaluates the outcomes through key stakeholder interviews, surveys of local residents and businesses and post-occupancy survey.

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3 The residential project started life as ‘The Depot’, a working title given by council since the land was an old council depot site. The developer changed this to ‘Inkerman Oasis’ for their marketing campaign, and a later campaign rebadged it as ‘D’LUX’. For simplicity it is referred to throughout this thesis as Inkerman Oasis.
Chapter 1 Overview of Research Themes and Design

The primary research questions raise a number of complex and intermeshed issues that are approached from a process of inductive analysis. Some aspects of these have been made more difficult to answer because of the many delays in construction such that two of the six buildings were still not built at the time of writing even though the original estimated date for completion was mid 2003. Chapter 7, the conclusion, draws together the multiplicity of issues revealed primarily through Chapters 4 to 6.

In this final chapter, the first research question of ‘was this an efficient and effective model that produced the desired outcomes’ is resolved from two perspectives; the first is an evaluation of the model itself while the second is an identification and assessment of the outcomes. Defining the outcomes was complicated by the variety of perspectives held by the stakeholders but the principal outcomes sought by council were first, to achieve affordable/social housing, the second was for it to be a demonstration project of ecologically sustainable design (ESD), and the third was for it to be cost neutral.

The second research question concerned the model’s generalisability and is perhaps even more dependent on markets and government policy than the first and must be interpreted in terms of which vision/outcomes are to be replicated. The policy and legislative environment at federal and state levels that enables public-private cooperation on major projects has improved and been refined over time, however, this research revealed some legislation and practices still lagged well behind what was happening on the ground.

In summary, this research is an evaluation of one model of a collaborative relationship between a local government and a private developer to achieve a mixed social-private residential development. The development was conceived at a time when economic liberalism in Australia was perhaps at its most radical, creating a very uncertain environment. Similarly, while public-private interaction was being actively encouraged, this did not apply to direct housing provision by local

4 Here I have deliberately differentiated between affordable and social housing as one original outcome was to have a percentage of the housing constructed to sell at below local median selling prices affordable to a range of income earners. The social housing element was to comprise both council owned community housing and other units purchased by organisations who would rent to government benefit recipients.
government. Even so, the policies and guidelines needed to facilitate private investment were not fully developed or tested. This fluid state/market environment forms the conceptual framework for the research and is integral to the central story and arguments posed throughout the thesis. The following chapter addresses this context.
Chapter 2

Government and Markets – A Socio-Political Context

Introduction

This chapter sets the wider context for the Inkerman Oasis case study in terms of the socio-political environment in Australia, particularly at the state government level, when the Inkerman Oasis case study was being conceived and master planned. The significant time period in question was between 1996, coinciding with the return to council elections after the amalgamations process of local governments in Victoria, and 2000 when the title to the land was signed over to a developer. These were the critical years when the state government could have intervened in the project for good or bad and this concern had considerable influence on Port Phillip council’s decision-making with respect to the project. As such, a great deal of the literature, data and discussion is set in that time period.

Through most of that time the state political environment was hostile to local government provision of social housing, believing that its role should be limited to the facilitation of private sector housing provision through its residential planning powers. The chapter explores whether the emerging dominance of economic liberal ideology, as expressed by the Liberal/National coalition that was in power, created what may have been a unique set of circumstances critical to the approach taken by the City of Port Phillip for the Inkerman Oasis development.

Of the many changes in the economic and political environment that were occurring at that time, largely as a function of the dominance of economic liberalism across Australia, this chapter looks more closely at three that have been instrumental, even critical, to the choices made pertaining to the case study. The first was the pulling back of state and federal governments from welfarist policies, in particular the reduction in funding by the federal government for the direct supply of public housing via the Commonwealth/State Housing Agreement (CSHA). It is argued here
that the Commonwealth private rental assistance scheme (CRA) had received significantly increased funding in the previous two decades and was now looked to as the preferred option for housing assistance. This reflected its lower cost per household and its greater flexibility.

Feeding into this discussion point concerning the reduction in welfarist policies, the pursuit of economic liberal ideals also brought with it such issues as the increased emphasis on individual choice and agency and a strongly pro-market, pro-business policy agenda by both state and federal governments. Thus, financial market reforms were introduced in the mid 1980s which had a significant impact on the housing market, eliminating or reducing many of the self-regulating controls on access to finance (Beer, 1993:169-170). The flow-on effect, supported by favourable wealth creation and tax advantages such as negative gearing, has been a growth in demand in the home purchase market followed by falling affordability (Productivity Commission Inquiry Report, 2004; Beer, 1993:169-170). The combined effect of falling affordability, upward pressure on private rents, and a government reduction in public housing supply has been a growing demand for alternative social housing (Wulff & Yates, 2001:5; Bisset, 2000). In 1985 when the City of St Kilda first established its housing program, gentrification and falling affordability had been having some effect on the local housing market for a decade, but by 1996 when the City of Port Phillip conceived the Inkerman Oasis project the full effect of financial deregulation and low interest rates was evident in both the home rental and purchase prices. These issues are also discussed as contextual drivers, even justification, for the council’s continued involvement as a direct provider of social housing.

The second change was the rise in use of privately financed infrastructure through public-private partnerships or similar entities by all tiers of government. Integral to this are the regulatory policies enacted to control these entities as they were practised by local government.

The third change in the economic and political environment was the increased prominence given to the community housing sector by state and federal governments as they looked for an alternative to government-owned direct housing provision (Bisset, 2000). Just how these three changes impacted on the decision-
making processes of the Inkerman Oasis development are discussed in this chapter, but they form a continuous thread throughout the thesis.

Many of the changes brought about as a result of the changing political environment, including those mentioned, have been the subject of a great deal of public and political commentary and criticism over the last two or more decades. For example, at a global level, Boris Frankel (2001) challenges economic liberal reforms generally for their short-sightedness. At the state and federal government level in Australia, Wiseman (2005:59) starts from the proposition that no path to policy formation can see economic growth as the only goal, ignoring social and environmental issues. Taking up the social argument at local government level, Williamson (2002) posits that the Kennett government’s economic liberal driven reforms to local government subverted the political rights and obligations of citizens, rendering citizenship peripheral to the mission and strategic planning of local governments.

In general, the change process towards economic liberalism was described as being driven from the top in spite of public resistance, a necessary medicine if you will (Brett, 2003:167), and the spin-doctoring on both sides of the debate has been a study in the use of language, power and agenda setting.

The changes mentioned above have not just affected behaviour at the institutional level, individuals ideologically opposed or adversely affected feel strongly about them. Equally those advocating or in favour are passionate for the cause and the resultant discussion can be highly subjective and personal. The role and actions of individuals with respect to decision-making concerning the Inkerman Oasis project are prominent throughout this thesis as is their reflexive interaction with the institutions of business and government.

The rise of economic liberalism

The displacement of Keynesian economic policy by economic liberalism through the late 1970s and into 1980s saw a considerable adjustment in the way that the affected countries, predominantly the USA, UK, Canada, New Zealand and Australia, viewed and managed their economies. Their policy decisions began to reflect the preferred direction of a supply-side market economy and small government that
facilitated rather than regulated and controlled business and finance (Beeson & Firth, 1998; Osborne & Gaebler, 1993).

Quiggin (2005:34-40) argues that proponents of economic liberalism believe under Keynesianism the state had become large, inflexible, and inefficient. Protectionist policies of tariffs and quotas, combined with highly regulated financial and business sectors, worked well to maintain full employment and a thriving economy in years past but not in the new global economy (Brett, 2003:171). These proponents reject the notion that markets are inherently flawed thus justifying constant government intervention. Conversely they argue that governments tax too much, borrow too much, spend too much, regulate too much, do too much and protect too much. Their solution is for government to stay out of the market as a player and instead ensure the policies and conditions for free market operations are created (Fenna, 2004:62-63). In keeping with this philosophy, macro economic reform reprioritised government policy concerning employment levels and economic growth, while micro reform saw the removal of most trade barriers, deregulation of financial and business sectors, and significant reductions in government spending and borrowing (Fenna, 2004:283-286). Economic activity was enhanced through privatisation and corporatisation of government services and utilities. Thus the state’s influence and intervention in the market was reduced, new markets were created where the private sector took over from the state for the production and delivery of public goods and services, and competition was created in those markets (Brett, 2003:172). The end result of these reforms was expected to be a vibrant and efficient free market that generated cheaper, better, public goods and services delivered by the private sector. Market forces would ensure a prompt and efficient response to customer needs, while an invigorated economy would generate employment and profits (Jamrozik, 2005:19-21; Dalton et al., 1996:13).

According to Thomas Freidman (1999), a strong supporter of economic liberalism, the adoption of this economic approach globally was inevitable, so much so that he refers to it as a golden straightjacket – golden because of the benefits that flow once adopted but a straightjacket nonetheless since the model limits a nation state’s control of its economy (pp. 101ff). The inevitability or ‘no alternative’ rhetoric was also pursued by Margaret Thatcher and others (Davies, 2005; Peck & Tickell, 2002).
This new approach to managing the economy was referred to by Osborne and Gaebler (1993) as ‘steering not rowing’. This required the light handed application of incentives, taxation, competition and price signals and a gradual reduction in direct regulation. Thus, even though governments would promote the privatisation of services and deregulation of, for example, financial and labour markets, they would retain a level of control (Head, 2005:46; Osborne & Gaebler, 1993:25-48).

Emerging out of this economic liberal ideology are the three changes mentioned earlier that are of relevance to this thesis: welfare reform, infrastructure funding and an increased emphasis on community housing.

**Economic liberalism and the welfare state**

The rise of economic liberalism has been accompanied by a major change in what is referred to as the welfare state (Beeson & Firth, 1998:221). The traditional understanding in Australia and the UK in particular, but also many other industrialised countries of the Western world through most of the 20th century, was that the state should provide most social resources and merit goods (Jamrozik, 2005:1-3; Ferge, 1997). Since the 1980s this has been seriously challenged by the emergence of economic liberalism, now comprehensively embraced by almost all Anglo-American governments. While the application of this ideological stance retains a sense of collective responsibility, the way in which this is expressed has changed (Jamrozik, 2005:6-9).

Previously Australia had extensive social policies that made it more of a welfare state than at present. For example, many services deemed to be ‘merit goods’, such as telephony and electricity, were owned and operated by governments, but are now in private ownership (Jamrozik, 2005:8). Other services such as health and education still maintain a ‘public’ component but this has become more residualised in favour of an increased but regulated ‘private’ component (Jamrozik, 2005:321; Quiggin, 2005:39-40).

Many welfarist type policies were targeted by supporters of economic liberalism as being detrimental to society by increasing dependency on the state and smothering free market and individual initiative. According to Beeson and Firth (1998:219): ‘Where economic independence is compromised by the provision of public
assistance in the form of benefits and pensions the natural dynamic of the economy is adversely affected.

On this point though, there is something of a subtle but important variation in emphasis expressed through the literature on the role and prominence of the individual under economic liberalism. While Zsuzsa Ferge (1997), for instance, speaks clearly of the push to individualism and the rejection of solidarity, Quiggin (2005:31-32) qualifies the position of the individual. Quiggin specifically uses the term ‘economic liberalism’ as he argues its focus is on economics and economic freedom rather than social democratic inferences of liberalism. In this he posits economic freedom takes precedence over personal freedom or civil liberties and ‘that on matters of personal freedom, economic liberalism is basically agnostic, encompassing a range of views from repressive traditionalism to libertarianism’ (p. 32). This is an important difference if we are to understand the full implications of the shift from citizen to customer and consumer and of the new approach to welfare.

In a free market economy it is the individual as customer that has prominence and all is available to those who have the capacity to pay, where previously, through collective representation – typically through alliances of special interest groups and welfare service providers focused on maximising welfare budget allocations – a welfarist agenda was possible (Brett, 2003:172-176). Under welfarism those without the resources to pay market prices could still expect access to basic or essential services and goods at the public expense as these were seen as a right of citizenship. Beeson and Firth (1998) argue that classical liberalism sees the natural disposition to economic independence and freedom as being undermined by the assumption ‘that it is the role of governing authorities to provide the population with either employment or subsistence’ (p. 219).

Taking that position to its logical conclusion, in a pure economic liberal environment it is theoretically possible to have high unemployment, no public housing, no socialised health care system, no free education etc. as the idea of the collective good does not exist and the redistribution of wealth through the taxation system is no longer an acceptable goal of government. Obviously not all these options are
acceptable politically or morally in a democratic Western society. Realistically the state has instead set up the image of the market as:

the ideal to which...schooling, education, health services, welfare and the agencies of the state which provide these services are to conform in order to ensure national economic survival (Beeson & Firth, 1998:221).

Thus, the state continues to play a role, albeit a greatly reduced one, with sanctions against or incentives to conform for those individuals or households who do not show some attempt to help themselves (Quiggin, 2005:32; Peck & Tickell, 2002). As an aside, in Australia even with these changes, welfare spending has not decreased.

Travers (2005:87-89) explored the concept of citizenship and what that means in terms of equality by right (welfare system) as opposed to what can be achieved by the purchasing power of the customer (free market or capitalist system). As part of that treatise he outlined a three-fold argument the economic liberal position has against welfarism: first, it creates welfare dependency which leads to long term poverty (welfare trap); second, it is a moral hazard, that is, people become less concerned about the future (act imprudently) believing the government will provide; and third, there can be a tendency to free-ride leaving others to work and pay taxes that welfare recipients draw on (p. 92). By international comparison Travers (2005) notes that Australia deals reasonable well with balancing a market economy and welfare state. While the government has sought to reduce welfare and counter the sort of activities and attitudes noted above, he argues it has achieved a balance by becoming more targeted in terms of eligibility, while simultaneously tightening up punitive measures for breaches.

The change from welfarism to economic liberalism has not been easy or smooth and its reliance on markets to provide has created tensions. It has long been recognised that an unrestrained capitalist market economy results in a two tiered society of winners and losers, rich and poor, haves and have-nots, which is intended to be both a carrot and stick for individual initiative. For the winners this system works well, but a reduced welfare system means life is much tougher for those unfortunate enough to become unemployed, retirees relying on pensions, a whole raft of individuals who are unable to work due to disabilities, mental illness etc.,
single mothers at home with young children, and many more. Thus the argument that economic liberalism promotes freedom and choice for the individual cannot help but be paradoxical (Brett, 2003:177). It holds true for those in the upper tier of society, but those in the second tier have a different experience.

As discussed by Jamrozik (2005:268-271), MacLeod (2002) and Smith (1996), most democratic Western countries, including Australia, have seen a gradual increase in the incidence of walled housing estates, private policing, the fencing of public areas to keep out ‘undesirables’, covert and overt surveillance, and the criminalisation of poverty. Further, authors such as Bradbury and Chalmers (2003) and Dodson (2003) discuss the problems of low income workers being forced to relocate to the city fringes due to falling housing affordability, which all point to restrictions in freedom and choice, not more. This clearly supports Quiggin’s (2005) position that it is about economic freedom and not individual freedom.

One ‘welfare’ service that has seen a significant shift in federal government support is that of public housing. Unable to extract themselves entirely from the supply of public housing, the federal government sought to at least reduce its importance by cutting funding. The CSHA agreement funds social housing in Australia with the bulk of it going to existing state managed public housing (SCRCSSP, 2007:16.1). As shown in Figure 2.1, the federal government reduced funding to the states via the CSHA in real terms by 25 percent between 1985 and 1995, and by a further 30 percent between 1995-96 and 2004-05.

A lack of funds and the various state governments’ own changing social policies resulted in a wider program of change. The overall result of these changes was a real reduction in public housing stock across Australia of over 7 percent between 1997 and 2006 (SCRCSSP, 2007; SCRCSSP, 1998). According to ACOSS (2002), ‘public housing waiting lists increased by almost 19,000 since 1991, and there are now 221,313 applicants waiting for housing’. Eligibility criteria for the remaining stock is highly targeted towards those in greatest need and waiting lists are now measured in years (ACOSS, 2002; The Community Reference Group for the Review of Public Housing Eligibility Criteria, 2001).
Figure 2.1 Real government expenditure on CSHA assistance and CRA (1995-96 dollars)

Source: Steering Committee for the Review of Commonwealth/State Services Provision: Report on Government Services (various years). Note: the reports list several precautions regarding the interpretation of this chart, primarily with respect to the way in which spending for public housing is allocated. The chart presented is a compilation from several reports to achieve the full time scale.

In Victoria, reduction took the form of selling some public housing stock, demolishing older degraded stock, and replacing large estates with a mixture of social-private occupancy and mixed income developments (Office of Housing, 2006; Hulse, Herbert & Down, 2004). These actions started back in the 1970s and have resulted in a lower level of stock than other states at about 3.5 percent of housing, compared with a national average of 4 percent, and longer waiting lists (SCRCSSP, 1995).

Table 2.1 Public housing as percentage of total occupied private dwellings in St Kilda, 1971-2001

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>St Kilda</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.4%</td>
<td>2.3%</td>
<td>1.9%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

Source: ABS Census of Population and Housing: Basic Community Profiles, Dwelling structure by tenure type and landlord type: Table B19, AGPS, Canberra.

In the case study area of St Kilda there has never been a large stock of public housing despite high concentrations of lower income households. This is shown in Table 2.1 (ABS, 1971b-2001b). This relative absence combined with the growing effects of gentrification on, and falling affordability in, the private rental sector, saw many long term, low income residents being displaced, justifying St Kilda council’s community housing strategy (Viola, 1979).
Based on the presented evidence, public housing was and remains unlikely to be a realistic option for a growing number of low income households, particularly while the federal government’s policy concerning funding and increased targeting remains unchanged. Since home purchase in the inner city is also not an option given the escalated prices, the remaining realistic options open to low income earners are some other form of social housing such as community housing or private rental where rents are made less unaffordable by rent assistance.

The CRA scheme is an income supplement or Family Tax Benefit available to any Australian resident who meets the eligibility criteria and is paying private rent. The payment is based on a sliding scale in relation to income and, where a family is involved, number of dependents and relationship status. It is not available to people who pay rent to a government housing authority and other specified rental situations such as government funded nursing homes. In addition to the above, rent assistance is not paid unless rental payments exceed a minimum value, and is capped regardless of rent paid over and above a set maximum (Centrelink, 2007; Eringa, 2002; National Shelter & ACOSS, 2003).

Referring back to Figure 2.1 it can be seen that from the early 1980s funding to CRA increased markedly to the point that in 1995 it surpassed CSHA funding in total dollar value (SCRCSSP, 2003; SCRCSSP, 1998; SCRCSSP, 1995; ACOSS, 2002; Eringa, 2002). While real expenditure on CRA now appears to have stabilised it should be noted it is not a capped fund and is therefore subject to demand. The rapid increase in total CRA expenditure over a relatively short period reflects a shift in government policy (SCRCSSP, 1995:128), but also highlights the growth in households who became eligible to receive CRA support and ergo, increased the demand for affordable rental housing. It also reflects that CRA was a better ideological fit for the federal government.

While CRA was not an invention of economic liberal ideology its application has been extended under that brand of governance as it carried all the hallmarks of economic liberal philosophy, i.e. it removed government from management or control of people’s living arrangements and put the onus back on the individual to manage their lives. It also placed a certain onus on the private sector to deliver suitable accommodation to meet that demand. The individual household
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theoretically has a choice as to whether they live under housing stress\(^5\) or not as the selection of locality, rental costs and other spending priorities lies with the household (National Housing Strategy, 1991).

Ironically, should a household choose to move to an area of more suitable and affordable accommodation in order to reduce housing stress, but in doing so moves to an area of lower employment prospects, they could be ‘punished’ by having income benefits suspended for up to 26 weeks under the MALEP (Move to an Area of Lower Employment Prospects) exclusion rule (FaCS, 2003b; Bradbury & Chalmers, 2003).

Private rental, community housing and the like were also seen by the federal government as a better option for low income housing. These theoretically alleviated the perceived ‘one size fits all’ approach of public housing by offering a greater choice as to locality, housing type and landlord (Burgess, 2003; Bisset, 2000:9).

Other than housing stress resulting from high rental prices there are genuine shortcomings to the rent assistance approach (Hulse, 2002). One such shortcoming is that it does not always meet the requirements of high needs people. Typically many elderly and mental illness sufferers fall into this category. Such people often find barriers to entry into the private rental market due to, for example, landlord resistance or inappropriate housing design, but even if this were not the case these home seekers may well need some form of assisted or managed accommodation that at one time could have been met by public housing. However, the success of a private rental assistance scheme hinges on an adequate supply of affordable, suitable, private rentals. In Australia the private rental sector is very much a cottage industry with many small investors owning one or two properties.

Whilst an overview of the private rental market suggested there was, and would continue to be, an adequate supply of stock to meet demand into the foreseeable future, research revealed very little of this was affordable, even with CRA support

\(^5\) Housing stress is commonly defined as having more than 30 percent of household income absorbed by housing costs for the lowest 40 percent income group – referred to as the 30/40 rule (see Gabriel et al., 2005:23). For low income households it is argued the remaining income is inadequate to cover the other costs of a basic lifestyle.
(Berry, 2000:666). Adding to the problem, the housing boom that began in the mid-1990s only contributed to and accelerated an existing affordability crisis to the degree that it extended beyond low income earners to include those on middle incomes. This had two outcomes: first, these middle income earners soaked up a lot of affordable rental stock and put demand pressures on rental prices; and second, much of what was still affordable was located in areas of concentrated disadvantage (Yates, 2005; National Shelter & ACOSS, 2003; Affordable Housing Steering Committee, 2001; Environmetrics and HBO+EMTB Architects, 2001; Wulff, Yates & Burke, 2001).

Theoretically many of these problems could be overcome if large institutional investors were active in the market but this is not the case in Australia. They have very limited involvement in the private rental market, particularly at the low end, as they see little to attract them. The low end private rental market is perceived to offer low returns, high risk, and low liquidity among other drawbacks (Allen Consulting Group, 2001; Paris, 1993:173-192). Overseas experience suggests considerable incentives such as more relaxed building regulations and tax advantages are needed to bring institutional investors into the market in any meaningful way, and to this end a number of reports have already been written that broach a range of models and policy options (Ballardin & Trudgett, 2001; Berry, 2002:vii; Allen Consulting Group, 2001; Berry & Hall, 2001).

By way of acknowledging this market failure, a 1993 Industry Commission report found that private affordable housing only appears on the market when it ‘typically trickles down from other uses’ (Industry Commission, 1993:51). The report thus concluded supply responses are restricted. Because of this trickle down effect, available accommodation affordable to low income people can be inappropriate in that it is ‘run-down, or in a location isolated from employment and educational opportunities, shops and other community infrastructure’ (Industry Commission, 1993:51).

It has therefore been argued that the market has failed to respond to the need and demand for suitable, affordable, well located rental housing and therefore CRA is not a viable long term solution (O’Rourke, 2002; Wulff & Yates, 2001; Lipman, 2001; Seelig, 2001).
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The case study area typifies all that this research has shown with respect to the private rental market. The St Kilda housing market has typically responded to demand from higher income brackets, as was found by Seelig (2001) for the private rental market in Brisbane. In St Kilda, a significant influx of professional class people during the 1980s and 1990s (see Figure 2.2a) created a high demand for housing of both owned and rented tenure. This in turn pushed up prices and decreased vacancy rates. Preceding these events, but feeding into them, were changes to the subdivision act that allowed the owners of blocks of flats to renovate, subdivide and sell them (Dowling, 1984; Viola, 1980). Cheap rentals in devalorised buildings, of which there were many, started to disappear as landlords and the residential development industry shifted their focus to the higher income professional market (Shaw, 1999).

**Figure 2.2a St Kilda occupations**  **Figure 2.2b Gtr Melbourne occupations**

Percentage change from the national average, 1971-2001

Source: ABS Census of Population and Housing, Basic Community Profiles, Table B27 Occupation by Sex.

Legend: 1=Managers and Administrators, 2=Professionals, 3=Associate professionals, 4=Advanced, intermediate and elementary clerical, sale, and service workers; 5=Tradespersons, production and transport workers, labourers and related workers.

Note that the 0 percent line represents the national level data for each occupation.

Access to the private rental market was further reduced for low income earners because market rates for rental accommodation escalated faster than wages. For example, Table 2.2 demonstrates that in St Kilda there was a 100 percent increase in the median rent for 1 bedroom units and a 140 percent increase across all units.
between 1994 and 2003. Government benefits over this period rose by only 18 percent for an unemployed couple with two children, compared with average weekly earnings that rose by 41 percent. So while the overall increase in median purchase prices for units and houses outstripped the increase in rents, they all rose considerably more than wages and government benefits.

In 2003 the Victorian state government commented on increasing home purchase prices saying they have ‘placed further pressure on low income households in the private rental sector, particularly in metropolitan areas of high demand’ (SCRCSSP, 2003:16.8). The inference was that possible home purchasers were forced to put off buying and looked instead to the rental market.

**Table 2.2 Changes in income, and median rent, unit and house prices in St Kilda, 1994-2003**

<table>
<thead>
<tr>
<th>% change 1994-2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployed couple with 2 children</td>
</tr>
<tr>
<td>Male AWE</td>
</tr>
<tr>
<td>Median rent 1 bedroom unit</td>
</tr>
<tr>
<td>Median units purchase prices</td>
</tr>
<tr>
<td>Median house purchase prices</td>
</tr>
</tbody>
</table>

Source: Office of Housing, Rental Report, June quarter figures for each year; Landata (2003), A Guide to Property Values; ABS 2007, AWE, Table 13B Victoria (Dollars) – Original; Poverty Lines, University of Melbourne.

Far from meeting the need for more affordable rental accommodation, starting back in the 1980s the City of St Kilda identified a process of systematic demolition or renovation of older cheap rentals and rooming houses by the private sector to replace them with housing for middle income earners and above (Dowling, 1984; Viola, 1980).

Recognising that the supply side of the market was not going to cater for demand from the low end of the income scale, the St Kilda council put a housing strategy in place to counter as best it could the impact of these changes on its low income residents. By 1995 that strategy was well established and was taken over by the new City of Port Phillip. The Inkerman Oasis was the largest project tackled since
the inception of that strategy and the first to incorporate mixed social-private occupancy.

While the current research uncovered dissenting voices as to whether the supply of social housing was a valid role for local government, the Inkerman Oasis project is a good example of how such social infrastructure could be achieved using one of economic liberalism’s major principles, that being for governments to attract private funding. The council has given the value of the land over to community housing (potentially seen as a form of welfare) but the total development was funded and constructed by the private sector. Equally, council’s asset has not been lost as it holds title to housing stock that increases in value with the market.

**Economic liberalism and the private funding of infrastructure**

At the outset of this section it is useful to define what is meant by infrastructure. According to the Allen Consulting Group’s report to the Victorian government:

> Until relatively recently, infrastructure industries were seen as including roads, rail, ports, airports, energy, postal services and water. Now physical [or hard] infrastructure includes telecommunications services, with fast internet access widely regarded as an essential service. In addition, the importance of soft infrastructure – primarily education services – has been increasingly recognised as the link between knowledge and economic growth became better established (Allen Consulting Group, 2005:8).

This definition was applied to economic infrastructure. Another form of infrastructure is social infrastructure which also includes both hard and soft infrastructure. According to a University of Queensland paper that specifically addressed the clarification of the term ‘social infrastructure’ (Casey, 2005:13), within this category hard infrastructure includes roads (not major arterial but local residential roads), shops and affordable housing. This clarification has been added as the term is used frequently but is imprecise. One example of this imprecision is given by Partnerships Victoria. Although Partnerships Victoria relates primarily to economic infrastructure it includes large housing estates such as the Commonwealth Games Village that contains local roads and a mixture of public and
private housing. This thesis uses the word ‘infrastructure’ in a generic sense but the ‘category’ (economic or social) can generally be derived from the context.

With this definitional clarification in mind, private sector funding of infrastructure has come to be one of the symbols of the new way the state provides infrastructure under economic liberalism (Cannadi & Dollery, 2005; Edwards & Shaoul, 2003; Quiggin, 2002a; Beeson & Firth, 1998). It is through the use of vehicles such as privatisation and public-private partnerships (PPPs) that the state is able to ensure infrastructure is supplied while keeping to what Quiggin (2005) lists as a core objective of economic liberalism, i.e. ‘to remove the state altogether from non-core functions such as provision of infrastructure services’ (p. 32).

In his review of Victoria’s blueprint for PPPs, Partnerships Victoria, Peter Fitzgerald lists several points as to what motivates the government to become involved in PPPs, not all related to financing, but of those that are he notes:

- a requirement to pay only for defined infrastructure or facility related services and to pay only when those services are delivered;
- a very high level of confidence that infrastructure will be available on time and without cost blow-out;
- an ability to hold a provider financially accountable for the performance of particular infrastructure throughout its lifetime;
- improved outcomes, by using competitive forces to stimulate creativity, pricing and delivery;
- access to infrastructure financing without additional government borrowing;
- and tying payments to the achievement of specified performance standards and structuring the payments to provide incentives (Fitzgerald, 2004:4).

According to economic liberal principles, the right political and economic environment would encourage the private sector to supply most infrastructure and services without government intervention because it is in their longer term interests to do so (Rosewarne, 1993:54). Where a service or utility has been privatised such investment may occur provided there is a profit motive to do so rather than simply fulfilling a need of society (Jamrozik, 2005:89). However, beyond those instances
private investment in infrastructure tends not to occur without some form of instigation and/or underwriting of risk by government. Even so, this approach to the supply of infrastructure is now so much a part of the norm that questions are asked whenever a government funds a major project from the public purse (Wiseman, 2005:68). Interestingly, a survey conducted by AusCID (Australian Council for Infrastructure Development) in 2005, that supports similar findings by Hayward and Aspin (2001), revealed that most people are still concerned about private ownership of some infrastructure such as schools, hospitals and telecommunications which puts political pressure on state and federal governments that are looking to continue the privatisation and corporatisation of more of what they see as non-core activities (AusCID, 2005).

Table 2.3, drawn from a 2006 AusCID report, demonstrates the changing pattern of spending on economic infrastructure within Australia over the period 1987 to 2004. Private expenditure on infrastructure for the private sector is shown to have increased from 14.5 to 44.9 percent with a similarly large decline in total government spending from 85.5 to 55.1 percent (AusCID, 2006). The ‘by the private sector for the private sector’ column includes urban subdivision estates, new work in privatised public assets and PPPs where the work is privately financed. The ‘by the private sector for the public sector’ column refers to government financed projects outsourced to the private sector, while the ‘by the public sector for the public sector’ column is work conducted and financed completely by government. The bulk of the economic infrastructure described here is made up of roads, water, telecommunications, energy, bridges etc., but keeping in mind the lack of clarity around this term.

Table 2.3 Share of total economic infrastructure outlays by the public and private sectors within Australia, 1987 and 2004

<table>
<thead>
<tr>
<th></th>
<th>By the private sector for the private sector</th>
<th>By the private sector for the public sector</th>
<th>By the public sector for the public sector</th>
<th>Total public sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>14.5%</td>
<td>25.8%</td>
<td>59.7%</td>
<td>85.5%</td>
</tr>
<tr>
<td>2004</td>
<td>44.9%</td>
<td>20.8%</td>
<td>34.3%</td>
<td>55.1%</td>
</tr>
</tbody>
</table>

Source: AusCID (2006)
Chapter 2 Government and Markets

In 2002 it was estimated that PPPs, as one form of private investment, contributed around 15 percent of total infrastructure investment in Australia, with Victoria accounting for the largest proportion (AusCID, 2002). Given this thesis is about a partnership arrangement between the private sector and a local government it was disappointing no figures were available for local government activity. Needless to say, private investment at that level will represent only a fraction of the 15 percent figure. In part, this can be deduced from the limited number of projects conducted by local governments that are of sufficient size in dollar terms to warrant a partnership approach and would be attractive to the private sector. According to Dennis O’Neill of AusCID, transaction costs limit PPPs to projects worth at least $10m and preferably $20m although he believed these costs are coming down (O’Neill, 2005).

While PPPs and similar entities were not unknown prior to the 1980s (Carroll & Steane, 2000:38-41) Table 2.3 gives some indication of their growth in number, prominence and significance since that time. The evidence for their new status and application into the future is revealed at the state government level through the production of documents such as Partnerships Victoria (Department of Treasury and Finance, 2000). This acts a guide for both the public and private sector to work together in partnerships. At the local government level the state government is keen to encourage but control such activity through legislation, for example, Victoria’s Local Government Act (1989) Section 193 ‘Entrepreneurial Activities’, or the Local Government Amendment (Public-Private Partnerships) Act 2004 in NSW.

In Victoria the major drive into economic liberalism came with the election of the Kennett Liberal/National coalition government in 1992. The bureaucracy across all departments, including that which controlled local government, was directed to encourage and facilitate business and investment (Hodge, 2004a; Gettler, 1996; Elias, 1993). The Kennett government in particular, although the Bracks government tended to follow suit (Wiseman, 2005), looked initially to the UK, then primarily to pro-business oriented bodies such as Project Victoria, a consortium of businesses, for advice and direction regarding the financing, construction and ownership of public utilities and infrastructure (Quiggin, 2002b; Hayward & Aspin, 2001; Kiss, 1999:113; Woodward, 1999:152). Following that advice state government owned enterprises were tendered for sale, and the supply and delivery
of most public services were outsourced through a process of ‘compulsory competitive tendering’ and later ‘best value’ (Woodward, 1999:150; Quiggin, 1996). This policy agenda extended to collaborations with the private sector for funding, constructing and operating public infrastructure through joint ventures, partnerships and similar contractual arrangements (Quiggin, 2002b; Williamson, 2002:15).

In order to ensure its policy direction carried into local governments, and to achieve economies of scale, in 1994 the Kennett government amalgamated and restructured Victoria’s local governments. The new municipalities were then run for a two year period by government appointed commissioners and CEOs to entrench a culture of efficient and business-like corporate management practices (Marshall, 1998).

**Figure 2.3 Public and private economic infrastructure expenditure, Victoria (1990 dollars)**

Source: Mundy & Abrams (2007)

The Bracks Labor government took office in 1999 but made very few changes from the Kennett policy direction in terms of economic management. It remained committed to being an active player in the market but mostly as a facilitator or acting in collaboration with the private sector in any significant projects. Figure 2.3 demonstrates this position in that Victoria’s public sector expenditure on infrastructure fell from a peak of $1.7b in 1995 to under $1b in 2003, recovering
slightly to $1.1b in 2004. By contrast, in 2002 private infrastructure expenditure actually exceeded public infrastructure outlays rising from about $250m in 1995 to $1.7b in 2004.

We see then, that in Victoria, since the days of the Kennett government, there has been an ongoing encouragement for government to engage with the private sector in infrastructure projects and this certainly extended to local government. The grey area in all this is the type of infrastructure and who owns and/or controls it once completed. Economic liberal ideologues would prefer to see the private sector finance, construct, own and service the infrastructure, especially if it is not perceived to be core government business (Broadbent & Laughlin, 2003). Realistically this is not always possible, desirable or politically astute.

Public housing presents one such area of dispute. As a form of non-core social infrastructure, as seen earlier, it has seen a slow reduction in its allocated budget for new construction, and an overall net loss of stock. While the state and federal governments may well prefer to divest themselves from the role of direct housing providers and pass it over to the private or not-for-profit sectors, this could bring as much criticism as it does support from the community. At the heart of this argument are the welfarists who see government supplied public housing as a basic right of citizenship for those in need (Housing for the Aged Action Group, 2004; Tinkler & Zonneveldt, 2002), versus the economic liberalists who do not see housing provision as a core government activity (Affordable Housing National Research Consortium, 2001:69). However, as demonstrated by Wulff, Yates and Burke (2001) the market has failed to provide adequate affordable private rental stock, this being the only realistic option since the 1990s for most low income earners. In addition the alternative social housing supply, such as community housing, is still very small catering for only about 0.4 percent of Australian households in 2007 (SCRCSSP, 2007:16.3). Arguments by Phibbs (2005) and others suggest the federal and state governments may be missing the bigger picture by not ensuring an adequate supply of suitable affordable housing as there are other direct and indirect social costs that flow from poorly located inappropriate housing (Phibbs, 2005; Khan & Phibbs, 2005; Bridge et al., 2003).
Gentrification and housing affordability as drivers of a housing strategy

As noted earlier, the 1980s saw changes to government policy that both directly and indirectly influenced the housing market. However, prior to that, different trends were having an effect on the urban housing environment. The gentrification of Melbourne’s inner suburbs was traced back to the early 1960s and 1970s by Logan (1985) who identified a trend of middle class professionals moving to the city rather than to the suburbs. He referred to this as ‘trendification’ as it did not conform to the standard definition of gentrification since he was unable to identify any displacement of original residents and no large influx of institutional capital.

When Viola conducted a housing and social study for the City of St Kilda in 1979, he noted that there was clear evidence of displacement occurring. By that time there was also ample evidence of the loss of cheap rental properties being demolished or renovated resulting in a net loss of such housing. Anecdotal evidence from the large community of low income renters added weight to the claim. As described by Shaw (1999) local activism played a significant role in council’s engagement with this issue and that is discussed further in Chapter 3, but it was other factors arising in the 1980s – such as a shift to the new economy, a successful state government push to revitalise the inner city through residential development, a review of the laws governing subdivision of flats, and deregulation of financial markets – that continued to drive gentrification and affordability problems in the area. The dearth of affordable housing was further exacerbated by the small amount of public housing in the area, a situation that was unlikely to change significantly.

Housing affordability trends identified by Viola in two reports dated 1979 and 1980, fuelled by the above mentioned changes in the 1980s, did not improve and by 1996 when the Inkerman Oasis project was conceived, gentrification of St Kilda was nearing completion. One result was that housing affordability, which had been declining through the 1970s and 1980s, after a brief correction in the early 1990s, was beginning to decline again. However, having made these statements, a brief review of just exactly what is being referred to as housing affordability is justified.
‘Affordability’ is actually a highly contestable concept, a situation exacerbated by the lack of a clear and concise definition as noted in Chapter 1 (Jacobs & Manzi, 1996). In the broadest sense, any housing, purchase or rental that is under-priced for some spatially defined area is referred to as affordable. A nominal percentage by which such housing needs to be under-priced is about 20 percent or more (Burke, 2003c) but even this very general definition does not always hold. For example, the term is applied to median priced housing situated in an ‘affordable area’ – this being an area that is under-priced in relation to a larger housing market. An example of this would be Dandenong in Melbourne’s south east in relation to the median price for the Melbourne metropolitan area (Burke, 2003b).

Inevitably, any discussion of affordability raises the question: affordable to whom? The previous discussion was based purely on relativity to market prices and was only indirectly related to income demographics. Burke (2003c) outlines three approaches to measuring affordability. The first is a benchmark model which describes the above approach and so the housing defined by this model is affordable to whoever has the money to pay the price. In St Kilda in 2006 an affordable median quality house would be priced anywhere under $500,000 using this approach. The second is the residual housing cost measure, not commonly used, which allows housing costs to be based on residual income after other basic living expenses are allowed for. The third, and most frequently used at the time of the Inkerman Oasis, is the housing costs to income ratio measure. Using this ratio housing is said to be affordable if costs comprise no more than 25 to 30 percent of household income (see also Yates, 2005; National Housing Strategy, 1991:ix).

Applying the ratio approach to plotting affordable rentals in Melbourne Figure 2.4 demonstrates the poor affordability for low income earners across Melbourne. The Office of Housing’s Rental Report did not produce local area affordability data until 2000, after the Inkerman Oasis was conceived and master planned. Nonetheless, as a percentage of income, even the cheapest rentals were generally unaffordable as shown in Figure 2.4, and St Kilda is less affordable than most suburbs.6

6 Shaw (1999) draws attention to St Kilda as being one of the cheaper places to rent in Melbourne but this situation turned around during the 1980s.
Figure 2.4 Cheapest rental as percentage of income for three low income groups, Melbourne, 1989-99

![Graph showing rental as percentage of income for three low income groups from 1989 to 1999.](image)

Source: Office of Housing, Rental Report, Department of Human Services.

Note: Changes in the graph in 1995 and 1997 reflect changed definitions for ‘cheapest rental’ from 5 percent to 25 percent of rental stock and in measuring affordability from total rent/income to net rent/income. These changes resulted in first an apparent decrease in affordability then an increase respectively.

Lacking low income affordable rental data for the case study area of St Kilda, Figures 2.5 and 2.6 demonstrate the affordability situation for average wage earners and median prices over the period 1987 to 2006 in the knowledge that affordability for low income earners will be considerably lower. This period starts around the commencement of the St Kilda council’s housing strategy and ends when Port Phillip council received the last of its community housing from the Inkerman Oasis development.

As can be seen from Figure 2.5 average weekly earnings rose steadily over the 20 year period, but from the mid 1990s purchase prices rose even faster. The affordability of rentals also changed but not as dramatically (Figure 2.6) so only 2 bedroom units reached an unaffordable limit of 30 percent for males on average weekly earnings around the turn of the century. This is a stark difference from Figure 2.4.
Chapter 2 Government and Markets

Figure 2.5 Changes in housing purchase affordability in St Kilda, 1988-2006 (constant dollars)

Source: ABS Cat No.6302 Table 13B Average Weekly Earnings; RBA Bulletin Statistical Tables Table F5, Indicator Lending Rates; Landata, A Guide to Property Values, Department of Natural Resources.

Note: calculations based on 25 year loan, 10 percent deposit and 25 percent of income mortgage payments. Fluctuations in affordability curves reflect changes in interest rates.

Figure 2.6 Median rents in St Kilda expressed as a percentage of average weekly male earnings, 1987-2006 (constant dollars)

Source: ABS Cat No.6302 Table 13B Average Weekly Earnings; Office of Housing, Rental Report, Department of Human Services.
The situation for rooming houses has fared even worse, not by way of affordability but availability. While a closure of this type of accommodation reflects, in part, a fall in demand due to a more stable economy and improved employment conditions, other factors have also contributed including increased property values and changes to the subdivision laws (Viola, 1980:51). Table 2.4 shows how dramatic this loss has been, falling from a peak of over 600 houses in 1954 to 48 in 2003.

**Table 2.4 Rooming house numbers in St Kilda, 1954-2003**

<table>
<thead>
<tr>
<th>Year</th>
<th>Premises</th>
<th>Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>636</td>
<td>9500</td>
</tr>
<tr>
<td>1971</td>
<td>401</td>
<td>6494</td>
</tr>
<tr>
<td>1978</td>
<td>247</td>
<td>4298</td>
</tr>
<tr>
<td>1984</td>
<td>130</td>
<td>2000</td>
</tr>
<tr>
<td>1992</td>
<td>60</td>
<td>1157</td>
</tr>
<tr>
<td>2003</td>
<td>48</td>
<td>1052</td>
</tr>
</tbody>
</table>

Source: Viola, P. 1979 Social Structure & Housing in St Kilda: Stage 1 Report, City of St Kilda; City of St Kilda 1984, Draft Housing Policy; (Spivak, 2003b).

While Figures 2.4, 2.5 and 2.6 highlight the lack of affordability at the time St Kilda’s housing strategy commenced, and during the conceptualisation and construction of Inkerman Oasis, the data does not clarify the argument for the local council to become involved in direct provision of housing for low income earners. This argument becomes clearer from the council’s 1979 ‘Social Structure and Housing Report’ (Viola, 1979). In this report Peter Viola, the housing coordinator, makes regular reference to the housing boom of the 1970s and the limited affordable purchase and rental stock. He noted that these factors had led to considerable displacement of low income earners from the area and identifies three main causes: redevelopment resulting in demolitions, gentrification, and strata titling.
The 1984 draft housing policy (City of St Kilda, 1984) goes further in stating that:

After the severe reduction in Commonwealth funding experienced throughout the seventies it is unrealistic to expect the State Housing Authority to solve the housing crisis in the short term (p. 5).

This is a preface to the statement of a municipal management role committing council to a long term strategy of direct intervention in the market (p. 7).

The St Kilda draft housing policy expressed a need to maintain a stable and diverse population in the interests of the wider community and offered a range of arguments for the retention of a diverse demographic. These included: the retention of the current diversity and vibrancy for which St Kilda was well known; to hedge against a (then) predicted fall in population and thus protect the city’s economic and social vitality; the desire to protect and cater for the city’s long term residents whose residency was under threat from decreasing affordability; and to do what it could to provide safe, secure and stable housing as essential elements to people’s well-being (City of St Kilda, 1984). So it was in this context the council commenced its strategy of direct housing provision. In many of these criteria St Kilda was not much different from other councils. It is therefore highly relevant that St Kilda had the highest density of rental flats in Melbourne (ABS, 1971a-2001a). Widespread changes in the rental market such as strata conversion that resulted in displacement of long term low income residents would change the local demographic and character of the area.

In its attempts to seek a diversity of funding options for its community housing strategy, council sought private funding by imposing a developer levy via their planning laws. The stated rationale was to mitigate the social impact of losing cheap rentals through demolition and construction of new luxury units, or their renovation and subdivision. In 1988 the council selected a test case on which to use their planning powers to enforce the levy – the Mandalay flats. The developer appealed the decision and the council lost (Spivak, 2000:180). The Victorian Civil and Administrative Tribunal (VCAT) found in favour of the developer. Guidelines accompanying the planning provisions of local government were specifically worded by the Minister for Planning and Local Government to limit the powers of councils in order to prevent them from using the planning act in this way. St Kilda remains the
only council in Victoria to test their powers under the Act for this application (Spivak, 2000:185). The only reasonable conclusion to be drawn from this event is that, while the state government wants the private sector to contribute to affordable housing, they are more concerned first about maintaining a free and unfettered private market, and second, they were clearly resistant to local governments being involved in housing provision.

By 1997 when the Inkerman Oasis was first being investigated council’s policy position and rationale for its involvement in affordable and community housing had not changed. Their 1997 housing strategy report (Spivak, 1997a) still made reference to low purchase and rental affordability and maintaining social diversity, but by this time included excellence in design incorporating energy efficiency as an objective.

The Inkerman Oasis project itself was a genuine attempt to draw together on one site many of the threads of their housing strategy. First, it sought to convert scarce land in the inner city to residential use. Second, was to increase the amount of social housing in the municipality. Third, was to include on the site, housing that would be sold at a range of entry price points from full market value to low income affordability. Fourth, to ensure the project met high design criteria. Last, was to move away from their previous model of stand-alone community and rooming house construction to a salt and pepper mixed social/private project (Spivak, 1997a). This latter goal was facilitated by the site being too large for social housing alone.

**Economic liberalism and community housing**

The third change in the economic and political environment raised in the introduction to this chapter was that of the increased prominence given to community housing. This has come about as a result of the ongoing and increasing demand for affordable housing, and thus the need for both state and federal governments to find a range of solutions to meet that demand. It can be argued the change in demand has resulted from market deregulation as espoused by economic liberalism. Specifically, the deregulation of financial, labour and planning systems has exposed the housing market to the full impact of market forces and
resulted in a greater casualisation of the labour force, more part-time low paid jobs and a housing affordability crisis.

Financial deregulation has meant an increase in buying power for those with money which in turn has stimulated the housing investment market putting upward pressure on prices due to increased competition (Productivity Commission Inquiry Report, 2004; Button & Garnaut, 2003). Deregulation of the labour market has led to a high level of labour casualisation, particularly at the lower paid end of the job market. Employment uncertainty then limits the capacity of these workers to access home loan finance. Their housing choice is thus restricted to the private rental market which then increases demand on that sector, soaks up vacancies and forces up rents. This in turn limits housing options for people receiving CRA who rely on a ready supply of cheap private rental accommodation. On the supply side there are many disincentives to investing in low income affordable housing, but the shortage is not helped by planning deregulation on the one hand and a restriction on local governments that prevents them from imposing developer levies and inclusionary zoning – a point I will return to later – on the other (Spivak, 2000;). Having said that, state governments do seem to be happy to impose such levies when it suits them (Williams, 2000).

The housing market for government benefit recipients could be eased if there was a good stock of public housing but current economic liberal driven policies look to reduce, not increase, this stock. Even so, public housing continues to make up the bulk of social housing in Australia, for example, this was 95 percent in 2001 (SCRCSSSP, 2002). In response to the decline in funding for new public housing stock the small community housing sector is likely to take a larger role (Bisset & Milligan, 2004; The Policy Practice, 2003).

The shift from government to the not-for-profit sector as the main vehicle for social housing is not new. At the same time as St Kilda council was drafting its housing strategy, in the UK laws were being changed to allow the transfer of stock from councils (who typically owned the public housing stock) to non-profit, non-government organisations (Nygaard, Gibb & Berry, 2007; Malpass & Mullins, 2002). These organisations are also building the bulk of new stock (Malpass & Mullins, 2002; The Places for People Group, 2002). This was initially a cost cutting measure
under the Thatcher government but has continued under the Blair/Brown government for a wider variety of reasons (Boyne & Walker, 1999).

While a restructured and larger community housing sector in Australia would meet economic liberal objectives, largely through relieving state governments of significant quantities of their stock, it has other desirable economic liberal characteristics. For example, while most housing organisations attract CSHA funding they receive less than is allocated per household for public housing so there is a net saving for the government (SCRCSSP, 2003:16.13).7

State and local governments have established stand-alone not-for-profit companies such as Brisbane Housing Company and City West Housing to build and manage a range of affordable housing, thus removing government from this role (Brisbane Housing Company Ltd, 2004; Cant & Saxena, 2003; Centre for Affordable Housing, 2006). Although the relevant governments have invested heavily in these companies through initial subsidisation, in the long term the ultimate cost to government will be less than that normally paid for public housing as these companies are expected to grow and become self-sufficient.

Through these initiatives the government is seen to be promoting activity in the market to ensure affordable housing outcomes, without being ultimately responsible for maintaining and managing the end product.

Other benefits community housing brings to the social housing sector that public housing does not include its particular approach to administration, tenancy and advocacy. The government now encourages these activities as it has come to see how community housing providers are well suited to meeting specific and targeted needs within local communities (Farrar, Barbato & Phibbs, 2003). In addition, according to Bisset, Hulse and Burke (2006), the community housing sector is able to value add on every dollar it receives from the government getting far greater value for money. This is achieved through their use of voluntary workers, occasional donations of land, housing and funds, and their ability to gain tax advantages via their not-for-profit status to name a few (see also Burke, 2003a).

7 The process by which this is achieved is discussed in greater detail in Chapter 3 in the context of a discussion about the role of the Port Phillip Housing Association.
As a model of how well community housing can work at supplying and managing housing in the inner city, what is happening in the City of Port Phillip is an excellent example. Leveraging on average nearly two dollars for one dollar spent by council (Spivak, 2003a) they now have one of the larger community housing stock holdings in Victoria. In keeping with the above comments concerning community housing’s effective and efficient modes of operating, the Port Phillip Housing Association (PPHA), which was formed to manage the council’s housing, has managed to accumulate and invest sufficient funds to begin buying properties in its own right. The Inkerman Oasis project has now contributed a further 28 units to this stock and demonstrates how the private sector can be engaged in partnership with local government to achieve social housing provision.

The preferred position of economic liberal ideologues in Australia is that local governments should not have a role in direct housing provision. However, Burke (2004) takes a contrary position and argues local governments are in a unique position as facilitators/providers of housing and posits three points to support his position. The first is their closeness to the community and therefore are in a better position to identify and understand the needs of their local community. Second, local governments are also in a position of greater accountability to their communities with respect to both supplying their needs and, in essence, they face a referendum on their decisions at every council meeting. Third, Burke suggests local governments are multi-functional in their activities in terms of engineering, human services, planning etc. at ground level and thus are in a good position to undertake and/or coordinate a wide range of local activities including housing (Burke, 2004).

Added to these arguments is the point that councils have a duty to help create and maintain a diverse and healthy community (Forrest & Kearns, 2001).

However, even with the involvement of some local governments, the community housing sector is still quite small and disparate with many very small providers and only a few large ones. The sector supplied only 8.2 percent of all CSHA funded housing in 2006\(^8\) (SCRCSSP, 2007:pps16.4 & 16.7).

\(^8\) Excludes crisis accommodation and CSHA private rent assistance.
While state and federal governments would like to see more non-government investment in social housing, economic liberal ideology has generated a problem for governments who would seek to enforce private sector contributions. This problem was revealed in the case of St Kilda council’s housing strategy. As discussed earlier the council tried to enforce developer contributions to help finance social housing, or have them incorporate affordable housing in their building plans as was widely practised in the United States. This was done through an interpretation of the Planning and Environment Act 1987 as a part of developer levies. The state government of the day, in keeping with market liberal ideology, saw such levies as a disincentive and impost on business activity and introduced guidelines regarding developer contributions to reflect this opinion (Peck & Tickell, 2002). One use of these guidelines was to assist VCAT in its interpretation of the Act should any developer challenge a council that tried to enforce such levies (Editorial, 1995). According to Spivak (2000:23,24) this was a direct response to the actions of the City of St Kilda as the state’s view, expressed verbally to the council, was that ‘the direct provision of community housing or the facilitation of affordable housing though the planning permit process is not a core local government role’ (p. 24).

So an attempt by council to ensure some private sector contribution to social housing as a preferred option to government funding was thwarted by the ideology of governments not interfering in the free market. In light of this finding the council continued to pursue its own community housing program and alternative funding sources. The Inkerman Oasis project was an innovative approach to attract private developer activity and funding in a residential development with a social housing outcome (City of Port Phillip, 2000:64).

**Conclusion**

The examination of the interrelationship between the state and the private sector within an economic liberal ideological framework has revealed the flow-on effect of reduced government spending on infrastructure, the privatisation of many government services and facilities including those traditionally perceived as welfare, and a process of deregulation that has helped fuel a housing boom resulting in an affordability crisis. Local government has been encouraged, even legislated, to follow this market liberal agenda and this has meant tendering out services, the
sale of assets and attempts to reduce the direct market activity of the councils through concentrating on core business.

Of specific relevance to this research, public housing, as both social infrastructure and part of the overall welfare budget, was and still is targeted for reduced spending. The emphasis has shifted to private rental assistance. In this policy environment the supply of affordable housing is expected to be taken up increasingly by the private rental market. Unfortunately this is happening at a time when a housing boom and demand from middle income earners has greatly reduced cheap rental supply. Community housing has received greater prominence as an alternative to public housing but it remains unclear how much and how fast the community housing sector can grow, and again the expectation is that government will not be a provider, leaving supply to the private/not-for-profit sectors.

The fact that Port Phillip council voted to continue as a direct provider even after council amalgamations demonstrates just how contrary the continuation of its housing program was to the policy direction of the state government. The only real concession the council made to the state government’s position in the case of Inkerman Oasis was its engagement with the private sector to finance and construct the site.

The Inkerman Oasis was one project in the ongoing housing program by the City of Port Phillip aimed at meeting the needs of its low income residents at risk of displacement, but there was an argument within council as to whose role it was to supply such infrastructure. These arguments fell into three camps: those who supported council being a direct provider of community housing; those who supported public housing provision and thus believed it was the state government’s role to supply sufficient housing; and those who believed it was up to the market to supply housing stock that matched demand and council’s only role was one of facilitation of such activity. Fundamental differences of perspective concerning social housing and attitudes to the role of governments at any level in addressing such concerns fell outside the scope of the current research. However, the fact that such differences existed was relevant as they represented a barrier to the progress of the project that needed to be overcome.
Chapter 2 Government and Markets

The ongoing work of Port Phillip council to address the social housing shortage in its municipality has been outstanding, resulting in one of the largest social housing portfolios in Victoria outside that of the state’s Office of Housing. The nature of this work and the complexities involved in attempting innovative approaches to its continuation is examined through the single unique case study of the Inkerman Oasis mixed social-private occupancy development. The following chapter introduces the case study in detail.
Chapter 3

The Case Study: Background and Introduction

In 1994 local governments in Victoria underwent boundary changes as a result of amalgamations, and the St Kilda municipal depot site became surplus to the new Port Phillip council’s requirements. The political climate at this time was averse to local governments being direct providers of social housing as discussed in the previous chapter; however, in early 1996, soon after elected councillors were returned to Port Phillip council they voted to adopt the role of both facilitators and providers of social housing.\(^9\) The council’s first housing project began almost immediately by investigating the feasibility of a social housing outcome on the surplus depot site. The feasibility study determined a mixed social-private occupancy residential development was viable and a steering committee was formed to pursue the conceptualisation and master planning of the site. The project came to be known as the Inkerman Oasis.

The Inkerman Oasis mixed social-private occupancy development is set in the heart of St Kilda and was one of eight projects undertaken by the local council as part of its municipal housing strategy up to 1996-97 (Spivak, 1997b:70). Previous projects by the St Kilda council had focused on stand-alone social housing so a purpose built salt and pepper\(^{10}\) mixed social-private occupancy project was not only new to council but very few similar examples of this type of development existed anywhere in Australia.

Why this project warranted the national and international attention it has received lies in its many advanced design features, particularly those aimed at reducing its

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\(^9\) Personal interview, Christine Haäg, 2005.

\(^{10}\) Seventeen of the 32 social housing units were scattered among the private units rather than grouped. The exception were fifteen community housing units set aside for elderly residents, all located in one wing of a building with their own entrance and lift. This was to increase their sense of security.
environmental footprint. Because of the innovative approach taken and many difficulties that were encountered in the process the project is being documented and evaluated with two aims in mind: first to determine whether it did in fact produce the outcomes intended efficiently and effectively, and second, is the model viable to be replicated.

For the purposes of the current research the main areas of focus were the process by which the project passed through all the necessary stages of conceptualisation, design, tendering and construction, and the mixed social-private occupancy outcome. This process established a unique model for a joint venture operation between a local council and private developer that was intended to be a demonstration project to set new benchmarks for planning and development in the municipality. Also of prime importance was that the project be cost neutral and low risk to the council, while allowing them to retain a high level of control over the finished product.

The aim of this chapter then is to build a detailed picture of the Inkerman Oasis project, the city council and the municipality within which it occurred. This analysis is important to our understanding of the project as the St Kilda area has characteristics that are peculiar to it and contributed to a micro environment in which the case study could be conceived. The council, evolving as it did after amalgamations, adopted many of the strategies of the now abolished St Kilda council, most notably its housing strategy. The new Port Phillip council also had elected to it some councillors who had served with St Kilda council and a number of its staff, and so retained much of that earlier vision with regard to housing provision. Perhaps more importantly the progressives\textsuperscript{11} continued to hold the balance of power in the new council. It will be discussed whether many of the elements that existed concurrently at that time would need to be present for this model to be successfully replicated, whether in Port Phillip or elsewhere.

\textsuperscript{11} By way of a brief explanation, according to Shaw (1999) local councillors were considered either progressives or reformists. The progressives were either Labor Party candidates or supported by ‘Turn the Tide’ and fought to slow gentrification, halt foreshore over-development and preserve the character of the area. The reformists were mostly Liberal Party candidates who supported local government reform and encouraged development among other things.
The City of Port Phillip

The City of Port Phillip (CoPP) came into existence after council amalgamations in 1996. It was formed from the previous City of St Kilda, and roughly half of each of the cities of South Melbourne and Port Melbourne. The previous City of St Kilda is now a statistical local area in the new city with its boundaries unchanged which allows for direct demographic comparisons over time (see Figure 3.1 outlined in red) and within that, the suburb of St Kilda, postcode 3182.

Figure 3.1 Map showing the City of Port Phillip, St Kilda boundary and Inkerman Oasis


The regions encompassed by the CoPP were among the earliest European settlements in Melbourne and, as is the case with so many old inner city landscapes, boasts a mix of industrial, commercial and residential buildings that reflect almost every era and architectural trend of the last 150 years or so.

The city stretches some ten kilometres along an attractive beach frontage of Port Phillip Bay. Immediately to the south is the beachside suburb of Brighton, one of the more expensive and sought after residential suburbs in the Melbourne metropolitan...
area. Industry in inner city areas generally has tended to move out giving way to residential and commercial activities and so it has been with Port Phillip. The mix of warehouses, bond stores, strip shopping and workers cottages that comprised the highly industrialised Port Melbourne area are being renovated or demolished and rebuilt to be more in keeping with modern lifestyles. St Kilda, near the southern end of the municipality, was always much more commercial and residential than industrial and supported a greater mix of socio-economic classes. Like the rest of the city it now shows all the signs of gentrification and the demographic balance is shifting to an increase in empty nesters, childless young couples and single young professionals. A considerable amount of renovation and redevelopment of old residences and rental accommodation, indicative of the gentrification process discussed in the previous chapter has occurred resulting in a gradual loss of cheap rentals. Figures 3.2, 3.3 and 3.4 show the typical housing in the near vicinity of the Inkerman Oasis (all photos are by the author).

**Figure 3.2 An unrestored cottage stands in stark contrast next to a modern contemporary house**
A snapshot of St Kilda

Very early in its history St Kilda was a semi-isolated area where many of Melbourne’s well-to-do established themselves. When the opening of tram services improved transport to the area in 1888 it brought with it an influx of pleasure seekers, who apparently lowered the tone of the area so there was a distinct
movement of these well-to-do residents to other suburbs. Figure 3.5 demonstrates the compounding of this trend when the depression in the 1890s left many large mansions to be subdivided into apartments and boarding houses (McNelis, Hayward & Bisset, 2002).

Figure 3.5 A St Kilda mansion converted to flats

From a housing perspective St Kilda has been notable in that as early as the 1930s flat construction outnumbered houses by ten to one, and the population density was high for that time (Redfern, 2003). This trend of a high concentration of flats and rental accommodation has remained a part of St Kilda’s make-up ever since. For example, in 2001 it had the fourth highest population density per square kilometre in Australia (ABS, 2003 3218.0). While private rentals in 2001 comprised only 49 percent of total dwellings this was still higher than any inner city statistical local area in Australia and was down from 67 percent in 1971 as shown in Table 3.1 (ABS, 1971b-2001b). This is just one sign of how gentrification has impacted on St Kilda in recent decades.

\[12\] Historical information was drawn from a now defunct Acland St promotional web site www.aclandst.com.au. The history content was attributed to Monash University’s National Centre of Australian Studies.
Table 3.1 Percentage of occupied private dwellings under private rental tenure for the St Kilda statistical local area, 1971-2001

<table>
<thead>
<tr>
<th>Year</th>
<th>St Kilda</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>67%</td>
</tr>
<tr>
<td>1976</td>
<td>61%</td>
</tr>
<tr>
<td>1981</td>
<td>60%</td>
</tr>
<tr>
<td>1986</td>
<td>54%</td>
</tr>
<tr>
<td>1991</td>
<td>53%</td>
</tr>
<tr>
<td>1996</td>
<td>52%</td>
</tr>
<tr>
<td>2001</td>
<td>49%</td>
</tr>
</tbody>
</table>

Source: ABS Census of Population and Housing, various years, basic community profiles, table T19

Through the mid to late 1900s St Kilda was comprised of mixed socio-economic groups, with a relatively high migrant population, and with a reputation for its shady side of drugs and street prostitution. Nonetheless it remains a centre of seaside recreation, Luna Park, and a lively music and arts scene. These characteristics, along with the surfeit of cheaper accommodation, had attracted alternative lifestyles, students, the unemployed, pensioners, artists, youth etc. who contributed to the vibrancy and bohemian character of the area. Sharing a flat with some like minded friends was cheap and the infrastructure of shopping, public transport and other facilities facilitated cheaper living.

Typifying the way in which social boundaries are blurred in St Kilda is a photographic exhibition that was funded by the CoPP in conjunction with a drug and alcohol counselling centre. The council gave those who use the centre disposable cameras to photograph the people and places that inhabit their lives. Far from shunning its homeless and unconventional residents, on the corner of Blessington and Barkly streets in the heart of St Kilda stands a street sculpture that celebrates their place in the community. One wonders, where else but St Kilda would they turn drug use and homelessness into art? There is a pay back to council through these sorts of activities. According to Heidi Dixon who had once worked for the Office of Housing, when arguing for funding for activities, including housing, that support
social diversity and healthy communities, St Kilda has helped its case substantially by maintaining a well documented history of its people and places.\footnote{personal interview, Heidi Dixon, 2005}

Karen Barnett, manager of Port Phillip Housing Association and long term resident, recalled that the social housing movement in St Kilda was started by concerned citizens in the late 1970s and early 1980s. This was when rents started rising rapidly and rooming/boarding houses were closing due to the initial stages of gentrification. Prior to that there had been a decline in the quality of stock but that simply meant there was more cheap accommodation. The early gentrifiers were the type of people who moved to St Kilda for its diversity and character and so advocated and encouraged the council to maintain this. According to Ms Barnett later gentrifiers have not followed this trend quite so much.\footnote{personal interview, Karen Barnett, 2003}

Figure 3.6 Cartoon highlighting the loss of diversity due to gentrification

\centering
\includegraphics[width=.8\textwidth]{figure36.png}

Source: cartoon used with permission from Matt Golding
Local housing activism in St Kilda

In 1985 a group of community activists formed to put up candidates for council elections under the campaign slogan ‘Turn the Tide’, this being in response to the wave of gentrification, and one was elected (Shaw, 1999:74). Following a similar success in the 1986 elections Turn the Tide became a group identity and a regular and influential part of every council election. They also supported other candidates who expressed sympathy with Turn the Tide ideals. Their initial aim was clearly stated as wanting to wrest control of council from developers, estate agents etc., and to prevent a Gold Coast style of over-development occurring along St Kilda’s beachfront. By the third election cycle in 1987 any candidate who received public support from Turn the Tide was almost guaranteed to be elected in many of the wards and the battle against over-development and excessive gentrification moved inland from the foreshore. Shaw (1999:74) noted that Turn the Tide was made up predominantly of socially aware professional and artistic types who put quality of life ahead of economic gain. Kate Shaw herself was typical of many who became actively involved in that she had recently moved into St Kilda and was a young unemployed professional with an upper middle class background.

Turn the Tide was not the only active community group in St Kilda at that time but it did become the epicentre for all socially aware individuals from many other community based groups who saw direct political activism as a necessary strategic path. By 1987 Turn the Tide and sympathetic councillors held the balance of power in council. The previous council was seen to be strongly pro-development with little regard for those aspects of the local area about which Turn the Tide and other community groups were expressing concern. That power balance remained until the sacking of all elected councillors across the state in 1994 to allow for amalgamations (Shaw, 1999:82, 83). This does not mean that the activists and council won all their battles against inappropriate development but they did have some notable successes such as saving the Mandalay flats and the iconic Esplanade Hotel from demolition (see Figures 3.7 and 3.8).
Finding a role for local government in social housing

In the late 1970s, the St Kilda council began to take a keen interest in its demographic and housing mix. The history is unclear and possibly now lost in time as to whether the council’s first activity in this area was its own initiative or prompted by local housing advocates. Either way, three studies were conducted into
the social profile and housing of the municipality in 1979, 1980 and 1984 as a result of which the council moved to establish its housing strategy (Viola, 1979; Viola, 1980; Dowling, 1984). Demonstrating the council’s concern regarding affordability and the gradual gentrification of the area, the housing coordinator of the time, Peter Viola commented: ‘house prices trebled during the early 1970s [and] financial constraints now tend to prevent all but the wealthiest tenants from purchasing a home in St Kilda’ (Viola, 1980:39). This situation only deteriorated over time and increased the council’s commitment to finding housing solutions (as was shown in Figure 2.5).

A Draft Housing Policy (City of St Kilda, 1984) was submitted to council in 1984 and it outlined four groups of resident renters seen as being especially vulnerable to displacement:

- ‘low income workers living in rooming houses and ineligible for public housing,
- aged persons threatened by the rapid expansion of strata subdivision conversions,
- single parents who do not want to move to the public housing high rise estates, often located well out of the city,
- and young, single, jobless persons (including students)’ (p. 5).

The final policy was then passed in 1985 and later was supported by the state government. The policy set out a series of initiatives that would see the council become directly involved in the supply of social housing as well as being a facilitator. A Housing Development Officer was appointed and an implementation steering committee was established comprising representatives from the state government, councillors, staff and members of the community. Guided by its housing strategy the council began accumulating a portfolio of housing and the St Kilda Housing Association was formed to manage the housing and tenants on behalf of the council (City of Port Phillip, 1995:13).

After a decade of operation under the St Kilda council, in 1994 the program was put at risk due to council amalgamations, as the policy of the Kennett state government was that councils should restrict themselves to core business activities. All other
activities were to be tendered out and assets sold and this would naturally include the council owned social housing, but more will be said about this in Chapter 6.

Once local democratic elections were called in 1996 Turn the Tide mobilised again and supported candidates in most of the wards but they understandably had a very low profile in wards outside the old St Kilda city boundary. Nevertheless, of the seven councillors elected that year two were supported by Turn the Tide, and two were sympathetic to its policies. This left two who were supportive of the state government’s local government reform and pro-development agenda and one independent who did not see herself as a captive of either side but did not support local government housing provision. The balance of power again lay with the progressives.

Only two months after the election a recommendation was passed by four votes to three that the new City of Port Phillip continue the role of the previous St Kilda council as a direct provider of housing, as well as playing a facilitation role. The purpose behind pushing this vote so early in the term of the new council was to ensure it became a specifically stated policy. Within nine months a draft housing strategy for the City of Port Phillip was endorsed and this was fully adopted five months later after public consultation and amendment. The mission statement heading the new housing strategy stated:

The fundamental purpose of the Housing Strategy is:
To provide housing diversity which contributes to the maintenance of social diversity, and to achieve this through the provision and facilitation of affordable, accessible and suitable housing which meets the needs of all groups within the community, in particular those which are disadvantaged within or unable to adequately access the private housing market (Spivak, 1997a:15).

It was during this time of drafting and finalising the housing strategy that council formally resolved to investigate proposals for developing the Inkerman Street depot site that would include a social housing element. The project later became part of

15 personal interview, Christine Haäg, 2005
16 Council briefing paper, March 1996: File 44/03/10/01
phase three of the City of Port Phillip Community Housing Program, formalised in November 2000 (City of Port Phillip, 2000).

Throughout the amalgamation process Gary Spivak, St Kilda’s Housing Development Officer, continued in employment with the new Port Phillip council. This was not a simple and straightforward matter as, according to another council officer of that time, Gary had to be located in another department to ensure his position was maintained as the housing department that existed within St Kilda council was scrapped. \(^{17}\) Gary Spivak was largely responsible for St Kilda’s housing strategy and had managed a number of projects to successful completion. His ongoing commitment to social housing in the municipality helped direct discussions about the future of the depot site to include a social housing element.

As a Turn the Tide supported councillor, and later Mayor, Christine Haäg had a deep commitment to achieving low income affordable housing outcomes during her term on council. She was aware that the political environment was hostile to council being involved in direct housing provision and this council in particular stood out as a significant provider. However, it was this very history as a provider, and the basis on which this was premised (i.e. the lack of public housing, growing gentrification and falling affordability) that actually assisted the council in not just averting state government intervention, but gaining a level of support. The council was in the midst of some joint projects with the Office of Housing and had worked closely with the Office of Planning and Heritage, so according to Haäg, ‘the rhetoric coming out of Spring Street [parliament] and the reality of council’s relationship with state housing departments were different’. \(^{18}\)

It was the strong relationships that were formed between individuals within council (both elected and staff) and various state government housing officials that really helped encourage Port Phillip’s housing strategy and got the Inkerman Street depot project up and running.

Throughout the Inkerman Street project there were elected representatives, staff members and management of council who opposed the project for various reasons.

\(^{17}\) personal interview, Michael Papageorgiou, 2007  
\(^{18}\) personal interview, Christine Haäg, 2005
For ex-councillor Liz Johnstone\textsuperscript{19} the opposition was solely about the social housing element and council’s ongoing role as a direct provider. For others, like the then CEO Jon Hickman,\textsuperscript{20} it was the extent to which council was involved in the project as they would have preferred the council to sell the site with or without a caveat to ensure there would be some social housing outcome. Not being in the majority those elected representatives who were against the project were unable to stop the process, but two different interpretations of the role they did play were given in interviews. Christine Haäg\textsuperscript{21} suggested there were attempts to undermine the project, at least the social housing element, while the now CEO David Spokes\textsuperscript{22}, who at the time was a senior officer in the council, inferred they played more of a devil’s advocate role. In this role they constantly questioned and requested regular updates and full justification for decisions being made. In essence this was not a bad thing as they ensured the council was fully accountable and that the project progressed while exposing council to a minimum of risk. As it was put by David Spokes: ‘My job was not to question the decisions being made, but once they were made, ensure the project achieved the best outcome it could’. According to Ms Haäg, one result of such scrutiny and opposition was that those elected representatives who were supportive were ever conscious of the next election cycle in 2000 when they could lose their majority, so there was an urgency to lock in as much of the project as possible before then.

\textit{The formation of Port Phillip Housing Association}

Right from the beginning of the direct housing provision program in the early 1980s the council saw that property management and tenancy issues would be a problem. This was addressed in 1986 with council establishing the St Kilda Housing Association Inc. This arrangement would keep the community housing and tenants at arms length from the council and not tie up valuable resources in the daily matters of management, maintenance and tenancies. Although it is an independent community-based group it remains accountable to council through its rules of incorporation, separate management agreements that are entered into with each

\textsuperscript{19} personal interview, Liz Johnstone, 2006
\textsuperscript{20} personal interview, Jon Hickman, 2003
\textsuperscript{21} personal interview, Christine Haäg, 2005
\textsuperscript{22} personal interview, David Spokes, 2005
new project, and the committee of management which has council representation along with community, tenant and state housing representatives. \(^{23}\)

In order to carry out its role the housing association is funded from a number of sources. Properties acquired by council either outright or as joint ventures are placed under the management of the association. PPHA charge tenants rent based on standard public housing criteria and, since all tenants qualify for CRA, this also goes to the housing association. Through careful property selection, arrears control, funds management and investment, it has been able to build a significant funds base, a percentage of which is set aside in a sinking fund based on a long term asset management plan (City of Port Phillip, 2000:13-15).

A real strength of the association is the committee of management which draws considerable input from highly qualified community member representatives. Financial, legal, management and building specialists help guide the association in sound decision-making and long term planning. Such has been the efficiency of the association that by 1998 it was able to purchase a property in its own right. It then entered into a joint venture partnership with the state government to convert and refit the building as a rooming house (City of Port Phillip, 2000:13-15).

At the time of council amalgamations the housing fund established by St Kilda was at risk. Fortunately, because some projects were ongoing, the $3.6m remaining in the fund was retained but no new initiatives were undertaken (City of Port Phillip, 1995). The Housing Officer then set about determining a new role and appropriate strategies for council as a facilitator of housing provision in terms of project management, funding support, joint venture partnerships and ownership of existing properties.

After the return to local democratic elections in March 1996 and the council vote to become active in direct housing provision, a revised housing strategy was formulated, as discussed earlier. In due course the St Kilda Housing Association became the Port Phillip Housing Association (PPHA) to reflect its wider role in managing housing in other parts of the municipality. In 2000 the council moved to accept the four phase Port Phillip Community Housing Program, of which phases I

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\(^{23}\) Taken from Briefing Notes to Council 27 March, 1996 section 5 ‘Evolution of the City of Port Phillip Housing Program’
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and II were either complete or underway. The already well progressed Inkerman Street depot project was part of phase III of this program.

Once PPHA commenced managing the Inkerman Oasis units some challenges presented themselves in the form of trying to work in with a body corporate on such a large site. While this arrangement was not new to PPHA it was the scale that was different, having 28 units on such a large site. Port Phillip Housing Association has its own facilities and procedures for property repair and maintenance that is costed into and funded through rental income. Properties that fall under a body corporate can be maintained by the housing association internally but ‘common’ property work must be approved by the body corporate which may prefer to organise the work itself. Work conducted by the body corporate becomes an extra cost to all owners and by default to PPHA.

Similarly the management role itself is one that PPHA is set up to do but this is duplicated at an added cost by the existence of a body corporate or facilities management company. In a very real sense PPHA is paying twice for these services. There are other fees associated with common property in body corporate managed properties such as water intensive gardens and lawns, extra lighting or other ‘value-added’ common features such as BBQs or security guards that properties run by the housing association alone would not incorporate or would minimise. Once again these are not new issues to PPHA but they were brought into relief on this site.

At various times the council has considered the difficulties faced by having housing in body corporate controlled blocks but there is no simple solution. An option that was broached with respect to the Inkerman Oasis development was for council to become a part of the body corporate management. This could have been written into the Section 173 agreement as part of the conditions of sale.\(^{24}\) At the time the council decided not to follow this path. The potential arose a second time and was passed up when the first nominated management group was removed by the developer and a new management installed.

A possible future growth option for PPHA is to become a body corporate management group in its own right and tender for management rights in buildings

\(^{24}\) Letter from solicitors to solicitors and council 11 June, 1999: file 44/03/10-22
where community housing is situated. This would put its financial and facilities management expertise to use as an income stream. In a telephone conversation with Karen Barnett, manager of the association, on 28 June 2005, she said this was a thought they have considered. As managers of Australia’s largest local government owned housing portfolio PPHA has often been recognised for the high standards it maintains in both client service and management. There are many new challenges ahead for the association in Port Phillip and the early stages of managing the Inkerman Oasis units has been a significant one.

The case study – Inkerman Oasis residential development

Figure 3.9 Artist’s impression of the D’LUX apartment complex

Source: Supplied by the City of Port Phillip

The size and form of Inkerman Oasis was detailed in Chapter 1. Figure 3.9 shows an artist’s impression of the completed site from Inkerman Street but the two buildings in the foreground are not due for completion until about 2009. In addition to the social housing element, the design contains a number of ecologically sustainable design features, both passive and active. In its entirety the development was seen to be a demonstration project for council that would set new benchmarks for future construction in the municipality.
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**History of the site**

The site of the Inkerman Oasis is at 33 Inkerman Street which was for many years the site of the St Kilda municipal depot. Figure 3.10 is a plan sketch of the site not long before it was cleared and soil reclamation work commenced. With council amalgamations in 1994 the three municipalities that formed the City of Port Phillip resulted in three municipal depot sites and the St Kilda site was deemed surplus to requirements. Its location in the heart of St Kilda made residential development an attractive option but the site required rezoning from light industrial to mixed use. The one unresolved question at that time was how it would be developed and whether social housing could be incorporated into the site. In 1996 the council moved to allow the housing officer and others to investigate development options that would include social housing.

As part of the early investigations a historian was engaged to look into past uses of the site but there were few records to trace a detailed account. It appears that prior to 1868 this part of St Kilda was in a natural state and an aboriginal camp was in the vicinity. Evidence suggests that its first use by Europeans was as a market, but how long it was used for this purpose is unclear. Thereafter it became a municipal depot, used for storage, repairs and refuelling. There were workshops around the periphery, and during excavations for decontaminating the site a tar pit was uncovered.

There were a number of brick building on the site but only a three level brick structure, which can be seen as the building on the right in Figure 3.11 was deemed suitable for reuse (photo taken late 2002). This building had a number of roles including offices and an industrial incinerator where waste was sorted and burnt, hence it was referred to as the destructor building. The building had architectural significance being a well preserved example of a particular architectural style and for this reason, as much as a desire to exercise sustainable practices, it was recycled for residential use (Spivak, 2005).
Adding one brief chapter to its life, in the interim period between closing the site for municipal use and commencing construction, the site was leased to local artists. Here they painted, created sculptures, practised for performances and for a period found a home. Such spaces had become extremely rare in St Kilda, or anywhere in the inner city for that matter. Fortunately for the artists, what had been anticipated as only a few months use turned out to be two years.

Source: CoPP files
Projects of this size do not just happen but take years of conceptualising, planning, negotiating and design before tenders can be called and construction started. The Inkerman Depot project commenced in 1995 and the contract of sale was signed with Riverside Developments in 2000. To outline this process a chronology of project highlights from mid 1995 till mid 2005 is appended (Appendix 11). Placing each significant stage in a time context aids in the visualisation of the project and in understanding the development of the final model. While reading through the chronology it becomes clear that the model evolved out of successive decision-making stages, feasibility studies and risk assessments, all of which I broadly categorise under conceptualisation in the next chapter. Once conceptualised, detailed planning and design of the buildings can take place and so on. Another way of approaching an overview of this case study is to look at significant aspects of the project that individualise it. The remainder of the chapter takes this approach and the following subheadings are used: establishing a steering committee, ecological sustainability, arriving at a master plan, achieving a financially viable mixed social-private occupancy outcome, site remediation, and title transfer and other contractual matters.
Establishing a steering committee

In order to investigate options for the site on behalf of the council a discussion group was set up. This comprised representatives from council, the Urban Land Corporation\(^{25}\) (ULC), Ecumenical Housing (EHI), and briefly, the Office of Planning and Heritage. Also brought in to do some preliminary architectural sketches was Williams Boag P/L. These organisations, and in particular the individuals who represented them, were chosen for their knowledge of land development, financing and construction but equally for their commitment to social housing. This understanding was needed if a good outcome was to be achieved whatever that might look like as a final product. In these early stages there was no clear vision or concept of what the final product would be or what mechanisms might be used to bring it about. An added advantage was that these individuals knew each other. Some had previously worked in the Office of Housing together, and all had since come together for other projects. They had a track record and were good at what they did. As discussions progressed this small group of people became the core of the steering committee along with Christine Haåg as an elected representative from council and Gary Spivak in his capacity as council’s Housing Development Officer.

At this point in the research it was made clear that individuals, not just organisations, played a key role in influencing the project and its outcomes. Peter McEwan from the Office of Planning and Heritage stated ‘people are more important than organisations’. To exemplify this he explained that normally his department would not have been involved in the Inkerman Depot project. Mr McEwan was then responsible for the Better Cities program in Victoria. This was a federal government initiative in the promotion of sustainable development, and even though the proposed Inkerman Depot project would fit the criteria, the City of Port Phillip was outside the program’s boundaries. However, he was invited to contribute through the personal relationship he had built with Gary Spivak during

\(^{25}\) The Urban Land Corporation (ULC) came into being in 1997 having replaced the Urban Land Authority. In 2001 it became the Urban and Regional Land Corporation and later again changed to VicUrban. For the majority of the planning stage of Inkerman Oasis it was ULC so that name is used throughout the thesis to avoid confusion. EHI was an incorporated association established to effect reform of housing policy and the development of a viable and effective housing sector. Two other entities, Ecumenical Community Housing and Ecumenical Housing Trust, also existed. All three entities were public benevolent institutions.
earlier projects when he was with the Office of Housing and by taking a liberal interpretation of the Better Cities guidelines he felt he could make a small contribution. Mr McEwan’s rationale was that by helping the Inkerman Project get started he could show the state government that he was helping to achieve its program objectives.  

From the outset one of the main aims of the Inkerman Depot project was to maximise the amount of affordable housing on the site but it was clear the council wanted a cost neutral low risk solution. These two criteria guided all future decisions and planning by the steering committee.

The ULC was a semi-government body (more recently corporatised) established for the purpose of developing land on behalf of the state and assisting in community development and supporting urban development policies and strategies. They were specialists in project managing land development and Mark Whinfield, previously with the Office of Housing, was active in his involvement in this project. Rod Fehring and Felicity Cull also contributed to the discussion group. Later Roger Bollen took his place on the steering committee but Mr Whinfield retained his interest and occasional contributions. The possibility that ULC might project manage the entire project from land development to construction was mooted but they pulled back from this and kept to their role as land developers and helped council project manage the design and master planning.

Ecumenical Housing Inc. held a large portfolio of social housing and had extensive experience in financing and project managing construction of housing. Several individuals contributed to the discussion group. Wayne Henderson and Hal Bisset performed financial assessments and feasibility studies while Heidi Dixon, previously with the Office of Housing, was active on the steering committee drawing on years of experience in social housing and had worked alongside CoPP previously. EHI were also considered a possible developer of the site and were interested in this role but again this did not come to fruition due to the cost. EHI were able to contribute further by acting either in their own right, or through Ecumenical Housing  

26 personal interview, 2005  
27 personal interviews with Mark Whinfield and Roger Bollen, 2005
Trust, as a funds and title ownership vehicle in order to reduce land and some sales taxes.\(^{28}\)

Peter Williams of Williams Boag had worked with Mark Whinfield, Peter McEwan and others on a previous social housing project and was well regarded.

Christine Haág was a lawyer and had a keen interest in affordable housing. She was elected to council on a Turn the Tide ticket and this project was an opportunity for her to make a real contribution to housing in the area. In council’s second year she became mayor and was able to contribute extensively to the steering committee in this capacity.

**Ecological sustainability**

Ecological sustainability was a preferred design goal of the project and Williams Boag were engaged as the architects to draw up the first concept plans because of their track record in this area as well as their interest in affordable housing. Their very first drawings were based on low impact, low energy and solar efficiency. Peter Williams said they started with sun angles to give open space and light, and then determined possible densities from there.\(^{29}\)

ESD was no less an essential element of the project than the affordable housing. However, as the ESD elements became more demanding in construction and implementation, so the total project costs escalated. This had the dual impact of pushing up the cost price of each unit and thereby reducing home ownership affordability, and reducing the amount of social housing that could be cross-subsidised, a matter discussed in some detail in Chapter 5.

Figure 3.12 shows three of these design features. The first is that most of the apartments were designed to face north. The photograph was taken at about midday in winter and demonstrates the minimal shadowing thus improving solar efficiency. The second is building D (red brick) which is the recycled ‘destructor’ building from the original site. The third is the reed beds to the left of the pathway which act as rain water filters. The water then runs into underground tanks, mixes with filtered grey water and treated for reuse. The top of the treatment tanks can be

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\(^{28}\) personal interview with Heidi Dixon, 2005  
\(^{29}\) personal interview with Peter Williams, 2005
seen as small glass domes in the garden bed on the right of frame. A further feature of the design depicted is the added sense of community created by opening up the site to public thoroughfares. The photo looks west along the east-west Blanche Street walkway. The final site will also include a north-south pedestrian walkway. Some of the other features according to the promotional material include: high quality urban design; architecture and integrated art; and a naturally ventilated underground car park (Spivak, 2005).

**Figure 3.12 Blanche Street walkway looking west**

Arriving at a master plan

While concept drawings and feasibility studies were being generated to help create a picture of how the site might be developed, there was no original intent to fully master plan the site. This did not become a stated objective until about twelve months in. The master planning process happened almost by default as the investigation proceeded to look at different scenarios and considered what would be the best approach to development. Council had not specifically decided against acting as the developer until quite late in the process and the others withdrew as candidates for various reasons.

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30 Refer Appendix 13 for maps of planning zones, contours showing the flood plain zone, and aerial photos of the cleared land and semi-built site. A plan of the proposed building layout is also included.
Each stage of analysis led to the need for more detailed analysis and planning. At each stage council agreed to pursue further analysis. The underlying driver for all this activity was the progressive councillors’ fear that unless they did their homework properly and came up with an iron-clad proposal, either the council would lose money or a future developer might not deliver the type and quality of product they wanted. From Christine Haäg’s perspective the council had to be very hands-on in master planning the site and ensuring a suitable outcome because if they were to hand over the site to another body to develop that would have been abdicating their responsibility for what was in reality community owned land. She felt very strongly that council needed to be accountable for the end result and not just sell it off and wash their hands of it.\(^{31}\)

**Achieving a financially viable social-private occupancy outcome**

A significant aim of the project was to achieve mixed social-private occupancy as discussed in Chapter 1. This proposed outcome resulted from several sources but possibly for different reasons. Reflecting back to the establishment of the five year plan (1990-95), Heidi Dixon, who was at that time with the Office of Housing, noted council had focused on stand-alone social housing and was not coming to terms with social integration, housing diversity and choice. It was only through the existence of PPHA that council was able to look at integrated housing because the added complexity of management would not allow this sort of option otherwise. The Inkerman project was council’s first opportunity at a large enough project to achieve this integration.\(^{32}\) It is also relevant that Gary Spivak was nearing the end of a Masters research thesis on low income housing and had seen many overseas examples of mixed social-private occupancy developments and was well aware of the benefits.

It is not difficult to see how bringing both ULC and EHI into the discussions around developing this site would give support to an integrated mixed social-private outcome. Ms Dixon recalled that EHI at the time this project was getting started was focused on housing for disadvantaged persons and always wanted to go the way of

\(^{31}\) personal interview, Christine Haäg, 2005  
\(^{32}\) personal interview, Heidi Dixon, 2005
integrated housing so they were particularly keen to promote an outcome that would achieve this.\textsuperscript{33}

In a way the inclusion of Williams Boag as architects also contributed to a mixed social-private occupancy outcome. Williams Boag had designed a double award winning church site redevelopment in St Kilda not related to the council’s community housing program (see Williams Boag Architects,). Some of the residential tenants were schizophrenia sufferers and as Peter Williams said, people who live in St Kilda seem able to cope with that sort of thing.\textsuperscript{34}

Figure 3.13 shows building F on the right. The far end section that projects out from the main building line contains fifteen older persons community units. These are not in a salt and pepper distribution but this was a deliberate decision to give the tenants a greater sense of mutual support and safety. The thirteen community units in Building C (not pictured) are a salt and pepper mix.

\textbf{Figure 3.13 Completed buildings showing the elderly persons wing}

Throughout the conceptualisation stage when many possibilities were being considered considerable time was lost due to uncertainties around who would commit to investing in social housing on the site, and how much housing they would

\textsuperscript{33} as above
\textsuperscript{34} personal interview, Peter Williams, 2005
require. The Office of Housing had not committed themselves in writing but their investment was critical as this not only increased the percentage of social housing but would contribute to pre-sales figures for funding purposes. Several social housing groups made genuine enquiries but of course could not commit until final pricing was known. Another group to show keen interest was the Old Colonialists who wanted a separate hostel on the site for older persons accommodation.

With these possibilities in mind along with occasional changes to design, various costings were performed to establish just how much social housing would be viable. These estimates also relied on revaluations of the land and surrounding unit prices as the market was rising quite rapidly at the time. Also part of the costings were estimates of the final number of units that would be available which in turn was based on the ratio of 1, 2 and 3 bedroom units incorporated into the plan. The number of units council received would be based on the balance of land value against construction costs per unit.

In December 1996 the first full feasibility study was completed and found that about 30 percent social housing would be viable. This was seen as a positive outcome although the original aim was for at least 50 percent social housing.35 Council submitted a grant application to the federal government to assist in the funding of an aged care hostel but was informed in mid 1997 they were not successful which excluded the possibility of a separate building; however, a separate wing of a building was an option the Old Colonialists were agreeable to. At some point after July 1998 they withdrew their interest. I was given to understand their withdrawal was based on a failure to obtain a subsidised price.

The Office of Housing (OoH) became equivocal about their commitment to 30 to 35 units. The reflexive interaction between individuals and organisations is apparent in this decision and highlights how individual power can be exercised or not. Peter McEwan posited that when he was at the department he took the attitude that their role was to deliver affordable housing, and so you did this until someone told you to stop. If you asked permission every time, the decision-making process would reduce results. To his way of thinking the project met all the necessary criteria so the OoH

35 Council file note dated 12 December, 1997: File 44/13/10-01
The Final Financial Feasibility Study, submitted 11 December, 1997: File 44/03/10-02
could have made a real contribution but it did not have the right champion in the department to make it happen. This may have been the innovative nature of the project which would have scared off the bureaucrats who looked for simple and direct solutions. McEwan suggested that when Mark Whinfield, Heidi Dixon and he had worked in the department they were unusual individuals and not the typical bureaucrats in that they made things happen and had a personal commitment. In concluding he said there were probably lots of reasons why it didn’t happen but there were equally many ways it could have been made to work; essentially, ‘if you go by the rules you never get anything done’.

Having lost the OoH as a buyer, attempts were then made to market these units to all social housing providers without success. In response to the possible loss of these social housing units, in early 1999 EHI resolved to take up the option for them. In the following month Contract Properties had tendered for the site and their estimate for the sale price per unit to EHI was too high forcing EHI to review their option.

Therefore, at the time when negotiations were ensuing between the preferred tenderer and the council over a final and complete master plan the number of social housing units was still uncertain. Council expected to receive about 30 but that would not be fixed until the last valuation of the site had been done and unit cost prices were finalised. One social housing investor had confirmed their interest, and negotiations were continuing with the OoH to buy at least some units. Marketing to other social investors was ongoing but not looking hopeful. In the meantime the developer was proposing an increase in the total units on site to about 240 all of which would be pitched to the higher end of the market, thus reducing the overall percentage mix of tenure. This uncertainty slowed the master planning and final negotiations as it impacted on other aspects such as car parking spaces and affected the potential profitability of the site for the developer.

36 personal interview, Peter McEwan, 2005
Site remediation

Once Inkerman Developments\textsuperscript{37} became the preferred tenderer attention turned to remediating the site. The site was extensively contaminated so remediation would be costly. The developer was prepared to do the work but this would reduce the land value by an equivalent amount with an additional cost to cover their risk should unforeseen problems occur. Both from a morally responsible perspective, and hoping to save money, the council decided to contract the work and hand a clean site to the developer and thus obtain the full market value for the site.

Still focused on a cost neutral outcome council negotiated with the developer to reimburse council the remediation costs based on a fixed quote. Council would bear the risk but profit if they were able to do the work under budget. ULC were contracted to project manage the work and it was completed under budget.

Title transfer and other contractual matters

In the final year before the title transfer a great deal of activity occurred. Of significance was the transfer of title with a Section 173 encumbrance, first to EHI as discussed earlier for taxation and other reasons, then to Inkerman Developments. There were many financial complexities associated with using this approach to sale. Council spent a great deal of time discussing these matters with their legal advisors and were convinced the entire effort they had put into the project to this point now hinged on a tight and well constructed drafting of the contract. For this reason these aspects are fully discussed in later chapters as they represent findings that are highly relevant to the research questions.

Conclusion

The chapter has presented a picture of some of the unique aspects of the City of Port Phillip and the reigning political environment at the time the Inkerman Depot project was in its conceptualisation and master planning stages. It has also given some insight into the case study itself with particular reference to those early

\textsuperscript{37} The original tenderer was Contract Control Constructions who, upon becoming the preferred tenderer formed a joint venture company with Riverside Properties to form Inkerman Developments. I have used the single entity Inkerman Developments throughout the thesis.
stages. It is apparent from the material presented that a significant part of the local socio-economic and political milieu was a carry-over from that of St Kilda before council amalgamations. This included a very diverse and eclectic community who were politically aware and active in their desire to preserve as much of the heritage and culture of the area as possible, and that meant fighting gentrification and excessive development. Of note was the ‘Turn the Tide’ movement that had successfully campaigned and installed councillors who were prepared to fight for these issues and work to reduce the loss of affordable housing in the municipality. They held the balance of power in the new City of Port Phillip and were able to ensure the adoption of a progressive housing strategy and continued St Kilda’s role as a direct provider.

It was in this context, in contradiction to the direction of the state government that the Inkerman Street depot redevelopment was retained as a council managed project to include social housing. A significant element was the use of Ecumenical Housing as a temporary holder of the land title in the lead-up to the next council election cycle as it was uncertain whether the progressives would hold the balance of power afterward, and also to prevent state government intervention in the project. These latter elements are covered in detail in a later chapter but they highlight the sensitive and controversial nature of the project at the political level and account for some of the important decisions made.

Up to this point opinions have been put that the prevailing political conditions were largely working against a project that would result in council engaging in the direct provision of housing, which generated fear of political interference. This possibility drove some of the decision-making. Working in favour of the project were a generally supportive community, and enthusiastic and dedicated workers within council, who had not only the vision, but the drive and experience to see that vision become a reality. Equally the housing market conditions were favourable. Essential to the successful conceptualisation and support of the project was that all the steering committee members had a track record of experience in land development and/or residential projects. These ingredients, however, should apply to all major residential projects undertaken by local governments and so would not be considered unique to the model being studied. Specific to the case study was council’s housing account that was well resourced and could be drawn on to fund
the project up to the point of sale when it would be reimbursed and that was a contributing factor from a budgeting perspective.

Signalling later discussions, perhaps the greatest concern for today in trying to replicate this project, whether in St Kilda or elsewhere, is that the continued progression of gentrification and regeneration has led to increased community resistance due to the NIMBY factor. Needless to say, it is these very issues of gentrification and regeneration that are significant factors in creating the need for more of this type of development in Port Phillip as they are in many other locations in the inner city. The social conscience and acceptance of diversity that existed in St Kilda at the time is not unique and councils may well gain community support for mixed social-private occupancy developments if the need can be demonstrated. What helped Port Phillip achieve the support it needed with minimal questioning from ratepayers was the effort it put into the conceptualisation and master planning stage. Ratepayers were presented with a well developed plan to demonstrate how they would benefit, and to assure them that municipal funds were not at risk. It is to these aspects of the Inkerman Street depot project that the focus now turns.
Chapter 4

Conceptualisation, Master Planning and Risk

Introduction

Any development project has an inherent element of risk. An innovative project that partners local government with the private sector has the potential for even greater risk (Department of Treasury and Finance, 2000:13). The Inkerman Oasis exemplifies a project of this nature and was no exception in terms of risk. This chapter therefore begins with an analysis of some of the unique elements of risk for local governments when they engage in projects with the private sector. The chapter then revisits the early stages of the project that include conceptualisation, master planning and tendering in order to give a more detailed insight into the process by which the project evolved from first concept to a contract of sale.

The chapter closes with an assessment of the success and reproducibility of the project model with respect to these elements.

Local government, risk and partnerships

An analysis of the conceptualisation and master planning of a project such as the Inkerman Oasis would not be complete without discussing the elements of risk assessment and risk transfer. This role fell largely to the Urban Land Corporation through its member on the steering committee, although this person drew on the contributions of other ULC staff, all other committee members, the legal team and a range of specialist consultants. As a result of this work it would seem the council was exposed to very little avoidable risk. However, as a result of later difficulties experienced by the developer, a closer investigation of risk was required by the research. The investigation revealed facets of risk that are not covered in standard risk assessment or in the literature.
Through a process of amalgamating and conflating a number of project risk phases for a project such as the Inkerman Oasis (Grimsey & Lewis, 2002; Department of Treasury and Finance, 2000:17), it is possible to define three broad stages each with its own set of risk factors: the conceptualisation stage (inclusive of planning and design); the construction stage with many known risks that come with a large residential construction; and marketing, sales and post-construction that impacts on both the construction (pre-sales for finance) and those who purchase units.

However, once the public sector become involved in a project a new set of risk elements emerge and these are largely explained by, and are a product of, the bureaucratic process bound up in legislation, regulation and accountability. When public and private sectors seek to engage in a partnership of some description all standard and additional risks are present and their assessment and allocation between the parties becomes a critical process.

Economic liberalism promotes private investment in public infrastructure. In part the rationale behind this is to reduce public debt and budget deficits. The current preferred approach to infrastructure provision is through partnerships between the public and private sectors, and more particularly to Australia has been the BOOT (Build Own Operate Transfer) system (Quiggin, 2002a) whereby the private sector bears all the risk of financing, constructing and operating the infrastructure for a contracted period of time, and in return retains all the profit. The infrastructure then reverts to public sector ownership. In order to ensure adequate profits to the private partner the state often enters into some agreement on minimum guaranteed returns, or legislating to prevent competition. It is in this context that the seemingly disparate entities of private and public sectors are expected to work together, understand each other, and achieve a common outcome albeit with different motivations. Arguments exist as to whether partnerships actually represent a hybridised version of economic liberalism (Ruming, 2005), but exist they must in the knowledge that the free market will rarely invest in merit goods and infrastructure for the common good (Sturgess, 2002; Dollery & Wallis, 1997). This truth is even more evident at the municipal level where projects are relatively small and potentially less profitable so attracting private investment has been difficult (O’Neill, 2005).
The various public-private models, such as true partnerships, joint ventures, alliances and subcontracting, all result in local governments having to consider a complexity of risk factors that could well extend beyond their normal range of experience and skills (Grimsey & Lewis, 2002; Arndt, 1999). According to research into public-private partnerships it is the lack of skill in determining, assessing, valuing and transferring risk factors by government that has resulted in some highly publicised poor outcomes (Hood & McGarvey, 2002; Local Government Division, 2000). The findings suggest contractual arrangements generally transferred the initial risks of financing, construction and/or operating costs to the private sector; however, these risks are insurable. In the longer term, on average, the private sector profited from these arrangements. Conversely ratepayers bore losses from a range of uninsurable risk factors retained by the public sector partner (Cannadi & Dollery, 2005; Quiggin, 2002a).

Figure 4.1 Two cartoons typifying the concept that the private sector benefits from PPPs

Source: Dissent, Autumn/Winter 2002
In Australia, entrepreneurial activities by local government have attracted some academic attention, but very little discussion of the associated risks (Aspin, 2005; Cannadi & Dollery, 2005; Aspin, 2004). Even so there are a growing number of examples of projects that demonstrate local government’s willingness to enter into such arrangements, some more successfully than others (Liverpool City Council Public Inquiry, 2004; Jon Hall and Associates (JHA), 2002; City of Port Phillip, 2000; Local Government Division, 2000).

Because Port Phillip had already engaged in and completed a number of projects in partnership with the state and private sector they were aware of many possible risk factors but the Inkerman Oasis development would be their most ambitious project to date. Drawing on this experience they were able to proceed cautiously, gathering expert opinion concerning possible planning, construction and financial risks. Since the commencement of construction a number of problems have been encountered by the developer that demonstrate the complex nature of risk, the wisdom of council’s approach to transfer the risk, but also the difficulties in planning and allowing contingencies for unforeseen risk. The particular model that evolved also meant council were able to avoid some potential bureaucratic risk but in doing so it is pointed out that they could have exposed themselves to even greater risk.
Legislative frameworks and guidelines for risk management

Of the three levels of government in Australia, when it comes to engaging in partnerships it would appear local government is the most vulnerable to exploitation by a better skilled and more experienced private sector in terms of recognising and allocating risk. While the smaller size and financial base of local government necessarily means the value and type of projects they are likely to engage in will be of a lesser scale than the major infrastructure projects we see at state and federal levels, relatively speaking they are no less significant. However, it is the very fact of local government’s small size and limited financial capacity that makes it vulnerable. The cost of contracting the sort of specialist expertise necessary for major projects can be prohibitive but unavoidable. Sound expert advice is necessary to reduce risk and plan a successful project and as such is legislated by a number of state governments.

In Victoria the Local Government Act 1989 Section 193 covers ‘Entrepreneurial Activities’ (Edwards & Shaoul, 2003). The Act requires local government to ‘assess the total investment involved and the total risk exposure’ (Section 193, subsection 5A), while subsection 5C requires councils to consider a risk assessment report ‘from an appropriately qualified person’ for any activity where the total investment or risk exceeds $100,000 or 1 percent of council revenue.

However, research conducted for this dissertation has revealed Victorian local governments are able to modify or adapt the contractual or financial structure of projects so they do not fall under Section 193 of the Act and therefore avoid having to come under the scrutiny and therefore approval processes of the Minister and/or Treasury. Such actions may be taken for any number of reasons, all perfectly valid in the eyes of the respective council, but in so doing they are avoiding a critical process designed to help reduce their risk and protect the public purse. Having said that, representatives from councils that complied with Section 193 say it can be onerous, time consuming and costly. The uncertainty of when, and if, the Minister will sign-off the project adds further delay in the midst of complex negotiations. In essence the Act itself becomes another risk factor.

38 confidential telephone communications with staff from two separate councils, 2005
It is also worth noting that going through the process of gathering external consultant reports and of submitting a project to the scrutiny of the Minister and Treasury will not ensure all risk is eliminated, as demonstrated, for instance, by the collapse of the Sunshine Energy Park project in the early 1990s (Local Government Division, 2000:Appendix 2). What such scrutiny does ensure is that every effort has been made to assess the risks, that a risk management plan has been put in place and that risk has been allocated appropriately. Interestingly there appears to be no stated mechanism in the Act or guidelines for a reassessment of the project by the Minister should the contractual arrangements vary markedly during later negotiations between the parties. Neither are there any comprehensive guidelines to support councils in their interpretation and procession through the minefield that is risk assessment, risk allocation and risk management.

The published guidelines relevant to Section 193 of the Act are little more than a list of definitions and explanations of subsection 5D but do make reference and referral to best practice guidelines already published such as Partnerships Victoria, Standards Australia Risk Management, and Department of Treasury and Finance guidelines. The value of these documents is unquestioned but, Standards Australia aside, they do not always easily translate to local government needs as they are written with state government in mind.

**Risk management at state government level**

In Australia local government derives its legitimacy and power from the state government including its ability to engage in public-private partnerships. In fact, part of the momentum for local government PPPs came from state government pressure. Prior to the rise in economic liberal thinking, local governments were more restricted in their capacity to enter into partnerships for what might be deemed entrepreneurial activities. However, with the state now strongly driven by public sector reform there was an expectation to show a reduction in the size of government, less capital expenditure and a reduction in debt. This reform extended to local government (Black, 2002; Kiss, 1999:112-117; Dollery & Wallis, 1997; Robinson, 1995). Infrastructure constructed using private finance allowed the work to be undertaken ‘off balance sheet’. The justification has since moved on to a more general philosophy of ‘value for money’. However, many writers have since
argued that the basis for calculating and proving value for money is flawed on a number of counts and they believe ideology has taken over logic in the pursuit of private financing (Fitzgerald, 2004; Quiggin, 2002a; Allen, 2002; Davidson, 2002). Adding further to the pressure on state and federal governments to engage with the private sector in infrastructure projects are professional lobby groups such as the Business Council of Australia and AusCID (Australian Council for Infrastructure Development). These organisations actively promote private investment in public infrastructure through direct lobbying and policy submissions to government on behalf of member organisations (for example AusCID, 2002).

The policy document ‘Partnerships Victoria’ has been produced to provide both the private and public sector with a point of reference and understanding for any potential public-private partnership project for the supply of infrastructure or services where the total value of the partnership will be worth over $10m (Department of Treasury and Finance, 2000). The policy is supported by an extensive set of guidelines, of which the risk allocation and contractual section comprises some 200 pages of detailed information (Department of Treasury and Finance, 2001). Given the emphasis placed on entrepreneurial activities by the Victorian state government, backed by policy and guidelines, it is noteworthy that none of this is specifically directed towards, or developed for, local government. Considering Victoria has led Australia in pursuing private investment, it is surprising that in 2004 the Auditor General commented in the foreword to his department’s document ‘Managing Risk Across the Public Sector’ that there still existed a lack of understanding and capacity to deal with risk (Auditor General Victoria, 2004). While he was not speaking directly and not only about PPP activity, it goes without saying that if this is the case at state government level it can only be worse for local government.

The nature of risk

It is useful at this point to review the multiplicities of risk inherent in a typical public-private partnership to help understand the difficulties in conducting risk assessment. There are many models that categorise risk, a typical example of which is that proposed by Grimsey and Lewis (2002). They suggest risks can be divided into broad categories of developmental and operational stages, into quantifiable
and unquantifiable risks, but do not adequately address what I have called a ‘Conceptualisation Stage’.

The conceptualisation stage includes the developmental stage but goes back to the point of the first discussions about a possible project. From there it can take many years to reach a signed contract and thus can carry a debt of hundreds of thousands, even millions of dollars in time and money. Local governments have minimal resources in terms of people or finances to commit to projects that during this stage are still highly speculative. Outlined below are seven risks identified in the course of this research that can impact on the conceptualisation stage of a local government project.

Conceptualisation stage risk factors and risk assessment

State/political – Councils, being directly under the control of state government, are at risk of ministerial or other forms of government intervention in any project. For example, in 1994 in Victoria the Kennett government dissolved all councils and sacked all elected representatives as part of a restructuring process, as discussed in Chapter 2. Only those projects already bound by contractual agreements were allowed to progress, and all others were at risk. On the positive side in NSW the state stepped in to assume control of a major redevelopment being undertaken by the Liverpool council because of problems that cost the ratepayers $20m (Liverpool City Council Public Inquiry, 2004).

Joint state/local government funding – This risk factor impacted on the early planning of the Inkerman Oasis as the state government indicated it would be interested in buying up to 35 apartments for public housing in support of council’s initiative thus making the project highly attractive and viable. The state later withdrew its interest and the viability of the social housing aspect of the project was greatly reduced.

Regulatory approval processes – Projects requiring approval by the Minister and/or Treasury such as those complying with Section 193 of the Local Government Act (Vic) may be rejected or have to undergo considerable revision at the cost of the ratepayer. The risk of this occurring is increased with the lack of adequate guidelines and training for council officers. Equally a project may be held up for a
considerable period of time waiting for the Minister to sign or while they get further advice on the project which adds to holding costs etc.

_Intra Council_ – Differing opinions within council regarding the need/value of a project adds risk as each stage goes back to the chamber for ratification and the next stage is debated before approval. Also, with each election cycle there is potential for the balance of power to swing resulting in major changes to a project or even having it scrapped. This risk factor hung over the Inkerman Depot project in terms of the social housing outcome and other key deliverables right up to the point where the title was signed over to Ecumenical Housing Inc. just prior to the next election cycle.

_Organisational changes_ – For the Inkerman Depot project to progress through the conceptual stage it needed to be, and was, championed from the beginning by one council officer and one councillor. At any time during the conceptualisation stage organisational changes or an election could have removed these people from the project. Stability and consistency of project personnel, especially project champions, is a key element for success and therefore a known risk factor.

_Market changes_ – For the Inkerman Depot project, ‘market’ refers to both the real estate market and financial markets. Land and inner city apartment prices have changed considerably over the many years since the project was first conceived. In general, because of the long gestation period that is the conceptualisation stage, cost/benefits analyses based on market predictions and financing that support a project and give it early momentum may prove irrelevant later from an unfavourable turn in the market. While this risk holds true for any project whether it concerns local government or not, the limited capacity of local governments to move rapidly through conceptualisation for accountability and bureaucratic reasons may unnecessarily extend this stage and/or reduce their capacity to absorb the impact of significant market swings, thereby increasing the risk.

_Community consultations_ – This is a risk particularly relevant to municipal councils who are much more answerable to the local community than are other levels of government or private developers. Should a project meet stiff opposition at this late stage in the conceptualisation process not only is its future at risk with the loss of time and money, but there is the potential for resident backlash at the next election.
Submissions to the Minister under Section 193 of the Act require a public consultation process. After considerable time and expense to the point of advanced concept drawings and costing, the Inkerman Street proposal was put to the community through a public meeting and advertising to comply with rezoning laws. Fortunately this project was supported by the majority of local residents with only a few objectors.

*Expressions of interest, tender documents and contracts* – These documents are critical in any public-private partnership and if inadequately prepared, and the interested parties are not skilled and informed about them, attempts to finalise a contract may falter and delay the project adding significantly to the cost. Alternatively, the resultant contract may become an ongoing source of dispute throughout the life of the project or leave council holding significant risk. Perhaps here, more than at any other point in the process, the council needs to engage expert consultants, but also council officers require the training and skills to work with the consultants in respect to allocation of risk and processes of dealing with unexpected eventualities.

Beyond the conceptualisation stage, risks encountered in the Inkerman Oasis included:

- Unexpected problems in negotiations over head charges with the local water authority. Discounts were expected in keeping with the inclusion of on-site water recycling and these were not granted. This was a groundbreaking ESD element and there was no precedent for the water authority to follow, and no leading from the relevant state government department. An alternative agreement was finally negotiated.

- Financial sustainability of the private partner. A financial crisis for the developer occurred when the contract they had with a property investor fell through. Under the previous contract all the private apartments were viewed as having been pre-sold and so the bank which underwrote the construction was able to release all finances needed for construction. Once the unsold apartments reverted to the developer, finance for the final stage of construction was withheld until a stipulated number of pre-sales were achieved. Ultimately this has delayed construction by several years and put the project in jeopardy. The impact on council was delayed
access to thirteen of their 28 units as will be discussed later in this chapter.

Body corporate issues. Body corporate fees were higher than expected which has resulted in higher ongoing costs for these community units. Additionally, the first body corporate manager appointed was displeased that social housing was included in the development which made the process of managing the community housing units difficult.

The most important ongoing risk at the time of writing is whether the developer will be able to complete the project profitably. If a cost benefit analysis is unfavourable they may chose to default on their contract and withdraw from the project resulting in added costs to council. This risk has been minimised as the developer completed most of the preliminary work for the final stages early on and this would add significantly to their losses were they to withdraw.

**Consultants and risk assessment**

Being a significant project for the City of Port Phillip a considerable number of experienced and expert consultants were engaged. Even so, from early in the conceptualisation stage onwards this project has encountered some unexpected risks that would have been difficult to predetermine and assess.

Table 4.1 lists an indicative range of consultants used during the conceptualisation stage. The work of most of these went to formulate and help assess the viability of, and risks associated with, the project.

The table demonstrates how seriously the council was approaching this project, in contrast to comments made by a former risk manager in Sydney. He was critical of the approach taken to risk management in general, stating ‘too many construction projects consider only engineering risk, without taking a holistic approach to risk management for the entire project’ (Tomlinson & Tilley, 2001). He continued by suggesting risk management was potentially being divided into segments of engineering, financial etc. Assessing risk from a whole-of-life perspective is both complex and difficult, and local governments are unlikely to be able to afford such comprehensive analyses. It is worth questioning whether one or two specialists would be able to adequately assess even a moderately large project without drawing on the expertise of additional consultant reports. In the case of the
Inkerman Oasis, council covered the cost of consultancies through accepting lower returns on the land value, i.e. they recovered their costs from the profits so the project continued to be funded by reducing their equity, rather than using debt.

Table 4.1 List of consultant types used by CoPP during conceptualisation stage

<table>
<thead>
<tr>
<th>Consultants used during the Inkerman Oasis conceptualisation stage</th>
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<tbody>
<tr>
<td><strong>Engineers</strong></td>
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<tr>
<td>Geotechnical</td>
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<tr>
<td>Soils</td>
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<tr>
<td>Construction</td>
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<tr>
<td>Waste management</td>
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<tr>
<td>Civil</td>
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<tr>
<td>Traffic &amp; parking</td>
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</table>

**Risk allocation**

Following the process of risk assessment is the problem of risk allocation. The received wisdom is that risks should be allocated according to a party’s ability to control or influence that risk, or to that party which is most able to bear the risk (Ahwireng-Obeng & Mokgohlwa, 2002; Department of Treasury and Finance, 2001; Loosemore, 1999). Conceptually this approach minimises not only the risk itself but the cost of carrying the risk, and therefore the overall cost of the project. The argument follows that returns should then be proportional to risk carried (Grimsey & Lewis, 2002).
At the local government level there are very few risk areas that are theoretically controllable by a council. Certain planning provisions, land use, height regulation, waiving or reductions in rates for a period of time, and assurances of fast-tracking permits etc. do reduce some risks and construction times, therefore reducing costs, but in the larger scheme of risks and costs for a significant building project these are minimal. From another perspective a partnership agreement may require a council to accept more risk by contracting to utilise a particular service, take a long term lease on a building or help finance a venture. Councils also have the power to redirect both vehicular and pedestrian traffic in a way that would benefit utilisation of a facility. However, councils, unlike higher levels of government, have no control over or special insight into risk factors such as interest rates, industrial relations or employment incentives. In essence they are better off leaving most, if not all, the risk (and therefore returns) with the private sector, but that also carries the cost of paying a risk premium on their recurrent expenditure where they are the primary recipients of the service/facility. Interestingly this is the state government’s preferred position according to the Partnerships Victoria guidelines (Department of Treasury and Finance, 2000). It is also worth noting here that Quiggin argues the risk premium charged by the private sector, often as high as 6 to 8 percent, is based on false assumptions of the risk and that the premium is really only covering ‘inefficiencies and transaction costs associated with private financing’ (Quiggin, 2002a:17). This view will be discussed in more detail in Chapter 5.

While theoretically the party that does not accept the risk should not be expected to pay for or cover for the other party’s failure to meet their obligations, in reality this is not always the case. Governments may enter into ‘hands off’ style contracts such as BOO (Build Own Operate) for infrastructure delivery but this does not remove them from risk. At state level the example of the failure of National Express as an operator of trains and buses shows that governments cannot walk away from essential infrastructure if the private contractor/partner/operator fails. Public money is inevitably spent to prop up either the company or the system (Davidson, 2003).

Similarly, on the surface it appeared the CoPP was able to remove itself from any risks associated with the construction of the Inkerman Oasis development; however, they still bore an inherent risk. This was based on council’s vested interest
in the completion of 28 units they were to receive as payment for the land. Clauses contained in the contract of sale did offer council considerable protection against any losses but the risk could not be avoided entirely until the title to their completed units was signed over (this is discussed in detail in Chapter 5).

Had the Inkerman Oasis project fallen under Section 193 of the Act the state government would also have played a role in reviewing its potential risk but this was not the case. Had the state become involved it would have set up an interesting dialectic. One the one hand its role would be to evaluate the project for possible risk and so reduce the risk potential. On the other hand state government involvement would have put the social housing element of the project at risk based on their ideological opposition to council’s role in direct provision. Even without conforming to Section 193 of the Act the Minister for Planning and Local Government could have intervened, so council moved quickly to transfer ownership. This served the dual purpose of excluding the Minister from any involvement and largely removing council from any further risk as discussed above. Nonetheless, due diligence was followed by council in accordance with the Local Government Act 1989 Section 136 in determining potential risks. As part of that due diligence it was decided by council the model adopted to finance and construct the project was the best and safest to mitigate risk. The major risk borne by council up to the signing of the contract of sale was the money they had invested in the conceptualisation and master planning. This investment would be lost if no developer was prepared to tender for the project unless major revisions or concessions were made.

Having taken all possible care Port Phillip council still fell victim to one small risk/cost factor that had not been taken into consideration. Council essentially paid for all 28 of its apartments when it signed over the title. Some twelve months later than planned it took possession of half of its apartments and the remainder about three years later than originally expected. While the market value of the units increased over that time, the council was unable to utilise their asset, that is, there was an opportunity cost involved.

This project has demonstrated the complex and unexpected nature of risk and it has only been through the thorough, though costly, process of preparation and planning during the conceptualisation stage that will have helped the council
achieve its key deliverables for this site while allocating most of the risk to a private developer.

**The state, the market and local area partnerships**

In light of the above discussion of risk the second part of this chapter addresses the conceptualisation, design, master planning and construction of the Inkerman Oasis residential development. Throughout these stages there existed a complex series of relationships in which the City of Port Phillip, as an arm of the state, played an ongoing and key role. The other actors in the relationships include: the state government; Ecumenical Housing as a third sector organisation; Urban Land Corporation as another arm of government – later corporatised so was very loosely tied to the state; the local community as active stakeholders; and the private developer. These interactions were formed at different stages in the process but all took place within the context of an economic liberal political environment established and enforced by the state, a volatile housing market and a rapidly advancing but contested phase of gentrification in the local area. These relationships are diagrammatically represented in Figure 4.2.

The relationship between the state government and Port Phillip Council was a constant throughout the project in which the state played a limited though constraining role. The state government exercises control over the actions of Victoria’s local governments through various pieces of legislation, the principal one being the Local Government Act (Vic) 1989. In the case of council owned land such as the Inkerman Street depot site, the Act proscribes how a council can rezone or dispose of the land, the process by which it can enter into a partnership, joint venture etc. from which the council could benefit, when it has to give public notification of intent, and that it may have to report to the Minister regarding any or all of these actions. The Minister also retains the power to intervene, review or take control of a project at any time where it is deemed necessary. The relationship is, however, reflexive in that the Act is open to a degree of interpretation so councils
can structure projects in ways that either conform to or avoid many requirements of the Act.

**Figure 4.2 Multiple relationships in the Inkerman Oasis project with the City of Port Phillip as the locus**

In keeping with the state government’s free market orientation at that time its preferred position most likely would have been – were they consulted – for the land to be sold with no, or minimal, constraint or control on the purchaser other than normal planning requirements. This supposition is based on the expressed opinions of the reformist councillors (those who supported the Kennett government’s reform agenda) and CEO of Port Phillip council.\(^\text{39}\) However, the progressive councillors were intent on achieving a demonstration project that incorporated social and ecological sustainability into their design criteria, bringing it into a conflicted position with the state. The option for Port Phillip council to achieve social housing through the application of inclusionary zoning had been tested by St Kilda council some years ago.

\(^{39}\) Personal interview with Jon Hickman, 2003. Christine Haäg also suggested this to be their position in her interview, 2005
before and failed, as discussed in Chapter 2, so their remaining option was to take some form of direct control over this project.

I have argued earlier that the market’s failure to voluntarily provide affordable housing in response to demand exemplifies market failure and the inherent deficiency of economic liberalism when acted out ‘on the ground’. The result is that government has to intervene in the market to achieve social outcomes like affordable housing. Brenner and Theodore (2004) refer to government intervention in the form of partnerships, joint ventures or various incentives for the private sector as ‘actually existing neoliberalism’. From another perspective such interventions could be interpreted as another way of saying neoliberalism is an ideology that has limited application in reality.

This latter position is supported in history. According to Fenna (2004), in the early part of the twentieth century the emergence of reform or social liberalism resulted from the unfettered free market philosophy of classical liberalism that was found to restrict, not increase, freedom and choice. The social liberal solution was some form of state intervention in the market, often in the form of re-regulation (see also Brenner & Theodore, 2002:46 & 65). Locking the developer into a contractual arrangement that bound them to a master plan of council’s design, including incorporating community housing into the site, equates to a form of market intervention to ensure socially responsible outcomes while facilitating private sector activity.

As a demonstration of the relations of power, as discussed by Foucault, that existed in council, the progressive councillors were in the majority, but even so did not oppose the free market ideology of the state government, rather they argued for any new development of the area to be socially and visually sensitive and to exhibit the best current practice in ESD and urban design. If developers were prepared to follow these principles willingly, groups such as Turn the Tide and Save St Kilda would never have felt the need to form and council would not have worked so hard to maintain control over the Inkerman Oasis development. The necessity for council intervention in the market in this way is further supported by the reported comments of one large developer who showed initial interest in the project. This developer decided to opt out at the tendering stage because he would only tender if
the land were sold free of any encumbrances, arguing council could spot purchase social housing elsewhere on the open market.\textsuperscript{40}

Nonetheless, the City of Port Phillip was internally divided between the reformists and the progressives. The reformists fully supported the pro-development, free market ideology of the state but were in the minority of elected representatives. They did, however, share the progressive councillors’ desire to see good ESD in local developments. The progressives held the balance of power in the chamber but it would be incorrect to say they were anti-development. They wanted to retain many old buildings they believed had heritage value, restrict over-development of the foreshore, and ensure a continued supply of low cost rentals that maintained social and cultural diversity in the area. Both camps had supporters among council employees.

Certainly the re-emergence of the progressive councillors and like-minded council officers after the council amalgamations could be interpreted as an example of what Benner and Theodore (2002) refer to as ‘legacies of inherited institutional frameworks’ (p. 351), but it also highlights Giddens’ (1998) and Kemeny’s (1998) perspective of individuals working together to influence an institution. This latter perspective is reflected in Kate Shaw’s actor-based perspective; that this demonstrates people power – local residents organising to elect councillors who would stand up against unwanted and undesirable reforms (Shaw, 1999) – carries some weight. Through their activism, the local citizenry empowered like-minded employees within council who would otherwise be forced to follow the reform agenda, just as those who supported reform were ultimately forced to follow the progressives’ agenda.

Reflecting back on Figure 4.2 the model exemplifies Shaw’s people power argument – that is, people as voters and activists – as one way the local community takes its place in relationship with the council and state government. They also play a role as arbiters resulting from the process of compulsory community consultation. Each and every objection to a project must be logged, considered and responded to. A project needs to be ‘sold’ to the local community for the benefits it promises in

\textsuperscript{40} Steering Committee meeting No 23, 29 October, 1998: File 44/03/10-12
order to overcome resistance to change and NIMBY attitudes. The Inkerman project had a groundswell of community support because it had taken into account ESD and social housing elements, but some concerns had already been expressed in regard to the visual impact because of its size, as it would overlook many neighbouring premises and increase traffic congestion.\(^\text{41}\) In addition, the initial stages would be funded from council coffers so public money would be at risk for a period and this needed to be addressed in the sales pitch at the community forum. This process of selling the project was reinforced by the architect Peter Williams who especially noted the amount of preparation that went into the forum.\(^\text{42}\)

Another three-way relationship was built between CoPP, ULC and EHI. CoPP headed up the project but invited ULC and EHI to join them in forming the core of the steering committee as advisors. ULC was later formally engaged as the principal project manager. As the project developed, other private entities regularly attended the steering committee such as the architect, legal advisors and various specialist consultants, but it was the council, ULC and EHI that were the main drivers of the project and started the master planning process.

The steering committee was not unbiased as all parties invited onto it were sympathetic to a social housing outcome so the possibility of omitting this objective was never considered. However, they were all experienced in different ways with social housing and residential development projects and would support the council to achieve a viable and cost effective result. All members were also experienced in working with local government and the private sector so were comfortable in their role.

An insight into the commitment of the steering committee members is that they were not tied to the project by any financial or contractual arrangements although each party was paid for specific work conducted on behalf of the project. A lot of their time given to the committee and general advice was pro bono.

The relationship between CoPP and EHI came close to a partnership when the land title was transferred to EHI just prior to the tendering process. This was achieved through a Section 173 agreement of the Planning and Environment Act 1987 that

\(^{41}\) Minutes of Steering Committee meeting No. 19, 3 October, 1998: File 44/03/10-10
\(^{42}\) personal interview, Peter Williams, 2005
restraint EHI from acting in any way in relation to the land or project without the specific request or approval of council. EHI could receive no more than transaction costs and reasonable management fees for this role or it would forfeit its benevolent institution status and thus projected tax savings would be lost.

For about eighteen months the preferred tenderer was in a working relationship with the steering committee as they formulated a consolidated bid acceptable to all parties. Once achieved the title was transferred from EHI to the developer. The title document was again linked to the master plan via a Section 173 agreement and contract of sale that meant no changes could be made to the master plan without the approval of council. This contract formed a joint interest between the council and the developer but one that returned no direct benefit to council beyond the agreed land value. Council documentation refers to this contractual arrangement as a joint venture but the term is used very loosely as the Section 173 agreement clearly states in paragraph 20.6: ‘Nothing in this Agreement shall be taken to constitute a partnership or joint venture between Port Phillip and the Owner’.

As noted, council’s only control over the final construction was based in the contract of sale and Section 173 agreement. As part of the contract a working party was established, on which council was represented, to review any proposed changes to the master plan.

**The evolution of a development model**

Having established in Chapters 2 and 3 a historical and political context for the council’s ongoing involvement in the project, why the particular model used was adopted will be more apparent. In the early stages it was clear the council did not have a definite model in mind. The large size of the site (1.2 hectares) was actually one of the challenges as development of a site that large would be expensive and requires extensive planning. It had already been rejected for public housing because of the size. A second approach council considered was to use part of the site for public housing and offer the remainder to the ULC. It was only after council moved to continue the role of the defunct St Kilda council as a direct provider of social housing that it was able to consider being the developer, or at least the owner.
Chapter 4 Conceptualisation, Master Planning and Risk

of some community housing on the site. The rationale for this preferred position was verbalised well by ex-councillor Christine Haäg:

Councils have an obligation to their communities and to the generations of the past that have created assets that belong to the City, to keep those assets to some extent...I think the flogging off of assets is a mistake, a betrayal of good governance, and a wasting of community resources...I think you can make good commercial use of land and do that in a socially responsible way in allocating even a tithe of resources back to community use, then you ought to think seriously about that.  

Once the final model started to become clear and it was obvious neither council nor ULC would finance or develop the site the challenge was to ensure the vision would still become reality. A suitable contractual form needed to be used that would bind a developer to a master plan while protecting council against possible losses should ‘disaster’ strike.

**Evaluating development options**

One of the first roles for Ecumenical Housing Incorporated (EHI), as a member of the discussion group, was to prepare an options paper with respect to possible ownership models, legal perspectives and management structures. These would include trust funds, joint ventures, partnerships, cooperatives etc. In conjunction with this, architect Peter Williams from Williams Boag P/L was invited to submit concept drawings for residential development options. According to Mark Whinfield, part of this process was coming up with a wish list of outcomes. The wish list included a mix of social, affordable and high end private units and the inclusion of ecologically sustainable design features. The aim was to cross-subsidise the social housing from private unit sales and state government funding. The initial concept from Peter Williams proposed 255 mostly 1-2 bedroom units and a draft financial feasibility study by EHI suggested 50:50 social/affordable and private mix would be OK.

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43 personal interview, Christine Haäg, 2005
44 personal interview, Mark Whinfield, 2005
The site was first valued at $2.5m in a clean and vacant state, and using this as a basis for financial calculations, EHI was asked to proceed with a full financial feasibility study. The feasibility study determined 221 units with 30 percent (66) social housing units would be possible assuming the Office of Housing purchased approximately half of these.

Included in these cost estimations, however, were two speculative values which could have a significant impact on the project if they were later found to be grossly inaccurate; they therefore needed to be considered as elements of risk. The first speculative value was the inclusion of an estimate of money from the sale of Office of Housing properties in the municipality that was expected to be made available to council. The second was the extent, and therefore cost, of remediation that might be required to clean up the site.  

Based on this feasibility study the first model proposal put to council was that council develop the site through a debt funding arrangement as this would maximise returns on sales of private units. The design and construction would be contracted out and ULC was proposed as the developer. It was also argued that Ecumenical Housing Inc. could be used as a vehicle to hold ownership of the site to achieve best value from a taxation perspective due to its public benevolent institution status. Council approved the finalised feasibility study which allowed the project planning to move to the next stage of firming up all costs and design details but the development model was left open. Roger Bollen from ULC noted that ‘council needed to show on balance sheet the proven underlying worth of the project without putting money into it’.  

Alternative development models continued to be reviewed. EHI performed a comparative analysis that considered options that included: sale of the land outright and spot purchasing community housing from the proceeds; using ULC as the site developer and project manager; entering a partnership with ULC and EHI; and finally CoPP developing the land and taking on all responsibility and risk. EHI made no recommendations but council agreed to pursue the project planning on the

45 Final feasibility study, dated 11 December, 1996, council file 44/03/10-02
46 personal interview, Roger Bollen, 2005
assumption of a tripartite development between council, ULC and EHI.\textsuperscript{47} Even so the Housing Development Officer was asked by one councillor to brief council on why using ULC would be preferable to engaging a private developer. His response was largely based on their track record, the commonality of goals and lower costs.\textsuperscript{48} Roger Bollen\textsuperscript{49} noted EHI’s motivation for remaining attached to the project was their desire to be the developer until they realised they would not be able to raise the amount of money needed for a project of this size so they moved to take up the role of facilitator/organiser.

**Balancing control and risk**

It had taken about eighteen months to move from the first genuine explorations of the possible development of the depot site in early to mid 1996 to the point where council were confident they had a viable project. Council were now ready to pursue a full design and master plan of the project. The master plan would incorporate a number of preferred outcomes beyond social housing, and thereafter allow council to maintain control of the end product. How the end product would be achieved was still not finalised but council had shifted in its thinking from being the developer to a preferred position of tendering out the development to minimise their risk.

Having made the decision to progress to the full master planning of the project the final model began to resolve itself. An agreement based on Section 173 of the Planning and Environment Act 1987 was drawn up to allow the land title to pass to EHI and so legally separate council’s roles as landholder and planning authority to prevent possible conflicts of interest. A Section 173 was seen as the best approach as it had the advantage of binding any other parties such as a mortgagee or future owners of the land beyond what a contract with EHI might do. Not long after this decision was approved by council the option was questioned in that legal advice suggested the high private component of the site might cause it to be seen more as a commercial project and not allow EHI to achieve tax and stamp duty deductions. The matter was clarified by the tax office to the effect that as long as EHI did not act

\textsuperscript{47} File note July 1997, council file 44/03/10-03
\textsuperscript{48} Council document dated 10 September, 1997, file 44/03/10-03
\textsuperscript{49} personal interview, Roger Bollen, 2005
as the developer or profit from its role there would be no problem. The transfer was then executed and held in escrow.

It is worth noting at this point that the Section 173 agreement with EHI, like the final agreement with the developer, clearly stated that this did not constitute a joint venture or partnership as that would have brought the agreement under Section 193 of the Local Government Act 1989 ‘Entrepreneurial Activities’. Council denied they specifically sought to avoid conforming to this section of the Act but a previous negative experience and emails seeking legal advice regarding wording of the agreement suggests they were well aware of what they doing. As suggested by Heidi Dixon, it was simply way too much trouble getting ministerial approval and Treasury and Finance clearance.

Another financial viability analysis based on a new valuation determined 215 units and 70 percent of units being priced as ‘affordable’ would be just viable on a cost neutral basis and even then without consideration of interest on borrowings, and risk uncertainties.

It was about this time ULC made it known they preferred not to act as the construction manager as their experience was as a land developer only. Council also decided against taking on the risk of development. This meant a private developer would need to be brought in and they would want a reasonable return. In light of this, either costs would need to be reduced or income increased to make the project more viable. At this stage the final decision was made to transfer ownership of the land to a developer and receive social housing units to an equal value in return.

Not mentioned till this point is the extent to which risk analyses and probity checks were conducted. These are vital elements to the success of any project. Acting as an independent consultant ULC conducted several risk assessments over the course of the master planning. These had significant impact on the conceptualisation of the project, helped council to resolve not to act as the developer and tighten the Section 173 agreement to further reduce the risk to council.

Probity was fulfilled through regular and detailed reporting to council by the steering committee where both councillors and council officers, aware of their duty of care
and governance, reviewed all decision-making and potential conflicts of interest. As stated above, some councillors, and officers, not entirely happy with council taking on this project, were determined to see that it was kept in check and did not result in a financial embarrassment to council.

**Tendering**

The draft master plan was completed and approved by council. Expressions of Interest were then called for from developers who had been shown the master plan which included the social housing and key deliverables. Developers who submitted E0Is were then invited to tender. The tender documents were comprehensive in that they included a Contract of Sale which revealed all terms and conditions, a draft Section 173 agreement and draft master plan. In essence this agreement required the developer to return to council a number of units equivalent to the value of the land, conform to the master plan and deliver all the key deliverables as part of the Contract of Sale unless otherwise negotiated and agreed with council. In this way council would retain control of the final product. As with the Section 173 agreement with EHI this approach was seen as the most effective way of ensuring the desired outcomes were achieved once the title was transferred to another party as the agreement, once recorded with the Registrar of Titles, became a legal covenant on the property. According to Rob McGauran, architect and advisor to council:

> I have seen it [use of a Section 173 agreement] before and it works well. It is good governance as it clarifies the obligations of each party...There are too many examples where general agreements are made and then do not eventuate in part because of different understandings.\(^{50}\)

He added that it worked particularly well in this case because a lot of discussion took place and the lawyers did a good job of making sure it was readable and clear. From the tender process a preferred tenderer was chosen, and the master plan was refined in negotiation between the developer and the steering committee. Final

\(^{50}\) personal interview, Rob McGauran, 2005
tender documents progressed and the draft Section 173 agreement was also refined.

A Contract of Sale was signed with the preferred developer that included the Section 173 agreement, the consolidated bid (which largely constituted the developer's version of the master plan), and contained penalties for delays, bank assurances etc. The contract gave council, in the form of a working group, rights of review over any later proposed variations from the signed contract. Another two and a half years had passed from the decision to master plan the project to achieve a signed Contract of Sale.

The demands being placed on the development by council were high. One developer's negative response has already been noted and of the many who turned up for an open day only a few lodged expressions of interest and three tendered. Only one of the three tenders conformed. It was suggested by Peter Williams that the only reason the winning developer continued with the process to the point of signing a contract of sale was that he was ‘a bit of a gambler’. Nonetheless council was not deterred by the seeming lack of interest as they had achieved one conforming tender from a developer who was keen to engage with the council to achieve their master planned vision.

Throughout the period of negotiating the full terms and conditions of sale and finalising the master plan with the developer the significance of building strong working relationships and mutual respect was reinforced by Gary Spivak, the council's Housing Development Officer. At times the negotiations became very tough and close to breaking down but the good relationships that had been achieved meant discussions were able to continue in a reasonable fashion and common ground could be found. It was also critical in these times that the steering committee had a very clear and agreed vision as to the purpose and value of the development and were not prepared to compromise on the key elements. Once the developer understood the committee’s position, haggling over those key elements ceased and future discussions concentrated on other aspects of the plans.  

51 as above
52 information drawn from a number of personal communications and council documents
From the beginning there was a desire to see social housing of some description on the depot site as evidenced by the first approach to the Department of Infrastructure to offer the site for public housing. There was little question that a prime site of this size in the middle of St Kilda would be used for any purpose other than housing (although other options were put forward) and if council were to have some input into the finished product, a mixed social-private development was the preferred option.

In the mid 1990s, when the Inkerman project was first mooted, social-private occupancy in a salt and pepper style was relatively new to social housing: in fact in a medium density development of this nature initiated by local government it was unique in Australia. Mixed social-private occupancy had been tried in the USA for both revitalised public housing estates (Popkin et al., 2000; Rosenbaum, Stroh & Flynn, 1998) and the ‘Moving To Opportunity’ program. Follow-up research has revealed varying degrees of success, and these mixed results are further supported by the extensive neighbourhood effect literature (see for example Bauder, 2002). Research conducted by Gary Spivak into mixed social-private occupancy in California – some salt and pepper, others not – revealed a range of successful developments (Spivak, 2000). In Australia, however, the results of mixed social-private occupancy resulting from public housing renewal projects are varied (Arthurson, 2002) though very few post-occupancy surveys have been conducted. St Kilda itself was a socio-economic mix and the housing association already owned community housing in apartment blocks with private owner-occupiers and renters so they would not be breaking new ground in that respect.

Caution needs to be exercised here however, to ensure the comparisons being made are between apples and apples, so to speak. Neighbourhood renewal and the introduction of social mix into existing public housing estates are different concepts from building mixed social-private occupancy into a new development in middle class suburbia. In Australia community renewal projects were underway in an attempt to revitalise older public housing areas, which usually included the sale of some housing to tenants and higher income earners (who frequently became absentee landlords) in the hope of increasing social capital and opportunity for social housing tenants (Wood, 2003). In the case of Inkerman Oasis, the community
housing element was to house existing residents of St Kilda who might otherwise be forced from the area.

On a much smaller scale an earlier project in St Kilda, that makes an interesting case study in its own right, was initiated by the Uniting Church and demonstrated the viability of mixing social housing with commercial and private use. This involved an unused worship centre and manse. The church wanted to retain part of the site for social housing and sell the remainder for private development to help pay for the social housing. This process was being held up by a heritage listing that prevented the site being subdivided. It was adjacent to a business and shopping area and there were many offers from businesses and developers to buy the land but that would negate a social housing outcome. Mark Whinfield, Peter McEwan and Peter Williams joined forces to work on the site. The ULC bought the site and were able to have it rezoned. A master plan was drawn up and the site sold on the market with the concept plan. The finished development included conversion of the manse to a rooming house, special units were built for schizophrenia sufferers and these were integrated with commercial units. The worship centre was then converted to two apartments. The site went on to win a design award against some stiff competition. According to Peter Williams the people who bought in didn’t know there was an element of social housing attached and probably wouldn’t have done so had they known, but it worked OK. ‘People who live in St Kilda seem to be able to cope with that sort of thing’, he explained. Peter McEwan believes that the success of that site was an example for Gary Spivak to draw on in obtaining council support for master planning the depot development and seeking to have a social housing element.

The difference in the case of the Inkerman Depot site would be the extent of that social mix in both number and percentage terms as the original vision was for between 30 and 50 percent social housing. While the final number of 32 units came to only just over 13 percent (the reason for this is the basis of later discussion) this was still seen as a good result and the total impact of these social units on the overall occupancy is negligible.

53 personal interview, Mark Whinfield, 2005
54 personal interview, Peter Williams, 2005
55 personal interview, Peter McEwan, 2005
From the council’s perspective this was as much about having a demonstration project to set planning benchmarks as it was about social housing. It was also to demonstrate that social mix, good urban design and ESD could be combined successfully and profitably (City of Port Phillip, 2005).

**Conclusion**

This chapter has shown conceptualisation, master planning and risk are significant and complex elements in any project, but all the more so when local government is involved with the private sector. The risk elements are multiplied as a result of council’s relationship with the state government in terms of legislation and regulation. Depending on the level of involvement of the state, and general support within council, the level of difficulty in working within a partnership arrangement with the private sector can vary. However, as most of these risks in the Inkerman Oasis were restricted to the conceptualisation stage they would only impact on the private sector if the partnership commenced at the outset. They do, nonetheless, increase the risk for a council trying to get a project started.

The compelling conclusion from this chapter is the lack of interest shown by developers during the expression of interest and tendering stage. Their limited response suggested that, if left to the market, no developer would have incorporated the various ESD and social housing elements into the design. There are several possible explanations for this alluded to in the chapter, including a sense that social housing would reduce the marketability, the added costs of the ESD elements that would reduce profitability, and the unknown risk associated particularly with the closed water recycling system. Some further discussion is entered into later concerning these issues but it is clear that in order to achieve these forward thinking innovative outcomes in any development at that period in history government intervention was needed, whether that be at state or local level. The added cost of these ESD elements to the project did force the developer to aim to the high end of the market in terms of price for the completed units but no more than other well appointed units in the area, and other factors intervened during construction that only highlight the risk of developing a large complex site.
Addressing more directly the two main questions posed by this research – these being the success and reproducibility of the project – up to the end of the conceptualisation stage the findings suggest the approach taken by the City of Port Phillip was successful in achieving its aims and objectives. The council were able to progress through a process of risk assessment and master planning of a complex project while achieving a high level of probity and accountability to both the state and the community. This process culminated in a contract of sale that bound the developer to return social housing and a number of ESD and urban design elements while exposing council to minimal risk. The disadvantage of this approach was the time taken from first conception to signing a contract of sale so there is an opportunity cost associated with that.

Reproducibility of this model is high but the actual project was a site specific solution. Other site specific solutions can draw on this model to achieve similar outcomes. Essentially it requires high quality consultants, dedicated project champions who are able to stay with the project over its full term, master planning the desired elements and locking these into a well written contract of sale. The use of a Section 173 agreement adds clarity and detail to the arrangement and protects the master plan against future changes in ownership of the title.

The next chapter moves the discussion to the financial aspects of the project both during conceptualisation and on into construction.
Chapter 5

Finance

Of the many components brought together to produce a successful residential development, finance would inevitably be one of the first mentioned and considered. Finance is a critical element of any project and at the end of the day is often the measure against which the success or otherwise of a project is judged.

Given the importance of finance it forms the subject matter of this chapter. The financial structure and arrangements across several components of the Inkerman Oasis project are critically analysed including the sources of funding for the conceptualisation and master planning phases and financing the construction. The analysis also looks at the process of containing costs, and the final assessment – was it a financial success.

Inherent to the financial analysis is the necessity to revisit the concept of risk and risk assessment. Finance cannot be separated from it. Inherently ‘[risk] is at the core of project profitability’ (Department of Treasury and Finance, 2001:16).

Obviously risk also entails ensuring the desired outcome is achieved effectively, efficiently and safely, but it is no surprise loss minimisation is at the top of the list for the Australian Institute of Risk Management (AIRM, 2004). However, in this chapter the emphasis is on the cost of unforeseen risk that impacted on achieving a successful financial outcome.

In terms of assessing what constituted a successful financial outcome one measure is the council’s own project objectives in this regard. These included: to achieve cost neutrality; to get a value for money return from the land in terms of assets and social benefit; and to expose council to minimal risk.

As discussed in previous chapters, economic liberalism, as the dominant policy discourse at the time, was dictating that private investment should be sought for the supply of social and affordable housing, and that government should not be integrally involved as this was not a core business activity. The proper role for government was to facilitate such activity, not to be a direct provider.
This position suggests Port Phillip council, in its role as a social housing provider, was out of step with the state and would be under some political pressure on two fronts: first, to not continue with direct supply of social housing; and second, not to self-fund a major project of this nature. It is argued that these points constrained council’s decision-making as it sought to retain its position as a direct provider of housing and deliberated on the optimal funding model for the Inkerman Oasis.

The chapter concludes with an assessment of the financial analysis against the key research questions.

**Financing the vision**

*The historical and political context*

From the late 1980s funding for social housing provision by the federal government, under economic liberalism, first fluctuated then steadily declined (refer back to Figure 2.1). However, in the early 1980s both money and policy incentives were present to encourage local governments to become involved in the direct supply of social housing. St Kilda council applied for and received government funding from the inception of its community housing strategy in 1985 until its temporary halt in 1994.

Phase 1 of the community housing strategy stretched from 1985 to 1989, and council committed itself to $250,000 per year contribution to a housing fund for three years. Using this fund as leverage council entered into joint venture arrangements with the state government through two now abolished grant schemes known as the Local Government and Community Housing Program which was part of the 1984 CSHA agreement, and the Project Partnership Program. The funding process required council to first identify a housing opportunity, then apply to the state government for funding which would hopefully be made available. This process limited council’s ability to respond to market opportunities quickly enough and there was no certainty the money would be made available. Even so five projects were completed that generated 137 units. The first instalment of $250,000 from council was raised from bank borrowing over ten years. This took place during a period of high interest rates which resulted in costly debt servicing. In
view of this council developed an aversion to debt financing as an option and instead raised funds by charging higher than normal rates on privately owned investment flats and other funding sources where possible (City of Port Phillip, 1995).

The limitation of the Phase 1 funding model was overcome when council entered into Phase II of the strategy which covered the period 1990-95. Council and the Office of Housing negotiated a five year joint funding arrangement. In this model the state contributed two dollars for every dollar contributed by council up to a maximum of $10m. This programmatic approach meant money was available as and when needed for joint ventures between the state and council and resulted in three projects. A fourth project was also completed as part of Phase II but was jointly funded by council and the Commonwealth under the Community Housing Project scheme. Across these four projects 104 accommodation units were produced (Spivak, 2003a). At this point the council was dissolved to be absorbed into the new City of Port Phillip.

Even though relations between the state housing authority and the council were strong and collaborative over this period there were problems resulting from the above mentioned joint ventures based largely on bureaucratic formalities. Problems included issues of ownership, management and allocations, all of which had to be negotiated. One project, the St Kilda railway station redevelopment, ran significantly over budget which resulted in another set of problems for the partnership.

This track record and variety of funding models gave the new amalgamated council (post-1995) considerable experience to draw on as they entered into Phase III of facilitating and providing social housing in the municipality. Even more fortunately they retained their corporate memory and experience in the form of the Housing Development Officer, Gary Spivak.

However, by 1995 the political climate had changed and the five year funding plan was ended. The strong economic liberal stance of the Kennett government meant the council was reluctant to approach the state for funding for this project. Even so this option was not ruled out initially. The main fear was not that funding would not be granted but that the state might intervene and demand outcomes for the land that were inconsistent with council’s preferred position. As such this situation led to
Chapter 5 Finance

council treading very carefully in its dealings with the state where this project was concerned.

Within council itself it is worth reiterating that the decisions taken were often voted for along the lines of division between the more social democratic progressives who held the balance of power, and reformists who were more in line with economic liberal thinking. This form of agenda setting by the dominant group and their ability to control policy narratives and voting outcomes (see for example Fenna, 2004:100) is a constant underlying theme to this thesis (Patton, 2002:100). Jacobs, Kemeny and Manzi (2004:5), citing a number of others for support, also argue this point as evidence that ‘the construction of narrative...the development of coalitions of support and the deployment of institutional resources’ can all be used to ensure a suitable outcome. The key actors that controlled the balance of power were only too well aware the next round of council elections due in 2000 could change that balance. The steering committee and the progressives in the chamber formed a network of power linked by the mayor, Christine Haäg, who fully supported the social housing objective of this project.

**Funding the feasibility study and master plan**

From the first steps towards evaluating a project’s feasibility a source of funding must be determined. In the case of the Inkerman Depot there was no clear concept of who would project manage or act as the developer and therefore who might be the appropriate body to accept the risk of funding a feasibility study. From early discussions regarding disposal or development of the surplus St Kilda Council depot site the Urban Land Corporation (ULC) were prepared to consider developing the land. For this reason the first few meetings were held on their premises and concept drawings and rough costings were funded by them.\(^{56}\)

According to Peter McEwan\(^{57}\) who had moved from the Office of Housing to the Office of Planning and Heritage (OPH) prior to the commencement of this project, Cr Christine Haäg and Gary Spivak brought together key interested people from the ULC, Ecumenical Housing, AHURI, the architect Peter Williams, himself from the

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\(^{56}\) personal interview, Mark Whinfield, 2005
\(^{57}\) personal interview, Peter McEwan, 2005
OPH, and others to get honest feedback as to whether the project was feasible and met government objectives or not. If so it would lend weight to the case put to council by Cr Haäg. Once council agreed then funding could be allocated from the housing fund to progress the study.

Funding a feasibility study in itself aroused no ideological conflict between reformists and progressives within council as this could be seen as a first step in facilitation, direct provision or cessation. Nonetheless, it was taken for granted by the progressives that one of the main proposed outcomes would be community housing which belonged to council. Extrapolating from Mr McEwan’s comments this was why the case put to council resulting from the interested persons’ meetings was important to the progressives as it established the dominant rhetoric that the direct supply of social housing was feasible at little or no cash outlay by council.

As planning proceeded one of the funding models being considered was that council would finance and develop the site. Heidi Dixon, who at the time was with EHI (Ecumenical Housing Incorporated), believed council had the ability to borrow large sums of money through the Loan Council at reasonable rates so that was why they considered being the financier of the project. The one concern for council with this model was that it would bring the project under Section 193 of the Local Government Act as an entrepreneurial activity and that would mean the state government would become involved. This had two ramifications for council – first the Minister for Local Government at that time was ideologically hostile to its direct provision of community housing, and second they had a bad experience with Section 193 over an earlier redevelopment project so would want to avoid that happening again.  

Heidi Dixon also recalled an equally prominent idea on the table at the time was for EHI to develop the site and ULC project manage it. Once it became clear the 1.2 Ha site with the envisioned development was too large for EHI to raise funding, and when council’s potential to act as developer became less certain, the option of using a private developer started to take hold.

58 personal interview, Heidi Dixon, 2005
Despite uncertainties over the project management and construction of the site the council continued to fund the feasibility study and master planning process. It was understood, however, that any funds expended by council beyond an initial allocation of $185,000 would be returned as cash from the sale of the land.\textsuperscript{59} As it eventuated even that allocation was repaid. The broad vision was that council would receive housing out of its equity in the project, and additional social housing would be cross-subsidised by private sales assuming profits from the private sales flowed back to council or EHI.

The experience and expertise of EHI in financial modelling, risk analysis and legal structures for social housing and housing construction generally was drawn on by council who formally engaged them to conduct a cost analysis. Equally important they were able to identify the merits of the project while acting at arms length from council.\textsuperscript{60} The first rough draft in mid 1996 suggested site remediation, design and construction would total about $20m, and $14m would be returned in private sales assuming only 50 percent of the units were sold privately. This left $6m that it was hoped would be contributed from the state and council’s contribution would be $2.1m in land value. This was not an unrealistic belief as the state had contributed almost that much to the St Kilda railway station redevelopment that delivered 56 social housing units while the Inkerman Oasis would deliver over 100 units for social housing and a number of others at affordable prices.

In light of the draft findings council approved funds to conduct a more detailed study and by early 1997, one year into the project, EHI finalised their feasibility study which was tabled and approved by council. Based on the independent site valuation of $2.1m, estimated site remediation costs and unit sales prices taken from sales of nearby properties, the study proposed that a total of 221 units with 30 percent (66) being social housing would be viable. The private units would be aimed at a mix of income levels from affordable to high end. These calculations were also based on council acting as the developer of the site and contracting out the design and construction. Council could then sell the private units as a finished product. The model hinged on the Office of Housing giving financial support to the project.

\textsuperscript{59} Spivak, G. 2006, personal communication, 24 November
\textsuperscript{60} Bisset, H. 2007, personal communication, 12 January
through the purchase of units as this would determine how much social housing could be funded. Costings also allowed for a range of possible tax and duties savings by transferring the title to EHI who had benevolent fund status.\textsuperscript{61}

It was mid 1998 when ULC decided they would not be willing to act as project manager for the construction, although Roger Bollen\textsuperscript{62} of ULC suggested it was never really an option. His position was that ULC’s strength was in land development only, not construction, and he felt the project would be better served with a private developer. This decision was the first of two that really finalised the private developer option as the only viable alternative but it would result in a lower return on the site. This was confirmed soon after when a new site valuation commissioned by council was $5.1m in a clean and vacant state, and a new feasibility analysis prepared by EHI suggested the project was only just viable on a cost neutral basis, would not be able to absorb interest on borrowings, was exposed to high risk and would not be very attractive to a developer hence they would expect a high rate of return. This meant either construction costs would have to be reduced (scrap ESD and other key deliverables) or income increased (units pitched to high end not affordable). The bottom line of the analysis showed total project costs at $32.4m, gross income $39.7m, leaving a profit and risk margin of $7.3m or 22.7 percent return on costs. This did not include the cost of finance.\textsuperscript{63}

The second decision that finalised the external developer option for council was Cr Dick Gross’ decision to no longer support council using debt finance as he felt the risks were too high and it would be better if these were transferred to a developer.\textsuperscript{64}

Because EHI were not able to finance or develop the site either they looked for a new role to take in the project: this role was to help council seek other social housing investors to buy into the estate. As already stated they were very keen to maximise the social housing element of the site and perhaps were still disappointed they could not raise the capital to finance the construction themselves.

\textsuperscript{61} Strategic Planning Committee, 13 May, 1998: File 44/03/10-07
\textsuperscript{62} personal interview, Roger Bollen, 2005
\textsuperscript{63} Land valuation report: file 44/03/10-08; Summary of Development Options and Risk Issues: File 44/03/10-07; Development analysis, 5 August, 1998: File 44/03/10-07
\textsuperscript{64} personal communication with Gary Spivak, 18 December, 2007.
Council had specified in the draft contract of sale that an option for 35 units was to be kept open for six months after the transfer of title to allow time for the state or any other social investors to buy in. The proposed developer, however, was anxious to on-sell all private units in bulk and was pushing council for a final decision on the additional social units. As the state would not commit to buying into the project EHI took up the option on the 35 units with the intention to sell what they could to other social investors and buy the rest themselves. Unfortunately the price offered by the developer was too high which eventually forced them to withdraw. Heidi Dixon later noted that EHI held about $12m worth of assets in trust that they could do nothing with because they had either restrictive covenants or mortgages on them, that is, why they could not raise the money they would like to have spent on this project.  

The role of the state

The concept of ‘state’ as played out in the Inkerman Oasis project is actually quite complex in that there were essentially four state structures or bodies involved – the Kennett state government, the Office of Housing, the Urban Land Corporation and the City of Port Phillip – each of which had some impact on the financing and/or final funding model adopted.

The literature on the social construction of organisations gives useful insight here in its analysis of organisations (in this case government) as multiple sites of conflict (Jacobs & Manzi, 2000) because the City of Port Phillip were acting against the stated ideological position of the Kennett government by formally voting for and was therefore committed to a philosophy of both facilitation and direct provision of social housing. In this role it was being supported by the ULC which was represented on the steering committee for the Inkerman project. The Office of Housing became the proverbial meat in the sandwich because it had been locked into a five year program of funding and joint ventures with the council to build more social housing when the Kennett government came to power. However, it is argued here its actions with respect to the Inkerman project demonstrate an attempt to distance itself from yet another direct provision project which directly influenced the outcome. Supporting this argument is the position held by the then Minister for local personal interview, Heidi Dixon, 2005
government and planning who, more than once, singled out this council for its failure to follow through with government policy\textsuperscript{66} (Spivak, 2000:24).

Of significance to the Inkerman Oasis project was a change in personnel within the Office of Housing that appears to have led to changed attitudes within that department. During the course of the five year plan negotiated primarily between Peter McEwan for the Office of Housing and Gary Spivak on behalf of the council, Mr McEwan moved on to the Office of Planning and Heritage. Similarly Mark Whinfield and Heidi Dixon left the Office of Housing to take up positions in the ULC and EHI respectively. As such the ‘sympathetic’ supporters of Port Phillip and its housing program were no longer in a position to influence decision-making when the Inkerman Oasis project began.

While a joint venture project with the state government was not under consideration the council remained hopeful that at least 50 percent of the funds from the sale of 33 shopfronts and shop top rooms in Emerald Hill (part of the CoPP) owned by the state government as a result of an old redevelopment project, would be used to purchase units in the Inkerman Depot project. Initially it seemed the Office of Housing, who were responsible for the sale, were open to this concept. Encouraging this perspective was a statement by the Office of Housing that they could be interested in purchasing up to 35 units if they cost no more than 80 percent of median market price for that area, but they had not put their signature to paper on this commitment. Nearly a year into conceptualisation in December 1997 a letter from the Office of Housing was still indicating their interest in the site but was suggesting CSHA funds could be available.

After extensive discussions back and forth in an effort to get a firm commitment, on 17 September 1998 a steering committee report revealed negotiations had broken down and the Office of Housing had withdrawn completely not committing to any purchases. This was in part because an acceptable purchase price could not be guaranteed but also because the OoH had never purchased ‘off the plan’ before and had no precedent or procedure to follow. Further, they added that future negotiations over where the monies from the Emerald Hill sales would be directed

\textsuperscript{66} Spivak, G., personal communication, 7 March, 2005
would have to be conducted at a higher level. This notification came after the call for expressions of interest from developers had been advertised which resulted in having to alter and re-advertise the EOI. By May 2000 with the Bracks Labor state government installed the Office of Housing again expressed interest by way of an email saying they would purchase up to six units but still no firm commitment. It is tantalising to suggest this change of heart was a direct result of changed ideology at the state level but there is no evidence to suggest this and the relevant official in the Office of Housing did not respond to requests to be interviewed for this research. Perhaps we have some insight into the decision-making process from a later council memo that noted:

The Office of Housing had rejected the offer [to buy units] under the previous state government without providing reasons but was reapproached under the current [Bracks] state government and is now considering acquiring 4-6 units. When reapproached, the OoH was also concerned that the prices were a little high but after discussion have decided that as they are fixed prices they are becoming more attractive as land values in St Kilda rise and will be considered good value by the time the units are completed and transferred to the OoH.67

On 27 July 2000 council gave a presentation to the Office of Housing regarding the units and on 11 August followed this up with a letter offering options for them to take ten units.68 This ongoing process and the reduction in possible take-up from 35 to none, then back to six and maybe ten was a great disappointment to the Port Phillip Housing Officer who circulated an internal memo stating that he thought the government was not putting its money where its mouth was as he believed the project was in line with government promoted objectives.69 Even more disappointing was that the Office of Housing finally purchased only three units.70 The state’s concern over unit prices was compounded by the impact this had on another social housing provider who expressed interest in buying two units but needed financial support from the Office of Housing to do so. They were eventually only able to buy

67 Council memorandum 1 May, 2000: File 44/03/10-32
68 Documents cited in File 44/03/10-37
69 Letter dated 22 August, 2000: File 44/03/10-37
70 email noting finalisation of contract of sale, 23 July, 2001: File 44/03/10-41
one unit, so of the originally proposed 35 social housing units to be purchased and/or subsidised by the state government, the end result was four.\textsuperscript{71}

As a risk factor for the overall social housing outcome the role of the state with its ongoing vacillation over unit purchases was significant. The council pushed very hard to get a final commitment in writing from the Office of Housing while the master plan was being finalised and the EOI was being drafted. However, rather than commit it can be deduced the state was waiting to see what the final and fixed price of the units would be and when pushed it simply withdrew. The unfortunate part of this was that a great deal of the enthusiasm and progress during the conceptualisation stage was driven by the amount of social housing that various groups were saying they would be able to take up. According to Peter Williams, this equated to pre-sales and a highly viable, low risk project.\textsuperscript{72} Given the level of interest expressed, council could have been lulled into taking a less cautious approach which may have resulted in decisions being made that were detrimental to the project or council. On the other hand another fear in those early days from Peter Williams’ perspective was that if there were too much social housing on site it might end up looking too much like a public housing estate and thus reduce the possible returns on private sales. This in turn would not give the council the returns it needed to subsidise the social housing and ESD deliverables it hoped for. However, it soon became clear this scenario would not eventuate. Had the Office of Housing been prepared to commit itself, a great deal of time, money and effort would have been avoided.

Looking at the failure of the Office of Housing to commit and buy into the project in any significant way Peter McEwan noted that people within institutions are capable of exercising their individual initiative or agency and so can make things happen. He suggested that had he still been in the department, because he believed in the project, he would have found a way to commit the necessary funds but that the incumbent at the time tended to be much more cautious in his approach and followed the guidelines to the letter.\textsuperscript{73} The potential for people who find themselves in circumstances where they can either comply with or resist guidelines is explored

\begin{footnotes}
\item[71] Progress report to council, 19 March, 2001: File 44/03/10-41
\item[72] personal interview, Peter Williams, 2005
\item[73] personal interview, Peter McEwan, 2005
\end{footnotes}
in the work of Marston (2002) and Franklin and Clapham (1997). Both were investigating housing managers and how they went about defining their roles within the conflicting context of social responsibility, economic restraint and more professionalised management practices.

**Other funding sources**

In an attempt to increase the level of social housing and to meet an identified need in the community, early in 1997 council applied for a grant to fund a residential and community care facility on site but were unsuccessful.

In March 1998 the Old Colonialists Association had preliminary discussions with the steering committee about supported aged care accommodation. These discussions led to a formal letter from them expressing interest. This raised hopes since the earlier application for funding for a hostel had not been won. However, since the master planning process had progressed quite a bit trying to fit in a separate and stand-alone block was not feasible and possibly not viable. In an attempt to meet their needs they were offered a complete floor or wing of a building which they felt would be acceptable. It was not until well into the consultation stage with the preferred developer, that is, February 2000, that the Old Colonialists changed their mind and withdrew. Their stated reason was that they had expected to be offered discounted prices (subsidised) and could not afford the units otherwise. According to Peter Williams, separately owned and maintained accommodation of this nature was not a goal Williams Boag sought as it would not build community. By this he meant the salt and pepper mix of tenures was for the purpose of breaking down any ‘us and them’ mentality. He felt the basic model was a big site that council would not have control over so these concepts had to be built in and a separate building just for supported accommodation would work against that.74

One of the key ESD elements for this project was the inclusion of an on-site black and grey water treatment facility to recycle the water for use in toilets and irrigation. By late 1998 negotiations with South Eastern Water Ltd (SEWL) and the Environmental Protection Authority (EPA) concerning this option had stalled. The innovative nature of on-site waste water treatment meant there was no precedent

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74 personal interview, Peter Williams, 2005
to follow and therefore no apparent way forward. The costs and guarantees involved in obtaining a permit from the EPA were prohibitive. Dropping the black water component offered no real savings either. Council had hoped that treating the water on-site would eventuate in reduced head works charges from SEWL but it was argued any overflow or disruption to the treatment plant would go to the sewerage system so there was no justification for reduced charges. The hoped for saving from SEWL would have contributed significantly towards offsetting the cost of the treatment plant, thus making its inclusion in the project more attractive to a developer.

The tenacity of Gary Spivak and other members of the steering committee as champions of the project became evident here as they sought to have their vision become reality. Not wanting to drop the on-site water treatment from the ESD, in 1999 council applied for a grant under the Coast and Green Seas program as the treatment plant would reduce the amount of stormwater entering the bay. Again, unfortunately this application was unsuccessful resulting in the removal of the water recycling from the mandatory key deliverables.

The treatment of grey and storm water was later revived for several reasons and included in the master plan and two sources of funding became available to help pay for it. Throughout the negotiations over the water recycling with SEWL, the health department and EPA, Garry Kerans from Eco-Villages who designed and built these recycling systems was able to point to similar examples of water recycling that were safe and effective. The second intervention was initiated by Cr Liz Johnstone who came across the concept of referring to the system as a ‘pilot’ which put it in a different category for the bureaucrats. According to John Scriven from SEWL, the necessary legislative changes were then made which meant they were able to become involved.

Funding for the water system first came from a grant amounting to $267,214 via the federal government’s Living Cities Project for an urban stormwater initiative. Some time later towards the end of the process SEWL decided to offer a

75 personal interview, John Scriven, 2003
76 Council file note January 2000, file 44/03/10-29
77 Council file 44/03/10-32 collected papers
sponsorship of the treatment facility in the form of both a financial incentive of $125,000 and a contract to monitor and maintain the system for six years.\(^{78}\) SEWL were interested in studying the facility with the aim of reproducing this form of on-site treatment on other large development sites.\(^{79}\) While these grants made the treatment plant viable a further input of $25,000 was required by the developer.\(^{80}\) Not logged in the council documentation was a further $50,000 that was raised to help offset costs. This came from council and other parties that were not named.\(^{81}\)

**Controlling costs**

A great deal of what was achieved by the steering committee was a function of individuals who, while representing various organisations, brought with them their own enthusiasm and support for the project. The likely benefit to ULC and EHI as organisations was minimal. The organisations were paid a consultancy fee for work performed by their representatives but a lot of the time these individuals gave to the project was not billed to the council and was therefore paid for by their organisations.

According to Hal Bisset, who was then part of EHI and contributed to the project, it came down to not only the commitment of individuals but also a corporate commitment to allow them to continue in their role and pay for their time.\(^{82}\) This type of social investment could only be made because they, both individually and corporately, believed in what Port Phillip were trying to accomplish in this demonstration, social-private mixed development. Their unpaid time contributed greatly to the project’s financial viability for council.

Similarly, Peter Williams estimated commercial rates for his company would have come to about $500,000 up to the final schematic design stage. As it was, only a fraction of this was charged.\(^{83}\) The legal firm used by council also found ways to

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78 Letters from and to SEWL on 5 March, 2001 and 5 June, 2001: File 44/03/10-45  
79 personal interview, John Scriven, 2003  
80 personal interview, Michael King, 2003  
81 personal communication with Gary Spivak, 18 December, 2007  
82 personal communication, 12 January, 2007  
83 personal interview, Peter Williams, 2005
charge less for their services by using their lower paid staff to do work that was within their capability and not charge for some of the informal advice.\textsuperscript{84}

Even with the many cost savings achieved the cost of consultants and subcontractors during the conceptualisation and master planning stage reached an estimated $624,000. While the council may have been prepared to grant some or all of this extra funding over and above the original $185,000, achieving cost neutrality was a preferable option by the steering committee to keep council and financial managers on side.\textsuperscript{85} It had been hoped there would be some residual value from the land beyond the value of the community housing units that would serve for cost recovery but a cost analysis based on the proposed developer’s estimates meant this would not be the case. In order for council to reclaim their costs two options were open to it: to return community units to the developer equal in value to their financial outlay, or delete design elements as necessary.\textsuperscript{86} On 4 August 1999 a letter from council to their solicitors requested they append to the contract of sale the return of three 2 bedroom units to the developer equal in value to $624,000 with an option to buy one or more back if cost savings could be found.\textsuperscript{87}

Concurrent with these negotiations was an additional cost incurred by council for the remediation of the site. After considerable deliberation council chose to do the land reclamation itself so as to maximise the land value. ULC estimated remediations to cost $1.7m based on soil tests and was contracted by the council to project manage the work.\textsuperscript{88} Council also negotiated with the developer that the cost of remediation would be refunded to them as a separate cash payment on a fixed quote basis and that payment would be deducted from the land sale price. The final cost of remediation work was just over $1.4m allowing council to buy back one unit.\textsuperscript{89}

During negotiations with the OoH and the developer, council reduced the number of optional social housing units from 35 to twelve. They were hopeful the OoH would

\textsuperscript{84} email from G. Spivak to G. Oulton, 2 September, 2004
\textsuperscript{85} Spivak, G. personal communication, 24 November, 2006
\textsuperscript{86} Document: Discussion of proposal from the preferred developer, 28/4/99: File 44/03/10-19
\textsuperscript{87} Taken from council file 44/03/10-26
\textsuperscript{88} Council file 44/03/10-25 contained documents relating only to remediation work exclusively
\textsuperscript{89} Council memorandum 1 May, 2000: File 44/03/10-32
now take up ten units leaving two for other social investors. Once the OoH settled for only three units and one social investor bought a fourth, council, through EHI, still held the option on the remaining eight. In an effort to increase its financial returns council proposed to sell the remaining eight units at full market value through the developer and reclaim the value difference. The developer was not happy with this suggestion and rejected it.\textsuperscript{90}

The final costs and returns reveal the council received more for the land than they had estimated, approximately $7.9m. In addition, their own costs were lower than estimated at about $650,000 and they made a significant saving on the remediation work of some $270,000. As such all costs were recorded as having been adequately recovered and council retained 28 apartments for community housing out of the 300 they originally planned.\textsuperscript{91}

**Private funding and partnerships**

In recent years the amount of research devoted to approaches that are open to governments to attract private funding of, and institutional investors to, social housing has been significant. Many of these concepts have been covered in earlier chapters but typically they explore fixed rate debt or bond options (Berry, 2002), equity options, use of a stock exchange listed company (Allen Consulting Group, 2001), government subsidies or tax concessions for institutional investors (McNelis, Hayward & Bisset, 2002), to name a few, while others simply review how they see the strengths and weaknesses across a range of options (Shelter NSW, 2002; Brian Elton & Associates, 2000).

Many of the above options envisage a partnership arrangement between the private investor and a social housing entity that may be a housing association, a local government or state housing authority. In any case the policy implications are clear, if social housing is to be made an attractive option for private finance, while ensuring the ongoing cost of capital is kept low for the operator/owner, then a number of new subsidized initiatives need to be activated primarily at the federal government level.

\textsuperscript{90} Council file note 9 May, 2000: File 44/03/10-32
\textsuperscript{91} email, 19 June, 2003: File 44/03/10-52
However, federal government intervention is not essential for all major projects and is dependent on the size, cost, profitability, funding base, risk, and many other variables that need to be considered when undertaking such projects. Alliances, fixed price contracts, joint ventures, as well as public-private partnerships are all being used throughout Australia at local government level to finance and construct major infrastructure projects.

The Inkerman Oasis project needed to be self-funded, that is, the community housing and master planning had to be funded by the land value. Contributing to this outcome would be savings to the builder that would reduce the cost of construction – the cheaper the cost per unit the more units that would be funded by the land value. Additionally, the cheaper the units the more attractive they would be to other social housing investors. While relieving council of the risk the downside of using a private developer would be a lower proportion of social housing and/or key deliverables because of the possible higher cost of finance and their need to make a profit.

While the cost of borrowing for council was never tested against private finance the cost of public borrowing has been a strongly debated issue for some time. Arguments from both the private sector and governments influenced by economic liberal thinking maintain the private sector can borrow money cheaper than the public sector, with counter arguments put by analysts, academics and commentators such as Peter Fitzgerald, Graeme Hodge and Kenneth Davidson to name a few (Fitzgerald, 2004; Hodge, 2004b; Davidson, 2003).

The basic argument against private financing is the premium charged by the private sector to cover transaction costs, risk and the cost of capital. The argument continues that the public sector comparator that compares the cost of public against private borrowing to ensure the state is achieving value for money is unreasonably weighted against public borrowing (Fitzgerald, 2004:23). To prove his case Fitzgerald noted that both Europe and the UK have, over time, reduced the risk and cost loading factor to be in line with empirically based evidence rather than theoretical assumptions. The argument continues that in the case of one-off type projects empirical comparative data is not possible and it is these one-off projects that probably do carry the highest risk and are valid candidates for private
financing. The other projects such as schools, most public buildings, and road construction are all low risk and have a high number of empirical risk and cost comparisons to draw on.

Based on Fitzgerald’s arguments, the recognised innovative nature of some aspects of the Inkerman project and the associated level of risk that include an increasingly unpredictable housing market at that time would all suggest the council was wise in passing the financial and construction risk to a developer. Events since that decision was made support the council’s action, not only to pass on the risk but to insist on the financial guarantees they did in the contract of sale as will be shown below.

**Contract of sale and financing**

The finance arrangements and guarantees required by council in order to protect its equity in the project were, in the words of Roger Bollen from ULC, ‘quite draconian.’ Council was very aware the one asset it had, and therefore the one bit of leverage it could use in this project, was the land. Once the land was sold and the title transferred the end result could well be out of their control. The conditions laid down in the Section 173 agreement under the Environment and Planning Act 1987 (Vic) were to ensure the development progressed according to the master plan. The contract of sale required the developer to lodge a Section 173 with the Registrar of Titles so a memorandum of the existence of the Section 173 agreement was made on the certificate of title. The obligations imposed by the agreement would then become a covenant on the property regardless of owner, representatives etc. The contract also required both parties to accept the agreement as binding even if it did not constitute the proper subject matter of a Section 173 agreement under the Act.

Financing the purchase and construction was up to the developer but the council required a bank guarantee for an amount equal to the agreed value of the units and car parks owing to council, to be reduced in stages concurrent with sign-off of each completed stage of the development. In the event of termination of the contract due

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92 personal interview, Roger Bollen, 2005
93 Part 17, Contract of Sale: File 44/03/10-47
to default by the developer, council retained the right to a range of possible compensation options commencing with recourse to the bank guarantee but failing that, claim specified financial damages or seek the return of the land for the agreed value less costs. The financier is given the option to take possession of the title and complete the project or assist the owner to complete any outstanding parts of the project, none of which reduces Port Phillip’s entitlement under the agreement. Should either the developer or financier, in the case of a default, seek to sell the land it cannot do so without informing Port Phillip and the new proposed owner must meet the requirements of Port Phillip stated in the agreement and be prepared to sign an equivalent agreement.\(^{94}\)

As is evident, without citing from the contract at length the council took every possible step to ensure the construction of the site would progress as planned and its equity and entitlements would be preserved against all possible circumstances. What could not be guarded against was the added financial and time delay costs should the developer default while a new contractor or developer was found who could complete the project. Whether all these costs could be reclaimed from the bank guarantee is difficult to tell.

**The cost of unforeseen risk: construction, Henry Kaye and market changes**

Inkerman Developments signed the contract of sale for the Inkerman St depot site on 10 September 1999 and settlement occurred on 30 June 2000. At that time Melbourne’s housing market had been undergoing a boom for several years. The boom followed an earlier market collapse that started in 1989-90 and prices in some areas almost halved in the wake of this collapse. From about 1993 onwards allowing for considerable spatial variability, the market entered into a steady climb. Median rental and purchase prices for apartments and units in inner Melbourne showed signs of stabilising from 2001/2 onwards at two to three times their 1990 prices. Figure 5.1 for example, compares unit/apartment prices in St Kilda in the purchase and rental markets. Purchase prices moved from $112,000 in 1989 at

\(^{94}\) Deed, that forms Section 173 agreement, November 2000: File 44/03/10-41
the height of the previous boom to $290,750 in 2002, and both 1 and 2 bedroom rentals also doubled (Landata, various years; Office of Housing, quarterly publication).

**Figure 5.1 Median purchase and rental price for units in St Kilda, 1990-2004**

In 2000 there was uncertainty in the housing market mainly due to the impending introduction of the GST and an unsettled stock market. It was this uncertainty and the need for pre-sales before construction could commence that prompted a letter to the City of Port Phillip from Michael King the Development Manager in April 2000 requesting a speedy decision on the number and selection of optional social housing units. The developer had decided to contract the sale of all the private units in bulk to a property investor, Henry Kaye, who would market and on-sell them.95 Nonetheless, as the graph in Figure 5.1 shows prices rose dramatically in St Kilda over 2002 jumping by almost 24 percent. By mid 2003 the Inkerman Oasis units had been on sale for about two and a half years in conditions of high demand and rising prices and under normal circumstances it seems reasonable that all necessary pre-sales would have occurred but this was not the case as will be elaborated shortly. Also by this time, according to the original contract construction

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95 Council memorandum 1 May, 2000: File 44/03/10-32
should have been finished, but wasn’t, and unit prices around Melbourne were again patchy – still rising in some locations but beginning to fall in others (Maiden & Keenan, 2003; Harley, 2003). The decline in the market impacted directly on the Inkerman project as noted in the Australian newspaper where Maurice Dunleavy wrote:

Nearly 300 apartment developments across Melbourne were either abandoned or deferred indefinitely in the 12 months to September. Independent valuer LandMark White predicts that there will be more project failures as an oversupplied Melbourne apartment market teeters because of a combination of a weakening market, runaway construction costs and planning bottlenecks...The [LandMark White Benchmark] report pinpoints some of Melbourne’s most high-profile apartment sites as no longer economically viable. It identifies St Kilda’s Inkerman Oasis, with a proposed 133-apartment complex across five levels, as having been placed on indefinite hold by owner Inkerman Developments Pty Ltd (Dunleavy, 2003).

Of course it was only referring to stage two on hold as stage one was complete and Dunleavy should have said so, and planning was not an issue, but the remainder was sadly true. Unfortunately for the Inkerman project, a number of events culminated in the project not getting past the first of the two planned stages of construction by mid 2003.

Construction on the site did not begin until late December 2000 and Stage 1 was expected to take about one year. After many delays Stage 1 was completed in May 2003 and the council took ownership of its first 15 units on 10 June, 2003. Part of the delay was that the developer did the infrastructure and underground car parking work for the whole site before starting on Stage 1 buildings. Stage 1 also included recycling an existing three storey brick building for residential use which was more complex than anticipated. The remaining delays were put down to inclement weather, trouble obtaining contractors in a building boom, and work hour restrictions due to the construction occurring in a residential area, as was cited in a number of steering committee reports. Alternative explanations that were more

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96 email from G. Spivak to all councillors announcing settlement, 10 June, 2003
internally located were given by the project manager, and a consulting architect who also noted that other buildings across the city were being completed on time.97

Table 5.1 Timeline comparing construction dates and median unit prices with Henry Kaye events

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Unit prices in St Kilda</th>
<th>Construction plan</th>
<th>Deadlines in deed</th>
<th>Actual construction progress</th>
<th>Henry Kaye events</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$232,890</td>
<td></td>
<td></td>
<td></td>
<td>contracts to sell units</td>
</tr>
<tr>
<td>2001</td>
<td>$235,500</td>
<td>First stage construction</td>
<td>Stage 1</td>
<td>Construction stage 1 expected completion 12-14 mths</td>
<td>ASIC warns investors</td>
</tr>
<tr>
<td>2002</td>
<td>$290,750</td>
<td>Final stage</td>
<td>Stage 2</td>
<td>Extension till March 2003</td>
<td>ASIC acts against NII</td>
</tr>
<tr>
<td>2003</td>
<td>$280,875</td>
<td></td>
<td>Stage 1 completed</td>
<td>Next construction stage delayed until mid 2005 - insufficient presales completion date now 2007</td>
<td>Inflated valuations revealed</td>
</tr>
<tr>
<td>2004</td>
<td>$285,000</td>
<td></td>
<td>Total completion</td>
<td></td>
<td>Deal with GIO revealed</td>
</tr>
</tbody>
</table>

Source: Valuer General; council documents; ASIC and newspapers.

Unfortunately for Inkerman Developments the delays in construction of Stage 1, and the collapse of Henry Kaye’s empire which impacted on the sale of units, brought the project into the time when the market for multi-unit apartments in Melbourne had stalled. Kaye defaulted on his contract having on-sold 121 of the 197 units and the remaining 76 units reverted to the developer.98/99 The developer embarked on a new marketing campaign with a focus on owner-occupiers but the market was still sluggish so achieving the number of pre-sales required by the bank before it would release funds was a slow process. It was not until May 2005 that

97 personal interviews, Michael King, 2003; Peter Williams, 2005
98 Letter from Michael King to G. Oulton, 20 October, 2004
99 The Henry Kaye saga is described in some detail later in the chapter
Inkerman Developments were able to refinance and achieve adequate pre-sales to commence construction on the first of three buildings in stage II. Table 5.1 sets out these events on a timeline to highlight the coincidence of the delays against the movements in median unit prices.

Riding the real estate boom of the 1990s were a number of property investors and seminar ‘spruikers’. One such person was Henry Kaye who ran property investment seminars where he on-sold apartments he had bulk purchased off the plan to eager seminar clients.

On or about 26 May 2000 one of Henry Kaye’s companies, Oasis Investments P/L, exchanged contracts with Inkerman Developments to buy 197 of the planned 238 apartments in the Inkerman Oasis. These apartments would then be on-sold to attendees of his property investment seminars. The apartments were not actually sold but rather the full deposit was underwritten by deposit bonds purchased by Kaye through Deposit Bond Australia, a division of GIO.

**Henry Kaye – The unforeseeable risk factor**

Deposit bonds, according to a representative from Deposit Bond Australia, ‘enable investors to buy a property under construction for one percent of the purchase price rather than the normal 10 percent’ (Porter, 2001). The bonds are a form of guarantee that the purchaser will pay the full 10 percent deposit on settlement. If the purchaser defaults the bonds are insured for the full deposit value. In the case of investors such as Henry Kaye who were contracted to buy the units the aim was to on-sell the apartments before completion and settlement was due. In a rising market experiencing high demand on-selling is easy and the apartments can be sold at a profit and the entire process takes place without the original investor (Kaye) having to risk large sums of money. Not all the details of the contract between Inkerman Developments and Oasis Investments are in the public domain but under normal circumstances it could be expected that if the apartments are not sold before settlement then Henry Kaye would have to settle the full deposit price. Equally, one of Kaye’s selling strategies was to encourage his investors to take on

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100 email dated 25 May, 2000 stating they intended to sign the next day
the deposit bonds with the possibility of selling before settlement and themselves making a profit with very little outlay (Perinotto, 2003a; Kohler, 2003).

The use of deposit bonds meant that theoretically neither the developer nor the bank were at risk in relation to the marketing and sales of the apartments, this was taken on by Henry Kaye. As it turned out though, the developer and the bank were at risk as Henry had done a special deal with Deposit Bond Australia. Again the full facts are not in the public domain but it appears the bonds were issued in his name or had his name listed as the financier but Kaye waived his right to claim against GIO in the case of a default, effectively making the guarantee of the bonds worthless (Gadens Lawyers, ; Perinotto, 2003a; Garnaut & Button, 2003).

In 2001 during the construction of Stage 1 the Australian Securities and Investments Commission (ASIC) was starting to pay closer attention to the activities of Henry Kaye and others like him. There were concerns over potentially misleading and unsubstantiated claims being made in advertising and during his investment seminars. Acting on these concerns ASIC warned potential ‘converts’ to property ‘get rich quick’ schemes to take care (Australian Securities & Investment Commission, 2001). There is no evidence that this effected Inkerman Oasis sales at the time as Henry Kaye and his National Investment Institute (NII) were not specifically mentioned by ASIC but they were getting some attention from the press (Porter, 2001; Perinotto, 2002a; Perinotto, 2002b).

Stage II of the development was expected to commence soon after the completion of Stage 1 and again take about one year. Delays began immediately. Inkerman Developments entered into new discussions with Henry Kaye over Stage II apartment prices, they re-tendered the building contract, and some time later they also had to find another bank to finance the construction.101

In August 2003 it was reported that Kaye had been using inflated valuations in order to sell his properties. Inflated valuations apparently came about by valuers basing their valuations on incorrect information supplied by Kaye or his companies. The inflated prices served two purposes. For Kaye it meant when he on-sold to his seminar clients at a ‘discount’ he was still selling at or above the real valuation. For

101 Typical examples of these discussions were found in emails dated 5 September, 2003 and 9 March, 2005
the purchaser buying at an inflated price in a rising market was not necessarily a problem provided they held on to their investment long enough before selling, but when some tried to sell before settlement hoping to make a quick profit, or when the banks insisted on separate valuations before making loans available, the purchasers found the market was paying below the price they had contracted (Button & Mottram, 2003). The closer the market came to peaking the less prices rose, meaning purchasers were unlikely to recover the marked up prices they paid.

**Figure 5.2 Henry Kaye teaching a naïve property investor about property rip-offs**


By September 2003 the secret deal was revealed between Kaye and insurance company GIO. As noted above the deal left both the developer and the bank exposed. Further, it would have invalidated the contract between the developer and the bank had there been a need to act on the deposit bonds. Fortunately all units, bar six, in Stage 1 were settled, and these six were returned to the developer for sale on the open market (Perinotto, 2003b; Button & Garnaut, 2003).

Simultaneous with these events ASIC had commenced investigations into Kaye’s company National Investment Institute, and in March began proceeding against NII for alleged false claims (Salmons, 2003). The outcome of this action was the
liquidation of NII in May 2004 (Australian Securities & Investment Commission, 2004).\textsuperscript{102}

With the unravelling of Henry Kaye’s empire, and the expiry of a sunset clause on sales in the remainder of the development, not to ignore the softening investment market, Oasis Investments did not proceed with contracts for these apartments (Harley, 2003). The remaining 76 unsold apartments were returned to the developer who pursued an independent marketing campaign to sell off-the-plan on the open market. However, by this time, mid 2004, the name of Inkerman Oasis was so well linked to the failed Henry Kaye through television and newspapers it was an obvious liability. To avoid the damage this connection would have on pre-sales the new marketing campaign rebadged the development as D’LUX apartments.

Why did Inkerman Developments engage Henry Kaye? The answer to this is not complex. Clement Lee, a director of the Inkerman Oasis consortium, had used Kaye successfully in a previous project to sell a high percentage of those apartments off the plan. It seemed logical to use him again in the Inkerman Oasis project and thus speed up the guaranteed presales needed to release bank finance (Button & Garnaut, 2003). Had there not been extensive delays in construction and the entire project was completed on time, there is good reason to believe most, if not all, apartments would have been on-sold while the market was still rising and before the Kaye house of cards collapsed.

This whole Henry Kaye incident raises again the issue of economic liberalism’s approach to both free market operation, and resistance to market regulation. It is a matter of conjecture whether either ASIC or the ACCC would have acted sooner had the dominant ideology been different. It’s no wonder <crikey.com.au> and others were calling for a wide ranging investigation and questioning of the role of key players (Brailey, 2003; Perinotto, 2003a).

The social construction of the housing market is clearly exemplified in the Henry Kaye saga. It seems almost inconceivable that during the housing boom of the late 1990s and early 2000s a handful of these property marketeers were able to

\textsuperscript{102} These key time points with respect to NII are noted in Table 5.1
strongly influence a submarket as large as the inner urban multi-unit real estate market in Sydney and Melbourne. This reflexive process of learning to interact with and to some extent gain a level of expertise in manipulating what others see as an uncontrollable market is what Giddens (1998) sought to theorise.

However, Henry Kaye would never have been able to run his operation without a lot of others wanting to believe they could also play the game and become involved in get-rich-quick schemes (Perinotto, 2002b; Button, 2003). He promised a dream and hundreds of people climbed on board to the point that headlines such as ‘How Henry Kaye fuelled the property boom’ (Button & Garnaut, 2003) appeared in major newspapers. The working relationship between Henry Kaye and Clement Lee also contributed to the events, a relationship that continues today through other Lee companies, Wyndham Waters estate and Asset1 (Houston, 2006).

Reflecting back on Table 5.1 it can be seen that over the 2002-03 time period when construction should have been well underway and eventually completed, and median prices were still rising, Kaye was in full, unhindered operation with ASIC and the ACCC still ‘asleep at the wheel’ (Brailey, 2003). Even though the housing market was becoming more patchy it was still strong during this time and sales may have gone even better if the apartments were being marketed at their correct valuation rather than the 15 to 20 percent inflated prices being charged by Kaye.

While a climbing market meant Henry Kaye was able to pre-sell apartments at inflated prices it actually worked against the developer as he was constrained by a fixed income based on his contracted selling price to Henry Kaye while the strong real estate market and economy continued to increase construction costs. According to Roger Bollen 103 of ULC, David Moodie, director of the other Inkerman Developments consortium partner Contract Properties, used a consultant to help do the numbers for the tender but the market didn’t go where they expected. It seems reasonable then that it would have been in his best interests to complete the construction as quickly as possible but this did not happen. This revealed itself in constant requests to the working party for changes to the master plan and negotiating and renegotiating with subcontractors as the developer tried to reduce

103 personal interview, Roger Bollen, 2005

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costs. Council documents indicate that while some time extensions were approved stage 1 still finished some nine months late on those extensions. Those nine months could have made a significant difference in the timing of events as they unfolded.

**The bottom line**

It is difficult to assess the final outcome of the total project from a financial perspective because two of the six buildings remain unbuilt. However, the council has title to its 28 apartments so that aspect can be evaluated.

From mid 1996 to mid 1999 the Depot site value shifted from $2.5m to $7.5m in a clean and vacant state and sold for $7,941,500 in December that year. No comparable land sales data could be obtained to determine the value of the deal for council. This was due to the unusual size of this parcel of land in the St Kilda area. However, the price was marginally above an independent valuer’s indicated price and well in excess of the council’s book value on the land.

Council outlays through the conceptualisation and master planning of the site had been reduced from an estimated $750,000 to about $650,000 excluding council’s own time inputs, while the remediation, quoted at $1.7m came in at $1.43m due to savings.

In terms of final assets and costs, the council finished with 28 apartments said to be valued at $5.845m based on the market value of the units in 2000 in return for land with a book value of $5.2m, i.e. a $645,000 profit.\(^{104}\) In June 2000 when the Contract of Sale was settled the prices for the units received by council were $179,000 for 1 bedroom, $227,000 for 2 bedroom, and $255,000 for 3 bedroom units.\(^{47}\) There was no price given for council’s 4 bedroom unit. The remainder of the sale price was a cash payment of $2.085m for remediation and the two units returned to Inkerman Developments, plus allowances for fees, interest etc.\(^{105}\) This covered all council’s cash outgoings but certainly would not have covered the cost of council officers’ time and effort. Also not covered in this simple calculation is the lost time of access to the apartments due to construction delays.

\(^{105}\) email from G. Spivak, 19 June, 2003: File 44/03/10-52
In response to a question from a councillor asking whether council had obtained value for money from the project, an email sent on 19 June 2003 noted the retail value of the first 15 apartments, for which they had just received title, had risen to an estimated $6m compared with their 1999/2000 value of $3.1m. The argument put was that this was well in excess of the median market increase for the St Kilda area.

In order to check this analysis the local real estate prices were reviewed and five units were listed for sale in both Inkerman Oasis and a new adjoining apartment block. These units had prices ranging between $280,000 and $450,000 for 1, 2 and 3 bedroom units which would not equate to a doubling of value as suggested by the $6m figure but would be more in keeping with a 50 to 60 percent increase. Renovated apartments in the local area were selling for about $100,000 less per unit. Another real estate review in 2005 showed priced had remained quite stable though there appears to have been another sizable jump in 2006 with 1 bedroom units in the new building C being offered to the market at about $350,000.

However, the question must be asked whether a rise in market value is the best or a true indication of value for money? What if the market had fallen as it did in 1990, would this indicate council did not get good value? The only meaningful figure is what council paid when it signed the contract and was it value for money at that point in time, and it appears so. Valuer General median price for units in St Kilda (postcode 3182) in 1999 was $200,000 and $232,890 in 2000 as indicated in Figure 5.3 (Landata, various years). In June 2000 the council paid an average of $208,750 for units that would rate as being above average quality. Another approach to assessing value for money is by asking; could the council have obtained a better deal selling the land outright and spot purchasing units on the open market?

This latter issue was raised and addressed by the council in its report, ‘City of Port Phillip Community Housing Program: Towards 2005’ (2000:84). The report presented both costings and arguments which in summary states that there would be a potentially higher return in terms of number of units if they were spot

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106 Spivak, G. 2003, Email to fellow councillor, 19 June: File 44/03/10-52
purchased but this would be offset by a wide range of other costs such as transaction fees and modifications to meet community housing standards. Equally there would be the loss of high level ESD features, some of which reduce maintenance and running costs.

An alternative argument posed is that if the land had been sold and the proceeds used to leverage other state contributions then an even higher return could be expected in terms of the number of units. The argument against this approach was the assumption that such contributions would be achievable and that the actual value of state contributions could not be calculated as there is no clear policy regarding such arrangement with the Office of Housing. In addition the resultant outcome would depend on OoH targets for the area.

Median prices jumped by approximately 20 percent in 2002 (see Figure 5.3) accounting for some of the ‘added value’ that was reported in 2003.

**Figure 5.3 Median unit prices in St Kilda postcode 3182 and the Melbourne metropolitan area, 1998-2004**

It must also be considered that if council had chosen to sell the land outright and spot purchased at any time in the period after amalgamation they would not have received the money to do so until after a settlement period. There would then have been a further delay while waiting for suitable units or a block of units to come onto the market. In a rising market as shown in Figure 5.3 buying power is constantly
falling. The concept of buying a block of units would very likely have been ruled out as, according to Heidi Dixon,\textsuperscript{107} ‘social integration, housing diversity and choice’ were aims sought by council after the previous projects which all focused on stand-alone social housing sites. In a flat or falling market the buying power of available money would remain the same or improve, but this was not the case from 1995 onward. The argument, like the market, is highly speculative but with the wisdom of hindsight it is clear council would almost certainly have lost out following a strategy of selling the site to spot purchase later.

Other arguments have also been put that lesser key deliverables would have made the project more affordable, attracted more developers to increase competitive pricing and meant higher returns to council.\textsuperscript{108} Council could have spent less on consultancies and contract work if they were not so keen to have such a high level of control over the project and develop a master plan to the level of detail they did.\textsuperscript{109} However, these assume the only outcomes sought by council were those of social housing at no economic cost, but from quite early on in the project this was not the case. They also sought a demonstration project that included environmental and social outcomes, hence the pursuit of ambitious deliverables and the necessary control to ensure they eventuated.

The unvalued benefits to council and the community that set this project apart from a run-of-the-mill residential development included: a high density of 194 units per hectare without resorting to a high rise tower style construction as used by most developers; a bicycle storage area in the car park equal to two to three car park spaces; 611 square metres of public open space on the site equal to 5 percent of the site area; a reduced ecological footprint due to ESD that included on-site water treatment; the inclusion of integrated public art at the developer’s cost; and a demonstration project that sets a new benchmark for planning and design.\textsuperscript{110} According to council all this points to a profitable and successful outcome.

\textsuperscript{107} personal interview, Heidi Dixon, 2005  
\textsuperscript{108} personal interview, Peter McEwan, 2005  
\textsuperscript{109} personal interview, Roger Bollen, 2005  
\textsuperscript{110} email from G. Spivak, 19 June, 2003: File 44/03/10-52
Socio-political explanations

Through the course of this discussion it is apparent both economic liberal and constructionist arguments are relevant and so are drawn on to highlight and situate the events that transpired as these occurred at several levels simultaneously and could equally be argued that either actor-structures or state-market forces were driving many of the events.

The constructionist position is evident in the way members of the project steering committee formed part of a network of power with the progressive counsellors but at times they were in conflict with each other over possible preferred funding models. The desired result to maximise the social outcomes while achieving financial viability reflects a negotiated balance of dichotomous narratives along principles discussed by Kemeny (2002) or the reconciliation of competing visions through interaction and discourse (van Krieken et al., 2006:660). In true reflexive interactionist form the final structure comprising physical, social and financing options needed time and negotiation to be conceived. Underlying these negotiations was the common fear of financial failure. Risk was an element that needed constant attention as other poorly planned or managed projects entered into by other councils had been devastating for their municipalities financially and Port Phillip was very much aware of these.

The ideological position of economic liberalism is that the market should respond to demand, but market failure is inevitable in some markets. When it comes to affordable housing the market perceives the low income rental sector as non-viable due to low rent returns and high risk. The social constructionist critique of this ideology is that the state has become fixated on limiting its market intervention to the neglect of a social problem. The focus needs to shift to the social problem as one of structural poverty created by market failure so the government has a role in market correction (Jacobs & Manzi, 2000). The solution to this impasse seems to be government intervention through incentives to the market such as subsidised land, government underwriting more of the risk, tax advantages, guaranteed margins etc. which results in a form of hybrid model.

Whether the model is then defined in terms of its conformance to economic liberalism’s preferred position on funding of projects or demonstrates a form of
post-neoliberal reality will depend on one’s political stance (Ruming, 2005; Brenner & Theodore, 2002; Peck & Tickell, 2002). The land title, after contracts were exchanged, was owned by a private sector developer and the development was owned and paid for by the developer. However, the council has a vested interest in terms of its out-take of units so continued to hold non-core business assets.

**Conclusions**

This chapter draws attention to a number of lessons that could be learnt from the project. First and foremost is the value of a good sound contract that limits risk to public money as risk comes in many shapes and forms, even after the sale of land in which the public retains some commercial interest. When dealing with such a variable market factor as real estate, even though in the longer term real estate in the inner city will almost always return a profit, short term losses can look bad. As such, firm time frames based on quality market predictions need to be established.

The introduction of Henry Kaye into the mix with his inflated valuations made the investment market even more volatile than it needed to be and was no more under the control of council than was the housing market demonstrating the reality of unforeseen risk and the need to factor it in. Even with a tight contract the council still stood to lose something in the deal had the developer walked away from the project, and this remains a risk factor with the site incomplete.

Certain criticism has been levelled at the council for the degree to which it master planned the project and added highly ambitious deliverables over and above the social housing. From a financial perspective this criticism has been shown to be lacking substance as many of the deliverables were achieved at little or no cost to the council, while the value of the housing returned to them was close or equal to median market prices for the quality of unit delivered.

The ultimate funding and construction model settled on was largely dictated out of concern for risk and a preferred position of not wanting to go into debt financing. Council does not appear to have achieved any less in their social housing and argues the other key outcomes have a high social value. Further, the community housing is of a very high standard and has a new benchmark for the construction of community housing in the future.
Two sustainable arguments do remain however. The first is the failure of the developer to complete the construction so council’s ‘demonstration’ project continues to have question marks over just what it is demonstrating. The second is the high cost of the units when they were offered off-the-plan which was a real deterrent to other social investors and limited the overall social housing outcome. The first of these criticisms is out of council’s control and totally dependent on the developer. The second sits squarely at the feet of council as they placed demands on the developer that ate into the overall profitability of the project that could only be recuperated by high unit prices.

The end result may find the private developer making a loss on the project largely due to construction delays, marketing problems (Henry Kaye) and the unpredictability of the real estate market. Attempts to blame council for blocking certain cost cutting measures sought by the developer are unsustainable. In fact the council allowed a number of changes to be made, including the addition of at least six units to assist the developer achieve a more profitable result.

Returning to the research questions driving this thesis the essential financing model is certainly reproducible although finding a developer willing to take on a project that was so heavily controlled by a local government body may be difficult. Port Phillip briefed over 30 developers and only three submitted expressions of interest and one then submitted a complying tender. Perhaps a slightly different approach as explained by the architect Peter Williams\textsuperscript{111} that set less lofty aims would have attracted more expressions of interest, and therefore possibly better commercial outcomes. This would then allow final details to be work shopped as did in fact happen to a lesser degree in this instance.

This research into the financial costs and end result of the project has been unable to fault council’s argument that they did achieve good value for money. The argument is further enhanced by the uncosted key deliverables, especially the public access, returned to the community. Admittedly some of the financial grants and incentives will be difficult to reproduce given they were based on the innovative nature of the work, but equally costs will have come down and the barriers

\textsuperscript{111} personal interview, Peter Williams, 2005
encountered by the council have been breached. The project certainly proved the inclusion of social housing was not a negative for the financial outcomes of the project even though it acted as a deterrent to many developers, and now stands as testament to the financial viability of mixed social-private occupancy developments. Finally then, it is concluded that while the project was financial sound and successful against council’s criteria, lessons can be learnt from the way Port Phillip approached the financial considerations surrounding this project.

The discussion will now move on to an evaluation of survey findings from local businesses and residents both pre- and post-occupancy, and opinions of key stakeholders on the outcomes and lessons learnt from the project.
Chapter 6

Stakeholders’ Insights

The previous two chapters of this thesis have considered the project from what might be termed a project implementation perspective: that is, Chapter 4 reviewed the conceptualisation and master planning stages while Chapter 5 then looked at the finances and aspects of construction. The current chapter progresses the evaluation of the Inkerman Oasis case study by reviewing it from the perspective of the stakeholders themselves. Based on stakeholder impressions the chapter has a distinct emphasis on outcomes and lessons learnt.

In addition, while the data used in preceding chapters was largely secondary or drawn from the extant literature this chapter completes, as it were, the triangulation of data being predominantly primary data. Discussion includes the results of questionnaires conducted with local residents and tenants, but this chapter also draws extensively on personal interviews with individual key stakeholders. These stakeholders are referred to later in this chapter as project specific stakeholders and are listed in Appendix 2. It is their personal and direct involvement in this project that classifies them as stakeholders, or that they had some vested interest in the outcome.

However, it is the stakeholder’s relationship with the project that itself presents a methodological problem. According to Patton (2002:306):

> Interview data limitations include possibly distorted responses due to personal bias, anger, anxiety, politics, and simple lack of awareness...[and] are also subject to recall error, reactivity of the interviewee to the interviewer, and self-serving responses (see also Sarantakos, 1998:198).

Many of these limitations apply equally to questionnaires and any or all could have been present. Wary of this possibility, the researcher cross checked information where possible. For example, interviewees on the steering committee seemed intent on highlighting the positive outcomes while downplaying the fact that the construction was incomplete and several years overdue. In response, comments
about the delayed construction raised by those who were not as supportive of the project were noted and given voice. The above comments are not to infer interviewees purposely lie about their experience or the events surrounding the project, but arguments based on the social construction of reality tells us that people continually construct and reconstruct their sense of reality, while bias and other factors will play a role in the emphases in their narrative. Given many of the events being recalled occurred several years previous distortions are also inevitable. So, ‘any notion of “truth”, then, becomes a matter of consensus among informed and sophisticated constructors, not of correspondence with an objective reality’ (Patton, 2002:96).

The chapter returns to the key research questions to ask; if the model were to be reproduced what can other councils or similar bodies learn from the experiences of Port Phillip council and others involved in the project; and, did the end product deliver a quality development incorporating the key outcomes sought by council, particularly affordable housing. The answers to these questions are drawn from the interview and survey data of those living in residence and other stakeholders to give a first hand insight. Needless to say many of these findings are moderated by the failure of the developer to complete all the construction.

Local resident and business surveys

Local residents and businesses were deemed to be stakeholders for several reasons, albeit their role is somewhat peripheral to the development model which is the central focus of this research. These ‘locals’ were considered to have a vested interest in both the planning application and completed site because of the potential impact this development would have on their local area and businesses. Of particular relevance, these stakeholders had the power to organise and block planning approval if they were opposed to the project. Objections could have been based on perceptions of over development, aesthetic concerns, overlooking of adjacent properties, the inclusion of community housing, or even council’s involvement in the project.

Council had held community consultations as part of the planning process and the council records revealed the general feedback was good with very few objections
being lodged. The survey was deemed valuable to independently confirm council’s findings that there was limited community resistance, and perhaps gain a deeper understanding of the broader issues as perceived by the community. It is also reasonable to assume that not everybody gets to express their individual position in community meetings and this survey would allow them that voice. As a final impetus, local objectors are a prime concern for developers and other councils considering duplication of this project may find value in the results of a survey of this nature that is independent of the council.

Data gathering commenced early in the research program when construction on the site had been underway for over twelve months and stage one should have been completed and occupied. Stage one comprised all necessary infrastructure, the underground car park and three buildings at the rear of the site marked as D, E and F on the site plan. No buildings were complete but the outer shell of each was finished so part of the site had visual impact. It was at this point surveys were conducted of local businesses and nearby residents to gauge their reaction to the project.

The local resident survey consisted of a letter box drop to approximately 280 dwelling in the area bounded by St Kilda Road, Barkly Street, Inkerman Street and Carlisle Street (area inside blue line in Figure 6.1). The majority of residences were located in the south eastern sector as shown in Figure 6.1 by the purple line and those facing Carlisle Street are all multi-storey units while the other streets contained many detached and semi-detached dwellings. Outside the purple area were a number of businesses, and light industry. As can be seen from Figure 6.1 the 242 units proposed for Inkerman Oasis, and the very size of the site, suggested it would have a local impact. Reflecting on the choice of survey area it should be noted there were no residences on the other side of Inkerman or Barkly Streets. In addition, even though those dwellings facing Carlisle Street and St Kilda Road at the south eastern end of the area were unlikely to be directly affected they were within the area contained, as it were, by major roads and so were being given the opportunity to express an opinion or simply not respond to the questionnaire.
Figure 6.1 Local resident survey area and construction site

Red area is the construction site,
Blue demarcates the local resident survey area,
Purple is area containing 100 percent housing with the remaining area a mix of housing and businesses,
Green indicates the position of businesses interviewed.
Source: www.land.vic.gov.au

The questionnaire (see Appendix 4) was accompanied by a letter of disclosure and a postage paid return envelope. Four homes from different parts of the local area were selected and contacted personally to pilot the survey and critique its content. As the feedback resulted in minimal changes and the information returned was appropriate, these responses were included in the final analysis.

A total of 29 responses were received or approximately 10 percent. This was considered a good response as the 2001 census data revealed 47 percent of local residents were private renters who, from previous postal survey experience, have been found to ignore postage that is not personally addressed (a further 19 percent did not give either their tenure type or landlord in the census and are more likely to be renters). The low interest of private renters was demonstrated in that only 9 responded while 17 respondents were owner-occupiers, the other three did not state their tenure. About one third of the respondents had lived in the area for less than 5 years, another third 5 to 10 years and the remaining third more than 10 years. Nonetheless, 29 responses is not a large number and cannot be considered
a fully representative sample of the local community, therefore the results must be viewed with a degree of caution.

In brief (for more detailed results see Appendix 8), most respondents had either positive or neutral feelings about the development, its design features, and the impact it would have on the area. The biggest cause for concern was current and future traffic and parking congestion. Most respondents thought the development would eventually impact on housing prices and rentals in the area, while some thought it may already have done so as they had recently had a rent increase but could not say whether it was directly related to the site.

Very few of the respondents had attended the public consultation meeting, mostly because they didn’t recall hearing about it or did not live in the area at the time, but said they probably wouldn’t have attended anyway. Those who did attend said they had felt their concerns were listened to and they had a good chance to air their views. Regarding land use the majority agreed or were neutral that it was a good use of the land as was the use of a partnership type arrangement with a private developer (the actual details of the relationship were not as relevant as the fact that council did not fund the project).

Regarding the community housing component of the development, the majority were aware of it (62 percent), and either felt it was a good thing (48 percent) or were neutral (30 percent). Only 7 percent saw it as a negative.

Affordable housing was defined at the beginning of the survey in the following way: ‘The term “affordable housing” used in this questionnaire refers to a proportion of the units that will be owned by the council and managed by the St Kilda Housing Association Inc.’ Overall 59 percent felt there should be more affordable housing in the inner city while 10 percent thought there should be less. The remainder were split between maintaining the status quo or no opinion.

A survey of local businesses in the immediate vicinity (as indicated in Figure 6.1) was conducted face to face by approaching the owners/managers who were asked for a brief interview. This resulted in eight interviews. The types of businesses included two cafes, an art gallery, a paint shop, a machinery and plant hire, a smash repairer, a handbag importer and a hotel. The hypothesis behind the interviews was that this new development was another step towards the
gentrification of a less well developed part of St Kilda and those businesses that were light industrial in nature might find themselves being driven out. Cafés, on the other hand, could expect a boost to business.

All interviewees expressed what could only be described as a lack of interest in the development from a business perspective although they all believed it was a good thing for the area generally. Most were aware of the community housing component but again had little to say about it. They generally felt the development was typical of what was happening in the area in terms of gentrification. Beyond these generalisations a few specific business situations stood out. The importer facing onto Barkly Street was selling out to a developer who he thought would convert the warehouse to apartments (it backed onto the Inkerman Oasis site) but he said he was not being forced out, rather he needed to expand and was moving to a more suitable site. He felt all industry would eventually be pushed out of the area as more ‘yuppies’ and ‘dinks’ moved in. The owner of a building next to the importer had been a mechanic and the building an automotive workshop. He said he saw little future for his workshop so he had converted it to a café and apartments with the work only recently completed. He would not say whether his decision was influenced by the planning approval given for the Inkerman Oasis or not.

While not a business in the commercial/industrial sense the Prostitutes Collective of Victoria has its head office almost opposite the Inkerman Oasis site, and Greeves Street that runs down one side of the Inkerman Oasis site is well known for its street prostitution. In this interview the interest was on whether the prostitutes had reported any changes for them since construction had started. It appeared they had reported a greater police presence and they believed the developer was keen to have them moved from the area so they would not negatively influence potential sales.

The findings of these two surveys gave some interesting insight into the project for several reasons. They supported the council’s claim that: there was very little resistance to surplus council land being used for a mixed social-private occupancy residential development; the social housing specifically was not a factor in most
people’s minds; and the use of a public-private partnership\textsuperscript{112} was an acceptable vehicle to achieve the desired outcome. A further issue was the reasonably high understanding of what the development was seeking to achieve thus demonstrating that council had kept the community informed. According to ex-councillor Liana Thompson this was something she thought the council could have done better as it was an important step in achieving a successful outcome but seemingly they were better at it than she thought.\textsuperscript{113}

What was surprising about these findings was the lack of interest generally in the project especially from business owners and more especially the café owners. Given the proximity of the cafés to the development surely the potential increase in customers would be an exciting prospect but both said they would wait and see. It was also expected other local businesses might be concerned that their continued presence would be under threat due to the gentrifying influence of this project and therefore they would express some concern or resistance to it but this was not the case (see interview notes, Appendix 9).

The local residents generally were more concerned about the increased traffic than anything but also hoped it would reduce the street prostitution and associated street crawlers.

It was clear that both residents and businesses were very aware of the project and its potential impact on the local area. Therefore, in light of these findings, and contrary to the growing NIMBY factor, the project as a total package had no real opposition, and in fact was largely supported by the respondents. This may have implications for the value of mixed social-private occupancy developments in that they dilute the social housing and thus reduce objections. Council’s previous rooming house projects where social housing is the only product on site have suffered from NIMBYism by local residents.

\textsuperscript{112} At the time these surveys were conducted I was of the understanding the council had entered into a PPP or formal joint venture so worded the question to reflect that.

\textsuperscript{113} Personal interview, Liana Thompson, 2007
Chapter 6 Stakeholders’ Insights

Project specific stakeholder interviews

A complex project of this nature involving both public and private entities requires the involvement of many key actors. In an effort to gain as much first-hand insight into the processes, outcomes and lessons to be learnt one-on-one interviews were arranged with as many individuals as were willing to make themselves available. Interviews were unsuccessfully sought with the directors of Inkerman Developments, from the solicitors who acted on behalf of council and the regional manager for the Office of Housing who appears to have been the decision-maker regarding unit purchases. Of the seven serving councillors between 1996 and 2000 one has passed away, two could not be contacted and one did not respond to a request. The remaining three were Christine Haãg, a Turn the Tide councillor; Liana Thompson who was an ALP endorsed candidate but sympathetic with Turn the Tide; and Liz Johnstone was an independent but voted with the two reformists on direct provision of housing issues.\(^\text{114}\)

By way of addressing the stakeholder’s reflections the interview material has been divided into a selection of critical elements in the process of achieving the final construction. These elements include: the relationship with the state; the choice of land use; project management; the process of decision-making; the model; outcomes; and lessons learnt. The remainder of this section is divided under these elements as subheadings.

Relationship with the state

The political context at the time and its influence on decision-making was one enduring theme broached by many who worked on the project, especially those on council. The councillors interviewed all agreed it was a difficult time and the Kennett government put a lot of stress on the newly amalgamated councils to conform to the government’s stated direction and policies for local government. One such policy was the capping of rates for a two year period and the only way some councils were able to do this was by selling assets, so assets were looked at very carefully. From start to finish Port Phillip’s relationship with the Kennett ministry was shaky

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\(^\text{114}\) Individual interviews are not cited in this section.
and so possible interference in their affairs was a constant factor that had to be taken into account and thus had an impact on the final model used for developing the site and to a limited extent, the outcomes achieved.

A better relationship with the state at this time may have encouraged council to look more seriously at the option of borrowing or going into a joint venture with the state to develop the site themselves, but these options were ruled out. However, the reality was that the political climate at the time meant they had to walk carefully, not ask for too much or expect too much from the state. The main sticking point of course was council’s aim to continue their role as a direct provider of community housing and this was a sought after outcome on this site, and a secondary concern was that the Minister may have pressured council to sell the site with or without encumbrances. He had already ‘told council he would not remove the state imposed rates cap for Port Phillip until council returned to core roles including terminating the community housing program’.  

Land use

Land, especially a very large piece of vacant land, has the capacity to be turned to a multitude of uses. The fact that council decided to use this land for housing is important as it represents the first successful outcome of the project. The proposal could have been rejected by council, the CEO or the Minister. Equally it could have been rejected by the community but it passed these tests.

It appears the debate in council concerning land use was not a long one but it was intense. Other land use options were raised and one such option mentioned by ex-councillor Liz Johnstone was to retain the depot as a transfer rubbish station. The value in this option was to service the eastern end of St Kilda and reduce travel for both residents and rubbish collection vehicles (ecological value) to what would be the only remaining rubbish collection site situated in Port Melbourne at the opposite end of the municipality. Once this debate was settled Ms Johnstone said she believed the next best option for the site would be parkland which would have offered a social benefit to the relatively high density population in that area. The nearest park was only a short distance away but already had a lot of pressure on it.

115 Spivak, G. 2005, personal communication, 7 March
and was on the other side of a very busy road. However, she admits to not having raised latter option as she was too well aware that the majority on council had ‘jumped quite quickly to the development option and as a site to achieve affordable housing’ and was unlikely to be moved. Once the concept of housing was voted on and passed, the vision of a successful project that demonstrated council’s position on good sustainable development became a shared one. However, the debate over councils desire to achieve a social housing outcome remained an issue.

Ten years down the track Ms Johnstone believes that as a demonstration project for council the outcome is good but even so other options may have served the community better in the long term.

Ex Cr Christine Haäg also addressed the issue of land use. Her first point was that community owned assets should not be sold off and council’s should try to keep at least a part of it in community hands. She also argued that councils have a duty to set high standards in all things and that included land use. And her last point was that councils should find ways to facilitate social housing in their community where they have land that can be applied to that purpose. This last is not surprising because, as a ‘Turn the Tide’ supported councillor, one of her stated purposes in standing for council was to stop or at least reduce the rate of loss of affordable housing in the area, and where possible help achieve more to offset the losses.

As the focus of this research was mainly on the model, the land use perspective was a secondary one, but it was raised again during a conversation with the Housing Development Officer for Port Phillip. He commented that few inner city councils have vacant land that could be turned to this use, but they do have access to air space above council car parks and suitable buildings. In this sense an exact replication of the model under study would not be a solution but the general process of master planning, funding and a social housing take-out would be.

**Project management**

Local government’s capacity and skill to manage significant projects, especially in conjunction with private industry, was a topic that brought some clear differences of opinion from the interviewees. History has not shed councils in a favourable light in this regard. Ex-Cr Liana Thompson noted that ‘we are not overwhelmed by success
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stories, we are actually underwhelmed by them.’ The failure of Liverpool council’s redevelopment project being one such example (Liverpool City Council Public Inquiry, 2004), and a string of others identified by the Local Government Division’s report into entrepreneurial activities (Local Government Division, 2000:Appendix 2). However, this project can essentially be divided into two parts, pre- and post-land sale.

The pre-sale stage incorporated conceptualisation, design and collaborative refining of the design with the preferred developer. Project management during this stage was largely in the hands of a steering committee acting on behalf of, and under the direction of council. The post-sale stage of project management was totally in the hands of the developer, albeit within the framework of the contract of sale and Section 173 arrangements.

It is difficult to see how the council could have had any influence on management of the project once the title was transferred to the developer but there are lessons to be taken away from this post-sale stage for other councils. The first of these is to be sure the contract is tightly written to avoid any unpleasant surprises. As Roger Bollen (ULC) pointed out, ‘The legals were necessarily complex in order to ensure council was not at risk at any time. The contract was actually quite draconian in order to protect council.’

The second lesson is that council did play a role on the periphery by requiring the formation of a working group. The role of this body was to maintain the integrity of the master plan; hence the developer had to refer any proposed changes to the working group on which council, in conjunction with their consulting architect, had a majority vote.

The final lesson is that, should a council enter into a formal partnership with a private developer they do not abdicate responsibility but continue to exercise due diligence in all things. Inkerman Developments made some unfortunate decisions in the early stages in an effort to try and cut costs, which cost them dearly. Had the council been in a formal partnership with them looking over their shoulder and asking questions the outcome could have been very different. Obviously a relationship of this nature would have exposed council to greater risk.
Of more relevance to this project is the early stage when project management was largely in the hands of the council. There was general agreement from those consultants who served on the steering committee that the process worked very well. Peter Williams summed up many of the expressed opinions in his comment that it is more complicated working with a council but some things eased the process. One such thing was having the mayor on the committee to voice council’s concerns so obstacles could be cleared as you go. Another was the very collaborative environment created as each member brought their own insights, needs and agenda, but all with the same aspirations for the site.

Adding to these thoughts Rob McGauran (McGauran Soon) believed councils should be given greater flexibility to select a preferred developer, somebody they want to work with, as a lot of time is wasted. This could be similar to the UK model where they have a preferred developer list and they run an open book. Some competition is still possible between preferred developers.

Most, including Peter McEwan as an interested outside observer, made special mention of Gary Spivak and the role he played as being indispensable. Heidi Dixon summarised this feeling: ‘The project is a testimony to Gary’s tenacity and dedication. To develop a contaminated inner city site is complex so a key aspect is the need for dedicated resources, that is, full time people like Gary…It also needs the dedicated focus and input from specialist teams like EHI and ULC.’ Roger Bollen also added ‘Gary now understands the developer’s perspective a lot better.’

It was not all pats on the back though. A number of the consultants and observers made at least passing reference to the amount of detail that was entered into during the master planning process. Gary Spivak was recognised as a details person, a trait that served the project well but also meant the master plan presented to prospective developers may have been burdened with a bit too much detail. It was felt this, along with the social housing and high ESD expectations added to the disinterest in tendering by a good many potential developers.

The above themes were echoed somewhat by the councillors interviewed. All agreed that Gary Spivak had developed excellent project management skills over time that were brought to bear on this project such that having a project champion like Gary was a real strength. Moderating her response slightly Ms Johnstone felt that Gary
was still learning on the job as this was not his area of training or expertise and this was not necessarily a good thing. Gary Spivak himself acknowledged he learnt a lot on this project.\textsuperscript{116} Adding a cautionary note Ms Haäg recognised other councils may not have such in-house experience and talent, in which case they may have to consider contracting out that role.

Gary Spivak did not manage all aspects of the project and some was contracted out to ULC but he quite specifically did not want all aspects of project management contracted to them as some people would have preferred. Gary felt it was council’s responsibility to guarantee delivery of the expected outcomes and this could only be assured if he, on behalf of council, was largely in control. Adding to this he stated ‘with such a complex project, my role would still be extensive no matter how involved the ULC to monitor protection of council’s interests. So from a resources perspective, it would not have saved much time for me and risked an error due to too many persons involved.’

In fact Gary goes on to note ULC were engaged for initial project management ‘up until completion of the developer tender process.’ The cost involved in extending their contract beyond that was seen to be a major consideration as the council’s take-out would have been further reduced.

On another front Gary commented that the close working collaboration between he and Christine Haag that was one of the strengths of the ‘team’ and a success factor for the project became a concern for the then CEO, Anne Dunn. Gary was not sure what lay behind her concern and could only surmise that it concerned matters of probity and influence between elected councillors and council officers, but she specifically spoke to him about maintaining more distance. Gary spoke privately to Ms Haäg about this and they continued to work closely, though a little less visibly.\textsuperscript{117}

Problems encountered were not over looked by the ex-councillors either. Ms Johnstone and Ms Thompson agreed that setting clear aims and objectives in the early scoping of the project could have been better done and so avoided the uncertainty and delays created as they explored development and funding options. They also identified issues with the balancing of control and accountability. In

\textsuperscript{116} personal communication 21 November, 2003
\textsuperscript{117} personal communication with Gary Spivak, 18 December, 2007
respect of this they thought council should have let the expert consultants get on with the job of deciding how to fund the development and determine what was achievable and affordable.

Ms Haäg was more positive about this aspect of the process and argued that council had brought together a good team and had project champions. She noted past experience and successes to support this argument.

Overall though they all felt the project was successfully handled and later problems were outside council’s control.

Decision-making as part of the project management process was a separate point of discussion. Everyone who addressed this issue agreed that this is a slow and tedious process where councils are involved because of public accountability. Accountability essentially means there can be no ultimate decision-makers on the spot for architects, builders or other consultants to deal with for a quick response. All significant decisions necessarily must go back to the chamber.

Ms Haäg thought having the mayor on the steering committee helped but even so the process was still torturous. What she felt helped most was to have a good team of consultants to advise council so decision-making could be quicker and easier.

Liana Thompson had some special insight into this topic. She had worked for a while in London so I asked if she was familiar with the UK model of preferred developers mentioned by Rob McGauran and if so how well it worked. She replied: ‘Yes I am familiar with it and it’s not unlike what we have at Ballarat council [her current workplace] called “panel of providers”, so you have already been through a process of selection but you have your favourites and those are the ones you deal with. So you can easily do it. That process in London works very, very well because they are people you have a shared language with and an understanding.’

The project model

If council had brought into the process a preferred developer with whom they had worked earlier, it may have made a difference to the time taken to develop a master plan but they may also have been talked out of attempting a lot of the sustainable key deliverables they achieved. Roger Bollen (ULC) noted the key deliverables list and contract structure made it all too hard for most developers who withdrew after
the briefing for expressions of interest. The council was not prepared to budge on any of the deliverables especially the social housing mix which was very new then and highly unattractive to developers. Following Mr Bollen’s comments it is an interesting hypothetical as to how a developer working with council at the conceptualisation stage would have dealt with these suggestions.

The basic model used by council consisted of drawing extensively on external consultants and master planning the development to include social housing and the best of sustainable development elements. The master plan was then written into a Section 173 agreement of the Planning and Environment Act (1987) and locked in by way of an encumbrance on the title. Because a range of perspectives on this basic model have been addressed in detail in previous chapters only a few of particular interest raised by the interviewees will be discussed here.

The possible reproduction of this model to achieve similar outcomes for a local government was queried by Heidi Dixon who thought this would be complicated by the cost of consultants as many of the development team were giving their time at or below cost in the interests of seeing a social housing outcome. This position was supported by a later communication with Hal Bisset who had also worked with EHI at the time. While some of the cost of consultancy was covered by Port Phillip, Mr Bisset saw EHI’s contribution as being largely one of adding social capital. In contrast to this position Peter Williams thought there would always be people willing to reduce their costs and do some pro bono work to help bring about a social housing outcome.

Both architects, Peter Williams and Rob McGauran liked the use of a Section 173 agreement. Peter Williams was the designing architect so he liked it because it locked in their design concepts. Rob McGauran was the consulting architect advisor to represent council during the finalisation of the master plan in consultation with the developer and also during construction and he argued it gave clarity when design disputes arose, and he saw it as good governance. Mr McGauran added that he hadn’t seen a better model for local government. ‘It ensures the quality of

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118 2007, personal communication, 12 January
deliverables and especially in this instance where they were to be beneficiaries of that and their reputation was linked to the site.’

Jon Hickman was CEO of the council when the project was first being discussed. He could have played a bigger role in decisions being taken but felt he had his hands full with other more pressing issues. He was not averse to the site being used for housing, even including social housing but he too believed council’s role was as a facilitator, not provider. His recollection was the the Urban Land Corporation, as experienced developers of ‘difficult’ land sites, were invited to have some input into the planning stage for the Depot site. At this point Mr Hickman’s preferred option was that the ULC should be given the land and take over the role as developer of the site. In return for the land council could have negotiated for units or cash or both, but it needed to be totally separate from the development and any risk. Caveats or whatever could have been placed on any development to ensure a high quality and environmentally friendly structure was completed without council actually getting involved as they did. He felt Gary Spivak was a little too emotionally involved with the project rather than taking a proper objective and logical approach, thus council remained strongly involved in the planning and development stages. In coming to this conclusion he drew on a number of past examples where the council had failed to deliver on projects they managed, or had delivered a lesser product than planned. According to Gary Spivak, ‘Jon Hickman…liked the model of private developers providing the community housing as it was more palatable compared with social housing provision [by council] so he was never an opponent of the model.’

Following this line of thinking Liz Johnstone thought councils do tend to ‘trust their own’ and don’t realise when they need to bring in advice, but argued in this case the external advisors were good. Even so she thought council held on to too much control with this project, they needed to hand it over sooner. This would have been facilitated by council doing a clearer scoping exercise to finalise all goals before master planning and tendering. She too agreed the s173 with contract of sale worked well and dealt with the risk element and agreed the model is transferable in principle.

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119 Spivak, G. 2005, personal communication, 23 September
According to Liana Thompson this innovative project was a clear demonstration of the entrepreneurial spirit within Port Phillip council. Her position was that even though it has run into difficulties she doesn’t think they would do it any differently if starting again today. They had a good team of consultants and ‘breaking new ground meant it cost more but somebody has to lead the way.’ Given council’s financial state and the political climate, using an external developer was the best way to go and thus the standard approach of an s173, works well.

Countering claims that council relied too much on internal expertise Christine Haäg argued council did not rely on it but brought it in. She felt council set objectives that were socially responsible and financially viable but kept very hands-on to maintain accountability. To have handed the project over to ULC would have abdicated that responsibility.

**Outcomes**

Council’s desire to maintain some level of control over the project was to ensure a range of outcomes were achieved only one of which was affordable housing. This led to the formulation of a number of possible project outcomes as their preferred position. Even so, ex-councillor Christine Haäg felt there were ongoing, subtle moves to undermine the community housing outcome that required constant vigilance. This position was supported by ex-councillor Liana Thompson who recalled: ‘The votes I remember where we had to be very clear and vote in particular ways were around community housing. We had some councillors who believed that community housing was a state and federal government matter and we had no business being in it, and that ratepayers’ money should never be spent on such a thing. That caused many passionate and long, long processes whenever talking about community housing.’

In spite of this the community housing outcome was seen as one of the real successes by interviewees tempered for some only by their disappointment at having lost the affordable housing element. Adding to this Peter Williams noted the original aim in planning was to build a sense of community on this site by having a high owner-occupancy but that did not occur. The market into which the units were sold was largely out of the hands of the council and the developer’s choice of Henry Kaye to on-sell the units almost guaranteed a high percentage would be taken up by
investors. A suitable summary of the mixed social-private occupancy outcome was
given by Rob McGauran: ‘The combined social and private units in one space with
the same quality is a model of an egalitarian place in keeping with societal values
we are in danger of losing.’

The other major outcome for this project was obviously the inclusion of ambitious
ESD options in the design brief. This aspect of the planning has a brief but colourful
history. Reviewing the council’s documentation there is a sense that the initial
concern of the working group was that of affordable housing, both social and low
cost housing. It was for this reason Ecumenical Housing and the Urban Land
Corporation were brought in as advisors. However, ESD was part of the first cost
estimate conducted to assess the project feasibility. This estimate looked at a range
of housing across the site including at least 50 percent social and the remainder
being private with a mix of affordability levels, and the inclusion of a 30 to 45 bed
aged persons hostel as well as the ESD aspect. Mark Whinfield’s (ULC)
recollection was of a conversation with the architect Peter Williams soon after the
first meeting had taken place. This discussion centred on the design brief in order
for the architects to come up with some concept drawings. The idea was to ‘come
up with a wish list and the need to decide whether this was just about affordable
housing or was it bigger than that’.

But for some on the committee the focus on ESD did come after the social housing.
Roger Bollen (ULC) commented that somewhere in the process Gary Spivak took off
his social housing hat and put on his environmental hat and started looking at a
wide range of ESD elements. Heidi Dixon (EHI) recalled that it was about the time
the degree of site contamination became apparent that Gary became extremely
interested in ESD and developed his knowledge of the environmental aspects of
planning and development.

Ex-councillor Liz Johnstone on the other hand was unequivocal on this issue
because it was she and ex-councillor Freda Erlich who pushed the ESD the most
within council. In fact, the inclusion of ESD in any council project was council policy.
St Kilda was one of the first local governments to have an ESD policy with the intent

120 file note 12 February, 1997: File 44/03/10/01
that council needed to get its own house in order before you could have any influence on others. ‘One of the main ways of encouraging’, Ms Johnstone said, ‘is through demonstration projects and we saw this as a demonstration project.’ So from her perspective it was only ever both, social housing and ESD.

**Figure 6.2 Examples of integrated art found on the Inkerman Oasis site**

Top: Entry gates  
Left: Word bricks – words contributed by children  
Right: Artwork on the side of a building  

The original wish list that was to be put to the market included: black, grey and storm water recycling; roof top gardens; retention of the destructor building which
would benchmark other building heights; solar hot water and communal lighting; integrated art; pedestrian links retained as public open space; potential for a retail component; and on-site community facilities. In addition the master plan incorporated high quality energy efficient design and the selection of building materials that would reduce long term maintenance, and a naturally ventilated underground car park. Figure 6.2 exhibits some of the integrated art on the site.

By the time expressions of interest were called, the key deliverables list had been modified so that some items were listed as optional rather than mandatory and others were excluded (see Table 6.1).

**Table 6.1 Key project design objectives**

<table>
<thead>
<tr>
<th>Objectives/Requirements to be maintained</th>
<th>Optional Objectives/Requirements</th>
<th>Previous Objectives/Requirements now excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good solar efficiency</td>
<td>Solar power (hot water/natural light)</td>
<td>Mandatory solar power</td>
</tr>
<tr>
<td>Maximum yield 215 units</td>
<td>Stormwater collection and irrigation</td>
<td>Grey and Black water treatment and recycling</td>
</tr>
<tr>
<td>Buildings to be sympathetic to adjacent users. Destructor building is benchmark for building height.</td>
<td>Potential for retail use</td>
<td>North south pedestrian link</td>
</tr>
<tr>
<td>Architectural art to be incorporated into buildings and landscape design</td>
<td>Rooftop gardens</td>
<td>On-site community facilities</td>
</tr>
<tr>
<td>Blanche Street pedestrian link to be public open space and integrated within the development, encumbered with appropriate easements and maintained by Body Corporate</td>
<td></td>
<td>Subsidisation of social housing</td>
</tr>
<tr>
<td>Retain destructor building</td>
<td></td>
<td>Greeves Street landscaping</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cash contribution to Public Open Space</td>
</tr>
</tbody>
</table>

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Another casualty of commercial reality not noted above but well covered in Chapter 5 was the loss of a range of affordable housing. The cost of achieving all the ESD and social housing necessarily meant the remaining housing was priced well outside the affordability of low to moderate income earners.

In the final analysis the ESD has been a proud achievement for the council who argue the development has been a true demonstration of the standards council proclaims for sustainable design. The news item shown below (Figure 6.3) taken from the council’s own community newsletter summarises the features and the national and international acknowledgements the project has won for sustainable design. These include: the UN Association of Australia World Environment Day Award 2000; the Stockholm Partnership for Sustainable Cities Award 2002; and the Greenhouse Building Nomination 2002.

Figure 6.3 Inkerman Oasis sustainable design features

![Sustainable design features](image)

Source: *Diversity*, Issue 9, April 2003 p. 4.

While there is no arguing the outcome has been successful for council the ESD does not appear to be seen by the real estate industry as a selling point. Advertisements for the sale and rent of these units collected over 2003-04 revealed only a few mentions of it being an award winning project, and even fewer mentioned the water recycling and landscaping but nothing else. Ironically all refer to the units being air conditioned but the buildings were designed to not need it and they were
only installed for private owners because Henry Kaye sold the units as being air conditioned, so one ESD feature has been negated by buyer expectations.

Conversely some design features actually add to resident’s body corporate fees and extra-ordinary costs. According to the body corporate manager the lower density has meant fewer residents to cover the high cost of lift maintenance. The central hydronic heating system was not correctly installed so maintenance and corrective work has added some unexpected one-off charges. The Blanche Street open space public walkway has suffered extensive vandalism so surveillance equipment, repair and maintenance have added to costs. The manager expressed concern that because of public access, not if but when an accident occurs, their public liability insurance premiums will increase significantly. Added to these, a representative from South East Water has said the cost of operating the recycled water system will be high once their contract period ends. He also thought that when a major refit is required he would not be surprised if the system is shut down. Gary Spivak has refuted this suggestion as the Section 173 agreement requires its ongoing operation and access by residents.\footnote{2005, personal communication, 1 April}

It may be the water recycling outcome is one of the lessons to be learnt from this development project. Having been demonstrated it may not be attempted by others who follow. However, it will be some time before such a final judgement can be made as the political climate concerning water reuse is changing rapidly at the time of writing. SEWL see no current political, legislative or financial imperative to pursue or encourage small local recycling plants of this nature. Equally they do not foresee the retrofitting of established areas with any form of mains supply recycled water facilities due to infrastructure costs.

Another positive outcome mentioned by a number of interviewees was that the architectural design addressed the problem of street prostitution and associated gutter crawlers in Greeves Street by increasing the visibility of the street.

On a critical note Ms Johnstone still felt there could have been more open space; that they could have done more with solar energy; and they could have had more mixed use along Inkerman Street. From a planning perspective she felt this was a

\footnote{2005, personal communication, 1 April}
lost opportunity to create a hard urban edge that would set the standard in urban planning for Inkerman Street but generally assessed it as a good demonstration project and site specific solution.

From another critical perspective Peter McEwan questioned whether this was in fact a successful demonstration project as it had dragged on for too long, stating; ‘in commercial terms it is a disaster.’

To sum up the general consensus on the outcomes achieved in this project the comments of a few interviewees have been drawn on. Roger Bollen noted, ‘At the end of the day Gary [Spivak] got everything he possibly could out of the development. It put the City of Port Phillip right up there in saying, not only do we do quality social housing but we do it sustainably.’ Expanding on this theme Liz Johnstone argued they set the bar high for sustainable development as this was to be a flagship project and that included economic, environmental, social and cultural dimensions. She stated that by doing this both the ESD and social housing outcomes achieved were good and it has resulted in being a catalyst for other development in the area. Beyond its influence in Port Phillip Ms Johnstone also believed it had been a catalyst for water sensitive urban design generally as many councils and others from across Australia have looked over the site.

**Interviewees’ perspectives of lessons learnt**

There will be many smaller lessons to be drawn from the innovative design elements of this project, but what did the stakeholders see as the lessons learnt that could be passed on? Many lessons have already been drawn out in the above subsections so this section is largely to pull those together and make additions as necessary.

Perhaps first and foremost the lesson raised by Liana Thompson is that ‘it is possible.’ To this she added, ‘You need to be passionate and committed, and have good people to drive it. You also need commercial awareness as well as social goals.’

Christine Haäg set out a number of lessons she saw as valuable and worthy of passing on. In summary these were:
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- You need dedicated officers and elected representatives to champion the project and give it continuity.
- You need good expertise to give sound advice to council and ensure things are done well.
- Election cycles impact on decision-making which is unhelpful in long term projects and creates uncertainty for private partners.
- Get a high level of understanding and support from the state if they are not hostile as it is better to work with them if possible.
- Exercise great caution in accountability, risk and legal compliance.
- Set high standards for land use, design and aesthetic.
- Try to keep assets owned by the community and not just sell them off.
- Before even attempting a project like this you need good community support; political commitment from council; and project champions like Gary Spivak with expertise, experience and a track record.

Liz Johnstone raised the following issues as lessons she believes valuable:

- Know when to let go and hand over the project to experts.
- Have clearly defined goals and objectives including funding arrangements, i.e. do a proper scoping exercise.
- Across agency collaboration needs to be good (and was).
- State governments need to be active in ensuring soft infrastructure is put in place where it can because private sector won’t do it and local government shouldn’t have to.
- Council’s should be more up front to ask the state to contribute provided the political climate is OK.

Knowing when to let go and not get too involved in the detail have already been addressed but were lessons stated by most of the steering committee members. Similarly, the stated need to have dedicated resources that will be there for the term of the project are essential to ensure continuity for both a developer and the project goals.

Linked to getting too involved is the matter of time delays in decision-making when working with local government. Roger Bollen suggested ‘these are a function of trying to do it as an internal project and hence it needs to go through all that, but if
you simply put the brief out there and let the developer do his bit then you avoid the council process. Other political aspects such as accountability and being seen to be fair and equitable take much longer so these are also avoided if it’s taken out of the political process.’

From the architect’s position the use of key deliverables keeps the project focused as trying to change them or do something different becomes very time consuming and costly. These should not be too prescriptive – they should be performance based. Equally a great deal of continuity, consistency and unity at all levels of council and with the Port Phillip Housing Association made things a lot easier for the developer as there was no conflict over the deliverables.

Peter Williams thought communicating the project to a potential developer could have been done better. A developer need to see the council has its feet on the ground and understands the commercial imperatives of the developer and is not just asking them to help them pay for their grand vision. He needs to see they understand the constraints of the final vision and is willing to work with him to help achieve that outcome within those constraints.

While he believed the key deliverables were a tremendous outcome and a real strength Peter Williams tempered this with the comment that the loftiness of the aims was off-putting for developers so council could have done better by going in with more reasonable expectations, achieved more expressions of interest and then obtained a better commercial advantage from the site.

For future developments he thought they need to streamline the decision-making process through tools like key indicators that if achieved allow a green light to progress and regardless of the project there also needs to be a certainty of outcomes regardless of election cycles or change in personnel.

Another insightful observation from Rob McGauran as a consulting architect was that Williams Boag, the originators of the master plan for council aligned with one developer during the tendering process which would have turned others off as they would have felt they lacked the inside knowledge. It may have served council better had they made Williams Boag available to consult to all interested parties. For Mr McGauran one unfortunate aspect and possible lesson was that this challenging
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tender ‘was let during a period of strong growth so there were too many other easier opportunities for developers.’

Mark Whinfield (ULC) believes their involvement was good in that they were able to teach council certain skills and that having skilled advisors helped council have confidence in decision-making.

He feels that a lot of the key deliverables only got up because the site was so well located and attractive, this would not happen with a less attractive site and this could be taken into consideration should another council look at trying to reproduce this project.

For the future he recommended not to overload a brief with unrealistic expectations (in this case most were clearly deliverable), and realise they [council] don’t have all the market skills and knowledge so they need to get good advice and expertise. There is a role for councils in these projects so long as they get the right advice and expertise. Councils do understand their community and are good at setting the vision but then need to let the market test it for its realistic commercial viability.

Jon Hickman as the past CEO made two main points of recommendation for councils considering taking on a large project of this nature. ‘Firstly there are three factors of logic, emotion and politics that affect the person(s) involved. Logic needs to take precedence so that any decisions made are based on sound and objective business principles. In the early stages of the Depot emotions may have held too sway.

‘Secondly the project needs to have real dollars behind it, a clearly defined end user, an experienced developer driving the project, and experienced consultants. In the case of the Depot the dollars were not researched well enough (Henry Kaye), and the council, as pseudo developer, was inexperienced.’

From the above a number of lessons were clearly learnt by various stakeholders in this project who were eager to pass on their experience to others who may be considering trying to replicate this process. As expected, individuals conveyed a range of attitudes and responses depending on where their interests lay. Some more concerned with the process, others the aesthetic, and still others the failure to complete construction in a reasonable timeframe. Even so there was a sense that
council had achieved a remarkable outcome in terms of a demonstration project while not neglecting the problems and that there were lessons to be learnt.

The final part of this chapter, the post-occupancy survey, takes a closer look at whether the project delivered the desired outcome of a quality development incorporating affordable housing.

**Post-occupancy survey**

The final word in this evaluation is left to the residents of the site taken from a post-occupancy survey. Regardless of what the locals might think, or the council, architects, developer or others might have us believe, whether the process has delivered on its promises would be best evaluated from the perspective of those living on site, both private and community residents. Again the semi-completed nature of the site detracted from a full evaluation of the ‘liveability’ and amenity, for example, the water recycling was not in use, the incomplete part of the site was fenced off blocking the intended north/south walkway, and the extent of communal garden areas was limited.

It was necessary to conduct the survey at two different times as the final thirteen community units were not constructed and occupied until September 2006, more than two years after the first fifteen. Allowing as much time as possible for residents to settle in these new tenants were surveyed in February 2007.

Two slightly different questionnaires were used for private and community tenants. There were a body of common questions but some were specific to private tenants; for example asking the nature of their tenure, and others specific to community tenants; for example asking about aspects of affordability. The private tenant questionnaire was conducted via a letter box drop in envelopes marked ‘The Resident Inkerman Oasis Post-occupancy Survey’ and included a reply paid envelope. The community residents were visited personally to distribute the questionnaire and explain its purpose, and were collected personally. This approach was deemed useful in case community residents had any questions or additional comments regarding the questionnaire. The questions had previously been

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122 See Appendices 6 and 7 for a copy of the private and community tenant questionnaires respectively and Appendix 10 for the summary of responses.
reviewed by Karen Barnett, the manager of Port Phillip Housing Association, and Gary Spivak, the Housing Officer for Port Phillip so they could make comments or recommendations that would benefit the quality of information gathered. Questions were arranged across four main themes: the development generally; satisfaction with the unit in which they lived; the mixed social-private occupancy; and respondent details. Community tenants had a fifth theme being issues around affordability, safety and liveability. Because the second survey of building C tenants was conducted at the eleventh hour for inclusion in the thesis only community tenants were surveyed.

Some expressed concerns were specific to time dependant circumstances between 2005 and 2007. For instance, a 2005 concern was flooding in the basement car park, hardly an issue for tenants arriving in 2007 in the midst of a prolonged drought. For them it was accumulated dirt and dust in the car park. A second difference was over body corporate issues which were resolved by a change in management between the two surveys.

The response rate to the first survey was approximately 20 percent comprising nine of fifteen community tenants or 60 percent and sixteen of 108 private apartments or 14.8 percent. The percentage of private respondents is actually higher as not all 108 apartments were occupied and it appears some are rented out for short term holiday makers.

Private respondents comprised eleven renters, four owner-occupiers, and one family provided apartment that was counted as a renter in the analysis. Owner-occupiers are well represented in this sample as there were only seventeen in total. Given that the occupied community apartments in building F were planned for older tenants able to live independently, and they were moved in almost immediately, it is not surprising that on average they were older than private tenants and had resided in the development longer. Community tenants in building C had a slightly wider age distribution and some children were present with single parents, but of the adult respondents only one was below 45 years and two were 65+ years.

From the second survey of community tenants in the new building C, seven of thirteen tenants responded and these had been living on site between three and
five months, much shorter than most respondents from the first survey. From this point on the two survey responses are combined.

In order to get some concept of what comparisons tenants might be making when rating this site, previous housing history showed fourteen private tenants had moved from private rental to either purchase or rent in the Inkerman Oasis apartments and eleven had been in multi-apartment sites. Eleven of the sixteen community respondents had also moved from private rental, four from other public/community housing and eight had lived in multi-unit sites.

While community and private tenants put different emphases on what they liked about living at this address, the common theme was the locality due to its proximity to so many specifically identified features and services. There was a general disliking of the undesirables associated with Greeves Street, this being a known area for street prostitution. While the area is not known for its drug dealing thefts and damage appeared to be drug related and this raised general safety and security issues both within the buildings and the surrounding area.

Specific issues regarding poor security were wide ranging some of which were related to maintenance and design but it seems the basement car park has become a consistent site of theft and damage.

In view of the above there was a general feeling of being safe only most the time or not often, rather than all the time, especially in the immediate surrounds and car park.

In general, respondents rated the design and layout of the site, and the ESD features, as good or very good. Again a range of specific issues were raised and are covered in the summary of responses in Appendix 10. As expected some relate back to security. One that was commented on often was the public access walkway that reduced security and privacy for ground floor units, created noise, and gave undesirables another place to deal their wares. Some residents gave suggestions for correcting these problems.

A new design problem revealed by the completion of building C is the added complexity of the site so friends and delivery people have trouble finding them.
Chapter 6 Stakeholders’ Insights

It appeared a number of the tenants did not fully understand the nature of the water recycling plant as some commented on the occasional bad smell, taste and colour of the drinking water and linked this to the recycling process. The recycling plant will never supply drinking water, only toilet flushing, laundry water and garden irrigation. Even so it was not returning water to the buildings at this stage as it was still under trial hence all processed water was being released to the stormwater system.

The flow through ventilation and solar passive design came in for some comment. Some felt the buildings were too draughty and cold in winter. The flow through in the apartments is not being used optimally as the vents over the front doors do not have insect screens so are not used, and neither the balcony nor entrance doors have security/insect screens so again are not used as intended for ventilation. Residents commented that the lower apartments are too cool in winter for the hydronic system to warm them adequately, while the upper apartments got too hot in summer.

The central hydronic system itself drew criticism because it was reported as breaking down regularly and at times did not heat the water sufficiently. This problem has gradually been improved and building C tenants did not raise it.

A further finding related to site design and layout was the lack of places or opportunities for interaction and thus residents do not get to meet – there is no ‘water cooler’ substitute. At the time of these surveys not all design features were completed so it remains to be seen whether there would be more opportunity for tenants to mix when all the pathways and landscaping is completed. It is also expected that safety will be improved once more tenants move onto the site.

In summation of the site, tenants rated it as being a good or very good place to live. The apartments themselves were generally rated as well designed and fitted out. Asked what they would change if they could about their apartments there was quite a list of suggestions. Common ones related to ill fitting doors and windows, and lack of or problems with ceiling/exhaust fans. There were fewer complaints generally from building C tenants with the only common complaint being that of noise transmission through floors and walls. These complaints did not just come from
those had moved from detached or semi-detached dwellings but about half had previously lived in multiple storey units.

In terms of the managing bodies, the community tenants felt the Port Phillip Housing Association did a good job of representing them with the body corporate and were responsive to their enquiries.

The private tenants were generally satisfied with the body corporate although there had recently been a change in the management so many respondents in the first survey felt it was too soon to judge the new management. Most of the concerns expressed were directly related to the original management. Some comments about fees were put to the body corporate manager in a later interview. He revealed that the number of lifts on site did add considerably to costs, as did a prior contract arrangement for maintenance of the hydronic water system but this was now corrected.\(^{123}\)

Reactions to the mixed social-private occupancy were varied but as a key outcome for council it has apparently been a success. A significant number of both private and community respondents held ‘no opinion’ or were ‘neutral’ on the matter, but importantly over a quarter of private tenants and two thirds of community tenants rated it as ‘positive’ or ‘very positive’. Only three private tenants saw this as a negative and one community tenant. A basic lack of understanding appears to have influenced some respondents on the issue. Of concern was one private renter who commented that they no longer felt safe having now learnt there were community tenants and who apparently believed they got their apartments for free.

In stage 1 of the development the community housing was not salt and pepper mixed but grouped in a separate section at one end of a building with its own lift and entrance. This was to accommodate what was seen as the common needs of elderly tenants. Building C was salt and pepper and responses indicate it was working well.

Another sought after outcome after the community housing was that the apartments should reduce tenant costs through integrated design features such as

\(^{123}\) personal interview, Peter Doolan, 2005
low maintenance, passive solar and natural ventilation. Table 6.2 shows the questions asked of community tenants and their responses concerning affordability.

Table 6.2 Community tenant questions concerning affordability

<table>
<thead>
<tr>
<th>Financial issues</th>
<th>Rating</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I am better off financially than before</td>
<td>strongly agree</td>
<td>4</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>paying rent is not a problem</td>
<td>agree</td>
<td>7</td>
<td>7</td>
<td>1</td>
<td></td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>I worry constantly about finances</td>
<td>neither agree</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Sometimes I am unable to heat/cool the unit</td>
<td>agree</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>I pay all bills on time</td>
<td>neither agree</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Sometimes I lack money for basic food</td>
<td>neither agree</td>
<td>3</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>I don’t have to seek assistance from welfare agencies</td>
<td>neither agree</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Two thirds feel they are better off financially, and are able to pay bills on time, however, an equal proportion suggest they sometimes lack the money for basic food items. So while it appears they are very happy where they are and most are better off financially, the residual after housing income is not covering all their basic expenses.

Approaching the question from another perspective they were also asked if their current unit was more affordable than their last including heat/cooling and other costs. Eleven respondents said it was more affordable but surprisingly only five of those who had moved from private rental and all who had been in public or other community housing said it was more affordable.

Asked to rate their overall quality of life since moving into the Inkerman Oasis development seven (47 percent) said it had improved a lot, six (40 percent) said it had improved a little, one said it was no different, and one was not sure.

In review it appears community tenants agree that council did achieve its objective of producing affordable, suitable, secure housing.
Conclusion

The findings of this chapter suggest that from the perspective of local residents and businesses the project was likely to be a positive contribution to the local area and it was both a good use of the land and approach to development by council. Its aesthetic contribution could not be judged at that time as construction was in its early stages.

Stakeholders believe the model is reproducible in concept but it was clearly noted by some that this was a site specific solution. Other councils could apply the same master planning and contractual relationship with a developer to a different site and achieve a positive outcome provided some of the lessons learnt from this project are heeded. Both stakeholders and on-site tenants agree a highly liveable quality project has been largely delivered. The incorporation of a number of key deliverable ecologically sustainable design elements appears to have added value to the site in terms of liveability and affordability, particularly for community housing tenants. The mixed social-private occupancy component has been achieved with very few private or community tenants expressing any concerns about it.

Detracting from this positive analysis is that delayed construction has meant the current tenants are denied the full benefit of some ESD features. Added to this, the delay in activating the recycled water means residents have not benefited from the possible reduction in water bills and beautification from watering lawns and gardens.

Other disappointments include, the final project has fallen short of delivering a range of affordable entry points as originally envisioned, and some early deliverable ESD elements were dropped in the light of commercial reality.

Unfortunately, the long construction delays experienced with this project and the associated holding costs almost certainly mean the developer will lose money. How much of the blame for construction delays can be sheeted back to council for the long conceptualisation stage and perhaps overly detailed master plan interviewees found almost impossible to tell because of other significant complicating factors.

The following chapter will conclude this research by drawing together all key findings and their applicability to the key research questions posed by the research.
Chapter 7

A Local Government Approach to Achieving Affordable Housing in the Inner City

Introduction

Chapter 1 documented the lack of housing provision for low income earners, in the Melbourne inner city, and that over the last four decades rapidly falling affordability, partly as a result of gentrification, has reduced what available accommodation there was to a negligible level.

Particularly affected by this problem were those bay side localities immediately to the south of Melbourne city centre, which now form the City of Port Phillip – South Melbourne, Port Melbourne and St Kilda.

The aim of this research was to evaluate a particular approach taken by the City of Port Phillip to directly provide some measure of affordable housing within its municipality in order to counter the affordability problem. The approach was to develop an area of council owned land to achieve mixed social-private occupancy, social and private housing estate in collaboration with the private sector. At the time this approach was unique for local government and continues to be seen as a ground-breaking project.

The research assessed the entire project from conceptualisation to post-occupancy to determine whether it was a suitable and successful model for the provision of affordable housing more generally across Australia. To direct the research two main research questions were posed; was the model viable, that is, did it produce the results it set out to produce in a low risk and cost effective way; and was the model replicable by other local governments in Australia?
The Port Phillip development became known as Inkerman Oasis, and while it was the first housing project undertaken by then new City of Port Phillip, the council was in fact taking over the policy principles initiated by the previous City of St Kilda some ten years earlier. St Kilda council had generated a considerable amount of housing relative to other local governments during the period from 1984 to 1994, but what made the Inkerman Oasis project worthy of research was the salt and pepper mixed social-private occupancy, its original approach to funding the construction and its innovative ecologically sustainable design (ESD). There are other examples of salt and pepper mixed social-private occupancy, especially those resulting from spot purchasing or head leasing units in larger blocks, but this was the first building project by this local government specifically designed for the purpose. The funding for construction was done through a form of joint venture with the private sector that removed council from most risk, while a master plan developed by a steering committee established by council was attached as an encumbrance to the land title. This encumbrance ensured the desired end result. The ESD was not intended to be a focus of this research but it was found to have a number of relevant facets that drew it into the study. First, it was considered that good ESD would generate long term savings in maintenance and living costs for residents, and second, it was found to have had repercussions for the planning, tendering and overall cost of construction that negatively affected the affordable housing result.

Being a unique project the research approach taken was a single case study as described by Yin (2003:40). The strength of this approach was its ability to incorporate exploration, description and explanation that gave both breadth and depth to the study. Breadth was necessary to take into consideration the many facets of both the context that impact on a project of this nature and the case itself. Depth of analysis was essential to give good insight into the project and thus enabled a full evaluation.

As a unique example of local government activity in the direct provision of affordable housing the research has sought to reveal how the City of Port Phillip came to achieve a large, highly innovative, mixed social-private occupancy residential development in this inner urban locality. As part of its ongoing housing strategy for the direct provision of social housing, this building project occurred at a time in the political cycle when direct provision was contrary to the explicit direction
of the Victorian state government which was heavily influenced by economic liberalism. One facet of the study then was to understand the political and bureaucratic impediments of the day and how these impacted on the decision-making process and how they were overcome.

The research was however, primarily an evaluation of the model and in the first instance sought to explore and describe what council did and how they did it largely through a project documentation search. First hand insight into the project was then obtained through interviews with key actors. In order to reach a final evaluation of the model, and lacking any alternative benchmarks, the outcomes were measured against the stated aims of the council.

The purpose of this chapter then is first to draw together the significant findings, as broadly described above, from each of the key chapters and so answer the first of the research question that guided the study. It then seeks to generalise the findings by demonstrating how governments, markets and individuals can reflexively interact in a complex socio-political environment to bring about an outcome. In doing so the chapter highlights the significance of individuals in driving a project of this nature. These insights allow a more detailed response to be made to the second research question.

**Research objectives**

A house price boom beginning in the mid 1990s and sustained into the new century created a context whereby housing affordability became a major economic and political concern and governments were being lobbied to act. In reality affordability had been an issue since the 1970s but the sustained nature of this latest boom, and the magnitude of house price rises, particularly in the inner city, brought the issue into stark relief.

In contrast to house prices the income of those on average weekly earnings and below, including government benefit recipients, changed very little in constant dollar terms. This obvious imbalance meant that lower-middle income earners and below were being gradually but surely forced out of the inner city areas that had historically provided cheap housing for generations. Devalorised rental stock and workers cottages became prime targets for private and commercial investment.
Responding to earlier concerns over the changing character and demographics of its municipality, in 1985 the City of St Kilda began a strategy of direct provision of community housing. It committed itself to a funding stream and these funds were used as leverage to enter into joint ventures with the state to buy and construct housing. It then established a housing association to manage the housing.

Council amalgamations in 1994 saw the emergence of the City of Port Phillip just slightly before the beginning of the 1990s housing boom. In 1996 the newly elected progressive councillors quickly moved to ensure the community housing strategy of the earlier era was retained. The first major project taken on by Port Phillip council was the development of a surplus council owned transfer station and depot site for mixed social-private occupancy housing. The project promised to be ambitious and costly and was conceived as a demonstration project to set new standards in ecologically sustainable design and a mix of social and affordable to high-end private tenure.

Conscious of a state government ideologically resistant to local governments being involved in the direct provision of housing, the council was unwilling to borrow excessively to carry out the construction in their own right. The state government was equally unwilling to develop such a large site for public housing as they were moving away from estate type development. This left council with few options beyond some form of joint venture or similar partnership with a private developer. No other inner city council in Australia had engaged in a project of this size in conjunction with the private sector in quite this way before.

The context for this research study came from two leading questions: Why was the council concerned about affordable housing, and how were they addressing their concerns? The answers to these questions have been briefly summarised above and formed a significant part of Chapters 2 and 3 of the thesis. The discussion in these chapters presents a critical social, economic and political context within which the Inkerman Oasis development was conceived as part of a larger, ongoing housing program. However, as Yin (2003) suggests, these leading questions simply help clarify a research strategy and do not necessarily point to what should be studied. The study was not about the affordability crisis or council’s community housing program as a whole. Instead, those leading questions helped clarify the
value of conducting a single case study on an innovative and unique project to evaluate one possible response by a local government to the larger social and political changes impacting on a certain demographic in their municipality. The actual research questions were then conceived to guide the study of that project and process by which it was achieved.

The body of the research is then covered in Chapters 4, 5 and 6. These chapters are a review and evaluation of the project following it from conception to post-occupancy with the broad aim of answering the two main research questions.

In Chapter 1 a number of supplementary questions were raised that were seen as relevant to both the context of the study and the main research questions:

- Was there an adequate broader policy framework that would encourage projects of this nature?
- Was there anything peculiar to the Port Phillip area that would be relevant to the project, its outcomes and reproducibility?
- Can the wider housing market affect outcomes for a project of this nature?
- From what or whose perspective should the model be evaluated?
- One of the aims was to produce affordable housing but what is meant by ‘affordable’ and was that achieved?
- Another aim was to produce social housing so did it achieve that?
- How critical was the role of individual actors?

These questions were responded to at various points in the thesis and are addressed either directly or indirectly in the relevant context of the study findings below.

The research was progressed by evaluating the project from three perspectives which form the content of Chapters 4, 5 and 6. These perspectives can be loosely defined as; process, finances and stakeholder perceptions. Included in the analysis were various aspects of risk taking and risk management, legislative controls on local government activity, an exploration of private partnership models, and the influence of the wider housing market on a development of this nature.

Using a case study of a single project as the research vehicle has allowed an in-depth investigation of the more relevant aspects of the deliberations and decision-making processes that are rarely open to wider gaze. Highlighted are the disappointments and frustrations of steering committee members as they tried to
drive the project along, sometimes hampered by bureaucracy, sometimes by their own ambitious visions.

What emerged was a picture of a council trying to move against the norms and policy directions of the day. This is mainly in reference to the state government’s position on direct housing provision and the water utility company and Environmental Protection Authority being unable to deal with the innovative onsite water recycling system.

Also revealed was a perception that the Office of Housing was acting under the constraints of a state minister who was resistant to the council’s direct provision approach. As such, the Office of Housing was unwilling or unable to adopt a flexible interpretation of what was a reasonable price to pay for units in the development and so did not buy into the site to the extent hoped. Given the rate at which the market was rising, their attitude was seen by some stakeholders as very difficult to comprehend. Other problems resulted from the pursuit of good governance and accountability which necessarily resulted in delays that were later to prove costly. Further delays resulted from the main project champions who sought to develop a highly detailed master plan and which then became a deterrent to many private developers.

The findings of the research are detailed later but briefly state that: within the constraints of the political environment, and given the limited financial capacity of the council, a master plan meeting almost all council’s and other stakeholder interests was delivered to a developer for construction. In the process council learnt a number of commercial realities. The ultimate viability in terms of profitability of the project resulted in the loss of some original objectives such as the affordable priced units and rooftop gardens. Despite construction delays that were beyond council’s control, council received its community housing, at least part of a demonstration project, and achieved cost neutrality. It appears that the general principles of the model are sound, viable and suitable for replication by other councils willing and able to dedicate themselves to generating social housing in their municipalities. Some regulatory changes that resulted from this project and the current political environment would only serve to facilitate such an action.
Limitations of the study

Before moving on to discuss the findings of the study in detail it is appropriate to note that the findings must be considered in the light of the study’s limitations. First and foremost the study was an evaluation of a specific project and as such did not explore or hypothesise in any meaningful way other possible approaches to the provision of affordable housing or outcomes. The exception to that statement was some analysis of alternatives regarding the financial outcome but that was in response to claims made by some key actors and was pursued at length.

The introduction to this thesis argued the case for a single case study design but the limitations of such a design must be acknowledged. First, the findings given here are specific to this case study which potentially limits their applicability to the planning and construction of housing estates generally. Second, the case study was a site specific solution that set out to achieve a range of identified goals and many of the problems and issues encountered by Port Phillip were particular to this case and/or those goals, for example the ESD goals. Third, this approach has limited the range of private sector partnering models that could be evaluated. The model of partnering in this instance fell into a very loose definition of joint venture. This is but one model and leaves open the opportunity for further study into alternative models.

A further limitation to the study was the project’s goal to be a demonstration of both ESD and mixed social-private occupancy housing. As the project progressed the ESD component of that goal actually worked against achieving a range of owner-occupied price entry points that was part of the affordable housing component. Therefore, as a case study into the delivery of affordable housing, council’s inability to deliver a wider range of affordable options limited the case study to only the delivery of social housing. This made the study no less relevant to approaches to meeting the needs of that housing submarket, but it did reduce the potential and envisaged outcome of the development and research.

A final limitation of the study is based in its primary research, most of which relied on interviews with key actors who were often trying to recall events that occurred up to eight years earlier. Relying on stakeholder interviews also turned out to be restrictive in terms of the information that was able to be gathered as some key
actors declined to be interviewed leaving their stories and perspectives unexplored. It is also fair to say that most of the interviewees had some vested interest in portraying a positive outcome for the development. These interviewees were either on the steering committee or were part of the council and would not want to cast the council or the project in a bad light. In addition, the construction was not complete and marketing was still underway and there was a concern that any adverse comments could reach a wider audience and do further damage to sales. Compensating for this possible bias is difficult and highlights the importance of the financial analysis and the post-occupancy survey. Even so, some critical comments were made by interviewees and these have not been avoided in the analysis.

**Researcher bias**

Researcher bias is a complex issue and difficult to avoid in an inductive, qualitative study into what might be considered the highly political and emotive area of social housing. Based on the researcher’s interest in and concern for equity in society there was potential to be biased towards a positive finding regarding this case study, a position warned to be careful of by Allen (2005). There was also a strong attraction to the goals and visions of the council’s community housing program which developed in the course of the research.

Having made that confession, as a researcher I have always conducted my research following the falsification principles of Karl Popper who famously said something to the effect of; if you want to prove all swans are white, then the best way to do so is to make a genuine and persistent effort to look for a black one – the existence of even one disproves the hypothesis (van Krieken et al., 2006:602). Thus, if this was a good model then the best way to prove that would be to conscientiously look for faults and misrepresentations in the documentation and interviews while paying particular attention to the perspectives put by those less enamoured with any aspect of the project.

This approach led to extensive analyses of real estate prices, investigations into risk analysis, population modelling and migration, and affordability calculations, most of which appear in this thesis in summary form only. The reason most of these labours did not warrant more word space is that they generally only served to confirm the
stated claims or previous know data. As one approach to the pursuit of black swans the research reviewed and has cited extensively from current and past newspaper articles. This is in response to the political and topical nature of much of the research and reflected the level of public interest in and enquiry into issues such as public-private partnerships and affordable housing. It is often newspaper journalists who manage to uncover hidden stories that rarely appear in peer reviewed journals or monographs, as with the Henry Kaye case, for example.

Practised scepticism did begin to reveal some minor inconsistencies that have been noted in the body of this work (off-white ducks?) but the main and persistent unanswered question – whether that be a source of bias or not I am not sure but I do dislike unresolved endings – rests in the inexplicable lack of pre-sales for the unbuilt section of the site. Certainly demand across Melbourne is variable and localised but St Kilda is a sought after location and the Inkerman Oasis is moderately well situated within St Kilda. Perhaps the prolonged ‘bomb-site’ look is a contributing factor, perhaps it still carries the stigma of Henry Kaye, perhaps it is a little overpriced, or it may be all of these and more. Whatever the contributing factors might be, it is because of this unanswered question I remain sceptical as to the true value of the development as a demonstration project because it is definitely not demonstrating saleability. On the other hand it has reaffirmed my support for the council’s community housing program.

There is of course the question of some funding that supported this research originating from the City of Port Phillip as my industry partner in the APA(I). Was it possible this influenced my perception and investigation in any way? I do not believe so for three reasons. First, I return to the falsification premise that the best way to demonstrate this to have been a successful project and model is to try to prove the opposite. The second is linked to the first and to my stated bias – if this were not found to be a good model then its reproduction is best avoided in the interests of finding a better one for the generation of affordable and social housing. The third is that the current CEO of Port Phillip was not greatly in favour of the model and was critical, in a politically indirect way, of its use. In this light a finding either way would please someone in council and the Housing Development Officer who was my main contact in council was not signing the cheques (so to speak).
Final analysis

Many positives expressed at the conclusion to each chapter suggest the project was a success in terms of planning, financing, return on investment, limiting risk, and a demonstration of ESD. The relationship with the developer was at times rocky but did result in a firm master plan and a good start to construction. The real estate market then changed to dampen investment which brought pre-sales to a halt, and Henry Kaye’s involvement may have limited both early and later sales, firstly because of his inflated prices and second because of the tainting of the development being associated with his name. The ultimate extent of that damage can only be surmised but if a positive can be drawn from this experience it is that council remained in control of the end product and risk to them was contained.

On the negative side is the failure of the developer to complete the construction. This has apparently marred council’s demonstration project in the eyes of some and raised questions about council’s capacity to bring in a major project. The level of detail to which the master plan was prepared, the ambitious nature of many of the key deliverables, and the control sought by council to maintain the integrity of the master plan, all certainly worked against the competitive tendering process.

On balance there is an argument that if the project is evaluated as a demonstration of the delivery of a range of affordable housing, for all the time energy and money poured into this project by council and other dedicated professionals, the total contribution to privately owned affordable housing in the area has not changed by a single bed while the increase in social rental housing was only increased by 32 units or 44 beds.

Even though council argues that this was more than just an exercise in achieving private affordable and social rental housing there is no denying that was the issue at the forefront of the initial conceptualisation and costing process and the reason that ‘Turn the Tide’ councillor Christine Haäg became so active in the whole process. If not for the affordable and social housing elements there would have been a different consultation process in the lead-up to forming a working committee and Ecumenical Housing, possibly also the ULC, would not have been involved in the steering committee. It was the affordable and social housing outcome that prompted the architects, legal consultants and others to cut their costs and donate
time to the project. Arguably, if not for the proposed affordable and social housing outcomes there was little if any reason for the progressive elements in council to want to master plan the project and maintain such a high level of control over the construction phase. The findings indicate only limited resistance to the project per se but once underway there was none over the envisaged private owner-occupied private housing. It was the social housing that was the basis of resistance in the chamber and a thorn in the side of the then state minister for local government and planning.

There has been no attempt to calculate the percentage contribution the 32 social housing units have made in terms of the broader community of need, as it would be insignificant. Locally however, it was mentioned by Karen Barnett, the manager of the Port Phillip Housing Association, they have something in the order of 200 households on their waiting list. Over the ten years the St Kilda housing strategy was in action leading up to council amalgamations and the commencement of the Inkerman Oasis project, council delivered a total of nine projects comprising 180 units. In the following ten years, another seven were commenced or completed to contribute a further 165 units of which the Inkerman Oasis units are a part (Spivak, 2005). Most of the other projects though were dedicated rooming houses or the like and not mixed social-private occupancy and only the St Kilda railway station project comes close to the Inkerman Oasis in size and cost.

Taken as a whole the council’s housing strategy has made a significant contribution to social housing in the local area but there appears to be reason to pause and consider whether the return on effort for council and the others with respect to the Inkerman Oasis was worth it for the sake of 28 council owned units. Selling the land and spot purchasing would have been quicker and easier even if it didn’t produce any more units or units of equal quality as discussed in Chapter 5.

Another facet of the project was the demonstration of high end ESD in the Inkerman Oasis project. This development was the first of its type in Melbourne and continues to draw attention as one of the few examples of good sustainable design in the apartment construction industry (Adams, 2007). This suggests that Inkerman Oasis may well have paved the way for what appears to be a growing trend to incorporate ESD in Melbourne apartment construction if not further afield. When it is considered
that prospective developers for Inkerman Oasis balked at the master plan, in part because of the social housing but also because of the ESD elements, it is interesting that now Adams (2007) cites them as proudly declaring their ESD credentials – something has obviously changed. An important point made in the article by Adams is that the ESD elements do add to construction costs so apartments based on these principles are aimed at the high end of the market. This bears out the experience at Inkerman Oasis and is what ultimately undermined the original goal for various affordable entry points.

The failure to achieve a number of developers all competing for the project has been discussed at various times and from a number of viewpoints throughout the thesis and the only light that can be shed on why this was so has also been discussed. Interest was expressed by Gary Spivak that, as part of the research, I should follow up on several of the development companies that initially expressed interest but I chose not to do so, believing it to be a secondary issue in an already complex and demanding research agenda. I now regret that decision, assuming I would have been granted an interview.

Even so, the key question related to this is whether this reticence would be reflected in the future council based projects that sought to blend social and private housing, along with forward looking ESD features. From the limited capacity of this research to project into the future, and being written only five years after the event, based on the article by Adams cited above it appears not, and Port Phillip council continue to attract developers for social housing projects (an example not referenced is the Woodstock rooming house which commenced construction early 2005).

**Politics and the economy**

The economic liberal framework that formed the context within which the project was conceived and progressed has been shown to have played a significant role in influencing the project and its outcomes. This dominant ideology was acted out at all three levels of government. At a federal level there was a shift in policy that directed funding away from public housing that has resulted in a net reduction in housing stock.
Chapter 7 A Local Government Approach to Achieving Affordable Housing

At the state level the Kennett government in Victoria sought to have councils divest themselves of non-core activities and property. This ideology filtered down to the third level – local government – through state government appointed CEOs and Liberal Party supported council representatives. The resultant difficulties this presented for the Inkerman Oasis project were numerous. Adding to this the steering committee had to remain conscious of avoiding the Minister’s scrutiny lest he demand the social housing be dropped. Examples of the added difficulties include:

- Not approaching the state for loans or additional funding support;
- Transferring the title to Ecumenical Housing in order to take it out of council ownership and therefore government interference (although this step also had certain tax advantages);
- The progressives on council having to caucus regularly to ensure the social housing element of the project progressed through council;
- Council’s relationship with the private developer had to be structured in such a way that it was not a legally definable partnership or joint venture as this would have brought the project under Section 193 of the Local Government Act and ministerial review;
- Failing to get the desired and expected support from the Office of Housing in terms of funding from the sale of other public housing in the municipality;
- An unwillingness by the Office of Housing to buy into the development in any significant way.

The last two items concerning the Office of Housing could not be proved to be a direct result of government ideology but that perception was supported by their changed attitude not long after the change in government.

As a pseudo theory, economic liberalism as practised by various governments in Australia has failed on two counts. First, as an ideological principle, economic liberalism would remove public housing from government ownership entirely but political reality has prevented this outcome. Second, as Osborne and Gaebler point out, there is a role for government to fill in the unprofitable gaps that the private sector could not be expected to move into. Perhaps social housing is one such gap.
and while federal and state governments do continue in their traditional role as landlords they are doing so in a way that does not adequately address the need. The longer term social and economic value of maintaining an adequate and spatially appropriate supply of government supported and supplied social housing appears to be discounted. Adherents of this ideology have resisted acknowledging market failure in meeting the needs of this housing submarket. The market oriented approach advocated by economic liberalism is that of rent assistance which not unreasonably puts the onus of responsibility for accommodation on the recipient. However, the research has also presented a number of shortcomings of this approach. Rent assistance is not tied to rises and falls in market rental rates, or changes in after housing costs. Additionally, the rent assistance approach does not take into account the lack of available, suitable and affordable private rental stock in the inner city or other areas of opportunity. The outcome of these shortcomings is the demand that is then placed on public and other social housing, and on the limited affordable private rental stock. Those eligible citizens who are unable to find suitable and affordable accommodation are left with the choice of either living in high housing stress or in areas of limited opportunity.

**Local area politics**

Of relevance to the research in terms of its transferability to other councils is the support Port Phillip council received from its residents and the basis of that support. St Kilda, where the project took place, has a history of widely differing socio-economic groups so acceptance of social housing is not overly problematic, although NIMBYism is growing. In the 1980s social activism arising in response to gentrification and much feared overdevelopment of the area resulted in the formation of ‘Turn the Tide’. Through political campaigning, Turn the Tide councillors, along with those sympathetic to their cause, won the balance of power in council. It was these councillors backed by community support who were able to push for social and affordable housing projects. Gaining the balance of power again in the new Port Phillip council social progressive councillors were responsible for ensuring the Inkerman Street depot site was used for housing that included an affordable housing component.
Chapter 7 A Local Government Approach to Achieving Affordable Housing

The role of market forces
This research has revealed the housing market is capable of playing a significant role in the outcomes of a project of this nature. In the first instance falling affordability and a lack of suitable cheap rentals in the inner city was a driver for the project. Once the project commenced, changes in the market continued to have an effect. The booming market and strong demand were an encouragement for the project but added to a sense of uncertainty with financial estimates. Land values were rising rapidly but so were construction costs and a question mark hung over whether or not the demand driven boom would suddenly end. The housing boom also meant unit prices were constantly increasing making them unattractive to potential social investors. It was this rising market that helped fuel Henry Kaye’s property scheme and made the offer of marketing the Inkerman Oasis units attractive to him. Finally it was a cooling of the market just when the marketing campaign was in full swing that put much of the construction on hold and has continued to play a role in the delayed construction of the last two buildings.

Despite these changes in the market council was able to contain both costs and its exposure to risk using this model which is a positive outcome when so many other councils have failed to do either when interacting with the private sector on major projects. Further, Port Phillip council now holds title to 28 units with a current market value of well over 50 percent of their original list price due to the rising market.

Model characteristics and transference
While the role of politics and the market are important to the successful completion of a major housing project, among the first things another council would do well to consider is the history and capacity of Port Phillip council in housing project management. Port Phillip already had an active housing program driven by enthusiastic staff and councillors, a housing fund to support the early stages of conceptualisation, planning and design, and people who had developed skills in project management through a series of smaller projects. Another council lacking such resources and experience will face significant problems trying to execute a similar project. Even so partnering with the private sector on such a large scale
project was new for Port Phillip and many lessons were learnt that will be instructive for others.

Local external considerations also introduce some limitations to the broader application of the study. The study was restricted to the state of Victoria so local and state legislation elsewhere may have some bearing on the transferability of elements of the model. In addition it is set in a highly sought after inner city locality where there exists only a small amount of public or other social housing. Drivers for a project of this nature at that point in time, for example in the inner western suburbs of Melbourne, would have been very different as the inner west was well catered for in terms of public housing and gentrifying forces were not as great, although the latter is changing rapidly.

While the research revealed many internal and external factors that could impinge on a council’s desire or capacity to embark on a similar project that employed this model it has shown the model itself to be robust. Given that the central elements of the model are not of themselves unique, there are no reasons it would not be transferable to another site or council. The model first requires a council to have some land to use as leverage – in this case it was a brownfield site but could equally have been airspace over a car park or another structure. A development is then master planned by council and the master plan is appended to the land title as an encumbrance. The normal tendering and sale process can then proceed. There are a few basic elements essential to achieving the right outcome from this model, these include: using the best possible consultants; producing a commercially viable master plan; and getting the wording of the encumbrance and contract of sale right. These basics ensure the council is able to make properly informed decisions, the offer will be attractive to developers and the end product matches the master plan regardless of possible changes in land ownership, business bankruptcy etc.

Remuneration for the land can be in any form the council desires. There are a number of variations that can be made within this basic model to help bring about a site specific solution in a manner that best suits the skills and needs of the respective council. There remain, however, what have been identified as two elements crucial to the outcomes achieved from this project and relevant to the successful transference of model. These elements are power and the individual,
Theory and power

Social constructionism has been used to illustrate the importance of agency and how it can affect the form and direction of the exercise of power, often through the formation of networks of power as discussed in Chapter 5. An obvious shortcoming of social constructionism however, is that it offers no alternative solutions. Nevertheless, in terms of the project, social constructionism has been found to be a useful tool to reveal and theorise both problems and what helped make the project work.

The first such insight is the networks of power that were formed to set the agenda and control the project and its outcomes. While the City of Port Phillip was schematically represented as the centre of these networks, in reality it was the steering committee and more specifically the Housing Development Officer, Gary Spivak and Cr Christine Haág as council’s representatives on the steering committee. As a Turn the Tide supported councillor it can be readily drawn from her interview that, if housing was to be built on the old depot site then her objective would be to ensure a good social housing outcome was achieved, and in this she was well supported by the Housing Development Officer. In order to facilitate this outcome they invited like-minded, but highly experienced and professional consultants onto the steering committee. Exercising power in this way is potentially dangerous as there can be a lack of a critical voice, or where it exists that voice is ignored. In this instance critical comment came from the minority councillors who could not be ignored but also from the experienced consultants and the skills gained by council officers from many previous projects. The notes and minutes from the project, as well as the interview transcripts, suggest the steering committee members were able to take on board criticism and adapt their plans and visions to ensure a commercially viable and responsible outcome, hence the loss of affordable housing from the project and some other original key deliverables.
Theory and the role of the individual

The second major contribution from social constructionism is the focus it brings to the role of the individual. One such role is that of the project champions. These are needed to drive the project in spite of obstacles in order to see their vision become a reality. Their importance was emphasised by several interviewees as being critical to the successful delivery of any project.

Equally individuals were shown to be important through their interaction as they reflexively worked through and modified their visions for this project in order to establish a shared vision even though their motivations and perceived benefits sometimes differed. Without the ability or desire to work together and develop a shared vision the steering committee would not have been able to function. Individual beliefs, visions and senses of reality explain the range of interpretations of the outcomes, shortcomings and lessons learnt from the project expressed by key actors.

Even though many of the interviewees did have shared visions that resulted in common responses, for example a good community housing outcome and innovative ESD features, there were differences based on their individual motivations and roles, for example some thought the list of key deliverables was too ambitious, some thought the loss of private affordable housing was an issue, some felt council retained too much control, and so on. Other interviewees who did not share the same vision had their own interests, likes and dislikes about the project so a wider range of interpretations were evident that included critiques of land use, planning, design, the social housing and, most commonly, that the construction had not been completed and this was related to council’s master planning and project control.

Social constructionism, through Giddens, argues individuals are also able to influence institutions. For example, the steering committee members representing the ULC and Ecumenical Housing were able to convince their respective management that this was a project worth their time and commitment even though it was soon determined there would be little if any return for either institution.

These findings have revealed the significance of achieving good support from a range of individuals, businesses and institutions if another council is contemplating
a similar project. Inferred through the findings is that the story of Inkerman Oasis will be known in social housing circles and the housing construction industry. As such some of the support given to Port Phillip may or may not be as forthcoming. While Peter Williams\textsuperscript{124} believed there will always be businesses willing to support social housing projects it was an over-involvement in supporting projects like this that was partly to blame for the demise of Ecumenical Housing: ‘organisations cannot survive if they invest social capital endlessly without some financial return to cover the costs’.\textsuperscript{125}

Future directions

It has been argued in previous chapters that both state and federal governments are committed, in principle, to a policy of rent assistance and the expansion of the community sector over one of increasing public housing stock. This finding is supported by a recently tabled budget initiative in Victoria concerning social housing and growing the community sector. It would seem then we can expect to see ongoing growth in this sector in the medium to long term. If this is so then councils and other affordable housing providers from the third sector could well benefit from a close observation of the Inkerman Oasis project as an option for future building projects of their own (Department of Human Services, 2007).

The use of land for leverage has limited application as land is at a premium in the inner city and local and state governments own only so much of it. Even so as state governments come under more pressure to address the affordability crisis it may be more willing to look at releasing land for mixed social-private occupancy housing, be that greenfield or brownfield sites. Councils may also be more willing to relinquish land or airspace if there is a potential return of some description by way of increased commercial activity or rates base resulting from a new development.

Despite the best efforts by Port Phillip council to pursue a wider interpretation of inclusionary zoning as another solution to achieving affordable housing this does not appear likely. Inclusionary zoning has also been raised by some large developers with regard to Docklands but they included in their proposal the need for

\textsuperscript{124} personal interview, Peter Williams, 2005
\textsuperscript{125} 2007, personal communication, 12 January
incentives such as land (Millar, 2006). However, the state government appears to be shy of imposing such constraints and costs on new developments so this does not appear to be an option for the foreseeable future.

Estate style public housing has been known for some time not to work so that type of development is no longer an option for government. These findings are derived from the totality of research into public and low income housing communities, possibly starting with the findings into the Gautreaux case in the United States (Popkin et al, 2000) and continuing with the research into neighbourhood effects (see for example Bauder, 2002). This research has shown that mixed social-private occupancy does work but with some limitations. It negates the NIMBY factor associated with dedicated social housing construction and salt and pepper distribution seems to reduce the ‘us’ and ‘them’ effect with other residents in an apartment block. The resultant mix on this site when complete will only be about 13.5 percent despite the original concept. However, the research of Spivak (2000) suggested something in the order of 20 to 25 percent is ideal and that is about what it was when the post-occupancy surveys were conducted. The social housing tenants surveyed liked being in the Inkerman Oasis and most commented positively on the mixed social-private occupancy of the site, as did many private tenants. The main draw-back appears to be the management of this type of tenancy arrangement for the housing provider with respect to separate metering, repairs and maintenance.

Final thoughts

This research project could have followed any number of paths and each would have generated an entirely different thesis. The evaluation of this project has required delving into the fields of affordable housing provision, gentrification and the housing market, project management, risk management, local government entrepreneurial activity, state and federal government legislation and policies related to housing and local government activity, and the interaction between the public and private sector to form working relationships. At any time there can be a tendency to focus too much on one of these at the expense of another and at all times wondering if you are doing justice to any. Above all is the constant reminding oneself that the primary aim of the research was to conduct an evaluation of the
model across the entire project, not just part of it. Where the balance has shifted towards a particular field of enquiry it was hopefully justified by the significance that field played in this specific project, for example the element of risk that presented itself once the full impact of the Henry Kaye debacle became evident. These thoughts then lead to envisioning areas for future research.

The literature abounds with studies into affordability and gentrification but there remains a limited amount of research into the impact social housing has on the gentrification process and market prices. While there are a number of studies that look at the effects of concentrations of disadvantage and social exclusion as found in gated communities for example, no studies were identified that looked at the overall social and/or economic benefit of maintaining diversity in a local community. This perspective was outside the bounds of the current study and took at face value that the City of Port Phillip saw other benefits beyond that of simply retaining a certain perceived local character. Extending from this thinking, but only indirectly related to the current research, approaches to overcoming NIMBYism is fertile ground for more research activity. The current study suggests mixed social-private occupancy developments, especially in a salt and pepper mix, have this potential provided the social housing element is not too high – about 20 percent maximum according to the research by Spivak (2000). The social mix literature contributes to this understanding but much of that research focuses on neighbourhood effects of anti social behaviours and social integration. Social constructionism has a great deal to offer this type of research in helping to understand the negative images that lie behind the resistance to social housing and how such thinking can be turned around.

The literature on PPPs and other forms of partnering between the public and private sectors is growing exponentially but there are few research studies that looked in any detail at the public partner side, and this is especially so for Australian studies. Of course studies similar to the current one that look at other specific models will broaden the knowledge base by looking at them from different perspectives.
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Appendix 1

Research Methods

The methodological approach adopted for this research was predominantly qualitative in nature with respect to its primary sources of data gathering and analysis. Quantitative analytical techniques were used to assess survey questionnaires but the survey numbers were small and specific to the Inkerman Oasis project and so argued to be supplementary to a qualitative approach as suggested by Neuman (Neuman, 1997:336).

Quantitative analysis was used for many secondary data sources.

Chapter 7 discusses issues related to limitation of the research and research bias.

Primary data collection and analysis

Interviews

Primary qualitative data was collected via interviews, emails and phone calls with various individuals connect to the case study. A list of interviewees with all relevant identifying information, along with other people from whom information was gathered but not via formal interview, appears in Appendix 2.

In Chapter 1 those who did not respond to a request for interview are noted. Key people interviewed are again listed in Chapter 7. The people from whom the majority of data is drawn were the elected councillors from that time period, and members of the steering committee. From the perspective of answering the research these people were able to give the greatest insight. Bias was evident in favour of the project but one councillor who was not totally in favour of the project was interviewed and not everybody had the same perspective of the project, so different voices were heard and insights gained.

In keeping with ethics approval all interviewees were given a letter disclosing the nature and purpose of the research and how their contribution would contribute to the findings and that, while the full verbatim interviews would be confidential to me, neither anonymity nor confidentiality was being given as they could expect to be quoted in the thesis or other published papers. They were then asked to sign a
Appendix 1

consent form. The interviews were tape recorded and transcribed. The format was semi-structured using a limited number of key questions to prompt the interviewee to recall and reflect upon their role in the project and their recollections of the dynamics, the politics – internal and external – and any other information relevant to their role.

The events being recalled by the interviewees occurred as much as ten years prior to the interview so allowance had to be made for gaps in memory or selectivity in memory. Each interview was broken into roughly three sections that asked about their role, their recollections and reflections, and what they thought were the lessons learnt from the project. Within that format specific questions asked of each individual varied depending on their role and recollections.

The interviews were then reviewed for key information and insights that helped inform the research.

One interview did not follow this format as it happened accidentally. The first body corporate manager was contacted by phone and asked if he could be visited for an interview. He did not think a formal interview was necessary but spent half an hour telling me what concerned him. As this information gave little insight into those aspects of the project being investigated it has not been used directly.

In another instance I contacted by email Mr Hal Bisset who had worked on the steering committee as a representative of EHI Inc. I needed clarification of one issue and felt it did not warrant a formal interview process. I summarised in the email the basic disclosure information and that responding to the email would constitute agreement for the information to be used in the research.

Gary Spivak was not formally interviewed at any time but as the representative for the industry he was both cognisant and supportive of the research aims and objectives. He and I had many informal meetings and conversations to review the progress of the research and help clarify many points. Through my interaction with the Port Phillip Housing Association as part of organising post-occupancy surveys I also had informal meetings with Karen Barnett, the Manager. Again she responded to a number of questions I put to her by email agreeing her information could be used for the research thesis.
Appendix 1

Surveys

Copies of the disclosure information and questionnaires and detailed findings are given in later Appendices. These surveys were conducted with residents who lived in the local area, and post-occupancy tenants of Inkerman Oasis. A selection of local business owners/managers were also interviewed on an informal basis. There were no set questions and these people were asked about how they thought the development might impact on their business.

Details of the local area residents and businesses surveyed are given in Chapter 7 along with a brief analysis of the response rate and findings. The aim was to ascertain the local community response to the development, how it might impact on them and their level of awareness of the many outcomes council hoped to achieve from the project.

The questionnaires distributed to the community housing tenants living in Inkerman Oasis were delivered by the researcher in person accompanied by a representative from the Port Phillip Housing Association and collected the same way. The aim was to explain fully what the questionnaire was about, answer any questions when they were being collected, and hopefully maximise the response rate given there were so few community tenants. This survey had to be conducted separately with the second group of community tenants as the last thirteen community units were completed some years after the first.

The private tenant questionnaires were put in letter boxes along with postage paid return envelopes. Because the last building completed and occupied was towards the end of the thesis research the private tenants in that building were not surveyed.

The Community tenant response rate was reasonably high at sixteen out of 28 but only 15 percent (16 of 104) of private tenants responded, as noted in Chapter 7.

Analysis of the questionnaire data was conducted by coding and entering results into SPSS (Statistical Package for the Social Sciences) version 11. This applied equally to the open questions where common terms and concepts were identified and coded.
Secondary data collection and analysis

Document Analysis

A significant secondary data source was project documents supplied by the City of Port Phillip. These were collected by Gary Spivak, the Housing Development Manager. As industry partners to this research project the documents, some 51 files of collected emails, minutes, and correspondence, were offered for examination to assist the research process. The availability of these documents was invaluable as they gave an in-depth look into the workings of the steering committee, legal advice, tender and contract documents, interactions with the developer and council deliberations. They were an almost complete collection from February 1996 and will continue to be collected until the construction is complete. Some files were missing, for example, not all steering committee minutes were filed, but the majority were. Needless to say these collected records reflected the position of the council through emails and minutes that detailed their discussions, reflections, planning and strategies. Similar documents from other groups were not offered.

During the course of the research Gary Spivak continued to copy relevant emails and records to me to keep me up to date with the latest progress and issues.

Analysis of this data source was conducted by reading through all the files and either note taking or photocopying relevant documents.

Quantitative Data

Other secondary data was taken from ABS, ATO, Office of Housing and Valuer General data-bases and publications. These data were used to obtain demographic, housing and housing related information that assisted in situating the case study of Inkerman Oasis in the broader context of St Kilda, Port Phillip and Melbourne.

Principal data sets used included:

- Australian Bureau of Statistics (ABS) community profiles and extended community profiles for tenure, landlord, rental payments, income, age, labour status, qualifications, population density. Many of these tables were draw from CDATA 2001.

- ABS time series for average weekly earnings and consumer price index.
Appendix 1

- ABS custom tables for usual residence by occupation.
- Office of Housing Rental Report
- Valuer general confidentialised unit records of property sale prices and their publication A Guide to Property Values.
- Australian Taxation Office individual taxable income by 5 percentile distribution, and individual taxable income by postcode.
- Reserve Bank of Australia Time series indicator lending rates for home loans.
- Data was analysed using a combination of Microsoft Excel and SPSS as appropriate.

Appendices 2 to 6 contain copies of the participants and materials used for surveys.
Appendix 2

Stakeholder Interviewees


Mark Whinfield, Consultant and General Manager, Local Communities for Urban Land Corporation. Member of Steering Committee; interviewed 30 May 2005.

Heidi Dixon, Consultant representative of Ecumenical Housing Incorporated. Member of Steering Committee; interviewed 28 April 2005.

Peter Williams, Architect representing Williams Boag P/L who designed the Inkerman Oasis project. Member of Steering Committee; interviewed 17 May 2005.

Rob McGauran, Architect representative of McGauran Soon P/L. Rob took over as advisor to council after Peter Williams became the architectural consultant to Inkerman Developments. Member of working committee; interviewed 19 May 2005.

Peter McEwan, Office of Planning and Heritage and member of original interested persons discussion group and had previously worked in the Office of Housing with Mark Whinfield and Heidi Dixon; interviewed 24 May 2005.

Christine Haág, ex-councillor and Mayor of the CoPP. Member of Steering Committee; interviewed 9 June 2005.

Liana Thompson, ex-councillor and Mayor of the CoPP; interviewed 18 December 2006.

Liz Johnstone, ex-councillor of the CoPP; interviewed 18 December 2006.

Jon Hickman, first CEO of the CoPP; interviewed 28 October 2003.

David Spokes, General Manager of the community planning division with CoPP, 1995-98. CEO of the CoPP when interviewed on 7 July 2005.

Michael Papageorgiou, ex-staff member of CoPP; interviewed 2 July 2007.
Appendix 2

Gary Spivak, Housing Development Officer for CoPP. Gary was never formally interviewed but, as the contact representative for CoPP we shared many informal coffee sessions, emails and phone conversations throughout the term of the research, all of which are listed as personal communications.

Karen Barnett, Manager of Port Phillip Housing Association. Interviewed formally and exchanged emails on several occasions. Formal discussions took place on 4 March 2003; and with Gary Spivak, 19 July 2003.

Maurice Daly, Commissioner of the Liverpool City Council Enquiry; interviewed 8 April 2005.

Michael King, Project manager for Inkerman Developments P/L and member of working party; interviewed 11 February 2003.

John Scriven and Chris Coulthurst, representatives of South East Water Ltd and engaged in all early negotiations over head works charges and contribution to the Inkerman Oasis water system. Chris was involved in monitoring of the system in preparation for it being activated; interviewed 21 March 2003.


Peter Doolan, body corporate manager for Inkerman Oasis acting on behalf of L.J. Hooker; interviewed 7 July 2005.

Bob Brooks, the first body corporate manager for Inkerman Oasis, telephone interview 26 August 2003.
FORM OF DISCLOSURE AND INFORMED CONSENT

Project stakeholder Interviewees

Project title: Public-private partnerships as a solution to housing affordability problems: a case study of inner urban development.

Explanation of Project: This is a three year research project using the Inkerman/Oasis Development as a case study. This development is being studied from its conception, planning and approval, to post-occupancy. It is funded by the Australian Research Council, the City of Port Phillip and the Australian Housing and Urban Research Institute.

The project has proven to be of great interest to other councils and government agencies since its inception and interviews will focus on the elements that have made it such a notable development. One outcome of the research is to offer policy recommendations which might see similar models used more effectively to ease the shortage of low income housing in Australia. Your contribution to this research will ensure the resultant documentation of the project will be both comprehensive and detailed so that both Port Phillip and other councils can learn from this project.

Confidentiality: No third party will have access to your raw data. Interviews will be tape recorded and transcribed in part or in full. All interview material will be stored in a secure filing cabinet at the Institute for Social Research. The interviews are being undertaken on the understanding that the information being provided will be used for the purposes of this research and thus appear in the public domain via publications; confidentiality is not being guaranteed unless you specifically require this for all or part of the interview. Some organisations and businesses will necessarily be named due to the critical nature of their involvement in the project; however, no information from the interviews will be used without your prior permission.
Your Role: Preferably interviews will be conducted face to face but a telephone interview may be your preferred option. They will be largely unstructured in nature although typical questions may be forwarded for your consideration prior to the interview as appropriate. During these interviews you will be asked about your opinions or experience of the development. Interviews should take no more than forty-five minutes.

Right To Withdraw: It is completely within your rights to withdraw from the project at any time up to the publication of results. Any information you have given up to that point will be removed from the project if requested.

Questions or Concerns: Any questions regarding this project can be directed to the principal researcher, Ronald Aspin (Ph 9214 5356), or the senior investigator, Prof. Terry Burke (Ph 9214 8109). If you have any complaints about the study, or questions that have not been answered to your satisfaction by those above, you may write to:

The Chair
Human Research Ethics Committee
Swinburne University of Technology
PO Box 218
HAWTHORN VIC. 3122
Phone: 9214 5223

Please keep these pages for future reference.
Swinburne University of Technology
Institute for Social Research

Statement of consent to take part in the study – Public-private partnerships as a solution to housing affordability problems: a case study of inner urban development.

I…………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………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Appendix 4

Swinburne University of Technology
Institute for Social Research.

FORM OF DISCLOSURE AND INFORMED CONSENT
Local area resident surveys

Project title:
Public-private partnerships as a solution to housing affordability problems: a case study of inner urban development.

Investigators;
This project is being supervised by;
Prof. Terry Burke and Dr David Hayward – Swinburne University of Technology.
The project researcher is;
Ronald Aspin BA(hons) who is a postgraduate student at Swinburne University of Technology. Information from questionnaires and interviews will be used by him in reports and publications as part of his postgraduate program. For this reason Swinburne request that you complete a consent form under their name.

Explanation of Project: The research project will explore the aims, objectives and outcomes of the Inkerman/Oasis Development taking place in Inkerman Street St Kilda. Many aspects of the development are of interest for this research including:

- The affordable/private housing component of the development. There is only limited research into mixed affordable/private housing projects like this one.
- The Public Private Partnership approach taken to this development by council as a means of funding new affordable housing stock in inner city suburbs. This approach to funding could influence future housing policy for both State and Federal Governments.
- The economic and social impact of a development of this nature on the surrounding residents and businesses.
- Lastly, some aspects of “community formation” experienced by residents of the development once they have moved in.
Note that “affordable” housing as used here is similar to “public” housing but is not owned and controlled by the State Housing Authority.
Benefits: Based on the high level of community attendance at the first community consultation it is apparent that locals are interested in this development. Participation in this research will offer you a further avenue to have your say about issues related to the development that you believe are important. Whether supportive of the development or not your contribution may help with improved approaches to future projects in this area, and more generally, Government housing policy formation at both State and Federal levels.

Confidentiality: Any information you give during this project will remain confidential to me as the researcher, and will not be used in any reports or publications in any way that could identify individuals, households or businesses. This confidentiality applies equally to any person acting on my behalf, such as an alternate interviewer. If a particular individual or business could be identified in a publication they will be asked for specific permission to use the information prior to publication.

All data collected in the course of this research will be securely stored at Swinburne University in a coded form. The key to the code will be held separately to the data by the researcher.

Your Role: Having volunteered to be part of the ongoing research study you may be asked to take part in a telephone interview, face to face interview or a group interview. During these interviews you will be asked about various aspects of the development and how they have/might affect you or your business. It is not envisaged you would be contacted more than once or twice a year. Time commitments will not be great with an average interview taking no more than half an hour. The research is to be conducted over a three year period.

Right To Withdraw From Project: As a volunteer it is completely within your rights to withdraw from the project at any time up to the publication of results, and all information you have given up to that point can be removed from the project if requested.

Questions or Concerns: It is important that you ask questions about the project if there is anything you do not understand. You may discuss any matter with an interviewer, the researcher Ronald Aspin (Ph 9214 5356), or either supervisors, Terry Burke (Ph 9214 8109) or David Hayward (Ph 9214 8070). If you have any complaints about the study, or questions that have not been answered to your satisfaction by those above, you may write to:

The Chair
Human Research Ethics Committee
Swinburne University of Technology
PO Box 218
HAWTHORN VIC. 3122
Phone: 9214 5223

Please keep these pages for future reference.
Informed consent to take part in the study - Public-private partnerships as a solution to housing affordability problems: a case study of inner urban development

I..................................................................................(name and address) have read and understood the information disclosed in the attached form. Any questions I have asked have been answered to my satisfaction.

I agree to take part in this project, realising that I may withdraw at any time.

I understand that the project is being conducted by a postgraduate student of Swinburne University of Technology and I agree that the research data collected for the study may be published or provided to other researchers on the condition that anonymity is preserved and that I (or my business) cannot be identified.

YOUR NAME or POSITION(print)..................................................................................SIGNATURE..................................................DATE................

NAME OF PRINCIPLE INVESTIGATOR.......RONALD ASPIN
SIGNATURE............................................................................DATE................

Please return this page in the envelope provided
Inkerman/Oasis Development – Mid Construction Stage, Local Resident Survey.

Instructions for completing the questionnaire.

- It would be preferred if the questionnaire was completed by the home owner or if renting, the person considered responsible for the premises.
- Note that this questionnaire is not compulsory and none of the questions are compulsory.
- Circle the answer that best reflects your thinking, or where more than one response is possible and valid, such as in question 6, please circle as many responses as you need.
- If you do not see an answer that suits your situation or thoughts, or there is insufficient space, please feel free to attach extra comments.
- The questionnaire covers four main themes: the Inkerman/Oasis development as a whole; the council owned affordable housing component of the development; the council consultation process; and some necessary details about you the respondent.

Note: The term “affordable housing” used in this questionnaire refers to a proportion of the units that will be owned by the council and managed by the St Kilda Housing Association Inc
1. How long have you lived in this immediate vicinity even if not in the same dwelling?

2. What features/facilities attracted you to this location?

3. Approximately how long ago did you first hear of the development?

4. When you first heard about the development were you;
   - Very positive
   - Positive
   - Neutral
   - Negative
   - Very negative
   - Other

5. If you have been aware of the development for some time, how do you feel about it now?
   - Very positive
   - Positive
   - Neutral
   - Negative
   - Very negative
   - Same as before
   - Other

6. Are you aware of any of the special design features listed? (circle as many as you like)
   - Water recycling
   - Some solar water heating
   - Public walkways
   - Landscaped gardens
   - Others

7. Do you live, or have you ever lived, in or near medium-density housing?
   - Yes
   - No
8. If YES, has that experience influenced your thinking about the Inkerman/Oasis project?
   Positively.................................................................................................................... 1
   Negatively .................................................................................................................. 2
   Not at all..................................................................................................................... 3

9. What positives/negatives do you see resulting from the development in terms of either the physical structure or the resident population when they move in?
   For you ..........................................................................................................................
   For the area:..............................................................................................................

10. Has the development had a direct affect on you or the area already (other than normal disruption due to construction)?
    10.1 For you: ...........................................................................................................
    10.2 For the area:....................................................................................................

11. In terms of the overall amenity of the local area will the development?
    Spoil it .................................................................................................................... 1
    Improve it............................................................................................................... 2
    No change.............................................................................................................. 3
    Mixed, good and bad changes ............................................................................ 4
    Comments............................................................................................................. 5

12. In your opinion has the development had a direct effect on your house value or rent?
    Increased price/rent .............................................................................................. 1
    Decreased price/rent ............................................................................................ 2
    Increased price/rent but can not be sure if due to the development ..................... 3
    Decreased price/rent but can not be sure if due to the development ..................... 4
    No change.............................................................................................................. 5
    No change yet but believe it will happen.............................................................. 6

13. Are there any other aspects of the development that you would like to comment on (e.g. too large, well planned)?
Questions 14 – 21 are for people who moved in after the development started.

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<thead>
<tr>
<th>Question</th>
<th>YES</th>
<th>NO</th>
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<tr>
<td>14. Were you aware of the development before you moved in?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>15. If NO would you have altered your decision?</td>
<td>1</td>
<td>2</td>
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<td>16. If YES to Q13 did you take the development into consideration?</td>
<td>1</td>
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<td>17. How would you say the development influenced your decision? Did you see it as a;</td>
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<td>Negative</td>
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<td>Neither</td>
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<tr>
<td>18. Did you know about the affordable housing aspect of the development before you moved in?</td>
<td>1</td>
<td>2</td>
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<tr>
<td>19. If NO would it have altered your decision?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>20. If YES to Q17 did that aspect give cause for extra consideration?</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>21. How would you say the affordable housing influenced you? Did you see it as a;</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Negative</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Positive</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>
Neither ........................................................................................................................................... 3

Question 22 onwards are for all residents.

22. Do you know the number of units planned for the development? ..............................................

23. Do you know approximately how many units make up the affordable housing component?
   10 ................................................................................................................................................. 1
   20 ................................................................................................................................................. 2
   30 ................................................................................................................................................. 3
   40 ................................................................................................................................................. 4
   50 ................................................................................................................................................. 5
   Don’t know .................................................................................................................................... 6

24. Was the affordable/private housing mix within the development made clear to local residents from the beginning?
   YES ................................................................................................................................................. 1
   NO ............................................................................................................................................... 2

25. Were questions about this raised and adequately responded to at the consultation meetings?
   Raised/Adequate response ............................................................................................................. 1
   Raised/Inadequate response .......................................................................................................... 2
   Not raised ...................................................................................................................................... 3
   Did not attend ............................................................................................................................... 4
   Did not know about consultation meetings ................................................................................. 5

26. How do you feel about affordable housing being part of the development?
   It is a positive part of the development ....................................................................................... 1
   It is a negative part of the development ...................................................................................... 2
   It is not a relevant issue ................................................................................................................ 3
   Undecided – wait and see ............................................................................................................. 4
   No opinion ................................................................................................................................... 5
   Other ............................................................................................................................................ 6

27. Has the affordable housing aspect affected your plans to stay in the area?
   Yes – encouraged me to stay ........................................................................................................ 1
   Yes – encouraged me to leave ....................................................................................................... 2
   No – has not influenced my future plans in any way ................................................................... 3
28. How would you rate the use of the old council depot for a mixed Affordable/Private housing development (you may want to circle more than one response, eg mix not relevant and positive land use);
   Positive use of the land ................................................................. 1
   Negative use of the land ............................................................... 2
   No opinion ..................................................................................... 3
   The housing mix is not a relevant issue ....................................... 4
   Other ............................................................................................... 5

29. Do you believe more or less affordable housing needs to be made available in inner city suburbs?
   More .............................................................................................. 1
   Less ................................................................................................. 2
   Current levels are about right ..................................................... 3
   No opinion ..................................................................................... 4

30. Is the Public Private Partnership approach used here to achieve affordable housing a good one or not?
   Yes ................................................................................................. 1
   No ................................................................................................. 2
   No opinion ..................................................................................... 3
   Do not understand the arrangement well enough to comment .... 4

Questions 31 to 41 concern the community consultation meetings organised by council.

31. Did you attend any of the community consultation meetings
   Yes ................................................................................................. 1
   No ................................................................................................. 2

32. If not was it because?
   You did not hear about them? ..................................................... 1
   You did not think it important? ................................................... 2
   You had no concerns or questions about the development? ........ 3
   You intended to go but were unable to? ..................................... 4

33. Did you find the consultation meeting(s) you attended useful?
   Yes ................................................................................................. 1
   No ................................................................................................. 2
   Undecided ..................................................................................... 3
34. Did you have concerns you wanted answers to?
   Yes ................................................................................................................................. 1
   No .................................................................................................................................. 2

35. Were you able to raise your concerns at the meetings?
   Yes ................................................................................................................................. 1
   No .................................................................................................................................. 2

36. Were those concerns answered?
   Yes ................................................................................................................................. 1
   No .................................................................................................................................. 2

37. If NO to Q34 or Q35 did you write to, or ring the council for answers?
   Yes ................................................................................................................................. 1
   No .................................................................................................................................. 2

38. Are there some matters still unresolved for you?
   Yes ................................................................................................................................. 1
   No .................................................................................................................................. 2

39. If YES to Q37 what is one main issue that remains unresolved for you.
   …………………………………………………………………………………………………………
   …………………………………………………………………………………………………………

40. In general, do you feel residents concerns were listened to?
   Yes ................................................................................................................................. 1
   No ................................................................................................................................. 2
   Only listened to some .................................................................................................. 3

41. Did the consultation process influence your attitude to the project in any way?
   If so
   please comment, particularly if they related to the affordable housing component?
   …………………………………………………………………………………………………………
   …………………………………………………………………………………………………………
   …………………………………………………………………………………………………………
Appendix 4

The next six questions are about another 84 unit medium density development due to commence on the north corner of St Kilda Road and Blanche St. Your attitudes to this second development may be relevant to my research into the Inkerman/Oasis site.

42. Were you aware of this other development?
   Yes ................................................................................................................................. 1  
   No .................................................................................................................................. 2

43. Which development site would you say you live closer to?
   Inkerman/Oasis............................................................................................................ 1  
   St Kilda Rd/Blanchet St............................................................................................... 2

44. What effect do you think the St Kilda Rd/Blanche St development will have on cars wanting to park, vehicle and pedestrian traffic in your street?
   Significant increase ...................................................................................................... 1  
   Increase ........................................................................................................................ 2  
   No change ..................................................................................................................... 3  
   Decrease ....................................................................................................................... 4  
   Significant decrease .................................................................................................... 5  
   Unsure ........................................................................................................................... 6

45. In question 12 I asked about the effect of the Inkerman/Oasis development on rents and house prices. Ignoring that response, in what way do you think the second development will effect your rent or house price?
   Significant increase ...................................................................................................... 1  
   Increase ........................................................................................................................ 2  
   No change ..................................................................................................................... 3  
   Decrease ....................................................................................................................... 4  
   Significant decrease .................................................................................................... 5  
   Unsure ........................................................................................................................... 6

46. Ignoring the influence of the Inkerman/Oasis development, in what way do you think this second development will affect the amenity of the area?
   Spoil it ........................................................................................................................... 1  
   Improve it ...................................................................................................................... 2  
   No change ..................................................................................................................... 3  
   Mixed, good and bad changes .................................................................................... 4
47. Generally speaking how do you feel about the second development?
   It will be good for the area ................................................................. 1
   It will not be good for the area .............................................................. 2
   You have mixed feelings about it ...................................................... 3
   Do not know enough about it to say ............................................... 4
   No opinion ......................................................................................... 5

Questions 48 – 52 cover issues about the you and your housing arrangements.

48. What type of tenancy arrangement do you have?
   Owned or being purchased by you or your partner? .......................... 1
   Private rental (from an estate agent, property manager, or someone not living in the dwelling)? .................................. 2
   Public rental (from State Housing Authority or some other government body)? .............................................. 3
   Other social/community housing (church, community group)? .... 4
   Provided by family/relatives? ............................................................ 5
   Provided by your employer? .............................................................. 6
   Other ................................................................................................. 7

49. Which option most closely describes the type of dwelling:
   Separate detached house .............................................................. 1
   Semi-detached, row or terrace house, town house 1-2 storey .......... 2
   Flat, unit or apartment in a 1-2 storey block ................................ 3
   Flat, unit or apartment in a 3-4 storey block ................................ 4
   Flat, unit or apartment attached to a house ................................. 5
   Residence attached to a shop, office, etc ..................................... 6

50. Number of people living in this dwelling .................................... ( )

51. Family type?
   Couple without children ............................................................... 1
   Couple with children ....................................................................... 2
   Single parent family ....................................................................... 3
   Lone person .................................................................................... 4
   Group household ........................................................................... 5
   2 or more family household without children ............................ 6
   2 or more family household with children ..................................... 7
   Other (please specify) .................................................................... 8
52. What age group are you in?

- 18 – 24 ................................................................. 1
- 25 – 44 ...................................................................... 2
- 45 – 64 ...................................................................... 3
- 65 + ........................................................................... 4

Future contact

Would you be willing to be a part of the ongoing study, which might involve an interview or a focus group? It is unlikely this would happen before the complex is fully occupied.

If yes please give contact details:
Name:....................................................................................
Address:................................................................................
Phone:.................................................................

If you have completed the contact details you will be forwarded a formal informed consent form to complete. To maintain confidentiality this page will be removed from all questionnaires when received by the researcher.

Thank you for taking the time to complete this questionnaire
Appendix 5

Swinburne University of Technology
Institute for Social Research

FORM OF DISCLOSURE AND INFORMED CONSENT
Post-occupancy survey

Project title: Public-private partnerships as a solution to housing affordability problems a case study of inner urban development.

Explanation of Project: The purpose of this questionnaire is to ask residents about living in the Inkerman Oasis development. This is part of a larger study into Inkerman Oasis as one way the City of Port Phillip has tried to increase community housing. The study also looks at issues such as funding and construction used for this development.

Taking part will allow you to express opinions about the development that you believe are important. Whether you are renting or own your apartment your opinions and ideas are valuable for a proper analysis of the project and may influence future projects like this in the Port Phillip area or elsewhere.

Confidentiality: The attached questionnaire is anonymous and any information you give will remain confidential and securely stored at Swinburne University. No one else, including the council, will have access to your questionnaire. Reports or publications using this information will not identify individuals or households.

Consent: As the questionnaire is anonymous and its completion is voluntary, the return of a completed questionnaire will be taken as your consent for the data to be used in this research project.

Questions or Concerns: Any questions regarding this project can be directed to the principal researcher, Ronald Aspin (Ph 9214 5356), or the Senior Investigator, Prof. Terry Burke (Ph 9214 8109). If you have any complaints about the study, or questions that have not been answered to your satisfaction by those above, you may write to:

The Chair
Human Research Ethics Committee
Swinburne University of Technology
PO Box 218
HAWTHORN VIC. 3122
Phone: 9214 5223

Please keep this page for future reference.
Appendix 6

Post-occupancy private resident survey

Dear resident

If you would like to assist my research but are having difficulty with the form I will be happy to help so please call me.

Instructions for completing the questionnaire.

- Note that this questionnaire is not compulsory and none of the questions are compulsory.
- If you do not see an answer that suits your situation or thoughts, or there is insufficient space, please feel free to attach extra comments.
- The questionnaire covers four main themes: the Inkerman/Oasis development generally; satisfaction with your apartment; issues about mixed private and community housing; and some details about you the respondent.
- When complete please return in the pre-paid envelope included.

Thank you for your participation and the time you give to considering your responses.
Questions 1 – 15 are about the site of Inkerman Oasis as a place to live and the buildings.

1. How long have you lived in the Inkerman Oasis estate? ..............................................

2. What are the main things you like about living in Inkerman Oasis (not your apartment)?
.............................................................................................................................................
.............................................................................................................................................
.............................................................................................................................................
.............................................................................................................................................

3. Is there anything you dislike, or think could be better, about living here (again not your apartment)?
.......................................................................................................................................
.............................................................................................................................................
.............................................................................................................................................
.............................................................................................................................................

4. What do you think of the design and layout of the buildings on this site?
   Very good .................................................................................................................................................. 1
   Good .......................................................................................................................................................... 2
   Neutral ..................................................................................................................................................... 3
   Poor ........................................................................................................................................................... 4
   Very poor .................................................................................................................................................. 5
   Please comment ......................................................................................................................................... 6

5. Not all the design features are completed or working yet but what do you think of the following features? (Tick the box)
   very good  good  poor  very poor  Don’t know  neutral
   Water recycling
   Public walkways
   and open space
   Landscaped gardens
   Flow through ventilation
   Integrated Art
   Please add comments about any of these features if you wish .................................................
   .............................................................................................................................................................
   .............................................................................................................................................................

6. Do you feel safe living at Inkerman Oasis?
   Always ............................................................................................................................................... 1
Most of the time ........................................................................................................................................ 2
Not often .................................................................................................................................................. 3
Never ....................................................................................................................................................... 4

7. If not ‘always’ please comment what makes you feel unsafe .......................................................... 2
.............................................................................................................................................................
.............................................................................................................................................................

8. If not ‘always’, what do you think could be done to help you feel safe? ........................................ 3
.............................................................................................................................................................
.............................................................................................................................................................
.............................................................................................................................................................

9. What positives/negatives do you see resulting from Inkerman Oasis being built in this
neighbourhood, if any? (eg reduces prostitution, increases traffic, improves area)

Positives: ............................................................................................................................................... 4
.............................................................................................................................................................
.............................................................................................................................................................

Negatives: ............................................................................................................................................... 4
.............................................................................................................................................................
.............................................................................................................................................................

10. How would you rate each of these statements? (tick the box)

<table>
<thead>
<tr>
<th>Agree</th>
<th>Tend to Agree</th>
<th>Tend to Disagree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>People respect your privacy here</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good neighbours here</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighbourhood is peaceful and quiet</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convenient to services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enough social interaction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is a feeling of community</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is no discrimination</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. What are the three main services you access in and around St Kilda that you would not want to be too far away from or would not want to see closed?

.............................................................................................................................................................
12. Do you use public transport?
- Always ................................................................. 1
- Most of the time .................................................... 2
- Not often .............................................................. 3
- Never ..................................................................... 4

13. Since the body corporate manager has recently changed comments about performance are understandably difficult, but since that change how would you rate their performance on the following issues?

<table>
<thead>
<tr>
<th>Issue</th>
<th>Very good</th>
<th>Good</th>
<th>Poor</th>
<th>Very poor</th>
<th>Too soon to tell</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleanliness of common areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsiveness to enquiries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friendliness and approachability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billing procedures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professionalism in running meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You are made to feel included</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You are encouraged to actively participate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. Overall how would you rate living at Inkerman Oasis?
- Very good ..................................................... 1
- Good ................................................................... 2
- Neutral .......................................................... 3
- Poor .................................................................... 4
- Very poor ........................................................ 5

15. Are there any other aspects of the development that you would like to comment on?
- ............................................................................
- ............................................................................
- ............................................................................
- ............................................................................
- ............................................................................

Page A28
Questions 16 – 21 are about your apartment.

16. Is your apartment generally well designed?
   YES ................................................................................................................................ 1
   NO .................................................................................................................................. 2

17. Are the fixtures and fittings of good quality and well positioned?
   YES ................................................................................................................................ 1
   NO .................................................................................................................................. 2
   MOSTLY ......................................................................................................................... 3
   Please comment ...........................................................................................................
   ....................................................................................................................................... 4

18. Does your apartment offer you enough privacy and security?
   YES ................................................................................................................................ 1
   NO .................................................................................................................................. 2
   MOSTLY ......................................................................................................................... 3
   Please comment ..........................................................................................................
   ....................................................................................................................................... 4

19. Is the apartment generally warm/cool enough without resorting constantly to artificial heating or cooling?

   Warm         Cool
   YES   NO   YES   NO

20. If you could change something about your apartment what would it be? ..........
    ........................................................................................................................................
    ........................................................................................................................................
    ........................................................................................................................................
21. Overall how would you rate your apartment?
Very good ...................................................................................................................... 1
Good............................................................................................................................ 2
Neutral .......................................................................................................................... 3
Poor ............................................................................................................................... 4
Very poor ....................................................................................................................... 5

Questions 22 – 31 are about the mixture of owner-occupied, private rental and community apartments

22. This question is only for people who purchased through the Henry Kaye organisation – otherwise please go to question 23.
Were you informed of the mixed tenure before signing to purchase?
YES ................................................................................................................................ 1
NO .................................................................................................................................. 2

23. Did you know Inkerman Oasis would be a mixture of tenures including community tenants before purchasing or moving in?
YES ................................................................................................................................ 1
NO .................................................................................................................................. 2

24. Are you aware of the differences between public housing and community housing?
YES ................................................................................................................................ 1
NO .................................................................................................................................. 2
Not sure ........................................................................................................................ 3

If you answered NO to Q24 please go to Q26

25. Please indicate which of the following differences you are aware of:
Non government managing body ................................................................................... 1
The tenants demonstrated attachment to the local community ................................. 2
Higher level of non financial assistance provided ........................................................ 3
The managing body’s close relationship with the tenant ............................................. 4
Potential for tenant participation in management....................................................... 5
Greater variety of tenancies possible .......................................................................... 6
26. Have you previously lived in a mixed tenure (private/social) building?
YES ........................................................................................................................................ 1
NO ...................................................................................................................................... 2

27. What are your impressions of having mixed private and community apartments?
Very positive .................................................................................................................. 1
Positive ......................................................................................................................... 2
Neutral .......................................................................................................................... 3
Negative ......................................................................................................................... 4
Very negative ............................................................................................................... 5
No opinion ...................................................................................................................... 6

28. What has led you to form the impression indicated in Q27?
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

29. Have you spoken to community residents about the mixed tenure?
YES ................................................................................................................................ 1
NO .................................................................................................................................. 2

30. If YES to Q29 how do they feel about it?
Very positive .................................................................................................................. 1
Positive ......................................................................................................................... 2
Neutral .......................................................................................................................... 3
Negative ......................................................................................................................... 4
Very negative ............................................................................................................... 5
Please comment ...........................................................................................................
.......................................................................................................................................
....................................................................................................................................... 

31. In general would you say there was a friendly atmosphere between residents at Inkerman Oasis regardless of whether they are private or community tenants?
YES ............................................................................................................................ 1
NO ............................................................................................................................... 2

Please comment ..........................................................................................................
........................................................................................................................................
Questions 32 onwards cover issues about you and your housing arrangements.

32. What type of tenancy arrangement were you previously in?
   Owned or being purchased by you or your partner? .................................................. 1
   Private rental? .............................................................................................................. 2
   Public rental (from State Housing Authority or some other government body)? .... 3
   Other social/community housing (church, community group, housing association)? ................................................................................................................ 4
   Provided by family/relatives? ...................................................................................... 5
   Provided by your employer? ........................................................................................ 6
   Other ............................................................................................................................. 7

33. Do you have any direct links to directors or staff of the developer, Inkerman Developments P/L?
   YES ................................................................................................................................ 1
   NO .................................................................................................................................. 2
   Please comment...........................................................................................................
   .......................................................................................................................................

34. Which option most closely described your previous type of dwelling;
   Separate detached house ........................................................................................... 1
   Semi-detached, row or terrace house, town house 1-2 storey ................................. 2
   Flat, unit or apartment in a 1-2 storey block.............................................................. 3
   Flat, unit or apartment in a 3 or more storey block ................................................... 4
   Flat, unit or apartment attached to a house .............................................................. 5
   Residence attached to a shop, office, etc ................................................................. 6

35. What best describes your association with St Kilda or nearby area?
   A long term resident in the local area (longer than 10 yrs)?..................................... 1
   A shorter term resident (less than 10 yrs)? .............................................................. 2
   Have lived in the area previously and now moved back? ......................................... 3
   This is my first time residing in this part of Melbourne? ........................................... 4
   Other ................................................................................................................................ 5

36. If you have only recently moved to St Kilda what was your previous post code?
   ( )
37. What best describes your current tenure
   Owned or being purchased by you or your partner? .................................................. 1
   Private rental on lease basis? ..................................................................................... 2
   Provided by family/relatives? ...................................................................................... 3
   Provided by your employer? ........................................................................................ 4
   Short term/holiday rental ............................................................................................ 5
   Other ............................................................................................................................. 6

38. Number of people normally living with you on a permanent basis (    )

39. What is your current household make-up?
   Couple without children ............................................................................................... 1
   Couple with children .................................................................................................... 2
   Single parent family ..................................................................................................... 3
   Lone person .................................................................................................................. 4
   Group household .......................................................................................................... 5
   2 or more family household without children............................................................. 6
   2 or more family household with children .................................................................. 7
   Other (please specify) .................................................................................................. 8

40. What age group are you in?
   □ 18 – 24 ................................................................................................................... 1
   □ 25 – 44 .................................................................................................................... 2
   □ 45 – 64 ..................................................................................................................... 3
   □ 65 + .......................................................................................................................... 4

Once again thank you for your participation and the time you have given to completing this questionnaire.
If this questionnaire has sparked your interest and you would like to see the results please contact Ron Aspin or include a note to that effect, with your contact details, in the return envelope. Once the note is removed the questionnaire will again be anonymous.
Appendix 7

Inkerman Oasis (D’LUX) Development – Post-Occupancy
Community Housing Survey

Dear housing resident

The attached survey has been approved by the Port Phillip Housing Association and Port Phillip Council who help me with its design and distribution. I have included a reply paid envelope and ask that you try to complete and return over the next week.

If you have any questions about completing the survey please call me on the number given on the informed consent form.

Instructions and help for completing the questionnaire:

Note that this questionnaire is not compulsory and none of the questions are compulsory.

If you do not see an answer that suits your situation or thoughts, or there is insufficient space, please feel free to attach extra comments.

The questionnaire covers four main themes: the Residential development generally; satisfaction with your apartment; issues about mixed private and community housing; and issues about the affordability of living in your current accommodation and the quality of life it might bring.

Thank you for your participation and the time you give to responding as this will be very helpful to my research project.
Questions 1 – 17 are about the site of Inkerman Oasis as a place to live and the buildings.

1. How long have you lived in the Inkerman Oasis estate? .............................................

2. What are the main things you like about living in Inkerman Oasis (not your apartment)?

.............................................................................................................................................
.............................................................................................................................................
.............................................................................................................................................

3. Is there anything you dislike, or think could be better, about living here (again not your apartment)?

.............................................................................................................................................
.............................................................................................................................................
.............................................................................................................................................

4. What do you think of the design and layout of the buildings on this site?
   Very good ...................................................................................................................... 1
   Good .............................................................................................................................. 2
   Neutral .......................................................................................................................... 3
   Poor ............................................................................................................................... 4
   Very poor ....................................................................................................................... 5
   Please comment........................................................................................................... 6

5. Not all the design features are completed or working yet but what do you think of the following features? (Tick the box)

   very   good   poor   very   Don’t
Appendix 7

Water recycling
Public walkways and open space
Landscaped gardens
Flow through ventilation
Integrated Art

Please add comments about any of these features if you wish ..............................
.......................................................................................................................................
.......................................................................................................................................
10. How would you rate each of these statements? (tick the box)

<table>
<thead>
<tr>
<th>People respect your privacy here</th>
<th>agree</th>
<th>tend to agree</th>
<th>Tend to disagree</th>
<th>disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good neighbours here</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighbourhood is peaceful and quiet</td>
<td></td>
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</tr>
<tr>
<td>There is no discrimination</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. What are the three main services you access in and around St Kilda that you would not want to live too far away from or would not want to see closed?

...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................

12. Do you use public transport?

<table>
<thead>
<tr>
<th>Always</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most of the time</td>
<td>2</td>
</tr>
<tr>
<td>Not often</td>
<td>3</td>
</tr>
<tr>
<td>Never</td>
<td>4</td>
</tr>
</tbody>
</table>
13. Is the housing association suitably responsive to your enquiries and needs?

- Always ........................................................................................................................................ 1
- Most of the time .......................................................................................................................... 2
- Not often ...................................................................................................................................... 3
- Never .......................................................................................................................................... 4
- Have never had to deal with them other than to pay rent ........................................................ 5

14. Is the council suitably responsive to your enquiries and needs?

- Always ........................................................................................................................................ 1
- Most of the time .......................................................................................................................... 2
- Not often ...................................................................................................................................... 3
- Never .......................................................................................................................................... 4
- Have never had to deal with them .............................................................................................. 5

15. As a community housing tenant you are removed from direct representation on the body corporate that manages the site. Any concerns or issues you have must be passed on through the housing association. In response to this please circle any of the responses below you think are relevant to you.

- I feel disempowered by this ........................................................................................................ 1
- I like things the way they are ........................................................................................................ 2
- I sometimes feel this is a source of discrimination ........................................................................ 3
- I think the housing association adequately represents me ........................................................ 4
- I would like to attend B. C. meetings and voice an opinion ....................................................... 5
- I do not understand how the body corporate works .................................................................... 6
- I would prefer not to live in a B. C. managed building .............................................................. 7
16. Overall how would you rate living at the Inkerman Oasis site?

Very good ...................................................................................................................... 1
Good .............................................................................................................................. 2
Neutral .......................................................................................................................... 3
Poor ............................................................................................................................... 4
Very poor ....................................................................................................................... 5

17. Are there any other aspects of the development or its impact on the local area that you would like to comment on?

………………………………………………………………………………………………………………………
………………………………………………………………………………………………………………………
………………………………………………………………………………………………………………………
………………………………………………………………………………………………………………………

Questions 18 – 24 are about your apartment.

18. Is your apartment generally well designed?

YES ................................................................................................................................ 1
NO .................................................................................................................................. 2

19. Are the fixtures and fittings of good quality and well positioned?

YES ................................................................................................................................ 1
NO .................................................................................................................................. 2
MOSTLY ......................................................................................................................... 3
Please comment .........................................................................................................

20. Does your apartment offer you enough privacy and security?

YES ................................................................................................................................ 1
NO .................................................................................................................................. 2
MOSTLY ......................................................................................................................... 3
Please comment .........................................................................................................
21. Is the apartment generally warm/cool enough without resorting constantly to artificial heating or cooling?

<table>
<thead>
<tr>
<th>Warm</th>
<th>Cool</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>
22. Would you say you were proud to invite people to visit your apartment?
   YES ................................................................................................................................ 1
   NO................................................................................................................................. 2
   Sometimes .................................................................................................................... 3
   If only sometimes please explain ................................................................................

23. If you could change something about your apartment what would it be? ............

24. Overall how would you rate your apartment?
   Very good ...................................................................................................................... 1
   Good .............................................................................................................................. 2
   Neutral .......................................................................................................................... 3
   Poor ............................................................................................................................... 4
   Very poor...................................................................................................................... 5

Questions 25 – 31 are about the mixture of owner-occupied, private rental and community apartments

25. Did you know Inkerman Oasis was a mixture of private and community apartments before moving in?
   YES ................................................................................................................................ 1
   NO................................................................................................................................. 2

26. Have you previously lived in a mixed tenure building?
   YES ................................................................................................................................ 1
   NO................................................................................................................................. 2
27. What are your impressions of having mixed private and community apartments?
Very positive ................................................................................................................... 1
Positive ........................................................................................................................... 2
Neutral ............................................................................................................................ 3
Negative ......................................................................................................................... 4
Very negative ................................................................................................................. 5
No opinion ...................................................................................................................... 6

28. What has led you to form the impression indicated in Q27?
.......................................................................................................................................
.........................................................................................................................................
........................................................................................................................................

29. Have you spoken to private residents about the mixed tenure?
YES ................................................................................................................................ 1
NO .................................................................................................................................. 2

30. If YES to Q29 how do they feel about it?
Very positive ................................................................................................................... 1
Positive ........................................................................................................................... 2
Neutral ............................................................................................................................ 3
Negative ......................................................................................................................... 4
Very negative ................................................................................................................. 5
Please comment ...........................................................................................................
........................................................................................................................................ 6

31. In general would you say there was a friendly atmosphere between residents at Inkerman Oasis regardless of whether they are owner-occupiers, private or community renters?
YES ................................................................................................................................. 1
Appendix 7

NO .................................................................................................................................. 2
USUALLY ....................................................................................................................... 3

Please comment...........................................................................................................
.......................................................................................................................................

Questions 32 onwards cover issues about you, your housing arrangements, and affordability of living in Inkerman Oasis.

32. What best describes your association with St Kilda or nearby area?
A long term resident in the local area (longer than 10 yrs)?................................. 1
A shorter term resident (less than 10 yrs)?............................................................... 2
Have lived in the area previously and now moved back? ................................. 3
Other ............................................................................................................................ 5
33. What type of tenancy arrangement were you previously in?
   Owned or being purchased by you or your partner? .................................................. 1
   Private rental? .............................................................................................................. 2
   Public rental (from State Housing Authority or some other government body)? ..... 3
   Other social/community housing (church, community group, housing association)? .......................................................... 4
   Provided by family/relatives? ...................................................................................... 5
   Provided by your employer? ........................................................................................ 6
   Other ............................................................................................................................. 7

34. Which option most closely described your previous type of dwelling;
   Separate detached house ........................................................................................... 1
   Semi-detached, row or terrace house, town house 1-2 storey ................................. 2
   Flat, unit or apartment in a 1-2 storey block.............................................................. 3
   Flat, unit or apartment in a 3 or more storey block ................................................... 4
   Flat, unit or apartment attached to a house .............................................................. 5
   Residence attached to a shop, office, etc ................................................................. 6

35. Number of people normally living with you on a permanent basis. (    )

36. What is your current household make-up?
   Couple without children ............................................................................................. 1
   Couple with children .................................................................................................... 2
   Single parent family ..................................................................................................... 3
   Lone person .................................................................................................................. 4
   Group household ........................................................................................................... 5
   2 or more family household without children ............................................................ 6
   2 or more family household with children .................................................................. 7
   Other (please specify) .................................................................................................. 8
37. Do you think your current dwelling will meet your needs for as long as you would like to stay there?

YES ................................................................................................................................ 1

NO .................................................................................................................................. 2

Unsure ........................................................................................................................... 3

Please comment............................................................................................................

...
38. Is your current place more affordable than your previous accommodation, this includes all heating/cooling and other costs?
   YES ................................................................................................................................ 1
   NO .................................................................................................................................. 2
   About the Same............................................................................................................ 3

39. I feel secure in my tenancy here.
   YES ................................................................................................................................ 1
   NO .................................................................................................................................. 2

40. How much longer do you expect to remain living at Inkerman Oasis?
   One year ......................................................................................................................... 1
   2-5 years ........................................................................................................................ 2
   6-10 years ...................................................................................................................... 3
   More than 10 years ....................................................................................................... 4

41. How would you rate your level of satisfaction with the following?

   Very high    High    Low    Very low    Not sure
   Noise level
   Size of apartment
   Design and layout of the apartment
   Ease of access and entry
   Close to shops and other services
   Closeness to public transport
   Closeness to parks/recreation areas
   Closeness to entertainment
   Security of dwelling
   Security of surrounding area
Appendix 7

Cleanliness of common areas

42. Now that you are in community housing, what would make you consider moving into private rental? You can select more than one response.

More help with paying rent ................................................................. 1
Same security of tenure as community housing ................................. 2
If I could get suitable private rental in other areas ............................ 3
If I felt there was no discrimination .................................................. 4
Would not consider moving ............................................................... 5
Other (please specify) ............................................................................

43. Please tell me whether you agree or disagree with the following statements.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Not relevant</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am better off financially than before moving to Inkerman Oasis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paying my rent on time is not a problem</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I worry constantly about my financial situation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sometimes I am unable to heat/cool my home because of money worries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I pay all my bills on time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sometimes there is not enough money to buy basic food items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I don’t have to seek assistance from welfare or other agencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

44. Overall do you think that since moving into Inkerman Oasis your quality of life has improved?

Yes, improved a lot .................................................................................... 1
Yes, improved a little .................................................................................. 2
Appendix 7

No difference ................................................................................................................. 3
No, worse ....................................................................................................................... 4
Not sure/undecided ...................................................................................................... 5

45. What age group are you in?
   - 18 – 24 ................................................................................................................... 1
   - 25 – 44 ................................................................................................................... 2
   - 45 – 64 ................................................................................................................... 3
   - 65 + ......................................................................................................................... 4

Once again thank you for your participation and the time you have given to completing this questionnaire.

If this questionnaire has sparked your interest and you would like to see the results please contact Ron Aspin or include a note to that effect, with your contact details, in the return envelope. Once the note has been removed the questionnaire will again be anonymous.
Appendix 8

Local area resident survey results summary

Survey results- 29 respondents out of approximately 280 residences in the immediate vicinity, mostly multi-storey flats.

Comments about ‘undesirables’ reflect local street prostitution that is common in the streets immediately around the development, the men who seek them out, and related issues of drug dealing.

Results:

Just under one third lived in area for <5yrs
Another third <10yrs

41% had positive impression on first hearing about the development
31% had no opinion the others a negative opinion.

I asked whether they were aware of special design features such as water recycling, some solar water heating, public walkways, and landscaped gardens. I also asked them to add any others they knew about. For the purposes of my research I was only interested in whether they had some awareness or not so a response to any of these options suggested at least some awareness hence I collapsed all these into either ‘showed awareness’ or ‘no response’ when doing my data entry.

76% of respondents were aware of at least one of the special design features.

What people saw as potential positive and negative outcomes for themselves and the area once the development was completed and occupied were very mixed.
Appendix 8

The most common negative was concern for increased traffic and parking problems in already busy back streets. The design was seen as a negative for some. On the positive side many saw the design as good and it was hoped it would lead to a reduction of undesirables in the area. Negative design issues mostly related to the height which allowed overview into backyards or was easily visible from their homes.

Just over a third thought there were both good and bad aspects about the development in terms of the effect it would have on the general amenity of the area. Another third thought it would improve the amenity. Of the remaining respondents, half that thought it would spoil the amenity and the rest weren’t sure or felt it would not change things at all.

Asked if the development had or was likely to result in changes to their house price or rent 41% said it hadn’t but they expected it to. 20% said they had already experienced rent rises but were not sure if it was directly attributable to the development.

In response to an open question for any comments about the development 41% reflected negatively on it suggesting it was too large, too densely packed, or ugly. I believe many of these reflected the state of the site at that time which was all bare concrete and semi constructed buildings. The other responses mostly reflected already stated concerns about traffic and the like.

In terms of the community housing apartments the majority of respondents did not know how many there would be.

Fortunately 62% did know there was a community housing element with 48% believing this to be a positive contribution with 30% undecided. Only 7% saw it as a negative.
Appendix 8

62% saw the development as a positive use of the old council depot site, 10% as a negative use.

Only 14% thought the public private partnership approach taken as a negative, the remainder were evenly split between it being ‘a good approach’ and ‘unable to comment’.

59% felt there should be more affordable housing in the inner city while 10% thought there should be less. The remainder was split between maintaining the status quo or no opinion.
Appendix 9

Summary of local business interviews

Café adjacent to Inkerman site on Inkerman Street.

Not interested in the public-private mix.

Felt the development was unlikely to have any significant impact but would give him some extra business. He would consider serving breakfast to see if he got any business from that.

Plant and machinery hire opposite Inkerman site on Inkerman Street.

They had a seven year lease.

The vacant block between them and the hotel was to have 27 units built on it.

He felt that growth and development in the area was beneficial to their business.

The Inkerman Oasis was part of attracting more of the same and was better than a vacant lot.

He confirmed a rumour I had heard that a garden centre across the road had been pushed out by a rise in rent.

He knew about the social housing aspect of the development but had no particular comment.

Newmarket Hotel directly across Inkerman Street.

The manager was not available but a barman suggested the hotel was likely to be renovated and the lease was almost up. He had nothing to say about the Inkerman Oasis development other than the general changes in the area would be the impetus for the owners to renovate.

Art Gallery across Inkerman Street on the other side of the plant hire.

Only recent arrivals in the area and owners were living above the gallery.
The gallery was doing well and expanding and felt the development could help the business.

She did not express a strong opinion either way about the development.

She knew about the affordable housing aspect but had did not see it as an issue.

**Paint shop two doors down Inkerman Street from Inkerman Oasis on the same side.**

Person interviewed was the owner of the building so rent was not an issue.

Knew about affordable housing and thought it was to be 50 percent of the units with others being owner-occupiers. Did not bother him and did not think the development was going to affect his business either way – had no plans for change.

**Smash repairer between Market and Lyell Streets and owner of vacant garden centre site.**

Thought it was a good use of vacant brownfield site as long as the end product looked good and incorporated ecological perspectives. In terms of changes to the area generally and developments, the overall effect would hinge on quality and success of the Inkerman site. By this he meant the Inkerman development would set the standard for the area.

**Café on corner of Barkly Street and Mirka Lane with apartments in the same building backing on to Inkerman development.**

Used to be an automotive workshop. Owner bought the vacant block at the rear and built apartments then converted the workshop to apartments and café.

Some influence on timing by Inkerman Oasis but it was not a major motivating factor.

Signs of general gentrification of area were more significant.

For example he pointed out the hotel on the corner of Barkly and Inkerman Streets was to be renovated and have three storeys added for apartments.
Appendix 9

Warehouse next door to café on Barkly Street was a handbag importer.

Property was sold to a developer and he assumed they would convert it to apartments.

Not selling due to gentrification but they needed to expand to more purpose built site.

He pointed to a lot of development of residential accommodation in the area so believed the demographics were changing. New apartments in Charles Street etc. Not really a family area so much as ‘yuppies’ and ‘dinks’.

He believed all industry would be pushed out eventually.
Appendix 10

Analysis of Post-occupancy Surveys
Buildings D, E, F in 2005 and building C in 2007

General summary and inferences

Response rate: Sixteen of 28 community tenants or 57 percent
Sixteen of 108 private apartments or 14.8 percent
Overall about 23 percent

The percentage of private respondents is actually higher as not all 108 apartments are occupied and some appear to be rented out for short term holidays. Input from this later group would not be relevant to this study but this use of apartments in the development is of some small interest.

Community tenants are older than private and have resided in the development longer.

The private respondents comprised eleven renters, four owner-occupiers, and one family provided apartment that was counted as a renter in the analysis. Owner-occupiers are well represented in this sample as there are only seventeen in total.

Respondents’ housing history showed only one private tenant had lived in St Kilda longer than ten years. All community housing residents are required to demonstrate a minimum years association with the local area. Thirteen private tenants had moved from private rental to either purchase or rent in the D’LUX apartments, four moved from interstate. Eleven of the sixteen community respondents had also moved from private rental.

While community and private tenants put different emphases on specifics they liked about living at this address, the common theme was the locality due to its proximity to so many specifically identified features and services. There was a unanimous disliking of the undesirables associated with Greeves Street and the general safety and security issues this raised for them both within the buildings and the surrounding area. They also commented on the low standards of maintenance particularly of the gardens though these seem to have passed with a change in body corporate management.
Specific issues regarding poor security are given in the full report but are wide ranging some of which are maintenance and design related but it seems the basement car park has become a consistent site of theft and damage.

In view of the above there was a general feeling of being safe only most the time or not often, rather than all the time, especially in the immediate surrounds and especially among the older community tenants.

In general, respondents rated the design and layout of the site, and the ESD features, as good or very good. Again a number of specific issues were raised. As expected some relate back to security. One that was commented on often was the public access walkway that reduced security and privacy for ground floor units, created noise, and gave undesirables another place to deal their wares. Some suggestions for correcting these were given.

A review and tenant education program regarding the water recycling system may be called for as some respondents commented on the occasional bad smell, taste and colour of the drinking water and linked this to the recycling process. As the recycled water is not in use in units or landscaping this needs to be clarified.

The flow through ventilation and solar passive design came in for some comment. Some felt the buildings were too draughty and cold in winter. The apartments seem to suffer as the vents over the front doors do not have insect screens so are not used, the lower apartments are too cool in winter for the hydronic system to warm them adequately, while the upper apartments get too hot in summer.

The 2005 survey identified the central hydronic system as a problem because it was reported as breaking down regularly and at times did not heat the water sufficiently. This was not mentioned in 2007 and has apparently been fixed.

In summation of the site, tenants rated it as being a good or very good place to live taking into consideration the noise and smells from tenants partying and BBQing on balconies, arguing or playing loud music that comes with living in medium density developments. The new issue arising in 2007 was visitors and delivery persons having trouble navigating the site.

The apartments themselves were generally rated as well designed and fitted out. Asked what they would change if they could about their apartments there was quite a list of suggestions. Common ones related to ill fitting doors and windows,
and lack of or problems with ceiling/exhaust fans. Different issues were identified in building C.

In terms of the managing bodies, the community tenants feel the Port Phillip Housing Association does a good job of representing them with the body corporate but two tenants would like to sit in on meetings and make a contribution.

The private tenants were generally satisfied with the body corporate across a range of issues although as noted security was a concern, as was maintenance, and the billing procedures. Two tenants expressed concern over what they saw as excessive body corporate charges, one saying there were ‘extras’ almost every quarter, especially with respect to water. The change in management appears to have corrected this.

Reactions to the mixture of community and private tenure were varied. Very few private tenants understood the difference between community and public housing. Almost all the private and community tenants held positive, neutral or no opinion positions on the issue of mixed tenure. Of concern was one private renter who commented that they no longer felt safe having now learnt there were community tenants and who apparently believed they got their apartments for free. If this survey reflects the level of understanding and attitudes of the broader community then an education program through the local media may be beneficial to inform the community of the work of Port Phillip Housing Association and about sustainable communities.

One finding of this survey is that there are few places or opportunities for interaction and thus residents don’t get to meet except by chance.

The survey was conducted to evaluate the occupant’s experiences and impressions of living at the D’LUX (Inkerman Oasis) apartments. This development is a demonstration project for the city council exhibiting and benchmarking many exciting and innovative features one of which is the mixed tenure. As part of an overall evaluation of this project, a post-occupancy survey of the ‘product’ from a tenant’s perspective is vital. To this end questions were designed to explore five notional facets of the development: the design and layout of the buildings as well as the location within St Kilda; the apartments themselves; the managing bodies being the Port Phillip Housing Association for the community tenants and the body corporate for private tenants; the mixed tenure; and some housing history and other demographic data. A further, quite separate set of questions specific to the community tenants was also attached but does not appear in this report.

Some questions varied between surveys given to community and private tenants as would be expected such as those relating to the body corporate. Where relevant these differences are identified in the report.

The survey drew responses from 32 residents of the D’LUX development comprising sixteen of 28 community residents and sixteen private residents of 108 private apartments, most of which are tenanted. While the response rate to this survey (over 23 percent of residents) can be considered good, the actual numbers are small, especially when broken down to specific responses. In view of this all results are presented as trends or counts rather than percentages.

Overview of respondents

Age groups – One community tenant was 25-44 years and the others 45 years plus while the private respondents were 44 years or less.

Period of residency
Community tenants – range 20 to36 months, the majority being 23 months or less
Private tenants – range two to 30 months, the majority being twelve months or less.

Building C respondents all three to five months
Appendix 10

Tenure arrangements
Of the sixteen private resident respondents, eleven were renting, four were owner-occupiers, and one was in an apartment provided by family who were purchasing. To simplify the analyses this last respondent was included with renters as their name would not appear on the title even though it could be argued they would have a greater vested interest in the future of the development than other renters. According to the body corporate manager there are a total of seventeen owner-occupiers on site, therefore the four respondents to this survey are a reasonable representation of that group.

What was the tenants’ experience of living in the Oasis development (not their apartment), the local neighbourhood, and its general location?

Table 1 Likes and dislikes about living in the Oasis site

<table>
<thead>
<tr>
<th></th>
<th>Tenancy</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Likes</td>
<td>community</td>
<td>private</td>
</tr>
<tr>
<td>proximity to shops</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>proximity to public transport</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>nice neighbours</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>various aspects of the site</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>general locality</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Dislikes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>undesirables in the area</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>hot water and heating system</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>standard of maintenance</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>various security issues</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>flooding in car park</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>traffic controls</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>poor recycling</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>
It can be seen from Table 1 that different emphases are placed on likes between private and community tenants but all agree on the main dislikes – undesirables who give rise to issues of safety and security both within the buildings and the surrounding neighbourhood. Some respondents acknowledged that when the site is complete and there are more people about, the undesirables might be less prevalent, but that this will be some time off.

Table 2 Ratings and comments regarding the design and layout of the site

<table>
<thead>
<tr>
<th>question 4</th>
<th>Ratings for the site</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>very good</td>
</tr>
<tr>
<td>Added comments</td>
<td></td>
</tr>
<tr>
<td>community tenants</td>
<td>4</td>
</tr>
<tr>
<td>private tenants</td>
<td>5</td>
</tr>
</tbody>
</table>

Typical comments were: not overcrowded; finishing touches not the best; too many finishes so feels chaotic; visitors and delivery people have trouble finding the building (building C); external lights shine in bedroom.

It was commented on in other parts of the survey that some of the south facing apartments on the Blanche St walkway are too close to the other building thus reducing light. Exacerbating this is the need to keep the blinds closed for privacy.

Table 3 Ratings for various features of the site (not all functional or complete)

<table>
<thead>
<tr>
<th>question 5</th>
<th>Ratings - community and private combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>features</td>
<td>very good</td>
</tr>
<tr>
<td>water recycling</td>
<td>6</td>
</tr>
<tr>
<td>public walkways &amp; open space</td>
<td>10</td>
</tr>
<tr>
<td>landscaped gardens</td>
<td>6</td>
</tr>
<tr>
<td>flow through ventilation</td>
<td>6</td>
</tr>
<tr>
<td>integrated art</td>
<td>4</td>
</tr>
</tbody>
</table>
Note that for this question a request for comments drew thirteen responses, seven of which related to poor maintenance of the site generally and the gardens in particular. One respondent correctly noted none of these features will not be much good without regular maintenance. Another spoke of noise from the timber walkway, and cold and draughty corridors. Some other issues are spoken about specifically under safety and aspects of the apartments. Some comments about the recycled water were misinformed as this feature is still being commissioned.

**Feelings of Safety**

In terms of feeling safe and secure the community tenants overall felt less safe. This may be related to the older age of community tenants.

**Table 4**

<table>
<thead>
<tr>
<th>Do you feel safe and secure</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>community</td>
<td></td>
</tr>
<tr>
<td>always</td>
<td>5</td>
</tr>
<tr>
<td>mostly</td>
<td>4</td>
</tr>
<tr>
<td>not often</td>
<td>6</td>
</tr>
<tr>
<td>no response</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
</tr>
<tr>
<td>private</td>
<td></td>
</tr>
<tr>
<td>always</td>
<td>3</td>
</tr>
<tr>
<td>mostly</td>
<td>11</td>
</tr>
<tr>
<td>not often</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
</tr>
</tbody>
</table>

Reasons given all related to the constant presence of undesirables in the area, and poor security. Poor security covered a small range of issues including; ease of access to ground floor apartments via balconies and the lack of security screen doors on these. Also mentioned was a lack of security screen doors on the front door which was a concern as non-tenants seem to gain access to buildings too readily. Non-resident access appears to be achieved primarily via insecure car park lifts or one person letting someone in who then roams the building. The car park itself was said to be a safety and security concern.

In response to how this might be improved the consensus was for removal of undesirables primarily through security guards (as promised in contracts according
to one tenant) and extra policing in the surrounding area, other suggestions were for peepholes in doors, fitting of security screen doors, use of cameras in the walkway, close the walkway (not an option), further restrict access to lower balconies by improved balustrades, and key or swipe card security access to lifts, especially at the car park level.

**Use of local facilities and services**

Only half the community tenants use public transport ‘always’ or ‘most of the time’ compared with two thirds of the private tenants.

Asked to list the three main services they accessed in and around St Kilda, or that they would not want to see closed, the majority listed shops particularly the nearby supermarket, closely followed by public transport. Community tenants then identified a range of facilities/services such as library, medical, banks and entertainment. Private tenants identified in fairly equal numbers; entertainment, fitness facilities (gyms as well as jogging tracks etc), and the nearby petrol station.

**Other general comments about the site.**

Three people mentioned the hot water/heating system as either inadequate or inconsistent. This has been repaired since the earlier survey.

Two mentioned flooding in the car park in 2005 and two mentioned dirt and rubbish in the car park in 2007.

Four mentioned the faulty car park security gate.

Two raised the body corporate fees as being excessive.

Two asked whether the gym that had been shown on the plans was ever going ahead.

A number made positive comments re the landscaping, design, and art.

Noise from balconies when BBQ’s and parties were held also rated a couple of mentions. Noise generally was mentioned being transmitted through walls and ceiling.

Two people said the normal tap water sometimes is discoloured, and has a bad taste and smell and they questioned whether this was the cause of the recycled
water (which it isn’t).
Good neighbours and community feel was mentioned.

Ratings of specific criteria for Oasis as a place to live

As a place to live residents were asked to rate Oasis on the following criteria: respect for privacy; good neighbours; neighbourhood is peaceful and quiet; convenient to services; enough social interaction; feeling of community; no discrimination.

Most criteria were rated as ‘agree’ or ‘tend to agree’. The exceptions were nearly half respondents disagreed with the statement ‘the neighbourhood is peaceful and quiet’, a few disagreed there was ‘enough social interaction’, and ‘there is a feeling of community’ drew disagreement from most private residents but only a few community residents.

Overall rating – 26 (82%) of respondents rated Oasis as a good or very good place to live, the others gave it a neutral rating.

Examining these ratings, and taking into consideration a few comments scattered throughout the survey, it is reasonable to conclude that there is limited interaction between tenants or places for this to occur naturally, i.e. the water cooler scenario as a place where people can meet and get to know one another is absent.

Questions regarding the apartments.

Is your apartment well designed?
29 YES 2 NO

Are the fittings and fixtures of good quality and well positioned?
YES 20
NO 1
Mostly 8

Is your apartment warm/cool enough without resorting to constant artificial heating/cooling?

Table 5

<table>
<thead>
<tr>
<th></th>
<th>warm</th>
<th>cool</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>18</td>
<td>23</td>
</tr>
</tbody>
</table>
Appendix 10

<table>
<thead>
<tr>
<th></th>
<th>12</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>no response</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

Does your apartment offer enough privacy and security?
YES 20
NO 4
Mostly 6

Seven respondents commented that security issues were their main concern as noted earlier. The basis for these concerns was also covered earlier as was privacy. Visibility between adjoining balconies was an issue for one respondent.

Asked to suggest changes they would make to their unit a range of comments were given. This was an open question with no response options given.

<table>
<thead>
<tr>
<th>Table 6 - suggested changes to unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>add security screen door</td>
</tr>
<tr>
<td>better heating/cooling</td>
</tr>
<tr>
<td>fly screens</td>
</tr>
<tr>
<td>bath tub</td>
</tr>
<tr>
<td>solid wall not divider b/w bed and study</td>
</tr>
<tr>
<td>separate hot water system</td>
</tr>
<tr>
<td>some fittings/fixtures</td>
</tr>
<tr>
<td>sound proofing – walls too thin</td>
</tr>
<tr>
<td>Divider b/w kitchen and lounge</td>
</tr>
<tr>
<td>Ability to remove carpet for allergy reasons</td>
</tr>
</tbody>
</table>

Several tenants included the request for security screen door on unit entry doors so they could leave the door open for improved ventilation, and one tenant recommended them for the glass doors on the balcony to allow air flow and security.
Heating and cooling was an issue as the hydronic radiator system does not appear to heat some units adequately, particularly noticeable on the ground floor. The hot water is often not hot enough and is intermittent in operation - a problem that appears to have been rectified since the 2005 survey.

The general category of ‘some fittings/fixtures’ in table 6 above included a wide range of comments regarding exhaust fans that don’t work or are wanted in some rooms, doors wanted on all kitchen cupboards, poorly sealed front doors, flimsy door locks, and windows that don’t close properly. The security screen doors were also suggested as they allow the front door to be left open and improve cooling in summer. The flow through vent over the front door doesn’t have an insect screen so is rarely used.

Overall rating of their apartment on a scale from very good to very poor

<table>
<thead>
<tr>
<th>Rating</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>14</td>
</tr>
<tr>
<td>Good</td>
<td>16</td>
</tr>
</tbody>
</table>

Issues related to the managing bodies

The questions asked here were different for community and private tenants. The community tenants and their units are managed by the Port Phillip Housing Association on behalf of the council who own the units. The PPHA also raise tenant concerns with the body corporate. In retrospect some of the questions asked of community tenants would have been applicable to private renters as neither have a direct voice on the body corporate.

Community residents

Of those who had dealings with the Port Phillip Housing Association or council (separate questions) all bar one felt they were responsive ‘most of the time’ or ‘always’. Only one said ‘never’ regarding PPHA and one for council. As shown in table 7 one tenant feels disempowered and would like the opportunity to sit in on body corporate meetings as he feels, as long term resident, he has a contribution to make.

Table 7 Regarding their sense of disempowerment by being excluded from the body corporate: (multiple responses possible)

<table>
<thead>
<tr>
<th>Response options</th>
<th></th>
</tr>
</thead>
</table>
I feel disempowered by this | 3
I like things as they are | 5
I sometimes feel this is a source of discrimination | 6
PPHA represents me well | 8
I'd like to attend BC meetings | 3
I don't understand the BC | 1
I'd prefer not to live in a BC managed building | 2

**Private tenants**

Only a few private tenants were owner-occupiers and so have a seat at body corporate meetings, private renters must go via their landlords. Table 8 below shows private resident responses to body corporate issues. Owner-occupiers rated all areas of performance as either good, very good or too soon to tell. Only for security did one rate their performance as poor. Some private renters commented negatively on security, maintenance and the billing procedure. While private renters have no vote on the body corporate their opinions and observations of some aspects of its operation are still relevant to this research. All non responses were from renters as may be expected.

**Table 8 Private residents rating of the body corporate performance**

<table>
<thead>
<tr>
<th></th>
<th>very good</th>
<th>good</th>
<th>poor</th>
<th>very poor</th>
<th>too soon to tell</th>
<th>no response</th>
</tr>
</thead>
<tbody>
<tr>
<td>cleanliness of common areas</td>
<td>4</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>security</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>responsiveness</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>quality of maintenance</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>friendly &amp; approachable</td>
<td>4</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>
Appendix 10

<table>
<thead>
<tr>
<th></th>
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<th>2</th>
<th>3</th>
<th>2</th>
<th>4</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>billing procedures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>professionalism in running meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>you feel included</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>encouraged to actively participate</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Questions regarding the mixed tenure

Only two community tenants didn’t know the Oasis was mixed tenure before moving in, and only one private tenant did know. The private tenant is an owner-occupier who saw this as a positive.

In evaluating attitudes to the mixed tenure I have grouped four questions - do you understand the difference between public and community housing; what are your impressions of having mixed tenure; what has lead you to form this impression; and in general would you say there was a friendly atmosphere between tenants regardless of their tenure.

Owner-occupiers

Two were not sure of the difference b/w public and community and two did not know. Impressions of the mixed tenure on site were; 2 positive, one neutral and one negative. These impressions were based on the community residents keeping to themselves, that the tenant didn’t know they were there, no comment, and they thought it would reduce values. Three felt the Oasis was friendly and one did not respond to the question.

Private renters

Two had some idea of the difference between public and community housing. Their impressions were rated as positive and neutral. These were based on the community residents keeping to themselves and having no opinion.

Six had no idea and one was unsure of the difference b/w public and community housing. Two expressed a negative impression based on how much private tenants had to pay. One of these respondents seemed to think the community tenants got their apartments free and added they now felt unsafe knowing community tenants were living on site. Positive or neutral impressions were based on not knowing the
community tenants were there, not being worried about it, or the fact that they keep to themselves.

All private renters felt the Oasis was friendly or did not respond to the question.

**Community tenants**

Ten had positive impressions of the mix, four had no opinion and one a negative opinion. No reason was given for the negative opinion; others said it felt good, it didn’t worry them or that they had no contact with private tenants. All who expressed an opinion felt the site was friendly at least most of the time.

Of the 32 respondents nine added comments that reflected on the friendly atmosphere or otherwise of the site. Three said they didn’t know anyone and had rated the friendliness as ‘usually’, five said people were friendly. One of these commented that the car park and rubbish bin areas where places for some interaction. One community tenant commented on other community tenants as being frosty or uncommunicative and making themselves obvious by unruly behaviour.

Two private residents identified one community tenant as being noisy, playing loud music and picking up prostitutes but still rated the mixed tenure as positive.

**Household types and housing history**

All four owner/occupiers were shorter term residents of St Kilda of less than 10yrs. Three renters were living in St Kilda for the first time and one was a long term resident of the area. All community tenants had maintained some ongoing connection with Port Phillip for 10yrs or more as required for eligibility to community housing by the Port Phillip Housing Association.

13 of the 16 private tenants came from other private rental as did 11 of the 16 community tenants

If they had moved from another area to reside in the D’lux apartments private tenants were asked for a previous postcode and 9 responded; 3 were owner-occupiers who had moved from other parts of Melbourne (the fourth was a long term resident). Of the other six 2 were from Melbourne, 2 came from country NSW, and 2 from Brisbane.
By way of concluding remarks it appears all tenants, regardless of tenure, find the D’lux to be a very good place to live from a number of perspectives. The undesirable elements of prostitutes, pimps and drug dealers, for which Greeves Street has a reputation, is the main detracting feature of the locality as they create a sense of insecurity both in the street and in their apartments. Nevertheless it is believed by many tenants that the development has, and will continue to improve the area, and as construction moves ahead and more people move in, this will make life less comfortable for these undesirables.

Some elements of the design, layout and fittings/fixtures of the development may warrant investigation and possible review for the remainder of the site, and there appears to be a challenge for the new body corporate managers to set acceptable standards for routine maintenance of the site.
Appendix 11


Mid 1995 -February 1996: Council officers offered the site to the Department of and Development for public housing but it was rejected as being too large. They then met with the Urban Land Authority (ULA) to discuss possible alternatives for development of the site.

March – June, 1996: The first council elections for the new municipality of Port Phillip occurred. The council held further informal discussions with the ULA to explore possible options to achieve a social housing outcome on at least part of the depot site.

June – Aug, 1996: A project discussion group was established. An options paper was prepared covering possible ownership models, legal and management structures. Architects were engaged to submit concept drawings for residential development options. The site was valued at $2.5M in a clean and vacant state.

Sept - Dec, 1996: A draft feasibility study proposed 121 mixed tenure apartments with 30% social housing. This assumed the Office of Housing would buy half the social housing and CoPP would keep the remainder paid for through private apartment sales. Ecumenical Housing Inc was proposed as a vehicle to hold ownership to get best value from a range of taxes and duties.

Jan - Sept, 1997: A number of project development options were explored for feasibility. Council resolved to proceed with the project to contract out land preparation and masterplanning.

Jan – June, 1998: By early 1998 council had moved away from developing the site itself, preferring to tender out this role. Council endorsed a draft Section 173 Agreement (Planning and Environment Act 1987) that would transfer the title EHI with certain safeguards. A “Brief for the Preparation of a Masterplan” was finalised.

July – Dec, 1998: Risk assessment and project viability assessment was completed. Council approved the masterplan. Traffic & parking analysis was performed.
A community consultation was held. An environmental audit was done for remediation purposes, and expressions of interest were called for from developers - 3 responded. The title was transferred to EHI. OoH withdrew its offer to buy 35 units largely based on estimated unit costs.

Jan - June, 1999: Tenders were called for and one developer submitted a conforming tender. Following a 2 month open book process Inkerman Developments P/L presented a draft consolidated bid. A final cost/benefits analysis of the planned approach against other possible options was conducted by council but the existing approach was selected. At the death knell before formally finalising this bid the developer proposed an alteration to the contract on a number of points which resulted in a special meeting of council. It was resolved to allow another month for a resolution to be achieved. Council was concerned that the site could finish only partly developed and be left a partial ‘bomb site’ (their words).

July - Dec, 1999: Council resolved to accept the tender from Inkerman Developments as outlined in its consolidated bid and moved to execute a contract of sale with them. This allowed a 6mth settlement time to refine the final plans and design elements. Council resolved to remediate the site themselves and reclaim costs from the developer. Council decided to forgo 3 off 2 bedroom units to offset a budget shortfall. The contract of sale was executed. Local residents were updated on the project and notified of the proposed remediation work. A planning application was lodged by the developer.

Jan - June, 2000: Remediation work was completed. A planning permit for construction was issued with conditions. Rezoning was gazetted. Due to cost savings council was able to ‘buy back’ one unit and settle for a final 28 community housing units. Settlement of the contract was delayed over securing of financing. Inkerman Developments were negotiating to contract all private units to Vilacon (a Henry Kaye company) for sale. The contract of sale was settled. Notification received that The Depot project had won an international award for sustainable design.

July - Dec, 2000: Council received a grant from the Living Cities, Urban Stormwater Initiative for their greywater recycling. Alterations to the section 173
Agreement were ongoing – Inkerman Developments had requested a tripartite agreement that included the bank. Documents for Planning Permit Application, Plan of Subdivision, Details of Units, and Environmental Audit were all completed. Documentation of the section 173 Agreement which included key deliverables, art, and unit design were finalised and approved. Bank finance for construction and guarantee was approved.

Jan – June, 2001: Construction of stage 1 commenced early January. OoH committed to buy 3 units and the Aids Housing Action Group would buy 1 bringing the total social housing units to 32 or 13.5%.

July – Dec, 2001: Contract of sale of OoH units was completed. A separate section 173 agreement was completed to cover the legal requirements for public access through the site.

Jan - Dec, 2002: Council granted several extensions on the contracted completion date for stage 1, the last being from June 2002 till March 2003.

Jan - Dec, 2003: In January ASIC took legal action against Henry Kaye’s company National Investment Institute (NII). June - settlement and titles transfer for community units to CoPP. Port Phillip Housing Association signed up tenants for the completed units and they moved in. Finance was being finalised to commence stage 2 of construction however Henry Kaye failed to pre-sell sufficient apartments so finance was delayed indefinitely. The contract with Henry Kaye was not renewed and the unsold apartments returned to the developer to market.

June, 2005: Marketing of apartments in a soft market delayed sales and finance. Construction of building C commenced which housed the remaining council units.
Appendix 12

Definitions of Terms Related to Affordability

Affordable Housing:

This is an imprecise generic term as discussed by Jacobs and Manzi (1996), a matter briefly discussed in the thesis.

Burke (2003c) outlines three approaches to defining affordability: the ratio of housing cost to income, residual housing cost and benchmark or dwelling prices. Each approach generates a different outcome in terms of measuring and assessing the availability of affordable housing. Only the first two place a focus on the housing needs of low income households.

The context within which the term is used plays a role in its interpretation but even so does not automatically infer a particular source of housing as always being affordable. For example, public housing has rent fixed to, on average, 25 percent of household income so would normally be assumed to be affordable but this is not the case for all public housing tenants all the time.

However, while not ignoring the above comments, this thesis generally only uses the term affordability in two ways and I have coined a new term to differentiate between the two. If used in any other way it is specifically stated.

The first use is specific to housing purpose built for sale below market rates to eligible low income households which I have termed ‘social purchase housing’ and use that term as appropriate.

The second use incorporates social housing and social purchase housing. Ignoring the private market ‘affordable’ housing and the ‘other’ social housing, this definition is graphically presented below.

The rationale for differentiating between these concepts is that Inkerman Oasis was planned to include a mix of market price, social purchase and social housing units. The plan was that social purchase and social units would be cross-subsidised by profits from full market priced units. This outcome was
not achieved but is an essential aspect of the research analysis and discussion. The development was also to contain community units and public housing units (collectively referred to as social housing). The ‘other’ category refers to Indigenous housing, community controlled independent living units and the like and is not applicable to this study.

**Social housing:**

According to Sean McNelis (McNelis & Burke, 2004), ‘Social housing is forms of rental housing which are financed, owned and managed in ways that ensure this housing meets social objectives and social obligations’.

Similarly, the Social Housing Innovations Project (Bisset, 2000) has employed the term social housing in this broader context, defining it as: ‘Social Housing is a term understood worldwide as referring to rental housing programs supported by government initiatives that are designed to assist low and moderate income households access appropriate, secure and affordable housing’ (p. 7).

Social housing as used in this thesis draws on this broader concept to incorporate all forms of housing that is subsidised or supported in some way by government or not-for-profit agencies. It therefore includes public and community housing but specifically excludes private rental accommodation whether tenants are receiving Commonwealth Rent Assistance or not.

When applied to Inkerman Oasis the term encompasses the units that were planned and purchased by; the Office of Housing, the council and one other community based organisation.

**Public Housing:**

Public housing is housing that is owned and managed by a state housing authority. Tenants of public housing are ineligible for rent assistance. In Inkerman Oasis the Office of Housing purchased and manages three units.

**Community Housing:**
Appendix 12

Community housing covers a number of combinations of ownership and management. Reduced to its basic elements it is housing that is not managed by a state housing authority although it may be owned by them. This then covers organisations funded through government housing programs in the health and welfare areas, as well as those funded solely by not-for-profit organisations, church groups etc. Some are supported through the CSHA and others not.

In Inkerman Oasis 28 community housing units were owned by the City of Port Phillip and managed by the Port Phillip Housing Association. One unit was purchased and managed by a not-for-profit community organisation with financial support from the Office of Housing.
Appendix 13

Planning Zones indicating the site was in a mixed use zone

Contours – faint contour across site is the boundary of possible inundation
Site during remediation. Note Detructor building in middle-south of site and display suite (not used) in top-right corner.

Inkerman Oasis Sept 2006 (stages 1-3 completed, stage(s) 4 or 4-5 yet to commence.
Appendix 13

Master plan of site with completed building in pink (as at 2007)