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Authors
Randolph, Bill
Holloway, Darren

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The Suburbanization of Disadvantage in Sydney:
New Problems, New Policies

Bill Randolph
University of New South Wales

Darren Holloway
University of New South Wales

Abstract

Australian cities have undergone the same rapid suburbanization process as North American cities with very similar consequences. As the Australian economy transforms from manufacturing to services like all other leading Western nations, the suburbanization process is creating very large differences in the economic opportunity structure and the essential quality of life of many of Australia's largest urban areas. This paper examines the economic and structural dimensions of Australia's suburbanization process and suggests fundamental policy reforms to address these issues.

Key words: Australia, Suburbanization, Economic Change, Globalization, Sustainable Suburb

Introduction

Australian cites have changed rapidly in the past several decades. Under pressure from both natural growth and, particularly, immigration, cities such as Sydney and Melbourne have grown and matured. At the same time, economic restructuring has fundamentally changed the economies of these cities, with Sydney emerging as Australia's principal global city (Searle 1996; Murphy and Watson 1997). The accompanying changes in employment structure, with the now familiar litany of de-industrialization, the shift to "new economy" employment, and a bifurcating skills and rewards base, have radically shifted the social base of the city (Forster 1999; Stilwell 2000; Baum 1997; Beer and Forster 2002). These changes have been hastened and compounded by the rise of economic rationalism and welfare reform as the predominant policy paradigm in the political sphere. As Gleeson (2002) has noted, the problem is not simply one
of “policy neglect,” though this is certainly a factor that is shaping social and economic outcomes in Sydney and other urban regions in recent years. Gleeson also highlights the less passive repercussions of many policy interventions and funding shifts in recent years that have exacerbated the inequalities that ordinarily arise from market interactions, but often in an unacknowledged manner. In particular, shifts in federal government education, welfare, health, and labor market policies have contributed to social polarization with the wealthier households, and therefore wealthier suburbs, attracting the bulk of subsidies and benefits. Badcock (1997) also alluded to the importance of government policy (welfare cuts, program withdrawal, user-pays, cost recovery infrastructure, etc.) as a dimension in compounding the social and spatial repercussions of structural adjustments to the global economy in Australian cities. The poorest households and neighborhoods are hardest hit on both counts.

Demographic changes overlay these shifts, particularly in the form of household structure and formation, with smaller households contributing to shrinking average household incomes for some groups—a contrast to the emergence of dual-income households.

Figure 1. The Location of Sydney and Australian States
The uneven impact of differential asset accumulation through property ownership and inter-generational wealth transfer has added additional complexity to the generators of social inequality (Badcock 1994). The impact of continued immigration to Australia has particular effects on the major “gateway” cites of Sydney and Melbourne, which continue to absorb the lion’s share of immigration (Ley et al 2001). There is a strong association between certain immigrant streams and localities of disadvantage (Burnley 2001). Further, the emerging cultural and gender divisions that penetrate economic and demographic change have added additional layers in the process of urban restructuring, and have their own locally generated impact on the polarization process (Gibson et al. 1996; Murphy and Watson 1997).

As in other comparable cities, these changes in Sydney have had distinctive spatial repercussions. While the inner-city areas have experienced unprecedented pressure from densification and gentrification, the outer suburbs have undergone an upward transition in terms of social composition. In between, the middle suburban areas are aging. Built largely in the three decades between 1940 and 1970, these suburbs represent the result of the major wave of large-scale, low-density urban expansion of Australian cities after the second World
These middle areas represent a major challenge to urban policy makers. To date, little strategic thought has been given to how we might reshape these areas and prevent further decline. Moreover, the solutions to the problems these areas face will need to go beyond simple land use planning. This article presents some of the results of a series of research projects that have focused on the changing nature of the more disadvantaged middle suburbs of Sydney and the policy options that might be used to address the mounting issues they are facing. While there are particular problems facing the suburban public housing estates that have been developed since the 1960s in these areas, at least these have been recognized and, to an extent, are being
addressed (Arthurson 1998; Randolph and Judd 2000). Arguably, a larger problem lies beyond these estates in the extensive areas of private sector suburban housing and associated commercial centers in these middle suburbs. To date, there has been relatively little recognition of the problems these areas face (other than their higher crime rates), the role the housing market plays in generating these problems, or any effective or integrated policy framework to address them.

Spatial Polarization and the Middle Suburbs

The emergence of concentrations of disadvantage in middle suburb areas of Australian cities is a relatively recent phenomenon. Analysis of trends in Sydney clearly shows how the socio-spatial structure of the city has polarized over the past 30 years or so, to the disadvantage of the middle suburbs. The current position is shown in Figure 3, which charts the distribution of disadvantage across Sydney in 2001 at the suburb level. The

Figure 4. Percentage Point Change in the Proportions of Employed Persons in Managerial and Professional Occupations, 1986 - 1996, Sydney LGAs
Australian Bureau of Statistics' (ABS) Index of Relative Socio-Economic Disadvantage provides a composite score for all census tracts; the lower the score, the greater the level of relative disadvantage. The polarized structure of Sydney is clearly portrayed. Upper-income areas to the north of the Central Business District (CBD) and around the waterside to the south contrast to a broad swathe of disadvantage centered on the local government areas (LGAs) of Bankstown, Fairfield, and Liverpool in the middle west suburbs, as well as peripheral public housing estates built in the 1960s and 1970s in the western and southwestern “arms” of the city.

This pattern has intensified considerably in recent decades.

Gentrification has emerged as the driver of change in the inner city, effectively excluding lower-income households from these areas (other than those marooned in islands of public housing). Figure 4 shows the change in the proportions of managers and professionals in Sydney between 1986 and 1996. A tight cluster of greatest relative increase in the inner west suburbs and to the immediate north and south of the CBD reflects the strong gentrification of these suburbs from the emergent professional workforce as well as the concentration of the highest-income households in the most prestigious inner-city and north shore suburbs over this same period (Raskall 2002). The growth of new economy jobs in Sydney has also been concentrated in areas to the north.
of the city, associated with the so-called “Global Arc,” which stretches from the international airport at Botany Bay (just south of the CBD) through the CBD and up into the northern suburbs of North Sydney and Chatswood. Figure 5 shows the concentration of the resident workforce in business, insurance and property employment in 2001 in this area, reflecting the density of employment in these jobs in the global arc, which has only served to intensify the relative advantage of northern Sydney.

These trends have had a major impact on the distribution of disadvantage in Sydney’s new global economy. In 1971, while unemployment rates were noticeably lower, the LGAs with highest unemployment rates were located in the central-city areas, as well as LGAs to the north of the Sydney region that were characterized by marginalized populations in the, at the time, rather remote area along the coastal strip. By 2001, the picture had changed significantly. The highest unemployment rates were now found in LGAs in the middle of the Sydney region, although the disadvantaged areas in the northern coastal strip persisted. A comparison of LGA unemployment rates to the Sydney averages for 1971 and 2001 shows that the most significant shift in the location of unemployment took place in these middle suburban areas. Figure 6 illustrates this trend.

What has been the impact of these trends on the distribution of household incomes in Sydney? Figure 7 summarizes the cumulative impact of socio-spatial polarization over the past 20 years on the distribution of relative
income levels between 1981 and 2001. The relative upward shift of incomes in the inner city and north shore suburbs, a consequence of gentrification and concentration of higher-income households, contrasts sharply to the emergence of areas of declining relative incomes in the middle suburbs, centered on Bankstown. Thus, the changing economic and social profile of Sydney has led to a clear relative shift in the location of disadvantage, with the middle suburbs of western Sydney losing out to other areas.

Many households in these areas are first- or second-generation immigrants from diverse backgrounds. Some are among the newest arrivals in Australia. The remaining original occupants of the area are now aging and represent a significant population in many middle suburbs. Others are attracted to these areas by the relatively low-cost housing that they offer in an increasingly high-cost urban housing market. Figure 8 shows the distribution of the 15 percent most disadvantaged census collector tracts in 2001, as measured by the ABS Index of Socio-Economic Disadvantage, disaggregated by the level of public housing: areas with high public housing are defined as those with over 20 percent of households renting from the state housing authority, areas with moderate levels of public housing had between 5 and 20 percent renting public housing, and areas with low proportions of public housing had below 5 percent of households renting publicly (public housing accounted for 5 percent of the housing stock in Sydney in 2001). In all, some 193,000 households containing 550,000 people live in these census tracts, or 14 percent of the total households in Sydney.
As the figure shows, the tracts with the severest levels of disadvantage are overwhelmingly concentrated in the middle and, to a lesser extent, outer suburbs. The most extensive areas of disadvantage have little public housing. In contrast, disadvantage in the inner city is associated only with tracts that have high proportions of public housing. Table 1 illustrates the housing market and social profiles of these areas. Concentrating on the areas of low public housing that characterize the middle suburban areas of highest disadvantage, the data show high proportions of households living in flats, renting privately, or owning outright (largely older people); a population aged 25 to 44; and couples (with or without children). Most significantly, half the population of these areas was born overseas while almost one in five lacked fluency in English. Just under half had been at the same address five years earlier.

At the same time, the physical fabric of much of the housing in the middle suburbs is wearing out. A large proportion of the stock in the middle suburbs of Sydney is of fibro-asbestos construction that is nearing the end of its useful life. Other Australian cities have comparable areas of declining housing quality and stock obsolescence. Moreover, housing built to the standards of post-war Australia is no longer appropriate for today’s population needs or current sustainability criteria. Much of this poor-quality housing stock has passed into the private rental market. This, together with a growing rental market in apartments in two- and three-story blocks built on redeveloped house sites over the past 30 years, represents a major shift in housing market
<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Tracts with Low Levels of Public Housing</th>
<th>Tracts with High Levels of Public Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Persons</td>
<td>190,614</td>
<td>206,962</td>
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<tr>
<td>Number of Households</td>
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<td>75,594</td>
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<tr>
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<tr>
<td>Semi Detached Dwellings</td>
<td>9.7%</td>
<td>16.9%</td>
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<tr>
<td>Flats/Units</td>
<td>36.9%</td>
<td>23.4%</td>
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<tr>
<td>Unemployment Rate</td>
<td>14.2%</td>
<td>15.9%</td>
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<tr>
<td>Household Income under $400 per week</td>
<td>23.4%</td>
<td>34.8%</td>
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<tr>
<td>Aged 0-14</td>
<td>22.0%</td>
<td>24.8%</td>
</tr>
<tr>
<td>Aged 15-24</td>
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<tr>
<td>Aged 25-34</td>
<td>16.4%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Aged 35-44</td>
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<tr>
<td>Aged 45-64</td>
<td>19.9%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Aged 65 and over</td>
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<tr>
<td>Homeowners</td>
<td>36.2%</td>
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<tr>
<td>Home Buyers</td>
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<td>Rent from Public Landlord</td>
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<tr>
<td>Rent from Private Landlord</td>
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<tr>
<td>Couple Families with Children</td>
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<tr>
<td>Couple Families without Children</td>
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<td>15.4%</td>
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<tr>
<td>One-Parent Families</td>
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<tr>
<td>Lone Person Households</td>
<td>21.1%</td>
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</tr>
<tr>
<td>Persons Born overseas</td>
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<tr>
<td>Persons Lacking Fluency in English</td>
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<td>Indigenous Persons</td>
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<td>Persons Separated or Divorced</td>
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<tr>
<td>Households with No Motor Vehicle</td>
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<tr>
<td>Persons at the Same Address</td>
<td>48.8%</td>
<td>58.0%</td>
</tr>
<tr>
<td>Persons at the Same Address 5 Years Earlier</td>
<td>12.0%</td>
<td>15.9%</td>
</tr>
</tbody>
</table>
opportunities. In large part, low-income households locate in these areas because of the availability of lower-value rental housing, which has been lost elsewhere in the city (Yates and Reynolds 2003). This does not mean, however, that the housing is actually affordable, given the very low incomes of these households (Randolph and Holloway 2003).

Housing Market Outcomes in Middle Suburbs

The current housing market outcomes in these areas reflect a largely unplanned and ad hoc process of urban change. There is new investment, but its effects are dispersed and, in the long run, often negative in social terms. Importantly, the current process of change is overwhelmingly market-driven and takes several forms. Some of the original housing stock is knocked down to build large, plot-hungry “monster homes.” These may be highly appropriate for the upwardly mobile, multicultural populations in these areas, but they often push the limits of plot size and are usually poorly integrated in terms of street design.

Where land use zoning allows, other housing has succumbed to the ubiquitous two- or three-story block of walk-up apartments noted above, particularly around rail stations and town centers. Whole neighborhoods have been transformed as apartment blocks have replaced the low-density housing stock. Yet other plots are subdivided to produce semi-detached townhouse developments. This provides useful housing for smaller home buyers (often mature or older people whose children have left home) and first-time homeowners. The rest of the original, aging housing stock remains, much of it falling into disrepair, especially the stock that is rented or owned by older households with limited capacity for maintenance. The result is an unplanned and often disorganized mix of redevelopment that is working its way through the middle suburbs in a random way. Development follows developers’ needs and perspectives as plot vacancies arise, rather than the long-term needs of local communities, with the pace of change depending on market fluctuations.

And the social outcomes are highly variable, but often deleterious. Older populations are replaced by more mobile renters and lower-income households looking for a toehold in the market. As noted above, these areas have high immigrant populations that are attracted by the relatively low prices and permeable housing market. Households in real poverty are mixed with generally low- to middle-income households. This process produces a more diverse social mix, but with no higher-end incomes and few stable households to hold the community together and bring income to the area. Levels of community stress are often high.

This process is being driven by selective migration between the suburbs, with the older areas losing upwardly mobile populations to the new fringe areas (Gwyther 2003; Gleeson 2003). In the process, the households needed to create a more balanced social mix in the middle suburbs are lost, replaced by other lower-income households. In addition,
these are the reception areas for overseas migrants with the least economic capacity in our cities (Burnley 2001). The key features of middle suburbs are therefore a highly diverse housing market and greater concentrations of social problems.

What are the Policy Options for Middle Suburbs?

One of the results of the research we have been doing in these areas has been to expose the lack of clear strategic planning frameworks to deal with these interrelated issues. The focus by planners on fringe urban expansion, on the one hand, and urban concentration and inner-city revival on the other, has left the problems of the middle suburbs behind.

To become proactive in planning for these areas, we need to address a number of interconnected issues in developing approaches to renew the middle city. These include the following:

- Replacing and upgrading private housing that is nearing the end of its life.
- Approaches to address the high proportion of poorly maintained, owner-occupied and rental housing, both houses and flats.
- Integrated land use planning and social intervention to tackle the problems of urban disadvantage—concentrations of poverty and high community stress levels.
- A more effective use of poor-quality, underutilized, or redundant space, including densification of existing housing and poor-quality commercial property.
- Programs for improving local amenities and public open spaces, such as streetscaping and enveloping schemes, especially in and around secondary retailing areas.
- Renewal proposals to make these areas attractive to upwardly mobile households, encouraging them to stay in the area to retain higher incomes and build a mixed community rather than moving away to the fringe.
- The process of incremental intensification of land use in low amenity areas with land in multiple and fragmented ownership is the key issue facing many older middle suburbs. We need to devise mechanisms to address the issue of site assembly, which will allow more thoughtful and integrated renewal of fragmented residential areas.
- A long-term mechanism to deal with multi-owner residential buildings that need replacement or upgrading—one that does not simply rely on abandonment before the site can be renewed. This is likely to be a major issue for many areas of the middle suburbs in Sydney.
- Agencies and resources to implement integrated renewal programs.
- Planning approaches that link to economic regeneration strategies for new employment opportunities or that link these areas more effectively to job-rich areas.

A central question facing policy makers is a simple one: Should renewal of these areas be left to the market or can we plan for coordinated re-investment to renew these areas and bring improved outcomes to residents?

If the market prevails, pockets of disadvantage in older middle suburbs
will continue to decline as social problems become concentrated and new investment drains further. The deterioration of these areas will intensify. Indeed, it is already happening. Do we simply allow a process of piecemeal renewal that will stretch out over decades, leaving long-term blight and deterring serious reinvestment? Dealing with the longer-term consequences, such as greater social dysfunction, higher social service expenditures, increased community stress, and potential abandonment will be more difficult in 10 or 20 years. Not all the middle suburbs will go that way, of course, but some undoubtedly will. Gentrification is unlikely to happen in many of these suburbs, as few are located near high-income employment centers and, in any case, there are only so many gentrifiers in any city.

So the market will not necessarily move to improve these areas. We need to address the issues of social disadvantage facing these communities, not just hope that the market will move in and shift them elsewhere.

If the market will not take up the challenge, who will? In this context, public intervention is unavoidable. The issue is how, and how much will it cost? Local governments in these areas lack the resources to intervene (they represent the poorest areas with intense pressure on funds and a relatively low local rates base) or have little idea about how to intervene, even if they wanted to. Few models exist to meet this challenge in Australia.

What Are the Policy Options?

In order to address the problems facing the middle suburbs, we need to radically rethink our approach to planning and intervention. A key issue will be how to stimulate reinvestment in lower-value areas. There is no profit bonanza to be had here, at least not on the scale of other parts of the city. Gentrification is not an option, and in any event would lead to displacement of the very communities that need assistance. Moreover, renewal in these areas is likely to be higher risk and more protracted. If we need private sector participation, how can the risk be shared and investment produce a return without producing poor-quality outcomes? And what kind of development partners would be interested in doing the work?

Given that many households leave these areas for new or higher-value housing options, there could be a local market for middle-income housing that would help bind the community, slow the turnover of population, and improve the housing stock at the same time. It is only by arresting the exodus to the aspirational fringe suburbs that these locations can retain mixed-income communities.

To achieve integrated renewal strategies, we need to link the development of new market-priced, affordable housing options—through interventions to replace poor-quality housing stock or to assist landlords and homeowners in improving their properties—with active planning policies that target declining areas to encourage better-quality housing and amenity improvements, and to offer incentives for this kind of activity.
But who could deliver such a renewal program? Public housing authorities, community housing providers, local councils, the private sector, other agencies—or partnerships between all these actors? And what role should local government play—facilitators or active leaders? How would physical renewal be tied into the delivery of social and economic renewal initiatives?

We need to develop a range of innovative planning approaches to address these issues. We suggest that at least five components are needed to effectively launch integrated local solutions for these stressed middle suburbs:

First, we need to develop integrated local renewal strategies as part of the planning process in areas at risk of increased social disadvantage. These strategies would link both land use and social/economic interventions as part of an overall approach to tackling the integrated issues that characterize these areas: poor housing, poor local amenity, poor social outcomes, and poor access to jobs and services.

Second, we need to explore the potential for renewal area master plans. Master planning is deemed appropriate for new suburbs and for the revitalization of older industrial areas and town centers. So why shouldn’t councils develop integrated master plans to guide the redevelopment of declining residential areas, with the objective of achieving more balanced communities? Most importantly, local government needs to be much more proactive in determining the kinds of communities it wants in its areas, setting out a planning strategy and then inviting the public or private sectors to offer options for achieving these outcomes.

Third, we need a new form of local agency to bring resources and actors together to achieve these preferred outcomes. Bureaucratic state agencies, such as those that deliver public housing and social services in Australia, are not well suited to deliver integrated and flexible local outcomes. Local government may lack the resources at present to take on the task. To fill the gap we should consider developing local urban renewal corporations or trusts charged with making integrated plans for these areas. These would be nonprofit, locally constituted and controlled, and arms-length from government, but suitably regulated and publicly accountable. They would act at the local level to deliver outcomes, working with local communities, government, and the private sector to implement renewal master plans. They would need appropriate power to allow site assembly and other strategic interventions in line with the local master plan.

Fourth, the issue of resources will be critical. What funding arrangement would be needed to leverage both public and private funds into these areas? And how much public resources would we need? There will almost certainly need to be public investment, but it should be possible to work in partnership with private sector interests to bring about change. A local renewal fund funded by state or federal government will need to be budgeted to assist in leveraging other investment and, in effect, sharing the risk with private and nongovernment
sectors. At present, considerable public expenditure through grant programs and other interventions flow to these areas, but they are not coordinated and rarely act to support or add value to each other. These expenditures could form the basis of such a fund.

Last, we need to develop effective affordable housing strategies with appropriate funding mechanisms to intervene in the housing markets and provide some support for new affordable housing to replace the rapidly churning private rental market and provide resources for owners and investors to improve the standard of housing.

Conclusions

The emerging problems of disadvantage facing the stressed middle suburbs in Australian cities and the need for strategic approaches for their renewal and revitalization will become a major problem facing urban policy makers and planners over the next 20 years. But current planning frameworks are ill-suited to creating appropriate answers. Importantly, local planners can’t do it by themselves. This kind of renewal effort needs concerted, integrated approaches. We need new and more strategic tools to tackle the problems of integrated urban renewal in our stressed suburbs and to implement solutions.

While we do need effective government support for these kinds of integrated renewal strategies, together with wider partnerships, all the evidence shows that they need to be delivered and coordinated at the local level by locally based decision makers, not by bureaucratic state silos. We need new agencies to coordinate and deliver the outcomes—agencies that are able to operate flexibly beyond government and be responsive to local constituencies. Affordable housing policy needs further development to get to the stage where new investment can be brought to bear in the form of mixed-finance (public-private) renewal to kick-start and underpin broader renewal plans.

These are not insuperable tasks, and models that could form the basis of an integrated attack on urban decline already exist, both in Australia and overseas. Most importantly, planners in these areas must come to the fore and assume a central role in developing strategic integrated approaches, before the problems of our stressed suburbs really get out of hand.

Authors

Bill Randolph is Director of the University of New South Wales-University of Western Sydney Australian Housing and Urban Research Institute Research Centre at the Faculty of the Built Environment, University of New South Wales. Darren Holloway is Senior Research Officer at the Centre.

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