

Urban Growth Management in Penrith: Stage 2 Report

Executive Summary

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1 INTRODUCTION

This report presents the findings of a two-part study that has focused on aspects of the potential for residential growth in Penrith. The research was commissioned by Penrith Council in response to a set of questions that were derived from Council's review of the *Penrith Urban Growth Management Report* delivered by the authors to Council in late 2003¹. A summary of the key findings from this initial report are presented in Box 1.

The report will assist in the development of Council's response to current proposals from the NSW Department of Infrastructure Planning and Natural Resources that will lead to further substantial growth in residential housing in Penrith over the next thirty years accompanied by a significant increase in the number of higher density housing. The findings will also inform the current review of the Residential Strategy for Penrith.

The report attempts to address a number of questions Council identified as being of importance in guiding its current deliberations on urban renewal in the City:

1. What is the emerging community profile of Penrith over the next 20 years and what will be their needs in terms of housing, type and location?
2. What will be the emerging role of our "middle aged" and older housing areas (for example, South Penrith and Oxley Park) and what are the social and economic consequences of alternative housing policies for these areas?
3. What will happen to our older established residential areas in terms of continuing loss of population if there is no urban renewal stimulated by infill housing opportunities?
4. As the stock of dwellings within multi-unit housing continues to be developed, there will be a trend for a proportion of that housing to be used increasingly for rental accommodation. What will be the social consequences of this trend and how should it be best managed?

The research for this report was conducted in two stages. The first covers the analysis of Question 1 above. This report was initially forward to Council in October 2004² and is reported in Part 1 of this report. The second stage of the research covering Questions 2 to 4 was completed in May 2005 and forms the remainder of this report in Part 2. This Executive Summary presents the conclusions to each Part of the report in which the implications of the findings for the four questions are discussed. The report itself provides a more detailed summary of the main empirical findings.

¹ Randolph, B. and Holloway, D. (2003) *Urban Growth Management in Penrith*, Urban Frontiers Program, University of Western Sydney.

² Randolph, B. and Holloway, D. (2004) *Urban Growth Management in Penrith Stage 2 – Modelling the Social Impacts of Development*, Faculty of the Built Environment, University of New South Wales.

Box 1: Key Findings from the *Penrith Urban Growth Management Report*

- The study confirmed the emerging complexity of Penrith's urban structure as the City matures.
- The next twenty years' growth is predicted to be at least as strong as past twenty years in terms of new housing. Penrith is not "settling down", but will continue to be a dynamic and growing community. Demands for high quality services will continue.
- Housing is affordable within the Sydney context, but the City has not attracted the highest income strata.
- A demographic shift is occurring as the City matures. The population is ageing and households are decreasing in size. There will be a significant increase in lone person and two person households, although families will remain the largest single household type.
- Population losses continue in the older central suburbs, although household numbers have not fallen as fast, due to decreasing average household size.
- Current dwelling capacity projections suggest a shortfall of at least 3,300 dwellings by 2019, excluding the need for an additional 3,000 dwellings to allow for a 'normal' vacancy rate.
- On current trends, there is unlikely to be a close match between the expected growth in smaller households and the type of new dwelling stock that will be produced in Penrith in the next decade and a half.
- On current trends, the spatial segregation that is already evident in the distribution of differing household types across the City, with couple/families dominating in the new outer suburbs and single person and other non-family households (including older people) concentrating in the older and redeveloping suburbs, will continue.
- Higher density dwellings are dominated by the rental investment market. High levels of lower income private rental in this sector mean that concentrations of such development may lead to concentrations of lower income households.
- The key to the successful development of a larger high density sector will be to ensure that high concentrations of rental flats and townhouses in secondary locations must be avoided.
- The logical conclusion is that future growth management needs to plan for increasing housing diversity across all suburbs with a balanced mix of lower, medium and higher density housing for sale and rental to accommodate a wider mix of household types, including smaller households and those on fixed or lower incomes.

Part 1: Modelling the Social Impacts of Development

1.1 Introduction

The first part of the research addressed the first question outlined above namely:

What is the emerging community profile of Penrith over the next 20 years and what will be their needs in terms of housing, type and location?

In order to answer this question, the research tested out seven different models of the future dwelling mix for Penrith, with a range of total dwelling outcomes and different house:multi-unit mix options. The aim has been to estimate the likely impact on the social and tenure profile of Penrith *as a whole*, assuming current household, income and tenure profiles of the main dwelling types hold constant.

The seven scenarios were:

- Scenario 1: Dwelling, household, tenure and income profiles based on ABS household projections to 2019 assuming an **85:15** house to multi-unit mix.
- Scenario 2: Dwelling, household, tenure and income profiles based on Historic Household Change Projections assuming a **77:22** house to multi-unit mix.
- Scenario 3: Suburb level projections based on recent development approval trends assuming a **50:50** house to multi-unit mix.
- Scenario 4: Projections based on Penrith Council current dwelling estimates for Urban Release Areas assuming a **26:74** house to multi-unit mix.
- Scenario 5a: Projections based on Penrith Council current dwelling estimates assuming a **50:50** house to multi-unit mix.
- Scenario 5b: Projections based on Penrith Council current dwelling estimates assuming a **40:60** house to multi-unit mix.
- Scenario 5c: Projections based on Penrith Council current dwelling estimates assuming a **60:40** house to multi-unit mix.

1.2 Summary of main findings

The various scenarios illustrated how differences in planning assumptions can lead to very different outcomes for Penrith. The exercise therefore emphasises the need for accuracy in forecasts and for regular review of these forecasts to allow readjustments in development needs over time.

1.2.1 The 2001 position

The position in 2001 showed that at this time there were 57,249 occupied dwellings in Penrith. Of these, 48,813 were separate houses (85 per cent), 3,990 semi detached dwellings (7 per cent) and 3,542 flats (6 per cent). Less than one per cent of the stock is currently in the form of high rise flats (over four storeys).

The predominant mix is of separate houses with couple families, which accounted for 42 per cent of all dwellings. Lone persons and lone parents accounted for half of those living in semi detached homes. Flats were dominated by lone person households. Few households with children lived in flats, and two thirds of these are lone parents.

Separate houses were overwhelmingly fully owned or being purchased, while semi-detached houses and flats were much more likely to be rented.

The medium and higher density market caters primarily for lower income groups. While 54 per cent of households in separate houses had incomes of \$800 per week or more, only 31 per cent of those in semis and 18 per cent of households in flats had this level of income.

Only a minority of smaller households actually lived in smaller dwelling types: 10 per cent of childless couples lived in semi-detached houses or flats, while the proportion only increases to just over a third (38 per cent) of lone person households. It will take a major shift in the dwelling profile of Penrith to significantly change this situation. Figures 1 to 3 illustrate some of these key findings.

1.2.2 Scenario Modelling

The key findings from the modelling of future dwelling projections and social outcomes are as follows:

- The outturn numbers of dwellings/households range from 75,277 for Scenario 3, based on recent DA approval rates, to 82,529 for the ABS household projection based Scenario 1 (Table 1). These two extremes represent 33% and 44% increases on the 2001 figure respectively. There are, therefore, several valid projection totals that might provide a guide to the likely dwelling outcomes over the next 20 years, assuming current planning policy settings remain constant.
- Within these total figures, the scenarios tested produced dwelling mixes that ranged from the prevailing (2001-based) mix of 87 per cent separate houses and 13 per cent multi-unit dwellings under Scenario 1 to a significantly different 71 per cent houses and 29 per cent multi-unit split under Scenario 4, which used Council's current planned dwelling mix targets for Urban Release Areas.
- Under the 'no change' Scenario 1, the number of multi-dwellings would increase by 3,326 dwellings, or 44 per cent. Under Scenario 4 the increase in multi-units would be 14,862, or almost 200 per cent.
- In terms of household profiles, households comprising couples and children remain the dominant household type in 2019 under all the scenarios tested. This

group will retain a major presence in the area. Indeed, the proportion of family households with children varies only between 38 and 44 per cent at the extremes of the scenarios tested here. Clearly, the preponderance of separate dwellings in the existing stock and the current predominance on families in the area will remain a major defining factor in Penrith for some decades to come, assuming current trends.

Figure 1: Dwelling type by household type, Penrith 2001

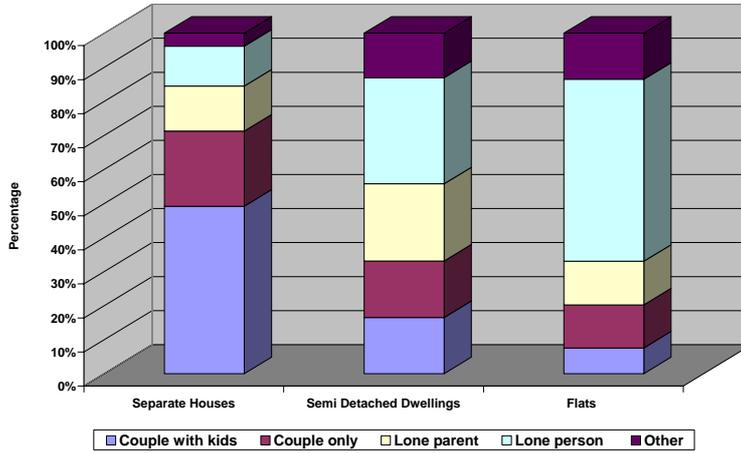


Figure 2: Dwelling type by tenure, Penrith 2001

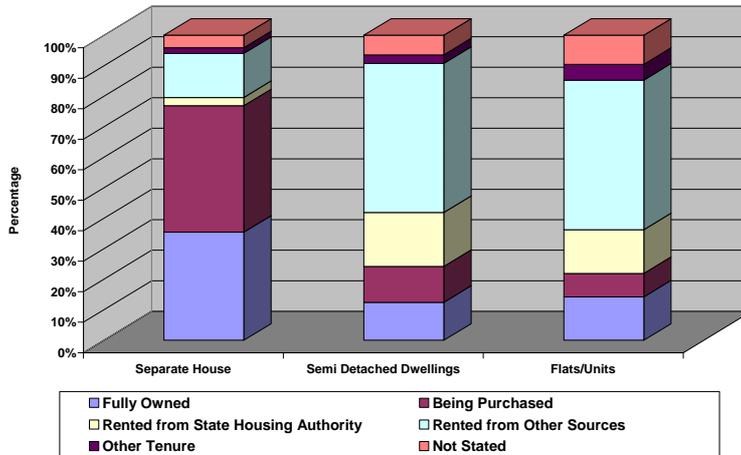


Figure 3: Dwelling type by weekly household income, Penrith 2001

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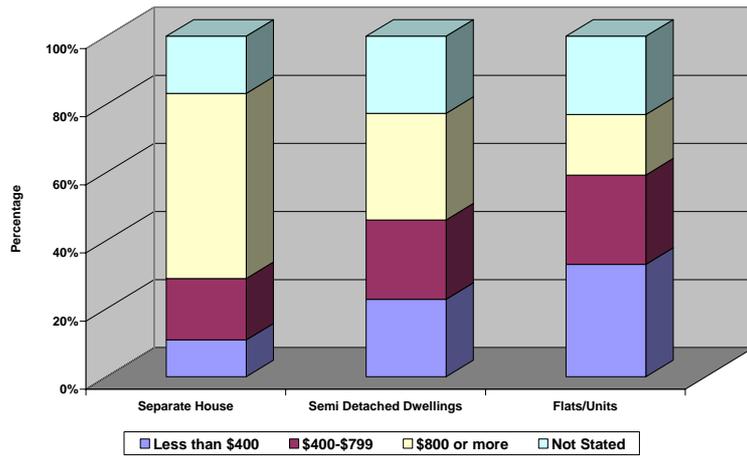


Table 1: Summary of Changes to Household Type, Tenure and Income based on the Different Scenarios for Penrith

	Base Case 2001	Scenario 1 2019	Scenario 2 2021 ²	Scenario 3 2019	Scenario 4 2019	Scenario 5a 2019	Scenario 5b 2019	Scenario 5c 2019
<i>New dwelling mix (% separate houses to % multi-units)¹</i>	85:15	85:15	77:23	50:50	26:74	50:50	40:60	60:40
<i>Separate Houses</i>	48,813 (87%)	70,368 (87%)	66,094 (85%)	58,293 (77%)	53,983 (71%)	58,829 (77%)	56,826 (74%)	60,832 (80%)
<i>Multi-Unit Dwellings</i>	7,532 (13%)	10,858 (13%)	12,077 (15%)	16,984 (23%)	22,394 (29%)	17,548 (23%)	19,551 (26%)	15,545 (20%)
Total Dwellings	57,249	82,529	79,601	75,277	76,377	76,377	76,377	76,377
Net Increase	n/a	25,280	22,352	18,789	20,032	20,032	20,032	20,032
Household Mix Projections								
<i>Couple family with Children</i>	43.9%	43.9%	43.1%	41.2%	38.4%	40.7%	39.7%	41.7%
<i>Couple family without children</i>	21.0%	21.0%	20.9%	19.6%	19.9%	20.4%	20.2%	20.6%
<i>One parent family</i>	13.8%	13.8%	13.9%	13.3%	14.6%	14.3%	14.5%	14.2%
<i>Lone person households</i>	16.0%	16.0%	16.7%	18.0%	20.5%	18.6%	19.4%	17.8%
<i>Other</i>	5.2%	5.2%	5.5%	7.9%	6.6%	6.0%	6.2%	5.8%
Tenure Mix Projections								
<i>Fully Owned</i>	32.4%	32.4%	31.9%	29.3%	28.9%	30.3%	29.8%	30.9%
<i>Being Purchased</i>	36.7%	36.7%	36.0%	35.3%	32.2%	34.2%	33.4%	35.0%
<i>Rented from State Housing Authority</i>	4.4%	4.4%	4.7%	5.1%	6.6%	5.8%	6.1%	5.4%
<i>Rented from Other Sources</i>	19.5%	19.5%	20.2%	23.0%	24.6%	22.4%	23.3%	21.5%
<i>Other/Not Stated</i>	7.0%	7.0%	7.2%	7.3%	7.7%	7.2%	7.4%	7.1%
Income Mix Projections								
<i>Very low (Less than \$400)</i>	13.2%	13.2%	13.6%	15.1%	15.7%	14.7%	15.1%	14.2%
<i>Low (\$400-\$599)</i>	9.3%	9.3%	9.4%	10.1%	10.0%	9.7%	9.8%	9.6%
<i>Low-moderate (\$600-\$799)</i>	9.6%	9.6%	9.6%	10.2%	10.0%	9.8%	9.9%	9.8%
<i>Moderate (\$800-\$1,199)</i>	18.3%	18.3%	18.1%	18.8%	17.5%	17.9%	17.7%	18.0%
<i>High (\$1,200-\$1,999)</i>	23.1%	23.1%	22.7%	23.5%	20.7%	21.8%	21.3%	22.2%
<i>Very high (\$2,000 or more)</i>	8.7%	8.7%	8.6%	8.8%	7.5%	8.0%	7.8%	8.2%
<i>Not Stated</i>	17.8%	17.8%	17.9%	13.6%	18.6%	18.2%	18.3%	18.0%

Notes: 1. Excludes 'Other Dwellings' and 'Not Stated' dwelling categories.

2. Scenario 2: Scenario 2 was projected forward in 10 year tranches based on the 1991 – 2001 trends, hence the 2021 cut off date.

- However, Council's current development mix, guided by prevailing State planning policy, will have a greater impact on the mix of households in the Penrith area. Scenario 4, which assumes a development outcome of 74:26 percent ratio of multi-units to separate house, results in a lower mix of couple households with or without children, and a much greater shift to single person households than the other scenarios. At the same time, there would be a proportionally greater shift to households renting privately and on lower incomes than other options.
- Trends based on the number of development approvals for the five years to 2003 suggest a greater rate of renewal or greenfield development will be needed over the next two decades to meet Council's own planning targets, let alone provide enough accommodation to meet the ABS household projections. In other words, development activity needs to increase across the area to meet expected targets.

1.3 The geographical impact of densification

It might be reasonably argued that given the current predominance of separate houses in Penrith, even after two decades of higher density development, the impact of the various development mix options on the social profile of Penrith will be marginal. The overall social composition of the area will only show a modest amount of change.

However, these changes will not be distributed evenly over the whole Council area. Under current zoning and prevailing development activity (as evidenced by DA trends), the majority (72 per cent) of the new multi-unit development would be concentrated in just four suburbs: Jamisontown, Kingswood, Penrith and St Mays. Four other suburbs would accommodate most of the remaining increase of higher density housing: Oxley Park, Emu Plains, Cambridge Park and Werrington, together accounting for 20 per cent.

On the other hand, planned development under the Council's Urban Release Area projections in some of the new Greenfield sites includes significant numbers of higher density housing. If this takes place, then there is a possibility of spreading the impact of higher density development more broadly across the urban area, with the North Penrith Urban Area, Penrith Lakes and the ADI site all containing a sizeable higher density component.

Nevertheless, even under these proposals, almost half of the planned higher density housing will occur in a limited number of older suburbs and much of the Penrith area will remain low density. The danger is that high density concentrations in certain locations will offer the only locational option for those seeking high density housing.

1.4 The impact of higher density housing

It seems clear that on current dwelling profiles, a significant increase in multi-unit development will be associated with an increase in lower income, smaller households renting from a private landlord. If the prevailing trend for new higher density development to pass principally into the investment market continues, then this will be an inevitable outcome. This may be seen to be a positive gain for more affordable housing for groups who are unlikely to compete with the higher cost separate housing currently being developed in the area.

On the other hand, it may be that promoting greater densification in some of the lower value areas zoned for higher densities where there are already indications of a concentration of households with disadvantages (excluding the public housing areas) may only exacerbate these problems in the longer run. Once zoned for higher density, the market has only one signal it can respond to. All new development will take place to the highest density permitted. Just how far redevelopment will take place in areas zoned for high density housing is difficult to predict and will depend entirely on the predilections of the market, but the logic is that all available land will be eventually redeveloped. It may be that a more interventionist approach to managing higher density renewal in these areas may be necessary to avoid the negative social outcomes of a build up of lower income concentrations (This issue is returned to on page 17 below).

However, there is every possibility the new greenfield higher density development would be marketed at a home buyer market, for example, for older people trading down from a larger house, or for those looking for a town centre lifestyle in the case of the North Penrith redevelopment area. While there will certainly be demand from smaller households in Penrith, the current position is that the great majority of smaller (couple only and lone person) households still live in separate housing. This may, in part, reflect the number of older couples whose children have left home, or the fact that there is a large private rental market in separate houses in Penrith, with relatively affordable rents (in relation to the rest of Sydney). Whether the provision of smaller housing in these new development areas will assist the more efficient use of stock by smaller households remains to be seen. Recent research in Melbourne suggests this may not be the case.³

In Penrith's case, the current position with regard occupancy by smaller households is summarised in Box 2. As the data indicate, there is relatively little relationship between the numbers of smaller households and the supply of smaller stock. While 35% of households in Penrith in 2001 were lone persons or couples, only 11% of the stock were two bed or smaller. Clearly, the majority of smaller household in Penrith lived in 3 bed or larger dwellings. Only one in ten couple only households lived in flats or semi-detached houses. While the figure is noticeably higher for lone persons, this still left almost two thirds of lone persons living in separate houses. Given that only 5% of separate houses contained two or fewer bedrooms, then the preponderance of house property in Penrith means that it is highly likely this situation will prevail for many years to come. The high incidence of older people among these smaller household groups also implies there will be plenty of *in situ* empty nesters living in the family homes out of choice.

What happens to the dwellings they vacate in the process will also be important to monitor. For example, the provision of higher density good quality housing in new development or redevelopment areas could assist in freeing up some of the older low density suburbs for renewal if it were to be targeted at local older home owners. On the other hand, the provision of such opportunities might simply speed up the redevelopment of older areas to higher density as older home owners in these areas

³ Wulff, M., Healy, E. and Reynolds, M. (2004) *Why don't small households live in small dwellings?*, People and Place, V12, No 1, pp56-71.

move out to take advantage of housing opportunities in the newer suburbs that, under prevailing development approaches, are effectively barred to them (there are few older or smaller households in the newest suburban developments)

Box 2: The stock – demand mismatch: Will smaller households live in smaller housing?

Penrith:

- 35% of households are lone person or couple only
- 11% of dwellings are 1 or 2 beds
- 10% of childless couples lived in semi-detached houses or flats
- 38% of lone person households lived in semi-detached houses or flats

- Flats = 74% 1 or 2 beds
- Town houses = 24% 1 or 2 beds
- Separate houses = 5% 1 or 2 beds

60 per cent of the 25,000 or so additional households expected to be living in Penrith by 2019 will be single people or couples

New smaller households will be a diverse group – young, older, sharers, divorced/separated, re-partnered....therefore diverse needs and attitudes

A couple of caveats should also be stressed. This analysis ignores any changes that will occur in the existing stock, some of which will be affected by the rate and location of any new development and the mix of that development. As we have noted, a more rapid rate of densification in the older suburbs due to a market upturn might promote an even greater rate of change as the existing population moves away. It also assumes future development in new areas is a known quantity. And the analysis crucially assumes that prevailing household, tenure and income propensities between dwelling types hold constant. As we have suggested, this might not be the case. The marketing of newly developed higher density housing, especially in Penrith town centre and on the new Greenfield developments, might target new groups of the population that have hitherto not been associated with higher density housing in the region. But this remains to be seen.

There are many unknowns, especially in the way the market will behave over the next two decades (and all these changes rely on the market to drive them). Nevertheless, the scenario testing exercise presented in this report offers some indications as to what the likely social outcomes of a range of development and redevelopment options might have on Penrith's population under prevailing conditions. As we argued in our earlier report for Council⁴, it may be that policies that encourage a broader spread of higher density housing, appropriate to the local area and planned to high urban design standards, may be preferable in spreading the 'load' of densification rather than the current policy of concentration in a limited number of broadly zoned areas. Such an alternative would need to be carefully appraised if it were to be adopted, however.

⁴ Randolph, B and Holloway, D. (2003) *Urban Growth in Penrith – A Research Report*, Urban Frontiers Program, University of Western Sydney.

Part 2: The socio-economic consequences of alternative housing policies in older housing areas

2.1 Introduction

This part of the research focused on three interrelated questions posed by Council concerning the impact of higher density housing in Penrith.

- 1. What will be the emerging role of our “middle aged” and older housing areas (for example, South Penrith and Oxley Park) and what are the social and economic consequences of alternative housing policies for these areas?**
- 2. What will happen to our older established residential areas in terms of continuing loss of population if there is no urban renewal stimulated by infill housing opportunities?**
- 3. As the stock of dwellings within multi-unit housing continues to be developed, there will be a trend for a proportion of that housing to be used increasingly for rental accommodation. What will be the social consequences of this trend and how should it be best managed?**

Rather than answer these questions separately, this summary discusses these and related issues together, offering some ideas for how the growth of a high density sector and the renewal of older suburbs might be better managed.

2.2 The current role of the older suburbs

We have sought to establish the likely impacts of renewal in these older suburbs, specifically South Penrith and Oxley Park, by modelling the social and urban design outcomes of current patterns of renewal in these areas. The process of change and adaptation reflects the age of these suburbs, and in particular the way they are moving towards the end of their initial life cycle as the original population ages and is being replaced by a more diverse community and where the housing stock is being replaced or restructured into new, and again, more diverse forms of housing. It is in these communities that the new wave of urban renewal is taking place. While this has been going on for some time, assisted by the current zoning framework in some places, it is now gathering pace. Under the proposals canvassed as part of the new Sydney Metropolitan Strategy, it is these suburbs that will be targeted for an unprecedented increase in densities. It is therefore crucial Council is in a position to both understand what is happening here and also to develop appropriate policies to best manage the pressure for redevelopment.

As we pointed out in the earlier *Penrith Urban Growth Management Report*, these suburbs provide housing for an increasingly diverse community through a number of housing sub-markets. The first is an older mature population, some of whom have been resident here for many years, most of whom own their properties outright. Some have no doubt lived in these suburbs since they were first constructed in the inter- and immediate post war period. The fact that there were relatively few children in this

type of suburb reflects the aging nature of the population. Older children moving to their own homes are more likely to move to other suburbs to have their families or to other locations to pursue employment or educational opportunities elsewhere. There is, therefore, an emerging cohort of *in situ* 'empty nesters'.

A second market is the lower cost rental market. Up to a third of the housing is rented from a private landlord, a high proportion compared to elsewhere in Penrith. This market provides an affordable housing option for those either too poor to buy or households in the early stages of their life cycle. While the higher than average proportions of single persons, couple households and low income households in these areas is no doubt a reflection of the older population noted above, it is also an outcome of the attraction of the rental housing here to younger adults. This is an important market for many in Penrith and much of this market is to be found in the walk-up blocks of flats that have been built on redevelopment sites in these suburbs. Nevertheless, there is substantial rental house sector as well, which maybe associated with the poorer quality housing stock.

A third market focuses on affordable houses for lower to moderate income home buyers. Penrith is one of the more affordable housing markets in Sydney, and this stock provides opportunities for those excluded on price grounds from other areas, both within Penrith and beyond, to afford home ownership. This appears to be in part associated with the new medium density villa/town house market. However, the proportion in this category remains relatively low at present.

An important issue is also the continued decline in population numbers some of the older suburbs noted in the *Penrith Urban Growth Management Report*. Further analysis suggests that while these numbers may fall further, it is more likely that the losses will begin to bottom out at some stage. The areas where this was particularly strong include Cambridge Gardens, Cambridge Park, Werrington, South Penrith, Jamisontown, St Marys and Oxley Park. However, household numbers were either falling more slowly or actually increasing in these areas, as average household size continues to decline further.

These areas therefore provide a range of diverse housing opportunities for a diverse community, which differentiates it from the newer, more family orientated suburbs. This, in itself, is a positive feature and suggests more balanced community outcomes. However, the fact that families, while by no means missing from these areas, from a below average proportion of the housing market, indicates that the housing market in these older suburbs may be becoming more differentiated, between the 'remnant' original population, now in retirement, and the more newly arrived, and probably more mobile, younger population.

2.3 The future of the older suburbs without infill renewal

As they stand, *without further infill renewal*, the most likely scenario for the older suburbs will be a gradual process of revaluation and 'in situ' renewal as the ageing housing stock is replaced by 'knock down' redevelopment of larger single houses built mainly for individual families. It is possible that the larger blocks of land available in these areas would prove very attractive to higher income families looking for both space and higher quality street scapes than are currently being produced in

new urban development at much higher densities on the urban fringe. Certainly, there is a potential for revitalising these areas for middle and even higher income housing through in-situ replacement where plots are suitable for households who put a premium on space and external amenity. The maturity of these suburbs would also help this process. An outcome, perhaps the suburban equivalent to inner city gentrification, might well be possible, so long as new high density infill development is controlled, which would act as a deterrent for such households.

This option is one that Council should explore. Faced with a polarising city structure, encouraging medium to high income established home owners (of the kind currently moving to the new urban fringe) to return to the older suburbs through controlling uncoordinated higher density infill might be a viable alternative to higher density renewal. It would help redress the spatial divide growing across the city and encourage further economic growth in these areas in the provision services for a higher income population.

The question of whether current population loss will continue without further renewal and when it might stabilise is also an issue that will need consideration. If it does continue, then the management of significant areas of relatively low density (there may be few children here if current trends continue) will become a Council issue. In any event, without significant renewal happening, there is unlikely to be a return to former population densities.

The continued loss of population will have an important impact on the level and quality of service provision in these older suburbs. Demand led private services such as buses will be critically affected, possibly leading to a withdrawal of the current relatively limited services in some areas. Implications of the provision of schools, playground for the younger population also need to be factored in, as well as the need for provision for older people. Sustaining a range of these services in areas with fewer children but a potentially higher number of older people will require shifting the resources to accommodate new demographics. More lower income or single income households will also impact on retail services also over the longer term.

Just as importantly, Council must now consider what the impacts on Penrith's population will be of the development of the major new urban release areas in Bringelly and Riverstone. If successful, these areas will progressively attract medium and higher income households from across Western Sydney to migrate there over the next thirty years, in much the same way as the new suburbs being currently developed are doing. As a consequence, much of the demand for Penrith's new higher density housing may be deflected to these new growth centres. The re-casting of Penrith's older and more spacious suburbs for this population might be a way of countering this inevitable process and retain economic growth in suburbs that at present are slowly declining in social status.

2.4 The likely future role of the older suburbs with higher density renewal

Modelling change in housing markets is a speculative exercise at best. Nevertheless, the projections of the social outcomes of current trends in redevelopment and renewal, as determined by the prevailing zoning framework for these older areas, indicates the

kind of change that can be expected, if nothing intervenes to challenge prevailing market trends.

The most obvious likely impact is that the predicted increase in higher density housing (in the cases study areas reviewed here, dual occupancy and villa/town houses developments) will lead to a community more likely to comprise of private renters and have a high proportion of younger, more mobile households, although the proportion of lone parent households is also predicted to increase substantially. These households will mainly be on medium to low incomes.

The housing market processes that generate this kind of social profile are an outcome of the role of the rental investment market in driving housing development in these areas. In the recent past, much of the new housing produced in redevelopment sites has been bought by investors and therefore ends up in the rental market. The older and relatively cheaper house property is also attractive to investors looking for a cheap way to access capital gains. It should be stressed that this rental market is not comparable to the DINKs and Yuppie rental sectors in downtown Sydney or other waterside locations. The rental community in Penrith is not made up of young more educated 'creative' classes, but represent a cohort of suburban low income households, many of whom may be struggling economically. This reflects the character of Penrith in the regional housing market.

Nevertheless, there is also an active home ownership market with a moderate income profile. It is this component of the market that offers an opportunity for these areas to broaden their social structure and build a more balanced community profile, especially if these new home buyers, many of whom will be younger people, remain in the area as they enter the child rearing stage of their life cycle. There are indications that a significant proportion of the medium density villa/town house market is in this category, with a noticeable numbers of households in this kind of property having average or above average incomes. A proportion of the sale of higher density housing may also be going to the large number of empty nesters identified as already living in the Penrith. While on more modest fixed incomes, they could nevertheless be an important factor in developing more stable neighbourhood outcomes in these areas undergoing higher density renewal.

It is the balance between these two markets – ownership and rental – that holds the key to the future of these older areas of Penrith under urban renewal pressure. Too much rental, and there is a danger that some of these higher density areas will spiral into places of higher socio-economic disadvantage, especially those parts more distant from good transport and services where values will be lowest. We have seen this happen in other parts of Western Sydney where high density redevelopment has proceeded in an unmanaged and uncoordinated manner, even around transport nodes. A policy of encouraging a higher degree of home ownership in this new high density stock needs to be developed, although this will not be easy given the relative affordability of the low density housing stock in the area. Ensuring high quality urban design and high neighbourhood amenity will be part of this strategy.

The physical impact of higher density housing, under current zoning regulations, will also result in a major change to the urban design and streetscapes of these areas, as the CAD modelling undertaken as part of this study illustrated (See Final Report). Car

ownership rates will also escalate as densities increase. Without good public transport, this implies much greater car numbers on local roads feeding into the main road systems.

However, it has to be stated that where exactly the demand for a larger higher density sector will come from in future years needs to be questioned. If renewal is to be investor driven, then precisely where the numbers of rental households will come from will need to be considered, especially when Penrith will be competing for this population with higher density developments in Blacktown and the Riverstone and Bringelly release areas. The same issue applies if the market is to be more reliant on home buyers to generate development. In addition, as we noted above, recent research in Melbourne suggests there is no simple correlation between smaller dwellings and the demand from the predicted growth of smaller households. The data presented in Table 1 above illustrated this position in Penrith. Many older 'empty nesters' will prefer to remain in their family home. Much of the new higher density stock is only of two bedrooms, too small to provide additional space for visiting family for older people, for growing families or additional space for home offices or guest rooms for others. Simply building smaller high density housing does not necessarily mean small households will be there to live in it.

2.5 Social outcomes under alternative planning policies

Penrith has been designated a potential 'Regional City' under the proposals being canvassed for the new Sydney Metropolitan Strategy, although it has currently been classified as a 'Major Centre' in its present form. Developing Penrith as a Regional City will involve the development of a substantial higher density residential sector over the next thirty years of a scale not yet experienced in the City. Under these proposals, central Penrith can expect to have clusters of high density residential buildings of up to 20 storeys with an average of 4 storeys in areas immediately surrounding the centre. Elsewhere, there will be a series of higher density Town Centres situated around the rail stations, presumably on the line towards Sydney, each accommodating approximately 4,000 dwellings in high density developments of up to 6 storeys. Beyond these centres, a range of Villages and smaller Neighbourhood centres with a mix of 4 story walk-up flats, top-shop flats and villa/town house development will be scattered across the urban area.

What would these proposals mean for the residential and social structure of Penrith? There would certainly be a major change in the urban built form of the City, and a major realignment of the housing market towards higher density housing and units. A full scale evaluation of the physical and social impacts of these proposals on Penrith is outside the scope of this project. However, some idea of what might happen, given prevailing market outcomes, can be deduced from the foregoing analysis.

Given prevailing trends, and assuming the full development of the proposals for a much higher density housing market in Penrith, the most obvious impact, on current trends, would be for a substantial increase in the private rental market in the City, with the associated social outcomes that would flow from this: larger numbers of lower income, younger, childless households, perhaps split between older 'empty nesters' as well as more mobile younger people. Lone parent families would also find this form of accommodation attractive due to its affordability. On the other hand, couple

families, the 'traditional' Penrith household type, would remain embedded in the low density suburbs. Older households downsizing from the residential suburbs would also be expected to be accommodated in this stock.

Areas where medium density villa and town house redevelopment predominates may attract a more middle income population, perhaps with greater numbers of young families with children, especially single parent families, but would also be attractive to older households downsizing from house property. Again, the proportion renting would, on current market trends, be high. Presumably family centred housing would remain concentrated in the suburbs of low density houses further away from the central high density axis along the rail and main road lines.

The resulting geographical division of Penrith into social zones defined by housing density would be a continuation of the trends already apparent in the City from the analysis presented in the *Penrith Urban Growth Management Report*. However, the proposals would shift the social profile of the City substantially away from its current family orientated profile, given current trends in the market. This would have substantial implications for the provision of services and amenities for the new population in these areas. In effect the social profile of the City would become deeply entrenched with the high density axis contrasting to the low density suburbs beyond, and with it, a similarly entrenched social division.

2.6 Is a polarised Penrith City a problem?

Why should it matter if Penrith emerges as a City polarised into high rise core area comprising the young, the single, lone parents and childless mobile renters together with downshifting older people, contrasting to low density suburbs for couple and their children? This is, after all, what is emerging already. There are several arguments that can be put forward that suggests such a scenario would not be beneficial over the long run for the City. Firstly, the demographic polarisation in household type would almost certainly be associated with an economic polarisation, with the higher density core being typified by a lower income population, in per household terms, characterised by lower occupational skills, higher propensity towards unemployment, higher proportions not economically active, and so on. Again, this is driven by the high proportion of rental property in the higher density market, and the fact that most high density stock accommodates smaller households where single incomes are much more common.

There is already evidence that in some of the areas where walk up flats are concentrated a low income and disadvantaged housing sector is developing, for example, in parts of St Marys and around Werrington station. Unless the nature of the demand for such accommodation changes, there is every reason to believe that at least a proportion of the new high density development will pass rapidly into this more marginalised rental market. While it provides a source of more affordable housing for these high needs groups, the wisdom of allowing concentrations of this type of property to develop further should be questioned. The logical outcome of current and proposed higher density planning policies therefore may well be the creation of concentrations of relative disadvantage in less attractively located or poorly designed high density privately rented enclaves. This needs to be recognised and managed.

Secondly, there is a growing debate about the social sustainability of new development. Again, much rhetoric from State government and the development industry has emerged concerning the need to create balanced and vibrant communities as elements in what might constitute a sustainable community. Building a City split into two increasing polarised groups, defined by the type of property they inhabit, clearly runs counter to such propositions. Balanced communities are by definition diverse communities. Diverse communities, and the necessary precursor, a diverse housing stock, are better able to change to meet future changing circumstances, a critique currently levelled at the ‘monocultural’ new suburbs in Sydney, for example in Glenmore Park, that have developed comprising almost entirely of large family housing. However, if well managed and planned, the outcomes of the renewal of older suburbs could deliver more socially diverse and balanced communities that would be certainly more diverse socially than the new low density suburbs currently being built.

The segregation of social and age groups spatially by the housing market is also a potential problem in terms of community cohesion. If older people wish to find a smaller home more suited to their needs in later life, they will be forced to move to a new community to do so. In doing so, they leave their establish links and perhaps their children who may be setting up their families in the low density suburbs. Families often rely on grandparents to cover for child care and other support. Building a City split by age will make such mutual support much more difficult. Similarly, if older children wish to leave a suburban home, then the only option will be to move into the higher density housing in a different part of the city, again stretching mutual support links and breaking community ties. Strong and vibrant local communities are not best served by such a policy.

Instead, it could be argued that higher density housing should be encouraged across the urban area, including smaller and diffused sites, in order to provide a mix of housing opportunities for a range of households. In this way, the social polarisation currently being built into the urban structure, and on current trends more likely under the proposed policies of the Metropolitan Strategy, might be avoided. This does not preclude higher density core areas, but it does mean that a much broader view of where housing density should be increased needs to be developed, but avoiding the poor urban design outcomes associated with earlier forms of dual occupancy or villa and flat development. To an extent, the ‘village’ and neighbourhood’ components of the Metropolitan Strategy might achieve this. But again, this presupposes nodal concentrations rather than a broader spread of higher density housing. The nodal logic rests on the notion that there is a direct relationship between high density housing and public transport use. However, this assumption has yet to be tested in the Sydney suburban context, and remains a matter of belief, not fact.

2.7 What policies might make a difference?

The key question is whether such a polarised scenario would actually develop. Several things might intervene to change these potential outcomes. First, the whole renewal and densification policy promoted by current Metropolitan Strategy proposals is to be driven solely by market forces. In the relatively lower value Penrith housing market, there must be some doubt as to whether such forces currently exist to drive

the process. Moreover, housing markets are subject to considerable fluctuation, with booms followed by slumps the normal pattern. The current slump in investor activity in the Sydney housing market suggests that such changes may take a long time to work their way through the older suburbs, or, indeed, may never fully occur.

Whether the NSW residential investor market will rebound after this current slump, and in what way, remains to be seen. But the main point here is that, as we have argued above, the higher density market is investor driven. If there is a long term withdrawal of investors in the kind of property that will be developed in Penrith, then the planning targets set for the City will not be forthcoming. With so much of new higher density output dependent on investors to ensure the stock is built, this may prove to be a major impediment to achieving these goals.

Moreover, current zoning regulations allow higher density housing across some of the older suburban areas that are some distance from a rail station. Oxley Park provides evidence of a lack of coordinated renewal activity of this kind permitted within broad brush zoning, but with no obvious locational focus on public transport nodes, as envisaged in the Metropolitan Strategy proposals. ***This suggests that current zoning needs to be substantially reviewed and revised if more targeted and sensitive redevelopment is required.***

While the reliance on the market to drive these changes is one area that will add a large degree of uncertainty to the outcomes from renewal, it could be argued that active intervention to avert the possibility of polarisation might also act to change the outcome predicted above. Council should consider how Urban Renewal Master Plans to replace current broad brush residential zoning can be developed for suburbs subject to renewal which would be underpinned by social sustainability principles. Best practice here would suggest these Master Plans would be a joint outcome of Council and community consultation, rather than left to the private sector to determine outcomes which may well override social sustainability concerns.

Importantly, Council will need to take a positive and active lead in this process if the negative aspects of the NIMBY syndrome from the communities involved are not to prevail. ***A clear vision of the outcomes Council expects from renewal would be a critical component of this process.*** After all, Council will be faced with managing the long term consequences of this process, so it would be better to have some control over the outcomes, rather than accept what the market delivers.

Poor urban design outcomes are also a current concern. Council may need to become more proscriptive in terms of the acceptable forms of redevelopment that are permitted to ensure the poor quality renewal of recent years is studiously avoided. Unfortunately, the nature of the development industry will not necessarily assist this process, given the status of the Penrith housing market. Only recently, one of Sydney's most prominent residential developers was reported to have noted that it would be difficult to produce high quality high density buildings in lower value suburban locations. If this is so, then Council will need to be very careful about what kinds of development it allows to take place. Once built, these developments will determine the social outcomes in the suburbs subject to renewal and densification for many decades.

A key issue here is the nature of renewal and land subdivision patterns. Redevelopment on single blocks has resulted in poor urban design outcomes in the past, especially where developers have crammed blocks to achieve the maximum permitted densities. If the mistakes of such development are to be avoided, policies that actively encourage the assembly of several adjacent blocks to enable well designed and diverse housing design outcomes need to be developed.

All these issues imply a higher level of planning intervention and guidance in the market than has been the case hitherto. Current broad brush zoning for higher density, which appears to have been driven as much by the location of larger residential plots across the City than by a policy to actively manage high density housing locations, will need to be reviewed. A more assertive approach to managing renewal will be needed to ensure an appropriate mix of dwelling types is achieved, with high quality design and providing appropriate housing for a mix of social groups in the most optimum locations. This will not be easy, given the nature of Penrith's current and likely social mix and housing market. Nevertheless, positive management of the roll out of higher density housing, with a spread of such development across the City area, including both the new greenfield areas as well as in existing suburbs where it is appropriate to do so and in a form sensitive to local land uses and urban design standards, may make a real difference. However, this means more planning, not less.

2.8 Other issues

Dwelling life cycle and quality

The housing stock in these areas is currently predominantly comprised of single houses, many of which are fibro or weatherboard, but in with a substantial number built in brick. The high proportion of dwellings of weatherboard and fibro construction in Oxley Park and the northern part of South Penrith suggests there maybe issues surrounding the fact that much of this kind of dwelling stock may be nearing the end of it life cycle, particularly in terms of amenity and standard. These properties are the least likely to withstand use for many more years and may well be facing a natural process of replacement. Brick dwellings may be more durable, although again, amenity standards may be increasing inadequate for current needs. These, too, face renewal, but here there would be at least a more solid structure on which conversion, renovation and additions can be built.

The implications of the of life cycle position of these older suburbs in terms of build type and construction is something Council may need to explore further, especially as there may be growing issues of heritage and conservation arising in the next few years, as well as pressure for renewal. This is a relatively new phenomena for Penrith, given the bulk of the stock is still likely to be less than 60 years old.

Having a better understanding of the process of dwelling obsolescence and quality (repairs and building standards) would assist in better planning for the replacement of these dwellings when it happens, rather than letting it take place 'naturally' by market forces alone. The latter often works to produce *ad hoc*, uncoordinated changes which may not work to the best interests of the area as a whole and may be incompatible with a Master Planing approach. If the Penrith Residential Strategy does not already address this issue, then Council should consider developing a strategy for identifying stock that is likely to need replacing, assessing the timescales in which this will occur

and providing a planning framework for coordinated and managed renewal might be well worth pursuing.

Developing an active spatial information system

The development of a more interventionist planning policy will require an accurate and easily maintained spatial database on residential land uses in renewal areas. Without such a database, monitoring the outcomes of renewal would be extremely difficult. This is not a difficult task. The example of the drive-by land use survey included in this research provides a simple and cost-effective methodology for producing an up-to-date database of the current residential stock and land use. This should be progressively extended to all the older suburbs that are currently the focus of renewal activity. Once established, the residential land use database would be easily updated by adding data from development approvals and completions as they happen. In this way a fully comprehensive and accurate spatial database, linked to the land use cadastre, would be in place to assist in monitoring renewal, assessing social outcomes and informing on-going planning reviews.

This cadastre-based database, if linked to appropriate software, would also allow accurate visual representations to be generated of the kind included in this report to assess the urban design outcomes of any development application, situated in the context of the existing urban form and streetscape. Such an active spatial information system would be an essential component of the more intensive local planning policy suggested above. Council is therefore recommended to explore the options of progressively developing a spatial residential land use information system of this kind that can be used to monitor renewal activity.