



THE UNIVERSITY OF
MELBOURNE

**University of Melbourne
Faculty of Architecture Building and Planning**

**Evaluation of the Kensington redevelopment and place management models
Final Report**

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Preface

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Executive summary

This report evaluates the Kensington public housing estate redevelopment and associated place management model. The main purposes of the evaluation are to:

- assess the outcomes of the finance mix, housing mix and social mix strategies on the estate, including outcomes for residents;
- assess the up-front costs and ongoing management costs of the place management model, and its ongoing sustainability;
- assess the redevelopment and place management models and comment on their applicability to other places.

The Kensington estate

Kensington is a small suburb within the City of Melbourne, just west of the CBD. It contains one of inner-Melbourne's distinctive high-rise public housing estates, which when built in the 1960s had three Victorian Housing Commission towers and 18 'walk-up' (four-storey) buildings on a 6.04 ha site. Lack of maintenance over decades (a problem for much public housing) resulted in the estate's deterioration. In 1998 Premier Jeff Kennett announced his intention to demolish one of the towers. Over 100 households were relocated and the tower was demolished in 1999. In the early 2000s, under Premier Steve Bracks, a tender brief was prepared for redevelopment of the entire estate in a mix of public and private housing. The tenants of the walk-ups were relocated and all the walk-ups were demolished. Two towers remained: these were to be refurbished in a separate arrangement.

The redevelopment model

The Becton Corporation was announced as preferred developer in 2001. In a joint partnership, Becton was contracted to design and construct new public housing for the Department of Human Services (DHS). Under the terms of the agreement, the developer would purchase two-thirds of the estate (4.18 ha) for the construction of private housing, landscape the entire estate, build internal roads and pathways and carry out all necessary infrastructure works.

The model is the first of its kind in Victoria for its emphasis on public-private finance mix, housing mix and social mix in which:

- the state pays the private partner to build new public housing, sells a proportion of public land for private housing and associated works, and enables the partner to make a return by selling the private units at market value;
- the new public and private housing is intended to be indistinguishable, and physically integrated with the surrounding neighbourhood;

- the resulting social mix is intended to reduce the ‘place-based disadvantage’ that is assumed to occur on public housing estates, and socially integrate public housing tenants with private residents on the estate and in the surrounding neighbourhood.

The place management model

A place management model was part of Becton’s tender. It included on-site facilities management, owners corporation management, community building and marketing the private sales component. The Kensington Management Company was established in 2003 as a wholly-owned subsidiary of Becton. The model was considered to be valuable beyond the life of the redevelopment, and in 2008 the place management function was transferred to a not-for-profit company, Urban Communities Ltd., which continues in this role today.

The current place manager provides on-site facilities management and common space maintenance, owners corporation management, private tenancy management where requested by owners, and public tenancy management. It continues the community building component on the estate.

Ownership and management of landscaped public open space, walkways and roads on the estate were transferred from the developer to the City of Melbourne on completion of the project.

Findings

The key findings of the evaluation are below:

1. On the redevelopment basics

- 1.1. There were 694 public units on the estate prior to the redevelopment, of which 486 were demolished. These were replaced by 205 new public units. The two remaining towers have 224 units which were refurbished through a different program, resulting in a total of 429 public units. This amounts to a reduction of 260 public units on the estate, with another five lost through conversions.
- 1.2. The new construction on the estate is 30 percent public to 70 percent private. There were 512 private units built, of which 15 were sold for community housing. The finished project therefore has 497 private units, 15 community housing units and 429 public units – a total of 941 dwellings. Counting the community housing as public (although it is strictly in a third category) the total public to private mix is 47:53.
- 1.3. Works commenced in 2002 with completion due in 2008. The project took four years longer than anticipated and was officially opened by the Minister for Housing in April 2012.
- 1.4. Of the up to 486 public tenant households relocated from the estate (the number is not certain as not all units were occupied prior to the redevelopment) only 20 percent returned. There are a number of reasons for this, including satisfaction with the alternative accommodation, desire to avoid the disruption of a second relocation, the time taken for

new units to come available, and the reconfiguration of dwelling types on the redeveloped estate which meant that not all households were able to be re-accommodated.

2. *On the finance mix*

- 2.1. The cost to DHS of the 205 new public housing units is calculated at \$45,589,040, or \$222,385 per unit, including the demolition of the old stock. This represents a cost-effective arrangement for government.
- 2.2. The above calculation does not factor in the loss of 260 public dwellings from the estate. It does include the cost of 89 spot purchases elsewhere in Melbourne which were pegged to the redevelopment and used for some of the relocations.
- 2.3. The government land valuation for the estate in 2002 was \$109.72 per square metre. This is low for inner-city residential land at the time: the Real Estate Institute of Victoria values land per square metre in Kensington in 2002 at \$1,640 (in 2002 prices). The low base land rate is partly explained by the perceived risk of the development. The price ultimately paid for the 4.18 hectares sold (69 percent of the estate) was \$3,760,087, or \$89.95 per square metre.
- 2.4. The sale of the private units was an important element of the financing of the entire redevelopment. It constitutes the bulk of the developer's return, which is calculated at \$44,879,982. The net profit margin across the project is calculated at 37.56 percent. The accepted industry standard is 20 percent.
- 2.5. A number of variations were made to the masterplan over the course of the development. The most significant changes occurred in 2009 in a sixth amendment to the development agreement, which changed the product mix to more apartments and fewer townhouses, and increased the yield in the final stage of the redevelopment by 10 public and 57 private units. This final stage netted an estimated profit margin for the developer of 51 percent.
- 2.6. It is clear in hindsight that apartments on well-located public housing estates do sell in the private market, and that the risk is not as great as thought. This is likely to be more the case on inner-urban than outer suburban estates.
- 2.7. The value for money assessment in this evaluation is that the financial arrangement could have been more advantageous to government, given that the risks of inner-city public housing estate redevelopment are not as high as initially, perhaps understandably, thought.

3. *On the housing mix*

- 3.1. The final mix on the Kensington estate is 47 percent public and community housing to 53 percent private housing.

- 3.2. The urban amenity on the estate is high, and the quality of the new public housing is a vast improvement on the old stock. The tower units were given minimal refurbishments under a different government program, but have improved landscaping and community spaces at their base.
- 3.3. Public and private residents are separated into different buildings, which range in size in the new build from 10 to 97 units. These are largely indistinguishable, and physically better integrated with the surrounding neighbourhood.
- 3.4. It appears the private apartments have a strong investor presence, and that the number of owner occupiers is not as high as anticipated.
- 3.5. There are indications that internal and external communal spaces are being maintained to different standards, in favour of the privately-owned buildings.
- 3.6. The redevelopment has brought about greater pride of place and tenant satisfaction for the 205 households in the public new-build, due largely to the better housing and improved physical environment.
- 3.7. A combination of improvements to the housing stock, indistinguishable public and private housing, and presence of residents of private housing has led to public tenants reporting a reduced sense of stigma.
- 3.8. The estate is reasonably well integrated into the surrounding neighbourhood with the extension of some existing streets onto the estate. The connecting streets and walkways on the estate increase its permeability and encourage neighbouring residents to walk through.
- 3.9. The objectives of the housing mix have been achieved in that new public housing has been built (though replacing only 42 percent of the demolished stock), new private housing has been constructed, landscaping and infrastructure works have been carried out, and the estate as a result is better integrated with the surrounding neighbourhood.

4. *On the social mix*

- 4.1. The housing mix delivers a social mix in terms of incomes and stage in life cycle, that is, through providing housing for public tenants, private tenants and owner-occupiers.
- 4.2. There is little evidence at this stage of social mixing (social interaction) between the different tenure groups. There is mixing among public tenants, facilitated by their proximity within the public housing buildings and strong community organisations. Private residents of the estate appear to mix more with other private residents in Kensington, facilitated by the growing number of suitable meeting places in an increasingly gentrified residential and retail landscape.

- 4.3. There is no clear evidence for the existence prior to the redevelopment of 'place-based disadvantage', and no evidence at this stage for the mitigation of the effects of long-term poverty.
 - 4.4. The claims of the benefits of social mix, such as increased connectedness, greater social mobility and employment opportunities for public tenants, are not supported to date.
5. *On the place management model*
- 5.1. The model was introduced initially to support the private sales program through on-site place management and community building. In the course of the project it evolved into what is now seen as a long-term arrangement beyond the life of the development project.
 - 5.2. The place management entity manages all public housing tenancies and private tenancies where requested by the property owners. There are clear benefits from this on-site tenancy management approach.
 - 5.3. The place management entity is responsible for maintenance of all external and internal communal areas (apart from City of Melbourne-managed areas) and building exteriors. It is not responsible for maintenance within public housing units: this function remains with DHS.
 - 5.4. There is some confusion among tenants and within DHS and the place manager around the division of maintenance responsibilities.
 - 5.5. There is some discontent on the part of owners on the estate about a lack of competition in owners corporation fees and management.
 - 5.6. The community building program has generated many worthwhile activities, but they do not appear to have improved connections between public housing tenants and private residents on the estate or in surrounding areas.
 - 5.7. The place manager has successfully leveraged external grants and other investment for community building activities, and in partnership with other agencies has facilitated the establishment of two small social enterprises providing employment and training opportunities for public tenants on the estate.
 - 5.8. There is no comparable place management model in Victoria. The state's Neighbourhood Renewal program, which has an important community building component, is of limited comparative value because it does not have a tenancy management role, and because the community building component is better resourced than that at Kensington.
 - 5.9. The operating costs of the place management model appear to be exceeding the increase in revenue but the model is still being established and staff still being employed. It could be

expected that absorption of the internal maintenance of the public housing units would increase economies of scale of the current model and contribute to its sustainability.

- 5.10. The place management model contributes to the redevelopment's economic viability by making the private housing on the estate attractive to purchasers and occupants.

Summary of the Kensington model and implications for its applicability to other places

The Kensington redevelopment resulted in a net reduction of 265 units of public housing on the estate, and the construction of 512 private units, 15 of which were sold to the place manager for community housing. Including the 224 units in the two towers that remain on the estate and were refurbished through a different program, the total mix of public/community housing to private housing is 47:53.

The resulting social mix has brought little mitigation of the place-based disadvantage thought to exist on the estate. There is in fact little evidence of place-based disadvantage in the first place, prior to the redevelopment. There is long-term poverty on all public housing estates (a different thing), and the benefits attributed in the literature to social mix – employed residents of private housing providing role models to public tenants thereby increasing their social mobility and job prospects – at least require interaction between the different groups. At this stage, there is little evidence of social interaction among the public and private residents on the Kensington estate. The literature on place-based disadvantage is covered in chapter 3, and this discussion is expanded in chapter 12.

The benefits of the social mix derived from a mix of public and private housing also need to be considered in context. In the case of Kensington and the other public housing estates in inner-Melbourne, the surrounding neighbourhoods are predominantly made up of privately-owned residences and gentrifying retail and commercial areas. On the neighbourhood scale, which includes the estates, there is already social mix, with public and community housing residents in the minority. Households on these estates have ample opportunity to mix with households off the estates – through local non-segregated schools and many social and community organisations – should they choose to do so. It is not clear how locating private residences on the estate, particularly when the private and public units are in separate buildings, will increase these opportunities.

The new-build public housing and improvements to the physical environment have clearly increased the pride of place and satisfaction of the public tenants, especially those living in the new-build. The residents of the towers report little increase in satisfaction with their living standards but greater pride in the surrounding landscape. There is some evidence that the public-private housing mix reduces a sense of stigma associated with public housing, although it is difficult to distinguish between the contribution of the social mix and that of the improved physical environment. In any event, it is clear that new housing and environmental improvements are very positive for those in a position to benefit from them.

The major benefit of introducing private housing onto public estates is the revenue it brings in a period of low government expenditure. The redevelopment model essentially finances new-build

public housing and landscaping and infrastructure improvements on deteriorated estates through the sale of public land. Public housing estate land in inner Melbourne has been shown to be of high value and the private sales at Kensington generated considerable returns. If this model is to be pursued, it makes sense for government to capture as much as possible of these returns.

The place management model supports the redevelopment model through its on-site management functions, which have clear benefits for all residents by virtue of being localised, and in addition support the marketing and sales of the private housing component. The community building function is less successful: evaluations of the Neighbourhood Renewal program suggest that community development requires more substantial resourcing and a long-term approach. The problems of confusion over maintenance responsibilities and lack of competition for owners corporation management are part of the newness of the model and should be relatively easily ironed out.

Recommendations for application of the Kensington redevelopment and place management models to other places

The redevelopment model at Kensington should not be reproduced in the same arrangement on other estates. It is evident that private housing on inner-Melbourne public housing estates sells more successfully than originally anticipated, and that the risk is not as great as thought. This should be reflected in a lower return to the developer and higher return to the state.

Various combinations of public, private and not-for-profit partnerships are outlined below, and should be explored with the object of producing combinations of public, private and community housing that deliver better value for money for the taxpayer, and in future ensure no net loss of public housing.

On-site place management is beneficial to residents as well as to the economic viability of estate redevelopment. Adequate resourcing of the community building function, with a long-term commitment along the lines of the Neighbourhood Renewal program, including targeted strategies for community building through job creation and education and training, appears to achieve some of the benefits for public tenants initially attributed to social mix.

Following is a list of recommendations regarding the application of the redevelopment and place management models to other estates.

1. In future redevelopment and renewal programs there should be no reduction in public housing stock.
2. If state governments are to continue to fund the construction of replacement public housing and/or upgrades through asset sales, the most advantageous arrangement in terms of value for money for the taxpayer is for government to retain control of the process and the profit. Retaining the substantial profits from inner-city estate redevelopments would enable an increase in public housing stock.

3. Under-utilised land on public housing estates should be developed in various combinations of public, community and private housing. Allowing that the private housing provides the revenue, the proportions should be varied on different estates according to specific context and expected returns.
4. Various permutations of public, private and not-for-profit partnerships should be explored. These should be structured in such a way that there is profit or revenue sharing. In the case of the public and not-for-profit partners, the profit/revenue could be invested in further public and community housing and in the case of the private partner, constitute a reasonable return.
5. Public partnership with a not-for-profit housing association with development capacity would allow the state and/or the not-for-profit to reinvest the entire returns from sale of the private housing back into the estate, or into additional social housing elsewhere.
6. The option of government as developer should not be neglected. Public land agencies such as Places Victoria have the capacity to contract out building and sales functions, maintaining control of the process, increasing public housing stock and enabling cost-neutral outcomes to the state.
7. On-site place management, including management of public and private tenancies, should be encouraged.
8. All maintenance functions should be made the responsibility of the place manager.
9. The place manager should be adequately resourced or otherwise encouraged to become competitive with owners corporation managers.
10. The place management model should be supported in its community building function to a similar degree as the Neighbourhood Renewal program.

More detailed conclusions and recommendations can be found in chapter 12 of this report.

Data issues

It became apparent early in the evaluation that there were serious constraints on the availability of data. Much of the financial and administrative data sought was incomplete and had to be assembled with data from other sources to get an approximate picture. Some components of the evaluation could not be carried out and certain analyses could not be made. Each empirical chapter has an opening section on data issues, in which the limitations are made clear.

These constraints have led to an additional set of recommendations regarding data collection and storage for the purposes of on-going evaluations of redevelopment and place management programs, now that a framework has been established. These can be found at the conclusion of chapter 12.

PART I BACKGROUND AND APPROACH

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1 Introduction

In partnership with the North and West Metropolitan Region of the Victorian Department of Human Services (DHS), the University of Melbourne (UoM) has conducted an evaluation of the Kensington public housing estate redevelopment and its place management model.

The Kensington redevelopment model

The Kensington public housing estate was built in the 1960s with three high-rise towers and 18 smaller 'walk-up' blocks on a 6.04 hectare site. Its redevelopment was initiated in the late 1990s by Premier Jeff Kennett with the demolition of one of the towers, containing 108 units. This was followed in the early 2000s under Premier Steve Bracks with the demolition of all the walk-up buildings, containing 378 units – a reduction in all of 486 units of public housing. Figure 1 shows the location of the Kensington estate; figure 2 shows its configuration prior to the redevelopment.

In 2001 the property developer Becton Corporation was awarded the contract by the then Office of Housing of DHS to rebuild the estate in a mix of public and private housing. In a partnership between the government and the developer, 4.18ha, about 69 percent of the estate, was sold by DHS to Becton at prices set at the beginning of the redevelopment. Becton was contracted to design and construct 195 new public and 420 private units, and to provide landscaping, roads and infrastructure on the estate. The private units would be sold on the open market as part of the developer's return. The new-build mix was 32:68 public to private. With the remaining 208 public units in the towers at that time, to be upgraded by DHS in a separate program, there would be a total of 823 dwellings on the estate – 403 public and 420 private – in a mix of 49:51. Anticipated completion was in 2008.

The figures changed during the course of the development, which occurred in ten construction stages over ten years. On completion there were 205 new public and 512 private units, 15 of which were sold to the not-for-profit place management entity on the estate for community housing. The final new-build public-private mix, not including the community housing which is in a third category, was 29:71. The public units in the towers were upgraded, some bedsits were converted to one-bedroom units and new units were added, resulting in a gain of 16 units (a total of 224 units in the two towers). The final total of dwellings on the estate is 941, in a public-private mix of 46:54. The ownership and management of public open space, internal walkway and roads through the estate were transferred to the City of Melbourne on completion of the redevelopment, which was officially opened on 11 April 2012.

The Kensington redevelopment is interesting for a number of reasons. First, it involves a finance mix in which the state contracted a private developer to design and construct new public housing, sold a large portion of the estate to the developer for construction of private housing and associated infrastructure and landscaping works, and enabled the developer to make its return by selling the private units at market value. Second, the model is premised on delivering a housing mix in which the public and private units are indistinguishable, and physically integrated with the surrounding neighbourhood. Third, it is driven by the intent of reducing the place-based disadvantage that is assumed to occur on public housing estates, by increasing the social mix on the estate and thereby socially integrating the estate with the surrounding neighbourhood.

The Kensington place management model

The on-site place management model was not required in the government brief but was proposed in Becton's tender. The 2002 development agreement included a place management function in which an on-site manager would be responsible for facilities management, maintenance of communal areas, body corporate (owners corporation) management, and community building. The Kensington Management Company (KMC) was established in 2003 as a wholly-owned subsidiary of Becton. The model was later considered to be valuable beyond the life of the development project, and the place management function was transferred in 2008 to a not-for-profit company, Urban Communities Ltd (UCL), on a 5x5 year contract.

The current place management model has evolved to include:

- management of the public tenancies;
- management of the private tenancies as requested by owners;
- management of the owners corporation for the private investors and owner-occupiers;
- facilities management, including management of a trust fund for maintenance work;
- management of common and community facilities and infrastructure;
- community building activities.

This model is interesting in that it is the first in Australia not only to combine all these functions but, as it evolved, to include not-for-profit management of state-owned public housing.

The purpose of the evaluation

The UoM researchers were asked by DHS to evaluate the redevelopment and place management models at Kensington for the extent to which they achieve their objectives, their cost-effectiveness, their value for money, and the merits of their application to other estates.

This is the first evaluation of a completed high-rise public housing estate redevelopment in Victoria. From the beginning of the redevelopment, Kensington was seen as "a test bed for future inner city housing management" (DHS 2002a). As the redevelopment model used at Kensington is already being reproduced on the Carlton estate (although without the place management function at this stage) and is being considered for future redevelopments of the Fitzroy (Atherton Gardens), North Richmond and Prahran (Horace Petty) estates (figure 3), an assessment of its successes and failures is important. New social housing is under construction on the latter estates as part of the Australian government's Housing Affordability Fund. Part of that agreement commits the Victorian government to further renewal of these estates. DHS is in the process of preparing masterplans for the three sites that include the objectives that drove the Kensington model: "attracting significant investment to the sites" and "broadening the mix of housing and resident types to better integrate the estates with the surrounding neighbourhoods" (DHS 2011). It is desirable that these and future planning processes be informed by evaluation of the outcomes at Kensington. Current timeframes indicate that the key decisions for Fitzroy, Richmond and Prahran will be made in 2013.

This report is divided into four parts.

Part I – chapters 1 to 4 – gives the background to the redevelopment and place management models, outlines the objectives set for them at the beginning of the project, and explains the approach to the evaluation and research methods used.

Part II deals specifically with the redevelopment model and assesses it in terms of its three driving components. Chapter 5, Finance mix, examines the cost effectiveness of the financing arrangement – specifically, whether the partnership was more or less advantageous to the state than had it commissioned the new public units using a traditional model. Chapter 6, Housing mix, examines the location of the public and private housing on the estate and details the results of internal and external inspections of the new buildings to determine whether the objective of making the public and private housing indistinguishable was achieved. Chapter 7, Social mix, reviews evidence on the extent of place-based disadvantage on the estate prior to the redevelopment and, to the extent that such disadvantage was evident, whether it has been mitigated by the redevelopment, including changes in the levels of social interaction on and off the estate.

Part III addresses the structure, operations and outcomes of the place management model; even though it and the redevelopment model are closely linked, it makes sense methodologically to evaluate them separately.

Part IV draws the two models together in a holistic assessment. It contains an evaluation of whether the redevelopment and place management models represent value for money for the taxpayer, considers the merits of their application to other estates, and provides recommendations for future high-rise public housing redevelopment projects.

The agreement between UoM and DHS was finalised in late August 2011. The project began on 1st September, with a two month period for employing staff, collecting already available departmental data and preparing an evaluation framework and methodology. The University of Melbourne team conducted primary research over five months from 1st November to 30th April 2012, and delivered this report on 12th June. The research team was based in the Faculty of Architecture, Building and Planning, UoM, with Dr Kate Shaw as principal researcher, Dr Peter Raisbeck as co-researcher, and Chris Chaplin as research associate. Professor Kath Hulse, Institute of Social Research, Swinburne University, acted as advisor to the research team to enable continuity between this evaluation and an earlier social impact assessment carried out by the Institute of Social Research in 2003-4.

The evaluation was guided by a steering committee made up of the Regional Director of the North and West Metropolitan Region, DHS; the Housing Manager of the North and West Metropolitan Region, DHS; the Director of Policy, Planning and Strategy, Housing and Community Building, DHS; the Director of Policy and Client Outcomes, Industry, Workforce and Strategy, DHS; the Executive Officer, Engagement and Partnerships, University of Melbourne; Kate Shaw and Peter Raisbeck, Faculty of Architecture, Building and Planning, University of Melbourne; and Kath Hulse, Institute of Social Research, Swinburne University.

Data issues

Because of the tight timelines and limited resources available, the researchers with the support of the steering committee approached the evaluation with the intent of providing a broad overview. The redevelopment and place management models at Kensington raise a large number of issues for consideration. The report tries to be comprehensive in nominating these issues, and drills down into a limited number that seem of greatest relevance and interest.

It became apparent early in the evaluation that there were serious constraints on the availability of data. Much of the financial and administrative data sought was incomplete and had to be assembled with data from other sources to get something of a full picture. Some components of the evaluation could not be carried out and certain analyses could not be made. Each empirical chapter has an opening section on data issues, in which the limitations are made clear.

However the constraints have precipitated a set of recommendations regarding data collection and storage for the purposes of on-going evaluations of redevelopment and place management programs, now that the framework has been established. These recommendations (in addition to those relating to primary purposes of the evaluation) should enable comprehensive evaluations in the future.

A word on housing stock numbers

There is some confusion around the number of new public units on the estate. Becton was originally contracted to build 195 public housing units, and a further 15 public units were added in subsequent changes to the development agreement, totalling 210. DHS later arranged with Becton for one of these units to be converted into a communal space for residents, and for eight 2-bedroom units to be converted into four 4-bedroom units, although these can be readily converted back. As it stands, the conversions have resulted in five fewer units of public housing. The total number of new public housing units on the estate is currently 205, which is the number used throughout this report. The count of family (4-bedroom) units has been increased accordingly.

There is also a lack of clarity about the number of public units lost from the estate. Hulse et al (2004) put the number of units on the estate prior to redevelopment in 1998 at 694, and this is confirmed by DHS data. DHS confirms that there are 429 public units on the estate at the completion of the redevelopment. In addition, 89 properties throughout the northwest region were spot purchased specifically for relocations from Kensington for the redevelopment – a response to a ministerial statement in 2001 that the Kensington redevelopment “would not reduce the quantity of inner-city public housing” (Government of Victoria 2001). The 89 spot purchases are included in the assessment of DHS’s total costs. DHS has advised that some bedsitters were converted to one-bedroom units as part of a separate and ongoing DHS conversion program, and that the loss of stock from that program should not be counted as part of the redevelopment. The net reduction in public housing stock is therefore calculated according to the figures on the following page.

Kensington estate public housing stock count:

Original stock (1998)	694
Current stock (2012)	<u>429</u>
Apparent loss	265
Stock lost through conversions in the new-build	<u>5</u>
Actual loss on the estate due to redevelopment	260
Spot purchases	<u>89</u>
Net reduction in public housing stock	171

Figure 1. Location of the Kensington estate

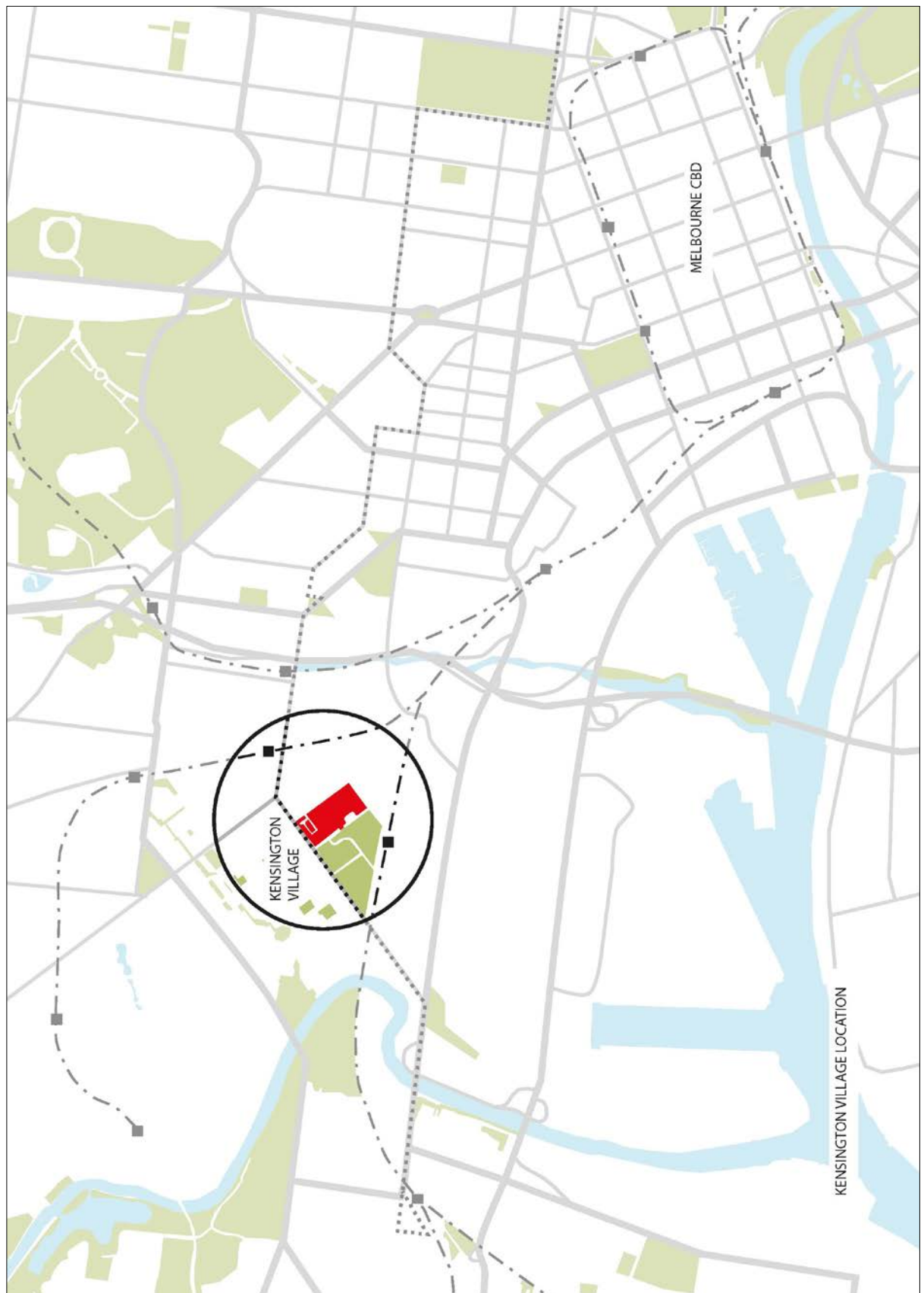


Figure 2. Configuration of the Kensington estate prior to redevelopment

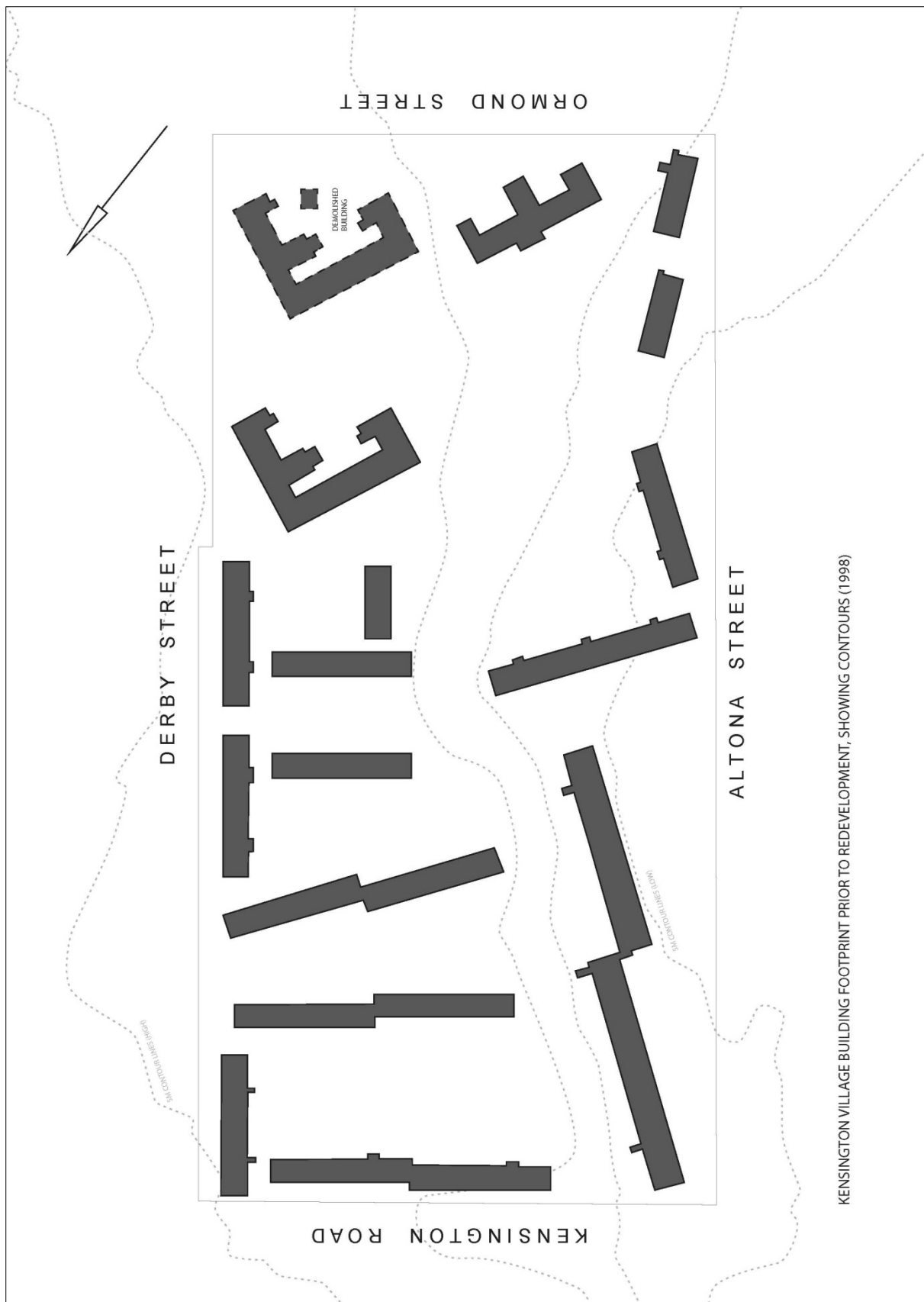
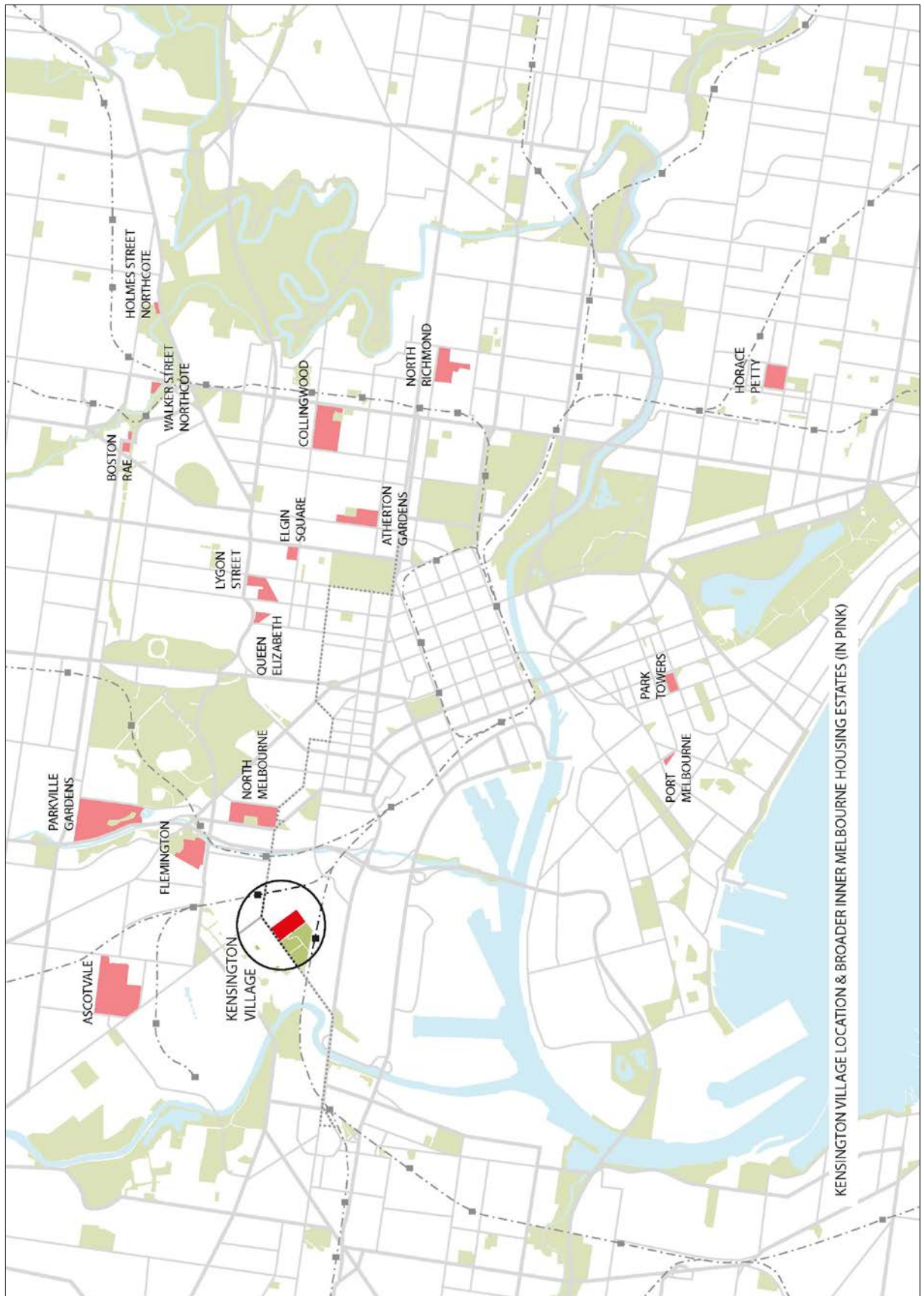


Figure 3. Kensington estate location and other public housing estates in inner Melbourne



2 The rationale for the redevelopment and place management models

Background and context of public housing in Victoria

Melbourne's inner-city public housing estates were built between 1960 and 1976, comprising 45 high-rise towers and many blocks of walk-up flats (Howe 1988). They were built as part of slum clearance and reclamation programs which demolished older private housing and constructed new public housing. Construction of the Kensington estate began in 1961-62 when an eight storey block was built against the embankment with pedestrian bridges at mid height which avoided having to install expensive lifts (Howe 1988:146).

The design of the estates was heavily influenced by international trends in design and planning and more specifically the development of public housing estates in the UK. The estates were designed as estates; existing roads were removed with the effect that the estate was physically disconnected from the surrounding area. The buildings were constructed on pillars to reduce their footprint thereby maximising open space of the estate consistent with modernist planning and architectural ideas of the time. (It should be noted that some of these ideas, in particular the design of the 4-storey walk-ups, are still highly regarded in architectural circles today (Fincher et al 2009)). They were constructed using innovative techniques using precast concrete panels to enable rapid construction. Lack of maintenance produced some problems, and upgrading programs were introduced to address some design issues including the open walkways above street level and the bottom of the high-rise buildings which were enclosed to improve safety and convenience. In addition, some of the units were considered to no longer meet community standards. Some of the bed-sitter apartments for older people were refitted and two-combined to make larger one-bedroom units. These programs reached their height in the 1980s and 2000s, but none altered the basic design of estates like Kensington. Despite these efforts, a continuing lack of investment in maintenance and major upgrading due to the problems inherent in the current financial model for public housing meant the buildings did not age well.

The estates provided a home for many people and families over the ensuing decades, including for successive waves of new migrants and refugees particularly in buildings designed for families. Data from 2000 for the family block at 56 Derby Street, Kensington, indicates that of the 105 units, only 14 per cent were occupied by people born in Australia with the highest percentage of people having been born in Asia (34 per cent). The composition of the older persons tower at 94 Ormond Street was rather different with almost half of residents having been born in Australia and 21 per cent in Asia (McNelis and Reynolds 2001: 15-16, Table 2.6 and 2.7).

Melbourne's inner-city estates are in areas well serviced by public transport, services and facilities, and as the years pass they have increased substantially in value, in a process known as gentrification. Over the last 15-20 years, public housing has been targeted to people with the highest and most complex needs, and living in public housing has become a less common experience than when the estates were built. Almost from their construction, the suitability of the estates for particular groups of people, such as people with children, was questioned and residents and others have expressed concern about vandalism, anti-social behaviour and other issues in relation to the open spaces and communal facilities. Residents on the estates contributed to their communities in various ways

(Hulse et al 2004) and a wide range of community organisations and services were established in and around the estates. In the case of Kensington, a project on 'Celebrating Community Memory' provides an excellent record of community activity, organisations and services for the period 1975-1995 (Hoatson et al 1996).

The combination of run-down buildings and the physical environment with high levels of poverty among residents are often understood to both constitute and create a kind of 'place-based disadvantage'. The Australian Social Inclusion Board (2011:21) drawing on the work of Vinson (2007) suggests "different kinds of disadvantage tend to coincide for individuals and families in a relatively small number of particular places" in Australia and that these concentrations of disadvantage tend to persist over time and can be compounded by the characteristics of place. A further development of ideas place-based disadvantage is that people and families resident on the estates are stigmatised by living there and that their opportunities in life are affected by the concentration of people with high and complex needs independently of their individual characteristics. The causes and extent of so-called negative 'neighbourhood effects' are highly contested internationally but are thought to include increased school-dropout rates, low educational achievement, low transition rates from welfare to work, deviant behaviour, social exclusion, and low social mobility (Manley et al 2012).

Rationale for the redevelopment

Australia is not alone in trying to break the cycle of social and economic disadvantage which is associated with inner city public housing estates. In the US, the HOPE VI program was launched in 1992 with the aim of redesigning estates to create mixed income communities. (The full name of HOPE VI is Housing Opportunities for People Everywhere. HOPE VI was the result of a National Commission on Severely Distressed Public Housing, which was established by Congress in 1989 and was part of a national plan to redesign inner city estates to mixed income projects with a voucher program to enable some of the original residents to rent in the private market (Popkin et al 2004).) The Blair government in the UK (1997-2010) developed an 'urban renaissance' agenda for English cities with a particular focus on increasing the socio-economic mix of residents on its public housing estates. The two approaches have much in common but HOPE VI places much greater emphasis on relocating some residents while the UK approach focuses on improving conditions for existing residents. They create part of the backdrop for the redevelopment of inner urban estates in Australia.

Redevelopment of public housing internationally has been about more than renewal of the asset, although this is always an important driver. It is also about developing more mixed communities with a variety of terms – 'social mix', 'mixed income housing' and 'mixed communities' – often used interchangeably to refer to the goal of redevelopment. In general, they refer to a mix of housing tenures – public or private, rented or owned – and therefore by implication to a mix in the socio-economic status of the residents. Policies inspired by these concepts now operate not only in the US and the UK but also in The Netherlands, Germany, France, Finland and Sweden, all with the object of creating more socially mixed neighbourhoods. The presumed benefits are that homeowners and private and social renters living alongside public housing tenants will mitigate negative 'neighbourhood effects' through role model effects and peer group influences. A more diverse socio-economic mix is often assumed to lead to a reduction of place-based disadvantage. Whilst social mix is often seen as the 'silver bullet' that will address stigmatisation of social housing, research in

Australia and elsewhere suggests that in practice outcomes are more complex, and social mix policies are often ineffective. In the worst case, they can change the scale of stigma from the whole neighbourhood to a narrower focus on individual households (Arthurson 2011).

The redevelopment of the Kensington estate had a long gestation period. It was announced by the Victorian Liberal government (1991-1999) on 3 March 1998 as the first estate to be redeveloped as part of the government's proposed 20-year redevelopment strategy for inner city high-rise and walk-up estates (Perrott Lyon Mathieson 1999:3). The redevelopment began with relocation of tenants from, and demolition of, one of three high-rise towers on the estate, comprising 108 flats. The 13 storey family block at 72 Derby Street was demolished between October 1998 and June 1999 (DHS 2002). The experience of relocation, aided by an independent evaluation (Project Partnerships 2001), was important in developing good practice for the relocation of tenants in later stages. The Liberal government planned to include a mix of public and private housing and to achieve better integration with the surrounding area, in particular JJ Holland Park and the nearby Kensington Banks private development (Perrott Lyon Mathieson 1999:3). A high level advisory committee was established to recommend detailed proposals (the Kensington Estate Redevelopment Strategy).

Following a change of government in 1999, the new Labor government pledged to maintain the level of public housing in inner Melbourne as well as committing not to demolish any more high-rise towers (McNelis and Reynolds 2001:1). It reviewed the redevelopment plans at Kensington before deciding to proceed with demolition and redevelopment of all 378 walk-up flats on the estate and to undertake refurbishment of the remaining two towers. The redevelopment was initially expected to take five years (DHS 2002:3). A key part of the redevelopment model was to source private finance to redevelop and upgrade the asset. A public-private housing mix was part of the rationale, particularly after the change of government, with an emphasis on social mix: "Internationally, social mix is increasingly being seen as one strategy for enhancing community sustainability" (KMC 2004). 'Sustainable community' was key to the project: "failure to give as much attention to 'building community' as to 'building property' will mean that the problems the redevelopment seeks to overcome, namely the physical, economic and social isolation of public housing tenants, will be repeated" (KMC 2004).

Kensington was a flagship redevelopment project for the government; for other estates, including inner urban high-rise estates such as Collingwood, a different approach was taken, modelled largely on the National Strategy for Neighbourhood Renewal/New Deal for Communities in the UK. In the Australian context, the Neighbourhood Renewal program is a lower cost approach than wholesale redevelopment, and emphasises community involvement in setting priorities for improving life on estates. It does not involve any demolition or redevelopment but does have a significant focus on asset upgrade and immediate improvements.

It was made explicit from the outset of the Kensington redevelopment that community renewal via social mix was important not only for the social but the commercial success of the project. It would involve a private developer who was capable of taking on, financing and delivering a project of this size. (At the time, only private developers had the capacity to undertake this type of redevelopment. It is worth noting that in the meantime, some of the larger housing associations in Australia have acquired considerable expertise in development, especially through their experience in constructing

new housing under the Social Housing Initiative (Nation Building). Integral to the redevelopment was a mix of public and private housing. The developer would redevelop the estate, with the exception of the two remaining high-rise towers, with public and private housing. A key issue was getting the mix between public and private housing right – not only in terms of a sustainable community, but in terms of the marketability of the private units. There was some nervousness about this issue:

Rightly or wrongly there is a negative perception in the community about public housing; a perception reinforced by the form, condition and social environment of larger public housing estates like the site for redevelopment. Becton's challenge is to convince the public that the new neighbourhood will be fundamentally different to the old. (KMC 2004)

The key objectives for the redevelopment of the Kensington estate (KMC 2004) were to:

- *Integrate the public and private housing;*
Intermingling private and public and housing, with the object of ensuring that they could not be told apart by their design or construction, was seen as a strategy “to develop a community with greater socio-economic diversity and thereby reduce the concentration of poverty” (KMC 2004). The intent was to change the socio-economic profile of households on the estate (social mix).
- *Build connectedness to the greater Kensington community*
Physical design and construction measures would ensure that public and private units were indistinguishable (housing mix) and that the redeveloped estate was better connected to the surrounding community, for example, by reinstating some of the original street patterns within the estate.
- *Improve site management and the local physical and social environment to benefit residents and encourage prospective purchasers.*
The on-site place management model was intended to further the social objectives by building community and enhancing the estate in terms of social, environmental and economic development. This in turn would encourage people to buy the private units on the estate, which was an essential element of the financial partnership (finance mix).

In summary, the redevelopment model intended a redesign of the estate, construction of a mix of modern, higher quality housing, and an increase in social mix to enhance individual wellbeing and improve the neighbourhood. The model is currently being replicated in the redevelopment of the Carlton estate, and is providing the inspiration for prospective redevelopments of the Fitzroy, Richmond and Prahran estates, as indicated by draft ‘renewal plans’ for the latter:

Australian and international evidence shows that strong, connected communities generally include a diverse social and housing mix, with people on a range of incomes. These kinds of communities can support residents to break cycles of dependence, generally providing better employment opportunities, access to services, and opportunities for people to engage with their community. The inclusion of some private and community (not-for-profit) housing provides an opportunity to broaden the social mix on the estates while accessing the investment required to upgrade existing housing, improve facilities and build much-needed new housing. The Kensington estate is a recent example.

Residents at Kensington have found that they have better quality housing, improved grounds and facilities, a greater feeling of safety, and more satisfaction and pride of place. (DHS 2011)

The evaluation of the Kensington estate tests these claims, with the intent of providing support for, or recommending changes to, the on-going redevelopment program.

Rationale for on-site place management

Place management has been a popular concept in Australian public policy for about 20 years. It stems from an understanding that governments inevitably have to specialise in the delivery of public services – health, housing, education, community services, etc. – which can make coordination of services to produce good outcomes difficult to achieve. In Australia, this has manifested in concerted efforts to achieve better outcomes for population groups, in particular Indigenous households, and for people living in disadvantaged areas more generally. It aims to reform the business of government through reform to the delivery of services to disadvantaged local communities (Stewart-Weeks 1998).

In broad terms, place management has the following characteristics:

- it aims to redress significant social and economic disadvantage experienced by people in some localities;
- it aims to designate one responsible ‘place manager’ (usually an organisation) who is responsible for achieving defined outcomes in an area;
- it aims to coordinate service delivery;
- it requires a re-orientation of public sector management to ensure flexibility in funding, decision-making and accountability and to ensure that communities have an appropriate role. (Walsh 2001:8)

Place management is not a single model but rather is best viewed as a continuum of approaches designed to produce better outcomes. At one end of the continuum are place-based mechanisms which try to ensure that governments act in a coordinated way without undue overlap or gaps in service provision, so-called ‘joined up government’ or ‘whole of government’ approaches. Along the continuum are place management models in which the place manager has a more directive role in obtaining services from different government agencies, breaking down silos of government funding, often after consultation with local communities (Mant 2008). At the other end of the continuum are approaches in which local communities are allocated ‘block funding’ to pay for services in the area which meet local priorities (Latham 2001). The driver of all of these models of place management is to produce better outcomes (as opposed to outputs).

The place management model at Kensington draws on these ideas but also has a more specific aetiology in the history and development of public housing policies. After decades of public housing management in Australia by central state and regional area offices, which often became associated with cumbersome processes and slow response times, management of some state-owned housing was ‘devolved’ in the 1980s to on-site managers who were still employed by the government. This accords with a general consensus in the literature about public housing that housing management

has better outcomes if delivered locally, that it is more responsive to tenants and more able to take into account local conditions and circumstances.

The original brief for the registration of interest for the Kensington redevelopment referred only to the redevelopment (Office of Housing 2000). The place management component emerged from the tender process and, in particular, from negotiations with the successful tenderer (Becton). It was seen as an important means of “providing on-site management of the Kensington housing development for the period of the development, and possibly thereafter” (KMC 2003). Part of the rationale for place management was as a means of addressing the risks for the project in selling new units on a redeveloped public housing estate:

In order to sell the private housing potential purchasers must be convinced that ‘estate management’ is focussed on maintaining a high standard of physical amenity and creating a positive social environment over the long term. Community building is therefore central to Becton’s commercial interests. (KMC 2004)

In other words, place management was an important strategy to ensure the success of the redevelopment in social terms and therefore commercial terms. The place manager was initially the Kensington Management Company (KMC) which started operation in 2003 as a fully owned subsidiary of Becton (the developer). This was a device to get started, and an advisory committee comprising two Becton directors, two Director of Housing nominees and an independent chair established overall policies (as described in Hulse et al 2004:19). KMC had an office on the estate and from 1st July 2003 was responsible for “the management of all external maintenance of the grounds and exterior buildings, for example the lifts, stairwells, gardens and laundry” as well as employing a community development manager to work with the community. Maintenance within the public housing units was to remain with the Office of Housing (KMC 2003:3). Public tenancy management was undertaken by Office of Housing staff located within the KMC offices.

Subsequently, the place management model was also influenced by ideas about involving not-for-profit housing associations in housing management and community building. This derived in part through transfer of ideas from the UK where large scale public housing assets were transferred to not-for-profit housing associations to own and manage as well as other types of management (without transfer of ownership) via Arms Length Management Organisations (ALMOs). The place management model at Kensington did not involve transfer of ownership of public assets. It evolved into a new model in which the management, but not the ownership, of public housing was contracted to a not-for-profit company, Urban Communities Ltd (UCL), through negotiation between Becton and the government. The transition from KMC to UCL occurred without tender in 2008. UCL is described as a non-government not-for-profit “with a business mind” and a real estate licence (Urban Communities 2010).

UCL not only manages the public housing on behalf of the Director of Housing but uses its real estate licence to manage private rental housing on the estate, where requested by investors. It manages the private building owners corporations and their maintenance funds. It maintains the public housing external and common areas and all the community spaces on the estate. The company also has responsibility for community development across the estate. The Urban Communities website

states that it offers “a model for fresh thinking and positive change in the management of mixed tenure communities and urban renewal” (Urban Communities 2010).

The establishment of localised management through a small team on an estate is widely regarded as a positive step in estate redevelopment renewal. The contracting out of many of the management functions to a not-for-profit entity was innovative in an Australian context and deserving of close analysis. As the redevelopment progressed, it became apparent that place management will have a life beyond the project. For these reasons, it is important to evaluate the model as it has evolved over the course of the redevelopment, and to consider its potential for improving the management of other redeveloped estates.

Timelines and recent history

At the signing of the development agreement in 2002 the Kensington redevelopment was to be complete by 76 months (6 years and 4 months), i.e. in November 2008. For a number of reasons, which will be discussed in this report, the completion date was extended by three years to December 2011. The development was finished in April 2012, 118 months (9 years and 10 months) later.

The development evolved substantially over the decade, with six amendments to the development agreement including changes in building layout, staging, location of public housing, increases in numbers of apartments and extensions of time. It can reasonably be argued that a development of this scale should be allowed to evolve, benefitting from the experience of previous stages and responding to changes in local and global economic environments. Table 2.1 outlines the key events in the full timeline, from the moment Kensington was designated for redevelopment in 1998, to the project’s completion in 2012.

Table 2.1. Project timelines and key events

YEAR	EVENT
1998	March: decision to demolish high-rise tower (72 Derby) and establishment of Kensington Estate Redevelopment Advisory Committee (KERAC), chaired by Robert Doyle MLA
	April: relocation of tower residents commences
	September: relocation of tower residents completed
1999	Demolition of tower completed
	May: delivery of KERAC’s Kensington Estate Redevelopment Strategy Final Report
	August: announcement of the redevelopment
2000	August: decision by new state government to proceed with the redevelopment. Establishment of the Kensington Redevelopment Community Liaison Committee (CLC), chaired by Glenyys Romanes MLC
	September: relocation of tenants from 378 walk-up flats commences
	September: DHS puts out brief for developer registration of interest
2001	May: refurbishment of 94 Ormond St tower commences
	June: tenders submitted to redevelop the Kensington site

YEAR	EVENT
	December: Premier announces Becton Corporation as preferred developer
2002	July: Becton and DHS sign the <i>Development Agreement</i>
	September: contract awarded (to different company) to upgrade the 56 Derby St tower
	October: relocation to tenants from the walk-ups is completed
	November: <i>First Deed of Amendment</i> is signed, integrating the provision for Kensington Management Company (KMC) to implement strategies for tenancy management, facilities management and community building (the first form of the place management model)
	December: <i>Strategies Management Agreement (SMA)</i> is signed
2003	January: KMC is established to implement the SMA
	January: <i>Second Deed of Amendment</i> is signed, updating the agreed schedule of prices
	February: Demolition of walk-ups completed
	May: construction of new housing on the site commences
	July: KMC takes over tenancy management from DHS
	October: KMC takes over facilities management from DHS
2004	July: <i>Third Deed of Amendment</i> is signed, clarifying the effective date
	September: handover of stage 1a and stage 2 – 20 public and 77 private apartments
2005	February: <i>Fourth Deed of Amendment</i> is signed, incorporating s173 agreement for works on the escarpment public land and City of Melbourne to take on this land as public open space
	July: handover of stage 1b – 97 older persons apartments
	September: handover of stage 3 – 11 public and 130 private apartments
2006	Feasibility study undertaken by KMC to identify the value in an ongoing place management role
2007	Urban Communities Ltd (UCL) is established as a company limited by guarantee
2008	June: handover of stage 7 – 10 public and 88 private apartments
	October: <i>Fifth Deed of Amendment</i> is signed, extending the dates for milestone and sunset events
	October: project program is extended to completion in December 2010
	October: Urban Communities Ltd replaces KMC as place manager with no public tender
2009	June: handover of stage 5 (10 public and 56 private apartments) and stage 6 (12 public and 57 private apartments)
2010	June: handover of stage 10c – 16 public, 73 private and 15 apartments to UCL
2011	April: <i>Sixth Deed of Amendment</i> is signed, providing additional apartments for stage 10a and stage 10b and an extension of time for milestone and sunset events
	November: handover of stage 10b – 22 public and 20 private apartments
2012	April: handover of stage 10c – 12 public and 75 private apartments

Note that some stages were superseded by new numbers as amendments were made; it appears that stages 4, 8 and 9 were replaced by subsequent stages as the development evolved. The model employed was the first of its kind – it is appropriate that it could be amended as it proceeded. It is important that the redevelopment be thoroughly evaluated, and that the changes that occurred in the course of the project be treated as learning experiences, from which subsequent projects can benefit. The recommendations at the end of this report are made in the spirit of the benefits of hindsight.

3 The approach to the evaluation

The evaluation framework

Evaluation involves a systematic, rigorous, evidence-based assessment of a project. This evaluation focuses on two interrelated models: the redevelopment model and the place management model, as discussed in chapter 2.

The evaluation framework was developed by the researchers in consultation with the DHS steering group. The focus of the evaluation is on outcomes; this is in line with international experience in which outcome evaluations have become increasingly important (Kushner 2002). Governments and others want to know whether planned outcomes have been achieved, whether there were any unintended consequences and whether the program made a difference (Hind 2010:28-9). It is important to assess *outcomes* as opposed to *outputs* so that the reasons behind the objectives of the redevelopment are also evaluated (Judd and Randolph 2008; Lilley 2011). For example, the output of increased social mix on the estate may have been achieved, but have the *outcomes* of the supposed benefits of *social mixing*, that is, social interaction – increased connectedness, social mobility, better employment prospects – been delivered?

The research methodology was designed to assess the outcomes of the Kensington redevelopment model against the particular objectives set for it in terms of its public-private financing mix, housing mix and social mix. The outcomes of the place management model are assessed against the objectives set for it, and against comparable estates. The specific approach to the evaluation of the redevelopment model is detailed next, followed by the approach to the evaluation of the place management model.

Approach to the redevelopment model

The evaluation of the redevelopment model aims to identify the outcomes in terms of the finance mix that funded it, the housing mix it produced, and the social mix it intended. This includes six main types of analysis and uses a range of indicators, as summarised in table 3.1.

Table 3.1: Summary of evaluation of the redevelopment model

Subject of analysis	Type of analysis/comparison	Indicators
Finance mix	Assessment of the costs of the redevelopment model	Finances of the Kensington estate partnership supplied by DHS and Becton
	Partial cost comparison with the Public Sector Comparator	Public Sector Comparator
Housing mix	Assessment against the stated objectives of the redevelopment model	Housing mix – type, size, form, design, location; private or public tenure; where private, numbers of private rental and owner occupied housing

Subject of analysis	Type of analysis/comparison	Indicators
	Kensington before and after redevelopment	Extent of improvement to old public housing stock and whether new public and private housing on the estate are indistinguishable
Social mix	Assessment against the stated objectives of the redevelopment model	Demographic profile of public and private residents, breakdown of private tenants and owner-occupiers
	Kensington before and after redevelopment	Extent of social interaction between public and private residents on the estate, and between residents on and around the estate. Extent of mitigation of neighbourhood effects associated with place-based disadvantage

Finance mix

The evaluation begins with an analysis of the finance mix in the partnership between the state government and the developer. The finance mix is premised on the housing and social mix strategies being seen as successful by the private housing market. The research examines the terms of the development agreement, the financial contribution from the government, the valuation of the land, the demolition and construction costs, and the value and extent of the sales of the private units. These analyses enable a reading of whether the housing and social mix strategies achieved their objectives in terms of making the redevelopment economically viable.

The cost of the redevelopment was partially run through a Public Sector Comparator (PSC) – the tool used to assess a conventional public-private partnership (PPP) – to compare the existing project with what it would have cost if the state government had undertaken the redevelopment itself. The Kensington redevelopment is not a PPP according to the specific definition of Partnerships Victoria, but has enough characteristics of one to justify the analysis. Incomplete data prevented a full PSC treatment but the analysis does give an indication of relative and comparative costs of the project. This is explained in chapter 5.

The contribution of this aspect of the evaluation is to determine if the redevelopment was cost-effective for the government – that is, did the government pay a reasonable price for the new public units? A second aspect takes into account a number of different quantitative components, such as loss of public housing stock, revenue from the sale of public land, and profit to the developer, to assess whether the financial arrangement was value for money for the state.

A further value for money analysis is made in the final part of this report, where the outcomes of the finance mix are considered in the context of the evaluation of the housing and social mix outcomes. This then gives a holistic quantitative and qualitative assessment of whether the entire project represents value for money for Victorian taxpayers.

Housing mix

The financial arrangements for the redevelopment model were intended to enable the replacement of run-down public housing stock with a mix of new public and private housing in a redesigned and landscaped environment that connects well to the surrounding neighbourhood. A key component of the redevelopment is that the public and private dwellings are indistinguishable.

In a practical sense, housing mix entails both tenure mix – public and private, and rental and owner-occupied – and a mix of housing types and sizes – houses, townhouses and apartments. Housing mix is intended to deliver a social mix of household types, sizes and incomes. The benefits of the housing mix at Kensington were anticipated to arise from owner occupiers bringing “higher household incomes, stability of residence, pride in their housing and the area, and the skills and commitment to form strong local connections” (Hulse et al 2004:127). The Kensington Estate Redevelopment Social Impact Study completed in 2004 indicates that early sales were predominantly to investors who let to private tenants, suggesting that the resulting tenure mix, and therefore social mix, would be different to that initially anticipated (Hulse et al 2004:127).

For this evaluation, the new-build housing was examined by type, size, design and location, through direct fieldwork. This enabled an assessment of final housing mix against the original objectives of the redevelopment. Inspections of the external and internal design and construction methods used in the new public and private units assessed the extent to which they are in fact indistinguishable. The fieldwork included the improvements to the existing towers, to complete the before and after analysis of the housing stock on the estate. These evaluations feed into the evaluation of the outcomes of the social mix.

Social mix

Social mix on the estate, delivered through the housing mix, was a core objective of the Kensington redevelopment and was a key part of the rationale for the finance mix: that is, the public-private financing partnership would produce a mix of public and private housing, which would lead to the outcome of a social mix of public tenants and private tenants and home-owners. There are high expectations of social mix policies, and there is a substantial international literature that engages with the rationales for, expectations of, and outcomes of these policies. Because the social mix on the estate is so essential to the Kensington redevelopment, it is worth outlining the debates in the literature. The discussion in this section informs the evaluation of the redevelopment’s value for money.

The main arguments in favour of social mix policies are that:

- social mix can benefit low-income individuals and households by providing higher-income, educated and employed role models;
- social mix can benefit low-income individuals and households by reducing stigma, opening up job opportunities and increasing social connectedness. This is based on the assumption that people who already experience economic and social disadvantage are further

disadvantaged by being concentrated on public housing estates, due to social stigma, lack of job opportunities, low levels of social support and isolation from the wider community;

- social mix can benefit communities by a more 'normal' population mix, which can engender community leadership and building. This is based on the assumption that mono-tenure public housing estates do not provide the necessary conditions to constitute sustainable communities.

A distinction is made in the literature between *social mix*, which is the arrangement of different tenures and types of housing and the social corollary of housing mix, and *social mixing* (social interaction) which involves interaction beyond casual encounters. There is a question over whether the role model effects attributed to higher-income, educated and employed owner occupiers are overestimated, but improved social connectedness requires more than mere co-presence of different groups. Social mixing involves a level of engagement that is more meaningful than passing in corridors. The literature on social encounter has long made the point that social mix is not sufficient to create relationships or sustained interactions across difference: Amin (2002; 2006) for example argues that meaningful interaction occurs through purposeful gatherings in places that specifically enable those activities. Valentine (2008: 324-6) also emphasises co-operative projects, and warns that the "low-level sociability" that is represented in acts like commenting to the person sitting next to one in the train, or chatting to the person behind the counter in one's favourite café, should not be overblown as examples of meaningful urban encounter. Social mix can create the conditions for social mixing – the question is, does it necessarily lead to anything more than the mere fact of the social mix?

Hulse et al (2004) reviewed the literature to the early 2000s and pointed out that the evidence for claims of benefits of social mix policies was at best ambiguous in Australia (for example Arthurson 2002; Randolph and Wood 2004). Further, research into the social mix outcomes in regeneration projects found that "there is no evidence that a balanced social mix is a necessary condition for building inclusive communities" (Arthurson 2002:245). But it was early days in terms of research into these issues in Australia, and Hulse et al observed that "future evaluation of the Kensington project may well contribute to knowledge about the effects of introducing tenure diversification/ social mix as a means of redeveloping older public housing estates" (2004:127).

The literature on contemporary social mix policies and the international commitment to tenure diversification has grown significantly since then. A strong line of query comes from scholars in the UK who argue that social mix policies do not often result in actual 'social mixing'; rather, that a form of 'tectonic' social relations occurs, with little or no interaction between different social groups (Butler with Robson 2003; Bridge 2005; Davidson 2008; 2010; Davidson and Lees 2010). A second line of query has recently been presented by Manley, van Ham and Doherty (2012) in a UK-Netherlands collaboration. This work questions the role accorded to negative 'neighbourhood effects' – or 'place-based disadvantage' – and shows that there is "surprisingly little convincing evidence that living in deprived neighbourhoods really makes people poor(er)" (Manley et al 2012:152). In a detailed examination of the methodologies of research that claims that concentrations of poverty lead to negative outcomes for individuals, Manley et al demonstrate that the causal relationship is not established. They argue that data that shows that individuals in

deprived neighbourhoods are more likely to be unemployed than individuals in non-deprived neighbourhoods does not mean that deprived neighbourhoods *cause* people to be unemployed. They suggest “it is more likely that unemployed people moved to deprived neighbourhoods because they could not afford to live elsewhere”, through a process of ‘self-selection’, and that there is no evidence that they become poorer as a result (Manley et al 2012:157). There is very limited Australian evidence on this issue.

The point here is that the logic behind social mix policies may therefore be problematic. If social mix policies that break up concentrations of poverty are to bring benefits to individuals, it must first be established that ‘neighbourhood effects’ do in fact exert a downward pressure on residents:

The question whether neighbourhood effects are the result of causation or of selection effects is not only of academic importance, but also has direct policy relevance. Social mixing through creating mixed tenure neighbourhoods obviously only has the desired outcome if neighbourhood effects exist in the first place. The discussion on neighbourhood effects is vital in the development of effective policies to tackle individual deprivation. If neighbourhood effects are not as pervasive as is suggested in the literature, or if selection processes are behind the ‘neighbourhood effects’ found, tenure mix policies will not help the residents of deprived neighbourhoods. In which case, tenure mix policies will only replace the poor residents (social renters) by more affluent residents (homeowners). As a result, the neighbourhood might improve, but not the lives of the original residents. (Manley et al 2012:153)

Allen (2008) argues further that breaking up existing communities risks harm to those communities and individual members. These arguments raise important questions of who benefits from the redevelopment of public housing estates. The Kensington redevelopment evaluation is a valuable opportunity to address questions about social mix that are still under debate in the international literature. It provides the opportunity to assess the policy intents and results of those policies, in a clear, contained, longitudinal case study.

The extent of the current social mix on the estate was established through administrative data from the DHS and the place manager UCL. This was supplemented by a wide-ranging questionnaire sent to all residents of the estate. The current social mix enables comparison against the original expectations of the mix on the redeveloped estate. The extent of actual social mixing was established through the surveys and in-depth interviews with residents.

Assessing change in ‘neighbourhood effects’ is more complex. Clearly, the replacement of one-third of the public tenants on the estate with many more private tenants and homeowners in newly-built apartments will decrease the concentration of poor households over the whole estate, and will increase aggregate educational and employment levels. This of course is a function of the change in the demographic profile of the estate before and after the redevelopment (known as ‘selection effects’). Various methodologies have been attempted to try and investigate the presence of, and changes in, neighbourhood effects. In Victoria, a key example is the evaluation of the Neighbourhood Renewal program in which there were surveys of estate residents and a control group of residents in areas proximate to the renewal area, enabling a comparison of results to try and identify the neighbourhood effects of living in the renewal area (NRU 2008:10-11). Such an approach was not possible for this evaluation given the time frame and budget. Whether there were improvements for individuals is gauged from interviews with public tenants who were relocated

from the demolished tower and walk-ups and returned to take up residency in the new public units, and with residents of the towers who lived on the estate throughout the redevelopment. This aspect of the surveys and interviews relies on qualitative indicators useful to a 'before and after' assessment, such as employment opportunities, access to services, opportunities to engage with the community, satisfaction, pride of place, feelings of safety and social stigma. We were looking for nuance here: Goetz (2010) and Lilley (2011) observe that public tenants who remain on socially mixed estates may well experience increased satisfaction and pride of place due to new or upgraded housing, but not necessarily increased employment opportunities or educational attainment.

Comparing the data from the public tenants (both long-term and new to the estate) with aggregate administrative and survey data for the whole estate (both public and private) indicates whether the project was of benefit to individual public tenants or only to the neighbourhood in general. It was the intent of the researchers to interview estate residents who were relocated prior to the development and did not return, to enable a broader evaluation of the impact of relocation and dispersal of communities as a result of the redevelopment.

Even with the before and after comparisons, establishing causal relationships is difficult. There are other variables – structural changes in the economy, significant shifts in national and state policy, and so on – which clearly affect some of these outcomes. Further, we were relying on people's memories and recollections here: no comprehensive surveys were carried out on the estate prior to its redevelopment to provide a baseline. Nevertheless, the qualitative indicators above did alert us to differences in the periods before and after the redevelopment.

Approach to the place management model

The place management model for managing the public and private tenancies, owners corporations, maintenance of grounds and buildings, facilities management, and community building was assessed in a number of ways, as illustrated in table 3.2. The intent was to include an assessment of the costs of implementing the model; an assessment of key aspects of place management before and after the redevelopment using a range of quantitative and qualitative indicators; a comparison of the costs of the Kensington model with the costs of place management on other estates; a comparison of the key quantitative and qualitative indicators for 2011 at Kensington with the same indicators for 2011 on comparable estates; and an assessment of the Kensington model's community building component and comparison with other estates.

Table 3.2: Summary of evaluation of the place management model

Subject of analysis	Type of analysis/comparison	Indicators
Place management model	Assessment of the costs of the place management model	Finances of Kensington place management model
	Assessment of the performance of the place management model against the stated objectives (quantitative and qualitative assessment)	Quantitative and qualitative indicators

Subject of analysis	Type of analysis/comparison	Indicators
	Assessment of the performance of the place management model before and after redevelopment (quantitative and qualitative assessment)	Quantitative and qualitative indicators before and after redevelopment
	Comparison of the costs of the place management model with other estates	Finances of place management model on comparable estates: <ul style="list-style-type: none"> • a traditional public housing estate (North Melbourne) • a Neighbourhood Renewal estate (Collingwood) • a new build public housing estate (Port Melbourne) • a housing association estate (Parkville)
	Comparison of the performance of the place management model with other estates	Quantitative and qualitative indicators after redevelopment at Kensington (2010) and comparable data for the other estates where available
	The community building component of the place management model	Activities on the estate from UCL reports, with quantitative and qualitative indicators

The costs of the place management model

The costs of setting up and maintaining the place management model were ascertained through administrative, legal and financial data from UCL. Key data relating to on-going maintenance costs were unavailable.

The performance of the place management model

The performance of the place management model was assessed against the stated objectives for it, and a before and after comparison of place management on the Kensington estate was also made. Quantitative indicators were sought for the estate before and after the redevelopment – specifically, frequencies of rental arrears, eviction rates, vacancy rates and turnaround times, maintenance costs, claims against tenants and maintenance response times. These are useful not only as indicators of good service, efficient management and community cohesiveness on the estate, but also in the way they link with the evaluation of the redevelopment model. For example, the quality of maintenance of the public and private housing stock was examined with a view to assessing whether they remain indistinguishable, and for how long, after construction.

Many of these indicators were unavailable, however. They were replaced by others that made some comparison possible, mainly relating to arrears, allocations and terminations, and are detailed in chapter 9.

In order to minimise the impact of the redevelopment itself on these indicators (for example, vacancy rates and turnaround times would increase in the years leading up to the development after its announcement, and decrease as development stages are completed) data was sought for the years 1993-1999 and 2003-2010. Not all these years were available however. The indicators that were provided were for the three-year periods 1998-2000 and 2008-2010.

Qualitative indicators for after the redevelopment were derived from a social survey and resident interviews and were supplemented by interviews with people who lived or worked around the estate. No qualitative data had been collected prior to the redevelopment so no baseline or 'objective' comparisons were possible. Instead, the researchers sought individuals who had lived or worked on and off the estate both before and after or throughout the redevelopment. These included agency workers servicing the estate, staff at the local community centres, neighbouring residents, traders and local authorities. A useful number of surveys were returned and interviews held in which before and after information was provided by people who had experienced both.

The costs of the place management model compared to other estates

The research intended to make a comparison of the costs of the place management model at Kensington with the costs of place management on other estates. This was to be done by looking at the cost of tenancy management and maintenance per dwelling at Kensington, and comparing this with exactly the same data on comparison estates where the figures were available. The data was not available for any of the comparison estates: most public housing tenancies are managed at the regional level, maintenance requests have a central state-wide response service, and the data apparently could not be extracted at the level of the individual estate. Only limited data was provided for tenancy management and maintenance costs at Kensington, meaning the comparison could not be made.

The performance of the place management model compared to other estates

The researchers were able to compare the place management on Kensington with other estates for the quantitative indicators that were made available, and qualitative indicators from surveys. Four 'comparison' estates, all in inner-Melbourne, were selected:

- North Melbourne, an undeveloped public high-rise and walk-up estate similar to Kensington prior to its redevelopment (*traditional model*);
- Collingwood, a public high-rise and walk-up estate that went through a Neighbourhood Renewal (NR) program a few years ago. The NR program did not involve any demolition or new-build although it did include stock upgrades and landscaping works. Its primary focus was on *community renewal*;
- Port Melbourne, a public walk-up estate similar to Kensington prior to its redevelopment, now entirely new build public stock (*urban renewal*);
- Parkville, a new build community housing component of a public-private housing complex on the former Commonwealth Games site, managed by the not-for-profit Port Phillip Housing Association (*urban renewal*).

In order to ensure as much comparable qualitative data as possible, the survey for Kensington was designed to correlate with key indicators in all other significant public housing evaluations in Victoria. All are slightly different so none can be compared in their entirety, but key indicators common to them all were isolated. The other surveys are: the recent Neighbourhood Renewal program evaluation (a comprehensive evaluation across multiple NR sites but reducible to each NR estate, including Collingwood), the Port Phillip Housing Association tenant satisfaction survey, and the national social housing survey prepared by the Australian Institute of Health and Welfare which, while its results cannot be broken down to the estate level (specifically North Melbourne and Port Melbourne, for which no qualitative data is available) do provide a regional baseline. In addition, the Kensington survey and interview questions correlate with social survey questions used in Hulse et al (2004) to enable a degree of longitudinal comparison. This correlation of qualitative indicators across the multiple and disparate evaluations in Victoria may add to a national evaluation methodology.

The community building component of the place management model

In discussion with UCL and with reference to administrative and annual reports, the researchers were able to gauge the extent of community building activities. Comments on these were received in interviews with residents and local agencies. Comparison of the community building component with another estate was constrained by the fact that the only other Victorian estates that have community building are Neighbourhood Renewal estates. The NR program has a much larger community building component in a very different context to the Kensington model (no demolitions, redevelopment or public-private mix; and involvement of local tenants in work programs and landscaping activities and so on). Nevertheless, a qualified comparison was made with the Collingwood estate.

Summary

Evaluation is important on a number of counts. It is important to know whether the redevelopment model was cost effective and to assess whether and to what extent it achieved its objectives in delivering housing and social mix. It is important to consider this longitudinally (how is it better now than before – ie. what value has the redevelopment added?) from a number of perspectives, including those of residents. It is also important to know how well the place management model is working against the objectives set for it at the outset. In addition, a comparison of before and after its establishment was made using quantitative and qualitative indicators, and the current ('after') indicators were compared with other public and community housing estates.

Evaluation is also important to enable learning. What worked and why did it work? What could be improved based on experience and how? Pulling these different components together – with identification of the qualifications on what could be assessed – has enabled a degree of holistic assessment of the Kensington redevelopment, including the linkages between the redevelopment and place management models and between the financial, housing and social mix objectives and outcomes. This is done in the final chapter of the report.

4 Research methods

The evaluation used a range of quantitative and qualitative methods. In broad terms it asked:

1. whether the finance mix was cost effective for the state;
2. whether the public-private housing mix is indistinguishable;
3. whether the social mix is producing the anticipated outcomes of reducing negative 'neighbourhood effects' or place-based disadvantage;
4. whether the estate has become better integrated with the surrounding neighbourhood;
5. whether the place management model is cost effective;
6. how qualitative and quantitative indicators for place management compare before and after the redevelopment;
7. how place management at Kensington compares with other public housing estates;
8. how successful is the community building component of the place management model;
9. whether the place management model is attracting significant investment to the site and helping finance the project;
10. whether the redevelopment and place management models represents value for money for the tax payer;
11. what the merits are of the application of the redevelopment and place management models to other estates.

These questions were answered by separating the research process into the categories outlined in the introduction to this report and chapter 2. While the redevelopment and place management models are very closely linked and dependent on each other for various outcomes (such as attracting investment onto the estate) it makes sense to evaluate them independently and draw them together in a concluding, holistic assessment (chapter 13).

The specific methods used are therefore outlined here according to those categories.

The redevelopment model

Finance mix

In order to determine whether the finance mix was cost effective for the state, the evaluation sought all up-front costs, and terms of and amendments to the development agreement. Requests were made for the following data:

- the original aims of the redevelopment as expressed in the request for tender, development agreement, and subsequent amendments;
- the legal and financial structure of original agreements with the developer including subsequent amendments;
- the terms and conditions of the sale of land;
- information on the legal and financial terms and conditions for management of public tenancies, community facilities and common areas, community building on the estate and any other function which affects the financial arrangements;
- the terms and conditions of on-going management and maintenance obligations;

- information on any local allocations plans and targets for the redeveloped estate which could affect revenue.

The following baseline data were sought:

- the value of the land at the commencement of the agreement;
- capital cost details of the original redevelopment project including any relevant cost breakdowns for service upgrading, asset refurbishment, and common area external works;
- details of any ongoing cashflows or financial obligations between the developer, UCL and DHS;
- details of any business cases or discounted cash flow forecasting associated with the redevelopment;
- the original capital cost per public unit;
- the original capital cost per private unit;
- the maintenance costs of public housing in the towers and anticipated on-going maintenance costs of the new public units.

The following current data was sought to compare with baseline data:

- the final capital cost per public unit excluding land;
- the final capital cost per private unit with and without the land component;
- changes in the value of the land including for the public and private units;
- asset maintenance data by building element for all units: the refurbished tower units, new public units and new private units, including operating and on-going energy costs;
- the on-going maintenance costs of the public units;
- the cost of on-going management and maintenance obligations.

With the above data, the cost to the state of the redevelopment model can be compared to what the same development would have cost had it been entirely funded and managed by government. This is done by running the figures through an economic model used by government called the public sector comparator.

This cost analysis allowed a limited assessment of the sustainability of the long term financial model for the estate and its applicability to other places.

Housing mix

The evaluation sought a profile of the numbers and type of housing units before and after the redevelopment in terms of:

- number of dwellings (public and private);
- type (apartment, townhouse, other);
- size (bedsitter/studio apartment, one bedroom, two bedroom, three bedroom, four bedroom and larger).

Current data on numbers, type and size were identified as private or public tenure, and where public, old or new. The evaluation also sought numbers for private rental and owner occupied housing.

The researchers carried out detailed inspections of public and private units and buildings, with attention to quality of original materials and fixtures and their state of maintenance. Inspections were also made of internal and external communal spaces, which fed into an urban design analysis of the redeveloped estate.

Social mix

Demographic data was sought from DHS and UCL, broken down into the public and private sectors of the estate, according to the following:

- the number of households and people living in the public housing and the privately owned housing;
- age including the number of children;
- ethnicity;
- family type and composition;
- employment status and occupation.

Details were sought on the current public housing allocation policy.

A broad survey of all residents and in-depth follow up interviews with a self-selecting sample collected qualitative data. The questionnaire was developed to ensure direct comparability with the categories developed in the evaluation of the Neighbourhood Renewal program, relating to that program's six key objectives:

- increasing people's pride and participation in the community;
- enhancing housing and the physical environment;
- lifting employment and learning opportunities and expanding local economies;
- improving personal safety and reducing crime;
- promoting health and wellbeing;
- increasing access to services and improving government responsiveness (joined-up government).

Questions were also matched with the Port Phillip Housing Association tenant satisfaction survey, and the national social housing survey prepared by the Australian Institute of Health and Welfare. This is a step towards establishing a single survey for a national evaluation framework that is able to be compared to previous surveys, few of which are comparable to each other.

Questionnaires were mailed in December 2011 to 810 households on the estate, with translations into Arabic, Vietnamese and Chinese. Responses were sorted and coded using SPSS.

Questionnaire recipients were invited on a separate page to participate in an in-depth follow-up interview. Invitations for interview were also distributed to local agencies, traders, neighbouring residents and former tenants of the estate who were relocated and did not return.

The interview transcripts were imported into NVivo, and responses were autocoded based on the measures used for categorisation at the time of transcription. Key categories were identified for further investigation, and were used to perform analysis into nodes. In particular, the research team looked for common perceptions and responses by respondents. Using the 'queries' and visualisation functions, we looked for patterns based on demographic information provided (such as age, gender, location and type of housing).

As qualitative baseline data (before the redevelopment commenced) does not exist at Kensington, the survey and interviews sought before and after data with public tenants who lived on the estate before and after the redevelopment. To the extent that residents displaced from the estate could be located, similar data was sought from them about their former and new housing circumstances. Interviews with long-term agency workers, traders, neighbouring residents and local authorities in the wider Kensington community around the estate sought their perspectives on the changes on the estate.

Below is an account of the survey and interview methods and a breakdown of the responses.

a) Survey

Three sets of questionnaires were prepared for the public, private and community housing residents. Of the 810 sent out, each containing a stamped self-addressed envelope for responses, 376 went to public housing tenants and 51 were returned (13.6 percent); and 419 were sent to private addresses on the estate (tenants and owner occupiers) with 54 completed (12.9 percent). One was received from the 15 UCL-owned dwellings (6.7 percent). The total number of surveys returned was 106, or 13.1 percent.

The timing of the mailout period in late December and request for completed questionnaires by 31 January was regrettable but unavoidable as approval for the methodology was received from DHS only on 22 December, and further delays to the data gathering would have delayed the final report. Nevertheless, a 13 percent response rate is acceptable – assisted by posters throughout the estate, presentations about the project including with interpreters at the Vietnamese and Chinese group functions, the support of UCL, KPTA and Dousta Galla, and attendance of members of the research team at social functions on the estate, of which there were many at that time.

b) Interviews

Follow-up interviews were held with survey respondents who indicated their willingness on return of the questionnaire. Invitations for interview were distributed to local agencies, traders, neighbouring residents and former tenants of the estate who were relocated and did not return. 76 interviews were conducted, as follows:

Public tenants on the estate	17
Private residents on the estate	15 (tenants: 5, owner-occupiers: 10)
Community housing tenants	1
Tenants relocated but not returned	2
Neighbouring residents	13
Local agencies and community organisations	19
Schools and local authorities	3
Traders	6

The place management model

In order to assess the outcomes, processes and economics of the Urban Communities Ltd (UCL) place management model, the following data on UCL was sought:

- the set-up costs of UCL;
- the private contribution;
- the public contribution;
- the bodies that hold the titles to which properties (public, private and common) on the estate;
- the titles UCL holds;
- the recurrent expenditures and maintenance costs on common areas;
- annual reports of UCL;
- the management structure of UCL;
- responsibility for the UCL trust;
- responsibility for allocation to the public units and if UCL, the process used;
- the community and other activities UCL has responsibility for.

The before and after assessment of the Kensington place management model required quantitative data before the redevelopment commenced (data was sought for each year between 1993 and 1999 to minimise random variations and eliminate the effects of the redevelopment itself) and after residents began to move back in (data that is available as redevelopment stages were completed was requested for each year between 2002 and 2010, to ensure a representative sample). The quantitative indicators requested were as follows:

- the level of rental arrears;
- the rate of evictions;
- vacancy turnover by dwelling type;
- vacant units and turnaround times;
- maintenance claims against tenants;
- maintenance service standards/response times;
- new allocations by household type and dwelling type;
- crime rates and vandalism on the estate (from Police);
- any available data on satisfaction with service levels.

Comparison with other estates required the same indicators for those estates from 2010. The comparison estates were:

- a traditional public housing estate (North Melbourne)
- a public housing estate with a significant new-build element (Ingles Street Port Melbourne)
- a public housing estate that has undergone a Neighbourhood Renewal program (Collingwood)
- a community housing estate (Parkville, owned and managed by Port Phillip Housing Association).

With this data, the evaluation sought to assess the costs and outcomes of the Kensington place management model by comparing the costs and outcomes of the Kensington redevelopment:

- with its original objectives;
- through a before and after comparison on the estate;
- by comparing the cost per dwelling of the place management model to the cost of managing properties on comparison housing estates; and
- by comparing quantitative and qualitative indicators of performance with comparison housing estates.

Not all these comparisons were possible because of lack of data. The specific data issues are discussed in the relevant chapters, and are the subject of detailed recommendations regarding data collection and storage in the final section of this report.

A word on the use of qualitative data

The in-depth interviews with 76 respondents are used to illustrate the patterns in the data. Where there was a clear dominance of a particular viewpoint, one or more representative quotes are used. Where there was a range of views, quotes that best capture the two or three main positions are used. None of these are statistically significant nor are they intended to represent the entire population of the estate. They represent the dominant patterns among the 76 interviewees.

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PART II THE REDEVELOPMENT MODEL

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5 Finance Mix

Objectives set for the finance mix

The Tender Brief (DHS 2001) and the Development Agreement between DHS and the private developer in 2002 (DHS 2002b) set the following key objectives for the finance mix:

- Construction of public housing on DHS-owned land at an agreed rate, and purchase from DHS at an agreed rate the land to be used for private housing;
- Construction of the highest possible dwelling yield up to 650 dwelling units with a mix of 30-40 percent public housing and 60-70 percent housing on the site, and the highest possible allocation to the public sector with a minimum of 195 public housing units.

(The extract of the tender brief that sets out the full scope of the development and the Director's objectives can be found in appendix 1).

This chapter discusses the financial structure of the redevelopment. The aim of this aspect of the evaluation is to assess the up-front costs of the project. While the Kensington redevelopment is not strictly a public-private partnership within the definition of Partnerships Victoria, it is a partnership between the public and private sectors and lends itself to a Public Sector Comparator (PSC) methodology which compares the cost of the public-private delivery of the redevelopment with the likely cost had it been delivered fully by the public sector.

Data issues

The Kensington redevelopment has no precedent and it is accepted that flexibility had to be built into the approach; nevertheless, key decisions should be based on a clear and transparent logic and this is not the case. The approach in DHS to measuring, comparing and modelling different financing arrangements and housing outcomes has not been systematic. This raises questions about how and why the particular arrangement was entered into. There is no clear rationale for it: decisions seem to have been made in an *ad hoc* manner and key aspects of the development agreement were changed along the way.

The approach to gathering quantitative data in general seems uncoordinated. Different and sometimes inconsistent information is held in different departmental areas, raising questions about the reliability of data received. Further, the nature of the data collected and the way in which it is stored limits its value for evaluative exercises such as this. For example, a lack of comparative historical data regarding operational expenditure for Kensington and other DHS estates prevents their comparison and affected this analysis in a number of respects.

Commercial-in-confidence provisions also limited the amount of data available. This includes lack of ready and detailed data for UCL business operations – for example, the number and types of units under management at any given time. The nature of the commercial-in-confidence data from Becton is such that its accuracy cannot be verified.

These issues contrast to the Bonnyrigg project where a comprehensive PSC was calculated and published in 2006 using both construction and operational costs (but still respecting commercial-in-confidence issues). It was published by NSW Department of Housing and is titled: *Bonnyrigg 'Living Communities' Public Private Partnership project, Summary of Contracts* (2007).

The discounted cash flow sub-model relied on data that was required for a number of items. An analysis of the data received and its impact on the financial analysis is set out in 5.1, which summarises the availability, or lack, of data and the impact of this on analysis of the finance mix. Where more data would significantly improve the analysis, this is noted.

Table 5.1: Availability of data and impact on the finance mix analysis

Data Item	Received	Impact
Land price	Provided in the contract and provided by DHS as a final figure. But only partial data provided from DHS for the sale of land to Becton. A number of valuation reports regarding the land valuations were completed but these were not provided by DHS or Becton.	Timing of the cash flows from the land sales has been assumed to take place on construction handover dates (more data required).
Construction costs	Provided by both DHS and Becton.	These differ between the cost to construct for Becton (from figures provided by Becton) and the amount paid by DHS to Becton (from figures provided by DHS). This is presumably due to the DHS figures including Becton's profit component.
Maintenance costs and tenancy management costs	Very little historical data has been received from DHS regarding the amount spent on maintenance on the Kensington estate.	This prevents a full PSC being undertaken. Annual cost of maintenance per unit in 2001/2002 would have enabled this. Further data, or comparable data for the Kensington estate prior to 2002 is required. Ideally, spend per unit data would be adequate. (More data required).
UCL set up costs	These have been provided.	While provided it is still difficult to ascertain how these impact on UCL's financial efficiency. Data from Becton outlining the value of Becton's contribution to the project is required. (See private contribution below).
Interest rate	The land escalation rate and construction index rates have been provided.	These have been accounted for.
Sales revenue	Provided by Becton	Only estimated sales figures have been provided. Further data from Becton or further research outside of the scope of the study is required to confirm the accuracy of these figures.
Developer contribution	No data provided by Becton for its contributions to the project.	These are difficult to ascertain, but might include the donation of the UCL offices and other expenses incurred by Becton related to community building. (More data required).
Rent revenues	Not provided by DHS in relation to the Kensington estate.	Without historical rent revenues a full PSC cannot be constructed. Rental data for Kensington estate prior to 2001/2002 is required.

Public Private Partnerships

'Public-Private Partnerships' (PPPs) can be comprehensively defined as:

'Public-Private Partnerships' (PPPs) are defined as a contracting arrangement in which a private party, normally a consortium structured around a Special Purpose Vehicle (SPV), takes responsibility for financing and long term maintenance or operation of a facility to provide long term service outcomes. This may involve the private entity taking responsibility for a component of new infrastructure; and/or taking over a long-term lease or concession over existing assets; and/or the development of a new long term contract to operate and manage the infrastructure. Typical forms of procurement include: Design, Build, Finance and Operate/Maintain (DBFO/M), Build-Own-Operate and Transfer (BOOT) or Build-Own-Operate (BOO). A key component of such arrangements is that there is a requirement to pay only for defined assets or services when they are delivered. (Duffield et al 2007).

Each PPP is different and usually reflects different arrangements between the private and public parties. Many of these partnerships are complex and bespoke arrangements reflecting the type of project, the parties involved, the particular form of procurement adopted, and market conditions including the availability of finance. While large PPPs fall under the jurisdiction of Partnerships Victoria there are still many other projects involving private parties and different sectors of government. In this 'hidden' PPP market private parties are contracted to take the responsibility for the financing, operations and management of new social and public infrastructure.

The Kensington redevelopment can be defined as sitting between a DBFOM and a BOOT project. This is because the private developer will not directly maintain the asset, nor have a financial interest in its ongoing operation. This responsibility has now been transferred to UCL. But this responsibility is also partly shared with DHS which is ultimately responsible for the internal maintenance of the public housing units.

Comparative projects

The redevelopment of Kensington estate is one of the largest partnerships to deliver public housing in Australia. At the time of the signing of the development agreement in July 2002 between the Director of Housing and Becton, Kensington was the first such high-rise estate redevelopment to involve the private sector. By comparison, the contracts for the much larger Bonnyrigg estate in NSW (also with Becton as the developer) were not executed until December 2006. It should also be noted that the first evaluation of the contracts at Bonnyrigg was published by the NSW Department of Housing in April 2007.

The Kensington project began at a time when research into and quantitative evaluations of the PPP market in Australia had yet to take place. Some of the larger projects in Australia in this market would include the redevelopment of Southern Cross Station \$309 million (Net Present Value June 2002) which began in October 2002 (Raisbeck 2008). While debate around the value of PPPs has always been intense, academic and contracted research evaluations of projects in this market did not emerge until the mid 2000s. In Australia, few of these studies look at value for money issues until 2007 (IPA 2007, Duffield, Raisbeck et al. 2009). In the UK the first evaluations of the Private

Finance Initiative did not appear until 2002 with the much-debated Mott-Macdonald report (2002), the NAO report (2003) and in Victoria, the Fitzgerald report (2004). In Australia a lot of the work on PPPs was focused on case studies but as has been noted elsewhere the availability of data in the public domain was a severe limitation on these studies (IPA 2007).

In Victoria the Partnerships Victoria Policy was introduced in 2000. Partnerships Victoria is part of the Commercial Division in the Department of Treasury and Finance. As a result, since 2002-2003 there are now 22 Partnerships Victoria (PV) projects in existence, worth around \$11.5 billion in capital expenditure. As noted, the Kensington redevelopment did not fall under the strict definition of Partnerships Victoria (PV), but directly comparable projects at the time of its inception that did qualify as PV projects include the County Court, which opened in October 2002 (NPV October 2000, \$195M) and Casey community hospital which opened in 2004 (NPV at November 2002, \$120M).

History of the development's financial structure

The public-private housing mix forms a key element of the development's financial structure. The minimum mix of 30:70 public to private new-build appears to have been determined without reference to any alternative quantitative forecasts for the initial proposal (Perrott Lyon Mathieson 1999b). It appears that prior to tender no quantitative business case was prepared to explore the implications of this mix for the cash flows and risk profile of the project. The current PSC methodology developed by Partnerships Victoria would, and should, be mandatory if such a project was to be undertaken today.

The rationale for the 30:70 mix looks to have come from a series of qualitative consultancy reports prepared for the Kensington Estate Redevelopment Advisory Committee in 1999. Issues paper 6, entitled *Conditions for Private Public Sector Joint Venture* used interviews with developers who had previously participated, or had sought to participate, in joint venture housing projects. While the issues paper did not include a formal literature review it did claim to draw on research gathered from conference proceedings. The paper concluded that the best approach was "for the private sector developer to assume the role of the project developer and take the project on with the government receiving stock at the end of the development project, either at market price or in exchange for a land contribution, or in a long term leaseback arrangement" (p.9).

The issues paper referred to another paper in the series to support its position – discussion paper 4 entitled *Integration of Public and Private Housing Issues*. This paper examines discussions in the literature relating to the concept of mixing public and private housing. It refers to work examining the VHC East Preston redevelopment (1995) where there was a 35 to 65 percent mix of public rental properties to private housing. The discussion paper concludes that the literature provides little guidance on the best approach to determining an appropriate proportion of public to private housing. Issues paper 6, however, states far less equivocally that:

The conclusions reached in Issues Paper 4 concluded that the mix of around 30 percent public housing seemed to be a 'standard' adopted in redevelopment projects although conclusive post occupancy evaluation was not able to be sourced. The sentiments of the developers seemed to reflect this position that the private sector component should account for the greater proportion of dwelling

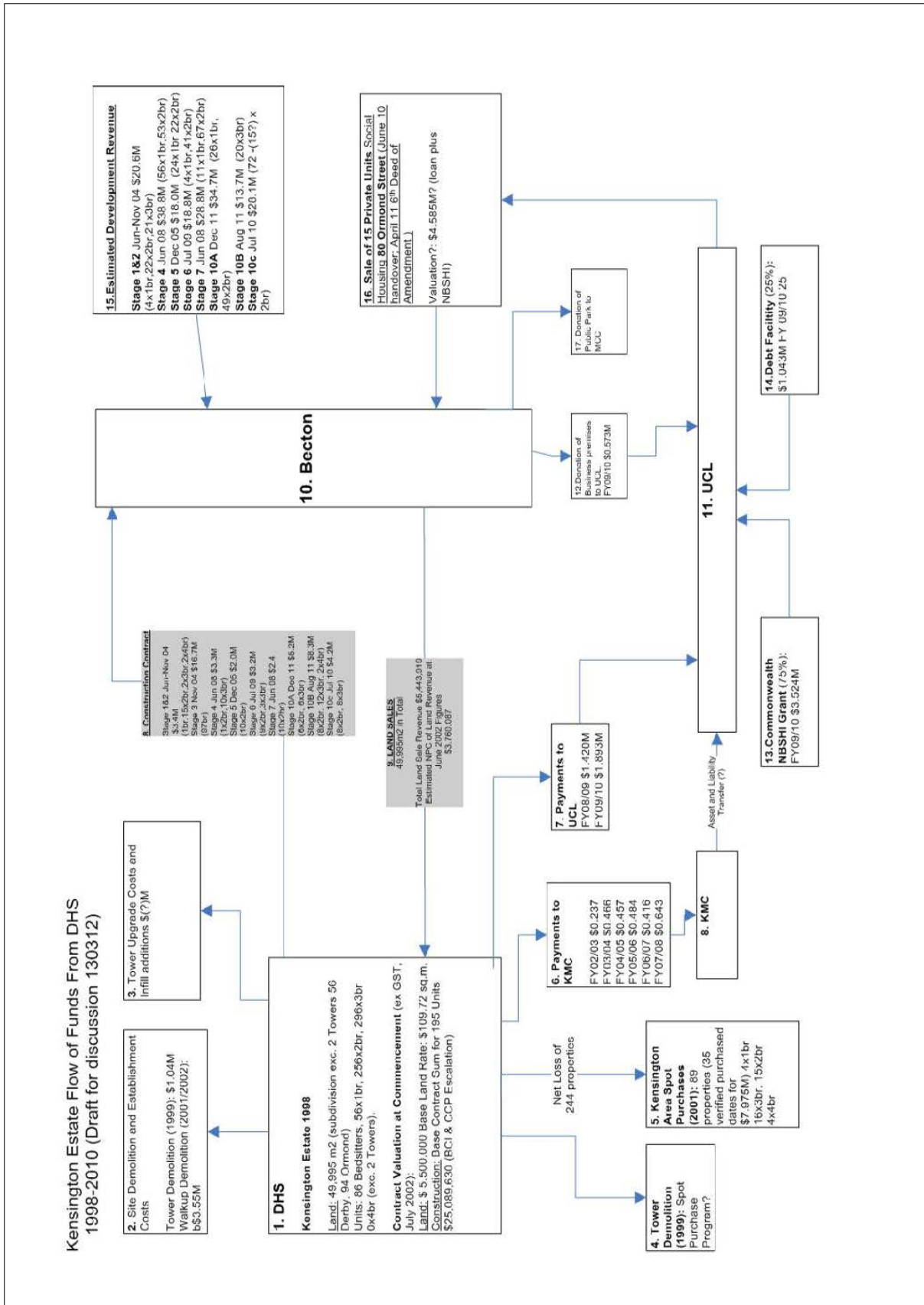
stock so that the development reads as 'private' rather than 'public'. (Perrott Lyon Mathieson 1999b:7)

There are different perspectives regarding the mix and this also depends how it is counted. In the tender documents for the Kensington redevelopment dated May 2001, potential private sector partners were asked to tender on a range of 30-40 percent public and 60-70 percent private housing. It was stipulated that the minimum number of public units would be 195. It is interesting to note that the same mix of 30 percent public to 70 percent public has been the basis for the much larger Bonnyrigg PPP. It should also be noted that there are different perspectives regarding the mix, in different publicity materials, and this depends how it is counted. The final total mix on the estate if one includes the towers (which were not a part of the redevelopment tender process) is 46 percent public to 54 percent private. In any case, the project was tendered and then contracted on a 30:70 public-private mix, which led to a net loss of 260 units of public housing from the Kensington estate (171 if the 89 replacement spot purchases that were specific to the Kensington redevelopment, though not limited to the Kensington area, whose cost is factored in here to DHS's total spend).

Description of the development in financial terms

Figure 4 describes the flow of funds between DHS, Becton and UCL in relation to the Kensington project. It attempts to describe the dates, reporting periods and flow of funds over the 10 years of the project. The diagram indicates the complexity of the redevelopment and how its financial structure changed over time. It describes in particular the flow of funds from DHS for demolitions and relocations, from DHS to Becton for design and construction, and from Becton to DHS for land sales, as well as the evolution of KMC to UCL in financial terms.

Figure 4. Financial Flow of Funds and Assets



Land valuation

The research team had access to the sale of land contract files archived at DHS on two occasions. These contained information for land sales settled at various times from 2002 to 2009. The first of the sales appears to be for Lot 3 of Title Vol 9518 Folio 565 for a figure of \$729,037 (including GST) for 5,906 square metres of land. There is a letter on the file regarding GST tax treatment dated 12 November 2001. The letter indicates that GST did not need to be paid on the land sales at this time. A later file note dated 24 December 2003 indicated that the ATO had changed its definitions of input tax credits and that GST did need to be paid. It is difficult to know what effect if any this had on the valuation of the land.

Several early valuation and cash flow scenarios appear to have been completed regarding the value of the land. One valuation by Arthur Andersen sighted in the file and dated October 2000 valued the land at \$9,250,000. Another letter from O'Briens, in another file sighted by the researchers, forecast two scenarios for the land value. One valued the land at \$10,000,000 and another at \$5,500,000. The calculations estimate that with 195 public and 421 private units the profit margin for the lower land valuation is 27.6 percent, and 22.6 percent for the higher. A later letter dated 23 April 2002 to Bill Barlow, Acting Director of Property Services, from Murray Carman, Director of Land Monitoring, indicated that a revised valuation (by Mark Murray, contract valuer) produced a base land price of \$5.4M. The letter stated that "as a result of further negotiation Becton has increased its offer for the land component of the tender to \$5.5M." It also noted that no GST was payable.

In the contract the base land price was \$5,500,000, and the base land rate per square metre was \$109.72 (both exclusive of GST). It appears that Becton ultimately paid \$3,760,087 in 2002 figures for 4.18 hectares (69 percent of the estate). If the figures supplied are correct, this translates to \$89.95 per square metre. The Real Estate Institute of Victoria values land per square metre in Kensington in 2002 at \$1,640 in 2002 prices. This figure is derived from a sample of 245 house sales in 2002 for which the REIV has psm values, with a median house price of \$355,500 (REIV 2012). While allowances must be made for the differences in land value for private Kensington houses and untested former public housing estate land, the government-estimated base rate is very low, and the eventual sale price lower still.

Public Sector Comparator methodology and base assumptions

The methodology and assumptions employed in this quantitative analysis are drawn from the Partnerships Victoria material regarding the construction of a Public Sector Comparator (PSC). These include the Partnerships Victoria publications: *Use of Discount Rates in the Partnerships Victoria Process* and the *Public Sector Comparator Supplementary Technical Note*. As discussed above, a full PSC evaluation could not be constructed because of the lack of historical data on the amount DHS spends to maintain each housing unit per annum. Nevertheless, a partial PSC evaluation has been completed and this is discussed.

The PSC methodology adapted here allowed a Net Present Cost (NPC) analysis to be developed. All the figures were discounted back to June 2002 in order to make a valid comparison. This is described below. The NPC is based on overall costs per public housing unit and the overall cost of the

development. It is a NPC based on costs and land value alone. It does not include an analysis of operating costs as these were not included in the original tender. Nor was data given that would enable us to estimate what these operating costs might have been had DHS undertaken the entire development itself. Also, as there are no details regarding the different tender bids it not possible to make comparisons between different tenders. The tenders were submitted as fixed lump sum amounts and included two components: the nominated value of the land being offered for development and the cost to construct public housing. The latter amount was nominated in the tender via a breakdown of different house sizes and costs.

There were two components to NPC analysis based on the PSC methodology:

Firstly, an *ex ante* approach was taken in regards to the NPC. The NPC was used as if the project was about to take place just before or after tender bids had been received. This was in order to answer the question: *If the PSC had been used prior to the signing of the DA in July 2002 what would it tell us about the NPC of the project to DHS at that time?* This is the equivalent of constructing a base reference project or a Raw PSC or Net Present Cost (NPC) using the Partnerships Victoria methodology.

Secondly, an *ex post* analysis was used to analyse and value the project's actual cash flows from data provided by DHS and Becton. These cash flows were discounted back to June 2002. This was in order to answer the question: *What is the NPC, or difference, between a PSC prediction of the design and construction costs, the winning bid design and construction price, and the actual design and construction costs?* Table 5.2 summarises the assumptions made in the analysis.

Table 5.2: Assumptions employed in the quantitative analysis

PSC Item	Cost Element	Assumptions
Direct Capital Costs	Pre-Design/Feasibility	Not included as DHS historical data unavailable
	Land Valuation	Valued in contract at \$5,500,000: \$109.72 per sq metre Survey 15/03/2001 49,995.00 m ²
	Spot Purchases	Based on DHS data. Purchases \$16,910,00 and Works \$356,000 for 89 Properties
	Building Price Index	Melb June 2000 116.12 to Melbourne June 2001 120.76 escalation 4.64 say 4 percent
	Demolition	Tower Demolition (1999): \$1.04M Walk-up Demolition (2001/2002): \$3.55M
	Design and Construct Costs	Design and construct costs used in the forecast valuation are based on Rawlinson cost data for 2002. This suggests a range of m ² for multi-storey flats medium standard as \$1455 and 3 storey flats as \$1205. The \$1455 figure has been used.
	Consultants	10 percent for all consultants including architectural, without further data and information from DHS it is difficult to know what to include for this. The final consultant cost was much less. But it is reasonable to assume in the PSC construction as it could reasonably include all consulting and project management costs
	Plant and Equip	Included in design and construction cost

PSC Item	Cost Element	Assumptions
	Capital Improvements	Not included as DHS historical data unavailable
	Through Life Capex	Not included as DHS historical data unavailable
	Construction Overheads	Included in design and construction cost
Maintenance Costs		Not included as DHS data unavailable maintenance and repairs on buildings: based on 2001 DHS KMC data
Direct Operating Costs	Wages and Salaries Running Costs Insurance	Not included as DHS data unavailable
Indirect Operating Costs	Construction Overheads	Assumed this is in the design and construction price. Not included as DHS data unavailable
	Operating Overheads	Not included as DHS data unavailable
	Administrative Overheads	Not included as DHS data unavailable
Competitive Neutrality (not applied)	Land Tax	\$54,880 plus 5.0 percent for each dollar over \$2,700,000
	Local Govt Rates	5 percent of property value = NAV And then 6.5 per cent of NAV (2001-2002 MCC figure)
	Stamp Duty	5.5 percent over \$870,000 (SRO current rates 2002)
	Payroll tax	1 Jul 2002 to 30 Jun 2003 \$550,000 \$45,833 5.35 percent
Timing of Cash Flows		Assume all dates start from signing of DA in June 02 (signed July 02). But the estimated timing of stages and cash flows is as per the Development Program in the Development Agreement
Nominal Discount Rate $N = (1+r)$ times $(1+i)^{-1}$		In this instance the risk free rate is taken as 5.0 percent and inflation at 2.5 percent. This gives a nominal discount rate of 8.75 percent for the reference project

Discount rates

A risk free rate of 4.95 percent and an inflation rate of 2.5 percent have been used in our analysis. This is in line with the Partnerships Victoria guidelines as per the *Partnerships Victoria Technical Note 2* and the table entitled Risk Free Rate and Market Risk Premium found in Annexure 3 *Discount Rate Inputs for Partnerships Victoria Projects*. These rates are based on January 2009 figures. Given the duration of the project these figures are both reasonable and conservative. If 2002 figures had been applied the rate would be higher as the 10 year bond rate was 6.1 percent and inflation was 3.8 percent. The bond rate is higher and this is due to the economic effects on bond markets of the events of September 11 2001.

Net Present Cost (NPC) scenario analysis

Based on the above assumptions a number of different scenarios were modelled. The first three NPC scenarios explored the impact on the project of different public private unit mix. Scenario Four explores what would happen if the base land value was \$10,000,000. These scenarios are summarised in table 5.3 and outlined in detail in appendices 4c, 4d, 4e and 4f.

As seen in the NPC cost scenarios in Table 5.3, increasing the public-private mix to 50:50 would have the effect of increasing the project cost to the public by \$9.46M, but would have reduced the cost per unit to \$161,292. This is because of the potentially much lesser cost for permanent relocations purchased through the spot purchase program.

Table 5.3: Scenario Analysis Describing Total Net Present Costs (NPC)

Public Private Mix Scenarios (based on proposed numbers at or just prior to DA signoff).	Total NPC to DHS at June 2002 (Total costs include demolition and spot purchases)
<u>Scenario 1</u> 30 percent public : 70 percent private	NPC: \$41,120,599 Unit Cost: \$210,875
<u>Scenario 2</u> 50 percent public : 50 percent private	NPC: \$49,677,857 Unit Cost: \$161,292
<u>Scenario 3</u> 100 percent public	NPC: \$82,175,038 Unit Cost: \$133,401
<u>Scenario 4</u> Base Land Value Increased to \$10,000,000 with a 30 public 70 private mix	NPC: \$38,483,651 Unit Cost: \$197,352

Scenario 3 simulates what would happen if the estate was redeveloped as 100 percent public and all of the tenants were moved from the estate and then moved back. Scenario 4 where the land value is doubled reduces the cost of the project to DHS. But as suggested above this would reduce the profit margin (and the IRR) to a developer. In future redevelopments, the above scenarios indicate the need for DHS to model at an early stage different outcomes that account for construction costs, relocation costs, relocation logistics and the impact of these on optimised public and private housing mix.

Cost-effectiveness of the redevelopment

Very little research and data is available on time and cost outcomes for projects procured by Australian governments. In other Australian PPPs (if we classify this project as a PPP) time and cost overruns are not unusual. In the most recent research on PPP cost outcomes, PPPs are on average 13.9 percent over cost as compared to traditionally procured major projects, including design and construction which are 44.7 percent over cost. This project appears to fall within this range. In terms of time outcomes, Australian PPPs have been 10.1 percent over time as compared to traditionally procured projects which are 15.5 percent over time for the full period (Raisbeck et al 2010). This project was procured using a Design and Construct contract within a PPP style arrangement, so the cost outcome appears acceptable.

The time outcome however is by these comparative measures well over what one would expect. According to table 5.4, the contract price received from Becton was within 10 percent (1.093) of our estimated design and construction cost NPC for the project. This is an acceptable outcome and indicates the original tender price was probably competitive. It would appear from comparing these figures that final price represented an escalation of 19 percent over the 120 months of the project. But the contracted tender indicated that the project was to be complete by 76 months. An explanation that cannot be discounted, given the absence of material to demonstrate otherwise, is that the delay in the project was a result of Becton waiting for favourable market conditions in order to sell property. This is accepted industry practice and can be seen as an obligation of listed companies to maximise returns to shareholders. This issue highlights the timing risks inherent in PPPs.

Table 5.4: Comparison of Predicted NPC / Actual Tender Bid Cost / Actual Final Cost (June 2002 \$)

Total Cost to DHS for Private Units	NPC Prediction (in June 2002 \$amount)	Tender/ DA Agreement (in June 2002 \$amount)	Actual Final Costs (in June 2002 \$amount, allowing for compensation and consultant costs)
Normalised	1.00	1.093	1.197
NPC Design and Construction Cost	Total: 22,950,569 Per Unit: 117,695	Total: 25,089, 630 Per Unit: 128,665	Total: 27,493,127 Per Unit: 134,113
Cost of Demolition (assuming at time zero)	4,590,000	4,590,000	4,590,000
Cost of Spot Purchases and Associated Works	17,266,000	17,266,000	17,266,000
Sub Total Costs to DHS	44,806,569	46,945,630	49,349,127
NPC of Land Revenue to DHS	3,685,970	3,685,970 (Assumes timing is same as for NPC prediction)	Land: 3,760,087
Total Cost to DHS	Total: 41,120, 599 Per Unit: 210,875	Total: 43,259,660 Per Unit: 221,844	Total: 45,589,040 Per Unit: 222,385
No. of Public Units	195	195	205

Table 5.5: Time Analysis and Comparison

	Tender June 2001	Tender /DA Agreement Time June 2002	Actual Time
Time	68 months	76 months	120 months
Normalised	1.00	1.11	1.76 (from Tender) 1.57 (from DA Agreement)

Table 5.6 indicates an estimate of profits made from the project. The average net profit margin across the project is 37.56 percent. The analysis indicates that the final stage of the project has an estimated net profit margin of 51 percent. This increase is based on estimated sales revenue provided by Becton and reflects the increased yield as well as market conditions.

Table 5.6: Estimation of Profits to Developer

Estimated profits to developer	June 2002 Dollars
Cost to developer	74,614,697
Revenue to developer	119,494,679
Profit	44,879,982
Profit Margin	37.56 percent
Cost/Unit	145,732
Profit/Unit	87,656

The analysis is based on the data matrix provided to the research team by the developer. It would have been reasonable for the developer to have sought a benchmark return of 20 percent from the time of the project’s inception at feasibility stage. A general rule of thumb is to seek a 20 to 25 percent profit. Indeed Becton’s expectation in 2003 was for “20 percent plus from feasibility” with 10-15 percent an “acceptable return from project” (Dall 2003:8). The developer noted at the time that it should accept that risk exposure during development will reduce profit, and in the event that sales exceed expectations, suggested a range of possible developer contributions including:

Discount to market: Developer provides the affordable housing to provider at a discount rate to the market price in recognition of the marketing savings and the risk reduction;

Density bonus: Planning authority allows developer to build additional housing above that approved on the basis that all the additional housing will be used for affordable housing;

Profit sharing: Land owner and developer agree that once the developer reaches benchmark rate of return additional profits will be shared. (Dall 2003:9)

Interestingly, at Bonnyrigg a profit share arrangement is a part of the 2006 contract. If sales revenues rise above a certain threshold amount then the public sector has a share of the profit. But no such profit sharing arrangement was negotiated for the final stage of the Kensington project in 2009. The 5th and 6th Deeds of Amendment indicate that some compensation was paid to DHS from the developer. Again, without further detailed data from either the developer or DHS it is difficult to know how these deeds were negotiated. It is important to note however that in the final stages of the redevelopment DHS did negotiate design improvements and the provision of public open space in the middle of the estate which it transferred to the City of Melbourne for management – a community gain.

It is worth noting how the developer portrayed the project to its investors. Over the course of the redevelopment Becton reported its revenues to the stock exchange for the project (see table 5.7). Most of this data was located in Becton’s first half year investor reports to the stock exchange. While it provides only partial data regarding project revenues, it suggests that the final stage of the project was the most profitable and that the data provided to the research team by Becton underestimates sales revenues.

Table 5.7: Becton’s reported revenues to the stock exchange for the Kensington project

First Half Year Reports	FY 07	FY 08	FY 09	FY 10 (Full Year)	FY 12
Reported Revenue and Details	\$1.8M	\$3.4M	91 apartments for sale @ average \$448K	Kensington @ average value in current stages \$468K	\$55M FY 12 forecast. 129 under construction

Source: Becton Investor Information, <http://www.becton.com.au/investor-centre/investor-information>, accessed 5 March 2012

Discussion: were the objectives of the finance mix achieved?

Comparison of findings against the objectives

The Tender Brief (DHS 2001) and the Development Agreement between DHS and the private developer in 2002 (DHS 2002b) set the following key objectives for the finance mix:

- construction of public housing on DHS-owned land at an agreed rate, and purchase from DHS at an agreed rate the land to be used for private housing;
- construction of the highest possible dwelling yield up to 650 dwelling units with a mix of 30-40 percent public housing and 60-70 percent private housing on the site, and the highest possible allocation to the public sector with a minimum of 195 public housing units.

The first objective was achieved. The public housing constructed by Becton on DHS-owned land was efficiently delivered and represents cost-effectiveness for the state at a rate per unit of \$222,385. The price paid to DHS for the land however was very low. There were three land valuations for the base land cost of the estate. One of these valued the land at \$10,000,000 in 2002. A second valued it at \$9,250,000, and a third at \$5,500,000. The base land rate was valued in the contract at \$109.72 per square metre. This was low for inner-city land at the time. Documents provided by DHS show that DHS actually received \$3,760,087 in June 2002 dollars, for 4.18 hectares (69 percent of the estate). Not all the land contracts were seen but if the figures supplied to the research team are correct, this equates to \$89.95 per square metres in June 2002 figures. Land per square metre in Kensington in 2002 is valued at \$1,640 in 2002 prices (REIV 2012).

At the time of the project's inception, redevelopment of a public housing estate such as Kensington was perceived to be a higher risk development than what it proved to be. In fact as compared, and as noted by Partnerships Victoria, public and social housing developments are relatively low risk. Under Partnerships Victoria methodology public housing is classified as having a real risk premium of 1.8 percent. This is the same for aged care housing and hospital facilities. In contrast, the real risk premium for entertainment, telecommunications and IT is 5.4 percent. The risk premium applied at the Bonnyrigg project was 1.52 percent. In future developments this risk premium for public housing should be reflected in the financial analysis and contract negotiations.

The second objective was not met: the final dwelling yield is 717 units. There is a question of why the increase in yield – made in a sixth amendment to the development agreement in 2011, which enabled an increase in the final development stage of 57 private units and 10 public units – was allowed. It was clearly to the advantage of the developer with no commensurate benefit to DHS and to the detriment of some of the residents of the redeveloped estate because of the substantially increased density (this is discussed further in the urban design analysis in chapter 6). The 'trade off' was the centrally located public open space made available by the redesign of that part of the estate from rows of townhouses to an apartment building. It is noted that the increase in yield was negotiated down in Community Liaison Committee (CLC) meetings from an earlier request from Becton for an increase of more than 150 units.

The new-build public housing component is 29 percent to 71 percent private. The highest possible allocation to the public sector was not achieved. The Net Present Cost (NPC) scenario 2 analysis indicates that increasing the number of public units to 50 percent for the redevelopment of the site (excluding the towers) could have been done at relatively low additional or marginal cost to DHS. The public stock was only 62 percent replaced. Increasing the public new-build component would have reduced the costs to DHS of permanently relocating the displaced households. Knowing what we know now – that inner-city public housing estate redevelopments are not as high-risk as anticipated – it is reasonable to suggest that future developments at least maintain public housing numbers, and increase the new-build public housing component above 30 percent. The impact of the 30:70 public-private mix on cash flows to both the private and public stakeholders was not quantitatively examined by DHS. The rationale for this particular ratio appears to be based on unsupported qualitative estimates. The effect of the 30:70 mix minimises the headline cost of the redevelopment to the public sector and maximises the profit to private sector. This may have been valid at Kensington due to the fact that it was the first project of its kind, but the approach should not be taken again.

Does the redevelopment model represent value for money for the taxpayer?

The estimate of the total cost to DHS of the demolitions, relocations and purchase of the new-build (but not including the additions and conversions) is 45,589,040 in June 2002 Dollars. This amounts to \$222,385 per unit. This is a reasonable price in and of itself, and represents cost-effectiveness for the state. It was a well-managed construction project, generally proceeding on budget with a minimal cost overrun to DHS.

There are hidden and missing costs to DHS, however. The net loss of 171 well-located public housing units (260 units less the 89 replacement spot purchases, not all of which are in the inner-city), the permanent relocations due to the redevelopment, and the opportunity costs of the sale of undervalued public land, are unaccounted for in the figures provided by DHS. A full value for money evaluation would factor in all the associated costs to DHS.

The nearly four-year time-lag in completion of the project (originally anticipated by 2008) is problematic given the low risk involved in constructing public housing. It is likely that the overrun was the result of decisions relating to market conditions. The development agreement did allow for time extensions on this basis, given that Becton could provide evidence of inability to sell the private units and had used its best endeavours. But the delay was due to non-completion: the developer appeared to be timing the release of the final stage units. An alternative explanation is that the property market downturns in 2005 and 2008 contributed to the change in product mix from townhouses and apartments to mainly apartments, and that the delay was due to the negotiations and design changes and authorities' approvals. In any event, the time-lag and changes in yield substantially increased the return to the private partner. While the developer has an obligation to seek to maximise its returns, so does government have an obligation to ensure best value for money for the taxpayer.

The 30:70 public to private mix is not well justified and represents a significant advantage to the developer. The profit to Becton is estimated to be \$44,879,982 in June 2002 Dollars. On the basis of

the date of the estimate to the stock exchange (before the final stage was constructed) it is reasonable to assume that this is an underestimate. The calculation of the private partner's profit at a minimum average of 37 percent over the project, and 51 percent in the final stage, leads to a number of suggestions for future inner-city public housing estate redevelopments.

First, the evidence suggests that government should consider managing this kind of development itself. The substantial profit from a private housing component developed by a public agency could fund a significant increase in the public housing component if the builder was contracted by the state. DHS should consider in future partnering with a public land agency such as Places Victoria.

Second, government should consider partnering with a not-for-profit agency. The contemporary environment for housing developers has changed since 2000. At the time of the Kensington agreement there were few non-government bodies with development capacity. In the last decade however the field has evolved substantially. There is a range of not-for-profit housing associations in Australia with the capacity to undertake significant development, some independently, others using private architects and builders. Given that the value of inner-city land is stable or increasing and that gentrification in Melbourne ensures a ready supply of prospective purchasers, the private housing component on redeveloped estates should be used to fund not only upgrades and new-build public and community housing but an increase in public stock. The sale of public land should bring commensurate community benefit. If a private sector partner is to be involved, at the very least a profit share arrangement should be included. We note that there is currently a profit share arrangement in place at the Carlton estate redevelopment.

At the time of entering into the contract at Kensington, the anticipated return to the developer was based in part on the untested and possible high risk of the redevelopment. As it turned out, the project was much lower risk than thought. DHS should apply a rigorous PSC approach to all future public housing estate redevelopments, in line with Victorian Department of Treasury and Finance guidelines. Land valuations, variations to development agreements, and extensions of time should be transparent and publicly explained. In addition, a whole-of-project approach to data governance, reporting and evaluation should be established at the commencement of the process.

6 Housing mix

Objectives set for the housing mix

The Tender Brief (DHS 2001) and the Development Agreement (DHS 2002b) included the following objectives for the housing mix:

- Construction of the highest possible dwelling yield up to 650 dwelling units with a mix of 30-40 percent public housing and 60-70 percent housing on the site, and the highest possible allocation to the public sector with a minimum of 195 public housing units;
- Allocation of public dwelling types as follows: one bedroom (48 percent), two bedroom (33 percent), three bedroom (17 percent), four bedroom (2 percent);
- Full integration of public and private housing to minimise division or perceived social stigma arising from any marked distinction between the public and private sector components;
- Provision of a high level of urban amenity as embodied in the development plan and performance criteria (June 2000) approved by the City of Melbourne;
- Provision of a better standard of living for residents by providing private open space and access for mobility impaired;
- Consider including a social housing component into the development;
- Provide separate titles with minimal need for body corporates for public housing;
- Of the public housing, family and non-aged singles dwellings should be integrated and indistinguishable from private housing as much as possible, although small groups of say 4-8 units could be acceptable where they have their own street address;
- Family and non-aged singles dwellings in public housing should preferably not share body corporate facilities with dwellings in private housing;
- Older persons public housing should be grouped to provide informal support, security and efficiency of service provision;
- Apart from older persons housing, whole street blocks or precincts should not be exclusively developed for public housing.

(The extract of the tender brief that sets out the full scope of the development and the Director's objectives can be found in appendix 1).

Data issues

After clarification of housing stock numbers, the data issues for this aspect of the analysis were few. The research team had some difficulty gaining access to private and public units for inspection, and ultimately relied on contacts established through the survey and interview processes. Access to one UCL-owned and managed unit was given in the last week of research period.

Change in public housing stock before and after the redevelopment

Hulse et al (2004) recorded the number and type of dwellings on the estate at its peak in 1971, and in 1998 prior to the demolition of the high-rise tower in 1999 (the first stage of the current

redevelopment). These are shown in grey in table 6.1. The reduction in total singles stock in that period is due to the conversion of 88 bedsitters to 44 one-bedroom units as part of the ongoing DHS bedsitter conversion program.

Table 6.1. Change in public housing stock 1971-2012

	1971	1998		Demolished 1999-2003	DHS additions and conversions	New public	Total public
Bedsitter flats	174	86	142	-42	34*	97	231
1 bedroom units	12	56					
2 bedroom family units	256	256		-184	-9	59	122
3 bedroom family units	296	296		-260	-9	41	68
4 bedroom family units						8	8
Total units	738	694		-486	16	205	429

Source: Hulse et al (2004) and DHS (2012).

* Consists of 27 flats at 56 Derby plus a net gain of 7 flats at 94 Ormond (12 infill less 10 bedsits plus 5 1br).

In 2012 there are 429 public units – a loss of 265 public housing units since 1998 of which 260 were lost as a result of the redevelopment and five through the new-build conversions (table 6.1). The Kensington estate in 2012 has 62 percent of the public housing stock it had in 1998.

During the redevelopment of the estate by Becton, DHS engaged other contractors to undertake works on the two remaining high-rise towers. At 56 Derby Street the works involved the conversion of nine two-bedroom and nine three-bedroom family units into 27 one-bedroom singles units – creating a mix of singles and family accommodation in the one building.

At 94 Ormond St, the works involved the construction of new lift wells towards the northern end of the building, the infill of the former lift wells to create a new one-bedroom flat on each of the upper 12 floors, conversion of 10 bedsitters into 5 one-bedroom flats, and construction of community rooms, community kitchen and an office used by night-time security guards and in the day by Doutha Galla's Older Persons High-rise Support Program. Additional security measures were installed on each floor, including a security door and intercom system to limit access from the lift to the corridor. DHS advises that the bedsitter conversions were undertaken within an ongoing DHS program and were not part of the redevelopment.

In both towers an ongoing upgrade/refurbishment program continued during the redevelopment.

The redevelopment added 497 private dwellings and 15 community housing units (owned and managed directly by UCL). Table 6.2 shows the combination of new and existing public units, new private units and new community housing units. Public housing now comprises 45.6 percent of the dwellings on the estate, while the total number of dwellings on the estate has grown since 1998 by 247 or 35.6 percent.

Table 6.2. Total housing stock in 2012

	Total public	percent	Total UCL	Total private	Final total
Bedsitter flats	231	54		133	364
1 bedroom units					
2 bedroom family units	122	28	15	323	460
3 bedroom family units	68	16		41	109
4 bedroom family units	8	2			8
Total units	429	100	15	497	941

An important trend here is the decline in family units (3 and 4 bedrooms) in the public housing from 296 in 1998 to 72 in 2012. This is reflected in the vast reduction of families and children on the estate (the effects of which are elaborated in chapter 8). The other clear trend is the increase in single person units, from 142 to 231. This is reflected in the increase in the proportion of elderly single public tenants on the estate (see chapter 8). Two bedroom units are the second most predominant form in the public stock, and by far the most common form in the private stock. These changes are consistent with the objectives set for the development, and with the increasing single person household demographic which DHS specifically targets.

Construction of the highest possible dwelling yield up to 650 dwelling units has been exceeded, as noted in chapter 6. In addition, the highest possible allocation to the public sector with a minimum of 195 public housing units has not been achieved: the two amendments to increase public units delivered a total increase of 10, as 5 were lost through the new-build conversions.

Design and maintenance comparison of public and private housing

A number of issues exist with the overall planning of the site. The redevelopment was complicated by the fact that it took four years longer than anticipated to reach completion (see chapter 6) and that design and construction occurred over a series of 10 stages (and more sub-stages) that did not occur in the chronological order originally envisioned (figure 5 – Kensington development matrix). In addition, the plans changed substantially between the point of tender and approval, and again before the last stage (in which there was an increase of 72 units, discussed in chapter 6). Figure 6 shows the staging plan at the time of final construction. The locations of public and private housing changed as well. Figure 7 shows the masterplan with the location of all buildings and the public-private housing arrangement at the point of tender in 2001. Figure 8 shows the masterplan with the same information at the point of the last stage of construction in 2010.

Broadly, it is possible to break the site down into three main phases of design and construction. The first phase occurred with the buildings on Kensington Road and immediately behind, part of Altona Street and one building (78 Clifford Terrace) in the middle of the estate (stages 1-3) (figure 6). The second phase took place along Altona Street (stages 4-7). The third phase takes in the new buildings on Ormond Street, the remaining buildings along Derby Street and the rest of the interior of the estate (stages 10a, b and c, which superseded stages 8 and 9). A map with street addresses (figure 9) can be found in chapter 8.

Figure 5. Kensington development matrix

Stage Reference (& Sales and Marketing)	Stage Reference Construction	Masterplan Reference	Housing Type	Address Details	1br	2 br	3 br	4br	Total	Construction Contract ¹ \$M (exc GST)	Avg \$	Sales Revenue \$M (inc GST)	Avg \$	Handover/ Settlement
Stage 1: Henry Street North	Stage 1 & 2	Henry Street North	Private	50 Henry Street Derby Street (5 terraces)	1	8	5	2	9					Jun-04
				37 Kensington	1	8	9		9					Jun-04
				41-57 Kensington Terraces	1	8	9		9					Nov-04
				60 Henry Street	1	8	7		9					Jul-04
				64-79 Henry (Terraces)	1	8	7		9					Jul-04
				80 Henry Street	1	8	21	0	57					Jul-04
				Total Private	4	32	21	0	57	11.4	243,474	20.6	361,105	Jun-Nov-04
				39 Kensington Road	1	7		2	8					
				59 & 61 Kensington Road	1	8	2	2	10					
				63 Kensington Road	1	15	2	2	20	3.1	154,627	3.4	170,089	
				Total Public	5	47	23	2	77	14.5	220,397	24.0	311,491	Jun-Nov-04
n.a.	Stage 3	no reference	Public	EPU 62 Clifford Terrace	97				97	15.2	156,577	16.7	172,235	Nov-04
Stage 2: Henry Street South	Stage 4	Henry Street South	Private	108 Altona (Private)	14	19			33	6.3	190,909	10.3	312,394	Dec-05
			Public	65 Kensington Road (Public)	1	1	10		11	3.0	273,636	3.3	301,000	
				Total Stage	14	20	10		44	9.3	211,591	13.6	309,545	
Stage 3 Gower Street South	Stage 4	Gower Street South	Private	84, 86, 88 Altona	42	44			86	15.9	184,766	28.5	330,860	Jun-06
Stage 4 Crest	Stage 7	Hampden Road South	Private	68,72 Altona (Private)	11	67			78	18.2	233,305	28.8	369,077	Jun-08
			Public	78 Altona (Public)	10	10			20	2.2	219,674	2.4	241,641	
				Total Stage	11	77	0		88	20.4	231,756	31.2	354,596	
Stage 5 Parkside	Stage 5	Waiseley St South	Private	50,62 Altona (Private)	24	22			46	12.6	273,959	18.0	391,087	Jun/Jul-09
			Public	60 Altona (Public)	10	10			20	1.8	181,701	2.0	199,871	
				Total Stage	24	32	0		56	14.4	257,484	20.0	356,941	
Stage 6 Veridian	Stage 6	Ormond Street South	Private	40 Altona (Private)	4	41			45	13.6	303,167	18.8	417,889	Jul-09
			Public	100 Ormond (Public)	9	9	3		12	2.9	241,913	3.2	266,104	
				Total Stage	4	50	3		57	16.5	290,271	22.0	385,934	
Stage 10C Kenso	Stage 10c	Ormond Street North	Private	80 Ormond (Private)		72			72	18.5	256,647	28.1	390,542	Jul-10
			Public	70 Derby (Public)	0	8	8	0	16	3.9	241,117	4.2	265,228	Jul-10
				Total Stage	0	80	8	0	88	22.3	253,823	32.4	367,757	
Stage 10B DSH	Stage 10B	Hampden Road North & pt Gower Street North	Private	16-54 Derby Street (Private)		20	20		20	9.0	451,000	13.7	686,750	Aug-11 (f)
			Public	Clifford Terrace (Public)	0	8	12	2	22	7.5	342,894	8.3	377,184	Aug-11 (f)
				Total Stage	0	8	32	2	42	16.6	394,373	22.0	524,596	
Stage 10A Liv	Stage 10A	pt Gower Street North	Private	71 Henry Street (Private)	26	49			75	17.1	227,747	34.7	462,067	Feb-12 (f)
			Public	Clifford Terrace (Public)	26	6	6	0	87	4.7	390,259	5.2	429,285	Dec-11 (f)
				Total Site - Private	125	346	41	0	512	122.6	239,476	201.4	393,434	
				Total Site - Public	98	67	41	4	210	44.3	210,914	48.7	232,005	
				Total Site	223	413	82	4	722	166.9	231,169	250.2	346,481	

Notes

- ¹ Construction Contract relates to all costs associated with construction of the apartments and townhouses in each stage including design, construction, preliminaries & margin. Construction Contract amount makes no allowance for costs associated with Sales & Marketing, Project Development, Land Acquisition or finance and holding costs.
- ² The contract amount for the public apartments is based on a formula in the development agreement and is not a true reflection of the costs associated with delivering the apartments.
- ³ The contract amount for the private apartments represents the total cost for the stage less the amount recovered from the Office of Housing under the terms of the development agreement.
- ⁴ In order to get a true reflection of the actual costs of construction you need to refer to the total contract amount for each stage: not the separate amounts for the private and public elements.
- ⁵ Gross Revenue includes GST. The amount of revenue from the public is simply the contract sum plus GST.

Figure 6. Kensington staging plan at the time of final construction

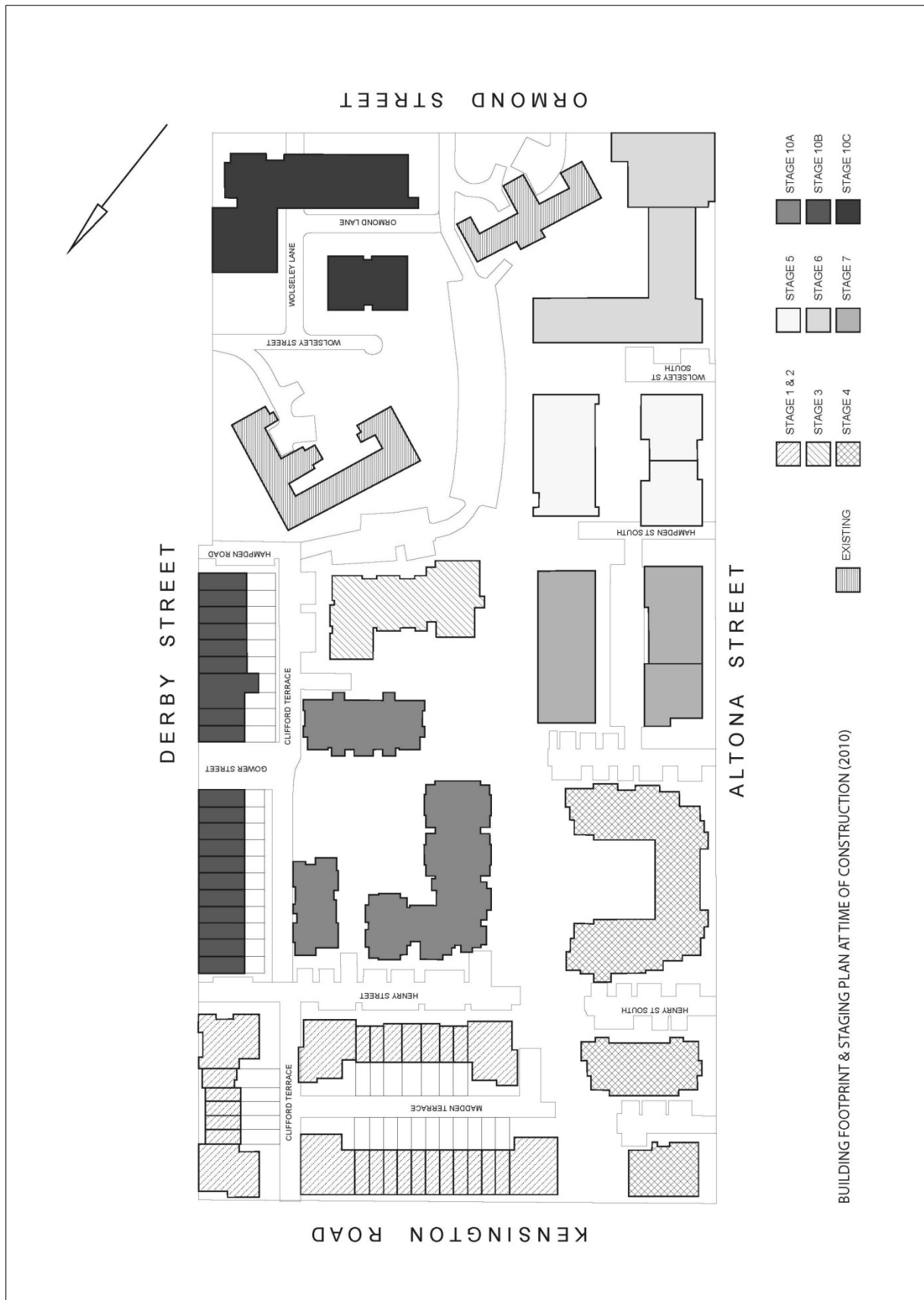


Figure 7. Kensington masterplan in 2001

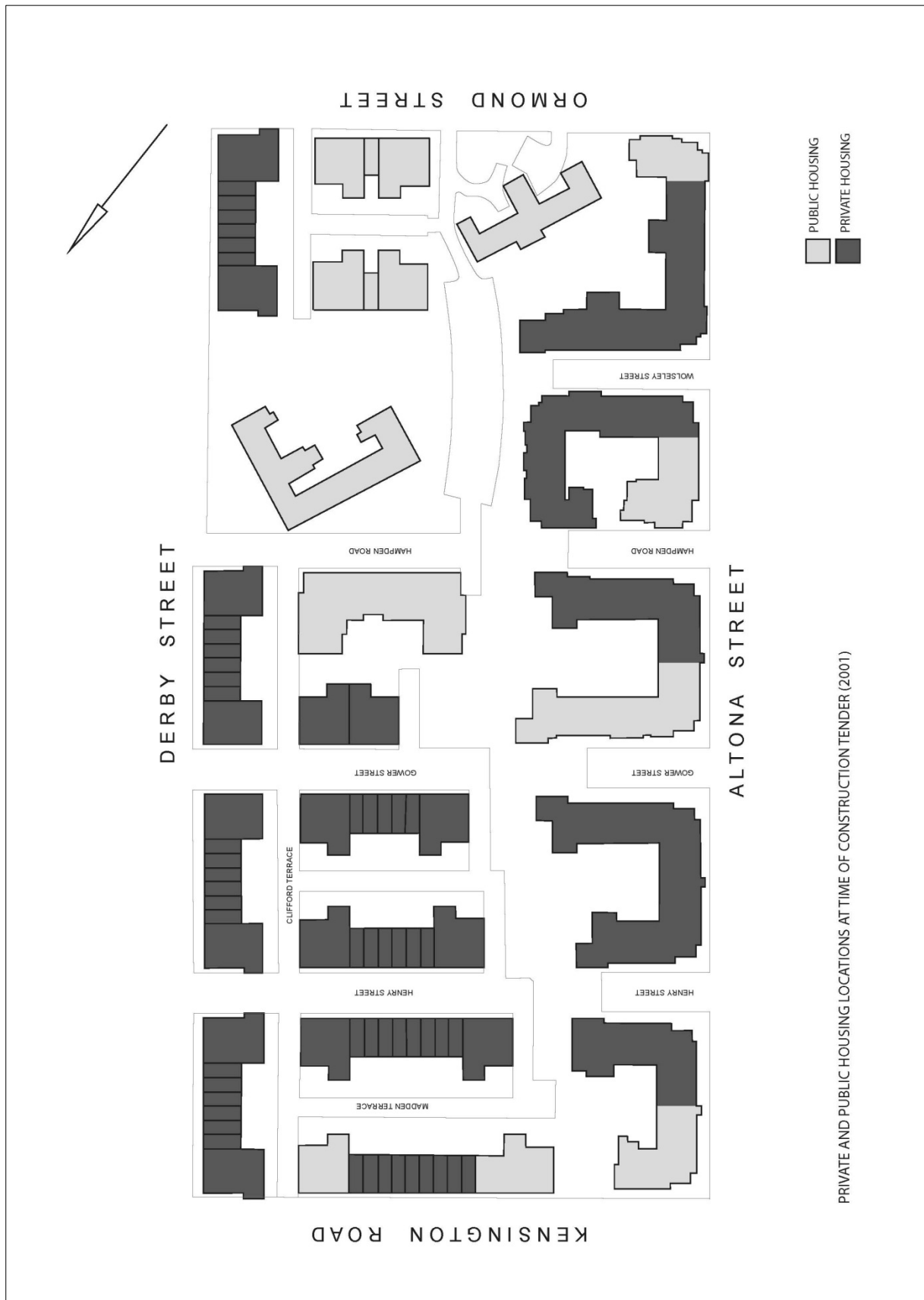


Figure 8. Kensington masterplan at the point of the last stage of construction in 2010.



The following sections consider the design, maintenance and sustainability of the units and internal communal areas in the context of the various phases and stages of construction.

Design of units

Visual inspections were made of 18 units, both public and private, covering most of the buildings on the estate and most design and construction stages. It was not possible to inspect them all. All units – townhouses and apartments – were assessed for the quality of design, construction standards and maintenance levels. A key question of interest was whether there were discernible differences between the public and private units in regards to design, finishes and maintenance durability.

The design of the public units appears in accordance with the Director of Housing’s Construction Standards dated January 2001. There were a number of differences relating to finishes and some fittings between the public and private units, but not to the extent of being detrimental to the image of public versus private units.

In the public multi-unit developments, vandal-proof lighting has been provided in the common areas as per the DHS standard. The lifts are different in the public units and appear also to be designed to withstand vandalism. Vandalism to the foyers and common areas does not appear to be a problem across the redevelopment however. In the newer private units the foyers and lifts and foyers have been designed with different and generally more attractive colour schemes, lighting, carpets and floor finishes.

Overall it is possible to say that there is more difference in design and quality of materials between the earlier and later stages of development than there is between public and private units. All units built in the first phase are showing premature signs of wear and tear.

Table 6.3. Summary of visual assessment

Block	Stage	Tenure	Bedrooms	Visual assessment and tenant comments
30 Clifford	10a	Public	3	Non Assisted Unit. Minor differences in lighting and floor finishes in comparison to new private units: (public has carpet; private has timber laminate).
30 Clifford	10a	Public	3	Assisted Unit. Minor differences in comparison to new private units.
71 Henry	10a	Private	1	Almost at handover stage: near new condition. Low voltage halogens. Air-conditioning.
71 Henry	10a	Private	2	Brand new apartment. Low voltage halogens. Air-conditioning.
100 Ormond	6	Public	2	Occupants in residence since 2010. Minor maintenance issues: carpet and exhaust fan in the bathroom.
94 Ormond	existing	Public	1	HCV Tower. Carpet inadequate. Thermal performance and sunshading issues.

Block	Stage	Tenure	Bedrooms	Visual assessment and tenant comments
94 Ormond	existing	Public	1	HCV Tower. No waste outlets to kitchen or bathroom areas. No aircon, unit facing west. Windows not fully openable and very dirty. Cockroaches.
56 Derby	existing	Public	1	HCV Tower. Occupant moved in in 2005. Formerly 2 or 3 br converted to 1br. Ventilation and mechanical exhaust to the unit inadequate. Cooking fumes and odours from other units entering this unit.
78 Clifford	3	Public	1	1 Occupant. Panelled ceiling system in hall different to other blocks. Malfunctioning blinds "fixed within two weeks". Bedbug issue responded to within 24hours.
76 Henry	2	Private	2	Private owner has now renovated and extended the dwelling.
63 Kensington	2	Public	2	Occupant moved in in 2004. Issues with maintenance of balcony and lights.
65 Kensington	4	Public	2	Family in residence since 2004/2005. Carpet badly worn. Inadequate remedial maintenance to plasterboard finishes behind bedroom door. Door to balcony not sliding properly.
72 Altona	4	Private	1	Residence since August 2010 "UCL very responsive to maintenance"
37 Kensington	2	Private	2	Hot water "not great" complained to body corporate but little was done. Owner repainted but they complained that the plasterboard was "thin and crumbly" and that the painting of the unit was not adequate.
86 Altona	4	Private	1	Well maintained apartment with internal finishes that distinguish it from public (kitchen benchtop and timber laminate to cupboards)
70 Derby	10c	Public	2	Well maintained public apartment
50 Clifford	10b	Public	3	New 3 bedroom public apartment
80 Ormond	10c	UCL	2	Well maintained low income rental apartment. Minimal wear and tear to wall finishes, skirtings and floors.

Maintenance

There are clear differences in durability between the earlier and later phases of the development. There are also discernible differences between public and private units apparently as a result of the different maintenance regimes: major internal maintenance of the public units is the responsibility of DHS central, whereas major internal maintenance of the private units is the responsibility of owners corporations, managed by UCL.

Appendix 6 of the Development Agreement sets out the DHS housing standards: these are performance-based specifications and prioritise "low-maintenance", particularly in common areas such as foyers and corridors, but little definition is given as to what this means. The standards can be

amended through an exemption process. The research team was not given any details of any exemptions applied for in the Kensington project.

There were marked differences in maintenance standards between public and private, particularly in regard to floor finishes such as carpets, which appeared to be maintained to a lower standard in the public than the private units. Potentially serious issues in terms of maintenance and durability appeared in relation to public units with large families. As noted in table 6.3 above, in one instance it was observed that plasterboard had been patched in a completely inadequate maintenance response. Given the performance of the specifications in the inspected units, general issues can be raised about the quality of the floor coverings, plasterboard and paint finishes to all units in the early stages of the development, and maintenance standards within all the public units.

The one UCL-owned unit that the researchers were given access to was maintained to an acceptable standard.

Sustainability

The construction standard as set out in the Housing Standards Policy manual indicates that all new units “should be designed to ideally achieve a five star rating, and where practicable a four star rating”. The research team did not find any documentation to indicate that this criterion had been achieved. This may be an issue for those units in the development facing west or facing direct summer sun. The initial tender submission indicated that “sound ESD principles would be pursued” but many of the new units in the final stage have windows facing west with little sun-shading. Energy rating assessments were performed on all public units in accordance with contract requirements, but only further analysis will establish to what extent the housing adopts ESD principles.

Internal communal spaces

All communal spaces, internal and external and in the public and private buildings (the latter via the owners corporations) are the responsibility of the place manager UCL. Inspections of the internal communal spaces in the separate buildings indicated differences between the three main stages of development as well as between public and private buildings.

The internal spaces in all the buildings from the first phase were of a generally low standard in terms of design and materials, with little apparent distinction between public and private. Foyers and corridors of public and private buildings appeared equally poorly maintained.

The internal spaces in the buildings from the second phase were considerably better than the first: more spacious foyers and corridors and more attention to detail. The maintenance of the public buildings appeared to be of a lower standard than of the private buildings.

The third phase buildings had recently been completed when the inspections were carried out, and all were in fine condition. The common internal spaces in the public buildings in this phase were considerably smaller than those in the large, central private building, which was very spacious and finished with good quality materials. This building (71 Henry Street) had clearly identifiable

communal areas with seating. None of the other buildings in any of the other phases had furnished internal common areas.

Only one other building, 78 Clifford Street, a large public block for elderly people built in the first phase, had a clearly identifiable communal area – a medium sized meeting room and kitchen on the ground floor. Seating and a low wall around the external lobby to this building were put to good use, as were the spaces around the base of the two towers. These in fact seemed the best used spaces on the estate.

One characteristic of most of the buildings on the estate – new and old, as a result of the tower refurbishments – is security access to the letter box areas. This is standard DHS practice and new and refurbished public housing buildings throughout Victoria are supposed to have this feature. On the Kensington estate, Australia post employees have swipe or fob access. All other written communications to residents have to be delivered personally by employees of UCL, meaning that council newsletters, local papers, election material and so on, are unlikely to reach the residents of these buildings unless they actively seek them out. This may have an impact on the nature of and impetus for social mixing. On the other hand, some residents would no doubt welcome the absence of junk mail. The arrangement provides a filter for all material not personally addressed to residents. The feature seems at odds with the emphasis on social mix at Kensington.

Urban design analysis

This section of the report looks at some of the changes to the masterplan, the character of the external communal spaces on the estate, the distribution of the public and private housing, the relationship of the new-build to the two remaining towers at the southern end of the estate, the overall integration of the new estate with the surrounding neighbourhood, and provides an overall urban design analysis. Each of these is taken in turn below.

The effects of variations to the masterplan

There were a number of variations to the masterplan over the course of the redevelopment, usually in response to changing economic conditions and resulting in changes to product type and yield. They include an increase in height at 80 Ormond Street and substantial redesign of the middle of the estate in the final stage of the redevelopment (stage 10, enabled by the sixth deed of amendment to the development agreement in 2011).

This variation changed the product type from townhouses to apartments and increased the yield by 67 units. In return for the increase in density, an area of landscaped public open space was created and transferred to the City of Melbourne for management – a community gain which has increased the amenity of that part of the estate. The trade-off seems high: the first set of discussions over the increase in yield precipitated the withdrawal of the Kensington Association from the Community Liaison Committee (CLC), on the basis that the terms of reference for the CLC prevented it from any action that would delay the progress of the redevelopment. On completion of the project, a number of residents of the estate and surrounds commented that they felt excluded from the process and alienated by the resulting development.

The president of the Kensington Association (KA) at the time observed that “as the original estate was one of the highest population densities in Victoria”, the KA argued for a masterplan that created a “high level of certainty on yield and building footprint”. This did not occur, and the then-president says that conceding early on to the adoption of non-binding guidelines was “a major tactical error” for KA:

“... If you do not get agreement at the outset as to what the yield and the building envelope is going to be, you will get screwed, because ... when the project’s right at the beginning, all the power’s with the Office of Housing ... and then as you get further and further through the development the Office of Housing’s power and influence diminishes and that of the developer increases as does their absolute desire to maximise their yield ... they’ll do everything in their power to maximise those yields.”

Becton sought to increase the density in 2003, with an increase of more than 150 units to 800 (letter to DSE from Urbis acting for Becton, 10 December 2003). Amidst some controversy, this proposal was abandoned. It was resurrected in the final stage of the development, eventually with a significant reduction in the size of the increase which the CLC accepted in return for the internal public open space. A second member of the Kensington Association says that by then the KA was powerless: “It’s too easy for smarter operators to push the system.” His advice to other communities about to go through a redevelopment process is “to be sure that the *whole* plan is in front of them before they sign off on it.”

A consequence of the last change to the masterplan, in addition to the inclusion of the open space, is a notable change in Henry Street’s southern streetscape. An owner occupier of a townhouse on the northern side said the opposite side of the street:

“... is a lot uglier than what I was led to believe it would be when I first bought a property there.... There was a model showing like an English village, two lots of houses down either side – terrace-type houses and some apartments, and that appealed to me and that was the model and it was sold on that basis. The end result, on the other side – the side that’s just been built – is as far as, as polar opposite as what that image was, as could possibly be. So I particularly felt really let down and lied to by both the government and Becton. ... I can’t get over how they could sell people on that concept and then turn around some years later, for economic reasons or whatever, and decide they can cram more people in by just shoving up concrete blocks. ... The plans clearly showed two sets of terraces; I’m sure at the time the government expected that’s what would be delivered, but obviously they allowed Becton to manipulate and change the design to their benefit, without any considerations.”

It is unfortunate that the community building efforts of KMC and then UCL were undermined by this change in the masterplan and way it and the earlier effort were handled. It seems that considerable community support for the redevelopment was damaged in the process.

The changes also produced some difficulties for the City of Melbourne. The planning panel on the Carlton housing estate redevelopment reported that:

The City of Melbourne would also like to highlight the need to address the ownership or management of public and private open space, private roads and accessways as early as possible in the plan. Council has experienced problems with the subdivision and management of the Kensington Estate redevelopment as these issues were not addressed early in the design process. (Government of Victoria 2007)

Clearly there is a balance to be struck here between enabling evolution in a long and untested redevelopment process, and providing some certainty for residents, purchasers and local authorities.

External communal spaces

The external spaces overall have the appearance of being designated such after the buildings were constructed, as opposed to being an intrinsic part of the design. This is due in part to the changes to the masterplan discussed above, which were driven largely by considerations of product type and yield. In return for the increase in density in the last stage of development, a nicely landscaped area of internal open space was created and transferred to the City of Melbourne for management – a community gain which has increased the amenity of that part of the estate. It was designed as an afterthought, however, and it will be interesting to see in the future how the space gets used.

The exception to this overall approach is the north-south internal walkway which works well and has a very positive impact on the amenity of the north facing area of the hub – the community meeting space at the base of 94 Ormond Street.

Distribution of public and private housing

Early considerations for the development plan, which were later discussed in the planning panel report for the Carlton redevelopment (Government of Victoria 2007), referred to public and private units being 'salt and peppered' throughout the development. Several options, including 'salt and pepper' and a clearly separated 'block by block' approach were considered, with 'block by block' adopted. This is the dominant form on the estate. Figure 7 shows the development plan negotiated between DHS and Becton early in the process. The final plan (figure 8) has a reduced amount of public housing on the western, Altona Street side overlooking the neighbouring park, and an increase of public housing within the estate with no external (main) street frontage.

The public and private units at Kensington are clearly separated into different buildings. The 15 units of community housing bought by Urban Communities Ltd from Becton are located in a private building constructed in stage 10 at 80 Ormond Street, in the south-eastern corner of the estate. The units are located on the ground floor of this building and are managed directly by UCL. "Full integration of public and private" has not been achieved, and nor have family and non-aged singles dwellings been grouped in the small numbers as originally intended. The development matrix at figure 5 shows that, apart from two single townhouses allocated to public housing, the smallest group of public units is eight. The size of the groups creeps up through successive stages with two of the last buildings constructed in stages 10b and 10c containing 22 and 16 public units respectively.

The separation of public and private into blocks can be seen as a result of a combination of a range of factors including ease of management (this will be discussed further in chapter 10) and possible concerns about the effects of better distributed public housing on sales of the private units. It has obvious consequences for the extent of public-private social interaction, as a result of the differentiation of the internal communal spaces where much casual encounter occurs – around letter boxes, in foyers and corridors – into public housing and private housing spaces. While we note in chapter 4 that social *mixing* is distinct from social *mix* – in that social *mixing* involves interaction beyond the casual encounter, whereas social *mix* is simply the outcome of the mix of housing by tenure and type – social mix does create the conditions for encounters that are more meaningful than simply passing in corridors. If social mix is absent from the corridors and other internal communal spaces, then the conditions for social interaction exist only beyond the apartment building.

The two remaining towers

The towers and surrounds are not well-integrated into the rest of the site. The buildings on the rest of the site are subdivided and developed as though they are independent to the towers, or even turning their backs. The apartments in the new 80 Ormond Street, to the south-east of the towers, face south and east. The majority of the apartments to the north and west of the towers mainly face north and west. This is partly in order that the private apartment buildings face the external streets and therefore secure good street addresses and presence, but it also has the effect of disconnecting them from the towers.

There is also a question of the way the towers were treated. The upgrades and refurbishments were internal, with no attention to the exteriors of the buildings in terms of materials and finishes to connect them to surrounding buildings, or indeed to maintenance. External maintenance of the towers is the responsibility of the place manager. The outside windows obviously have not been cleaned for a very long time, and the walls are shabby. These are issues that can be redressed relatively easily.

The landscaping and communal spaces outside 94 Ormond Street, on the other hand, are among the most pleasant on the estate. The north-facing aspect of the hub and outside seating areas are well used, with the northern vista along the public walkway providing a sense of openness that is lacking elsewhere.

Integration with the surrounding neighbourhood

The estate is reasonably well integrated into the surrounding neighbourhood with the extension of some existing streets onto the estate. The connecting streets and walkways on the estate increase its permeability and encourage neighbouring residents to walk through. The many different forms of building on the estate react in different ways with the rest of the neighbourhood, which itself is diverse with townhouses, weatherboard cottages and small blocks of walk-up flats.

Overall urban design analysis

The masterplan for the Kensington redevelopment is an urban design which creates communal and public open spaces on a remediated site. The topography is unique because of a natural escarpment. The site is also unique because it sits between recreational land, parkland, an urban fabric of Victorian era housing, and the two towers. Given this context one could expect the masterplan to respond to these elements throughout the development and refer to its varied and interesting surrounds.

The overall design response is in fact quite limited. The estate does not integrate the towers well, apart from the communal area at the base of 94 Ormond Street which stands as a fine example of what can be achieved when buildings are located and designed around a designated area of public open space. The other exception is the townhouse rows at the northern end of the estate. These were designed to connect to the urban fabric of Kensington Road and they do it well. The pattern was intended to continue into the estate (see figure 7) but this was overridden by the final change to the masterplan (figure 6). The terraces along Derby Street are rather generic, and the remaining subdivisions and buildings have been developed as though they were completely independent of their context. The natural escarpment could be more strongly used as a circulation spine in the north-south direction across the site and then linked to open spaces. The courtyard spaces formed by the 86 Altona Street block are privatised and managed by an owners corporation. All the new housing blocks on the site exist as stand-alone units and the remaining communal and public open spaces are residual.

A comparison of tender documents submitted by the developer and the final urban design outcome points to a number of issues regarding the redevelopment's urban design and streetscape character. Firstly, the initial tender documents state that "the site plan extends the existing streetscape and neighborhood character into the site" and that the "town house and apartments modules will be articulated in a similar way to the existing terraces." A number of claims were made in the tender bid documents regarding the addition of bay windows, front porches and French balconies in order to "humanise the scale of the development". These urban elements or their current equivalents were guiding principles in the first stages of the project, but are not evident in the later stages of the development.

In summary the masterplan as implemented represents a segmented and fragmentary approach to the estate. The new community spaces that have been created appear to be more by default than good or innovative urban and landscape design. More could have been made of the natural escarpment as an opportunity to make communal spaces. In future developments, a series of cohesive public spaces should form a core element of the masterplan.

Discussion: were the objectives of the housing mix achieved?

The estate has been redeveloped with 205 new public, 497 private and 15 community housing dwellings. The new-build public to private mix is 29:71. Taking into account the 224 public units in the remaining towers, the total public to private mix is 46:54. The public housing stock has been

reduced by 260 units, 89 of which were offset by spot purchases elsewhere in Kensington and the broader northwest region.

The estate has been landscaped with areas of public open space, walkways and roads. It has a better physical connection to the surrounding neighbourhood, and newer, better quality housing that is more consistent with the gentrifying housing in the rest of Kensington.

The objective of indistinguishable public and private housing has been achieved in the first instance. There is more difference between the different stages of development than there is between public and private, with the earliest stages already showing signs of deterioration. There are however some differences in the design of the public and private units, particularly in the last stage, with the internal common areas in the private building much more generous than in the public buildings. This may not translate into the public buildings being readily identified as such. There is more concern that the different maintenance regimes within the public and private units (public by DHS central, private via the owners corporations) will result in the public units deteriorating more quickly than the private units. The internal communal spaces of public and private buildings – all the responsibility of the place manager – appear to be maintained to different standards. The private buildings look better maintained are already distinct from the public buildings to a small degree. This is an issue that can and should be quickly addressed.

Most of the public housing is concentrated in four buildings in the south-east corner of the estate (the two high-rise towers plus 70 Derby and 78 Clifford, total 336 dwellings or 78 percent of the public units). Only 93 public units are dispersed through the rest of the development, and these are in blocks for convenience of management. More evenly distributed public and private units would be preferable.

Comparison of findings against the objectives

Of the objectives set for the housing mix and detailed at the start of this chapter, some were clearly met and some were not.

As pointed out in chapter 5 and again in this chapter, the highest possible dwelling target of 650 dwellings was exceeded. The new-build public component was as low as possible according to the original terms (29 percent, where the minimum specified was 30 percent).

The objective of the allocation of public units to dwelling types on a range of one to four bedrooms was broadly met.

Other key objectives are as follows:

- Full integration of public and private housing to minimise division or perceived social stigma arising from any marked distinction between the public and private sector components;
- Provide separate titles with minimal need for body corporates for public housing;

- Of the public housing, family and non-aged singles dwellings should be integrated and indistinguishable from private housing as much as possible, although small groups of say 4-8 units could be acceptable where they have their own street address;
- Family and non-aged singles dwellings in public housing should preferably not share body corporate facilities with dwellings in private housing;
- Older persons public housing should be grouped to provide informal support, security and efficiency of service provision.

The public and private units are not fully integrated, but the objectives of providing separate titles with minimal need for body corporates for public housing (and of family and non-aged singles dwellings in public housing preferably not sharing body corporate facilities with dwellings in private housing) work against a 'salt-and-pepper' mix. There are few buildings with a maximum of 4-8 public units with their own street addresses. This is a costly option, however: the incentives to build middle-sized blocks of public units are clear.

The urban amenity objectives below were delivered:

- Provision of a high level of urban amenity as embodied in the development plan and performance criteria (June 2000) approved by the City of Melbourne;
- Provision of a better standard of living for residents by providing private open space and access for mobility impaired.

There is no question that the urban amenity on the estate is high, and that the quality of the new public housing is a vast improvement on the old stock (with the exception of the towers). In general, private open space is provided mainly via balconies. Access for mobility impaired was provided in the stage 10 buildings and lifts were provided to 100 Ormond Street and 78 Clifford Terrace.

The component of social housing in the development was achieved with the 15 units owned and managed by UCL.

- Of the public housing, family and non-aged singles dwellings should be integrated and indistinguishable from private housing as much as possible, although older persons public housing should be grouped to provide informal support, security and efficiency of service provision

Older persons housing is grouped, and indeed the social spaces in these buildings are the most lively of all, although they contain little social mix, being occupied almost entirely by elderly public tenants from 90 Ormond Street and 78 Clifford Terrace. The rest of the public housing is, if not integrated, largely indistinguishable from the private housing. The internal common spaces of the private housing built in the last stage are of significantly higher quality and more spacious than the public housing built in that stage, but the difference is difficult to discern from outside.

Comparison of before and after the redevelopment

The Kensington estate has 260 fewer public housing units than it had in 1998 – a loss of one-third of its original stock. The full cost of the replacement stock was not available to this evaluation so the value for money assessment is compromised (see chapter 5). The impact of the relocations and the fact that only 20 percent of the tenants relocated from the estate returned is considered in chapter 7.

7 Social mix

Objectives set for the social mix

There were no objectives for social mix in the tender brief or development agreement – they came entirely through public announcements and statements on the DHS and Kensington Management Company (KMC) websites, in effect constituting the explanation for the particular redevelopment model. They include the following:

- Internationally, social mix is increasingly being seen as one strategy for enhancing community sustainability. The integration of public and private housing is not just a means to finance the redevelopment of public housing. It is also a strategy to develop a community with greater socio-economic diversity and thereby reduce the concentration of poverty. (KMC 2008)
- Integration however is far more than the intermingling of private and public housing. In this instance it also means connectedness between the new neighbourhood and the broader Kensington community (including residential, commercial and welfare). It also means fostering positive social interaction amongst those who live within the new neighbourhood, regardless of their tenure. Fortunately the suburb of Kensington has a long history of community development and a strong sense of place. Community infrastructure is strong and the existing diverse population share a sense of belonging and commitment to their community. The new neighbourhood will be strengthened if it is effectively linked with this broader community. (KMC 2008)
- Australian and international evidence shows that strong, connected communities generally include a diverse social and housing mix, with people on a range of incomes. These kinds of communities can support residents to break cycles of dependence, generally providing better employment opportunities, access to services, and opportunities for people to engage with their community. The inclusion of some private and community (not-for-profit) housing provides an opportunity to broaden the social mix on the estates while accessing the investment required to upgrade existing housing, improve facilities and build much-needed new housing. The Kensington estate is a recent example. Residents at Kensington have found that they have better quality housing, improved grounds and facilities, a greater feeling of safety, and more satisfaction and pride of place. (DHS 2011)

Data Issues

To enable a demographic profile of the estate, DHS provided two sets of administrative data. In 2011 DHS supplied data for the two years 1998 and 2010 relating to allocations, exits, tenancy profiles and tenancy management KPIs. In March 2012 DHS provided data on most of these same measures but covering a more extended period of the three financial years prior to redevelopment (1998, 1999 and 2000) and the most recent three years available (2008, 2009 and 2010), and also supplied new data on a number of additional measures.

In providing the more recent data set, DHS noted that it does not exactly correlate with the original data set provided, as the latter may include tenancies in a block of units adjacent to the estate but not part of the redevelopment. However, the original data set contains some demographic data which the more recent set did not provide, and there are a couple of 1998 indicators provided in the original data set even though they were described in the more recent set as unavailable.

The evaluation has wherever possible relied on the second set of data only, and where this data is used, the source is cited as DHS 2012. Where the data is only available in the first set of DHS material, the source is cited as DHS 2011. While the DHS 2012 data covers six financial years, the analysis has generally used the earliest (1998) and most recent (2010) years, as these have the largest populations and are least likely to be affected by the 'noise' of the redevelopment – that is, the knowledge of the impending relocations and demolitions in the late 1990s, and the movement back onto the estate in the late 2000s.

Another data issue arose when trying to make contact with residents of the estate who had been relocated prior to the redevelopment and by early 2012 had not returned (offers are still being made, so DHS and/or UCL should have a complete list of households displaced from the estate to date). We know that 486 dwellings were demolished (though not all of these were occupied at the time) and that only 20 percent of the households that were relocated have returned to the estate. It follows that 80 percent of the relocated households did not return, yet the research team was provided with a list of only 200 addresses of displaced households.

The researchers also applied to Victoria Police for crime data relating to Kensington estate and, for comparison, North Melbourne estate. The form in which the data was supplied prevented a full comparison between the two estates, but a partial evaluation of crime rates was undertaken.

Assessments of extent of social interaction, neighbourhood effects mitigation, impacts of relocation and displacement and perceptions of change were made through the research team's direct survey and interview process. There is however no qualitative data available from prior to the development, so assessments of change were made through people's perceptions and memories of before and after.

Demographics

Public tenants and private residents (tenants and owner-occupiers) on the estate in 2011

The estate was being repopulated throughout the period of the evaluation. Stage 10b (the 20 private townhouses on Derby Street and 22 public housing units at 50 Clifford Terrace) was ready for occupancy in late 2011. Stage 10a (75 private units at 71 Henry Street and 12 public housing units at 30 Clifford Terrace) was ready for occupancy in April 2012.

On completion of the development there were 429 public housing dwellings on the estate, 497 private dwellings, and 15 community housing units owned by Urban Communities – a total of 941 dwellings with 1,643 bedrooms (including bedsitters).

Table 7.1. Number of dwellings on the estate in April 2012

Public	Private	Community	Total
429	497	15	941

Urban Communities advises that owner-occupiers represent 30 percent of the private households on the estate; an owner-occupier involved in the owners corporation of 68-72 Altona Street (the two buildings share the one owners corporation) said that of the 78 apartments in those two buildings, only 15, or 19 percent, were owner-occupied. The figures are likely changing and a fixed count won't be provided until 2011 census data are available.

Profile of public tenants on the estate in 1999 and 2010

The following data compares the estate in 1998 and 2010. While the total number of units in 1998 was 694, 72 of these appeared to be vacant. This is reflected in the total number of households, 622, counted on the estate in 1998. While there are 429 public units on the estate in 2012, only 379 were constructed and occupied in 2010.

(a) Household type

Table 7.2: Public tenancies by household type as at June 30 1998 and June 30 2010

Household type	1998		2010	
	Number	Percent of Total	Number	Percent of Total
Youth	10	1.6	3	0.8
Singles	100	16.1	58	15.3
Couple	12	1.9	1	0.3
Couple + Children	111	17.8	20	5.3
Single Parents	174	28.0	53	14.0
Group	88	14.1	32	8.4
Older Couple	26	4.2	28	7.4
Older Single	101	16.2	184	48.5
Total	622	100.0	379	100.0

Source: DHS 2012

“Group” includes both extended families, and unrelated adults sharing a household. DHS advises that the latter comprises a small minority within this category. Group households have therefore been counted as families for the purposes of this evaluation.

The most significant changes from 1998 to 2010 are the reduction in families - from 373 (60 percent) in 1998 to 105 (28 percent) in 2010 – and the growth in older person households – from 127 (20 percent) in 1998 to 212 (56 percent) in 2010.

(b) Household size

Table 7.3: Public tenancies by number of household members, June 30 1998 and June 30 2010

Household Count	1998		2010	
	Number	Percent of Total	Number	Percent of Total
1	211	34	245	65
2	160	26	74	20
3	124	20	33	9
4	73	12	13	3
5	42	7	6	2
6 or more	12	2	8	2
Grand Total	622	100	379	100

Source: DHS 2012

The proportion of single-person households has grown from a third of all tenancies in 1999 to now represent the dominant household size at two-thirds of all tenancies in 2010. This is consistent with waiting list demand. The proportion of larger households of four or more residents has fallen from 20 percent to 7 percent.

(c) Age cohorts

The proportion of residents in each of the five younger age cohorts decreased from 1999 to 2010 (see table 7.4), while the proportion in each of the five older cohorts increased. In 1999 just 20 percent of residents were aged 50 or over, but by 2010 the proportion had increased to 47 percent.

DHS also reports that the proportion of people under 20 on the estate fell from 40 percent of residents in 1999 to 26 percent in 2010 (DHS 2011).

Table 7.4: Public housing residents by age cohort as at June 30 1999 and June 30 2010

Age cohorts of residents	1999		2010	
	Number	Percent of Total	Number	Percent of Total
< 10	294	24	103	15
10 < 20	196	16	74	11
20 < 30	170	14	46	7
30 < 40	177	14	68	10
40 < 50	165	13	64	10
50 < 60	92	7	99	15
60 < 70	69	6	103	15
70 < 80	66	5	82	12
80 < 90	15	1	26	4
90 < 100	2	<1	3	<1
Total	1246	100	668	100

Source: DHS 2011

(d) Country of birth

Table 7.5: Public housing residents by country of birth as at June 30 1999 and June 30 2010

Country of Birth	1999		2010	
	Number	Percent of Total	Number	Percent of Total
AUSTRALIA	468	37.6	138	20.7
VIETNAM	344	27.6	74	11.1
SOMALIA	99	7.9	116	17.4
ETHIOPIA	52	4.2	54	8.1
EL SALVADOR	40	3.2	(<7)	<1
CHINA	21	1.7	77	11.5
AFRICA (excluding North Africa)	19	1.5	9	1.3
EGYPT	18	1.4	10	1.5
SOUTHERN EUROPE	16	1.3	7	1.0
TURKEY	15	1.2	10	1.5
ERITREA	7	0.6	20	3.0
SUDAN	(<7)	<1	17	2.5
TOTAL	1246	100	668	100

Source: DHS 2011

There has been a demographic shift between 1999 and 2010. The estate has become considerably more diverse, with the two largest nationalities – Australian and Vietnamese – each declining in number. The proportion of residents born in Australia has fallen 17 percent, from over a third of all residents to just one in five, while the proportion of Vietnamese-born residents has also fallen by 17 percent. The proportion of Chinese-born residents has increased sixfold, from under 2 percent to nearly 12 percent. There has been significant growth in the proportion of residents born in North Africa (Somalia, Ethiopia, Egypt, Eritrea and Sudan), from 14 percent in 1999 to 32 percent in 2010, making North Africans the largest group on the estate.

The relocation of families from the walk-ups had a substantial impact on two ethnic communities on the estate in particular. The 40-member El Salvadoran community has been almost completely displaced, and the previously large Vietnamese community of 344 has been reduced to only 74, most of whom are likely to be elderly.

(e) Length of tenancy

As DHS counts a relocation, even to another floor in the same building, as a new tenancy, it is not possible to deduce from the DHS data how many of the long-term tenants in 1999 continued to reside on the estate in 2010. Nonetheless, given that a tenancy commencing on 30 June 1999 would be in its 11th year in 2010, it is clear that not one tenant has remained at the same address over that entire period: every household has either been relocated (from the walk-ups prior to their demolition, or from the two high-rise towers during refurbishments) or the tenancy has terminated.

Table 7.6: Public tenancies by length of tenure as at June 30 1999 and June 30 2010

Length of Tenancy (Years) at 30 June	1999		2010	
	Number	Percent of Total	Number	Percent of Total
0 < 2.5	208	38	136	36
2.5 < 5	145	27	193	51
5 < 10	114	21	49	13
10 < 15	42	8		
15 < 20	19	3		
20 < 25	11	2		
25+	7	1		
Grand Total	546	100	378	100

Source: DHS 2011

(f) Income

DHS was unable to provide any data on occupation of the primary tenant or on engagement in the labour market, and was unable to provide data on household income for the three years prior to redevelopment. In the absence of this direct data, the best available indicator of household income is the measure of how many households are paying full market rent. A tenant pays full market rent in one of two situations: when their household income has reached the level at which they are no longer eligible for a rental rebate (usually due to one or more household members in receipt of wages), or when they have failed to supply the income documentation requested by DHS to calculate their rebate.

The proportion of households paying full market rent at Kensington has fallen to less than a quarter of that prior to the redevelopment: from 13.8 percent in 1998 to 2.9 percent in 2010 (DHS 2012). This change is likely to be due, at least in part, to the greatly increased proportion of older residents, very few of whom would be actively engaged in the labour market, and also the general impact of repopulation of the estate from a public housing waiting list that gives priority to households with complex needs (and more likely to be on a disability pension). It should be noted here that market rent for properties in Kensington has increased considerably over the period of the redevelopment. Whatever the cause, the change represents an increasing income polarisation on the estate and between public tenants and surrounding Kensington residents.

Contribution of DHS allocation policy to current public tenant profiles

The biggest demographic change on the estate is the loss of families and the dominance of older person households, but this is primarily attributable to the change in housing stock rather than an effect of allocation policy. The primary factor in the demographic change apparent in the previous tables in this chapter is the involuntary relocation of households (mostly families) from the 378 walk-up units that were subsequently demolished. As only a small proportion of these households took up an offer to return to the estate as the stages of redevelopment were completed, the majority of vacancies were allocated to those on the public housing waiting list, at which point allocation policy became a key influence.

DHS allocation policy is to offer a vacant unit to the household in greatest need – defined as the household with highest level of approval on Victoria’s segmented waiting list, and with the earliest approval date – where the unit meets their specific housing needs (eg number of bedrooms, disability modifications, locality exemptions etc). The repopulation of the Kensington estate can be expected to reflect the demographic makeup of the “early housing” (highest priority) segments of the waiting list and especially the influence of successive waves of refugee intake, hence the growth in proportion of North Africans on the estate.

It is probable that the growth in the proportion of Chinese households is less a function of recent refugee arrivals and more likely represents an increase in the numbers of older Chinese within the “wait turn” (lowest priority) category.

Two community organisations interviewed noted that a strict adherence to allocation in order of priority from the public housing waiting list was relaxed for 78 Clifford Terrace – a newly built block for singles and couples aged over 55 – in order to ensure the successful establishment of this block as a cohesive community. This would not have had any impact on the demographics of the estate overall, but may have served to create two substantially different populations of older persons on the estate: a more cohesive and functional population within 78 Clifford Terrace, and a more dysfunctional population characterised by more complex social needs within 94 Ormond Street. This will be examined further in later sections of this chapter.

Profile of surrounding residents in 1996 and 2006

The key trend in table 7.7 is the increase in incomes in the Kensington neighbourhood beyond the estate. In the 10 years from 1996 to 2006, households in the lowest income quartile declined by 10 percent while those in the highest quartile increased by the same proportion. People in paid employment increased in percentage, while those unemployed decreased by almost 20 percent. Adults who have completed university level education have almost tripled their absolute numbers in Kensington and now constitute 57 percent of the population. These patterns are consistent with gentrification; a process that will likely be boosted by the new private population on the estate. Again, this cannot be confirmed until the 2011 census data becomes available.

Table 7.7: Change in household and population characteristics in the Rest of Kensington 1996-2006

Key Changes	1996 (N=4,148)		2001 (N=6,134)		2006 (N=8,052)	
	N	Percent	N	Percent	N	Percent
Population (people)						
Pre schoolers aged 0 - 4	247	6	365	6	463	6
Children and young people aged 5 - 19	494	12	682	11	822	10
Young adults 20- 34	1,569	38	2,582	42	3,380	42
Adults aged 35-54	1,153	28	1,731	28	2,348	29
Older people aged 55 and above	670	16	774	13	1,039	13
Type of household (households)						
Sole and two parent family with children	500	27	817	28	820	24

Key Changes	1996 (N=4,148)		2001 (N=6,134)		2006 (N=8,052)	
	N	Percent	N	Percent	N	Percent
Couple without children	429	24	770	27	962	28
Other family	58	3	100	3	117	3
Group households	206	11	34	12	466	14
Lone person	629	35	833	29	1,026	30
Cultural diversity (people)						
People born overseas	1,144	29	1,533	25	2,095	29
People speaking a language other than English at home	921	24	1,311	21	1,686	23
Employment and economic status (people)						
Household incomes in the lowest quartile	452	27	464	19	503	17
Households in the highest quartile	490	29	930	38	1,181	39
In paid employment	2,238	61	3,777	70	4,967	70
Out of workforce or unemployed	1,359	37	1,360	25	1,334	19
In managerial/senior positions	1,206	54	2,171	58	2,722	55
Education Level (people)						
Completed university level education (as a of adults aged 20 years and over)	1,036	31	1,782	35	2,837	57

Source: ABS Census of Population and Housing, 1996, 2001, 2006 (Collection District data)

Notes: 1. The Rest of Kensington refers to CDs in the suburb other than the CDs which comprise the Kensington public housing estate – ie they include other public housing such as the walk up flats on the other side of Derby Street. 2. The Collection Districts are as set out in Hulse et al (2004: 87, Map 7.1).

The objective of integrating the estate with the surrounding neighbourhood is clearly being achieved in terms of the number of higher socio-economic status private residents on the estate being more commensurate with makeup of the wider neighbourhood.

Social mixing (social interaction)

The extent of social *mixing* that follows from social *mix* is central to question of whether place-based disadvantage is mitigated by strategies such as the redevelopment model employed at Kensington. The objectives of social mix include the following:

- Strong, connected communities generally include a diverse social and housing mix, with people on a range of incomes. These kinds of communities can support residents to break cycles of dependence, generally providing better employment opportunities, access to services, and opportunities for people to engage with their community. (DHS 2011)
- Integration ... is far more than the intermingling of private and public housing. In this instance it also means connectedness between the new neighbourhood and the broader Kensington community (including residential, commercial and welfare). It also means fostering positive social interaction amongst those who live within the new neighbourhood, regardless of their tenure. (KMC 2008)

These benefits are explicitly premised on social mixing – positive social interactions – occurring between different socio-economic groups on and off the estate. This aspect of the research set out to assess the extent of social mixing following the redevelopment.

The following sections draw on data from the social survey to all residents of the estate, follow-up in-depth interviews with those residents who volunteered, and interviews with surrounding residents, agency workers and traders. It should be remembered that of the 810 questionnaires sent out, only 106, or 13.1 percent, were returned, and no claim is made that the percentages cited in the following sections are statistically significant. The quotes drawn from the 76 interviews are used to illustrate the patterns in the data.

Public with public

Despite the deteriorated physical environment and general perception of social problems on the estate prior to redevelopment, many interviewees described whatever social interaction then existed among the public tenants in positive terms. A third of the interviewees who knew the estate before redevelopment said they liked its cultural diversity, five mentioned the strong sense of community that existed among the residents and five said that residents “looked out for each other”. Other comments included:

“A lot of us were single parents [and] we became close friends, and we looked out for each other’s children when they’re out playing, and we become like a family.... We used to have our own little barbies downstairs and our own little parties on weekends and that, with the kids; we’d put up a little blow-up pool and fill it up – we’d do it on the roof actually, too.”
[Relocated public tenant]

“Residents themselves were fairly happy living on the estate.” [Community organisation]

“They were family to each other.” [Community organisation]

“People enjoyed living there – there was open space in the middle (the 3-storey flats were built around this), kids would always be using the space to play footy, cricket and basketball.” [Local trader]

“I can still remember a day at school where one of the parents came in and told me how much she liked living there and the support it gave her ... and that was a real eye-opener for me: I hadn’t thought of someone actually enjoying living there, wanting to be there.” [Local trader]

Others saw the social interaction more negatively: some residents “daily on the booze together”, the interaction revolving around “drugs or partying or fighting in gangs” or personal disputes. One described it as “anarchy”:

“Everybody knew everybody, and everybody pretty much was at war with each other, for one reason or another: ‘you owe me money’, ‘you kept me up last night’, ‘how dare you bring the cops to red-light us’, that sort of thing.” [Relocated public tenant]

There was also a degree of intimidation and bullying within the public housing community, several interviewees commenting on the impact of gangs such as the 'Ken Boys' (a gang of 14-17 year olds) or some residents' family connections with the criminal underworld.

"There were some really strong characters who lived on that estate, who would interact ... very powerful people, people who have a voice and are not afraid to use it." [Local organisation; interviewee's emphasis]

The redevelopment does not appear to have had a significant impact on the level of mixing among the public tenants. Three quarters (76 percent) of the questionnaire respondents who lived on the estate prior to the redevelopment said their level of mixing with other public tenants now was "about the same" as then; 14 percent said they mixed more now, while 10 percent said they mixed less now.

Including those public tenants who had not lived on the estate previously, 40 percent of public housing respondents said they mix "very little" or "not at all" with other public tenants, 42 percent said they mix "a moderate amount" and 12 percent said they mix "a lot".

Interviewees overall were more likely to describe at least some degree of social mixing among the current public tenants, with 18 saying mixing occurred, another ten saying it occurred rarely, and only four saying there was no mixing at all; however, a number described this mixing in terms of activity taking place in the Hub, and some noted that this social interaction was primarily within each ethnic group using that community space.

There was a strong difference in interview responses from those living in 94 Ormond Street (the high-rise tower reserved for single older persons) compared to public tenants living in other buildings on the estate (see figure 9 for a map of all street addresses). Of the 94 Ormond Street residents, 100 percent said mixing occurred rarely or not at all, compared to 44 percent for other public tenants. This view from the 94 Ormond Street residents that there's little mixing among public tenants may reflect their own more negative experience: many of these residents talked in their interview of feeling socially isolated. This issue is further covered under Chapter 12 on community building.

The issue of drinking on the estate hasn't disappeared, with a number of interviewees commenting on the gathering of drinkers outside the entrance of 94 Ormond Street each day. One public tenant said "I can count on one hand the decent [public residents] that I've met that I can actually hold a conversation with." Another public tenant said he "wouldn't know half of them.... I keep to myself." A tenant working part-time in the community sector said she tries to limit her engagement with public tenants for fear they will discover her professional role and pester her for help. As a result, "we don't have a lot to do with the rest of the estate, unless we're walking through to the shops."

The relocation process, and its disruption to social networks, had a lasting impact on some tenants, and this has to be factored into calculations on whether to demolish and rebuild or refurbish:

"When I lived [on the old estate] I used to have a lot of neighbours, go for coffee and stuff. But now I don't have that." [Returned public tenant]

Figure 9. Kensington site map with street addresses



STREET NAMES AND NUMBERS (2012)

Public with private

Overall, 75 percent of questionnaire respondents said they found themselves mixing with the other tenure type “very little” or “not at all” – in fact, one in two respondents said they don’t mix at all (Table 7.8). Interestingly, there was a difference between responses by tenure: two thirds of private respondents said they don’t mix at all with public tenants, whereas only one third of public respondents said they don’t mix with private tenants.

Table 7.8: Questionnaire responses on public/private mixing, by tenure

Social Mixing	N	A lot	A moderate amount	Very little	Not at all	Don’t know
Public mixing with private	51	3	14	14	18	2
Private mixing with public	54	0	4	12	35	3
TOTAL (number)	105	3	18	26	53	5
TOTAL (percent)	100	3	17	25	50	5

Source: UoM questionnaire data.

Interviews confirmed the lack of social mixing between public and private, with only six saying there was some mixing – and even then, most were equivocal: “perhaps;” “a little bit.... I think that’s gonna need some time, cos a lot of them are new too;” “some. I think it depends, I suppose, whereabouts you’re actually situated on the estate” and “only with the few that I know.”

The majority – 24 participants – said there was no social interaction at all between public and private tenures on the estate. Typical responses from public tenants included: ““I don’t associate, I don’t know them;” “[those in private housing] keep to themselves]” and “There’s no real connection between the public and private tenants.”

“I think there’s very very little [mixing], if any. I don’t think there’d be any, really, because I do think that that stigma ... is prevalent down there, with these new flat owners. And you can’t blame them really.” [Public tenant]

Many interview participants commented on children being a nexus for social interaction:

“I took my niece [to the Venny – the children’s adventure playground] one day, for example, and you actually do meet parents and children who are both from public and private housing ... so that would be a way of actually getting to know [people].” [Owner-occupier]

One interviewee saw the degree of mixing as being dependent on the urban design.

“The capacity for people in public housing and private housing to mix effectively is largely defined by the spaces they mix in.... So if the public spaces end up being really top notch and are well maintained, then people will actually gather and pause in them, then I think the [redevelopment] will have been successful.... I probably would have liked to have seen maybe another public facility that was jointly, a sense of joint ownership between private

owners and public dwellers on the estate. So there's obviously spaces in the towers that are used by Urban Communities and used by public housing tenants, but I'm not aware that they're shared spaces: they're for public housing tenants. A better model is really the community centre model." [Owner-occupier]

Private with private

Responses to the questionnaire suggested there is very little social mixing among the private residents on the estate: 80 percent of private respondents said they mixed "very little" or "not at all" with other private residents, 10 percent said they mixed "a moderate amount" and only 2 percent said they mixed "a lot".

This was further borne out in interviews with the private residents, who characterised their few encounters with other private residents as incidental, and in many cases rare. Typical comments include "Next to none" and "It's fairly quiet, I hardly ever run into my neighbours." Three residents said they only knew other private residents through meeting them at their owners corporation meeting, and many private residents commented on the lack of social mixing being a function of busy work or study commitments (residents "go about their daily lives") or the transient nature of private rental tenancies.

"Also, on our floor, for example, it almost feels like every Saturday there's someone moving out and someone moving in.... There's one other owner-occupier in the building and they're on the floor above us, and we've gotten to know them a little bit just because we've met them at a body corp meeting ... so if they're there for long term, you usually get to know them." [Owner-occupier]

"I thought there would be more [interaction], actually ... it is interesting how people keep to themselves, and it surprised me. I'm friendly with the girl upstairs now and we've spoken about this, that it's actually surprising how little you see people.... There's two men who moved in next door and they've been there for four or five months and I'm yet to see one of them." [Owner-occupier]

"The horrible thing about this building particularly is that I tend to come in, get in the lift and go to my place, and very rarely see anybody on the way in or out, which is a little bit socially isolating in the area." [Private renter]

One private resident was able to provide a perspective as both a renter and an owner-occupier, having had to vacate due to her landlord selling the property and taking the opportunity to purchase a unit on the estate herself:

"I think when you're a renter and you've been travelling and moving around, you tend not to create roots in the area, but now that we've bought and we'd like to permanently stay in Kensington, I think I would like to feel more of a sense of community ... I'd like to personally interact more with the community."

(To demonstrate her point of the relative lack of engagement by renters, this interviewee confided that had she received the questionnaire before she'd bought her property, she probably would not have completed it.)

Another private resident noted that the main block of Derby Street townhouses have high front fences with gates that by default are locked:

“That interaction is absolutely crippled by having the front gate locked. You can't knock on your neighbour's door even if you've got on reasonably well with them, if you don't have their phone number, and ask them for a cup of sugar. You can't even knock on their door and say 'would you like to come in for a drink tomorrow night'.” [Owner-occupier]

The nature of the built form may also mitigate against social mixing:

Living in an apartment is so different to living in a house ... we've been living in this apartment block for over a year now and we've only met one of our neighbours and physically haven't even seen the others.” [Owner-occupier]

Public with surrounding communities

Interviewees reported that historically, the social mixing of public tenants with the community was mainly of a casual nature – saying hello to shopkeepers, seeing people at the pub. Some mentioned that mixing occurred through working at the local factory, or banding together on community issues and campaigns, and several identified children as the nexus for social interaction, especially through childcare or the local school: “[the school] is one of the great places where you meet other people” and “Probably the most interaction occurred through our kids, whether it was through the childcare centre or through the schools.”

Others noted that mixing was most prevalent between the older long-term Kensington residents and the “Anglo” residents on the estate, and that the more recent waves of immigration on the old estate – “especially the Vietnamese” – were less likely to mix with the community. A worker at a community service felt that mixing was easier before the redevelopment because “the social differences weren't the same as they are now.” A resident in a neighbouring street expressed a sentiment shared by several other long-term residents: “I felt like it wasn't a separate part of Kensington ... it was part of my neighbourhood which I walked through.”

Responses to the questionnaire suggest that the redevelopment has had little effect on the social interaction of public tenants with the broader community: the majority (75 percent) of public tenant respondents who lived on the estate prior to the redevelopment said their level of mixing with the broader community was “about the same” now as then, only 7 percent said they mixed more now, and 11 percent said they mixed less now. This seems particularly true of the residents in the older persons block at 94 Ormond Street, one of whom in their interview described things as “[the public tenants] tend to remain in their own little dung hill” and another said “all activity outside a person's dwelling happens away from the estate.”

Other interviewees described more positive social interaction, and again it was most likely to centre around children. The Venny (the adventure playground) provides an insight into the role that children can play in this regard. Prior to the redevelopment, “the only kids that came to the Venny were the kids from the flats. The broader community didn’t come here.” Now,

“What happens is then that the kids speak to their parents and say ‘can I sleep at such-and-such’s house tonight’ and then the parents get to know each other, and that does facilitate social interaction, especially in regards to things like car-pooling, picking up kids from the school, caring for kids after school or outside hours.” [The Venny]

One interviewee believed the broader community was not being actively welcomed into the estate:

“There’s nothing on the estate that makes me go to them ... and I think that’s probably a bit of a failing whether it’s in terms of community space for the broader community or other reasons [for failing] to give a reason for interaction to occur in a way that is from both directions rather than just saying ‘how do we get the residents out mixing with the broader community.’ I think it should have been, ‘well, what can we be doing in those spaces to bring people in?’” [Community organisation]

On the other hand, a public tenant was keen to point out as evidence of the improved relationship between the estate and the surrounding neighbourhood that “you’ve even got the schools walking through the estate now ... and know they’re not going to be harassed or anything like that. That’s one big improvement.”

Private with surrounding communities

Interview participants seemed evenly split on the degree of social mixing in this category. Typical of the comments from those who felt there was not much mixing were:

“When we tried to include private and public residents in our programs, we’d send out 500 flyers and not get one response from the private residents.” [Community organisation]

“No more, and probably less, than the public housing [tenants].” [Resident in neighbouring street]

“People do keep to themselves mainly, because there’s no real gathering-place in terms of a pub or, I mean there’s cafes but there’s no real big hub.” [Owner-occupier]

Apart from casual encounters in the street and at local cafes and shops, those who thought there was social interaction generally described it in terms of connections around children:

“I don’t know any. But I haven’t got a child at school any more, and that’s really one of the ways – either through sporting clubs or school – that you get to know people that move in.” [Resident in neighbouring street]

On the other hand, one owner-occupier noted that his was the only household within his owners corporation to include young children, and the very lack of children among the private households could be seen as an important factor in the lack of interaction:

“Very very little of the private housing [on the estate] are occupied by families. So unlike the rest of the community where there would be points of interaction – [such as] maternal and child health, childcare, kindergarten, primary school, secondary school, church – there’s quite few opportunities for interaction [among the private residents].” [Owner-occupier]

Several private residents commented that they meet their friends off the estate and residents of the wider Kensington neighbourhood at Hardimans Hotel in Macaulay Road, which was recently renovated with a cafe, bar and seafood restaurant. One resident said:

“Oh, we don’t mix at all with people on the estate but we often meet other people from Kensington at the pub in Macaulay Road.” [Owner-occupier]

Surrounding communities with estate residents

The manager of Hardimans Hotel had some interesting comments about the changing role of the pub in the neighbourhood:

“[Previously in the pub there were] no ladies or wine glasses; [it was an] old men’s social club. Now there’s a huge diversity of people.... Young women feel safe here. ... Perhaps it’s impacted negatively, with the loss of some [public tenants as] good drinkers. But it’s broadened the customer base.”

A private renter on the estate commented that the pub clientele is not from the estate anymore. A local trader explained that “Hardimans pub kicked out the estate residents because the old crowd were “putting off” the new clientele.”

One of the tenants relocated from the estate said that “the Kensington Hotel [Hardiman’s] ... was basically a public tenants’ pub until the change of management”, and a worker from a community organisation observed that “gentrification has meant that there’s [no longer] a lot of cheap places to eat, there’s not a cheap pub anymore, and that restricts the ability of people on lower incomes to mix.”

Residents in neighbouring streets were asked in interview about the extent to which they believed public and private residents on the estate mixed with the surrounding community; their responses are included and analysed in the two preceding subsections. However, these 11 neighbouring residents were also explicitly asked whether they personally were more likely to mix with estate residents as a result of the redevelopment.

There was a surprising range of responses. Eight of the eleven said they were no more likely to mix as a result of the redevelopment, and four of these indicated they didn’t mix at all with estate

residents now or before. Of those whose mixing with estate residents had increased, one noted that this was only “a little bit” and

“if we interact with them it’s not actually on the estate, so there’s nothing about the estate itself that helps us interact with them, we’re probably more likely if we’re playing out on the park, our kids might end up playing with them. Some of the families from public housing have BBQs down there as well.” [Resident in neighbouring street]

Two other interviewees continued the theme of children being the key nexus for social mixing. One saw this in positive terms:

“I have a child who’s in school, she’s seven ... I integrate more with the community living on that estate now because of school and the different kids. I haven’t been invited to go to the estate, but definitely [we go to] the park and other children are there playing, and she goes to school with kids that live [on the estate].”

However, another – who had had some involvement with the planning process on the estate – saw this as a lost opportunity:

“There is nowhere near as much interaction between the estate and the neighbours to the degree that was premised on their kids sharing playspaces, schools and whatever. Unfortunately there’s a lot fewer kids on the estate.”

Neighbourhood effects mitigation

The preceding section suggests that social mixing between different tenure groups on and off the estate is not occurring as much as expected, and is consistent with the international literature in that regard. As several interviewees noted, however, it is early days since the redevelopment, and the social mix currently has an ‘introduced’ feel to it which may subside over time.

The next section looks at the extent to which the mitigation of negative neighbourhood effects, or place-based disadvantage, is occurring on the estate since the redevelopment. In the course of this line of inquiry, the interviewees also sought to establish whether and to what extent there is evidence for place-based disadvantage on the estate in the first place.

Social participation, before and after the redevelopment

From the responses to the questionnaire, it appears that the redevelopment has contributed to a marginal improvement in social participation among the public tenants on the estate. The majority (40 percent) of respondents who lived on the estate prior to the redevelopment said the general level of participation in local community activities on the estate was “about the same” now as then; 20 percent said it was more now, while 7 percent said it was less now and 33 percent said they didn’t know.

There are strong differences between the tenures on the levels of social participation on the current estate. On the question of overall social participation, a third of respondents said they didn't know, perhaps indicating the question was too broad for them to respond to. Of those who gave another answer, two thirds said residents participated "a moderate amount"; however, when broken down by tenure, 38 percent of public housing respondents said there was "very little" social participation compared to only 7 percent of private respondents, and 54 percent said there was a moderate amount compared to 82 percent of private respondents. This suggests that public tenants have a more negative view of their levels of social participation than the private residents have.

Note however that this is not borne out by the responses regarding the individual's own personal social participation (*Public with private*) which demonstrated that on most measures, public respondents do, or think they do, have a much higher level of social participation in the community than do the private respondents. Public respondents were 15 times more likely to have minded a friend's or neighbour's child in the last month (98 percent compared to just 6 percent for private respondents) and twice as likely to have been to a public meeting or signed a petition (28 percent to 11 percent). Nearly a third (29 percent) of public respondents said they had done voluntary work in a community organisation, compared to only 8 percent of private respondents, and the difference was even starker for those who said they'd volunteered "often" – 13 percent public to 2 percent private. Public respondents were also more likely to have spoken to their neighbour (92 percent to 76 percent) and to have taken part in a local church, sporting or social club activity (37 percent to 26 percent).

Private respondents were somewhat more likely to have visited a local friend in the past month (65 percent to 55 percent), and were much more likely than public housing respondents to have been out to a local café, pub or show (96 percent to 55 percent).

Stigma/pride of place, before and after

There is substantial evidence that the redevelopment has had an overwhelming impact on the level of pride among the public housing residents on the estate, and there were many moving comments from public tenants who felt the reduction in stigma most keenly.

Of the public respondents who had lived on the estate prior to the redevelopment, the largest share (43 percent) said the general level of pride in the community is greater now than before, 40 percent said it's about the same and only 3 percent said it was less now; 13 percent said they didn't know. More significantly, not one interviewee mentioned pride when describing the estate before redevelopment, yet pride of place in the new estate was a common theme across all interviewees. The following are some examples of the way public tenants described the change:

"I'm a lot more prouder.... Parents wouldn't let [my child's] friends over to my place when I was in the high-rise. Now I'm in [a newly built block], the friends are staying the night. So it's definitely improved people's lives." [tenant's emphasis]

"The change is good, because it makes you feel like you're better now, you can do things, you've got a good home, you're proud of where you live and you feel safer and cleaner."

“I would agree with the public and the private being mixed, that seems to make us feel more proud.”

“You feel proud that you live in Ministry of Housing now.”

“We have worked for a sense of pride about our community. I guess we’ve spent the last decade trying to fight against that stigma and prove to people that we’re not a bunch of drug addicts, we’re not a bunch of no-hopers, we do actually are no different from the rest of yous, we’d like to be put in a position where we can get a proper job and things like that.”

While some of the pride expressed by the public tenants related to the quality of their new home and environment, for the other interview cohorts the most important issue was the inability to distinguish public from private among the new units on the estate. It appears that the sense of pride ascribed to the residents of the new public housing was seen as a function of the reduction or elimination of the stigma of being a public housing tenant. Some typical comments were:

“Most people live in public housing not by choice but by circumstance, and so when they come home ... they’d be quite proud to walk through the estate, I don’t think that was ever the case in the past, and they’d be proud for their friends to visit, and that was certainly not the case in the past.” [Local trader]

“Through talking to residents, there’s that sense of pride where they live, and I think it’s because it’s so indistinguishable between public and private.” [Resident in a neighbouring street]

“It gives them a greater sense of pride in where they live: it looks different. For all intents and purposes, except for the big towers, it could be any house in Kensington, so I think it helps break down that stigma of public housing.” [Community organisation]

Nonetheless, when questionnaire respondents were asked “How much pride do most local people have in the Kensington estate?” nearly a quarter (24 percent) of public respondents said “very little” pride, compared to no private respondents giving this answer. There was no correlation between this answer and any other likely factors; it’s possible that it reflects the slightly more negative perception that public tenants might have about other public tenants as evidenced in respondents’ answers to social participation, though there was no direct correlation with that factor either.

Although many respondents in the other cohorts ascribed a sense of pride to the public tenants, pride itself has an internal locus, while stigma has an external locus and appears – in the case of public housing – to be more difficult to remove. Interviews with those who had lived or worked in the area since before the redevelopment revealed that most felt there was stigma attached to the housing estate itself, even if many did not discriminate against the actual residents:

“Huge [stigma]. More particularly in the minds of those outside of Kensington; not so much for Kensington people. Because Kensington people are very accepting of everything and

always have been. Kensington people wouldn't see those who lived on the estate as inferior – they mightn't like the estate, but they wouldn't prejudge anyone who lives here. But anyone who lives outside [Kensington would think of the estate]: 'Oh my god, those people!'" [Local trader]

The public residents themselves were mostly in no doubt about the stigma they faced:

"Yes 100 percent.... It's shame. People look at you like dirt."

"I was embarrassed to tell people where I used to live."

"[When I say] I live in housing commission, I can read in their face [that] they think 'oh, that's a very poor people'."

"If your children went to play with other children that didn't live on the estate, they were looked down upon, as 'oh, you can't play with those kids, because they come from the commission'."

"When you said to people you lived on the housing estate, they looked at you as though you was nothing, or nobody.... That used to frustrate me."

Yet despite the apparent increase in pride for many questionnaire respondents, nearly half (48 percent) of those who had lived on the estate prior to the redevelopment nominated the level of stigma (also described in the question as "bad image or reputation") as about the same now as before, only 21 percent said it was less now, and surprisingly 10 percent said it was more now; 21 percent said they didn't know.

All respondents were asked how much stigma they felt as a resident living on the estate, and 30 percent of public respondents said they felt a moderate amount or a lot, compared to just 11 percent of private respondents. [It is also noteworthy that there are private respondents indicating that they feel at least moderate stigma as an estate resident, suggesting that there is something about the estate – presumably the presence of public housing – that gives rise to the negative feelings for these respondents].

Interview participants were sanguine about the resilience of stigma, with a majority saying it still existed for public tenants on the estate:

"I think the stigma will always exist between private home owners and people in public housing, because private home owners have got one eye on the rising value of their property, and public housing in the minds of private owners seems to be interfering with that escalating value of their homes. ... Although I think the Kensington village has gone a long way to demystifying that image or that thinking. ... It has provided a model that private residents feel a little bit more comfortable with." [Public tenant]

“I’ve met a couple of the private [owners], and they’ve basically said that if they’d known what they were in for, they wouldn’t have bought here in the first place.” [Public tenant]

“I don’t think there’s stigma associated with living on the Kensington estate, but I suspect there’s still always going to be stigma [related to] whether you’re a public tenant.” [Resident in a neighbouring street]

“There’s probably a level of stigma associated with public housing that simply changing the built form doesn’t address.” [Resident in a neighbouring street]

“I’d like to say you can imagine a time when there won’t be a stigma associated with public housing [but] I don’t think that’s ever really going to be the case, it’s just the nature of how people think and react. But I think what we’ve now got is pretty clearly one of the best examples of what a public housing estate can look like.” [Community organisation]

“The private people who have moved in here, have moved in consciously, knowing and liking the concept. So the stigma comes from without: from outside the estate.” [Owner-occupier]

However, many of the residents in neighbouring streets felt that the inability to distinguish public from private housing had reduced or even eliminated the stigma, suggesting that for them the built form was a critical element:

“I think it’s a lot less, because it doesn’t look like public housing anymore.”

“People coming into the area don’t know it’s public housing so you don’t get that stigma.”

“I don’t think there’s any differentiation between people now: the people from the estate are not recognised as being from the estate. I don’t think anybody in Kensington thinks in terms of the estate anymore.”

Job opportunities, before and after

The questionnaire included a number of questions relating to employment, education and training, including two on the “local economy”. Overall, between a third and two-thirds of respondents selected the “don’t know” response to these questions. This high proportion most probably reflects the lack of relevance of this issue to both tenures – to the public residents because relatively few are seeking work (nearly 50 percent are under 10 or over 60 years of age) and to the private residents because nearly all are already engaged in employment or higher education. In this sub-section, the “don’t know” responses have been excluded, so that the analysis of the remaining responses is more meaningful.

The questionnaire responses suggest the redevelopment has had little impact on employment opportunities. Residents who lived on the estate prior to the redevelopment were asked how the “local economy” (defined in the questionnaire as “jobs and businesses in the local area, including local people setting up their own businesses”) had changed from before the redevelopment: over

two thirds (69 percent) said there was no change, while 19 percent said it had got better, and 13 percent said it was worse.

Overall, the public housing respondents generally had a more negative view on employment opportunities than the private residents. Respondents were asked to rate “the general opportunities for people in the Kensington estate to get satisfactory jobs, either in this neighbourhood or nearby (within 30 minutes travelling time by car or bus)”. Three quarters (73 percent) of private respondents described the opportunities as “good”, compared to just half (52 percent) of the public tenants; and 4 percent of public residents described the opportunities as “poor”, compared to zero private residents. On the question “How would you rate the quality and availability of local services and agencies to help people find work?”, twice as many public respondents answered “poor” compared to private residents (26 percent to 13 percent).

Respondents were asked to rate the local economy in and around the estate. While half of the respondents in each tenure group rated it as “average”, public respondents were four times more likely to rate the local economy as “poor” (19 percent to 4 percent).

In answer to whether any contacts or networks they’d made with private residents on the estate had helped them to find work or improve their job opportunities, 60 percent of public respondents said they didn’t know. This no doubt reflects the combination of a lack of mixing between the tenures and the low numbers of public tenants likely to be seeking work. A further 32 percent said private connections had been of very little or no help, and only three of the 50 public respondents (6 percent) said it had helped “a lot”. There seems to be no evidence that mixed tenure itself has made a difference to the public tenants on the estate engaging in the labour force.

The interviews provided a range of views on job opportunities. Many noted that the gentrification of the inner west had led to the loss of opportunities for employment of low-skilled workers – for example at the local abattoirs, saleyards, factories (such as Four’n’Twenty Pies) etc – and that other sources of employment such as in hospitality at the nearby showgrounds and Flemington racecourse were increasingly selective.

“The inner west is a growing area so perhaps there’s scope [for employment] there. But I’m also aware that lots of places like maybe factories or warehouses are the sorts of places that might normally employ lower-income or unskilled people, a lot of them are closing.”
[Owner-occupier]

“There tends to be a pressure to convert industry to housing, and housing doesn’t generate employment ongoing ... so I think that’s probably the biggest issue facing the inner city: as the inner-city industry gets displaced by housing and this makes it worse for [low-skilled workers and jobseekers].” [Resident in a neighbouring street]

Nonetheless, when pressed to suggest examples of where low-skilled residents on the estate might find work, many suggested local retail – especially at the High Point West shopping complex in Footscray, or in the shops on Flemington Road. The latter was seen as a more likely option for

African residents on the estate, given the number of cafes and restaurants on Flemington Road serving that community.

Many interviewees mentioned one of the two social enterprises on the estate initiated by Urban Communities Ltd – the Magic Green Clean cleaning and gardening business, and the recently opened 56 Threads café on the ground floor of 56 Derby Street. These enterprises provide employment for up to a dozen estate residents, and received strong support in interviews with local agencies and community organisations. However, one resident in a neighbouring street noted that

“I think the general view was that what was done was pretty much tokenistic. There have been a few jobs created through the place management component ... [56 Threads] is a good initiative and it should be supported, but otherwise I think it’s been very limited and there wasn’t any real desire to be creative in what we did there.”

Several interviewees also mentioned taxi driving (for men) and family day care (for women) as sources of employment for many public tenants, especially those from northern Africa. The demand for family day care has become acute in Kensington due to the lack of childcare places.

While most of the older persons on the estate were no longer in the labour force, this did not mean that those under retirement age weren’t interested in working. However, one public tenant lamented that employment schemes only take on “younger people with problems” and that there was no help for people in their fifties:

“Geez, you get me a job tomorrow and you’d be me friend for life! ... If you could get me a job on the Council or something, picking up dog shit even, I don’t care, I’d do it!”

Among the interviewees there were conflicting views about whether the redevelopment had made any difference to job opportunities. Some felt that the improved self-esteem of public tenants might lead to greater effort or success in finding work; others felt that at best the redevelopment had made no difference or that in fact gentrification had made it harder to find work. The differing views were best summed up by one public tenant who noted that “[the loss of stigma] has improved chances of a public tenant trying to get a job.... Redevelopment has definitely helped improve [the pathways to employment] greatly” but then contradicted this with:

“Has the redevelopment actually increased people’s income and things like that? No, not at this actual point in time, I haven’t seen that change. For most of us it’s pretty much the same. Yeah we’ve got a nice new place, we’ve got our confidence and things like that [but] we haven’t got the jobs to go with it yet.” [interviewee’s emphasis]

Education levels, before and after

The researchers did not have access to data relating to school dropout rates or levels of achievement for students living on the estate, and the positive levels of achievement recorded at the local primary schools cannot be attributed to the redevelopment as the latter is only a small part of a much wider gentrification process in the catchment areas for these schools. If the redevelopment

has indeed led to any mitigation of place-based disadvantage in relation to education outcomes, this will be most readily observed through analysis of 2011 census data, but this data was not available to the researchers at the time of the evaluation.

The researchers interviewed a range of people involved in education and other services for young people, including a primary school, two childcare centres, the neighbourhood house, the nearest public library, the local toy library, a youth support program, the iconic Venny (adventure playground) and others with an interest or knowledge in this area. From these interviews several trends emerged.

The lack of a local public lending library was noted by a number of interviewees. The Flemington Kensington Library used to provide an outreach library service direct to the estate, but this was cancelled when the municipal boundaries were changed and the library, on Racecourse Road, came under the jurisdiction of Moonee Valley council. The boundaries have since shifted again, but it appears that while the library's carpark is now in Melbourne municipality, the library itself remains in Moonee Valley. In any event, those on or near to the estate don't regard this library as readily accessible.

A number of interviewees commented on the lack of preschool options in the area. One interviewee noted that while the middle-class families understand that you have to register your child very early for a childcare or preschool place, many of the public tenants (and especially the new immigrants) don't know this and so are discriminated against by being unable to access early childhood education for their kids. The interviewee expressed her concern about how many public housing children start at school with no early childhood education.

Lack of education was seen by one interviewee as a barrier to employment, especially for single women caring for children. This was also seen to be an issue for CALD [cultural and linguistic diversity] residents (especially North African refugees). The Kensington Neighbourhood House is actively focusing on tailoring its education programs to meet the needs of that demographic as a particularly disadvantaged group.

A youth worker noted that many young people go to schools outside the area, for example those from CALD communities attend Islamic schools in Werribee, language schools in Brunswick, or the Catholic high schools in the City of Melbourne, while other young people who've moved into the area continue to attend their old school outside the area.

“[In surveying parents re welfare teachers], we had 15 different schools that the young people were going to, who would normally be attending school in this area” [Welfare agency]

A local primary school noted that the students for whom the school has to put greater effort into in maintaining attendance continue to come predominantly from public housing. Absenteeism in that area has dropped, and there's more engagement of the community (for example in reporting to the school when a child who should be at school is absent). The school noted however that there's now

90 percent attendance at parent/teacher nights, much more than 10 years ago, and that this is likely due to the lower number of public and higher number of well-to-do private residents in the area.

The questionnaire included several questions relating to education and training, and these are analysed in the next section.

Opportunities for education and training, before and after

Questionnaire respondents were asked how they would rate the opportunities and facilities for estate residents to get education and training. Overall, nearly half the respondents said they didn't know; this high level probably reflects the lack of relevance of this issue to both tenures – again, the public residents because relatively few are engaged in the labour force, and the private residents because nearly all are already engaged in employment or higher education. Of those who gave another response, only 4 percent (both public residents) described the opportunities and facilities as “poor”, but more significantly, the private respondents were twice as likely to rate the opportunities and facilities as “good” (59 percent) compared public respondents (28 percent).

Of respondents who lived on the estate prior to the redevelopment, 59 percent said they didn't know whether opportunities for education and training for people in the Kensington estate had changed – no doubt reflecting the high proportion of public tenants not seeking work. Of those who gave a different response, two thirds said the level of opportunities was “about the same” now as then, and one third said it was better now.

There is an increased range of training and English language courses offered locally, primarily through the North Melbourne Language and Learning Centre (NMLLC) and Kensington Neighbourhood House (KNH), but they are the result of active engagement of these organisations in addressing the needs of the local community and are not an outcome of the redevelopment. Nonetheless, KNH says that the influx of a more affluent population, primarily from the Lynches Bridge redevelopment but more recently including the Kensington Estate redevelopment, has enabled KNH to use the increased revenue from fee-based hobby courses to cross-subsidise their training courses, for example by extending the centre's opening hours on evenings and weekends.

Crime and safety, before and after

The redevelopment has had a major impact on perceptions of safety. The two main themes to emerge from the survey emphasise the change in urban design and built form, and the ‘decanting’ of residents and repopulation of the estate.

The old estate was characterised in the interviews as unsafe, with at least 18 interviewees referring to safety, violence, drugs or crime issues. Many long-term Kensington residents were at pains in the interviews to note that the estate residents were as much victims of the local drug dealing and using as the neighbouring residents were, and several noted that the drug issue had abated well before the walk-ups were demolished. The repopulation of the estate with predominantly private, elderly and refugee households appears to have had a further positive influence on safety. One public tenant summed it up this way:

“there’s a mixture now between private people, professional people and selected people, and there’s no place for trouble-maker any more, they go elsewhere.”

Over a third (39 percent) of the public respondents who had lived on the estate prior to redevelopment said the conditions on the estate in relation to crime and personal safety are better now than they were before, and 36 percent said they were about the same now as then; 11 percent said conditions were worse, and 14 percent said they didn’t know. Across all questionnaire respondents, public tenants were somewhat less likely to rate the current conditions on the estate in relation to crime and personal safety as “good” (35 percent compared to 51 percent of private respondents), and slightly more likely to rate the conditions as “poor” (19 percent to 11 percent). Nearly one in five respondents (10 out of the 54 who commented on this issue) said they’d been the victim of crime (theft, break-in or physical assault) in the last twelve months, but there was little difference between the tenures (22 percent public, 19 percent private).

Of the 54 interviewees who responded about crime and safety, 34 said that they felt safer, or at least that they felt safe. There were a further two who said that they felt safe, but cited incidents of violence. Only five people said that the situation was worse or bad, while seven people said that there was no change. Of those that said that there was no change, four of those said that they had always felt safe, one said that they never felt safe, and the others simply reported “no change”.

Residents in neighbouring streets commented that they are unafraid to pass through the estate now (though note the comment earlier in this chapter from a neighbouring resident who had long regarded the estate as “part of my neighbourhood”: there is of course a range of views on all points). Typical, however, is this comment:

“We walk through the estate as a shortcut down to Holland Park ... and I don’t know if I necessarily would have let my kids do that alone [before] but now I’d have no hesitation.”

A number of estate residents – both public and private – commented on the presence of security guards on the estate at night. While this was mostly seen as a positive, some of the residents in the older persons block at 94 Ormond Street didn’t feel security in their block was being addressed: the security guards “don’t do too much”, and aren’t around during the day when much of the alcohol-related problems occur in and around that building.

Interestingly, an older resident of the old estate who moved to Kensington Banks prior to the redevelopment felt the estate was less safe now:

“I don’t think I’d feel as secure going onto that estate now as I would 12 years ago. I think because I knew everybody and I knew the estate, whereas now I don’t think I know the estate and people aren’t as friendly, so if you got lost going around there, you’d be lucky to find anybody to trust, cos nobody’s out any more, everybody just stays home or is out at work.”

While perceptions of safety might understandably be of great importance to the estate’s residents and investors and to the Kensington community in general, actual crime statistics paint a different picture.

There is some fluctuation in the total crime numbers on and around the North Melbourne estate (used as a control) over the nine years 2002/03 to 2010/11, the average total for the four years 2007/08 to 2010/11 being 136 offences, slightly less than for the four years 2002/03 to 2005/06 (143 offences). However for Kensington the average over the most recent four years is 104, more than double the average for the earlier four years (46 offences). Indeed the trend for Kensington has been an escalation in crime throughout the nine years (2002-2011) for which data was provided, with growth in the number of recorded offences in six of the nine years, while at North Melbourne there was growth in recorded offences for only three of those nine years. This could be due to an increase in reported crime; the fact that the population of the estate was also increasing in the same period makes it difficult to draw any conclusions. The difference in trends between the two estates suggests that the primary factor is not the introduction of a tenure mix but the simple growth in population on (and close to) the Kensington estate.

Table 7.9 shows the proportion (as a percentage) of offences recorded for Kensington for most of the period of the redevelopment. The numbers of offences in a particular category and year were combined for the two estates, and the percentage of that combined figure for Kensington is shown. Kensington’s share of overall crime between the two estates has risen from only 14 percent in 2002/03 to 49 percent in 2010/11, on par with the North Melbourne estate’s crime rate. Over the same period there has been an even more dramatic increase in crimes against property (rising from 12 percent in 2002/03 to 54 percent in 2010/11) and in crimes against the person (rising from 14 percent in 2002/03 to 60 percent in 2010/11). Victoria Police advises that most of the property crime increase was due to increases in arson, property damage and theft from motor vehicles.

Table 7.9: Recorded offences for Kensington, as a percentage of the combined offences for Kensington and North Melbourne estates, 2002/03 to 2010/11, by category of offence

Category	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11
Crimes against the person	14	31	22	37	50	53	35	54	60
Crimes against property	12	23	37	31	32	41	45	42	54
Drug offences	38	0	0	0	13	29	40	33	22
Other offences	21	0	25	20	11	6	29	21	8
Total crime	14	20	33	31	30	38	42	42	49

Source: Victoria Police 2012

Alternative data provided by Victoria Police for crime locations recorded as ‘Ministry of Housing’ for the three years prior to redevelopment (1997/98 to 1999/2000) and the most recent three years (2008/09 to 2010/11) shows growth in overall crime from 77 offences per year to 101 offences per year. There were 13 drug offences in 1997/98 and drug offences peaked at 18 in 1998/99 before dropping to just 5 in 1999/2000, the same figure as the most recent year 2010/11. This spike and subsequent fall in recorded drug offences prior to the redevelopment corroborates the qualitative

data gained from interviews that drug-dealing had substantially diminished in this area before the redevelopment had commenced.

Social mobility, before and after

Residents who had lived on the estate prior to the redevelopment were asked in the questionnaire whether they felt there was more opportunity for them to “move up in society” as a result of the redevelopment: around half (48 percent) said the level of opportunity was about the same, 21 percent said there was more opportunity now, 7 percent said there was less, and 24 percent said they didn’t know.

All residents were asked whether there was more opportunity to move up in society now compared to before they moved to their current address. Half of all respondents (50 percent) said it was about the same, and a quarter (23 percent) said they didn’t know. Twice as many public respondents said there was more opportunity now (22 percent to 11 percent), while interestingly one in five public respondents said there was less opportunity now (20 percent, compared to just 2 percent of private respondents).

In interviews, the public tenants were split on whether their social mobility had improved since the redevelopment. On the negative side, one tenant said “it’s made no difference.” Another said, “Not in this building, certainly not” and offered as evidence that he knew only one person who has any employment. A third commented that it’s still hard to move up even if you want a better standard of living, and lack of education is a barrier, especially for single women caring for kids. A fourth said:

“Not at all.... You have to empower people first. And there’s something about the housing system which constantly reminds you that you’re disempowered.”

On the positive side were comments such as:

“It definitely has to do with individual attitude, and if you can take that sense of pride from this place now, then yeah, it gives you that confidence, and it gives you that start to want to get out and improve yourself. I’m like ‘I’ve got this great joint now, all I need do is get a job, and then I’ll be just like every other normal person.’”

“Yes, absolutely. [The new buildings and social mix] contribute to housing tenants build themselves up and improve themselves.”

One resident in the UCL-owned community housing challenged the legitimacy of the question as being based on a middle-class aspirational value:

“I don’t personally value moving up in society as something I would aspire to. I wouldn’t consider that an achievement.”

Relocations and displacement

The impacts of relocation

Hulse et al (2004) conducted “detailed interviews with 47 relocated tenants, 49 current tenants, community agency workers and Office of Housing staff” (p 43) in examining the relocation process, and the findings in that chapter of the Social Impact Study are valuable in the relative immediacy of their context less than two years after the relocations from the walk-ups had been completed. The current research team regards follow-up on the impact of the relocation process as important, as the relocations were an important part of the redevelopment process and their impacts should be taken into account when considering similar such exercises. So interviewees were asked – and in many cases volunteered information – about the relocations and their impact.

It is apparent from the Social Impact Study that DHS sought to offer alternative accommodation that met tenants’ preferences wherever possible, however it is clear DHS was under pressure to relocate a large number of families in a relatively short period of time, and households could not be given an option to remain where they were. For those households reluctant to leave the suburb, if not the estate, their move should be seen as an involuntary relocation. Several interviewees commented on the trauma this caused.

“A total nightmare.” [Relocated, non-returned tenant]

“I think it was pretty hard for tenants to leave the area.” [Community organisation]

“A grandfather had his kids going to Holy Rosary School, and he got relocated out to St Albans, so that had a bit of an impact on the family living [off the estate].” [Local trader]

“Impact on the community of course: people lost their friends, and even though they thought it might be temporary, of course it wasn’t. A bit of grief, of course, comes with that loss.” [Community organisation]

“There were people there [on the grounds of the estate] who had moved out and came back every day [to visit]. One guy they’d moved to Frankston ... and he used to catch the train back every day because some of his friends lived here.... For a lot of people [the estate] was their whole social interaction, and to move them so far away was ridiculous.” [Local trader]

One tenant described being relocated three times: he was originally in the 72 Derby Street high-rise, and around 1999 was relocated to one of the walk-ups so that this high-rise could be demolished in stage 1 of the redevelopment; only two years later he was again relocated – this time to Ascot Vale – so that the walk-ups could be demolished. It wasn’t until 2005 that he was able to return to the estate.

In another case, the tenant was relocated in 2001 to Braybrook, but was still travelling to Kensington for childcare and school – “two buses each way” – and only moved back to estate in late 2004. Several interviewees said they knew of other families who had been relocated away from

Kensington but kept their children at school in Kensington believing an offer to return would only be a few years away. The very long delay between initial relocation and an offer to return is without doubt one reason why so few households (around 20 percent) took up an offer when it was finally made:

“When we started on that [redevelopment] process, certain undertakings were given, and one of them was that people would be entitled to return. And the whole process took so long, that that promise was never really honoured.” [Community organisation]

Not all relocations involved a move off the estate: as the two remaining high-rise towers were refurbished at the same time as the redevelopment, tenants would be relocated to another floor in the building or even to another building on the estate. While the tenant could maintain their connections on the estate, the physical difficulty of the relocation is not much different whether the move is one floor or several suburbs.

There is an ongoing program of refurbishments to the high-rise towers on the estate even after the redevelopment is completed, and this continues to cause residents to be anxious about their future. The process was critiqued by one support worker:

“The way [DHS] handle support to the residents [being relocated]: they can’t give them timeframes and timelines of when they’ll be moving and how long it will take, and then how long it’s going to take for the [works] to occur, and that uncertainty is very, it’s an upheaval to my clients’ lives that they have to move for one thing, and then not be given an answer, I think that’s poorly managed.... [Tenants with complex needs] have got day-to-day issues that they’re dealing with [and] any form of change is stressful.... The way DHS advise it is by letter, so the first thing we hear about it, we get a call from a distressed client.... So yeah, any organisations that are involved with that clientele [should be given] a heads up before the distribution of material goes out to the residents.” [Welfare agency]

It is recommended that DHS consider further measures to reduce the anxiety caused by the prospect of relocation (whether for demolition or refurbishment), in particular by providing clearer timelines and by having a greater focus on early identification of and consultation with the full range of support agencies whose clients might be at risk of relocation.

Those who did not return

The research team only received two responses to the request for an interview sent to around 200 estate residents who had been relocated but had not returned. Both of the respondents are now happy in their current accommodation and are not interested in returning to the estate; however, while one was delighted with the housing they were relocated to (and was glad to be leaving the estate), the other was deeply distressed by their relocation from Kensington. This is a comment from one of only two interviewed, and is not intended in any way to represent any displaced tenants other than herself, but her voice should be heard:

"I thought it was going to be a positive, because I thought I was going to be relocated somewhere around Kensington or Flemington, but I was told no, there was nothing left for me, and if I didn't take what I was offered here [in Footscray], I would end up in a high-rise. I got very pee'd off, because I'd been living in Kensington since I was eight years of age, I went to the primary school there and my two older children went to the primary school there, I had my father moving over there that was dying at the time, which I had to go every day to do his meals, shower him, everything ... I had to be nearer him, where I was, but when I was told I couldn't stay there [in the area], I was just very disappointed.

"I come here and cried for a month. I hated [my new home].... I'd been brought up in Kensington, I knew everybody in the main street, the shops. My doctor was there. My dad was there.... They shoulda looked at it where, well, 'hello, this lady's been in Kensington forty-something years [and] these people have been here like five, six years.' They should give the oldest tenants that have been in that area, the option first of somewhere in that area."

Temporary impact of depopulation on surrounding communities

The mass relocation or 'decanting' of residents from an estate in preparation for redevelopment has an impact not only on the tenants themselves and the remaining tenants, but on the local economy and community infrastructure. The following are some of the examples of this impact in Kensington.

The loss of population necessitated a reduction in programs at Kensington Neighbourhood House. The manager noted, "To show you how limited the program was, what we offer today is probably four times what we would have offered back in 2004."

The manager of the Adventure Playground said the estate redevelopment had "a massive impact on the Venny, and threatened [it] with closure ... you couldn't walk through [the estate, to the Venny], it was blocked off, it was a building site."

The local pharmacist described the relocations as "horrendous" for the pharmacy, which lost "probably 20 percent" of its customer base.

Other comments about the impact included:

"If you lose that many people out of a small community, it pretty much affects your bottom line." [Local trader]

"Certainly for the community more broadly, there was impact on other local businesses and schools and so forth, and that added to a feeling in the area of Kensington going through a bit of a rough trot that was fairly directly linkable to that [loss of population]." [Community organisation]

Probably the most serious impact was on the two local primary schools, as it was mainly families that were relocated away from the estate. Both schools were faced with closure, and it was only direct State government intervention – and their guarantee to maintain funding for two years – that enabled Kensington Primary School to survive until 2005, by which time the Kensington Banks

redevelopment and a focussed promotions campaign by the school were able to build enrolments to a viable level.

Perceptions of change

General attitude

While a third of long-term estate residents believe the reputation of the estate has improved and they were better off as a result of the redevelopment, an even greater number think the redevelopment has made no difference on either count. Of the questionnaire respondents who lived on the estate prior to the redevelopment, 41 percent said the reputation of the Kensington estate within the broader community was about the same now as then; 31 percent said it was better now, none said it was worse, and 28 percent said they didn't know. These long-term residents were also asked whether the redevelopment has left them better off: 36 percent said it has left them better off, 43 percent said they were "about the same", 11 percent said they were worse off now and 11 percent said they didn't know.

All respondents were asked how they would describe the current reputation of the Kensington estate within the broader community. Overall, 21 percent said they didn't know; of the remainder, the main difference was that 19 percent of public respondents said it was "poor" compared to just 5 percent of private respondents.

The main thread in the interviews was that introduction of the social mix, combined with the inability to distinguish public from private, was central to the changed perception of the estate.

"I don't think there's any differentiation between people now: the people from the estate are not recognised as being from the estate. I don't think anybody in Kensington thinks in terms of the estate anymore." [Resident in neighbouring street]

"Because of the mixed tenure, it has de-ghettoised the estate, there's no question about that, because you're not automatically a public housing tenant if you live on the estate." [Resident in neighbouring street]

"I don't get a sense that there's any notion of 'there's the estate and there's the rest of Kensington.' I don't think people really think about it too much." [Private resident]

"[The concept of the estate] has become a non-event.... People don't see it as something special or different." [Local trader]

Long term impact on services, traders, residents and others

While many interviewees commented on the growth in population as a result of the redevelopment being good for local business and ensuring the viability of both the traders and other community services, many residents both on the estate and in neighbouring streets were concerned that there

had been inadequate planning for the social infrastructure needed to support this increased population, including public transport, road capacity, parking, childcare centres and schools.

Many longer-term residents regard the gentrification process as something Kensington and its unique village culture will “survive”. A number of interviewees were disdainful of the proliferation of boutique shops in the main street:

“You’ve only got to look at how many coffee shops there are now, and how many shops that sell fancy mirrors and nice cushions [but] we’ve got no butcher any more, we’ve only got one grocer.” [Community organisation]

However, at least one interviewee saw gentrification in positive terms:

“People will go out to eat even at night in Kensington now whereas before, that didn’t happen.” [Resident in neighbouring street]

Discussion: were the objectives of social mix achieved?

Comparison of findings against the objectives

A tenure-based social mix on the estate has certainly been achieved: there are 429 public tenant households, 497 private households and 15 households living in community housing. The key objectives of social mix at Kensington can be summarised as follows:

- to develop a community with greater socio-economic diversity and thereby reduce the concentration of poverty. (KMC 2008)
- to foster positive social interaction among those who live within the new neighbourhood, regardless of their tenure, and to effectively link the estate with the broader community. (KMC 2008)
- to support residents to break cycles of dependence, generally providing better employment opportunities, access to services, and opportunities for people to engage with their community. (DHS 2011)

The first objective is achieved. The number of public households has been reduced by one third, and in their place is almost twice the number of private households. The concentration of poverty over the entire estate has been reduced accordingly.

The extent of actual social mixing on the estate and with the broader community, and the question of the mitigation of place-based disadvantage, are more complicated and discussed here in turn.

a) Social mixing (social interaction)

The evaluation found that there is not much social mixing between the different socio-economic groups on the estate. The interaction that does occur is mainly among public tenants, as has long been the case, and between new private residents on the estate and private residents off the estate. Integration of the estate with the broader Kensington neighbourhood has undoubtedly aided the area's gentrification, which was happening anyway with assistance from the earlier Kensington Banks development. This process is likely to reduce the availability of meeting places off the estate for public tenants who are now in a significant minority in Kensington. Household incomes in the highest quartile (table 7.7) are increasing rapidly, suggesting a growing polarisation between the highest and lowest income earners in Kensington. Low-income residents are already feeling the effects of the loss of former social spaces and shops, and this trend is likely to continue.

There are strong indications that the estate and broader Kensington communities were well-connected through the many community organisations in the area prior to the redevelopment (Hoatson et al 1996). Long-term residents on and off the estate commented that displacement from gentrification is breaking down the community connections that once existed, and that the relocations from the redevelopment exacerbated this process. A key finding of the evaluation is that the estate is not a strong, connected community, nor is it any more effectively linked with the broader community than it was before the redevelopment. It is an estate where there is social mix but little social mixing. Social connections between the different tenures have not been established, and the evidence suggests that there is little inclination among the residents to form these connections. This has implications for the third objective above, in which the social mix, through social mixing, is intended to reduce negative neighbourhood effects, or place-based disadvantage.

b) Neighbourhood effects mitigation

Before examining the question of whether social mix contributes to mitigation of neighbourhood effects, the evaluation sought to review evidence on whether there was any place-based disadvantage on the estate in the first instance. It found little evidence. The estate has good connections to public transport and employment opportunities, especially given its easy access to the CBD and central Footscray. Local jobs are diminishing as a result of the deindustrialisation of the area, but this is not a function of living on the estate. There was a strong sense of community on and around the estate prior to the redevelopment and there were strong social connections which may in fact have been disrupted by the redevelopment (Hulse et al 2004).

The survey and interview data show no change in 'cycles of dependence' or opportunities for people to engage with their community. Key indicators of place-based disadvantage: social participation, job opportunities, education levels, opportunities for education and training and social mobility, were all unaffected by the development and its resulting social mix. If anything, job opportunities are fewer now than before, and again this has no relation to the development.

There is, however, considerably more satisfaction and pride of place, a reduction in sense of stigma, and a greater feeling of safety for a number of public tenants, mainly those in the new-build. DHS's

claim that “residents at Kensington have found that they have better quality housing, improved grounds and facilities, a greater feeling of safety, and more satisfaction and pride of place” (DHS 2011) is supported. The new public housing units, the fact of their being largely indistinguishable from the private housing, the improvements to the surrounding environment, and to some degree the simple fact of the social mix, all combine to bring great pride of place and satisfaction to the 205 households in the public new-build. The effects on the 224 households in the two towers are less clear: their housing is still easily identified, and the elderly residents in 94 Ormond Street, representing a quarter of all public housing dwellings on the estate, report high levels of social isolation.

This leads to the conclusion that indicators of disadvantage need to be treated with more nuance. Further, the findings suggest that the positive responses are a direct result of the physical improvements. Some benefit arises from the social mix in that the estate is not marked as a public housing estate, but this is a function of the mix of housing tenures. The benefits attributed to the introduction of owner occupiers bringing “higher household incomes, stability of residence, pride in their housing and the area, and the skills and commitment to form strong local connections” (Hulse et al 2004:127) are not supported.

The findings of this part of the evaluation are consistent with the international literature, and indicate that there are unrealistic expectations of social mix in that it does not necessarily lead to social interaction between people in different socio-economic circumstances, and does not have much impact on place-based disadvantage if this exists in the first place. The replacement of public households with private households and introduction of social mix has mixed effects, including perhaps a reduction in the stigmatisation of the estate as a public housing estate, and disruption to strong local communities. The benefits to the public tenants on the estate appear to come mainly from the improvements to their housing and physical environment.

Comparison of before and after the redevelopment

The redeveloped estate has 62 percent of the public housing stock it had in 1998, and 25 percent of the families with children that it had prior to the redevelopment (there are 73 couples with children and single parents in public housing on the estate now, down from 285 in 1998). This last finding has an important impact on social mix, given that many survey and interview respondents said that their main form of mixing, when it occurred, was through their children.

From the interviews with residents, neighbours and workers on and around the estate before and after its redevelopment, it appears that, while the redevelopment achieved its objective of social mix, there is less social mixing on the estate than there was before the redevelopment. That said, social mixing and some of the benefits thought to come from it may yet develop over time. Important in this process is the provision of dedicated spaces on the estate to encourage social mixing, and the work of the place management model in community-building. This issue is closely examined in Part III of this report.

PART III THE PLACE MANAGEMENT MODEL

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8 Introduction to the place management model

Objectives set for the place management model

The Development Agreement (DHS 2002b) and the Strategies Management Agreement (DHS 2002c) included the following objectives for place management on the estate:

- Facilities management for DHS-owned properties, including cleaning, pest control, maintenance of garden areas and car parks, maintenance of public housing internal and external areas (including common areas), maintenance of plant and equipment (eg lifts, public lighting, boilers, security systems etc);
- Management of community facilities;
- Management of bodies corporate;
- Community building.

The tender brief for place management services at Kensington housing estate (DHS 2008a) set the following objectives:

- Increase pride and participation in the community;
- Lift employment, training and educational opportunities and expand local economic activity;
- Enhance housing and the physical environment;
- Improve personal safety and reduce crime;
- Promote health and wellbeing;
- Increase access to services and improve government responsiveness.

The subsequent Place Management Services Agreement (DHS 2008b) amended the tender brief for place management services (DHS 2008a) to include:

- Management of at least 50 percent of the owners corporations;
- Public housing tenancy management.

History and governance of the place management entity

After the successful tender in 2001, Becton Corporation was awarded the contract for the redevelopment of the Kensington estate and the Development Agreement was signed off in July 2002. While not included in the development tender brief, place management was an important component of Becton's tender. In November 2002 the first Deed of Amendment, *Strategies Implementation*, set out provisions for place management on the site, including facilities management, management of all common areas, body corporate management and community building.

To carry out these place management functions, the Kensington Management Company (KMC) was established as a fully owned subsidiary company of Becton; its accountability and reporting requirements were set out under the Kensington Estate Redevelopment Strategies Management Agreement (SMA).

KMC was located on site and originally consisted of the CEO, a community building manager, a facilities manager and an administration officer. DHS Office of Housing tenancy management staff were also located at the KMC office but operated independently. KMC was governed by the KMC Advisory Committee (KMCAC), consisting of the Hon. Michael Duffy as chair, two representatives of Becton, two representatives of DHS, and one representative of the Kensington Public Tenants Association.

The original place management arrangements were specifically for the life of the redevelopment. In 2006, a feasibility study undertaken by KMC identified value in an ongoing place management role. The KMCAC recommended the establishment of an independent, not-for-profit entity to continue and expand upon the place management role, and in 2007 KMC appointed a CEO with the mandate to create such an entity.

Urban Communities Ltd (UCL) was established in 2007 as a company limited by guarantee, with the Hon. Michael Duffy, one Becton representative and the UCL CEO as founding directors. In September 2007 KMC submitted a proposal to DHS for the transfer of full tenancy and property management responsibility to UCL. In 2008, following an internal DHS process that approved an exemption from the requirement to go to tender (on the basis that there was an absence of competitors in the place management market), UCL was awarded a 5x5-year contract with DHS to provide the current range of place management services on the Kensington estate. UCL formally began operations in August 2008; a subsidiary, Urban Communities Property Corporation, was established to gain a real estate licence to manage private rental and was registered as an owners corporation manager.

In 2009 UCL was registered under the Housing Act as a Housing Provider, and it reports annually to the Housing Registrar. The company has a constitution, and the directors are the only company members. At the current time there are six directors. The Hon. Michael Duffy and the CEO continue in their positions, and the other four current directors were appointed by resolution at a general meeting of the existing board. They include a retired director of Becton, the former CEO of Adult Multicultural Education and Employment Services (AMES), and two private sector appointees.

The board meets bi-monthly, and has one subcommittee, 'Growth'. UCL also facilitates the Kensington Redevelopment Community Liaison Committee (CLC) which was established by the Minister for Housing in August 2000, and has continued to operate throughout the twelve years of the redevelopment. Over that time its membership and role have evolved, and it appears that the accumulation of experience by community members on the committee, combined with an

increasing awareness on the part of the developer of the value of informed community input, have led to the CLC having greater influence in the latter stages of the redevelopment.

In particular, the CLC was instrumental in achieving some positive outcomes in Stage 10, including a reduction in the scale of the developer's request for increased yield, the provision of public open space, an increased proportion of housing for larger families, and design modifications incorporating improved accessibility. The CLC has an active Community Development Subcommittee chaired by UCL.

Operational costs of the place management entity

UCL is a not-for-profit, fee for service property management company. Its business model is based on receiving fees from DHS for managing public housing and facilities, and from private owners and investors for managing owners corporations and private rental properties. It also owns and manages 15 of its own units, bought from Becton in 2010. The initial aim of this aspect of the evaluation was to analyse UCL's efficiency in relation to similar services provided by DHS on similar or comparable sites. This was compromised by the lack of data on operational costs including maintenance spend for any of the comparison estates.

The UCL annual reports as they as published online were not consistent from year to year in regards to the accounting treatment. As a consequence, in liaison with UCL's financial officer a number of adjustments were made to the reports to prepare this analysis. This was mainly to establish UCL's reported revenues and expenses. The research team was not given access to any audited reports or information UCL may have provided to the Housing registrar.

UCL provided some details of its revenues but not of its expenses, revenues in businesses outside of the DHS contract, or accounts for its different business segments. It is not clear whether the 2011 figures exclude revenue gained from UCL's business in East Coburg, The Nicholson – a residential development that UCL manages in partnership with VicUrban (now Places Victoria). It was also difficult to ascertain what UCL expenditures were on external maintenance for the estate.

The above factors made it very difficult to analyse UCL's operating efficiency. The analysis in table 8.1 is based on UCL's annual reports which are published online and data about the number of units at the end of each financial year as provided by UCL.

Table 8.1. Analysis of UCL annual reports

Year and No of Properties (Reported figures are as reported in UCL Annual reports)	Expenses/Revenue \$DHS Contribution/\$Revenue = Percentage \$Expenses/\$Revenues \$Total Expenses Per Public Unit = \$ Per Public Units \$Total Expenses Per Total no of Units = \$ Per Total Units	Employee Expenditure (EE) \$Employee Expenditure (EE)/Total Units. (TU)= \$ Per Unit \$Employee Expenditure/\$Revenues (REV)	DHS Contributions FM: Facilities Management TM: Tenancy Management MF: Maintenance Fund (Sinking Fund)*
Year 2009			
Public 356 Private 353 UCL 0 Private rental 85	\$DHS Contribution/\$Revenue = 64.3% Expenses: \$669,088 Revenue: \$988,189 E/R = 0.677 \$Total Expenses per Public Unit = \$1,879 \$Total Expenses per Total Units = \$880	\$517,621 EE/TU= \$652 EE/REV = 0.523	FM: 184,566 TM: 451,161 MF: 1,444,000 362 Units
Year 2010			
Public 384 Private 417 UCL 15 Private rental 86 (Increase in Total units 13.6%)	\$DHS Contribution/\$Revenue = 66.5% Expenses: \$949,221 Revenue: \$1,043,736 (5,155,736 reported) (Increase in Revenue +5.62%) E/R = 0.909 \$Expenses per Public Unit = \$2,471 \$Expenses per Total Units = \$1,052 (+19.5%)	\$772,601 (Plus 33%) EE/TU= \$856 EE/REV= 0.74	FM: 201,656 TM: 492,937 MF: 1,189,760 384 Units
Year 2011			
Public 395 Private 437 UCL 15 Private rental 108 (Increase in Total Units 5.8%)	\$DHS Contribution/\$Revenue = 56.5% Expenses: \$1,401,315 (1,855,669 reported) Revenue: \$1,351,809 (1,805,443 reported) (Increase in Revenue +29.5%) E/R=1.036 \$Expenses per Public Unit = \$3547 \$Expenses per Total Units = \$1,467 (+39.4%)	\$903,984 (+17%) EE/TU= \$946 EE/REV= 0.668	FM: 221,769, TM: 542,102 MF: 1,237,530 410 Units

Source: UCL annual reports 2009, 2010 & 2011, <http://www.urbancommunities.com.au/content/annual-report>, accessed 5 March 2012

* The maintenance fund is a DHS contribution but is not treated as part of UCL revenue. The percentage of the DHS contribution to UCL revenue is therefore the total of the facilities management and tenancy management contributions.

From this analysis the following conclusions can be drawn. As would be expected, UCL's overall expenses and expense per unit have risen as the number of units under management has increased. But this increase in percentage terms has risen above the percentage increase in units. As a fee for service company UCL's main expense is its employees. This expense appears to have increased with the growth of UCL as units have been handed over and then stabilised in FY 2011. The percentage increase in employee costs from 2009 to 2010 (+33 percent) and from 2010 to 2011 (+17 percent) is greater than the relative increase in units.

On the basis of this analysis the percentage increase in revenue in 2009/2010 is below the increase in total units, the percentage increase in expenditures per unit, and the increase in employee costs.

The percentage increase in revenue in 2010/2011 is above the increase in the total number of units and the percentage increase in employee costs, but not above the increase in expenditure per unit. This may reflect UCL's early patterns of growth as new units and employees have come on stream. However it would be expected that increases in UCL's employee costs would stabilise in the following 2011/2012 financial year and that both revenue and expenses will grow more slowly. One would also expect to see a slowing of UCL's expenses per units.

Because the initial tender brief for Kensington did not include a place management component, and because this component evolved from the original version of KMC, whose original function was to manage the estate and market the private units, into a more complex entity, the place management model has been governed in a fragmented fashion. Responsibilities for different functions have been split between various divisions within DHS, KMC, UCL, Becton and Kensington community groups. The fragmentation is reflected in patchy data and the fact that there is apparently no summary, whole-of-project, reporting. Given that DHS substantially funds UCL via contract, one would expect to see UCL reporting its full accounts to DHS.

9 Assessing place management

Prior to the redevelopment, the Kensington estate was managed like all other public estates by DHS, with central and regional divisions of responsibility. The place management entity took on some of these functions as KMC (2003-2008) and more of them as UCL (2008-). This chapter details key quantitative and qualitative indicators of place management, and compares their performance on the estate before and after the redevelopment.

Data issues

DHS notes in the provision of housing allocations data that “It is not possible to retrospectively examine adherence to the Kensington local allocations framework. To undertake this type of investigation it would have been necessary to review each allocation at the time it occurred and to collate this information for later analysis.” It is recommended that DHS consider implementing an appropriate process to ensure that the actual allocations can be evaluated against DHS allocations policy and local allocations frameworks.

Maintenance costs attributable to the tenant (MCATs) typically relate to property damage and are a potential indicator for a range of factors including, for example, a tenant’s lack of pride in their home or the negative behaviour of the tenant and their visitors (including the level of violence in the home). However, across the six years of data DHS provided on activity undertaken to recover tenant debt due to property damage on the Kensington estate, there were only three instances of the tenant accepting responsibility for maintenance costs, and only one compensation order by VCAT. DHS advises with its provision of this data that “it cannot be assumed that a low level of MCATs implies there is a little tenant damage. It is possible that tenant damage is occurring, however staff are not managing it correctly and applying charges where appropriate. The only way to determine if this is the case would be to conduct an on-site maintenance audit” (DHS 2012).

The primary source of data for the qualitative performance indicators is from the questionnaire distributed to all residents on the estate, and from interviews conducted with estate residents and other stakeholders. As a result, there were few problems in gathering this data.

DHS and UCL were asked to provide data on maintenance, but at the time of writing there had been no financial data provided by either, and there was insufficient time to analyse in detail the raw data on repairs provided by DHS in the last week of the evaluation.

Quantitative performance indicators on the estate

Allocation

The public housing allocation policy requires that all households go through an application and approval process before being allocated a public housing property. The waiting list for public housing has long been divided into ‘priority’ (now called ‘early housing’ and divided into further segments of priority) and ‘general’ (referred to in Victoria as ‘wait turn’). Highest priority is given to those with high and complex needs, and these are generally the most difficult tenancies to manage and have the highest turnover.

Table 9.1 shows what application type the existing tenancies were approved on. It is apparent that there has been a significant change at Kensington, with the proportion of wait turn tenancies declining from nearly two-thirds to just over one third of all tenancies. However, this is primarily due to the relocation of households and subsequent repopulation of the public housing properties, with only around 20 per cent of the original tenancies returning to the estate. The remaining vacancies will have been filled off the waiting list, mostly in order of priority (although this is examined further under table 9.2). The 'Early Housing Other' category generally covers relocations and transfers for stock management purposes, which is why it represents over a third of the new estate. Given the proportion of existing wait turn households between 1998 (62 per cent) and 2010 (36 per cent), it is likely that between a third and a half of these Early Housing Other applicants would have originally been wait turn tenancies

Table 9.1. Public tenancies by application type as at 30 June 1998 and 30 June 2010

Application Type	1998		2010	
	Number	Percent of Total	Number	Percent of Total
Segment 1 - Recurring Homeless	2	0.4	8	2.1
Segment 2 - Supported Housing	0	0.0	8	2.1
Segment 3 - Early Housing	71	13.0	81	21.4
Early Housing Other	136	24.9	145	38.3
Wait Turn - General	337	61.7	137	36.1
Grand Total	546	100	379	100

Source: 1998 data (DHS 2011), 2010 data (DHS 2012)

Table 9.2 shows the number of applicants allocated to properties in that particular year, by application type. This should at least in part reflect the degree to which local allocation policy matches the state priority system. The proportions for segments one, two and three appear roughly consistent with the rate of allocation of these types of applicants to other public housing properties.

Table 9.2. Allocations by application type, financial year 1997-98 and 2009-10

Segment of Entry	1997-98		2009-10	
	Number	Percent of Total	Number	Percent of Total
Segment 1	2	2.1	2	3.8
Segment 2	0	0.0	1	1.9
Segment 3	39	40.2	21	40.4
Early Housing Other	13	13.4	15	28.8
Wait Turn	43	44.3	13	25.0
Grand Total	97	100	52	100

Source: 1998 data (DHS 2011), 2010 data (DHS 2012)

Arrears

The proportion of tenancies not in arrears has improved slightly from 1998 to 2010, as has the proportion less than two weeks in arrears. The proportion of all tenancies with two weeks of arrears or more – the point at which legal action can be taken against the tenant – has improved slightly, from 6.4 percent (1998) to 5.2 percent (2010). There has been a doubling in proportion of tenancies in arrears for eight weeks or more, from 1.3 percent to 2.7 percent.

Table 9.3. Public tenancies in arrears by number of weeks as at 30 June 1998 and 30 June 2010

Weeks in arrears (cohorts)	1998		2010	
	Number	Percent of Total	Number	Percent of Total
Not in Arrears	520	83.6	333	87.9
less than 2	62	10.0	26	6.9
2 < 4	16	2.6	7	1.9
4 < 6	12	1.9	3	0.8
6 < 8	4	0.6	0	0.00
8 < 10	3	0.5	6	1.6
10 or more	5	0.8	4	1.1
Grand Total	622	100	379	100

Source: DHS 2012

DHS data also shows that average days in arrears across the estate has increased by 24 percent, from 3.4 days in 1998 to 4.2 days in 2010.

DHS provided comprehensive data to the research team on the full range of actions that are undertaken to recover rental arrears. These are, in ascending order: Initial Arrears Letter; Local Agreement Negotiated; Broken Local Agreement; Notice to Vacate; VCAT Hearing; Hearing Withdrawn; VCAT Agreement; VCAT Renewal of Proceedings; Orders of Possession; Order of Possession Agreement; Application for Warrant of Possession; Warrant of Possession Approved; Tenant Evicted. As the next level in this debt recovery process is only activated if there is a failure at a previous level, for simplicity table 9.4 only presents the actions that indicate an escalation in the process.

From the snapshot provided by table 9.4, it appears that the number of initial arrears letters issued per 1000 tenancies has nearly halved, but the number of broken local agreements (a voluntary agreement by the tenant to repay their arrears debt) has tripled. Actions beyond this point in the arrears recovery process all involve legal action, and there were substantially fewer actions taken per 1000 tenancies in 2009-10 in issuing notices to vacate, applying for a VCAT hearing or being granted an Order for Possession (which grants the right to evict the tenant). The penultimate stage of the eviction process is to apply for a warrant for the police to carry out the eviction, and it's not clear why the 2009-10 figure is so high, especially when no warrants have actually been executed.

Nonetheless, given that there has been only a slight improvement in the proportion of tenancies in arrears by two weeks or more (see table 9.3), the arrears recovery process undertaken by Urban Communities appears to be less focussed on using the available legal measures to recover debt and more focussed on sustaining the tenancy, compared to the process undertaken by DHS in 1997-98. It should be noted that this is in accordance with DHS practice of sustaining tenancies.

Table 9.4. Arrears recovery activity (all tenancies), financial year 1997-98 and 2009-10

Arrears Recovery Activity	1997-98		2009-10	
	Number	No. per 1000	Number	No. per 1000
Initial Arrears Letter	1734	2223	489	1196
Broken Local Agreement	146	187	232	567
Notice to Vacate	128	164	46	112
VCAT Hearing or Renewal of Proceedings	156	200	17	42
Order of Possession	43	55	7	17
Application for Warrant of Possession	17	22	10	24
Tenant Evicted	4	5	0	0
# of tenancies with arrears (rent/maint) activity	465	596	145	355

Source: DHS 2012

Taken together with the increase in average arrears days and the increase in arrears of eight weeks or more, it may be that UCL's approach is at the risk of annual greater arrears debt, but both these figures still remain quite low.

Vacating

Table 9.5. Termination of public tenancies by reason, financial year 1997-98 and 2009-10

Termination Reason	1997-98		2009-10	
	Number	No. per 1000	Number	No. per 1000
Tenant moved to another departmental property	92	118	19	46
Vacated - no reason given	39	50	0	0
Purchased Own Home	6	8	3	7
Tenant moved to private rental property	7	9	1	2
Tenant moved interstate or overseas	3	4	1	2
Tenant moved to a nursing home	0	0	2	5
Sole tenant deceased	0	0	3	7
Property found abandoned	7	9	1	2
Tenant evicted because of arrears	4	5	0	0
Grand Total	158	203	30	73

Source: DHS 2012

Table 9.5 shows that relocations and transfers (the main categories under ‘Tenant moved to another departmental property’) continue to be the primary reason for termination of a tenancy, although at less than half the rate of 1997-98. A similar proportion of tenants exited into their own purchased home, which is surprising given the escalation of property prices compared to incomes in the intervening 12 years; note the fall in exits to private rental, which is more consistent with the lack of affordable rental properties in recent years.

Of most significance is the lack of evictions of any kind in 2009-10, and only one abandonment. In fact, there are no evictions and just the one abandonment in the three years 2007-08, 2008-09 and 2009-10, suggesting either a highly effective approach to maintaining tenancies, or a highly functional portfolio of tenancies, or both.

Qualitative performance indicators on the estate

There is a range of qualitative indicators for both public and private tenancy management. These are detailed below.

Public tenancy management

Public tenants who had lived on the estate prior to the redevelopment were asked in the questionnaire whether they more likely to get behind with their rent now. Table 9.6 shows that over a third of tenants said they are less likely to fall into arrears now, and just under a third said it hadn’t changed.

Table 9.6. Likelihood of falling behind with rent now compared to before – public tenancies

	More likely	About the same	Less likely	Don’t know
PUBLIC (n=28, 2 missing)	10.7 percent	32.1 percent	35.7 percent	21.4 percent

Public tenants were asked in the questionnaire how they would describe the way their tenancy manager supports them when their housing needs have changed. This might be an issue if a household grows and needs an extra bedroom, if a household member acquires a disability and needs modifications, if there are medical needs such as a requirement for air conditioning, or for a range of other reasons. Table 9.7 shows that tenants were evenly split on whether UCL’s level of support on this issue is good or poor.

Table 9.7. UCL’s support when housing needs change – public tenancies

	Very good or good	Fair	Poor or very poor	Don’t know
PUBLIC (n=50, missing 2)	32.0 percent	20.0 percent	28.0 percent	20.0 percent

Public tenants were asked in the questionnaire how they would describe the way their tenancy manager responds to a tenancy or rent problem. A good tenancy manager encourages their tenants to discuss issues such as nuisance neighbours or difficulties in paying rent so that the issues can be

addressed before they become serious. Table 9.8 shows that tenants were evenly split on whether UCL’s responsiveness on this issue is good or poor.

Table 9.8. UCL’s responsiveness to tenancy problems – public tenancies

	Very good or good	Fair	Poor or very poor	Don’t know
PUBLIC (n=50, missing 2)	36.0 percent	24.0 percent	34.0 percent	6.0 percent

Interviews with public tenants revealed a similar split between those who were happy with UCL as their tenancy manager and those who were unhappy. The four positive comments included that nuisance behaviour had been addressed very quickly and efficiently; UCL had a cooperative approach to addressing problems on the estate; the tenancy manager dealt well with a personal issue; and it was easy to speak to them. One tenant felt that there was no difference between DHS and UCL in tenancy management – “I think they’re all the same” – but saw both positives and negatives in UCL:

“[their office] is close to us, it is convenient, but then sometimes you think maybe when you have a little problem, you think maybe they’re not doing their job, they’re not more active than we’d like them to be active.” [Tenant’s emphasis]

Others were more strongly critical. One said it was a “waste of time” reporting issues, and another ended up spending over \$100 on materials for her neighbour to reduce the noise of furniture scraping on the neighbour’s tile floor because “Urban Communities weren’t one bit interested in [addressing the issue].”

Another tenant was unaware that UCL was a private company – he thought it was controlled by OoH. He described their responsiveness as “lousy”: “You get the feeling they don’t really care about public tenants.” He said he had complained on three occasions about the severe impact of noise from the neighbours on his floor, including writing a letter to his tenancy manager, but he said UCL had failed to respond to any of his complaints. “In that sense, they’re inadequate.”

Another tenant said UCL was worse than its immediate predecessor (KMC), which he described as “very friendly”:

“I even used to go over there and just simply go into the upstairs office part and sit down and work on a community project. Nowadays, nothing gets past the receptionist. They’ve always got rid of receptionists that were good in dealing with the public, and efficient, and only those who have been able to be officious and deflect anything at the front desk have managed to last.”

Another tenant rejected the privatising of tenancy management of public housing:

“Office of Housing is neglecting their duty towards their tenants.... I don’t understand why an organisation like the Housing Commission should put in a private organisation other than using it as a buffer between themselves and the tenants.”

Flemington and Kensington Community Legal Centre (FKCLC) said that there appears to be little difference between DHS and UCL in responsiveness to issues raised by FKCLC on behalf of tenants. They noted that UCL took eighteen months to take action against a tenant who was causing a nuisance and traumatising another tenant. In another situation, a tenant had been saddled with two electricity meters – and therefore two quarterly supply charges – as a result of a conversion of two units into a single larger unit. FKCLC said UCL provided no response to three separate letters and two phone messages. It wasn't until they wrote a fourth letter that UCL replied by saying the matter was being investigated. Six months after they first raised the issue with UCL, FKCLC said the situation is still unresolved (although UCL has verbally reported to them that it will be resolved soon, with Becton agreeing to re-engineer the meters). The electricity distributor, in a timely manner, agreed to waive reconnection fees. DHS has advised that Becton will do the required works at DHS expense.

Private tenancy management

Private tenants were asked in the questionnaire how they would describe the way their tenancy manager supports them when their housing needs have changed. Table 9.9 shows that while private tenants overall were roughly equally likely to describe the level of support when their housing needs had changed as good (15) or poor (19), tenants managed by UCL were three times more likely to say they felt well supported when their tenancy needs changed (32, compared to 11 of those not managed by UCL), and the UCL-managed tenants were also twice as likely to say that UCL's support was poor (28 percent compared to 16 percent).

Table 9.9. Tenancy manager's support when housing needs change – private tenancies (percent)

	Very good or good	Fair	Poor or very poor	Don't know
OVERALL (n=27)	14.8	33.3	18.5	33.3
Managed by UCL (n=8)	32.0	12.5	28.0	37.5
Not managed by UCL (n=19)	10.6	42.1	15.8	31.6

Private tenants were asked in the questionnaire how they would describe the way their tenancy manager responds to a tenancy or rent problem. Table 9.10 shows that while far more tenants overall felt their tenancy manager was responsive to tenancy problems (42 percent "good" to just 12 percent "poor"), UCL appears to be more responsive overall, as no UCL-managed tenant described the responsiveness as poor, compared to 17 percent of households under different tenancy management.

Table 9.10. Tenancy manager's responsiveness to tenancy problems – private tenancies

	Very good or good	Fair	Poor or very poor	Don't know
OVERALL (n=27)	42.3	26.9	11.5	19.2
Managed by UCL (n=8)	37.5	37.5	0.0	25.0
Not managed by UCL (n=19)	44.5	22.2	16.6	16.6

Owners corporation management

Six of the twelve owner-occupiers interviewed for the evaluation were happy with UCL's management of their owners corporation, while only two were unhappy and a further four were ambivalent. Of those who were happy, one summed it up as follows:

"They seem very reasonable. It's always the problem with body corporates: they're either completely do very little and they're totally laissez-faire, or they're the other way round and they're always interfering or meddling. These guys seem to try and strike a happy balance."

One owner-occupier (in a Derby St townhouse) mistakenly believed there was no subdivision applying to his property – indeed, he noted that "That's why I was interested in these [townhouses], because they didn't have a body corporate."

This experience suggests that he had received no communication from UCL regarding the owners corporation, and presumably no levy for owners corporation fees. Another owner-occupier had a similar story, commenting that UCL didn't send her any owners corporation notices for the first year and sent them to the previous owner instead, even though she believed UCL knew she was the owner as she'd had some keys cut through UCL. As a result, this owner was hit by two lots of fees in the one year.

Two owners commented on what they described as substantial fees charged by UCL, but while one saw the care of the common areas as a reasonable return on the fees, another did not feel the fees represented good value. This owner said "They generally don't return phone calls" and complained about UCL's failure to fix the façade on her garage door, and the poor quality of repairs to the concrete stairs.

"I don't know whether Urban Communities always go for the cost factor ... but I feel that the amount of body corporate fees that we pay for a property that doesn't have any lifts, any gym, is quite significant, and I don't understand – I'm not really seeing the return for investment, especially when things go wrong. It makes you sort of wonder, where's your money actually going, is it just for your building or is it going for the public housing as well, or what are they using it for."

Another owner also questioned whether UCL's role in managing public tenants might be influencing the way they dealt with private residents:

"When I went to the maintenance office about getting an electronic key to open the garage door – I needed a replacement one, as apparently the old one had never worked – [UCL] seemed very concerned about giving out just little things like this, to an extreme level. It surprised me. It felt weird to not be trusted with something as small as an electronic key, and that's really the impression I got.... Maybe it comes from the fact that they have had to deal with a lot of, I dunno, untrustworthy tenants."

Two interviewees from one owners corporation reported that their OC had temporarily replaced UCL with another OC manager before this decision was reversed at a later special general meeting. As the interviewees differed on their interpretation of the situation that led to this event, the researchers are unable to draw any conclusions from the two reports, other than to note the potential impact to UCL's cash flow had they lost the management contract for that owners corporation.

Maintenance on the estate

Public tenant repairs

The arrangement for maintenance of public housing on the estate is complicated. Responsibility is split between maintenance of facilities, common areas and the external areas of buildings, which is entirely contracted to UCL, and maintenance of the public housing dwellings themselves (i.e. within the public tenants' homes) for which UCL has a superintendent role but is not directly in control of the process. For internal repairs, a tenant calls the DHS maintenance call centre (based in Gippsland) for their request for repairs to be sent through to the head contractor (Valley Maintenance, based in the northern suburbs) which then dispatches the job to subcontractors. Tenants also have the option of contacting UCL which passes the request on.

Data provided by DHS (Table 9.11) shows that of the maintenance undertaken through the above DHS head contractor arrangement over a 12-month period 2010-2011, 29 percent of normal repairs were not completed within the required time, and this failure to meet the DHS KPIs rises to 57 percent in the case of urgent repairs.

Table 9.11. Repairs not achieving KPI by priority level, public tenancies 2010-2011

PRIORITY	KPI not achieved (percent)
Normal, Complete within 14 days	29.4
Priority, Complete with in 7 days	46.8
Urgent, Start immediate, Finish 24hrs	56.9

Source: DHS 2012

Public tenants who had lived on the estate prior to the redevelopment were asked in the questionnaire to rate the time it takes for repairs to get done now compared to before. Table 9.12 more respondents thought it had improved than become worse, and half said it hadn't changed.

Table 9.12. Responsiveness to repairs now compared to before – public tenancies (percent)

	Better	About the same	Worse	Don't know
PUBLIC (n=28, 2 missing)	17.9	50.0	7.1	25.0

Public tenants were asked in the questionnaire how they would describe the way their tenancy manager responds to maintenance requests. Table 9.13 shows that tenants were evenly split on whether UCL’s responsiveness to maintenance is good or poor.

Table 9.13. Responsiveness to maintenance requests – public tenancies (percent)

	Very good or good	Fair	Poor or very poor	Don’t know
PUBLIC (n=51, missing 1)	37.2	23.5	33.3	5.9

The division of roles between the property owner (DHS) and the tenancy manager (UCL) has created a source of confusion not only for public tenants but even for UCL staff. One interviewee had put in a request to the call centre to clean the external glass in the windows of his high-rise flat, but they had advised him that external maintenance of the buildings is UCL’s role. It was impossible to clean the windows from the inside, but he believed the lack of clarity on maintenance roles would be used as an excuse to ensure that the maintenance task would be ignored. A UCL tenancy manager said they believed that external maintenance of the high-rises was a DHS responsibility.

While three interviewees said that there was better responsiveness to maintenance now, one of these noted that it was sometimes necessary to contact the KPTA to get repairs sped up. Several other interviewees said it had been better when DHS staff were responsible, either under the Office of Housing or within KMC. One interviewee complained:

“My painting, my leaking gas, it seems they don’t really care ... I think before [under OoH] they used to be good, back in those days they used to listen more.”

Another was more blunt:

“You’re absolutely wasting your time, don’t go to the [UCL] office, just go straight to the top, that’s what I’ve had to do. I just went straight to the Minister [when] the things I’d asked for weren’t attended to.... One was a blocked toilet pipe, they didn’t come for 4 days, I rang again and they said ‘oh well, it’s not really a priority’.”

“I was told that, if I bought my own air conditioner, they would install it. So I did, and then it proceeded to take 14 months: 6 months to get the hole in the wall drilled, and another 9 months to get a connection to go on to the back of the air conditioner. And it still wouldn’t be done if I didn’t go to the Minister for Housing, and threatened to go to the media – it was done in two days.”

“If you get a medical certificate from your doctor they will supply you with an air conditioner, but obviously I wasn’t informed of that until after I’d bought me own. It comes back to Urban Communities and different departments looking after their own budgets.” [tenant’s emphasis]

Public tenants were asked in the questionnaire to describe the quality of work carried out by the maintenance contractors. Table 9.14 shows that more than one in five (22.4) described the work as poor, which is almost double the rate of dissatisfaction experienced by the UCL-managed private tenants at just 12.5 (see next section). On this basis it cannot be said that public tenants are receiving a satisfactory standard of maintenance in their homes.

Table 9.14. Quality of maintenance work – public tenancies (percent)

	Very good or good	Fair	Poor or very poor	Don't know
PUBLIC (n=49, missing 3)	32.7	32.7	22.4	12.2

Private tenant repairs

Private tenants were asked in the questionnaire how they would describe the way their tenancy manager responds to maintenance requests. Table 9.15 shows that only one in eight UCL tenants described the responsiveness to maintenance as poor, compared to one in three tenants under different management. Half of all UCL tenants described the maintenance response as “fair” compared to just 6 of other private tenants, suggesting that the latter cohort experienced a much greater variation in the level of responsiveness.

Table 9.15. Tenancy manager’s responsiveness to maintenance requests – private tenancies (percent)

	Very good or good	Fair	Poor or very poor	Don't know
OVERALL (n=27)	42.3	19.2	26.9	11.5
Managed by UCL (n=8)	37.5	50.0	12.5	0.0
Not managed by UCL (n=19)	44.5	5.5	33.3	16.6

Private tenants were asked in the questionnaire to describe the quality of work carried out by the maintenance contractors. Table 9.16 shows that there was little difference on this measure between UCL-managed tenancies and households under different tenancy management, with only 15 of respondents overall describing the quality of repairs as poor.

Table 9.16. Quality of maintenance work – private tenancies (percent)

	Very good or good	Fair	Poor or very poor	Don't know
OVERALL (n=27)	37.0	29.6	14.8	18.5
Managed by UCL (n=8)	37.5	37.5	12.5	12.5
Not managed by UCL (n=19)	36.9	26.3	18.8	21.1

Maintenance and management of internal communal spaces

The inspections carried out by the researchers of public and private buildings indicated that maintenance standards in the public buildings were noticeably lower than in the private buildings. This was partly to do with the possibly poorer quality finishes in the public buildings deteriorating more quickly than those in the private buildings, but also apparently different maintenance regimes.

Maintenance and management of external communal areas

The private block covering addresses at 84, 86 and 88 Altona Street is unusual on the estate in having an open grassed space enclosed on three sides by apartments and on the fourth side by the escarpment. This space is under the control of the owners corporation for that block. In an interview with an owner-occupier of that block, two issues regarding the management of this open space were raised: the quality of the maintenance, and the use of the space:

[The] communal courtyard has been let go a bit and overgrown at times. It's not utilised very much by anyone. Whether that's cause or effect, I'm not sure.... It depends on what activities you want to do, but I use both [the courtyard and Holland Park] ... I used to [use the courtyard] much more regularly, I used to be out there all the time when I had more time on my hands ... there was talk very early on of establishing a communal BBQ area which would have been a good idea but didn't materialise.... Probably [it would have been] confined to residents, as it is if I'm not mistaken private property. Not to say there aren't BBQ facilities very nearby, but I think that was a need to do something possibly to get the residents interacting a little bit more.

Facilities management

Almost all interviewees commented positively on the management of facilities, gardens and communal areas. One private renter (tenancy managed by UCL) noted that "If things get suggested to be done, action will be taken, there's not this waiting around period, so I'm very happy with it."

Community building

This section uses data provided by UCL to describe the community building function of the place management model, and draws on interview data to provide a qualitative illustration of Kensington residents' responses to this function.

Role and networking

UCL's Community Building Strategy Foundation Document (August 2007) states that:

The Community Building Strategy will identify, prioritise and address the issues that matter most to the community and will make an impact. It will consider both public housing and private resident needs and common ground.

UCL's Community Building Plan 2008-2010 sets out three objectives:

- Economic Innovation
- Promoting Health and Wellbeing
- Community Strengthening

Within these three objectives, 27 actions are outlined. In UCL's 2011 review of these actions, most actions had been undertaken to some extent (table 9.17).

Table 9.17 UCL Community Building Plan 2008-2010

Economic Innovation	Promoting Health and Wellbeing	Community Strengthening
An on site enterprise providing accredited training and employment for public housing tenants in cleaning and grounds maintenance	Expand lifelong learning opportunities encouraging socialising, mutual respect and cultural exchange	Urban Communities membership of the Kensington Community Liaison Committee (CLC) and Community Development (CD) Sub Committee
A volunteer program	Educational programs particularly focussed on living in high density housing	Increase resident representation on the CLC and working groups
Partnerships with employers including the City of Melbourne, local traders and contractors to identify employment opportunities	Promote and support the use of indoor and outdoor community space	Support KPTA projects
Employment opportunities created on site by establishing a public tenant employment clause for selected contracts	Identify opportunities to engage more with private residents	Assist community input into the redevelopment planning process including culturally specific consultation processes
Assistance with job applications and links to employment programs and support	Partner community health and recreation services to develop initiatives with a focus on [a range of groups]	Develop residents' skills to lead and sustain community initiatives
Link tenants to the State Government's Public Tenant Employment Program (PTEP)	Develop relationships with cultural groups and support them to develop projects including establishment of a Bilingual Community Educators program	Production of a regular community newsletter
Support the local economy by promoting and using local business	Provide health service outreach space at the Urban Communities office to provide increased access for residents and to facilitate communication amongst staff	A community arts project
	Assess the feasibility of on site child care or playgroups for families	Establishment of a community kitchen
	Support residents to establish, maintain and manage a community garden	Increase community involvement in the planning of and attendance at community activities
		Conduct a community survey to determine if Kensington is a great place to live
		A Communications Plan to ensure the community knows what is happening and has the opportunity to have a say

Source: UCL (2011)

Among some of UCL's successful actions were:

- Partnership with AMES (Adult Multicultural Education and Employment Services) which established Magic Green Clean (MGC), a social enterprise contracted by UCL to provide cleaning and grounds maintenance services. MGC provides accredited 10-month training and part-time employment positions for public housing tenants, and three of these have achieved ongoing employment with MGC.
- Establishment of a Community Gardens Working Group with 14 residents, a community garden and a waiting list.
- City of Melbourne grant for *Threading Stories Together*, a mother-daughter sewing project in partnership with the Venny (children's adventure playground) and Dousta Galla Community Health Service.
- Annual Housing Week community festival, involving public and private residents and local agencies.
- Consultation with the Horn of African community in response to private residents' concerns about unsupervised ball sports in the estate's streets. A strategy developed to address the issue led to engagement with the YMCA (recreation centre) and The Venny, and resulted in child enrolments in structured activities such as the YMCA's indoor soccer and swimming classes and the Venny's programs.
- An art tile project engaging the local community was part of Housing Week 2007 and 2008. Engraved tiles will be installed on the estate when the redevelopment is completed.
- A Community Kitchen project in partnership with Kensington Neighbourhood House and funded by a City of Melbourne grant, targeting 2 groups: single men aged 30-40 with limited cooking experience (attended by 6-8 men participating for 2 months) and Horn of African mothers with focus on healthy meals, school lunches, cooking practice, understanding food labels and budget shopping (attended by 14 women participating for 3 months).

Key partnerships

The following is not a complete list of all UCL's partnerships over time, but captures the key partnerships mentioned in recent reports and other documentation or that the research team has been made aware of.

Community building:

Adult, Community and Further Education
 Adult Multicultural Education and Employment Services (AMES)
 Becton Corporation
 City of Melbourne
 CityLink Neighbourhood Connections
 Dousta Galla Community Health Service
 Hotham Mission
 Kensington Community Liaison Committee
 Kensington Community Recreation Centre
 Kensington Neighbourhood House
 Kensington Public Tenants Association
 Melbourne Metropolitan Fire Brigade
 Melbourne West and Melbourne North Police

Newton's Pharmacy
Second Bite
The Venny (Kensington Adventure Playground)
Victorian Department of Human Services
Victorian Multicultural Commission

Tenancy Management:

Australian Community Support Organisation
Hanover Welfare Services
Housing for the Aged Action Group
Ozanam House
Victorian Department of Human Services
Wombat Housing and Support Services

Other UCL partnerships at Kensington:

Magic Green Clean
MSS Security
Valley Maintenance Services
Victorian Department of Human Services
Victorian Department of Treasury and Finance (Housing Registrar)

Community perspectives

Many of the local community organisations have long been engaged in local networking, and the Community Liaison Committee's Community Development Subcommittee engages many of these, with six local agencies and three public housing groups represented on the subcommittee and UCL chairing it. One of those community organisations noted:

"One of the reasons why I think it's working so well on the redevelopment site is the fact that Urban Communities is there with their community development arm to what they do, that it definitely one of the major reasons why it's going so well."

One community organisation was critical of the community-building approach by the original place manager, KMC:

"In terms of the original community engagement plan that [was proposed, the place management function] was ultimately primarily used as a rhetorical instrument and a sales tool, and at that level it was extremely successful ... but it was never subject to more than lip service." [Community organisation]

Another community organisation saw an improvement under UCL:

"There were times when [KMC] were just being seen, there was no other [action on community-building], it was really done by the [network of other community organisations]

– but since Urban Communities came in though, it’s certainly been much more efficient and a more holistic approach.”

An owner-occupier saw an advantage in having community building structured as a commercial arrangement:

“The professionalism with which [UCL] has evolved, taking advantage of good commercial opportunities, means that their operations are underpinned by a financial base that most organisations don’t have. So when DHS and the Office of Housing tries to do something socially meaningful like give the Salvation Army some money to set up a garden maintenance service, it’s not underpinned by a good financial base that has an inherent motivation to do the work. Urban Communities is based on the entity succeeding. So the motivation to do a good job is intense: it’s their *raison d’être*.”

The researchers asked interview participants to give examples of the community building activities they were aware of. Of the 65 interviewees who gave a response, the following were the most commonly mentioned:

Housing Week (community festival)	14
The Hub (communal space at 94 Ormond)	11
Men’s Group / Band	6
Magic Green Clean (social enterprise)	6
56 Threads café (social enterprise)	5
UCL noticeboard/calendar	4

Many of those interviewed were strongly supportive of the community building activities organised by UCL:

“I reckon Urban Community are doing a good job getting people together as a multicultural and celebrate once a year, housing week, and there’s a lot of activity like clubs ... there wasn’t that activity before.” [Public tenant]

“The biggest job has been the rebuilding of this community.” [Public tenant]

“There were people from private housing coming to the Dinner Club.” [Public tenant]

“There’s quite a lot being done to create a sense of community, which is great.” [Private renter]

Promotion and networking

Over a third of all interviewees were unaware of UCL’s role. Six interviewees could only nominate an activity that did not involve UCL (eg yoga at the YMCA) and a further 18 said they were unaware of any community building activities at all. A number of others nominated a flyer, leaflet or letter but

could not say whether this was from UCL, the neighbourhood house or some other community organisation.

The researchers also asked interviewees if they were aware that community building was a key element of the redevelopment. Of the 66 respondents, 45 percent said they were unaware of this. One community organisation noted that it takes a long time to bed down the community building component, and that the part-time allocation for UCL's community development worker makes this difficult.

The relative lack of awareness of UCL's community building role and/or activities was shared by all the groups interviewed, including public tenants on the estate and local community organisations. One organisation providing a service to residents on the estate believed there should be community building on the estate, unaware that it was already being provided:

“Why couldn't there be even a three day a week community development worker [at UCL]... It may not be able to be five days a week or as intensive as Common Ground [housing initiative in Elizabeth St Melbourne] but it does need to be that kind of approach – place-based.”

Two community organisations involved in local networks were surprised to learn that there was an organisation on the estate providing a community building function. Two other local community organisations expressed their disappointment at what appeared to be a lack of effort by UCL to build a connection with them:

“We're probably a little disappointed that we've never been contacted by [UCL] as a service in Kensington – we're in the Kensington Association guide book, and I didn't realise, I had no knowledge that there was some organisation that ran that whole development [on the estate], I guess I'm fairly disappointed that they'd never approached us to ask us for information that could help the people that live in their development ... because we know there's lots of children there [on the estate].” [Community organisation]

Communal space

Of the public tenants interviewed who were aware of UCL's community building program, a number were critical of the way the Hub – at the base of the 94 Ormond Street tower – was used as a communal space. For example, it was noted that residents from other buildings and community groups in general cannot access the space at all unless it is through UCL – who are not on site on weekends – or a resident of 94 Ormond Street. A community organisation noted that the use of the space appears to set up antagonisms between the residents of 94 Ormond Street, and the residents of 78 Clifford Terrace (especially the Chinese and Vietnamese groups) who are the most frequent users of the Hub. It is worth pointing out here that many of the Chinese and Vietnamese community in the newly-built 78 Clifford Terrace were relocated there from 94 Ormond Street. There was concern among community organisations that this is leading to increased racism rather than engendering community. Other interviewees' comments included:

“There’s no real connection between the public and private tenants. Now, Urban Communities has called downstairs the ‘Community Hub.’ In no sense is it a community hub. We might have a few public tenants come over from Clifford Terrace and 56 Derby ... but in no sense is it a community hub to me. It’s a pool room.” [Public tenant]

“As far as I can see, there’s very little effort made by any of the organisations to improve that aspect of our lives ... of bringing people together.... And you can’t access most of the stuff, it’s locked away in the recreation room.” [Public tenant]

“That space is in a sense neglected.” [Public tenant]

“I don’t think the Hub in that space is the best space to have [programs] – it might be, but the way it’s set up, it’s not.... [The way it’s configured, used and promoted], it’s not a community hub.” [Community organisation]

Many of the private residents commented on the lack of mixing (see Chapter 7) and some saw a connection with the lack of communal spaces available for private residents. One noted that

“there was talk very early on of establishing a communal BBQ area which would have been a good idea but didn’t materialise.... Probably [it would have been] confined to residents, as [the open space] is if I’m not mistaken private property. Not to say there aren’t BBQ facilities very nearby, but I think that was a need to do something possibly to get the residents interacting a little bit more.” [Private owner-occupier]

It is important to note here that a communal barbecue area has been established in the open space created by the redesign of the final stage of the redevelopment, and that it was completed after these interviews were held. Another private resident suggested:

“I think something that would inspire me would be if there were services provided, as in a type of building – it could be squash courts or tennis courts or a library or something – where it’s exclusive to the community of this area, and then I’d go down there and make use of it, and you might start to meet people in the area. It’s kind of how it works in Dubai, anyway.... Just for residents of the estate, so it’s part of your rent, so Urban Communities [would] provide it.” [Private renter]

UCL’s Community Building Plan 2008-2010 included an action to “Identify opportunities to engage more with private residents”, but the activities undertaken under this heading in the two years of the plan were limited to responding to private residents’ concerns about street soccer, providing information sessions on fire safety (it is not stated whether any private residents attended this, and the motive – to reduce costs associated with false alarm callouts – may be related to another project aimed at public tenants) and working with the owners corporations. None of these activities are likely to result in increased interaction between the private residents.

Older persons

Of the public tenants either unaware of or critical of UCL's role in community building, the majority were from the older persons high-rise tower at 94 Ormond Street. As noted in the earlier chapter on social mixing, this is a block where residents report a high level of social isolation. Agencies working with older persons in the high-rise tower all noted the difficulty they faced in engaging this cohort. One community organisation noted that:

“[If initiatives aren't working], let's do something different. You see all these people sitting there [outside 94 Ormond], doing nothing, which is not good for their morale either, then they get negative, and you as a worker get negative.”

Nonetheless, the role of Dousta Galla Community Health's Older Persons High-rise Program and the City of Melbourne's Aged and Disability Support Services were seen as essential in addressing the issues faced by the tower's residents. One community organisation noted:

“In future developments, putting in older persons high-rise programs is a real necessity.”
[Community organisation]

Another suggested several ways of tackling the issues, including a Men's Shed on the estate (taking its lead from the successful Men's Shed on the Reservoir housing estate). This interviewee noted that this male cohort needed something more than “morning teas” and that there are potential leaders within this cohort, with the cooking group and the men's band offering two examples of successful initiatives tapping into that latent leadership.

There were also a number of comments about the focus of community building on the public tenants rather than on trying to engage all the residents on the estate and reaching out to the broader community – the community festival being the one obvious exception.

“I sort of sense that there's a committed effort towards creating a community for the public housing people, and maybe that private residents – private owner-occupiers or private renters – wouldn't see it as directed towards them, so there's that separation in terms of the community activities that go on. I can't see that the two groups would necessarily be mixing together – not from not wanting to, but it does seem like the activities on the estate are directed at the public housing [only]. Which is fair enough, but if the whole desire is to create a social mix, then I think something different would need to be done to foster that.”
[Private owner-occupier]

“[The community-building is] a bit too narrowly focussed on the estate. I think they'd get better value and better coverage if they broadened it up a bit because I think they've got the capacity for actually bringing in different members of the community which would bring life to some of the things they're doing. [For example] if you're having a little festival, imagine if you brought every artist in Kensington into it.” [Private owner-occupier]

Social enterprises

UCL has developed a key partnership with Adult Multicultural Education Services (AMES), no doubt assisted by having the former CEO of that organisation as a board member. As a result, two social enterprises have been set up by AMES on the estate: Magic Green Clean (a cleaning and gardens maintenance business with a UCL contract to provide these services on the estate) and Fifty-Six Threads (a café based in the former milk bar on the ground floor of the 56 Derby St high-rise tower).

In the November 2011 report to the UCL Board, it was noted that Magic Green Clean had recruited six new trainee cleaners, with one drawn from the estate's residents.

The flow-on effects (other investment)

The UCL 2011 Annual Report states that UCL was successful in leveraging \$150,000 in community building funding, including training, employment and enterprise initiatives, for that year.

The November 2011 Community Building report to the UCL Board listed \$101,140 in grants and other support for the local economy (although this includes a \$3,000 scholarship awarded by La Trobe University for an estate resident's medical research course, but it is not clear whether UCL was involved in achieving this).

Most significant perhaps is the City of Melbourne's introduction onto the estate with management responsibility for the roads, the long north-south linear walkway through the estate, and the public open space that was provided by Becton in return for the increase in units allowed in the last stage of the development. This communal space is nicely landscaped with seats and barbecue areas and is likely to be very well used. It would be well worth monitoring the specific use of this space, as informal place-making processes come to bear in shaping the space into a place for private residents, a place for public residents, or a place that is genuinely shared (and then in what ways, with what patterns).

There are other improvements being made by the City of Melbourne in Kensington that are associated with greater recognition of the area in general by the council, and linked also to the substantial residential development in the 1980s and '90s on the old cattle saleyards now known as Kensington Banks. These include a ten-year concept plan initiated in the early 2000s for JJ Holland Park, which includes significant upgrades to the recreation centre, funding for the adventure playground, improvements to the playing fields and general landscaping works. These works are now almost complete, and clearly contribute to the overall amenity of the area, but can't really be considered direct flow-on effects from the estate redevelopment.

10 Assessing place management: case study comparisons

Data Issues

The primary purpose of seeking data relating to other comparable housing estates was to enable a qualified comparison of the costs of the place management model at Kensington with the costs of place management on other estates. This was to be done by looking at the cost of tenancy management, facilities management and maintenance per dwelling at Kensington and comparing these costs with the costs for equivalent functions on the comparison estates. Specific quantitative indicators – frequencies of rental arrears, eviction rates, vacancy rates and turnaround times, maintenance costs, claims against tenants and maintenance response times – were requested for each of the estates to supplement the cost analysis and also to enable a comparison of place management performance between the estates.

Some other place management functions undertaken by UCL, such as management of owners corporations and management of private tenancies, have no corollary on the other estates. While these services are necessarily considered in making a financial assessment of UCL's overall role as place manager, they were excluded from any comparison with other sites.

Analysis of the initial quantitative indicators for Kensington suggested that there were difficulties in making use of many of the indicators. For example, the rate of evictions was so low that the variability of the data from year to year had the potential to be greater than the variability between estates; data on actions taken by DHS to recover maintenance costs attributable to the tenant (eg where the tenant caused property damage) were, by DHS's own admission, unreliable; data on maintenance costs and maintenance response times were unavailable.

In the absence of usable data, the researchers requested other administrative data that might offer broad indicators of tenancy behaviour and management, such as the number of initial arrears letters, notices to vacate for arrears and notices for tenancy breaches issued to tenants, and data on incomes, employment and occupation of tenants. Only some of this data was available, and due to further data extraction difficulties, this data was provided late in the overall evaluation. As a result, only a limited analysis has been possible in the time available. In particular, while the data was provided for all public housing comparison estates for the years before (1997-98, 1998-99, 1999-2000) as well as after (2007-08, 2008-09, 2009-10) the main period of redevelopment at Kensington, the before-and-after comparison has only been applied to the Kensington data, as a fuller analysis of all the available data for all estates was not possible in the limited time available.

Some of the data provided by Port Phillip Housing Association for the Parkville estate is reported using scales or measures that differ from those used for the DHS data. Where it was possible to convert the PPHA data or to apply the same analysis to both the PPHA and DHS data, this has been done. In some circumstances, however, this was not possible. For example, length of tenancy was given in five-year categories for the public housing estates, but the Parkville Gardens estate was only tenanted in 2007-08 and the length of tenancies is given as 0-1 year, 1-2 years, 2-4 years and 4+ years, which cannot be translated into the DHS categories.

There was no direct comparison available for the community building component of UCL’s place management role, as this function does not occur – at least, not in a similar form – on the comparison estates. The nearest equivalent is DHS’s Neighbourhood Renewal program, and data for that program was therefore requested for the Collingwood estate, which would enable a limited and qualified comparison with UCL’s community building function.

However, the initial NR data was provided to the researchers in raw form, and the aggregated data was not provided until the last weeks of the evaluation, by which stage there was insufficient time to undertake the full analysis that had been originally intended. Nonetheless, a comparison of the evaluation questionnaire results with the NR data relating most directly to the place management model has been undertaken.

Comparison estates

Four estates were chosen, in each case to enable a specific comparison with Kensington – see table 10.1.

Table 10.1. Characteristics of the estates

Characteristic	Kensington	Parkville	Port Melbourne	Collingwood	North Melbourne
New build	YES	YES	YES		
Mixed tenure	YES	YES			
Non-govt management	YES	YES			
Community-building	YES			YES	

The Parkville Gardens estate includes 82 dwellings managed by Port Phillip Housing Association (PPHA) – a not-for-profit community housing organisation – and most closely matches the Kensington estate in terms of the above characteristics. The estate is the site of the former Commonwealth Games village, with around 168 detached private properties, 11 private terrace houses, a number of private houses/units in a heritage precinct, and 82 PPHA apartments and terrace housing. There is also an aged care facility within the site, catering for 140 residents in residential care and independent living units. Like Urban Communities’ 15 properties at Kensington, PPHA’s 82 properties at Parkville are fully owned by the organisation and represent a mix of households, in PPHA’s case 72 low-income households paying a rebated rent, and 10 ‘affordable’ households on moderate incomes paying 75 percent of market rent.

The Raglan/Ingles Streets estate in Port Melbourne is a very small public housing estate of 63 households. The former estate was demolished and replaced with new public housing stock at around the same time as the Kensington redevelopment. This estate enables a comparison where the new build itself is the primary characteristic.

Collingwood is a large inner-city public housing estate with three large high-rise towers and a variety of low and medium density housing. An extensive Neighbourhood Renewal program has been undertaken on the estate over the last 10 years, and this enables a qualified comparison between Kensington and an estate where community-building is the primary characteristic.

North Melbourne is a large inner-city public housing estate comprising four high-rise towers and a variety of low and medium density housing. There has been no significant estate renewal of any kind, and North Melbourne therefore offers in effect a 'control' estate.

It is important to note that the differences in the size of the estates and numbers of tenancies is likely to affect the comparisons. None of the estates are directly comparable and this should be borne in mind when considering the findings.

Demographics of comparison estates

The demographic data makes it possible to establish the extent to which the comparison sites can be compared. Overall, there is considerable variation between the sites, so all comparisons must be qualified.

Table 10.2 shows that there is considerable variation in household type and total number of tenancies between the estates. Collingwood is a very dense estate with twice the number of dwellings (895) compared to Kensington (379 public) and North Melbourne (439), while Parkville and Port Melbourne are small estates with 82 and 63 dwellings respectively. Parkville has a much higher proportion of family households (48 percent, compared to 33 percent at Collingwood, 19 percent at both North Melbourne and Kensington, and just 14 percent at Port Melbourne). Port Melbourne (65 percent), Kensington (65 percent) and North Melbourne (61 percent) all have a large majority of sole person households, while Collingwood has 45 percent and Parkville just 23 percent.

Table 10.2. Household type by estate as at 30 June 2010 (public housing only)

Household type	Kensington		Collingwood		North Melbourne		Port Melbourne		Parkville	
	N	Per cent	N	Per cent	N	Per cent	N	Per cent	N	Per cent
Youth	3	0.8	13	1.5	1	0.2	0	0	0	0
Singles	58	15.3	184	20.6	57	13.0	7	11.1	17	20.7
Couple	1	0.3	17	1.9	6	1.4	0	0	2	2.4
Couple + Children	20	5.3	84	9.4	30	6.8	2	3.2	11	13.4
Single Parents	53	14.0	211	23.6	55	12.5	7	11.1	28	34.1
Group	32	8.4	131	14.6	53	12.1	7	11.1	15	18.3
Older Couple	28	7.4	50	5.6	26	5.9	6	9.5	7	8.5
Older Single	184	48.5	205	22.9	211	48.1	34	54.0	2	2.4
Grand Total	379	1000	895	1000	439	1000	63	1000	82	1000

Source: DHS 2012, PPHA

Table 10.3 shows that there is strong variation in household size across the five estates. Parkville has the highest proportion of two-person households (45.1 percent), and it also has the highest proportion of large households of four or more (18.3 percent) compared to 11.5 percent at Collingwood, 9.4 percent at North Melbourne, 7.1 percent at Kensington and just 6.3 percent at Port Melbourne.

Table 10.3. Household size by estate as at 30 June 2010

Household Count	Kensington		Collingwood		North Melbourne		Port Melbourne		Parkville	
	N	Per cent	N	Per cent	N	Per cent	N	Per cent	N	Per cent
1	245	64.6	402	44.9	269	61.3	41	65.1	20	24.4
2	74	19.5	267	29.8	91	20.7	13	20.6	37	45.1
3	33	8.7	123	13.7	38	8.7	5	7.9	10	12.2
4	13	3.4	55	6.1	21	4.8	4	6.3	8	9.8
5	6	1.6	33	3.7	13	3.0	0	0	5	6.1
6 Plus	8	2.1	15	1.7	7	1.6	0	0	2	2.4
Total Residents	633		1795		757		98		194	

Source: DHS 2012, PPHA

An important character of each estate is the makeup of tenancies in terms of the level of support need. As a general rule, the higher the category of priority on the segmented waiting list, the higher and more complex the applicant's support needs are. Table 10.4 shows that Port Melbourne has an unusually high proportion of Segment 1 households, while Kensington has a relatively low proportion. Kensington also has a relatively low proportion of Segment 3 households. The high proportion of "EH Other" (mostly transfers and relocations) reflects the number of households on the Kensington estate who were relocated from the old walkups and have taken up an offer to return, and those in the high-rise towers, all of whom have relocated at some point during the redevelopment to allow refurbishment of their flat.

Table 10.4: Method of allocation by estate as at 30 June 2010

Segment of Entry	Kensington		Collingwood		North Melbourne		Port Melbourne		Parkville	
	N	Per cent	N	Per cent	N	Per cent	N	Per cent	N	Per cent
Public wait list (EH Seg. 1)	8	2.1	42	4.7	19	4.3	7	11.1		
Public wait list (EH Seg. 2)	8	2.1	4	0.4	3	0.7	3	4.8		
Public wait list (EH Seg. 3)	81	21.4	347	38.8	117	26.7	25	39.7		
Public wait list (EH Other)	145	38.3	162	18.1	223	50.8	12	19.0		
Public wait list (Wait turn)	137	36.1	340	38.0	77	17.5	16	25.4		
Public wait list (unstated)									20	24.4
Nominating agency									12	14.6
Own wait list (low income)									40	48.8
Own wait list (affordable)									10	12.2
Grand Total	379	100	895	100	439	100	63	100	82	100

Source: DHS 2012

PPHA maintains its own waiting list and also provides nomination rights to DHS (20 units) and the Disability Housing Trust (12 units). Apart from the 10 units allocated as affordable housing, all PPHA's Parkville tenancies are public housing eligible, but it is unknown what segment they were eligible for.

Case study comparisons

The remaining quantitative indicators – the tenancy management data – enable a qualified assessment of the behaviour of the tenancies, leading to an evaluation of the effects (if any) of the different approaches to tenancy management on each estate. This methodology requires several qualifications, given the range of assumptions to be made in using the data.

Arrears

Table 10.5 shows there is good consistency in the proportion not in arrears between each of the public housing estates, ranging from 92 percent at Port Melbourne to 81 percent at Collingwood; Parkville has a much lower rate of 67 percent. However, when counting all tenancies with less than two weeks in arrears (including no arrears at all), all estates including Parkville are between 90 percent (Collingwood) and 95 percent (Kensington and Port Melbourne).

Table 10.5. Weeks in arrears (cohorts) at 30 June 2010, by estate

Weeks in arrears (cohorts)	Kensington		Collingwood		North Melbourne		Port Melbourne		Parkville	
	N	Per cent	N	Per cent	N	Per cent	N	Per cent	N	Per cent
Not in Arrears	333	88	724	81	375	85	58	92	55	67
less than 2	26	7	85	9	32	7	2	3	20	24
2 < 4	7	2	30	3	13	3	3	5	2	2
4 < 6	3	1	11	1	6	1		0	3	4
6 < 8		0	16	2	3	1		0	1	1
8 < 10	6	2	7	1	2	0		0	0	0
10 or more	4	1	22	2	8	2		0	1	1
Grand Total	379	100	895	100	439	100	63	100	82	100

Source: DHS 2012

Table 10.6 shows that Kensington's arrears days is comparable with North Melbourne's, but Kensington's performance is only slightly below the benchmark target whereas North Melbourne's is well below. Parkville has the highest average days in arrears, over three times that of Kensington, while Port Melbourne is the best performed both on average days in arrears and against its benchmark target.

Table 10.6. Average Days in Arrears 2009-2010, by estate

	Kensington	Collingwood	North Melbourne	Port Melbourne	Parkville
Ave. Days in Arrears	4.2	7.0	4.8	1.2	14.7
Benchmark Target	4.7	6.9	6.3	5.8	n/a

Source: DHS 2012

Table 10.7 shows that there are substantial differences between the arrears activity profiles of each of the estates. Parkville has an extremely low rate of initial arrears letters, which perhaps explains their high rate of households in arrears of two weeks or less. Kensington sits between North Melbourne and Port Melbourne in initial arrears letters but has the second highest rate of broken local agreements and notices to vacate for arrears. VCAT hearings and Orders for Possession are comparable to North Melbourne but Kensington's rate of VCAT agreements is one in five hearings while for North Melbourne it is 1:1.

Kensington has a very high rate of approvals for a warrant of possession (the final stage before eviction), even though no household facing a warrant has been evicted. This suggests that either the tenancy management approach is very effective in maintaining at-risk tenancies by working with the tenant to help them repay their debt, or there is greater preparedness by UCL to sustain tenancies in arrears even when a warrant to evict the tenant has been approved.

Table 10.7. Arrears Activity - All Tenancies 2009/10, by estate

Rental Arrears	Kensington		Collingwood		North Melbourne		Port Melbourne		Parkville	
	N	Per 1000	N	Per 1000	N	Per 1000	N	Per 1000	N	Per 1000
Initial Arrears Letter	489	1196	2484	2517	956	1951	36	537	12	121
Local Agreement Negotiated	151	369	527	534	108	220	10	149		
Broken Local Agreement	232	567	594	602	129	263	6	90		
Notice to Vacate	46	112	116	118	25	51	1	15	3	30
VCAT Hearing	14	34	185	187	19	39				
Hearing Withdrawn	1	2	14	14						
VCAT Agreement	3	7	55	56	21	43	2	30		
VCAT Renewal of Proceedings	3	7	391	396	58	118	4	60		
Orders of Possession	7	17	34	34	6	12			4	40
Order of Possession Agreement	3	7	6	6	6	12				
Application for Warrant of Possession	10	24	32	32	10	20				

Rental Arrears	Kensington		Collingwood		North Melbourne		Port Melbourne		Parkville	
	N	Per 1000	N	Per 1000	N	Per 1000	N	Per 1000	N	Per 1000
Warrant of Possession Approved	4	10	8	8						
Maintenance Charges										
Acceptance of Maintenance Charges by Tenants			1	1	1	2	3	45		
VCAT Applications for Maintenance Charges			113	114	3	6	2	30		
VCAT Compensation Order for Maintenance Charges			103	104	11	22	2	30		
# of tenancies with arrears (rent and/or maint) activity	145	355	597	605	242	494	18	269	n/a	n/a

Source: DHS 2012

Terminations

Table 10.8. Tenancy terminations 2009-2010 by reason and by estate

Termination Reason	Kensington		Collingwood		North Melbourne		Port Melbourne		Parkville	
	N	Per 1000	N	Per 1000	N	Per 1000	N	Per 1000	N	Per 1000
Tenant transferred to another property	19	46	45	46	31	63			2	20
Vacated - no reason given			4	4	1	2	1	15		
Purchased Own Home	3	7	9	9	1	2				
Tenant moved to private rental property	1	2	12	12	3	6			5	51
Tenant moved overseas	1	2			1	2			2	20
Tenant moved interstate			3	3	1	2			3	30
Tenant moved to a nursing home	2	5	4	4	4	8	2	30		
Tenant in jail			1	1						
Sole tenant deceased	3	7	9	9	8	16	1	15		
Vacated - other reason									4	40
Property found abandoned	1	2			1	2			1	10
Tenant evicted because of arrears			5	5						
Grand Total	30	73	92	93	51	104	4	60	17	172

Source: DHS 2012

Table 10.8 shows that Kensington has a moderate rate of turnover, while Port Melbourne has the lowest and Parkville the highest. Parkville has unusually high rates of tenants moving interstate, overseas or into private rental. Nearly two-thirds of terminations at Kensington were for transfer to another property, the highest of any of the estates.

Tenant satisfaction

The evaluation questionnaire included several questions matched to the 2007 National Social Housing Survey (NSHS) and PPHA’s tenant satisfaction survey. The NSHA results are cited for the North and West Metro Region, while the PPHA results are for their Parkville respondents.

Table 10.9 shows that 69.2 percent of Kensington respondents and 68 percent of PPHA respondents were either satisfied or very satisfied with their own housing, compared to 54 percent for the NW Region.

Table 10.9. Satisfaction with own housing

	Very satisfied	Satisfied	Neutral	Not satisfied	Very dissatisfied	Don't know
Kens (n=52)	36.5	32.7	19.2	7.7	3.8	0.0
PPHA (n=25)	40.0	28.0	16.0	0.0	0.0	16.0
NSHA (n=)	54.0		7.0	36.0		3.0

Source: PPHA 2012, AIHW 2007

Although the Kensington questionnaire and the PPHA survey differ somewhat in the wording of this question, both reflect the degree to which the tenant feels they are heard when decisions are made. Table 10.10 shows that Parkville residents demonstrated a much higher satisfaction level, at 84 percent good or very good, compared to Kensington residents at just 40.4 percent. UCL reports that their own tenant satisfaction survey (conducted via focus group) had a satisfaction rate of 95 percent for consideration of views.

Table 10.10. Inclusion in decision-making (taking tenant’s views into account)

	Very good	Good	Fair	Poor	Very poor	Don't know
Kens (n=52)	15.4	25.0	21.2	7.7	13.5	17.3
PPHA (n=25)	32.0	52.0	4.0	4.0	8.0	0.0

Source: PPHA 2012

Table 10.11 shows that 56 percent of Parkville residents regarded the response to maintenance requests as good or very good, compared to 53 percent for the NW Region and just 37.2 percent of Kensington residents. A third of the Kensington residents (33.3 percent) regarded the maintenance response as poor or very poor, compared to just 8 percent of Parkville residents. UCL reports that

their own tenant satisfaction survey (conducted via focus group) had a satisfaction rate of just 9 percent for maintenance.

Table 10.11. Responsiveness to maintenance requests

	Very good	Good	Fair	Poor	Very poor	Don't know
Kens (n=51)	19.6	17.6	23.5	17.6	15.7	5.9
PPHA (n=25)	40.0	16.0	20.0	4.0	4.0	16.0
NSHA (n=50)	53.0		18.0	29		0.0

Source: PPHA 2012, AIHW 2007

Table 10.12 shows that Parkville residents had a very high level of satisfaction with PPHA's responsiveness to their tenancy concerns, with 80 percent rating it either good or very good. This is almost double the NW Region score of 41 percent, while satisfaction with UCL's responsiveness is lower at 36 percent. Almost the same number of Kensington respondents regard UCL's responsiveness as poor or very poor, at 34 percent.

Table 10.12. Responsiveness to a tenant's concerns about a tenancy or rent problem

	Very good	Good	Fair	Poor	Very poor	Don't know
Kens (n=50)	20.0	16.0	24.0	16.0	18.0	6.0
PPHA (n=25)	52.0	28.0	12.0	0.0	8.0	0.0
NSHA (n=34)	41.0		22.0	34.0		3.0

Source: PPHA 2012, AIHW 2007

These findings are discussed at length in chapter 11.

Neighbourhood Renewal

In comparing Neighbourhood Renewal with the place management model's community building function at Kensington, it is important to begin with a number of qualifications. The Neighbourhood Renewal program has run for nearly a decade at Collingwood and its budget is many times the size of UCL's community building budget. The program involves local residents being trained and given paid employment as interviewers in the program, and is supported by a whole-of-government response to issues identified on the estate, neither of which is the case at Kensington. Significantly, the Neighbourhood Renewal program involved upgrades to the housing and grounds on the estate, with no demolitions or displacement.

The program includes a wide range of estate renewal actions such as landscaping and capital works, while at Kensington, the physical improvements to the estate were a function of the redevelopment model, not the place management model. This is an important distinction, as the selection of Collingwood as a comparison estate was premised on its usefulness in the evaluation of Kensington's *place management* model. Kensington residents' views on matters such as satisfaction with their

housing, satisfaction with the physical environment of their neighbourhood, feelings of pride in their community, or conditions of crime and personal safety are more likely to be attributable to the impact of the redevelopment.

A comparison between Collingwood and Kensington on these elements of estate renewal was therefore deemed inappropriate for the present evaluation. Nonetheless, the researchers saw value in undertaking a narrow comparison between Collingwood's Neighbourhood Renewal and Kensington's place management model, focussing just on those elements of community building that are common to both: specifically, education and training; health and welfare services; and community participation.

It is recommended that further research be undertaken using the data collected through the Kensington evaluation questionnaire to compare the outcomes of the redevelopment model with those of the physical estate renewal component of Collingwood's Neighbourhood Renewal.

It should also be noted that the Neighbourhood Renewal community survey and the Kensington questionnaire differ in terms of the timeframe of the questions posed. While the Kensington question asks for the change since before the redevelopment, the Neighbourhood Renewal question asks about the change in the last 12 months. To attempt to balance the differing timeframes, the Neighbourhood Renewal results from 2003 have also been included for the questions that are examined below, but it is acknowledged that this is an imperfect solution, and any conclusions should be qualified accordingly.

The Neighbourhood Renewal program

The Neighbourhood Renewal program is described by DHS as:

a whole-of-government placed-based initiative that is narrowing the gap between disadvantaged neighbourhoods and the rest of the state. Neighbourhood Renewal brings together the resources and ideas of residents, governments, local businesses and community groups to tackle disadvantage and build more inclusive communities. The community and local stakeholders work with government to prepare an area-based local action plan and oversee its implementation. The action plan is the framework for achieving Neighbourhood Renewal's six key objectives (action areas):

- increased community pride and participation
- enhanced housing and environment
- improved employment, learning and local economic activity
- decreased levels of crime and improved personal safety
- better health and wellbeing
- increased access to services and improved government responsiveness. (DHS 2012)

The program has been regularly evaluated, and has a wide range of impressive results which will not be expanded here – these can be found at www.neighbourhoodrenewal.vic.gov.au.

The program is also well-resourced: in 2009-10 the Collingwood Neighbourhood Renewal project had an expenditure of \$8,263,200. Most of this went into capital works – upgrades of the housing

stock and surrounds – but \$402,600 went to community building – mainly place management staffing and projects. Some of the capital works activities involved local tenants in a variety of ways and contractors were encouraged to employ locals on and off the estate, so the total investment in community building is higher than the figures provided but DHS cannot quantify precisely.

The community building allocation represents only 5 percent of the budget for Collingwood in 2009-10, but when the total budget over the eight-year program at Collingwood is considered: \$59,522,600, with \$3,422,900 for community building (total funding to the Collingwood project for the period 2002-03 to 2009-10, with the community building component 5.75 percent of the total budget) the spend on community building begins to look substantial.

In contrast, UCL’s total revenue in 2009 was \$988,189, increasing to \$1,351,809 in 2011. It is not clear what proportion of this goes directly into community building, but it is likely to be relatively low. UCL employs a community development worker three days a week. Part of this position involves building links with other community organisations and supporting project funding applications to other government departments (including local and federal government) and non-government agencies, as do the place management staff positions in the Neighbourhood Renewal program, so precise quantification of both is difficult.

Nevertheless, it is clear that a comparison of the place management function at UCL with the place management function in the Neighbourhood Renewal program, even when focusing on the three elements of community building that are common to both, should be treated carefully and be highly qualified by the differences in scale and funding.

Education and training

Education and training falls within the first of UCL’s three key objectives for community building: ‘economic innovation’. Residents were asked how they think the opportunities for education and training have changed for people in their neighbourhood (the estate). As table 10.13 shows, the very high proportion of ‘don’t know’ responses for Kensington complicates the assessment. However, of those who did give an opinion, few or none at either Kensington or Collingwood thought the opportunities had got worse, and on both estates those who said the opportunities had improved were around half the number who thought they had remained the same. More than a quarter of respondents at Collingwood thought opportunities had improved. The majority of respondents on both estates have experienced little change in opportunities for education and training.

Table 10.13. Changes in opportunities for education and training, by program and percent of responses

	Better	About the same	Worse	Don’t know
Kensington	14	28	0	59
NR 2009	28	51	3	18
NR 2003	26	51	6	17

Source: DHS 2012

Health and welfare services

Health and welfare falls within the second of UCL's three key objectives for community building: 'promoting health and wellbeing'. Residents were asked whether the health and welfare services in their neighbourhood had changed.

Table 10.14. Changes in health and welfare services, by program and percentage of responses

	Better	About the same	Worse	Don't know
Kensington	31	45	7	17
NR 2009	22	64	3	11
NR 2003	19	62	9	10

Source: DHS 2012

Table 10.14 shows nearly one-third of the respondents at Kensington, and nearly one-quarter of those at Collingwood, thought these services were better. Interestingly, around 10 percent more Kensington respondents thought they were better, compared to the Collingwood respondents. Both estates had a consistently low number who felt the services were worse. Again, the majority of respondents on both estates thought health and welfare services were about the same.

Community participation

Community participation covers both the second of UCL's three key objectives for community building, 'promoting health and wellbeing', and the third objective, 'community strengthening'. Residents were asked whether the level of community participation in their neighbourhood had changed. Table 10.15 shows that there is not much difference between the estates on this question, At Kensington one-fifth of respondents thought there was change for the better, and one-quarter at Collingwood. Again, the largest number of residents at both estates responded that there has been no significant change.

Table 10.15. Changes in participation in local community activities, by program and percentage of responses

	More	About the same	Less	Don't know
Kensington	20	40	7	33
NR 2009	25	55	7	13
NR 2003	21	56	4	19

Source: DHS 2012

Summary of the comparison of the Kensington place management model against the Collingwood Neighbourhood Renewal program

Given the substantial disparity between funding levels for community building at Kensington and Collingwood, Kensington performs surprisingly well. While it is not possible to distinguish completely between the effects of the place management model and those of the redevelopment, clearly some combination of the two are producing measurable improvements on the estate.

It is interesting to note the consistent increase in positive responses at the Neighbourhood Renewal site from the 2003 to the 2009 evaluation. This suggests that building community is a slow process, requiring a long term commitment. The findings of these comparisons will be discussed further in chapter 11.

11 Is the place management model achieving its objectives?

Comparison of findings against the objectives

The DHS objectives for place management, outlined in chapter 8, comprise two main categories: performance of agreed functions and delivery of broader social objectives. Very clearly the agreed functions have been delivered; the social objectives are more ambiguous. Performance targets, benchmarks and achievements against key performance indicators for both categories were not available. However the qualitative research enables some assessment of the extent of the achievement of both, based on the views of estate residents, residents of surrounding areas and local organisations. Further assessment of the extent to which both sets of objectives have been met can be gauged from a mixture of secondary data, DHS-supplied administrative data, and the survey and interviews. This chapter discusses the findings outlined in chapters 8-10.

Comparison of before and after the redevelopment at Kensington

Public housing tenancy management, and management and maintenance of facilities, gardens and communal areas, are compared before and after the redevelopment. The other functions of the place manager – owners corporation management and community building – are new and have no point of comparison prior to the redevelopment.

The allocations process has been affected by the type and size of stock that has been built on the estate, and to a lesser degree by commitments to returning households. This has meant accommodating older people and non-aged singles and fewer families with children. The proportion of allocations to households in segments 1, 2 and 3 in 2010 appears roughly consistent with rates across Victoria generally. This means that the percentage of allocations to households classified as 'wait turn' has almost halved since 1998, reflecting greater targeting of allocations to high needs households.

The local allocations practice has leant towards building functional communities, in particular in the new block for older people. While it is understandable to allocate to succeed rather than fail, an implication is that the existing block for older persons has housed many of those in the highest need. The qualitative research indicated that this was seen by some as creating divisions between residents of different blocks.

The place manager has adopted DHS's policy of sustaining tenancies where possible, when households fall into rent arrears. This change in policy appears to have resulted in a higher level of households in arrears of 8 weeks or more in 2010 compared to 1998. There have been no evictions of public housing tenants 2007-08 to 2009-10 although the annual rate of evictions in 1998 was only 4. This may represent some combination of a greater commitment to sustaining tenancies and a tenancy mix with a greater number of older households who are less likely to fall into arrears.

There was a range of views of the responsiveness of the place manager in providing support when needs change and tenancy problems are experienced, with approximately two thirds considering the

service fair or better and one third poor or worse. There are no data to enable a comparison with before the redevelopment.

As reported earlier, responsibility for maintenance of the interior of the public housing dwellings is the responsibility of DHS although the place manager may take requests/complaints and has a superintendent role for subsequent works. Details of how this works in practice were not supplied to the research team. Performance in meeting KPIs for maintenance is poor, as shown in table 10.11 and this was reflected in survey/interview responses which indicated little improvement. There appears to be some confusion associated with the split of maintenance responsibilities between DHS and UCL, and improving maintenance performance appears to be a priority.

Almost all those interviewed commented positively on management and maintenance of facilities, gardens and communal areas.

Comparison with other place management models

Tenancy and facilities management

It was possible to make some comparison with other inner city high-rise estates – North Melbourne and Collingwood – based on quantitative administrative data supplied by DHS, and an inner city (but not high-rise) estate – Port Melbourne – and in a more limited way with a development at Parkville with units owned and managed by a community housing association (Port Phillip Housing Association).

Allocations at Kensington in 2010 indicate a lower percentage of segments 1 and 3 (high needs) compared to other comparable inner city high-rise estates (such as North Melbourne and Port Melbourne) and a higher percentage of allocations from the wait turn list (refer to table 10.4). The reason for this is not apparent from the data.

According to data supplied by DHS, performance on rental arrears is consistent with that of other comparable estates.

Unfortunately, no data on maintenance performance for comparable estates was supplied by DHS. The qualitative research indicated that responsiveness to maintenance requests was poor compared to the Parkville development managed by a community housing agency and the National Social Housing Survey data for the North West Region of Melbourne. Whilst this reflects primarily DHS performance, the division of responsibility for maintenance may be a contributing factor.

Tenant satisfaction with their own housing generally was good at Kensington and on a par with the Parkville development and well ahead of the score for the North West Region of DHS generally. However, the qualitative research also indicated that responsiveness to a tenant's concerns about a tenancy or a rent problem was little different to the regional average but considerably less than for the Port Phillip Housing Association project at Parkville.

The community building function

Community building is an important element of the place management model. It began as a time-limited function to sustain community while the estate was depopulated and repopulated, and to enable sales of private units to an ongoing component of place management. It has evolved into a more potentially more complex function.

The current program employs a community development worker 3 days a week, with the primary focus on improving connectedness among the public housing residents. It does this by building capacity through creation of employment opportunities (for example, the social enterprises and the Threading Stories Together project) and education and training programs. The links the program has made with other local organisations are extensive, yet the performance is inconsistent. Some community organisations and networks in the broader area have only superficial contact with UCL, and a number of those interviewed were either unaware of UCL entirely, or unaware that it has a community-building role.

The difficulties in reducing social isolation and developing connectedness amongst the older persons on the estate are readily acknowledged by the services working with them, but more could be done in this regard. Suggestions include better connections; a men's shed; making better use of nearby facilities (such as the local bowling club) and resources (the City of Melbourne's community bus); a substantially larger community garden; working towards more and better communal spaces.

The relative lack of resourcing restricts the program's capacity, and necessitates the narrow focus. The emphasis on community building within the public tenant population occurs at the expense of community building among public and private residents, and among the estate population and the surrounding community. The communal space at the hub is seen by the minority of private residents who are aware of it as a space for public tenants only. There are very few activities that attempt to engage the private residents, and there appears no attempt to build community within each private block or among the residents of an internal street, despite the clear desire of owner-occupiers for this to occur.

Residents in surrounding streets are now comfortable walking through the estate to get to the park, which is a great positive. More could be done to engage them on the estate itself, beyond the 56 Threads café which is a fine initiative in this regard.

A qualified comparison has been made with a Neighbourhood Renewal project that was underway over the same period in Collingwood, and which has been regularly evaluated. Neighbourhood Renewal is a very different program, but some of its objectives correlate with those for place management at Kensington – in particular, economic innovation and participation, promoting health and wellbeing, and community strengthening. A comparison between the achievement of these objectives at Kensington against Collingwood was made, and following conclusions can be drawn.

- There was a small increase in the sense of opportunities for education and training at Kensington, and a slightly larger increase for Collingwood, While the majority of respondents in both cases report no change, the finding suggests there is some impact from the

Neighbourhood Renewal program. More quantitative analysis will be possible when data from the 2011 Census are released.

- Again, small positive trends were observed in the knowledge of the availability of health and welfare services on both estates, with Kensington performing well in this regard.
- Between 20-25 per cent of residents in both programs considered that community participation in their neighbourhood had increased but the greater number of respondents thought that there had been no change.

The overall findings at Kensington are broadly in line with the evaluation of strategies designed to mitigate place-based disadvantage by increasing social mix. Pride in place and greater satisfaction with housing and local environment and increases in a sense of safety appear to arise more from improvements to the housing stock and surrounds. These outcomes do not translate into improved employment and educational prospects for individuals.

Nevertheless, the community building programs at Kensington and Collingwood indicate that improved knowledge of services and greater social participation do result from some combination of renewal/redevelopment and community development. The interesting finding at Collingwood is the 28 percent increase in opportunities for education and training (compared to 14 percent for Kensington). This suggests that adequately resourced programs maintained over the long-term can improve opportunities for individuals that address consequences of long-term poverty.

Does the place management model represent value for money for the taxpayer?

It was not possible to evaluate whether the current model of place management represents value for money on the basis of the data supplied. Even with full data provided on the operation of UCL, the model would need to be compared with alternatives, such as locally devolved public housing management, and benchmarks/KPIs for housing associations.

The place manager has no direct control over the internal maintenance of the public dwellings. Given that UCL already has internal property maintenance responsibilities for its own units, there could be economies of scale in taking over the contract for the public housing. Housing associations are responsible for property maintenance on a larger number of properties spread across multiple municipalities, and this model could reasonably be extended to UCL.

The management of the owners corporations has not been without its upsets, and there may be a conflict in trying to reconcile the different approaches required for fee-paying private owners compared to tenants in public housing. UCL has said it is not reliant on the revenue from managing the owners corporations, but it is impossible to assess this without more detailed financial information.

A more successful community building program could be built and opportunities exist for its expansion.

PART IV CONCLUSIONS AND RECOMMENDATIONS

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12 Drawing the models together

Making a holistic assessment

The redevelopment and place management models are in theory inextricably linked, in that the place management model makes the estate attractive to potential purchasers, thereby securing the financial viability of the redevelopment model for the developer.

The place management model is expected to achieve this in two ways:

- assisting the estate's physical integration with the surrounding neighbourhood – working with the housing mix established by the development – through a maintenance regime that is intended not only to keep the public and private housing on the estate indistinguishable, but to ensure continuity of the buildings on the estate with those off the estate;
- assisting the estate's social integration with the surrounding neighbourhood – working with the social mix established by the housing mix – through community building, thereby reducing any residual negative neighbourhood effects on the estate.

In a process of circular reinforcement, then, the finance mix is expected to deliver the housing mix which delivers the social mix which, mediated by the place manager, secures the finance mix.

There is no question that localised management and maintenance of buildings, facilities and open space is beneficial to residents and owners. The on-site management of public and private tenancies also has obvious advantages for residents. The place management model clearly contributes not just to the development's economic viability but to smooth social relations on the estate.

The claims made of social mix, however, constitute a weak link. Rather than delivering the cohesive community as intended, the 'introduced' social mix appears to achieve something more akin to the 'tectonic' relations discussed in the literature review in chapter 3, in which the different socio-economic groups co-exist (or slide past each other) without interacting. The evaluation found very little social mixing between the different tenure groups on the estate. At best, the effect of the social mix is neutral; at worst, it can further the disadvantage felt by already disadvantaged residents. The gentrification of broader Kensington, assisted by the introduction of new private units on the estate, is reducing the availability of meeting places off the estate for public tenants who are already in a significant minority in Kensington. A number of public tenant interviewees commented on the loss of former social spaces and shops, and this trend is likely to continue.

There is no evidence that co-location with owner occupiers who are expected to bring "higher household incomes, stability of residence, pride in their housing and the area, and the skills and commitment to form strong local connections" (Hulse et al 2004:127) translates into increased employment prospects and improved social mobility for low-income individuals. Nor is there any evidence that improvements to the physical environment do the same. These findings echo the

findings of the evaluation of the New Deal for Communities program in England which concludes that:

What this means is that any ABI [area-based initiative] is likely to have only a marginal impact on individual level trajectories. What happens to any one individual will fundamentally depend on their personal characteristics and not whether or not they live in a regeneration area. This is a critically important finding. (Beatty et al 2009a:30)

There are a number of caveats to this, as discussed in a recent overview of the evaluations of place-based initiatives in Australia and the UK (Hulse et al 2011). First, it may well take time for improvements to economic participation and social connection to develop. Second, selection effects may be significant as public housing is allocated to people with the most urgent and complex needs who fill any vacancies. Third, place-based initiatives have to work in conjunction with programs targeted at individuals and with local and regional economic development strategies (see Hulse et al 2011, ch.6). Redressing the consequences of long-term poverty requires targeted efforts. This is not to say that community building programs cannot make these efforts: the evidence from the Victorian Neighbourhood Renewal program suggests that an appropriate level of resourcing and activities specifically oriented to creating jobs for public tenants does succeed in improved employment prospects (NRU 2008). But they need to be considerably more concentrated than is currently the case at Kensington to begin to deliver the desired effects.

Community building programs, if adequately resourced and maintained over the long-term, can bring increased linkages with services and improved prospects of project funding from government and non-government bodies. Targeted job creation programs and specific training and education opportunities can help mitigate the effects of long-term poverty.

The major benefits of the redevelopment and place management models are overwhelmingly in the provision of the new-build public housing and improvements to the immediate environment, and in the on-site management and maintenance functions. There is a clear increase in public tenants' pride of place and satisfaction with their housing and local environment, arising mainly from the physical improvements. Not surprisingly, these benefits are experienced more by the residents of the new-build housing than the residents of the minimally upgraded towers.

The question of whether the new-build private housing delivers a benefit in its own right by reducing stigma attached to public housing is still not clear. The data suggests that sense of stigma is reduced by a combination of the improvements on the estate and the indistinguishable housing mix in which public housing is not clearly identified as such (and therefore stigmatised). Further research should be undertaken comparing the data on perceptions of stigma collected through this evaluation with those at Collingwood (which through the Neighbourhood Renewal program had an asset renewal component without the introduction of private housing). Clarification of the dependence of reduction of stigma on upgraded/new housing or a public-private housing mix would provide a strong basis for future decisions.

The one unequivocal benefit of the introduction of private housing on the estate is the revenue it brings in a period of low government expenditure. The redevelopment model essentially finances

the new-build public housing and landscaping and infrastructure improvements on deteriorated estates through the sale of public land. The place management model makes the estate attractive to potential purchasers, thereby securing the economic viability of the redevelopment.

Do the redevelopment and place management models represent value for money for the tax payer?

The main beneficiaries of the redevelopment model at Kensington are the 205 households in the new-build public housing. The major beneficiary of the private housing component is the developer. Given that public and community housing have been demonstrated as relatively low risk investments (chapter 5), a range of alternative options is suggested in the following section that would represent better value for money for the taxpayer.

The place management model supports the redevelopment model by making the estate an attractive option to potential purchasers and residents, and thereby supporting the financing arrangement. On-site maintenance and tenancy management have clear benefits for owners and residents.

It was not possible to evaluate whether the current model of place management model represents value for money on the basis of the data supplied. Even with full data provided on the operation of the place manager, the model would need to be compared with alternatives. There is currently no directly comparable place management model in Victoria. The Neighbourhood Renewal program, which has an important community building component, is of limited comparative value because it does not have a tenancy management role, and because the community building component is substantially better resourced than that at Kensington.

With full data on the place manager's operations, further research could seek to compare the performance of the Kensington place management model with locally-devolved public housing management models, and benchmarks/KPIs for housing associations.

What the merits are of the application of the redevelopment and place management models to other estates?

The redevelopment model at Kensington should not be reproduced in the same arrangement on other estates. It is evident that private housing on inner Melbourne public housing estates sells more successfully than originally anticipated, and that the risk is not as great as thought. This should be reflected in a lower return to the developer and higher return to the state.

Various combinations of public, private and not-for-profit partnerships are outlined in this chapter, and should be explored with the object of producing combinations of public, private and community housing that deliver better value for money for the taxpayer, and in future ensure no net loss of public housing.

On-site place management is beneficial to residents as well as to the economic viability of estate redevelopment. Adequate resourcing of the community building function, with a long-term commitment along the lines of the Neighbourhood Renewal program, including targeted strategies for community building through job creation and education and training, appears to achieve some of the benefits for public tenants initially attributed to social mix.

Following is a list of recommendations regarding the application of the redevelopment and place management models to other estates.

1. In future redevelopment and renewal programs there should be no reduction in public housing stock.
2. If state governments are to continue to fund the construction of replacement public housing and/or upgrades through asset sales, the most advantageous arrangement in terms of value for money for the taxpayer is for government to retain control of the process and the profit. Retaining the substantial profits from inner-city estate redevelopments would enable an increase in public housing stock.
3. Under-utilised land on public housing estates should be developed in various combinations of public, community and private housing. Allowing that the private housing provides the revenue, the proportions should be varied on different estates according to specific context and expected returns.
4. Various permutations of public, private and not-for-profit partnerships should be explored. These should be structured in such a way that there is profit or revenue sharing. In the case of the public and not-for-profit partners, the profit/revenue could be invested in further public and community housing and in the case of the private partner, constitute a reasonable return.
5. Public partnership with a not-for-profit housing association with development capacity would allow the state and/or the not-for-profit to reinvest the entire returns from sale of the private housing back into the estate, or into additional social housing elsewhere.
6. The option of government as developer should not be neglected. Public land agencies such as Places Victoria have the capacity to contract out building and sales functions, maintaining control of the process, increasing public housing stock and enabling cost-neutral outcomes to the state.
7. On-site place management, including management of public and private tenancies, should be encouraged.
8. All maintenance functions should be made the responsibility of the place manager.
9. The place manager should be adequately resourced or otherwise encouraged to become competitive with owners corporation managers.

10. The place management model should be supported in its community building function to a similar degree as the Neighbourhood Renewal program.

The remainder of this chapter details the conclusions of the key sections of the evaluation and at the end of each section provides a list of recommendations.

1. Conclusions on the finance mix

- 1.1 The cost to DHS of the 205 new public housing units is calculated at \$45,589,040, or \$222,385 per unit, including the demolition of the old stock. This represents a cost-effective arrangement for government.
- 1.2 The above calculation does not factor in the loss of 260 public dwellings from the estate. It does include the cost of 89 spot purchases elsewhere in Melbourne which were pegged to the redevelopment and used for some of the relocations.
- 1.3 The public to private new-build mix of 30:70 was not best value for government.
- 1.4 The government land valuation for the estate in 2002 was \$109.72 per square metre. This is low for inner-city residential land at the time: the Real Estate Institute of Victoria values land per square metre in Kensington in 2002 at \$1,640 (in 2002 prices). The low base land rate is partly explained by the perceived risk of the development. The price ultimately paid for the 4.18 hectares sold (69 percent of the estate) was \$3,760,087, or \$89.95 per square metre.
- 1.5 The sale of the private units was an important element of the financing of the entire redevelopment. It constitutes the bulk of the developer's return, which is calculated at \$44,879,982. The net profit margin across the project is calculated at 37.56 percent. The accepted industry standard is 20 percent.
- 1.6 A number of variations were made to the masterplan over the course of the development. The most significant changes occurred in 2009 in a sixth amendment to the development agreement, which changed the product mix to more apartments and fewer townhouses, and increased the yield in the final stage of the redevelopment by 10 public and 57 private units. This final stage netted an estimated profit margin for the developer of 51 percent.
- 1.7 It is clear in hindsight that apartments on well-located public housing estates do sell in the private market, and that the risk is not as great as thought. This is likely to be more the case on inner-urban than outer suburban estates.
- 1.8 The project generally proceeded on budget with a minimal cost overrun to DHS. The project represents cost effectiveness to DHS on this basis.
- 1.9 The project had a significant overrun on time. This was a cause of concern for both public and private residents on the estate.

1.10 The value for money assessment in this evaluation is that the financial arrangement could have been more advantageous to government, given that the risks of inner-city public housing estate redevelopment are not as high as initially, perhaps understandably, thought.

2. Recommendations on the finance mix

2.1 When considering future inner-city redevelopment projects, government bodies should consider the full range of options from full state funding to full private funding.

2.2 In early stage feasibility and project calculations, more sophisticated quantitative modelling should occur. This modelling should explore different tenure mixes, different ratios of public housing, financing options, different methods of procurement and so on.

2.3 The Public Sector Comparator should be used as a tool in this process.

2.4 A new-build public-private mix of 30:70 should not be automatically inscribed. Increasing the public component decreases the cost per unit to government.

2.5 In future redevelopment projects the expressions of interest and tender processes should integrate physical redevelopment and place management. These arrangements should be flexible enough to encourage interest from consortia containing a range of expertise.

2.6 DHS should explore profit share arrangements with private partners, and the risk premium should be lower for in inner-city estate redevelopments.

2.7 DHS should explore different partnership arrangements, such as with non-profit housing associations, in order to retain the advantage in the public and non-profit sectors.

2.8 DHS should explore different procurement methods, such as Alliancing and Integrated Project Delivery, in order to more equally share the governance of the project among all stakeholders in the project.

2.9 Variations to development agreements should always be transparent and publicly explained.

2.10 Some of the options above have been canvassed by DHS in a discussion paper titled *Pathways to a Fair and Sustainable Social Housing System* and a companion KPMG discussion paper, *Options to Improve the Supply of Quality Housing* (both released in April 2012). These options should receive careful consideration.

3. Conclusions on the housing mix

3.1 The final mix on the Kensington estate is 47 percent public and community housing to 53 percent private housing.

- 3.2 The urban amenity on the estate is high, and the quality of the new public housing is a vast improvement on the old stock. The tower units were given minimal refurbishments under a different government program, but have improved landscaping and community spaces at their base.
- 3.3 The redevelopment has brought about greater pride of place and tenant satisfaction for the 205 households in the public new-build, due largely to the better housing and improved physical environment.
- 3.4 A combination of improvements to the housing stock, indistinguishable public and private housing, and presence of residents of private housing has led to public tenants reporting a reduced sense of stigma.
- 3.5 Public and private residents are separated into different buildings, which range in size in the new build from 10 to 97 units. These are largely indistinguishable, and physically better integrated with the surrounding neighbourhood.
- 3.6 Most of the public housing is concentrated in four buildings in the south-east corner of the estate (a total of 336 dwellings, and 78 percent of the public units). Only 93 public units are dispersed through the rest of the development, and these are in blocks for convenience of management.
- 3.7 There are indications that internal and external communal spaces are being maintained to different standards, in favour of the privately-owned buildings.
- 3.8 It appears the private apartments have a strong investor presence, and that the number of owner occupiers is not as high as anticipated.
- 3.9 The intended allocation of public dwelling types was broadly met, as follows: one bedroom (48 percent), two bedroom (33 percent), three bedroom (17 percent), four bedroom (2 percent).
- 3.10 The redevelopment provides well for the demographic targeted by DHS as of highest need – singles under 55.
- 3.11 Kensington is particularly well-serviced with facilities for children and schools. The reduction of family units in the redevelopment (from 296 in 1998 to 72 in 2012) is unfortunate.
- 3.12 The estate is reasonably well integrated into the surrounding neighbourhood with the extension of some existing streets onto the estate. The connecting streets and walkways on the estate increase its permeability and encourage neighbouring residents to walk through.
- 3.13 The objectives of the housing mix have been achieved in that new public housing has been built (though replacing only 42 percent of the demolished stock), new private housing has been constructed, landscaping and infrastructure works have been carried out, and the estate as a result is better integrated with the surrounding neighbourhood.

4. Recommendations on the housing mix

- 4.1 There should be no net loss of public housing from future inner-city estate redevelopments.
- 4.2 Any loss of well-located inner city public housing should be quantified by DHS.
- 4.3 Future developments should seek to more evenly distribute public and private units.
- 4.4 Equal maintenance standards for public and private units should be ensured.
- 4.5 The interaction between public housing and owners corporations needs to be rethought.
- 4.6 In considering the mix of dwelling and household types in the future, consideration should be given to the suitability of the estate and broader area for children and maximising the use of existing facilities and schools

5. Conclusions on the social mix

- 5.1 The housing mix delivers a social mix in terms of incomes and stage in life cycle, that is, through providing housing for public tenants, private tenants and owner-occupiers.
- 5.2 There is little evidence at this stage of social mixing (social interaction) between the different tenure groups. There is mixing among public tenants, facilitated by their proximity within the public housing buildings and strong community organisations. Private residents of the estate appear to mix more with other private residents in Kensington, facilitated by the growing number of suitable meeting places in an increasingly gentrified residential and retail landscape.
- 5.3 The reduction in families with children reduces opportunities for social interaction.
- 5.4 There is no clear evidence for the existence prior to the redevelopment of the negative neighbourhood effects thought to be associated with place-based disadvantage, and no evidence at this stage for their subsequent mitigation.
- 5.5 The claims of the benefits of social mix, such as increased connectedness, greater social mobility and employment opportunities for public tenants, are not supported to date.

6. Recommendations on the social mix

- 6.1 Claims that a social mix will lead to social mixing and strengthened community should not be used to justify disruption of public housing communities. Care should be taken to ensure no displacement from redevelopment programs.

- 6.2 Claims that social mix will mitigate negative neighbourhood effects assumed to derive from place-based disadvantage equally have little foundation, and should not be used to justify public housing estate redevelopment.
- 6.3 The community building component of the Neighbourhood Renewal program appears to achieve some of the objectives attributed to social mix. On-site place-based management should be adequately funded with a long-term commitment to targeted job creation programs and specific training and education opportunities to help mitigate the effects of long-term poverty.

7. Conclusions on the place management model

- 7.1 The model was introduced initially to support the private sales program through on-site place management and community building. In the course of the project it evolved into what is now seen as a long-term arrangement beyond the life of the development project.
- 7.2 The place management entity manages all public housing tenancies and private tenancies where requested by the property owners. There are clear benefits for residents from this on-site tenancy management approach.
- 7.3 The place management model achieves housing management outcomes on a par with the comparison estates with the exception of the housing association.
- 7.4 Allocations include a lower percentage of high needs households (segments 1 and 3) compared to the public housing comparison estates.
- 7.5 A successful approach to sustaining tenancies is demonstrated, with nil evictions in the last three years.
- 7.6 The place management entity is responsible for maintenance of all external and internal communal areas (apart from City of Melbourne-managed areas) and building exteriors. It is not responsible for maintenance within public housing units: this function remains with DHS.
- 7.7 Facilities management is well carried out by the place manager. This encourages integration with the surrounding neighbourhood.
- 7.8 Performance on maintenance is relatively poor, and exacerbated by the separation of maintenance responsibilities between DHS and the place manager.
- 7.9 There is some confusion among tenants and within DHS and the place manager around the division of maintenance responsibilities.
- 7.10 There is some discontent on the part of owners on the estate about a lack of competition in owners corporation fees and management.

- 7.11 The community building program has generated many worthwhile activities, but they do not appear to have improved connections between public housing tenants and private residents on the estate or in surrounding areas.
- 7.12 The place manager has successfully leveraged external grants and other investment for community building activities, and in partnership with other agencies has facilitated the establishment of two small social enterprises providing employment and training opportunities for public tenants on the estate.
- 7.13 The challenges for community building include engaging older persons, private residents and residents in the surrounding community. The place manager's activities tend to focus predominantly on the older public tenants, thereby missing an opportunity to build connections between the different tenure groups on the estate.
- 7.14 There is no comparable place management model in Victoria. The state's Neighbourhood Renewal program, which has an important community building component, is of limited comparative value because it does not have a tenancy management role, and because the community building component is somewhat better resourced than that at Kensington.
- 7.15 The operating costs of the place management model appear to be exceeding the increase in revenue but the model is still being established and staff still being employed. It could be expected that absorption of the internal maintenance of the public housing units would increase economies of scale of the current model and contribute to its sustainability.
- 7.16 The place management model contributes to the redevelopment's economic viability by making the private housing on the estate attractive to purchasers and occupants.

8. Recommendations on the place management model

- 8.1 On-site place management is beneficial to residents as well as to the economic viability of estate redevelopment. Further research should seek to compare the performance of the Kensington place management model with other models including locally-devolved public housing management models, and benchmarks/KPIs for housing associations.
- 8.2 The current split in responsibilities between DHS and the place manager should be reviewed. All maintenance would ideally be provided by the place manager.
- 8.3 The maintenance function should be an important part of the contract review process. Currently there appear to be different standards of maintenance in the internal communal areas of the public and private buildings. While this may be due to different materials used in the construction process, the reasons for the different appearance should be scrutinised and redressed.
- 8.4 Owners corporation fees should be commercially competitive.

8.5 The community building function should be adequately resourced, with a long-term commitment along the lines of the community building component of the Neighbourhood Renewal program, including targeted strategies for community building through job creation and education and training.

9. Conclusions regarding data issues

The researchers experienced problems in gaining access to relevant and appropriate data due to the apparent lack of a systematic approach within DHS for gathering quantitative data for measuring, comparing or modelling quantitative housing outcomes. This created the following problems:

9.1 Delays were created in accessing the data held by DHS (eg. a range of quantitative indicators).

9.2 Delivery of incomplete or inaccurate data resulted (eg. access to land valuations, the initial demographic data for the estate, the data on MCATs, the numbers of public housing units constructed or converted).

9.3 Some data requested by the researchers was not supplied at all (eg. quantitative indicators on tenancy breaches or tenant occupations, the costs of maintenance, the costs of tenancy management operations at an estate level, documentation on why an increased yield beyond the original terms of the DA was agreed to).

9.4 It became clear that in some cases the data had not been created by DHS in the first place (eg. modelling the effects of different housing mixes).

9.5 The range, depth and effectiveness of the evaluation was limited as a result.

10. Recommendations regarding data issues

10.1 DHS should review the data issues identified in Table 5.1, and give consideration to how these issues might be addressed in terms of ongoing data collection and storage, and in making this data available for future evaluations.

10.2 DHS should collect and maintain in a readily accessible location the complete data relating to ancillary costs of estate redevelopment such as spot purchases (as part of a redevelopment), removalists, utility disconnections and reconnections, etc.

10.3 DHS should establish clear processes to enable an accurate reporting of public housing stock numbers both contemporaneously and over time.

10.4 Where access for property inspections is required in future evaluations, the responsible tenancy management section or company should give this high priority so that the inspections can be arranged early and in an efficient manner, causing least disruption to tenants and maximising the use of researchers' time.

- 10.5 Data on income levels and occupation of public tenants should be collected by DHS or the place manager and made available for program evaluations.
- 10.6 In cases where estate residents are relocated for the purposes of a redevelopment careful records should be held, including for those who did not return. In all future evaluations these should be made available in some form (addresses only, for example, to allow the researchers to invite participation). The impact of relocation and dispersal of communities as a result of the redevelopment should be an essential component of future decisions on how to proceed on other estates.
- 10.7 DHS should review its collection, storage and retrieval systems for administrative data so that it can be readily extracted for future evaluations at minimal cost to DHS.
- 10.8 The results of this evaluation including the social survey and methodology should be stored centrally and made available for future evaluations of Kensington and comparison estates.
- 10.9 Part of the contract arrangement between DHS and the on-site place manager should specify the collection and storage and availability for future evaluations of all relevant data including breakdowns of revenue and expenditure into all areas of agreed functions including the costs of responsive maintenance (internal repairs to residential dwellings).
- 10.10 Consideration should be given to ways in which DHS can require a degree of reporting transparency (while still maintaining commercial-in-confidence) from all the companies and organisations with which it enters into contractual arrangements.
- 10.11 Consideration should be given to implementing an appropriate process to ensure that the actual allocations to public housing can be evaluated against DHS allocations policy and local allocations frameworks.
- 10.12 Management and recording of maintenance costs attributable to the tenant (MCATs) should be reviewed. Regular on-site maintenance audits should be conducted to ensure that the costs of damage to public housing assets are properly assessed and reported.
- 10.13 Collection, storage and retrieval systems for property maintenance data (including the kinds of repairs undertaken, the response times, the costs, and other useful data such as the number and nature of recalls) need to be reviewed so that this data can be readily extracted for evaluation purposes when needed.
- 10.14 DHS should work with the Housing Registrar to develop a common approach to recording quantitative indicators across the public and community housing sectors.
- 10.15 Consideration should be given to funding or fostering further research aimed at building on this evaluation framework with a view to developing a broad comparative framework for all future public housing estate redevelopments.

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Appendix 1. Extract of the 2001 tender brief that sets out the scope of the development and the Director's objectives

*The Village Kensington Tender Brief
Tender 117901*

2. SCOPE OF THE DEVELOPMENT

This section defines the Director's objectives for the Development; the scope of works to be undertaken and the services to be provided by the Developer; the obligations of the parties and the terms and conditions that will apply to the Tender.

2.1 GENERAL REQUIREMENT

The OOH is inviting Tenderers to tender to –

- 1) construct up to six hundred and fifty (650) dwelling units to designs and documentation prepared by the Developer; and
- 2) sub-divide the Site, purchase land for Private Housing and develop and market the private housing;
- 3) achieve the Objectives in accordance with this Tender Brief and the Development Agreement.

2.2 DEVELOPMENT OBJECTIVES

The Objectives that have been identified as fundamental include:

- Construction of the highest possible dwelling yield up to 650 housing units with a mix of 30%-40% public housing and 60%-70% private housing on the site, and the highest possible allocation to the public sector with a minimum of 195 public housing units.
- Allocation of public dwelling types as follows: One bedroom (48%) Two bedroom (33%) Three bedroom (17%) Four bedroom (2%)
- Full integration of public and private housing to minimise division or perceived social stigma arising from any marked distinction between the public and private sector components.
- Provide a high level of urban amenity as embodied in the Development Plan and Performance Criteria (June 2000) approved by the Melbourne City Council (MCC) as part of the Planning Permit (Refer to Appendix 9).
- Provide a better standard of living for residents by providing private open

space and access for the mobility impaired.

- Housing stock and site design to incorporate leading edge energy efficient and ecologically sustainable designs.
- Consider including a Social housing component into the Development; (Refer to Section 2.4.1)
- The Development to retain significant landscape features and trees as indicated in the Tree Assessment Report (Refer to Appendix 2).
- Provide separate titles with minimal need for body corporates for Public Housing.
- Maximise the provision of individual street frontages for Public Housing. Family, non-aged singles and older persons housing should be located and grouped appropriately to meet the social needs of all occupants.
- Public Housing should be located so that whole street blocks or precincts are not exclusively Public Housing.
- The design and construction of dwellings in Public Housing are to conform to the OOH's Housing Standards Policy Manual - Construction Standards. (Refer to Appendix 1)

Appendix 2a. Kensington estate evaluation questionnaire

For information on how you should complete this questionnaire, please read the instructions on the previous page.

A. About your neighbourhood

1. How long have you lived at your **present address**? (*Circle one answer*)

Less than 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years
-----------------------	-----------------------	-----------------	-----------------	------------------	------------------

2. Thinking back about how you came to live in the Kensington estate, what were your reasons for coming here? (*For this question you can circle each answer that fits your situation*)

Low cost housing	Friends or family lived here	Employment reasons	Liked the area	Government allocated the house	No other housing available	Other, or don't know
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3. Had you lived in the Kensington estate **before** moving into your current address? (*Circle one answer*)

Yes , I was relocated away from the estate then accepted an offer to return	Yes , I moved from another address on the estate directly to this one	No , but I lived in the Kensington area	No , I hadn't lived in this area before
--	--	--	--

4. Overall, how would you rate the Kensington estate as a place to live? (*Circle one answer*)

Good	Average	Poor	Don't know
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B. Housing and the physical environment

1. How satisfied are you with your own housing? (*Circle one answer*)

Very satisfied	Satisfied	Neutral	Not satisfied	Very dissatisfied	Don't know
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2. How would you rate the general standard of housing in the Kensington estate? (*Circle one answer*)

Good	Average	Poor	Don't know
------	---------	------	------------

3. How do think your own housing compares to other housing in the Kensington estate? (*Circle one*)

Better than average	Average	Worse than average	Don't know
---------------------	---------	--------------------	------------

4. How would you rate the **physical environment** in the Kensington estate? By that, we mean streets, parks and nature strips but also things like traffic, noise, pollution and rubbish. (*Circle one*)

Good	Average	Poor	Don't know
------	---------	------	------------

C. Transport, services and government

1. How would you generally rate the quality and accessibility of local services for people living in the Kensington estate? This includes services like transport, health, education, services for children, services older people and so on. (*Circle one answer*)

Good	Average	Poor	Don't know
------	---------	------	------------

2. Would you agree or disagree that federal, state and local governments can generally be trusted to do what is best for people in the Kensington estate? *(Circle one answer)*

Disagree Strongly	Disagree	Neither	Agree	Agree Strongly	Don't Know
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3. Would you say that the community-building programs and activities organised for estate residents have led to the performance of government in the Kensington estate (for example, government services, planning and treatment of people) getting better or worse, or staying about the same? *(Circle one answer)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

D. Employment, education and the local economy

1. In general, how would you rate the opportunities and facilities for people in the Kensington estate to get education and training? *(Circle one answer)*

Good	Average	Poor	Don't know
------	---------	------	------------

2. How would you rate the general opportunities for people in the Kensington estate to get satisfactory jobs, either in this neighbourhood or nearby (within 30 minutes travelling time by car or bus)? *(Circle one)*

Good	Average	Poor	Don't know
------	---------	------	------------

3. How would you rate the quality and availability of local services and agencies to help people find work? *(Circle one answer)*

Good	Average	Poor	Don't know
------	---------	------	------------

4. Which category best describes your own employment situation at present? *(Circle one answer)*

Employed full time	Employed part time	In voluntary work	Parenting full time: not in paid work	Unemployed and looking for work	Studying or training	Disability pension	Retired	Other, or don't know
--------------------	--------------------	-------------------	---------------------------------------	---------------------------------	----------------------	--------------------	---------	----------------------

5. The "local economy" means jobs and businesses in the local area, including local people setting up their own businesses. How would you rate the state of the local economy in and around the Kensington estate? *(Circle one answer)*

Good	Average	Poor	Don't know
------	---------	------	------------

6. How much have the programs and activities organised as part of the estate's community-building program helped you to find work or improve your job opportunities? *(Circle one answer)*

A lot	A moderate amount	Very little or none	Don't know
-------	-------------------	---------------------	------------

7. How much have any contacts or networks you've made with those living in the private housing in the Kensington estate helped you to find work or improve your job opportunities? *(Circle one answer)*

A lot	A moderate amount	Very little or none	Don't know
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E. Health and well-being

1. Health and well-being means mean not just physical health but also things like having enough income and being happy. How would you rate the general health and well-being of people in the Kensington estate? *(Circle one answer)*

Good	Average	Poor	Don't know
------	---------	------	------------

2. Regarding your own health, how would you rate your health? *(Circle one answer)*

Excellent	Very good	Good	Fair	Poor	Don't know
-----------	-----------	------	------	------	------------

3. Thinking now about your total household take-home pay over the past 12 months, how have you been managing on that income? Would you say you have been ... *(Circle one answer)*

Living comfortably	Coping	Finding it difficult	Don't know
--------------------	--------	----------------------	------------

4. How satisfied do you feel about your own life generally at the moment? Are you... *(Circle one)*

Satisfied	Neither satisfied nor dissatisfied	Not satisfied	Don't know
-----------	------------------------------------	---------------	------------

F. Personal safety

1. How would you rate conditions in the Kensington estate in relation to crime and personal safety generally? Would you say they were good, poor or average? *(Circle one answer)*

Good	Average	Poor	Don't know
------	---------	------	------------

2. Have you personally been the victim of a crime in the Kensington estate in the past 12 months? By 'crime' we mean any kind of theft, break-in or physical assault. *(Circle one answer)*

Yes	No	Don't know
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G. Pride and participation in the community

1. How much pride do most local people have in the Kensington estate? *(Circle one answer)*

A lot	A moderate amount	Very little	Don't know
-------	-------------------	-------------	------------

2. How would you describe the reputation of the Kensington estate within the broader community? *(Circle one answer)*

Good	Average	Poor	Don't know
------	---------	------	------------

3. How much stigma (bad image or reputation) do you feel as a resident living on the Kensington estate? *(Circle one answer)*

A lot	A moderate amount	Very little	Don't know
-------	-------------------	-------------	------------

4. Compared to before you moved to your current address, do you feel there is more opportunity for you to move up in society, about the same opportunity, or less opportunity? *(Circle one answer)*

More	About the same	Less	Don't know
------	----------------	------	------------

5. How much do you find yourself mixing with those living in the private housing in the Kensington estate? *(Circle one answer)*

A lot	A moderate amount	Very little	Not at all	Don't know
-------	-------------------	-------------	------------	------------

6. How much do you find yourself mixing with those living in the public housing in the Kensington estate? *(Circle one answer)*

A lot	A moderate amount	Very little	Not at all	Don't know
-------	-------------------	-------------	------------	------------

7. In your opinion, how much do most people in the Kensington estate participate in local activities: things like sports and social clubs, school committees, fund raising events and street barbecues? Would you say they participate a lot, a moderate amount or very little? *(Circle one answer)*

A lot	A moderate amount	Very little	Don't know
-------	-------------------	-------------	------------

8. Thinking about your own participation in the community, **in the last month**, how often have you done any of the following things? *(Circle one answer in each line)*

Done voluntary work with a local community organisation? <i>(Circle one answer)</i>	Yes, often	Yes, a few times	No	Don't know
--	------------	------------------	----	------------

Visited friends locally? <i>(Circle one answer)</i>	Yes, often	Yes, a few times	No	Don't know
--	------------	------------------	----	------------

Spoken to your neighbours? <i>(Circle one answer)</i>	Yes, often	Yes, a few times	No	Don't know
--	------------	------------------	----	------------

Picked up other people's rubbish in a public place? <i>(Circle one answer)</i>	Yes, often	Yes, a few Times	No	Don't know
---	------------	------------------	----	------------

Taken part in a local church, sporting or social club? <i>(Circle one answer)</i>	Yes, often	Yes, a few times	No	Don't know
--	------------	------------------	----	------------

Been out to a local café, pub or show? <i>(Circle one answer)</i>	Yes, often	Yes, a few times	No	Don't know
--	------------	------------------	----	------------

Minded a friend's or neighbour's child? <i>(Circle one answer)</i>	Yes, often	Yes, a few times	No	Don't know
---	------------	------------------	----	------------

Been to a public meeting or signed a petition? <i>(Circle one answer)</i>	Yes, often	Yes, a few times	No	Don't know
--	------------	------------------	----	------------

9. How long do you think the positive changes from the redevelopment of the Kensington estate will last? *(Circle one answer)*

Last a long time	Last a moderate amount of time	Last a short time	No positive change, or won't last at all	Don't know
------------------	--------------------------------	-------------------	--	------------

10. One purpose of community-building on the estate is to build the capacity of residents to lobby and negotiate with Federal, State and local governments for improved services. How much do you think the community building programs have empowered residents to lobby council or government? *(Circle one answer)*

A lot	A moderate amount	Very little	Don't know
-------	-------------------	-------------	------------

H. About your tenancy manager

In the following questions, your tenancy manager is the person within Urban Communities Ltd who is responsible for approving or terminating your lease, overseeing your rent payments and responding to your requests for repairs.

1. How would you describe the ways your tenancy manager includes you in decision-making about matters that might affect your tenancy? *(Circle one answer)*

Very good	Good	Fair	Poor	Very poor	Don't know
-----------	------	------	------	-----------	------------

2. How would you describe the way your tenancy manager supports you or your family when your housing needs have changed? *(Circle one answer)*

Very good	Good	Fair	Poor	Very poor	Don't know
-----------	------	------	------	-----------	------------

3. When you have contacted your tenancy manager about a tenancy or rent problem, how would you describe the way they responded to your concern? *(Circle one answer)*

Very good	Good	Fair	Poor	Very poor	Don't know
-----------	------	------	------	-----------	------------

4. How quickly do you think your tenancy manager responds to maintenance requests? *(Circle one)*

Very good	Good	Fair	Poor	Very poor	Don't know
-----------	------	------	------	-----------	------------

5. How would you describe the quality of work carried out by the maintenance contractors? *(Circle one answer)*

Very good	Good	Fair	Poor	Very poor	Don't know
-----------	------	------	------	-----------	------------

6. How would you respond to each of the following statements?

I feel safe and know my housing is secure. <i>(Circle one answer)</i>	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Don't know / irrelevant
My children are a lot happier and they are doing better at school. <i>(Circle one)</i>	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Don't know / irrelevant
I can ask for repairs without worrying that it might make my rent go up.	Strongly Agree	Agree	Neither	Disagree	Strongly Disagree	Don't know / irrelevant

I. Before the redevelopment

This section is only for those tenants who lived on the estate before the redevelopment (i.e. before the walk-ups were demolished). If this doesn't apply to you, please go to **section J**.

1. Compared to before the redevelopment, would you say that in general, the standard of housing in the Kensington estate has got better, worse or stayed about the same? *(Circle one)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

2. Compared to before the redevelopment, would you say that in general, the condition of the physical environment in the Kensington estate has got better, worse or stayed about the same?

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

3. Compared to before the redevelopment, would you say that in general, the performance of government in looking after the needs of the Kensington estate has got better or worse, or stayed about the same? *(Circle one)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

4. Compared to before the redevelopment, do you think that the opportunities for education and training for people in the Kensington estate have got better or worse or stayed the same? *(Circle one)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

5. Compared to before the redevelopment, how would you say the local economy has changed? Would you say the local economy has got better, worse or stayed about the same? *(Circle one)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

6. Compared to before the redevelopment, would you say that in general, health and welfare services in the Kensington estate have got better, worse or stayed about the same? *(Circle one)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

7. Compared to before the redevelopment, has your own personal health and well-being got better or worse, or stayed about the same? *(Circle one answer)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

8. Compared to before the redevelopment, would you say that in general, conditions on the estate in relation to crime and personal safety today are better, worse or about the same? *(Circle one answer)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

9. Would you say that in general, there is more or less pride in the community than there was before the redevelopment, or has it stayed about the same? *(Circle one answer)*

More	About the same	Less	Don't know
------	----------------	------	------------

10. Compared to before the redevelopment, how much stigma (bad image or reputation) do you now feel as a resident living on the Kensington estate? *(Circle one answer)*

More	About the same	Less	Don't know
------	----------------	------	------------

11. Would you say that in general, compared to before the redevelopment, people on the estate are participating more or less in local community activities, or about the same? *(Circle one answer)*

More	About the same	Less	Don't know
------	----------------	------	------------

12. Would you say that the time it takes for repairs to get done is better compared to before the redevelopment, worse than before, or has it stayed about the same? *(Circle one answer)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

13. Compared to before the redevelopment, would you say that you are more likely to get behind with your rent now, or less likely, or about the same? *(Circle one answer)*

More likely	About the same	Less likely	Don't know
-------------	----------------	-------------	------------

14. Thinking about the overall impact of the redevelopment on you and those living with you, would you say that it has left you better off, worse off or about the same? *(Circle one answer)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

15. Compared to before the redevelopment, how would you say that the reputation of the Kensington estate within the broader community has changed? *(Circle one answer)*

Better	About the same	Worse	Don't know
--------	----------------	-------	------------

16. Would you say that as a result of the redevelopment, there is more opportunity for you to move up in society, about the same opportunity, or less opportunity? *(Circle one answer)*

More	About the same	Less	Don't know
------	----------------	------	------------

17. Compared to before the redevelopment, how much do you find yourself mixing with those living in the public housing in the Kensington estate? *(Circle one answer)*

More	About the same	Less	Don't know
------	----------------	------	------------

18. Compared to before the redevelopment, how much do you find yourself mixing with those living in the broader neighbourhood beyond the Kensington estate? *(Circle one answer)*

More	About the same	Less	Don't know
------	----------------	------	------------

19. Compared to before the redevelopment, how much more power do residents on the estate have to lobby and negotiate with Federal, State and local governments for improved services? *(Circle one answer)*

A lot more	A moderate amount more	Very little more	Don't know
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J. About yourself and your household

1. Are you: *(Circle one)*

Female	Male
--------	------

2. In which country were you born?

3. Are you receiving any kind of government pension, benefit or income support? *(Circle one)*

Child/family benefit	Unemployment benefit	Student benefit	Disability pension	Retirement pension	Widow's pension	Carer's pension	Other	None
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4. Which of the following best describes your household? *(Circle one answer)*

Single person living alone	Couple living alone	Group of unrelated people over 18	Single person living with 1 or more children	Couple living with 1 or more children	Extended family living with 1 or more children	Other, or don't know
----------------------------	---------------------	-----------------------------------	--	---------------------------------------	--	----------------------

5. How many people in your household ...

	Number
... are in paid employment?	
... receive a pension or benefit from the government?	
... live in the house in total?	

6. What is your age?

7. Please estimate the total take-home pay of your household for the last financial year (2010-11).
By that, we mean the total income *after tax* of all the people living in your house. (*Circle one answer*)

Up to \$10,000	\$10,000- \$15,000	\$15,000- \$20,000	\$20,000- \$30,000	\$30,000- \$40,000	\$40,000- \$60,000	\$60,000- \$80,000	\$80,000- \$100,000	Over \$100,000
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Thank you, this is the end of the questionnaire. Please return it in the stamped, addressed envelope as soon as possible (but no later than 31 January 2012).

Appendix 2b. Variations to Questionnaire A, for private residents

1. Replace the original opening paragraph to section H:

H. About your tenancy manager

In the following questions, your tenancy manager is the person within Urban Communities Ltd who is responsible for approving or terminating your lease, overseeing your rent payments and responding to your requests for repairs.

with the following text:

H. About your tenancy manager

*This section is only for those who are renting – public, private or community housing. If you're an owner-occupier, please go to **section I**.*

In the following questions, your tenancy manager is the individual or organisation responsible for approving or terminating your lease, overseeing your rent payments and responding to your requests for repairs.

i. Is your tenancy manager:(circle one answer)

Urban Communities Ltd	Another Real estate Agent	The owner (private landlord)	Other	Don't know
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2. Delete section I ("Before the redevelopment"), relabel section J as section I and insert the following additional question:

5a. Which of the following best describes the housing you live in? (Circle one answer)

I/we fully own it	Paying off mortgage	Rented from private landlord or agent	Occupied rent-free	Other	Don't know
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Appendix 3. Matrix of interview questions by respondent type

No.	QUESTION	Public	Private	Relocat	Neighb	Orgs	Traders
1.00	BEFORE THE REDEVELOPMENT						
1.01	How would you describe the Kensington public housing estate before the redevelopment?	Y	-	Y	Y	Y	Y
1.02	What are some of the things you liked about the old estate?	Y	-	Y	Y	Y	Y
1.03	What were the things you didn't like?	Y	-	Y	Y	Y	Y
1.04	More broadly, what it was like living here in Kensington back then?	Y	-	Y	Y	Y	Y
1.05	Do you think there was any stigma attached to living on the old estate?	Y	-	Y	Y	Y	Y
1.06	How would you describe the relationship between the broader community and the estate?	Y	-	Y	Y	Y	Y
1.07	How much social interaction was there amongst the estate residents?	Y	-	Y	-	Y	-
1.08	How much social mixing was there between the estate residents and the broader community?	Y	-	Y	Y	Y	Y
2.00	DURING THE REDEVELOPMENT						
2.01	Why do you think the estate was redeveloped?	Y	Y	Y	Y	Y	Y
2.02	When you were told you would have to leave the estate did you think of this as a positive or a negative?	-	-	Y	-	-	-
2.03	What was the relocation process like?	-	-	Y	-	-	-
2.04	Have you had to move again since you were relocated from the estate?	-	-	Y	-	-	-
2.05	In general terms, how would you describe your current housing?	-	-	Y	-	-	-
2.06	What's happened to the social network you had when you lived on the estate? Do your friends still keep in touch with each other?	-	-	Y	-	-	-
2.07	Are you still hoping for an offer to move back to the new estate?	-	-	Y	-	-	-
2.08	Between 2000-02, around 400 households were relocated so the walkups could be demolished. What impact did this loss of population have on your organisation & on the Kensington community in general?	-	-	-	-	Y	Y
2.09	What has been the impact of the repopulation of the estate over the last six years?	-	-	-	-	Y	Y
2.10	What was the reallocation/resettlement process like for returning tenants?	Y	-	-	-	Y	-
2.11	What's it been like on the estate while the redevelopment has been continuing?	Y	Y	-	Y	Y	-
3.00	AFTER THE REDEVELOPMENT						
3.01	Tell me about the estate after the redevelopment– how would you describe it now?	Y	Y	Y	Y	Y	Y
3.02	What are some of the things you like about the new estate?	Y	Y	Y	Y	Y	Y
3.03	What are the things you don't like?	Y	Y	Y	Y	Y	Y
3.04	More broadly, how has the redevelopment changed Kensington as a place to live?	Y	Y	-	Y	Y	Y
3.05	In particular, tell me how the standard of housing has changed.	Y	-	-	-	-	-
3.06	What about the condition of the physical environment?	Y	-	-	-	-	-
3.07	How has the relationship between the broader community and the estate changed since the redevelopment?	Y	Y	Y	Y	Y	Y
3.08	Do you think there's any stigma attached to being a resident on the estate?	-	Y	-	-	-	-
3.09	Is there still any stigma attached to being a public housing resident on the estate?	Y	Y	Y	Y	Y	Y
3.10	How much social interaction is there now between the public housing residents on the estate?	Y	Y	-	-	Y	-
3.11	What about between the public housing tenants and those in the private units on the estate?	Y	Y	-	-	Y	-
3.12	How much social interaction is there amongst the private residents on the estate?	-	Y	-	-	-	-
3.13	Are you more likely to mix with the estate residents as a result of the redevelopment?	-	-	-	Y	-	-
3.14	Has the amount of social mixing between the public housing tenants and the broader Kensington community changed since the redevelopment?	Y	-	-	Y	Y	-

No.	QUESTION	Public	Private	Relocat	Neighb	Orgs	Traders
3.15	And what about those in the private units on the estate: how much do they mix with the broader Kensington community?	Y	Y	-	Y	Y	-
4.00	OVERALL CHANGES						
4.01	What changes have you seen over the last 12 years in terms of client profile?	-	-	-	-	Y	Y
4.02	Have your clients' needs changed as a result of the redevelopment?	-	-	-	-	Y	Y
4.03	The "local economy" means jobs and businesses in the local area, including training options, employment opportunities, local people setting up their own businesses. What sort of economic opportunities do you see for low-income residents on the estate?	Y	Y	-	Y	Y	Y
4.04	Has the redevelopment helped you to feel less isolated and more socially connected?	Y	-	-	-	Y	-
4.05	Do you think the redevelopment has helped PH tenants on the estate to represent their own interests, for example in campaigning for improvements or in lobbying government for better services?	Y	Y	Y	Y	Y	-
4.06	How would you describe the overall impact of the redevelopment on you and those living with you?	Y	-	Y	Y	-	-
4.07	[If CALD:] What impact has the redevelopment had on your community?	Y	-	Y	-	Y	-
4.08	What about its overall impact on the broader Kensington community?	Y	-	Y	Y	Y	Y
4.09	How has the redevelopment changed the kind of shops and services available here in Kensington?	Y	-	Y	Y	Y	Y
4.10	How has the redevelopment affected local agencies, services and businesses in the long term?	-	-	-	Y	Y	Y
4.11	Has your sense of personal safety changed as a result of the redevelopment?	Y	Y	-	Y	-	-
4.12	Are you aware of any changes to education levels or school drop-out rates amongst the estate residents?	-	-	-	-	Y	-
4.13	Do you think the social mobility of the PH residents has changed since the redevelopment?	Y	-	-	-	Y	-
4.14	Management of the public housing on the estate has been transferred from the Office of Housing to UCL. Have you found any difference in service, for example in getting repairs done?	Y	-	-	-	-	-
4.15	What about talking to your tenancy manager if there's a problem – how is that now compared to when the Office of Housing managed your tenancy?	Y	-	-	-	-	-
4.16	Are you happy with the maintenance of the facilities and common areas?	-	Y	-	-	-	-
4.17	[If an o/o...] Are you happy with the management of your owners' corporation?	-	Y	-	-	-	-
4.18	Many of the private units on the estate were bought by investors who have then rented them out. Do you see any differences between the private renters and the public housing tenants?	Y	-	-	-	Y	Y
4.19	Owner occupiers & private renters on the estate generally have higher disposable incomes than the PH residents. How has their arrival on the estate affected your business/programs?	-	-	-	-	Y	Y
4.20	Do you think the redevelopment has brought any cheaper or extended services for the PH tenants?	Y	-	-	-	Y	Y
4.21	In what other ways has the redevelopment benefitted the PH residents on the estate?	-	-	-	-	Y	Y
4.22	What do you think about the introduction of private housing on the estate?	Y	-	Y	Y	Y	Y
4.23	Are you aware that community-building is a key element of the redevelopment?	Y	Y	-	Y	Y	Y
4.24	What community-building are you aware of?	Y	Y	Y	Y	Y	Y
4.25	Is the new estate somewhere you'd recommend for a friend buying or renting a unit?	Y	Y	Y	Y	Y	Y
4.26	That's the last of my formal questions. Are there any other issues you'd like to mention?	Y	Y	Y	Y	Y	Y

Appendix 4a. Analysis of Actual Cash Flows to Developer

Analysis of Actual Cash Flows to Developer																	
Start Date	Jun 02	Jun 04	Dec 04	Dec 04	Dec 04	Dec 04	Dec 04	Dec 04	Dec 05	Jun 06	Dec 06	Jun 09	Dec 09	Dec 10	Dec 11	Jun 12	Dec 12
Discount Rate	8.75%																
Handover Date	Jun-02	Jun-04	Dec-04	Dec-04	Dec-04	Dec-04	Dec-04	Dec-04	Dec-04	Jun-06	Dec-06	Jun-09	Dec-09	Dec-10	Dec-11	Jun-12	Dec-12
Stage Reference	1 & (2?)								4								
Construction	Henry Street North								Henry Street South	Gower Street South	Hampden Road South	Waiseley Street South	Ormond Street South	Ormond Street North	Hampden Road North & part Gower Street North	part Gower Street North	
Masterplan Reference																	
Address	50 Henry St	Derby St	37 Kensington Rd	41-57 Kensington Rd	60 Henry Rd	64-79 Henry St	80 Henry St	80 Henry St	108 Altona St	84, 86 & 88 Altona St	68, 72 Altona St	50 & 62 Altona St	40 Altona St	80 Ormond St	16-54 Derby St	71 Henry St	
1br	1	1	1	1	1	1	1	1	1	14	42	11	24	4	72	26	
2br	8	8	8	8	8	8	8	8	19	44	67	22	41		20	49	
3br			5		9		7										
4br																	
Total	9	5	9	9	9	9	7	9	33	86	78	46	45	72	20	75	512
Revenues and Expenditures																	
Average Construction Cost for Unit in Stage	0	243,474	243,474	243,474	243,474	243,474	243,474	243,474	190,909	184,766	233,305	273,959	303,167	256,647	451,000	227,747	
Estimated Unit Sales Revenue	0	361,105	361,105	361,105	361,105	361,105	361,105	361,105	312,394	330,860	369,077	391,087	417,889	390,542	686,750	462,067	
Total Construction Cost to Private	0	2,191,266	1,217,370	2,191,266	2,191,266	1,704,318	2,191,266	2,191,266	6,299,997	15,889,876	18,197,790	12,602,114	13,642,515	18,478,584	9,020,000	17,081,025	
Estimated Sales Revenue to Private	0	3,249,945	1,805,525	3,249,945	3,249,945	2,527,735	3,249,945	3,249,945	10,309,002	28,453,960	28,788,006	17,990,002	18,805,005	28,119,024	13,735,000	34,655,025	
Unit Profit Margin		0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.39	0.44	0.37	0.30	0.27	0.34	0.34	0.51	
Estimated Profit to Private	0	1,058,679	588,155	1,058,679	1,058,679	823,417	1,058,679	1,058,679	4,009,005	12,564,084	10,590,216	5,387,888	5,162,490	9,640,440	4,715,000	17,574,000	
Cost to Private		74,614,697															
Revenue to Private		119,494,679															
Private NPV Profit		44,879,982															
Profit Margin		37.56%															
Cost/Unit		145,732															
Profit/Unit		87,656															

Appendix 4b. Analysis of Actual Cash Flows to DHS

Analysis of Actual Cash Flows to DHS														
Start Date Jun 02														
Discount Rate	8.75%													
Handover Date	01-Jun-02	01-Feb-03	01-Jun-04	01-Dec-04	01-Dec-04	01-Dec-04	01-Dec-04	01-Dec-05	01-Dec-06	01-Jun-09	01-Dec-09	01-Dec-10	01-Dec-11	01-Jun-12
Stage Reference Construction			1 & (2?)				4							
Masterplan Reference			Henry Street North			Henry Street South		Hampden Road South		Wolsley St South	Ormond Street South	Ormond Street North	Hampden Road North & part Gower Street North	part Gower Street North
Address			39 Kensington Road	59 and 61 Kensington Road	63 Kensington Road	78 Clifford Terrace	65 Kensington Road	78 Altona	60 Altona	100 Ormond Street	70 Derby Street	100 Ormond Street	Clifford Tee (16-54 Derby Street)	Clifford Tee (71 Henry Street)
1br			1			97								98
2br			7		8		1	10	10	10	9	8	8	6
3br					2		10				3	8	12	6
4br				2									2	4
Total			8	2	10	97	11	10	10	12	16	22	22	12
Units Complete			8	10	20	117	128	138	148	160	176	198	210	210
Proportion Complete	0	0	3.8%	5.1%	9.5%	55.7%	61.0%	65.7%	70.5%	76.2%	83.8%	94.3%	100.0%	100.0%
Demolition		4,070,000												
Revenues and Expenditure to Public														
Average Construction Cost to Public for Unit in Stage		0	196,895	196,895	196,895	132,248	235,300	243,886	200,476	264,573	274,175	342,762	385,963	
Total Construction Cost to Public for Unit in Stage		0	1,575,160	393,790	1,968,950	12,828,056	2,588,300	2,438,860	2,004,760	3,174,876	4,386,800	7,540,764	4,631,556	31,444,068
Consultants	461,000	0	17,562	6,079	20,264	212,938	24,148	21,952	21,952	26,343	35,124	48,295	26,343	318,410
Less Land Revenue	5,443,919	0	207,387	71,788	239,293	2,514,572	285,158	259,234	259,234	311,081	414,775	570,315	311,081	3,760,087
Less Compensation	737,322	0	28,088	9,723	32,410	340,573	38,622	35,111	35,111	42,133	56,177	77,243	42,133	509,264
Total Cost to Public		0	1,357,246	318,358	1,717,511	10,185,849	2,288,668	2,166,468	1,732,368	2,848,005	3,950,972	6,941,501	4,304,685	
NPV Cost to Public														
Cost/Unit														

Appendix 4d. NPC capital cost scenario 2

NPC Capital Cost Scenarios - Scenario 2 (50/50 Mix)																	
Estimated Cost to DHS		Summary															
Tender Stage Analysis		Summary															
Discount Rate	8.75%	Base Land Sale Revenue	13,153,491														
D&C Cost Escalation @ 4.0%	4.00%	Demolition	39,226,233														
Land Cost Escalation	8.00%	Relocation Purchases (for 30% Public)	2,701,867														
No of Public Units	308	Relocation Works (for 30% Public)	356,000														
		Total Relocation	17,266,000														
		Relocation Adjustment (50% Public)	8,563,491														
		Design and Consultants	161,292														
		Design and Construct	40,152,180														
		Stage	1A	1B	2A	2B	3A	3B	4A	4B	5A	5B					
		date	01-Jun-02	01-Jan-03	01-Jan-04	01-Nov-04	01-Jul-05	01-Apr-05	01-Sep-05	01-Feb-06	01-Oct-06	01-Jun-07					
		Elapsed Months	0	7	19	27	35	44	49	54	62	76					
		% Complete Public	0%	9%	16%	11%	10%	12%	7%	6%	10%	9%					
		Design and Consultants	0	410,870	730,435	502,174	456,522	49,304	319,565	273,913	456,522	502,174					
		Design and Construct Cost	3,613,696	6,424,349	4,416,740	4,015,218	4,818,262	2,810,653	2,409,131	4,015,218	4,416,740	4,416,740					
		Sub Total	4,024,566	7,154,784	4,918,914	4,471,740	4,867,566	3,130,218	2,683,044	4,471,740	4,918,914	4,024,566					
		D&C Cost Escalation	93,907	453,136	442,702	521,703	713,910	511,269	482,948	924,160	1,147,747	1,019,557					
		D&C Total	0	4,118,472	7,607,920	5,361,616	4,993,443	5,581,476	3,641,487	3,165,992	5,395,899	6,066,660					
		Proportion of Land Sold to Private	0%	4%	8%	5%	5%	6%	3%	5%	5%	4%					
		Base Land Value	220,000	440,000	440,000	275,000	330,000	330,000	165,000	275,000	275,000	220,000					
		Land Cost Escalation	10,267	55,733	49,500	64,167	96,800	53,900	99,000	113,667	128,333	111,467					
		Total Land Cost	0	230,267	495,733	324,500	339,167	426,800	218,900	374,000	388,667	403,333					
		Direct Capital Costs															
		Public			Private			Area			Rate			Cost			
		Apt	Area	Rate	Beds	Apt	Area	Rate	Area	Rate	Cost	Area	Rate	Cost	Area	Rate	Cost
		0	0	1,455	0	0	0	0	0	0	0	0	0	1,455	0	0	0
		26	135	1,455	38r	26	115	1,455	26	115	4,350,450	26	115	4,350,450	26	115	4,350,450
		110	84	1,455	2br	110	84	1,455	110	84	13,444,200	110	84	13,444,200	110	84	13,444,200
		88	65	1,455	1br	88	65	1,455	88	65	8,322,600	88	65	8,322,600	88	65	8,322,600
		9			1br	9			9		720,225	9		720,225	9		720,225
		233			Stacked	233			233			233			233		
		2	155	1,455	4br	2	155	1,455	2	155	451,050	2	155	451,050	2	155	451,050
		15	120	1,455	3Br	15	120	1,455	15	120	2,619,000	15	120	2,619,000	15	120	2,619,000
		34	114	1,455	2br	34	114	1,455	34	114	5,639,580	34	114	5,639,580	34	114	5,639,580
		0	0	1,455	1br	0	0	1,455	0	0	0	0	0	0	0	0	0
		51			Individual	51			51		8,709,630	51		8,709,630	51		8,709,630
		0	0	0	4br	0	0	0	0	0	0	0	0	0	0	0	0
		19	135	1,455	3Br	19	135	1,455	19	135	3,732,075	19	135	3,732,075	19	135	3,732,075
		5	115	1,455	2br	5	115	1,455	5	115	836,625	5	115	836,625	5	115	836,625
		0	0	1,455	1br	0	0	1,455	0	0	0	0	0	0	0	0	0
					Total						4,568,700			4,568,700			4,568,700
		284			Total Public	284											
		284			Total Private	284					40,115,805			40,115,805			40,115,805

Appendix 4f. NPC capital cost scenario 4

NPC Capital Cost Scenarios - Scenario 4 (30/70 mix with \$10M Base Land Valuation)																							
Estimated Cost to DHS		Summary		1A		1B		2A		2B		3A		3B		4A		4B		5A		5B	
Tender Stage Analysis				01-Jun-02		01-Jan-03		01-Jan-04		01-Nov-04		01-Jul-05		01-Apr-05		01-Sep-05		01-Feb-06		01-Oct-06		01-Jun-07	
Discount Rate		Base Land Sale Revenue		0		7		19		27		35		44		49		54		62		70	
D&C Cost Escalation @ 4.0%		Demolition		0%		13%		50%		14%		6%		9%		0%		0%		0%		8%	
Land Cost Escalation		Relocation Purchases		16,910,000		6,701,763																	
No of Public Units		195 Relocation Works		356,000																			
		Total Relocation Works		17,266,000																			
		Design and Consultants @10%		3,255,541		38,483,651																	
		Design and Construct		22,555,410		197,352																	
		NPC to DHS for D&C Alone				23,329,414																	
		NPC per Unit				119,638																	
Scenario 4																							
Stage		Date		01-Jun-02		01-Jan-03		01-Jan-04		01-Nov-04		01-Jul-05		01-Apr-05		01-Sep-05		01-Feb-06		01-Oct-06		01-Jun-07	
Elapsed Months		0		0		7		19		27		35		44		49		54		62		70	
% Complete Public		0%		0%		13%		50%		14%		6%		9%		0%		0%		0%		8%	
Design and Consultants		417,377		1,627,771		455,776		195,332		37,564		0		0		0		0		0		260,443	
Design and Construct Cost		2,891,719		11,277,705		3,157,757		1,353,325		2,029,987		0		0		0		0		0		1,804,433	
Sub Total		3,309,096		12,905,476		3,613,533		1,548,657		2,067,551		0		0		0		0		0		2,064,876	
D&C Cost Escalation		77,212		817,347		325,218		180,677		303,241		0		0		0		0		0		481,804	
D&C Total		0		3,386,309		13,722,822		3,938,751		1,729,334		2,370,792		0		0		0		0		2,546,680	
Proportion of Land Sold to Private		0%		5%		6%		8%		9%		8%		9%		7%		6%		10%		8%	
Base Land Value		487,013		0		633,117		827,922		892,857		681,818		616,883		990,260		827,922		876,623		876,623	
Land Cost Escalation		22,727		0		113,961		193,182		261,905		222,727		222,078		409,307		386,364		444,156		444,156	
Total Land Cost		0		509,740		0		747,078		1,021,104		1,154,762		904,546		1,399,567		1,214,286		1,320,779		1,320,779	
Direct Capital Costs																							
Public		Apt		Area		Rate		Cost		Private		Beds		Area		Rate		Cost					
4br		0		1,455		0		0		4br		0		1,455		0		0					
3Br		12		1,455		2,357,100		38r		42		115		1,455		7,027,650							
2br		50		1,455		6,111,000		2br		169		84		1,455		20,655,180							
1br		98		1,455		7,842,450		1br		70		65		1,455		6,620,250							
Stacke		0						1br		18		55		1,455		1,440,450							
4br		4		1,455		902,100		4br		0		0		1,455		0							
3Br		23		1,455		4,015,800		3Br		8		120		1,455		1,396,800							
2br		8		1,455		1,326,960		2br		60		114		1,455		9,952,200							
1br		0		1,455		0		1br		2		65		1,455		189,150							
						22,555,410		4br		0		0		1,455		0							
								3Br		42		135		1,455		8,249,850							
								2br		10		115		1,455		1,673,250							
								1br		0		0		1,455		0							
								Total		57,204,780													

Appendix 5. Organisations and traders sent invitations for interview

All of the following organisations and traders were asked to take part in a short interview. In most cases the initial request was sent by email. Where no email address was available, or there was no response to the email address, an attempt was made to contact the organisation or trader by telephone. In several cases, the organisation or trader was contacted directly by visiting their premises.

INVITATIONS SENT TO:

Local agencies and community organisations

Altona St Maternal And Child Health Centre
Australian Community Support Organisation
Capital City Local Learning & Employment Network
Christ Church Kensington (Anglican and Uniting)
Dignity Financial Counselling
Doutta Galla Community Health
Flemington & Kensington Community Legal Centre
Flemington And Kensington Bowling Club
Flemington Kensington News
Flemington Kensington RSL
Flemington Library
Hanover Welfare Services
Holy Rosary Catholic Church
Housing for the Aged Action Group
Kensington Adventure Playground ("The Venny")
Kensington Association
Kensington Community Children's Cooperative
Kensington Community Recreation Centre
Kensington Neighbourhood House
Kensington Public Tenants Association
Kensington Turkish Child Care Centre
Kensington Village Network

Melbourne Community Toy Library (Kensington)
North Melbourne Language & Learning Centre
Salvation Army Community Outreach Services
Wombat Housing & Support Services
Youth Unlimited

Schools and local authorities

City of Melbourne Aged and Disability Support Services
Holy Rosary Primary School
Kensington Community High School
Kensington Primary School
Melbourne North Police Station

Traders

Erinbank Crafts & Gifts
Fruits of Passion cafe
Hair Off Bellair
Hardiman's Hotel
Newton's Pharmacy
Phatty Boombah restaurant
Superior Tyres
Tempted Gift Shop
Wayward Books

Others

MSS Security
Urban Communities Ltd

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