

## CHAPTER 7

### HIGH RISE AND ITS OPPONENTS

High rise blocks of flats built in the sixties and early seventies dominate many streetscapes, harbour foreshores and major arterial roads in Sydney. Their physical prominence and concentration in a small number of municipalities makes them a highly visible feature of the Sydney skyline and lends credence to the widespread notion that Sydney is overrun with high rise flats. This is far from the truth. Not until 1970 were more flats than houses were built in Sydney and only a very small proportion of them were high rise. At the 1981 census only 4.3 per cent (45 389) of occupied private dwellings in the Sydney Statistical Division were in blocks of flats over three storeys. Most of Sydney's flats (207 000) were still to be found in much smaller, though not necessarily unobtrusive, walk-up blocks (Census).

High rise advocates included architects and planners who saw such blocks as a means of containing urban sprawl; the NSW Housing Commisison who built tower blocks to replace inner city 'slums' and private developers trying to maximise profits on spectacular sites, usually with the acquiescence of local councils. High rise flats began to appear in harbour and oceanside suburbs already made popular by flat development in the inter-war years, North Sydney, Woollahra, Waverley and Manly as well as The City of Sydney. Two thirds of all strata plans registered for high rise blocks were concentrated in these five LGAs, as shown in Table 7.1.

Table 7.1 Strata plans registered for blocks of flats in Sydney 1961-80 by height

LGA	No of plans registered for blocks 8 structural storeys and over <sup>a</sup>	Total no of plans registered for flat blocks	High rise %
North Sydney	99	837	11.8
City of Sydney	58	232	25.0
Woollahra	52	520	10.0
Waverley	48	783	6.1
Manly	37	480	7.7
Willoughby	26	188	13.8
Sutherland	20	435	4.6
Mosman	19	310	6.1
Randwick	19	1 069	1.8
Warringah	19	834	2.3
Burwood	10	83	12.0
Drummoyne	10	211	4.7
Leichhardt	10	120	8.3
Rockdale	10	500	2.0
Lane Cove	7	195	3.6
Parramatta	6	246	2.4
Bankstown	2	25	8.0
Botany	1	253	0.4
Marrickville	1	210	0.5
Ryde	1	388	0.3
South Sydney	1	8	12.5
Strathfield	1	88	1.1
Other LGAs	0	2 614	
TOTAL	457	10 629	

<sup>a</sup> Blocks over four storeys required a lift but few blocks of four to seven storeys were built because they were uneconomic so eight storeys has been used as the cut-off point to define 'high rise'.

Source: Sample Survey Centre, University of Sydney, data file on strata registrations

By the early 1970s there was mounting public resentment against the impact of high rise flats. The press summed up criticisms of the tower blocks with the catchcries 'no high living in high-rise' (Bulletin 11 Sept 1971), 'gaols in the sky' (Aust 21 Aug 1973), 'high rise blues' and 'battery brooders' (Our Women March-May 1969). The argument against high rise suggested that residents lacked privacy (though paradoxically they were also deprived of human contact); the blocks lacked sufficient play space for

children, were noisy and the lifts continually broke down. Sociologists added fuel to the fire with statistics indicating the unusually high rate of suicides, delinquency and vandalism in the high rise apartments. Such criticisms were almost entirely directed at NSW Housing Commission high rise blocks in the inner city in marked contrast to complaints about privately developed blocks (mostly by resident action groups) which were concerned more with aesthetics and property values. Apparently rich people perched in their expensive penthouses escaped the high rise blues or, as Margaret Mead, the well known anthropologist, pointed out on a visit to Sydney, 'only the poor seem to suffer from high rise neuroses' (Lecture to Building Science Forum Conference, 6 June 1973, quoted NSWHC Annual Report 1983, 74).

Mounting criticism of the high rise flats persuaded councils to rethink their planning codes. The collapse of the property market gave them a much needed breathing space and by the end of the seventies most councils had introduced much more stringent controls for flats, particularly over height. Between 1976 and 1981 very little high rise development took place. Table 7.2 ranks Sydney's top ten suburbs for flats above three storeys at 1976 and 1981.

The percentage of flats above three storeys remained virtually static between 1976 and 1981. Top of the list at both censuses is the City of Sydney followed by South Sydney, the LGA incorporated in 1968 consisting of parts of Newtown, Rosebery, Erskineville, Waterloo and Redfern which contains most of the Commission high rise. The inclusion of Hunters Hill is deceptive. While nearly one third of its blocks of flats are over three storeys, there are only 872 flats altogether accounting for 22 per cent of the total dwelling stock. The position is quite different to say Mosman or Manly where the percentages are lower but where numerically, high rise have

had a far greater impact. In both Mosman and Manly flats form 45 per cent of all housing and about a quarter of all flats are above three storeys. Of the top ten suburbs only two, South Sydney and Leichhardt are not close to the Harbour or ocean.

**Table 7.2** Sydney's top ten suburbs for flats above three storeys ranked by percentage of all flats at 1976 and 1981

Rank		Suburb	% of flats above 3 storeys <sup>a</sup>		Total all flats		Total all houses	
1976	1981		1976	1981	1976	1981	1976	1981
1	1	City of Sydney	64.1	66.3	10 060	12 143	7 882	6 599
2	2	South Sydney	55.4	54.9	3 618	4 098	7 432	7 300
3	3	Woollahra	45.6	44.0	10 222	11 376	10 390	9 842
4	4	North Sydney	35.3	35.7	14 196	16 982	7 370	6 059
5	6	Hunters Hill	31.4	28.4	872	1 001	3 046	2 900
6	4	Willoughby	31.0	35.7	3 422	4 711	13 952	13 754
7	8	Manly	26.3	25.6	6 268	7 406	7 406	7 063
8	10	Leichhardt	25.9	23.0	5 430	6 068	17 390	16 107
9	7	Drummoyne	24.8	26.6	3 198	3 794	8 002	7 613
10	9	Mosman	20.5	24.1	4 780	5 252	5 858	5 332

Source: Census 1976, 1981

<sup>a</sup> The 1976 census was the first to give breakdowns of flats by height. ABS uses the three storey cut off point because local government regulations differ from flats above this height. It does not give breakdowns of flats over this height.

### High rise flats and the NSW Housing Commission

The 1950s Greenway Flats in North Sydney marked the beginning of a trend towards high rise construction by the NSW Housing Commission. The Commission saw Greenway as a necessary measure to counter the desperate housing shortage in the immediate post-war years. By the 1960s it had adopted the view that the ever escalating costs of acquiring inner city land

necessitated the construction of high rise blocks of flats as the only economical method of rehousing residents of 'slum' areas like Redfern and Waterloo. Its 1961 Annual Report noted this increase in land costs and in interest rates on loans which, together with a rapid rise in the number of applicants, made the situation increasingly urgent. In 1960-61 the Commission received 15 482 new applications, the highest since 1954 and virtually all those seeking help had little chance of obtaining satisfactory accommodation elsewhere (NSWHC Annual Report 1961, 8-9). The Commission decided that the era of walk-up city flats and relatively low densities was a luxury of the past. One hundred people per hectare now became the common density pattern, nearly four times higher than early Commission developments and twice the existing densities (Kendig 1979, 137).

Architects and town planners approved of Commission plans to go high rise, arguing that well planned high rise development would help contain Sydney's urban sprawl. Ian McKay, chairman of the Royal Australian Institute of Architects' NSW Committee on Housing, summed up the Institute's approach:

We need high rise units if Sydney is not to become an unmanageable sprawl. But it is essential that they be properly planned to take advantage of geographical location, to ensure adequate space around them, and to blend with lower accommodation, if high density living is to be provided in the inner-city areas and the amenities are to be preserved as well (Australian 19 Sept 1968).

Even Florence Taylor, the ardent anti-flat campaigner of the 1930s, advocated more skyscrapers and tall flat buildings and wrote in her magazine *Building* that it was 'all hooey' to say that tall buildings blocked out light and air (*Building* Sept 1960, 77). She now conceded that flats were suitable for older people with grown up families, young working couples with no children and bachelors of both sexes (*Building* Nov 1959, 24). Taylor did not rule out the possibility that children would occupy the tower blocks as

a few months later she commented that if shops were built on the ground floor, mothers would find the vertical journey to the grocers more convenient than negotiating prams and toddlers in the traditional trek to the local shops (Building Sept 1960 77-79).

The State Labor government also shared the Commission's opinion. In a policy speech in 1959 Premier J J Cahill said that his government was 'firmly committed' to high density housing as a means of solving the home shortage (SMH 25 Feb 1949). A little over a year later, the Commission conveniently detected a trend towards the acceptance of higher density housing in 'more favourably located areas', apparently based on the increase in the number of flats (1935 in 1958/59 and 3870 in 1959/60) and the willingness of families to accept flats as opposed to cottages 'of necessity situated in more outlying southern and metropolitan districts' (NSWHC Annual Report 1960, 18).

The shared consensus of planners and politicians that high rise should replace city slums did not extend to the suburbs where both political parties were wary of antagonising the growing might of suburban house owners. Councils vehemently opposed the introduction of Commission high rise into their suburban tree-lined streets.

Liberal members, particularly those representing north shore electorates, championed the suburban ideal in Parliament. MP for Gordon (1953-62) Stewart Fraser, executive director of the Building Industry Congress (1945-62), and member of the NSW Building Advisory Committee (1945-62) used the 'reds in the flats' argument to keep Commission high rise out of 'garden suburbs'. He told Parliament of a letter he received from the

West Lindfield-West Killara Progress Association advising that members of the Communist Party were collecting signatures to a petition asking that Bradfield Park (a temporary housing settlement taken over by the Commission after the war) be developed by the Commission for high density housing. Fraser argued,

The communist technique is to climb on every band-waggon that looks as though it is going anywhere, and because this Government has sponsored a higher-density housing policy and other organisations also are interested in it, the communists have seized their chance. The only way in which this Government can shove them off this band-waggon - and it will have to be done quickly - is to tell them that although the Government is committed to higher-density housing it does not believe that this type of housing is suited to garden suburbs. If the Government does not want these friends to remain on its back it should let them know very quickly that it is not Government policy to have higher-density housing in garden suburbs (NSWPD 21 Oct 1959, 1529).

As chairman of the Modern Homes group, Kuringai Cooperative Building Society and a number of other cooperative building societies, Fraser had a particular interest in promoting house ownership over flats.

The Commission had no difficulty in gracefully conceding to demands to keep its high rise out of the garden suburbs. Most of the designated slum areas requiring high rise development were in the inner city anyway and this came under the jurisdiction of the Labor dominated City council. Labor aldermen quickly realised the political virtues of building high rise flats which would substantially improve the housing of its voters (mainly in Labor controlled wards) as well as halt the drift of retailing to the suburbs. Thus rather than impeding Commission objectives, it cooperated with state proposals and undertook two of its own high rise housing schemes, the first in Pyrmont Bridge Road, Camperdown, a ten storey block containing 150 flats and the second in St Johns Road, Glebe, a 12 storey block of 120 flats. Civic Reform aldermen did not let the decision to build flats go

unchallenged. They claimed that some of the flats were smaller than the permitted minimum size, ceiling heights in the bathroom were too low, windows were too small and the stairs did not comply with fire regulations. Despite the protests, ALP aldermen defeated the Opposition motion seeking to defer the decision and Council accepted the £768 400 tender submitted by Moran and Pope, builders of Parramatta (SMH 15 Sept 1959).

John Northcott Place, built at a cost of £1.25 m, marked the first in a series of Labor and Liberal slum clearance high rise schemes. Officially opened on 15 December 1961 by Premier R J Heffron, the Sydney Morning Herald praised the new flats as a 'pioneering project', which reversed the sprawl of the suburbs and gave new life to decaying inner city residential areas. It's editorial noted

the gradual acceptance by Australians of high-density living and the dwindling of the old insistence that the only acceptable form of housing is a detached dwelling on an individual allotment. The Housing Commission has recognised and accepted this and a large proportion of its building is now multi-storey (SMH 18 Dec 1961).

Slum clearance in Redfern continued with the building of William McKell Place, completed in February 1964. The project consisted of 284 flats accommodating 800 people in six blocks of eight, nine and ten storeys. A novel means of economy were lifts which only stopped at every third floor while the laundries, later destined to be a source of considerable complaint, were situated in the stair tower on every third floor with one laundry for every six flats (SMH 30 June 1964). Opposite to McKell stood Poet's Corner, named after the Australian poets, Henry Kendall, Dame Mary Gilmore and Henry Lawson. Completed by the mid sixties, the three 16 storey blocks contained a small shopping centre designed as part of the scheme by architects Peddle Thorpe and Walker.



The Report of the Royal Commission of Inquiry on the Landlord and Tenant (Amendment) Act 1948, which appeared in 1961, put further pressure on the Commission to provide low cost housing and especially to alleviate the plight of pensioners hard hit by investor's reluctance to build rental accommodation for low income earners (Report 1961, 44). Up to the mid 1960s, most of the aged flats constructed were part of three storey walk-up flat projects in suburbs such as Lilyfield, Sans Souci, South Coogee and the 630 flats and aged persons' flats built on part of the Rosebery racecourse in Eastlakes (NSWHC Annual Report 1963, 11). The construction of specifically designed high rise blocks for the aged did not come until Liberal moves in the early 1970s saw the creation of Purcell, an eight storey block built as part of the continuing Redfern slum clearance scheme and intended to rehouse elderly people who occupied inner city slum dwellings and who wanted to remain close to the heart of the city.

Purcell, completed by January 1973 and located between Young, Cooper and Boronia Streets, Redfern, consisted of 77 single flats and 15 flats for couples, housing 107 aged in total. The Commission's Report for 1973 devoted a double page spread to the merits of Purcell, claiming it 'has proven to be a most successful project'. The block contained an air conditioned ground floor community room, two lifts, and a small lounge on each floor which provided 'a comfortable restful atmosphere'. The landscaped grounds with attractive fountain contained an enclosed courtyard with garden furniture to allow for 'sheltered outdoor activity'. The innovative features of Purcell revealed an attempt by the Commission to improve those aspects of design that researchers most criticised in its earlier blocks of high rise flats, especially landscaping, open space and community amenities.

Up to the late sixties and early seventies, studies of the effect of

high rise housing in Australia were virtually non-existing. American and British literature dominated the field (eg. Jackson 1968; Willmott and Young 1966, Jephcott 1971; Crawford and Vingin 1971; Fuerst 1974). The Brotherhood of St. Lawrence undertook one of the first Australian surveys in 1967. Its report *High Living* did much to modify the more misleading claims of ill-informed critics and pointed out a number of ways in which high rise living could be improved. Researchers investigated family life in Commission flats on the Hotham Estate near Melbourne and found that residents criticised the lack of privacy, noise levels, inadequate play areas and the failure to provide internal laundries. As Judith O'Neill, a research worker with the Brotherhood of St. Lawrence, pointed out, high rise flats for low income families cut across the accepted pattern of suburban living and inhibited home centred leisure activities such as the backyard barbeque, maintenance of the home and visits by family and friends (Aust 21 Aug 1973).

In common with later studies *High Living* found the majority of complaints concerned provision for children (see for example Lawrence, 1973). Mothers felt their children could not play outside because of lack of supervision and could not play inside because of disturbing other tenants. In 60 per cent of households with children, parents felt high rise flat living was having a detrimental effect on their children's behaviour: only a few mentioned positive aspects (Stevenson et al., 1967). 'If only I could get away from the kids for half an hour', one mother remarked despairingly. Preschools were almost always overcrowded and, as John Russell, a social worker with South Sydney Community Aid covering the Waterloo-Redfern area said, 'they end up taking the children of deserted wives - people who really need to work. But even they have to wait' (Bulletin 11 Sept 1971, 28).

A University of Sydney research project conducted a few years later

entitled Children in High Rise Flats attempted to examine two groups of flat dwelling children, the first with parents belonging to the high income group living in Woollahra, Double Bay and Darling Point; the second with parents in the lower income bracket living in the Commission high rise of Redfern and Waterloo. The study found that the higher income group could use their income to compensate for deficiencies caused by flat living. Their flats were larger, had better landscaping including perhaps a swimming pool and children consequently had more space and freedom. Their parents were in a position to choose flat life as a preferred mode of living unlike Commission tenants who have to take what is offered (King 1974, 21-2). As one resident of the Redfern flats put it 'What do I like here ... Christ, we got put here, what's to like about that?' (quoted Jakubowicz 1973, 75).

The Commission officially discouraged young children in high rise flats and by ensuring that none had more than two bedrooms (in comparison to walk-up flats with up to three bedrooms) were able to eliminate their attractiveness for large families (Sutton 1974, i). Initially the policy was adhered to as strictly as possible but it was not unusual for young children to 'sneak through the net' as Mrs McAviney, wife of the resident manager, put it (McAviney interview 1983). By the sixties the Commission abandoned all pretence at enforcing the 'no children' rule. In its 1964 Report it clearly stated that 'people with children of any age can now elect to take a flat' but assured families that no effort was made to prevail upon people to accept a high rise flat. For those desperately seeking accommodation the degree of choice implicit in these statements may have proved more illusionary than real (NSWHC Annual Report 1967, 15). Too often the acceptance of a high rise flat (even if young children were involved) was the only alternative to waiting any number of years for a cottage to become vacant.

The Commission grew increasingly defensive about its high rise projects and in 1974 appointed a research team from Macquarie University under Dr A J Sutton to study the attitudes of its tenants. The study focused on a comparison of attitudes of residents in high rise blocks as against those in walk-up flats especially in Redfern, Waterloo, Eastlakes, North Sydney and Surry Hills. The report entitled *Walk Up or High Rise?* found that seventy six per cent of high rise residents gave proximity to the city as the reason for their choice of dwelling type and accepted any drawbacks of the high rise to be in a convenient location. Most regarded themselves as considerably better off in terms of their previous accommodation. The report did recommend a number of design features which could improve life in high rise. They included private laundries, soundproofing, supervised play centres, more intimate use of outdoor areas, and an extra room for a children's indoor play area (Sutton 1974, 10, 32-33).

Dr. Sutton's rosy picture of the contented high rise resident was very different to the sense of alienation and lack of community spirit that emerged in a survey of the Pruitt-Igoe housing project in St. Louis, Missouri. Researchers there found that the majority of residents (many of whom were ethnic minorities) felt that high rise was a way of segregating them from American society. They reacted by vandalising and eventually destroying the symbol of their segregation (Rainwater 1967). By contrast the giant Parkhill housing complex in Sheffield, England proved a success partly because the Sheffield population already accepted high rise living. Residents were intensively briefed before they moved in and took part in decision making about the running of the building. Sociologist Paul Wilson observed similar criteria for successful high rise living at Poets Corner, Redfern. The children appeared happy and confident, vandalism was virtually unknown and residents showed great pride in their apartments and standard of

cleanliness of the public areas. Wilson put this down to the well-developed sense of community, the careful selection of tenants who wanted to live in the flats and the speedy removal to cottages of those having difficulty in coping in high rise (Wilson 1976, 45).

During the 1970s the Commission went some way to giving practical expression to the research findings. The Waterloo high rise scheme, which eventually consisted of six blocks in addition to the mainly three storey walk-up development of the fifties and sixties, contained many new features. James Cook, the first to be completed in May 1970 comprised a 17 storey block of 196 two bedroom and 16 one bedroom flats together with a shopping mall of five shops. The Commission claimed that 'the atmosphere achieved in the ground floor foyer and associated management office is one designed to create a sense of identity for the residents'. Modern play equipment was installed in three areas as well as 'carefully positioned' garden furniture throughout the landscaped grounds. Each flat had its own laundry (NSWHC Annual Report 1970, 18). Other blocks built between 1970 and 1974 included the 16 storey Banks, Morton at 149 Botany Street and Solander, completed July 1973.

In 1974 work began on the two tallest blocks ever contemplated by the Commission. The 30 storey towers called Matavai and Turanga, after landfalls on the voyage of Captain Cook's Endeavour, were to house 524 old people, many of whom had been on the Commission's waiting list for five years. The South Sydney Action Group, whose activities were directed largely by the Labor dominated South Sydney Council, alleged that the flats would encourage high suicide rates, mental depression and general instability amongst tenants. It induced the NSW Branch of the BLF to impose a 'green ban' on Commission plans for further high rise flats. Pensioner organisations and

old people living in the area objected to the green ban, arguing that the Action Group had no right to dictate to them where they should live. Mr Jim Sharrock, a 69 year old retired resident of a Commission flat in Redfern and an executive member of the Council for the Aging, organised a block of 80 old people who attended a meeting between the BLF, the Resident Action Group and pensioners. As a result the BLF agreed to lift the ban and acknowledged that it had 'made a mistake' (SMH 21 Aug 1973).

The Commission anticipated such attacks and methodically set about gathering its ammunition. In the early planning stages it consulted some fifty potentially influential allies, including Sydney Hospital, Sydney City Mission, Sydney Home Nursing Service, Rachel Forster Hospital, Council for the Aging, the Wayside Chapel and the Department of Social Work at the University of New South Wales. Their views ranged from enthusiastic ('magnificent', 'wonderful') to begrudging approval ('we don't really approve of high rise, but in the circumstances ...'). In 1973, a year before construction began, the Commission invited Dr Margaret Mead, the renowned social anthropologist, to comment on the two tower blocks and inspect other Commission projects as well as present the Keynote Address at the Building Science Forum Conference on 'Building for People'. She observed that there was no reason why high rise should not work as it gave the old 'security, company and independence' (SMH 21 Aug 1973). The Commission could well congratulate itself on the success of her visit (NSWHC Annual Report 1973,3).

Many tenants agreed with Mead. Mrs Rose Robertson living on the eighth floor of Purcell said

Do people think we are going to spend \$500 furnishing our flats and then jump out the windows? ... Suicides jumped off the Harbour Bridge, but nobody ever stopped building bridges for that reason.

We like high rise, and nobody here wants to change ...

I waited 4½ years to come here, and I told the Housing Commission I wanted to be as high as possible. I wouldn't mind being twice as high. In fact if it wasn't so much trouble to move, I'd ask for a transfer to the 30-storey block when it is finished (SMH 21 Aug 1973).

The Commission's tower blocks in Waterloo were the last of their type to be built. The building slump in the mid seventies and the lean years of the Fraser government gave the Commission time to consider widespread criticisms of the uninspiring design of the high rise blocks and the social problems they created. This coincided with renewed interest in urban consolidation which the state Labor government advocated towards the end of the 1970s. The Commission's aim now is to integrate public with private housing and avoid the stigma attached to the often criticised Commission estates in the outer western suburbs and the equally visible high rise blocks in the inner city. Table 7.3 illustrates the decline in the Commission's high rise building programme in the latter half of the seventies. By 1981 the percentage of tenants occupying flats above three storeys had dropped to 9.5 per cent compared to 10.5 per cent at 1976. The emphasis had shifted towards low rise flats, with 33 per cent of Commission tenants living in flats under three storeys at 1981, about 6000 more than at 1976.

The high cost of inner city land will always mean that high density housing is the only economic building form but today's high rise blocks are modest in scale compared to the 1960s and 1970s tower blocks. Sirius at the Rocks, completed in 1980, was the first of the new-look Commission high rise. Two major blocks completed more recently (1983) are the seven storey Dobell and Drysdale, part of the Artist's Corner project at Waterloo which together provide 130 flats. They are designed in a series of stepped back

terraces allowing flats on every level to have their own private family courtyard area. This makes it possible for larger families to live in high density inner city accommodation though all applicants are screened for their 'suitability' to this life style. Dobell and Drysdale signify the Commission's trend away from massive tower blocks in the inner city, unlike private developers who built more high rise in the city centre during the eighties than ever before. For the Commission the pendulum has swung back to pre high rise days with the emphasis on low rise medium density housing of a greater variety than ever before.

Table 7.3 Dwelling type of Commission tenants in Sydney Statistical Division at 1976 and 1981

Type dwelling	1976		1981	
	No.	%	No.	%
House	26 352	65.5	28 793	57.8
Flat	9 678	24.0	16 281	32.7
Flat above 3 storeys	4 230	10.5	4 748	9.5
Total	40 260	100.0	49 822	100.0

Source: Census 1976, 1981.

### Private Enterprise and High Rise Flats

Private developers began constructing high rise blocks of flats in the early sixties at a time when councils had relatively lax height controls. Critics attacked them for their appearance, their effect on local property values and the overcrowding likely to result from increased dwelling and population densities in the suburban locale. Data based on the number of



people and dwellings in Collectors' Districts known to have seen considerable high rise development, indicates that this is not necessarily so, though boundary changes at various censuses make strict comparison difficult. On the Eastern Hill at Manly, the area bounded by Ashburner Street, Darley Road, the Cardinal's Palace and the Harbour, the population was 4500 at 1966 but only 4144 at 1981, despite high rise development which increased the number of dwellings from 1716 at 1966 to 2163 at 1981. The average number of people living at each dwelling declined from 2.6 in 1966 to 1.9 in 1981. At Darling Point, a favourite with high rise developers, in the area bounded by Rushcutters Bay Park, New South Head Road, Mona Road, Darling Point Road and the Harbour, population declined from 2212 at 1966 to 2101 at 1981 while dwellings increased from 1089 at 1966 to 1293 at 1981. The average number of people living at each dwelling declined from 2.0 at 1966 to 1.6 at 1981.

Most of the private enterprise blocks were eight to 15 storeys high, the height considered by developers to be the most cost effective, though 20 storey towers were not uncommon. Four to seven storey blocks of flats were rare since they required the installation of expensive lift equipment without the compensating factor of a larger number of flats to make the proposition financially viable. Most high rise blocks were situated on the Harbour and oceanside suburbs of Woollahra, Waverley, Manly, North Sydney and the City of Sydney where the high cost of land precluded all but the most lavish of low rise flats (Table 7.1). Smaller pockets of high rise appeared near railway stations like Artarmon, Chatswood and Parramatta and along the beachfronts at Narrabeen, Collaroy and Brighton-Le-Sands, as developers began to look beyond the densely built-up inter-war flat suburbs for further sites.

The introduction of the Strata Title Act in 1961 opened up the possibility of owner occupation to more people than ever before and gave rise to a new type of investor/developer able to capitalise on the new breed of owner occupier. Whereas Sydney's high rise blocks of the 1920s and 1930s were owned by wealthy individual investors who could afford to have a considerable amount of capital tied up in a block (the higher the block, the more capital involved), now a developer could build a block of high rise, sell the flats quickly at a substantial profit and be ready to reinvest the capital within a very short space of time. Developers in the 1960s often turned over their money several times within a decade while 1930s investors had theirs tied up long term and could only expect rental income. It was a safe form of investment for those who preferred to take a long term view with few risks attached, unlike high rise flat investment in the sixties which was likely to be risky but often very profitable. In general the larger or higher the block the greater the risk but the greater the potential for profit.

Among the first developers to enter the lucrative high rise market were Progress and Properties Pty Ltd and Stocks and Holdings Ltd. Stocks and Holdings began trading in 1952 as project home builders, mainly in the western suburbs. In the 1960s it diversified its activities into retail and commercial development and high rise flats, mainly in the eastern suburbs. Its first major development was Piccadilly Gardens, a 20 storey block built in 1962 in Fullerton Road, Edgecliff. This was followed in 1963 by the 11 storey 55 Wolseley Road block in Point Piper and in 1968 by the 45 storey Park Regis, an early city centre high rise, 12 storey Toft Monks in Elizabeth Bay and nine storey Eastbourne in Darling Point.

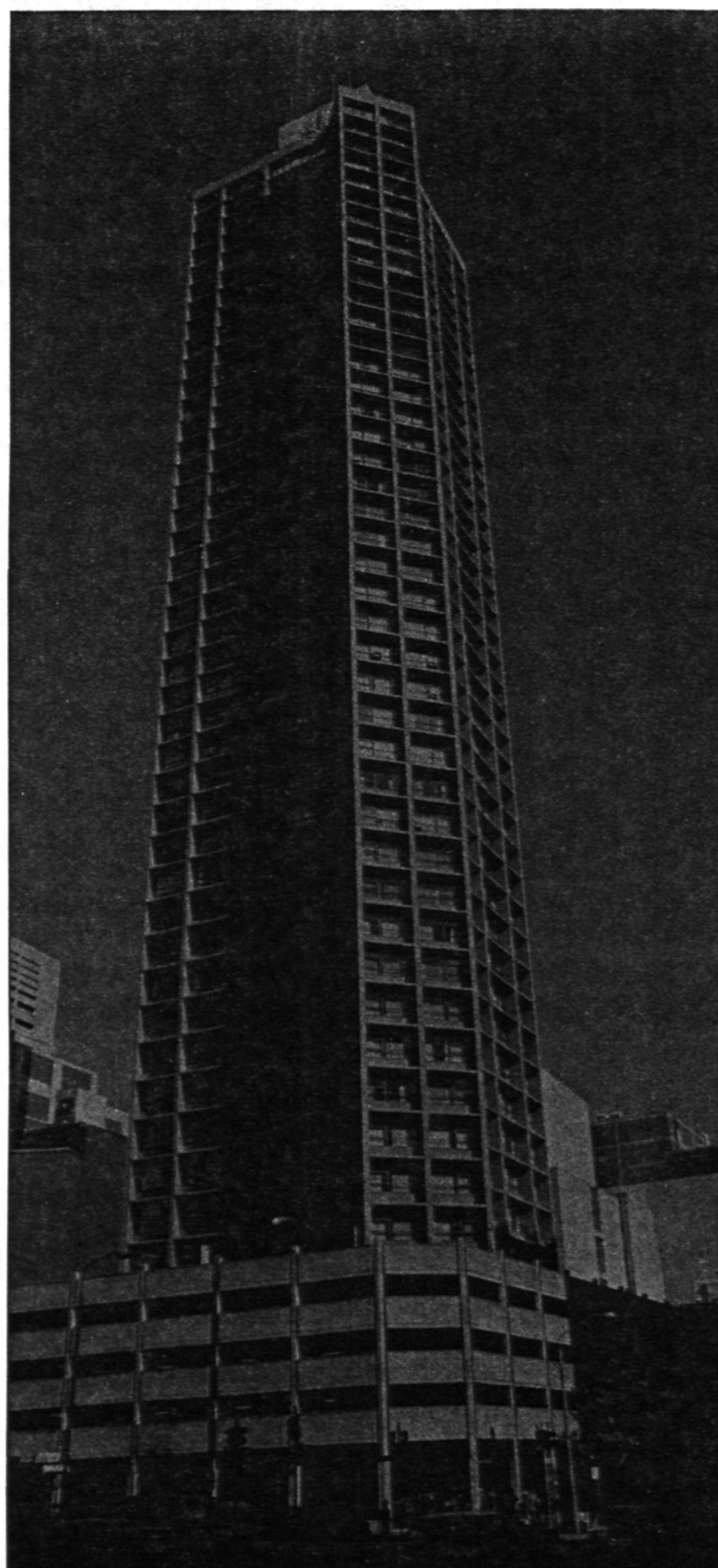


Fig. 7.1 Park Regis Park Street, Sydney - the first high rise residential building in the City of Sydney and, when completed in 1968, the tallest residential building in the southern hemisphere (Advertising brochure Stockland Trust 1952-1982, the Company, 1982).

Progress and Properties, headed by Hungarian born managing director Tibor Balog also concentrated most of its early high rise blocks in the eastern suburbs, especially Darling Point. The 'Y' shaped 20 storey Thornton Place completed in 1965 was followed by Hopewood Gardens (1967) and Retford Hall (1968) both 18 storeys, and the tallest of the group 30 storey Ranelagh (1969). A three bedroom flat in Ranelagh originally cost \$42 000. In May 1985 real estate agents sold a similar size one for \$245 000. Other comparable flats in the area are fetching considerably more, \$350 000 for a two bedroom and \$480 000 for a three bedroom flat in another high rise block in Thornton Place. The price of the Ranelagh flat is lower than usual because the block is badly affected by concrete spalling, a condition which is becoming increasingly apparent in high rise blocks built in the 1960s and 1970s. Caused by the reinforcement in the concrete being too close to the surface, the result is splitting and flaking concrete and high repair bills. Ranelagh owners are reported to have outlaid over one million dollars in repairs (SMH 9 Oct 1983).

High rise flats appealed to the affluent middle class who enjoyed the cachet and the views that went with high rise and could afford the mortgage repayments. Many were over 50. Data taken at the 1976 and 1981 censuses show that a higher percentage of occupants of private high rise flats (four storeys and over) owned or were purchasing their flat than occupants in smaller blocks of three storeys and less (Table 7.4). A survey of high rise flats in Manly (defined as buildings five or more storeys high) conducted in 1976 found that occupants of high rise tended to be elderly people of high socioeconomic status. Only 20.5 per cent of household heads in high rise were less than 50 years of age. High rise flats also contained fewer young children than walk-up flats. Only 3 per cent (about 35 flats) of high rise

had children less than five years of age in comparison to 11 per cent (675 flats) of walk-up flats (MMC 1976).

Table 7.4 Occupied flats by height of flat by nature of occupancy. Sydney Statistical Division 1976, 1981 (percentages)

	3 or less storeys		4 or more storeys	
	1976	1981	1976	1981
Owner/Purchaser	36.6	34.4	43.1	40.3
NSWHC tenant	6.5	8.4	12.7	11.4
Private tenant	56.9	57.2	44.2	48.2
Total number	147 943	193 343	33 186	41 499
Total percentage	100.0	100.0	100.0	100.0

Source: Census 1976, 1981

Of all the low rise flats (those three storeys or less) at 1976 about 60 per cent were privately tenanted compared to only 44 per cent of high rise (those four storeys and more) (Table 7.4). This suggests that there were fewer flats available for rental in high rise blocks, perhaps because developers preferred to put their money into high rise to sell under strata title for a quick return rather than in walk-up blocks for private rental. Of all occupants in high rise flats, Commission tenants accounted for 12.7 per cent as against 6.5 per cent in low rise flats. Taken with the increased proportion of owner/purchasers in flats four and more storeys high, high rise flats in Sydney tended to cater more for the upper and lower end of the market than low rise flats did.

#### Local councils and the high rise invasion

The popularity of Woollahra with the developers and occupants of high

rise created considerable controversy among non high rise property owners. Darling Point was particularly hard hit. As James Jervis noted in his 1960 history of Woollahra.

Darling Point is changing. A 100-unit building now overlooks the landscape garden of a former gracious mansion house and the northern foreshore sees the completion of a 70-unit building. Consent has been granted for other large buildings, all standing in spacious grounds, and there is an air of bustle and an anticipation of great change.

At this time [1960] the council considers applications for the tallest flat buildings yet proposed in the municipality, one of 15 storeys in Double Bay and the other 21 storeys in Woollahra (Jervis 1960, 180-81).

Residents from other parts of the municipality joined Darling Point residents in petitioning Council to restrict flat development, anxious that their suburban locale not be destroyed by 'skyscrapers such as those this council has indiscriminately allowed to be built at Darling Point'. A citizen's Action Committee, determined to 'clean up' Woollahra Council, ran candidates in every ward in the elections held in December 1959 and continued to agitate for a ban on development over eight storeys, especially along the Harbour foreshores (SMH 19 July, 15 Sept, 1959).

A few months later, the Cumberland County Council introduced its building code for multi-storey buildings on the foreshores, an area not specifically covered by existing regulations (Schedule 7 of the Local Government Act). The preamble of the new advisory code stated:

People who own property in the Harbour suburbs enjoy a special privilege. The value of such property is due largely to its proximity to the Harbour. Exploitation of this advantage by owners and developers is to be expected but the Harbour has already suffered a good deal at the hands of the individual owner and developer and the question of personal gain by, say, the erection of flats, should be secondary to the more important question of protecting Harbour scenery (CCC 1960, np).

The code suggested that waterfront blocks be set back a distance equal

to their height from the high water mark, with a reduction in this distance for upward sloping sites. To ensure that space between buildings was used for the purpose intended the code provided that no more than 10 per cent of the site should be appropriated for parking or driveways (CCC 1960, np). It was hoped that the code would encourage high slender buildings and discourage low buildings which blocked out views but prominent architect, Harry Seidler argued that larger setbacks would result in squarish plan shapes or, on unusual subdivisions, heavy rectangular buildings placed with their short sides to the water. In an article published in The Homes and Building Section of the Sydney Morning Herald Seidler wrote, 'the pattern of buildings this code will produce, both seen from land to water, is architecturally and in a town planning sense ugly, aside from demanding practical solutions which are doomed to be architectural nonsense' (SMH 23 Feb 1960).

Councils claimed in their defence that they were powerless to refuse applications to build high rise flats. The City of Sydney, which had more high rise than any other LGA, came in for particular criticism from Seidler who argued that under Labor rule (1947 to 1967) the council had an appalling record of planning management, allowing gross over-development within the city boundaries.

The Labor dominated City council expressed its disapproval of tall buildings on the foreshore but argued it had insufficient powers to stop high rise development. An application by Cabramatta Heights Estate Pty Ltd to build a £130 000 ten storey block on the waterfront at 8-10 Billyard Avenue, Elizabeth Bay, despite protests by property owners that the flats would destroy their harbour views and reduce the value of their properties

highlighted its dilemma. As Alderman T. Foster (ALP) put it

[I do] not approve of tall buildings on the foreshores, but this company probably has a case. The council [has] to consider if it [is] going to develop a valuable site economically or build only a bungalow ... The public and not only the wealthy people should be allowed to enjoy the beauties of the harbour. I would like to see a 50-foot-wide roadway and parklands right around the Harbour foreshores (SMH 10 Nov 1959).

Council granted approval for construction to commence in late 1959 though both ALP and Civic Reform aldermen expressed their dissatisfaction with the CCC's inability to ensure foreshore protection and council's lack of powers to control the situation themselves.

In some cases councils permitted high rise development without fully realising the drastic and irreversible effects of such development, for as a former County Council employee Peter Harrison has observed 'unlike most other decisions by local government, development consents, once implemented, are for all practical purposes irreversible. Councils can change in personnel and opinion but mistakes in bricks and concrete are permanent' (Harrison 1972, 98).

Woollahra Council found this out to its cost when it attempted to rescind approval of a nine storey block of 37 flats at 11 Sutherland Crescent, Darling Point. Architect Mr H Stossel submitted the original application on behalf of a Mr Scott. Council granted approval in May 1957. Six months later Broadwaters Pty Ltd, a subsidiary of Civil and Civic acquired the site and commenced construction work. Controversy erupted during 1959 when council threatened to use its powers under Section 317B of the Local Government Act to order demolition of the £330 000 partially completed flats. It claimed the building contravened the Local Government Act having a total floor plan area of 48 460 square feet as compared to



30 957 square feet permitted by the Act; it was erected without approval and closer to the water than the original plan showed.

Civil and Civic retaliated with allegations of improper conduct against a council employee which made front page headlines in the Sydney Morning Herald (14 July 1959). Deputy Chief Health and Building Inspector H A Marson tendered his resignation (on the grounds of ill health) but two weeks later council sacked him for 'serious breaches of duty' including his failure to report that the application could not be approved under the Local Government Act. When the case reached the courts, Woollahra Council tried to claim that the 'gross dereliction of duty, laxness or incompetence' of their employee 'did not matter'. 'It was the duty of the builders and the architect to place before council plans it could lawfully approve'. Solicitors for Broadwaters Pty Ltd countered with the argument, 'it appears that our client is intended to be made a scapegoat in a situation that can only have arisen from a lack of proper supervision and jurisdiction by the council over its officers and the conduct of its officers' (SMH 14, 21, July 1959).

Mr G J Dusseldorp, managing director of Civil and Civic, called for the suspension of Woollahra council, its replacement by a Local Government Department Administrator and an inquiry into the building affairs of the council. 'We regard Woollahra Council as irresponsible and incompetent' he said (SMH 9 July 1959). Judge Prior, of the District Court, evidently agreed. In his final address he said that to pull down the flats would be 'an act of wanton destruction at the hands of a power-drunk council which let this thing happen. He found that no improper relationship existed between architect Mr H Stossel and former council building inspector Mr H A Marson and that neither Civil and Civic Pty Ltd or Broadwaters Pty Ltd were

guilty of any impropriety. Certain blame could, however, be attached to the council through its agent, the building inspector (SMH 26 Aug 1959).

The Broadwaters case illustrated that once a council zoned an area for high rise and the developers, quite legally, moved in, it was almost impossible to backtrack. Hence Mosman has inherited the 'grand canyon' as one alderman described the high rise flats that stand shoulder to shoulder along Spit Road (SMH 9 Ap 1969) and Collaroy its tower blocks - with their eroding foundations - along the beach front. Had it not been for persistent action by progress associations in the beach area the entire coast line between Collaroy and Narrabeen could well have ended up a series of Gold Coast style tower blocks because Warringah Council changed the beach strip from Residential A (houses) to a flat area, thus permitting multi-storey buildings along the shore line. When the first flats, an eight storey block called Lennon Towers, neared completion, residents feared that the area would be built out and called for a total flat ban on the beach with a three storey restriction in the rest of the area. Spokesman for the protestors, Mr George Blaikie said, 'It's us versus the investors, the developers and the Council. The beach will soon become a wall of concrete giants if something isn't done. In a matter of time driving between Collaroy and Narrabeen could be like trekking through Kings Cross' (SMH 10 Nov 1963).

Council's initial response was to plead that it was powerless to change the zoning plan and could not contemplate resuming the land at a prohibitive figure. It shifted responsibility on to P D Hills, Minister for Local Government (1959-65) who suggested council vary its town plan to define which areas of the controversial beach frontage be given over to high density development and which should be earmarked for open space. Finally in 1965, after some eighteen months of wrangling council decided to reclassify

the area. A leader writer in the Sydney Morning Herald hailed the decision as a 'victory for the few'. 'The eleventh-hour challenge by Collaroy's few did not save the whole beach frontage as a national reserve, but it has won a commendable half victory' (SMH 8 Dec 1964).

The disinclination of most councils to play an active role in planning allowed high rise developers free rein during the sixties. Even a council with well-developed planning programme such as Manly did not necessarily succeed in arresting the flood of high rise flats. Today one quarter of Manly's flats are over three storeys despite its early introduction of a residential flat control code.

In common with other councils, Manly considered that the CCC had not adequately regulated for flat zoning either in its original plan (which zoned the whole of Manly as a 'living area') or in its foreshore protection code, so it undertook its own survey of flats in the municipality. In 1960 it introduced a code which divided Manly into three density areas and virtually gave developers carte blanche to erect high rise flats in two of the three zones. The two zones (The Flat of Manly, stretching from Fairy Bower to Queenscliff on the ocean side and the 100 acres of the Eastern Hill on the North Head peninsula between Fairy Bower Beach and Little Manly Cove extending to Fairlight along the harbour foreshore to North Harbour Reserve) were perfect for high rise flats. They enjoyed magnificent views of harbour and ocean, proximity to public transport and spectacular topography: a developer's delight. It is not surprising therefore that when resident protest gathered momentum during the seventies, it centred on the Eastern Hill, Fairlight and The Flat of Manly.

In 1968 council prescribed the Manly Planning Scheme which replaced the

County of Cumberland Planning Scheme as it applied to Manly. The scheme translated the residential district proclamations where flats were allowed into statutory zones where residential flat buildings were permissible with council's consent. Council soon began to recognise that the codes' reliance on arbitrary requirements to achieve planning objectives was a major weakness and in 1970 introduced the Manly Conceptual Plan which worked on the principle that no strictly enforced and arbitrary code could possibly succeed. Council regarded codes and control plans as no more than guidelines to indicate permissible development and was prepared to compromise to get what it considered a desirable development. It did not take the developer's approach that because a plan met the requirements of a code, automatic approval resulted (Manly Daily 6 Jan 1972).

In 1972 Council adopted an Interim Code for the control of residential development throughout the municipality. It incorporated all previous codes and extended the principle of graded height control, first introduced for the Eastern Hill and Fairlight in 1966, to the entire municipality. It allowed the highest permissible density zoning, 103 dwelling units per hectare, over much of Eastern Hill. It did nothing to reassure residents and property owners of the Eastern Hill who were already demanding stricter controls against high rise flats in response to council's heavy handed attitude over the 1971 Hooker Home Units plan to build twin towers on the corner of Marshall Street, Osborne and Darley Roads, Eastern Hill. The project, later known as Carillon and estimated to cost \$5m, consisted of one block of 21 storeys containing 60 flats and the other of 16 storeys containing 44 flats. Residents protested that quite apart from the height of the towers and the increase in traffic and congestion the development would bring, two boundary setbacks were less than required, the distance between

the blocks was 133 feet not 150 feet and that provision had been made for only 150 cars, not the 156 required (Manly Daily 11 June, 12 Aug 1971). Council chose to ignore the protests and gave its approval in August 1971. The Manly Daily hailed the approval of Carillon as a 'breakthrough' in that council, convinced that the project was an 'outstanding development of its type', had not succumbed to resident protest much of which, particularly that relating to visual effect was not founded on 'sound reasoning' (Manly Daily 21 Jan 1972).

### Resident action against high rise

The approval of Carillon proved the catalyst which mobilised Manly's normally passive property owners and reflected a new militancy among anti-flatites. Frustrated in their localised efforts to secure grass roots participation in the planning process, middle class house owners now united to defend their interests and actively sought the cooperation of the powerful NSW branch of the Builders Labourers' Federation (BLF) as allies in a wider campaign against the developer. The Coalition of Resident Action Groups (CRAG), established in 1973, focused attention on the environmental impact that more than a decade of virtually uncontrolled high rise flat building had had on the cityscape and sought firmer planning guidelines in future high rise development in the public and private spheres.

Resident action groups met with mixed success. Roddewig's study of the green ban movement noted that where a green ban was placed on a private development project, local government tended to take the developer's side, especially when a project meant an increase in council rates. Neither was it unusual for developers and real estate agents to be aldermen themselves and

certainly the fact that local councillors received little or no compensation meant that only well established businessmen or professionals likely to share a community of interest with developers, could afford or even want to stand (Roddewig 1978, 43-45). Nevertheless the green ban movement was effective in its battle to save much of the inner city from total destruction from developers intent on securing large profits with scant regard for the people living there. Jack Munday, environmentalist, Communist, former secretary of the NSW branch of the Builders Labourers' Federation made this assessment of the movement he led in the early 1970s.

The Rocks would now be a high rise area ... Had the Sydney Cove Redevelopment Authority and the Askin Government had their way they would have had high rise buildings reaching right down to the water. Likewise, Woolloomooloo that is going to be a mixture of residential and commercial buildings, and would have been all commercial (Passing Show 10 Oct, 1978,9).

Manly Resident Action Group under President Dan Herbison Evans, a Senior Lecturer in Computer Science at Sydney University, began in a modest way by collecting petitions and lobbying aldermen, state and federal ministers and the press in its efforts to prevent Manly council's 'sacrifice' of the Eastern Hill to high rise. When council chose to ignore the results of a survey among ratepayers living on the Eastern Hill which showed that 65 per cent of them were against high rise, the Manly RAG resorted to stronger tactics. It enlisted the support of the BLF who agreed to place a green ban on further high rise development on the Eastern Hill.

Developers protested against the ban. One small development firm, Olympic Constructions Pty Ltd, operated by brothers Sam and George Terzopoulos, claimed they were 'facing ruin' because of the stop work notice. Council had approved their plans for a 35 feet high block of flats on the Eastern Hill but the BLF ban on all development over 25 feet

prevented work from commencing. Mr Sam Terzopoulos made an emotive plea for a compromise with the union in the pages of the Manly Daily, 'we are not a big development firm. This is only our third development project ... If we can't proceed, my wife and family will literally be thrown into the street as the house is also mortgaged for this project.' He argued that 'it's up to councils to say yes or no to development, not a local pressure group', an opinion shared by many local aldermen who felt threatened by the challenge to their power (Manly Daily 17 Ap 1974). As Alderman Joan Cooke put it

We are handing over the beautiful municipality to a Communist-controlled union and 150 members of a residents' action group ... This group is dictating to the council and sane alderman [sic] are weak about them. As far as I'm concerned they can go hopping to Hades. Herbison-Evans has been here five minutes and is dictating to the council (Manly Daily 26 Apr 1974).

In 1974 Manly RAG took the issue to the election hustings. Herbison-Evans described the campaign in an article 'Down With High Rise' published in Shelter, the bulletin of the Australian Department of Housing and Construction.

At the last Municipal election, the RAG combined with other environmental groups in the Municipality to put up a team of candidates. In an acrimonious campaign, the existing Aldermen banded together to give each other their preferences, but despite this, the lead man of the environmentalists topped the primaries (Shelter April/May 1975, 12).

The Manly RAG's continued pressure against high rise in no small way accounted for Council's decision to embark on a two year study of the Manly community and how its residents wanted to live. The comprehensive Manly Planning Scheme Review was published in 1976. The 300 page document on 'Residential Land Use, Housing Forms and Densities, Age and Condition of Buildings', which formed one part of the study, found that 92.5 per cent (1087 flats) of all Manly's high rise (defined as a building five or more storeys high, containing two or more dwelling flats) were concentrated in

the Eastern Hill, Fairlight and The Flat of Manly in comparison with only 20 per cent of houses. Of the three areas, the Eastern Hill accounted for the highest number of tall blocks (460) as well as the highest number of walk-up flats (1861). Consideration of the survey and the effect which Manly's planning scheme had had on the municipality led reviewers to conclude that 'the impact of high rise buildings does have an adverse environmental effect on the surrounding area and at the present time when overall high densities are unlikely to be achieved in Manly, there is seen little need for further high rise, high density development' (MMC 1976, 278). It was a triumph for the resident action group and for existing high rise flat owners whose views and property values were guaranteed. In future any further high rise would only be considered adjacent to existing high rise buildings 'where visually they are in accord with the already established principles of graded height control and where there are no adverse environmental effects on the character of the locality' (MMC 1976, 278).

Throughout the sixties and early seventies high rise advocates, often abetted by local councils, were allowed to construct some of Sydney's ugliest and most prominent blocks of flats. Resident action groups mobilised against high rise but many blocks had been built before they had much impact. Their campaigns only began to take effect after developers had surpassed all previous records and built more flats than ever before (or since). Not only will 1970 and 1971 be remembered as the peak of Sydney's flat building era but also as the beginning of a five year period when more flats than houses were built, the only time this has ever occurred in 75 years of flat development in Sydney. By the time the Coalition of Resident Action Groups was established in 1973 high rise building had gathered momentum which was impossible to halt. Without the property collapse in the



mid seventies, CRAG's efforts to focus public attention on the environmental impact of high rise building would have had little chance of success. The property collapse gave councils and ratepayers an opportunity to assess the results of high rise development and more importantly, forced some developers to withdraw from high rise building.

By the time the developers had regrouped all councils had brought in flat codes and restricted flat densities which meant that very little high rise development took place in the second half of the seventies. At the 1981 census there were only about a thousand more flats in blocks above three storeys in the Sydney Statistical Division than at 1976. The handful of high rise blocks built in the City at the end of the seventies account for most of these. Despite the downturn in high rise development, the damage was done. High rise had irrevocably destroyed many streetscapes, much of the harbour foreshores and a goodly proportion of the ocean front.

## CHAPTER 8

### RECESSION AND REGULATION

In 1974 Sydney's flat boom suddenly stopped. Over the next four years very few new flats appeared on the market and prices plummeted as highly geared developers scrambled to cut their losses by offloading their remaining properties as soon as possible. The reasons behind the crash are examined in detail in Maurice Daly's *Sydney Boom Sydney Bust*, both the domestic factors that fuelled Sydney's property boom 1968-74 and the changes that took place in the international financial system in the 1970s which were to have such wide repercussions in the Sydney market and the Australian economy.

The scale of the boom of the 1970's was much greater than anything ever seen before and its vigour had enticed the most senior and sober industrial and financial institutions in the country. The singularity displayed by the banks and especially the finance houses in feeding the property market meant that the construction companies and the developers had become deeply enmeshed in the basic fabric of the economy. Tight money policies, followed relentlessly to curtail developers and speculators, were to shake the foundations of the economic system (Daly 1982, 23)

The level of capital inflow into Australia accelerated sharply in the 1960s. In 1965 the federal government attempts to restrict local funding available for foreign-owned firms resulted in five new foreign banks being set up by the end of 1966 to satisfy the demand. The mining boom, which required large sums to fund new development, generated great interest in Australian investment and by 1971 35 main foreign banks were represented locally. Since Australian regulations prevented them from carrying out ordinary banking business, the foreign banks acquired large share holdings in finance companies in order to operate in the domestic market. The finance companies poured the new funds into the hands of the property developers. Office construction in the CBD increased sharply in response to the demand

created by the tremendous growth of financial activities while in the suburbs, developers scrambled for the best sites to build houses and flats (Daly 1982, esp Chapters 2,4).

Land prices and consequently house and flat prices spiralled. The rush to build flats after the introduction of the Strata Titles Act in 1961 merely increased competition and pushed prices up further. The State Planning Authority's Sydney Region Outline Plan 1970-2000 AD (1968) also contributed to inflated land values. The plan discussed a number of general objectives about the development of Sydney in rather tentative terms but was specific in identifying future areas of urban growth (following the rail lines west to Penrith and south west to Campbelltown and Camden) and the approximate date for release of land. As the SPA's Annual Report for 1967/68 stated 'the plan is intended to be sufficiently clear to give guidance to private developers, local councils and Government Departments and State Instrumentalities, whilst leaving flexibility for detailed planning by local councils in consultation (SPA Annual Report 1967/68, 9). The first release totalling 6253 hectares of residential land came in the LGAs of Baulkham Hills, Blacktown, Campbelltown, Fairfield, Liverpool, Penrith and Sutherland (SPA Annual Report 1976/77, 7). The subdividers and speculators had a field day, buying up large tracts of land, far in excess of what was generally considered necessary, in anticipation of inflated land values when released for urban usage.

Flat developers were rarely put off by the high cost of land. They could pass on their costs. It was the investors and owners who had to bear the brunt of the inflated prices. Indeed, developers wanted a steady inflation in prices since they were very highly geared (i.e. they borrowed large sums of money in relation to their capital assets which were based on

artificially boosted valuations). However, they depended on sales to generate cash-flow and were highly susceptible to changes in the market. Once federal government moves to mop up liquidity by raising interest rates and revaluing the Australian dollar came into effect in 1973, developers could not achieve the high level of sales required. By mid-November the number of flats for sale in Sydney's north shore was 56 per cent lower than 12 months previously and the price of flats plummeted (Daly 1982, 20).

The increase in interest rates in 1973 coincided with the peak of the green ban movement when BLF green bans held up about 50 developments in Sydney estimated to be worth \$4 billion. The resultant holding charges contributed to the crash of developers like Parkes, Cambridge, Regional Land Holdings, Summit Investments, Mainline and Home Units of Australia, all of whom had a stake in Woolloomooloo, the largest project under threat. Frank Theeman, founder of the Osti clothing empire, claimed that his company Victoria Point Pty Ltd which owned 28 properties fronting Victoria Street, Kings Cross and ten fronting Brougham Street, Woolloomooloo, paid out \$350 000 in interest and other charges between April and September 1973 after the BLF placed a green ban on his development. Costs continued to increase at a rate of \$14 000 to \$15 000 every week the ban was maintained (Shelter Vol. 1 No. 5, Dec/Jan 1974, 11).

The Victoria Street/Woolloomooloo saga began in 1969 with the unveiling of an SPA and City Council plan for the future of the Woolloomooloo basin, an area zoned County Centre which permitted the highest density of commercial development possible. The council offered private developers generous bonuses and plot ratios to collaborate on the reorganisation of sites as an alternative to large-scale public resumption. With this guilt-edged invitation, developers scrambled to obtain sites. Sid Londish of

Regional Landholdings consolidated more than 270 pieces of property amounting to 11 of the 93 acres and announced a massive \$400m mixed residential and commercial redevelopment project (Roddewig 1978, 86). The planning authorities had not realised the monstrous developments its provisions permitted. As Alderman Briger of the SCC in an address to the Master Builders' Association in 1974, said:

It is easy now to say the SPA made a blunder, but they themselves did not realise the monster they were unleashing ... The developer was really caught ... He was invited with a red carpet, begged to enter the area and to fulfil the plans prepared by a public authority ... When they did that, the SPA and others realised the enormity of their action. Then it was the same builders and developers who were knocked on the head (NT 5-11 July 1981).

The election of a federal Labor government in December 1972 put Woolloomooloo's future under scrutiny. In accordance with Labor policy Prime Minister Gough Whitlam and Tom Uren, Minister for Urban and Regional Development, argued that the area should be used to provide low cost housing for low income families. After two years of protracted negotiations the federal government provided NSW with \$14m to acquire land for new public housing. The Woolloomooloo Resident Action Group, led by Catholic priest Father Edmund Campion, agreed to the scheme and the green ban was lifted. Of all the developers involved in Woolloomooloo, only Westfield and Skandia avoided receivership.

Frank Theeman's Victoria Street project suffered similar costly delays yet all his plans (five in total) were within designated planning codes. He became 'the first of his kind in Australia to have his cost structure knocked around as a political football' (AA July/July 1976, 43). Theeman's first plan designed by architects Stephensen and Turner, envisaged three 45 storey towers of flats and terraced apartments and a 15 storey office block. The SCC welcomed the plan and approved the project subject to SPA approval.

The SPA rejected the plan despite the fact it met its own criteria in every way, describing it as 'one of the worst cases of visual pollution it had ever seen' (Now And Then Vol 1, No. 3 22 Feb 1976). The SPA hastily brought in new regulations reducing the plot ratio to 6.5:1 and limiting the height of buildings to 100 feet.

Ken Woolley, a prize winning architect and member of the Historic Buildings Committee of the National Trust, designed the second plan. The revised plan retained most of the terraces on Victoria Street and provided for a 15 storey series of stepped apartments. It gained Trust and SCC approval but not the approval of the BLF which regarded the developer's offer to allow 10 per cent of the housing to be run by the NSW Housing Commission as inadequate. By this time the issue had become one of the most explosive in the history of local politics in Sydney. A group of squatters marched in to protect the existing terraces from demolition and the local resident action group accused Theeman of verbal threats, demolition scares, bribes and vandalism in his efforts to evict tenants. Theeman retaliated by approaching the NSW Supreme Court which ruled that squatting was illegal and that he had every right to remove them.

In December 1973 NSW Minister of Justice, J C Maddison, approved police action to remove the squatters. Theeman then appointed Neville Gruzman to design a complex that would be acceptable to all parties concerned. This time the two pyramid like structures of stepped apartments failed to impress the SCC. Finally a plan by Rommel Moorcroft for three small towers and terraced apartments proved acceptable to most of the protagonists. The design was not dissimilar to earlier schemes but more importantly the timing was right. Federal Council of the BLF had dissolved its NSW branch and Federal Secretary Norm Gallagher, who delighted in seeing Jack Munday, the

leading proponent of green bans, removed from office, took over the affairs of the State branch. Gallagher, anxious to secure jobs for his members suffering in the building downturn, issued the following statement on 13 February 1976.

We believe that it is a project that will benefit the community because of its social aspects, and because it will help to relieve the serious unemployment that exists in the building industry at the present time. We also welcome the agreement between the federation and Mr. Theeman that he will only employ financial members of the federation (quoted Now And Then vol 1 no 3 22 Feb 1976).

### The Property Market Crash

The lifting of the green ban did not come soon enough to prevent one of the developers involved in Woolloomooloo, Parkes Development, from falling into the hands of the receiver. Parkes Development headed by Sir Paul Strasser, a Hungarian lawyer who came to Australia in 1948 and set up Metropolitan Septic Systems catering for the 1950s home ownership boom, undertook several large flat developments in the 1960s and 1970s. These included flats at Eastlakes and Hillsdale and a large project in Bartfield Drive, Chiswick which sold for \$15 000 each in 1968 and resold in 1984 for up to \$130 000. A further four blocks were built in Glebe. However, the largest part of the company's activities involved land acquisition and subdivision. At the height of the boom it sold 2000 to 3000 lots per annum and boosted the value of its land held for development from \$14.4m in 1972 to \$26.6m in 1973. During 1975 and 1976 Parkes managed to keep ahead of its cash flow problems and high liabilities. Drastically reduced sales and difficulties in obtaining funds led to its collapse in 1977 (Daly 1982, 113-117). Parkes Developments Pty. Ltd. (Receivers and Managers Appointed) is no longer in the flat market (Ryko correspondence 1984) though it was never liquidated, merely 'reconstructed'.

The major flat company to run into difficulties was the highly geared Home Units of Australia. The company's cash flow depended almost entirely on flat sales. At 30 June 1972, its listed assets totalled \$45m with liabilities of about \$19m, but \$42.6m of the assets consisted of land and blocks of flats, items not readily saleable if property values fell or funds become hard to obtain.

In July 1973, CSR, the giant sugar corporation and former employer of Home Units' managing director, Gary Bogard, purchased a 50 per cent interest in HUA (Home Units of Australia) for a figure thought to be \$4m to \$5m. This injection of funds just three months before interest rates climbed steeply and liquidity tightened did not alleviate the situation. In 1974 Bogard and his co-director Sid King, who took out Monaco citizenship some three years later and are now thought to be living abroad, sold the rest of the business to a combine of IAC and the Hooker Corporation. The finance companies, including CAGA, FNCB-Waltons, Lombard Australia Ltd. and AGC took what they could in assets, sold or rented some properties and completed others.

Hooker Home Units completed what Geoff Davey, who joined HUA in 1969 as Marketing Manager, considered one of the best blocks, Rosemont Gardens in Rosemont Road, Edgecliff (Davey interview 1984). Hookers also completed projects in Coogee, Artarmon, Chatswood, Brighton and Cabramatta and took over another two HUA blocks, one of 56 flats, the other of 54 in Fairfield on a 'rent to buy' scheme. Half the flat dweller's rent went to Hookers, the rest to one of two building societies involved in the scheme where it went towards the deposit required before the tenant could raise a loan to buy the flat outright (AFR 2 Feb 1977; Fisher interview 1984).

The Palisades, a 3.25 hectare site bounded by William Street, Clapton



Place, Darlinghurst Road, Liverpool and Forbes Street was the largest single piece of land on HUAs books at the time of the crash. The grand plan for the Palisades envisaged 2084 flats in four towers of between 41 and 60 storeys, a 24 storey office block and a 34 storey hotel and office block. Today, the development known as Palisades Stage I consists of 104 flats in four pale brick buildings called W,X,Y and Z of between four and nine storeys. Stage II, the old Yellow Cab site, includes 53 two bedroom flats and 25 three bedroom flats contained in an 11 storey block with several four storey maisonettes clustered behind it. The present scaled down development is the result of ten years of struggle between residents and developers which no one appears to have won. A local resident action group member said in 1982, 'the fight is over, the residents have lost and most of them have gone anyway. The area is fragmented and the old traditional population has become a highly transitory one. The character of Darlinghurst is destroyed' (SMH 15 Dec 1982).

After Home Units of Australia ran into financial difficulties the Hayson Group acquired a large proportion of the Palisades site from mortgagees FNCB-Waltons and IAC. Haysons, well known for their renovations of interwar company title blocks of flats, refurbished three blocks in Farrell Avenue and six in Darlinghurst Road on the old TNT triangle and a number in Royston Street, a cul-de-sac running off Craigend Street. Haysons sold the Palisades Stage I site to McDonald Industries. McDonalds originally planned three towers but council rejected the application in 1979. A modified plan again failed to win approval but the developers appealed to the Land and Environment Court and won their case in 1980. Meriton bought the site from McDonald Industries for a reported \$3.5m 'after all the problems were solved' (SMH 15 Dec 1982). At the end of 1982 Meriton purchased the Yellow Cab site, Palisades Stage II, direct from Haysons for \$2.37m.

The collapse of the finance companies and property developers in the 1974-77 period left flat building virtually at a standstill (Table 6.2). The market proved slow to recover but the long boom had irrevocably changed the landscape of most of Sydney's inner and middle ring suburbs. While not statistically numerous, high rise blocks nonetheless dominated many streetscapes, particularly on the harbour foreshores, on major arterial roads and on other public transport routes. Public resentment about high rise flats - whether their siting, their overall appearance, or their impact on the landscape around them - had been steadily growing since the mid 1960s. The property crash gave local councils, environmental groups and progress associations a breathing space to assess what the boom had wrought.

### The New Regulations

The increased awareness of the environmental impact of flat blocks, particularly high rise multi-unit developments encouraged councils, often prompted by enraged residents, to introduce more stringent requirements for flats. This increased development costs and consequently reduced profits, although Max Neutze in *Australian Urban Policy* argued that the main factor in escalating housing costs was not rising construction costs caused by stringent controls, but high interest rates (Neutze 1978, 108). Others have stressed that councils did play a role in slowing down development. Paterson et al for example, argued that restrictive controls instead of preventing the bad often limited innovation and created social barriers.

The excessive requirements imposed in many of the 'better suburbs' act as a potent weapon of exclusion against people of lesser means, segregating people into sharply differentiated 'good' and 'poor' suburbs ... Planning standards were originally instruments of reform and weapons against dehumanising urban conditions. We argue that they have become the causes of inefficiency, of social segregation, of uniformity, and a force for a second-rate built environment (Paterson et al 1976, ii - iii).

Councils seized the opportunity provided by the recession to reconsider their flat codes, free of the intense lobbying of flat developers. A study of residential development control policies in Sydney LGAs compared building codes in 1978 with those that existed in 1968. By 1978 all councils had flat codes and all had adopted a density control approach. Almost half the councils surveyed (39 altogether) restricted the height of blocks of flats to two storeys and 72 per cent restricted the height to three storeys. Hornsby and Ryde permitted no flat conversions while Hunters Hill required the design to be in keeping with architectural features of the area (Bennett et al 1978, 28, 36-7). The Report of the Committee of Inquiry into the Cost of Housing also noted how changes in planning controls increased flat development costs and slowed the rate of development. In Canterbury, for example, density zoning and other controls effectively reduced the yield potential to two thirds of former levels while Warringah announced a 30 month flat freeze to enable the municipality to review its flat policy (1978 Vol 3, 386).

By the 1960s most councils had requirements for car parking facilities but some increased the ratios in the 1970s in line with the general increase in the number of flat households with vehicles. In the early 1960s there were no cars parked at over one half of Sydney's flats but by 1981 three quarters on all flats had cars. Hunters Hill, along with Hornsby, Warringah, Manly, Mosman, Concord, Drummoyne, Strathfield and Kogarah developed the most stringent car parking requirements ie. 2 spaces per flat. Sydney, Woollahra, Liverpool, Ashfield, Burwood and Lane Cove required more than one but less than two but the majority (24) required only one space. Requirements for visitor parking varied from none (6 councils) to more than one space per flat (Hunters Hill and Lane Cove) to one per five flats (11 councils) to one per four flats (eight councils), and one for every three

flats in Baulkham Hills and two for every five flats in Bankstown (Bennett et al 1978, 31).

The requirements bear no any relation to proximity of public transport or the parking capacity of nearby streets but they certainly added substantially to the cost of individual flats. Most councils stipulated that parking must be below ground, thus requiring expensive mechanical ventilation and further adding to development costs. One developer mentioned the advantages of building flats within the Liverpool municipality since the council permitted carparks to go 2 feet above ground (Spira interview, 1984). He saw Liverpool council, along with Parramatta, Sutherland and Ryde, as being 'sympathetic' to his company's type of low cost flat developments and avoided certain municipalities because of their stringent requirements and costly delays in obtaining planning approval. Developers of more expensive flats can afford to build these costs into their prices and will accept stringent council requirements if a particular locality is known to command high prices.

Where only minimal planning codes existed, developers quickly stepped in to take advantage of the lax requirements. Leichhardt, one of the few municipalities in the 1970s which failed to introduce strong measures to curb flat developments (indeed it was one of only four councils in the Bennett survey which excluded flats from less than 20 per cent of its residential area), saw a dramatic increase in the percentage of flats from 10 per cent in 1961 to 30 per cent in 1971. The new flats sat awkwardly alongside the rows of nineteenth terraces, and made an appalling visual impact, in many ways a more remarkable impact than in suburbs which saw greater number of flats but in less contrasting surroundings. (In Manly, for instance, hilly topography and numerous flat blocks from an earlier era

meant that most of the products of the new flat boom were soon accepted as part of the landscape).

Leichhardt in the late 1960s was undergoing a dramatic change to its traditional character as a working class industrial suburb. New middle class residents began to buy up and renovate old terrace houses, particularly in the suburbs of Glebe and Balmain, and to confront the Labor-dominated council on several issues including its lax policy on high rise flat development. A number of lobby groups were formed, including the Balmain Association, the Annandale Association and the Glebe Society, led by middle class ratepayers with strong ideas on redevelopment of 'aging' inner areas (Kendig 1979, 125-9).

At the 1971 election, four resident action group members were elected on a platform of opposition to high rise development and greater participation in council's decision-making process. The new council immediately limited all residential development to two storeys over ground floor parking and conducted 19 public planning discussions throughout the municipality. Most of the 1200 residents who turned up had lived there for less than six years. In 1974 council produced a town plan which emphasised low rise development, conservation and the improvement of community facilities (Carrick 1982, 9).

Council elections later in the year saw a return to control by the pro-flat ALP right wing faction. In 1976 it proposed amendments to the 1974 plan which doubled residential population densities and had the effect of opening up large areas of Balmain, Rozelle, Leichhardt and Glebe to high rise development. No maximum height limits were stipulated. The proposal

prompted a storm of protest led by the Leichhardt Planning Forum. Some 16 000 people signed its petition in the first three weeks. In July 1976 council announced a compromise plan which went a long way to restoring the densities of the 1974 plan but again failed to insist on any residential height limit. The Planning and Environment Commission refused to certify the compromise plan. In 1979 a new plan came into operation, without prior consultation with residents; it set a general height limit of four floors or three storeys except for an area zoned Harbour Foreshore Preservation Area where the maximum was two storeys. Further resident protest brought a concession that council should not give development approvals for buildings over two storeys without the prior agreement of the Planning and Environment Commission (Carrick 1982, 14-18). Nevertheless, even the pro-flat local newspaper commented that under the 1979 town plan developers were 'making merry' ironically 'erecting units that the area's average worker couldn't afford in a fit' (The Glebe 31 Oct 1979).

By contrast North Sydney Council had much more stringent flat controls than Leichhardt with none of the bitter party political faction fighting that dominated the chamber in that municipality. Many aldermen believed that more flats were 'inevitable', especially since the development of North Sydney as a high rise office centre. The council directed policies at controlling flat development rather than prohibiting it. Ratepayers living in predominantly single-dwelling environments were against flats. They drew support from both recent and long established flat owners concerned over street congestion and especially protection of their views (Painter 1973, 42-3).

A vigorous resident action group gained the controlling voice on the

North Sydney council and largely prevented a repetition of the excesses of the 1960's boom. Carole Baker, a North Sydney housewife and ex-school teacher led opposition to further high density flat development. Like a number of other professional women at this time she developed an intimate knowledge of the local area and became actively involved in the resident action movement. (Jakubowicz 1972, 350; see also Nittim 1980, 231). Baker, along with nine other Resident Action candidates, mostly women, won office in the 1971 local election. Their campaign slogan 'People Before Profits' emphasised the polarisation of interests over the flats issue. A group consisting largely of local businesses, formed the North Sydney Citizen Group in opposition to the Resident Action candidates. They denied that they represented developers' interests but accused aldermen standing as Resident Action candidates of inconsistencies in administering planning regulations, unwillingness to accept the advice of their planning staff and incurring expense to ratepayers in court costs (Painter 1973, 108-9). No member of the Citizens' Group won election but nine of the fifteen aldermen elected were Resident Action candidates. North Sydney now has a virtual blanket ban of two storeys in all residential zones and low cost flat developers are effectively excluded. Such controls made flat building an uneconomic proposition, so developers turned to higher priced town houses which gave a better rate of return.

### Old Blocks with New Titles

As new flat building became increasingly unattractive to property developers because of prevailing economic conditions, BLF green bans, the high cost of land and restrictive planning controls, many of those who survived the crash turned to recycling of older blocks for investment or

owner occupation. Developers preferred to buy up Torrens blocks where possible since this meant dealing with one owner rather than a clutch of individual company title owners, who might not all agree to sell. Owner occupiers, especially the elderly, might even be reluctant to convert to strata title themselves, preferring the harmonious status quo and power to select their neighbours to the greater financial rewards on resale of a strata flat (SMH 17 Ap 1985). Table 8.1 gives the number of dwellings created by flat conversions 1974-79 (i.e. flats built prior to 1961 and subsequently converted to strata title). In 1974 nearly 600 converted dwellings were created in comparison to 151 the previous year. By 1978 over a quarter of all strata dwellings were conversions.

**Table 8.1 Number of dwellings created by strata conversions, Sydney 1967-79**

	Strata conversions		Total strata dwellings
	No	%	No
1967	51	0.9	5 494
1968	0	0.0	7 046
1969	81	1.1	7 255
1970	42	0.5	8 867
1971	0	0.0	9 579
1972	12	0.1	10 104
1973	151	1.3	11 857
1974	591	4.5	13 032
1975	514	5.2	11 809
1976	2 021	20.0	10 104
1977	2 200	23.2	9 471
1978	1 979	25.9	7 634
1979	2 565	27.3	9 383
TOTAL	10 307	8.5	121 635

Source: Martin 1979, 17.

Traditional interwar flat areas, such as Randwick, North Sydney, Waverley, Woollahra, City of Sydney and Manly, were most susceptible to the flat conversion process. The density of development in these suburbs meant



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*Private lock up garage for each Apartment*

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Fig. 8.1

Advertisements appearing in the Sydney Morning Herald for two interwar blocks of flats refurbished by Haysons of Mosman and for sale on strata title.

SMH 16 Feb 1985

**WESTCHESTER**  
**ELIZABETH BAY**



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**26 ONSLOW AVENUE  
ELIZABETH BAY**  
**EXCLUSIVE ONE AND  
TWO BEDROOM  
CITY APARTMENTS  
OFFERED FOR SALE FOR THE  
FIRST TIME EVER  
THIS WEEKEND**

One Bedroom **\$59,950**  
from

Two Bedrooms **\$75,950**  
from

*"All the charm, style and  
elegance of the thirties..."*

- \* Brilliant location: 'Westchester' is situated in quiet tree lined Onslow Avenue — surrounded by multimillion dollar real estate. Within one hundred metres are the foreshores of Elizabeth Bay and such famous and historical buildings as Elizabeth Bay House.
- \* 'Westchester' — built in 1931 — has been maintained to the highest possible standards. The style of the thirties predominates... high ceilings, lots of sunshine plus a feeling of serenity. Choose the layout of your choice... from one and two bedroom apartments including separate dining areas, sunroom, balconies and panoramic harbour views.
- \* All the conveniences of quality city living are literally within walking distance — transport, restaurants, sporting, social and business activities.

**INSPECT SATURDAY & SUNDAY, 1-5 P.M.**  
A Haysons Project

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SMH 9 Feb 1985

little room for new expansion so although they accounted for 37 per cent (3921) of all strata blocks registered, most were the result of conversions, as Table 8.2 shows.

Table 8.2 Location of major strata scheme conversions in Sydney 1961-79

LGA	Conversion schemes registered	percentage of total strata registrations (1961-80)	Dwellings created by conversion
	No.		
Manly	159	11.1	814
Mosman	102	7.1	524
North Sydney	277	19.4	1 643
Randwick	174	12.2	1 088
City of Sydney	100	7.0	1 696
Waverley	196	13.7	1 544
Woollahra	211	14.8	1 569
Total	1 219	85.3	8 878
All other LGAs	209	14.7	1 429
GRAND TOTAL	1 428	100.0	10 307

Source: after Martin 1979, 16

Although Table 8.2 includes conversions of flats, duplexes, villa homes and mixed commercial and residential developments, flats accounted for the majority (85 per cent) of strata conversions. Duplexes ranked second with 14 per cent (199) of total conversions, most being located in North Sydney (56), Woollahra (39) and Manly (40) (Martin 1979, 16).

Analysis of the Registrar General's records indicates that a high proportion of small scale builders converting one or two blocks is characteristic of the conversion market, as shown in Table 8.3.

Table 8.3 Developers involved in strata conversion in Sydney 1961-79

Developer	Number of Conversions	Developer	Number of Conversions
Baystone Investments	17	Uniting Church	5
McDonald Industries	17	Pitt St. Nominees	5
Stockdale Pastoral Co.	15	Ambar Investments	5
Woodchester	12	Drake Rentals	4
Elysee Investments	11	Carinda Units	4
Denart Nominees	10	Eastington Investments	4
Castaway Investments	9	Wedna Bulk	4
Mirvac	9	W G Apartments	4
Jayer Investments	8	Haysons	4
Goldline	6	Tarbella	4
Profarr	6	Sumitono Shoji	4
Rymah Investments	6	Developers with 3 Conversions	20
Syndicate Nominees	5	Developers with 2 Conversions	43
Newt-Min	5	Developers with 1 Conversion	981
Dare & Co.	5	N/S	191
Lorton Investments	5		
		TOTAL	1 428

Source: Martin 1979, 23

Mirvac, Pax Properties, McDonald Industries (who reported being 'constantly sold out' during 1980) and Haysons were four of the largest developers involved (McDonald Industries Annual Report, 1980). Hookers also undertook a smaller number of conversions from the mid seventies, for example the Seidler designed 'Aquarius' block in Elizabeth Bay (Fisher interview, 1984). Hayson Associates, described by one journalist as 'the kings of no-frills home units' tried to buy blocks in quiet streets near the City. It acted both as developer and agent, contacting a builder to do the renovation then marketing and selling the flats themselves. The company also offered a management service for investors, many of whom, according to sales manager Chris Freeman, are first time investors attracted by the low initial

outlay but relatively high return. A \$40 000 unit, for example, might bring in a rent of \$70 per week but an \$80 000 unit would not return \$140 a week (SMH 12 Sept 1984).

Mirvac, set up in 1973 by architect Henry Pollack and Robert Hamilton and 51 per cent owned by AGC, began renovating existing flats in 1976. By the beginning of 1980 it had refurbished more than 550 flats, including Lyndhurst Gardens, a three storey Georgian style building in fashionable Rosemont Avenue, Woollahra. The company no longer carries out renovations in Sydney owing to 'a lack of suitable opportunities being presented'. It has turned its sights instead on the Melbourne market where it maintains an 'ongoing renovations, marketing and sales programme' based in South Yarra, an inner suburb of Melbourne (Mirvac 1983).

When Mirvac turned away from flat renovation, it expanded its operations into high rise luxury flats in near city and mid city locations. The emphasis was always on quality. Marketing Manager, Geoff Davey declared 'we only build units we'd be happy to live in ourselves', though he actually lives in a house not designed by Mirvac (Davey interview 1984). Tall flat blocks included Castle Vale in Willoughby winner of the 1978 Housing Industry Association Award for flats. The landscaped development comprises 150 flats and ten town houses in three 5 and 8 storey buildings. Other blocks are Century Plaza, a 20 storey block of 80 air conditioned flats, all with harbour views, on the edge of the North Sydney CBD and several more in Cremorne and Neutral Bay. Mirvac was one of the few developers which did not avoid North Sydney municipality. It attributed its high level of public and resident acceptance to the 'expertise, abilities and flair of architects, Henry Pollack and Associates [which] are indelibly stamped on every Mirvac Project' (Mirvac 1983).

The recession changed the direction of Sydney's flat development. Public reaction to the excesses of the 1960s and early 1970s boom reached its political peak at a time when councils could afford - both politically and financially - to make some concessions to ratepayers' feelings. The property crash and the consequent diminution of funds for flat development gave local councils a chance to take stock of the effects of the long boom. They responded - with few exceptions - by imposing drastic regulations which usually preserved the amenity and property values of existing owner occupiers at the expense of potential new residents. Cheaper three storey walk-ups were now impossible to build because of a combination of stringent regulations and financial considerations. Expensive, low rise flats and town houses became the only form of new residential building in most of the traditional flat suburbs. Only relatively well-off owner occupiers and tenants could afford the new dwellings. Moreover, even the other outlet for property developers, strata conversions of older style flats, was beyond the pockets of many. In effect these strata conversions forced up both property prices and rents. The era of recession and regulation has been a major factor in the current rental crisis in Sydney.

## CHAPTER 9

## THE RENTAL SHORTAGE

More than a quarter of Sydney households are tenants. Over half of them live in flats. This is higher than its closest rival, Melbourne, where lower housing costs have enabled more people to buy their own homes. Successive governments have traditionally supported home ownership through subsidy schemes, low interest rates and the non-taxation of imputed rents. Public housing tenants receive some benefits if they qualify for rental rebates but private tenants are virtually on their own. The 1970s and 1980s saw a steady worsening of their position. The gap between owners and renters widened as rapid inflation reduced the real value of the fixed debt for home owners but rents increased. The high cost of land, more stringent local government requirements, the jump in interest rates in the seventies and the omnipresent 'threat' of a capital gains tax made investors shy away from building or buying rental flats. Selling off old company title flats for owner occupation and putting the capital realised into debenture stock earning a comfortable 12 per cent per annum seemed a surer way to get a reasonable return.

In the early seventies reports began to appear regularly in the press on the plight of the tenant. 'Australia's forgotten people: those who pay rent', 'How renters lose out: homes get scarcer and up go rents in cities', 'Rubbish at any price as the squeeze bites' read some of the headlines (NT 17-22 July 1972, 22-27 Ap 1974; SMH 10 June 1975). The worsening position of the tenant prompted one journalist to write in an article headed 'It's time to stop treating a tenant as "citizen 2nd class"',

The rental flat world is no longer made up entirely of the "sober working gent" and "third girl wanted to share" so beloved of the

classified ad writers. Nor can we blandly assume any longer that all the remaining flat dwellers are the newly married building up a nest egg against the day when they can retreat twenty miles from the city to a yellow-brick cottage on a half-acre block. A growing proportion of flat dwellers see no hope of owning a house, in a society which is so proud of its high ownership rate that it heavily penalises the non-home owner (NT 17-22 July 1972).

A number of studies in the mid 1970s added the weight of academic research to the press reports. They predicted a rental crisis and highlighted the need for further research and for reform (AIUS 1975; PRS 1975; Henderson 1975). Some researchers expressed their concern that existing measures which favoured home owners and neglected tenants created an imbalance whereby the private rental sector contained a disproportionate share of poor households (eg. Berry 1977; Kemeny 1981). Poor households were likely to devote a greater proportion of their income to housing than more affluent home owners who benefited from taxation policies, lack of a capital gains tax and low, often negative interest rates that existed up to the early 1970s (cf Apps 1972). Recent studies suggest this distributional gap is widening (Paris 1984a, 1985; Core Consultants 1983).

The incoming Fraser government ignored such warnings and continued support for home ownership. Reduction in funding for public housing merely exacerbated the problems and forced more low income earners into the private sector. In 1982/83 it introduced the Commonwealth/State Mortgage and Rent Relief Scheme (MRRS) which offered the states \$20m per annum for three years on the dollar-for-dollar basis. It was intended to provide relief for hard-pressed private tenants and low income mortgage payers struggling to keep up monthly repayments during a period when interest rates were rising rapidly. (Unlike Britain, mortgage repayments have rarely been allowed as a tax deduction). Paris is critical of the MRRS, arguing that while in some states it made private renting 'marginally' more affordable, in others it

had incidentally encouraged many to apply for public housing (Paris 1984a, 56; 1985, 56). The danger with any rent subsidy scheme is that landlords will increase rents and tenants will end up no better off.

Commonwealth assistance, such as the First Home Owners Scheme, enabled thousands of Australians to purchase their own home but in the process had a negative effect on the private rental market. Paris argues that many did not need the assistance, it merely helped them to buy sooner in the life cycle or buy better houses than they could otherwise afford. This had an inflationary effect on house prices and exacerbated the loss of rental accommodation as marginal house purchasers sought cheaper, usually older housing, which in many cases was rented (Paris 1984a, 54-55).

A constant supply of housing at the lower end of the market is supposedly ensured by young home owners 'trading up' and older home owners 'trading down' as Kemeny puts it (Kemeny 1981, 39). The typical pattern in the 'housing career' saw young, newly formed households move into rented accommodation, often an inner city flat, then purchase a house in the suburbs when marriage and children came along. As household income increased, the family moved into a bigger and better house. When the children left home, older couples might buy a smaller house or a flat or townhouse (Kilmartin, Thorns and Burke 1985, 113). However, the older generation of home owners, which has been able to take advantage of past housing benefits, has little incentive to trade down even though their need for housing space declines. 'The result is that considerable surplus housing space and amenity is generated among the households who need it least without ameliorating housing shortages among young home owners and private tenants' (Kemeny 1981, 39). The older generation of home owners is



considerably better off than young home owners and renters who face higher interest rates, higher house and land costs and a tough employment situation. Getting started in the eighties is much harder than in the 1950s and 1960s when there was full employment, a thriving economy and artificially low interest rates. Kendig's research highlights this increasing inter-generational inequality and points out that fewer aged owners are in poverty compared <sup>with</sup> ~~to~~ those who rent (Kendig 1981, 87-89; 1982, 7; cf Davison 1976).

### The Plight of the Tenant

Until recently, most tenants saw themselves on the way to home ownership. Renting was only a temporary situation. This is the major reason why tenants have had less impact on the political process than homeowners. Governments continue to direct housing subsidies to home purchasers while tenants remain a neglected and fragmented group even though an increasing proportion face the prospect of a lifetime of renting. Tenants have little or no security of tenure and are virtually powerless to improve their housing conditions or prevent rent increases imposed by landlords. Cases of rent 'strikes' are few and far between. In 1981 tenants in a block of 60 flats, The Niche in Booth Street, Annandale, banded together to refuse to pay increases of between 30 and 50 per cent on their bedsits which previously rented for from \$25 to \$40 a week. The owner eventually agreed to increases of between \$1.50 and \$3 (Sun 3 July 1981; see also SMH 10 Apr 1986). The tenants were successful only because they presented a united front but tenants usually see their problems in individual terms. If an individual tenant refused to pay he could be given a notice to quit and face eviction.

Various community groups, like South Sydney Community Aid, the Tenants'

Union of NSW Cooperative Ltd and Shelter NSW lobby on behalf of tenants but have had limited success in securing more equitable housing policies for tenants. The Tenants' Union, set up in 1976, publishes a Tenants' Rights Manual and a number of leaflets on tenancy matters, including some multi-lingual leaflets. Shelter operates a Housing Information and Referral Service and publishes a Sydney Housing Directory. Both organisations are critical of existing landlord-tenant legislation and argue for 'consumer protection' legislation to be introduced on the lines of South Australia and Victoria and, to a lesser extent Queensland. If a 'residential tenancy tribunal' were set up with the backing of the law it would provide tenants with greater protection against landlords who are usually better equipped, in terms of financial resources and legal knowledge, to operate the law in their favour. The argument that such legislation would be a major cause of disinvestment or disincentive to new development is not necessarily convincing. As Paris points out this has not happened in South Australia and Victoria and if anything problems of affordability and availability are greater in Sydney than in Melbourne and Adelaide even without corresponding landlord-tenant reform (Paris 1985, 59-60).

Henderson and Hough's examination of income statistics in Melbourne and Sydney showed that Sydney's higher house prices and rent levels meant that low income earners, especially pensioners and beneficiaries, were worse off in Sydney than elsewhere (Henderson and Hough 1984, 8). Sydney also has a higher proportion of tenants than Melbourne, 27 per cent compared to 23 per cent, and almost double the percentage of tenants in public housing, 4.8 per cent compared to 2.6 per cent. Despite the greater number of Commission tenants, Sydney households spend on average about 13 per cent more on housing than Melbourne households. The difference is greater the less well-

off the household. A significantly higher proportion of Sydneysiders live in flats, either as tenants or as owner occupiers. Some would prefer to buy a house but cannot afford houses prices in the Sydney market. Between 1980 and 1984 the median price of a flat in Sydney exceeded the median price of a house in Melbourne as Figure 9.1 illustrates (Nevile Vipond & Warren 1984, 13, 19, 20).

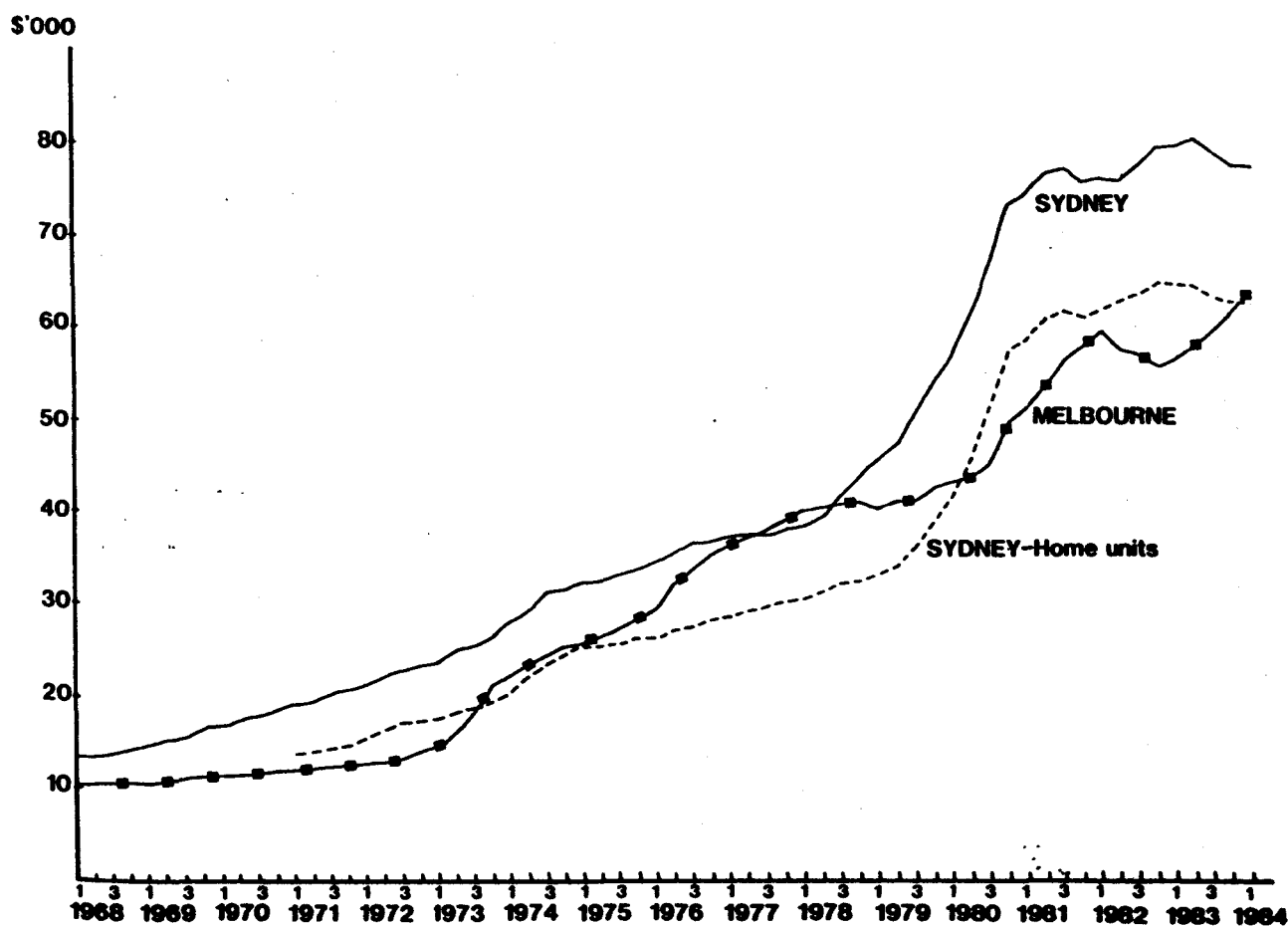


Fig. 9.1 House and Land Prices (Nevile, Vipond and Warren 1984, 6)

The plight of Sydney's poor tenants occasionally attracts scrutiny from the press. Heather, a single parent with a six year old daughter, was forced

to move into a 'hovel', euphemistically described by the estate agent as a 'garden flat', because she could not afford the \$100 per week rental demanded for a one bedroom flat. The rent on her 'garden flat' was \$55 per week. It consisted of a two room fibro shed behind a rundown house in the far western suburb of Doonside. Heather spent 15 weeks in a women's refuge before she managed to find anything to rent within her price range.

Stacie Smith was financially better off than Heather but still faced a frustrating five week search for a house or flat to rent. She and a fellow legal clerk hoped to find somewhere to share near Cremorne but eventually looked at anything from Rozelle to Rose Bay. Many of the houses and flats they inspected in their price range, \$100 to \$120 per week were tiny, dirty and cockroach ridden. Agents pressured them to accept a property regardless of its condition and in some cases told them that the \$100 advertised rent was a 'misprint', the rent was actually \$150 (NT 26 July to 1 Aug 1985).

Stacie Smith and her friend are typical of the increasing number of households with two or more people in paid work whose combined income reduces the individual rent burden. Ironically this has also been one of the major reasons for rising rents in Sydney over the last decade. In many two bedroom flats in the inner city and on the lower north shore, for instance, a typical pattern will see both members of the household in employment. A brief example makes the point. In a 1920s block of flats at Manly Andrew and Anthony pay \$110 per week (Cook interview 1985). Both recent law graduates, Andrew earns \$17 000 per annum and Anthony \$24 000. At \$55 a week each they can easily afford the rent, as can Gillian (\$15 000 per annum) and Christopher (\$23 000 per annum) in their Darlinghurst flat at \$120 per week (Callinan interview 1985). But Archie, a shiftworker in North Sydney, earning \$16 000 per annum, is having difficulty paying his rent of \$110 per

week with his wife and young daughter at home (Johnson interview 1985).

It seems likely that within a few years many of Sydney's flats, especially those within easy reach of the city centre, will become the preserve of two income households unless a one earner household has a much higher than average income. People on the dole or on supporting parents benefit will only be able to afford such accommodation if they club together and live in conditions more overcrowded than most Australians would think reasonable.

The problem of affording a house or flat in today's rental market has led to a rapid growth in the numbers of people living permanently in caravan parks (Centre for Urban Research and Action 1978; Kenny and Cox 1982). Homelessness is also a critical problem, particularly among the young (Hancock and Burke 1983). Others on low incomes resort to squatting or sharing in overcrowded conditions.

The present low vacancy rates in Sydney offer little hope for these tenants. If the trend continues, rents are likely to climb even further as demand exceeds supply. The vacancy rates in Sydney, listed in Table 9.1, give an indication of the extent of the rental crisis. A vacancy rate of between three and four per cent is considered satisfactory to maintain a balance between supply and demand.

The moving annual vacancy rate in Sydney was at its lowest in 1978 and dropped again in 1982. Indications are that it is on the way down again. However demand is not spread evenly. High rental property is in reasonable supply but there is a strong unsatisfied demand for low rental property. Figures for particular areas which have a concentration of this type of

accommodation, much of it in the form of boarding houses and flats, support this. The NSW Real Estate Institute's 'Residential Letting Market Survey' dated 8 May 1985, indicates a general trend of particularly low vacancy rates (0.5 per cent) in East Sydney (City to Bondi Junction and Watson's Bay) and the Inner West (Balmain to Ryde). The vacancy rate in North Sydney (Manly Warringah, Pittwater and North Shore) was 1.0 per cent and in Outer Sydney (Parramatta to Emu Plains) and Liverpool and Districts 0.5 per cent. Figures for South Sydney (Randwick, Mascot, Hurstville and Cronulla) were not available. The problem in the rental market is therefore not an overall shortage, at 1976 for example there were over 12 000 private dwellings unoccupied and waiting to be let, but a shortage of low cost accommodation (eg. Core Consultants 1983; Milligan 1983; Kendig 1979).

Table 9.1 Vacancy rates in Sydney 1978<sup>a</sup>-85

Moving annual vacancy rates June		Monthly vacancy rates	
	%		%
1978	1.7	1984 July	2.0
1979	2.0	Aug	1.7
1980	2.7	Sept	1.7
1981	2.5	Oct	1.5
1982	1.9	Nov	1.3
1983	3.0	Dec	1.4
1984	2.4	1985 Jan	0.9
Ap 1984 - Mar 1985	1.6	Feb	1.0

a Figures not available prior to 1978

Source: REIA Market Facts

Some real estate agents have seized the opportunities offered by low vacancy rates to exploit tenants by falsely offering 'discounts' for payment of rent on time. The NSW Department of Consumer Affairs reported that the prospective tenant of a Parramatta flat, which was advertised at \$80 a week, was asked to sign a lease agreeing that the rent was \$100 a week which would

be reduced by \$20 if paid on time. Other leases included clauses allowing for a penalty of \$40 for failing to mow the lawn every three weeks and for landlords to keep bonds for seven days after the premises were vacated to ensure stoves were in working order (SMH 10 Aug 1985). Such tactics last came into prominence during the 1970s rental crisis when tenants complained bitterly about landlords who failed to repay the bond money and invented false repairs or charged high rates for cleaning or repainting which was never carried out or was unnecessary. The Sun exposed the 'rent bond racket' in a series of articles in April 1975. It reported the case of one owner who reputedly made so much out of bond money that he built another block of flats with the proceeds (Sun 7, 8, 19 Apr 1975). Shelter lobbied on behalf of tenants and at the Housing Conference held in 1974 called for a state-wide tenants rights campaign to highlight dubious practices and to work for legislative changes to achieve more justice for tenants (Shelter 1974, 3). In 1977 the NSW Labor government established a Rental Bond Board to administer the security bond system. It largely eliminated the bond 'racket' though it has attracted some criticism for appropriating the interest on tenants' bonds (Paris 1985, 60).

### The changing climate for investors

The difficulties tenants face have been exacerbated by ten years stagnation both in the public and private sectors of the rental market. Private investment into rented flats dropped sharply in the wake of the 1974 property collapse largely because of investor uncertainty over Commonwealth taxation policies and punitive controls adopted by local government. Investors looked to more profitable avenues for investment.

In the past, Commonwealth taxation policies were extremely generous to property investors although some commentators, like Kemeny, have been so obsessed with home ownership that they have failed to recognise this (Kemeny 1983, Ch 1, 2). The lack of capital gains tax and the opportunity to minimise personal taxation through 'negative gearing' prompted a number of speculators and high marginal tax payers to invest in flats when they might otherwise have put their money elsewhere. When these two advantageous ~~minimise personal taxation through 'negative gearing' prompted a number of speculators and high marginal tax payers to invest in flats when they might otherwise have put their money elsewhere. When these two advantageous~~ policies appeared to be under threat, investors became alarmed. Many sold out, others followed a policy of 'wait and see'.

The possible introduction of a capital gains tax has nagged at investors for a number of years. In 1975 the president of the Real Estate Institute, Ross Jackson, commented that the investor with one or two flats who had contributed significantly to the amount of rental accommodation available was 'being made nervous by the latent threat of a capital gains tax' and driven out of the property market into the money market (SMH 10 June 1975). The uncertainty created by the threat of a capital gains tax proved very disruptive to the rental property market. (cf Neutze 1983, 10; Paris 1984a, 58).

High marginal tax payers, attracted to property investment because of the opportunities it offered to minimise their tax bill through 'negative gearing', became quickly disillusioned with the flat market when a clamp down on negative gearing appeared to be imminent. In 1982/83 the Victorian Deputy Commissioner for Taxation queried the heavy losses that investors in highly geared property were incurring to offset against their personal



income. He questioned the validity of a scheme which set out to make a loss rather than a profit and he delayed assessments involving negatively geared property. The federal government overruled the Commissioner but the issue was nevertheless raised and much debated in the property pages of the press and in investment newsletters and proved enough to scare high income investors away from the rental property market. Some found the government's generous tax concessions for investment into the film industry a more appealing alternative.

Until the recent announcement on negative gearing, there were some indications of a tentative return of confidence in the property market sparked off by the availability of finance (in 1984 lending for housing reached record levels) and the rapid escalation of rents caused by the shortage of rental property. According to some real estate experts rents increased by ten per cent or more during 1984 and rental gazumping, a phenomenon not seen in Sydney since the housing shortages of the post war period, was not uncommon (SMH 2 Feb 1985). Rents on average were more than a third higher in Sydney than in Melbourne where an unfurnished two bedroom flat, rented out at \$85 per week in Sydney, would cost only \$70 (Nevile, Vipond & Warren 1984, 24; Paris 1984a, 28). While bad news for tenants, the rent increases and shortage of rental property began to attract investors back into the property market.

At the end of 1983 one economic commentator predicted that 1984 would be 'the year for the property investor' with the best opportunities for private investors at the lower and middle sections of the market (NT 30 Dec 1983). Figures for 1984 proved him right. In the last quarter of 1984 councils approved 2407 applications to build flats in Sydney, almost 60 per cent more than in the same quarter of 1983 (SMH 5 Mar 1985). The best bargains as

forecast were in Campbelltown, Liverpool, Randwick, Waverley and Gosford. The recently published report by the Valuer General, New South Wales Real Estate Market, indicated the value of a typical two bedroom flat in a two or three storey block of eight to twelve flats remained static or declined in 1984 in relation to its 1983 level in these areas. Recovery in 1984 was at the middle to top end of the market. Chatswood had the best recovery rate (17 per cent over the previous year) and also the highest value for a typical flat at \$105 000. Hornsby, Parramatta, Mosman and North Sydney followed with increases in value between 11 and 15 per cent (Valuer General 1985, Table 14).

Despite the confidence shown during 1984, investors were right to be worried. On July 17 1985 federal Treasurer Paul Keating announced that negative gearing would cease immediately, though it appears likely that existing negatively geared properties would be allowed to continue for the life of the investment. Under the new system any losses incurred could only be set against real estate income and a new depreciation allowance of four per cent would only apply to newly built property. Property newsletter publisher Ian Huntley acknowledged that investors could panic and 'dump' real estate on the market in a bid to beat tax changes. Inevitably they would mean an increase in rents as investors sought compensation for the loss of the tax subsidy (Personal Investment July 1985, 82).

The following case study highlights the effect of negative gearing and the likely consequences of its withdrawal. Figures used are based on realistic approximations of current day trends in the rental market and assume initially that the investor bought his flat before negative gearing was disallowed (Table 9.2).

Table 9.2

## Ten year investment plan

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Income	6240	6864	7550	8305	9136	10050	11055	12160	13376	14714	99450
Fixed costs:											
Interest paid	(9000)	(9000)	(9000)	(9000)	(9000)	(9000)	(9000)	(9000)	(9000)	(9000)	(90000)
Opportunity cost	(4450)	(4450)	(4450)	(4450)	(4450)	(4450)	(4450)	(4450)	(4450)	(4450)	(44500)
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	(13450)	(13450)	(13450)	(13450)	(13450)	(13450)	(13450)	(13450)	(13450)	(13450)	(134500)
Variable costs	(1650)	(1815)	(1996)	(2196)	(2416)	(2657)	(2923)	(3215)	(3537)	(3891)	(26296)
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	(8860)	(8401)	(7896)	(7314)	(6730)	(6057)	(5318)	(4505)	(3611)	(2627)	(80700)
Tax effect											
@ 60 per cent	5316	5041	4738	4405	4038	3634	3191	2703	2167	1576	36809
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
After tax cost	(3544)	(3360)	(3158)	(2936)	(2692)	(2422)	(2127)	(1802)	(1444)	(1051)	(24536)
Capital gain											
@ 3 per cent	-	3000	3090	3183	3278	3377	3478	3582	3689	3801	30478
(One off costs	(4500)	-	-	-	-	-	-	-	-	-	- )
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net gain/loss with negative gearing	(8044)	( 360)	68	247	586	955	1351	1780	2245	2750	
Cumulative	(8044)	(8404)	(8336)	(8089)	(7503)	(6548)	(5197)	(3417)	(1172)	1578	
Net gain/loss without negative gearing	(13360)	(8401)	(7896)	(7341)	(6730)	(6057)	(5318)	(4505)	(3611)	(2627)	
Cumulative	(13360)	(21761)	(29657)	(36998)	(43728)	(49785)	(55103)	(59608)	(63219)	(65846)	

Dr Summers was in his late forties. He ran a highly successful Macquarie Street practice. The income he earned put him squarely in the 60 per cent marginal tax bracket. A number of his colleagues showed a profit on the flat market by buying an inner city flat before completion, then selling when the market was high. Dr Summers was not prepared to take such a risk and instead decided to buy a flat as a long term investment, a nest egg for his retirement in ten years time. After looking around for some months Dr Summers settled on a two bedroom strata flat in Neutral Bay, close to public transport. At \$100 000 it was good buy and could not be built for that amount. The real estate agent assured him it would fetch \$120 a week in rent. If Dr Summers had been prepared to go further afield, out to Campbelltown perhaps, he could have bought a cheaper flat yielding a higher pro rata income but he preferred to buy close to his Mosman home so that he could keep an eye on the property. His Neutral Bay flat was likely to appreciate more rapidly and because of the tax subsidy, the weekly rent was relatively unimportant.

Dr Summers approached his bank manager and had no difficulty in securing a \$60 000 interest only loan at a fixed interest rate of 15 per cent per annum over ten years. Together with his own savings of \$44 500 this was sufficient to cover his initial costs.

Initial costs	\$
Purchase price	100 000
Legal fees	1 000
Stamp duty	2 500
Valuation	200
Building inspection	100
Loan application fees	300
Mortgage insurance	200
Miscellaneous	200
	<hr/>
	104 500
	<hr/>

Over the next ten years Dr Summers had what some might consider a dream run. He paid no land tax. The tenants took care of the flat and paid their rent on time. Body corporate fees remained steady, no special levies were required to repair major structural defects caused by fires, storm damage or other unforeseen circumstances. The flat was continuously let (assuming constant demand), bringing in a gross rental income of \$6240 in the first year, rising ten per cent per annum thereafter in line with inflation. But it had not all been plain sailing as far as Dr Summers was concerned. He decided to save the 7 per cent management fee charged by real estate agents and collected the weekly rents himself. He looked after minor repairs in person. After every tenant moved out he organised for the cleaners and painters to come in and advertised for a new tenant in the local paper. He had to make himself available to show them over the flat on several evenings and weekends.

When Dr Summers worked out his running costs at the end of the first year, they totalled \$1650. This represented 27 per cent of gross income, slightly higher than the average of 25 per cent that real estate experts anticipate, to compensate for the unrealistically high income. It is unlikely that a flat would be let for the full year.

Running costs	\$	Income	\$
Body corporate	500	52 weeks @ \$120 per week	6240
Rates - council and water	500		<hr/>
Repair and maintenance	300		
Mortgage insurance	200		
Letting fees	150		
	<hr/>		
	1650		
	<hr/>		

Dr Summers' interest repayments for the year amounted to \$9000, making his total outgoings \$10 650. His net loss was \$4410. Not too bad, but what Dr Summers had forgotten to include was the opportunity cost, the cost of interest foregone on his own initial savings of \$44 500. At ten per cent per annum his savings would have yielded him \$4450 before tax. His real net loss was therefore much higher, \$8860, but his losses were minimised when the effect his investment has on his taxable income was taken into account.

Under the negative gearing system the whole of Dr Summers' interest bill was an allowable tax deduction as were his running costs. They were considered necessary expenses incurred in the course of running his business. In his case the entire \$9000 was deductible since Dr Summers took out an interest only loan. Repayments of the principal were not deductible but with an interest only loan Dr Summers deferred paying off the principal until the expiry of the loan and by the end of ten years the inflation factor would have discounted the real value of the original principal. Dr Summers could therefore reduce his taxable income by \$8860 and pay less tax, \$5316 less. His loss was now not the difference between his costs, including opportunity cost, of \$15 100 and his income of \$6240. Instead his loss is only \$8860 less \$5316 ie \$3544. Without negative gearing Dr Summers will only be able to claim expenditure equal to his rental income. In the first year this would leave him with a loss of \$13 360.

Even with negative gearing Dr Summers would not show a profit until Year 8. Excluding opportunity costs Dr Summers' outgoings in Year 8 totalled \$12 214 (\$9000 interest plus \$3215 variable costs), just about equal to his income of \$12 160. Yet when interest foregone is included Dr Summers would still be making a loss ten years after the first tenant moved in, though the

capital gain, calculated at 3 per cent per annum compound is taken into account then there is a profit at Year 10.

Over the ten years of the loan Dr Summers will have incurred losses of \$24 536 but the taxation commissioner will have contributed \$36 809. If Dr Summers had not invested in his flat the \$134 500 he paid out in interest and interest foregone on his savings would have remained part of his taxable income to be taxed at 60 per cent. He would have been left with only 40 per cent of it to spend. By investing in his flat the 60 per cent that would have gone to the commissioner went to the bank instead. When he wants to sell the flat, assuming this is at the end of the loan period and inflation is running at a steady 10 per cent per annum then his \$100 000 flat is worth about \$236 000. When he discharges his mortgage he is left with \$176 000 tax free, double what his savings would have brought him. Even with a capital gains tax, assuming it was index linked and set at 30 per cent Dr Summers would be left with about \$166 000. Not bad for a \$25 000 after tax investment over ten years.

The investment profile of Dr Summers' flat changes dramatically if negative gearing is not allowed. By year 10 he will have accumulated losses of over \$65 000 including interest foregone. Even excluding interest foregone, his losses after ten years will be more than \$21 000. Since Dr Summers could not offset losses against his personal income if he bought the property after 17 July 1985, the pressure to increase rents will be enormous. Even though losses can be set against future property income and deducted before the imposition of a capital gains tax, Dr Summers might think twice about buying an existing flat for rental purposes. He might be better advised to buy a new flat although since most flats currently being

built are at the more expensive end of the market, it could prove difficult to find a suitable property within the price range.

The recent interest shown by developers and investors in luxury flats is largely a reaction to the introduction of harsh controls against flats which made building and renting flats for average income earners less profitable than building flats at the luxury end of the market. By the end of the 1970s, most Sydney LGAs had brought in zoning regulations limiting the amount of multi-unit dwellings in an effort to preserve the residential amenities of their neighbourhoods and prevent a repetition of what occurred in the 1960s. Thirty five councils excluded multi-unit dwellings from more than half the land zoned residential. Twenty four excluded them from more than 80 per cent of the residential land. A majority of councils also placed some restriction on bedsitters and one bedroom flats, while those which permitted them were mainly inner suburbs like City of Sydney, North Sydney and Leichhardt, traditional repositories of this type of accommodation (DEP 1983c, 28; Bennett et al 1978). Harsh controls, together with the high cost of land encouraged developers to build expensive flats and townhouses especially in harbourside suburbs favoured by the wealthy like Mosman, Woollahra and parts of North Sydney. But the new medium for urban profit had the effect of reinforcing growing inequities in the housing market.

The most visible concentration of the new investment pattern was in the City. High rise apartments catering for high income earners who could readily afford to absorb huge development costs and pay a premium for convenience and luxury, began to spring up in the late seventies and early eighties (Appendix I). The 1960s suburban flat boom gave way to the 1980s city flat boom with an important difference. The 1960s boom established flats as an acceptable form of housing. It enabled thousands of Sydneysiders



to take the first step towards the ultimate dream of owning their own house and gave others their first opportunity to establish separate households in affordable rental flats. Unlike the 1960s flats, only a minority could afford to buy or rent the luxury flats of the eighties. Many of those who bought the flats were at the end of the 'housing cycle'. They chose to exchange their expensive family houses for a city flat which, while not necessarily much smaller, offered security and a more convenient layout and location without the worry of a large garden to maintain. Others were speculators, part of the movement of investment capital out of office development into other, often speculative ventures in the wake of the property collapse (Daly 1982, 67). Speculators were less interested in the income they might derive from flat rents than with the potential for capital growth. This led to a rapid turnover of flats and made it impossible to predict, with any degree of accuracy, future long term availability of rental accommodation. It also emphasised the unequal distribution of flat vacancies and growing unfairness in a housing market which saw high rent city apartments lying idle while low income flat seekers remained homeless. Despite the fact that there many were vacant, investors were loathe to let such flats at common rent levels, so that some were turned into serviced apartments to compete with the international hotel trade.

Nearly 2000 new flats were added to the City of Sydney's housing stock between June 1979 and June 1984, more than half of them in the CBD. The percentage of new flats in the City compared to the suburbs rose from 0.8 per cent in 1975 to 16 per cent in 1984 (MWSDB records). Buyers bought 'off the plan' hoping to resell at a profit within a short space of time (SMH 8 May 1985). Many were professional people like doctors, dentists and solicitors who borrowed interest-only money at high interest rates calculating that with the anticipated tax free capital gain and the tax

deduction against the interest payments they could not lose. Initial buyers of the 61 flats in Broughton House, a converted office building on the corner of Clarence and King Streets stood to double their money if they sold out quickly enough paying \$60 000 to \$85 000 for a one bedroom flat and \$100 000 to \$130 000 for a two bedroom flat when the block was presold in 1980. On completion in 1981 two bedroom flats changed hands for \$295 000. However, 1983 the price dropped to between \$200 000 and \$220 000 (SMH 10 Dec 1983). Still a substantial profit but others were not so lucky. 'The first buyer sold to the second buyer and made a profit. But the second buyer was caught out. By the time the building was complete the market had crashed. He couldn't sell so he rented the unit out and the city became a giant holding operation' (Davey interview 1984).

Growing disenchantment with low and medium cost rental flats and the move towards luxury flats and townhouses led to the supply of affordable rental flats rapidly diminishing. Local councils were unwilling or unable to do much to conserve their stock of low cost accommodation. Very few new affordable rental flats were built in the second half of the seventies but many were sold to owner occupiers. Companies like Lend Lease which built rental flats in the early seventies sold them on strata title and concentrated on building blocks for owner occupation. Some flat owner-investors decided to cash in on the high capital appreciation of the 1970s and sell out, a proposition which grew increasingly attractive with the jump in interest rates in late 1973 and when the 1980s slump hit and capital growth stagnated. Others who owned blocks of rented Torrens and company title flats converted them to strata title and sold them, often to owner occupiers (Chapter 8). Owners of boarding houses, once a major source of cheap accommodation for transient workers, young singles, the unemployed and pensioners, also sold up.

# SYDNEY'S CITY FLAT BOOM

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In the past few months, \$60 million worth of home units have been sold in the inner city area of Sydney. Today's Sun looks at the reasons for this boom and tells where the city flats are and how much they cost.

**Plus —** Parramatta's captain Steve Edge reports on his team's first real performance this season and says what will happen if Parramatta get their new stadium.

**Also:** the 12 fighting and loving years of the Fabulous Burtons.

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where the action is  
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SMH 4 Mar 1981

## The Connaught the Quay

We invite you to compare "The Connaught" with "The Quay" during the Sydney festival time. Take your time to visit both buildings, to compare the location, the finish, the quality, the units and the prices. The remaining units in "The Connaught" are priced from just \$165,000 to \$260,000; the lowest priced unit in "The Quay", is a 1 bedroom at \$300,000.

"The Connaught" units have marble bathrooms, slick kitchens, spacious entertaining areas and the green expanses of Hyde Park right across the street, and many units have spectacular Harbour views.

The units at "The Quay" no doubt have the harbour views but "The Quay" is located right next to the expressway and the railway lines. Anyway, if you choose a unit in "The Quay" you can probably afford to buy one in "The Connaught" as well.

"The Connaught" is open Saturday and Sunday from 2.00 p.m. till 5.00 p.m. and Monday to Friday from 10.00 a.m. till 4.00 p.m. with four home units on display.

Whitlam Square 'On Hyde Park'  
Cnr. of Liverpool Street & Wentworth Ave., Sydney.  
Telephone (02) 264 9877.

The Connaught is marketed by The Connaught Management

## The Connaught THE WATERTOWER

We invite you to compare "The Connaught" with "The Watertower" during the holiday slowdown. Take your time to visit both buildings to compare the finishes, the quality, the units, and the location.

"The Connaught" is right on the edge of the green expanses of Hyde Park whilst "The Watertower" is just out of town on Redfern Hill. "The Connaught" units have marble bathrooms, brilliant kitchens and a rooftop swimming, sunning and sports complex.

And "The Connaught" is just a few minutes walk from the city. But if you choose "The Watertower", that's what competition is all about.

"The Connaught" is open Saturday and Sunday from 2.00 p.m. till 5.00 p.m. and Monday to Friday from 10.00 a.m. till 4.00 p.m. with four home units on display.

Whitlam Square 'On Hyde Park'  
Cnr. of Liverpool Street & Wentworth Ave., Sydney.  
Telephone (02) 264 9877.

The Connaught is marketed by The Connaught Management

Fig. 9.2 The city's flat boom of the early eighties was over by the time The Connaught and The Quay came on the market and more aggressive marketing tactics were needed if the flats were to be sold quickly. The Connaught Management company produced a series of advertisements that appeared in the pages of the local press during the summer of 1984. These two advertisements invite comparison with two other city high rise blocks on the market, The Quay and The Watertower (SMH 12 Jan 1985).

The lack of data on boarding houses and rooming houses makes it difficult to quantify the exact loss, but Waverley council records suggest that between 1974 and 1981 about 90 of the 237 licensed boarding houses involving up to 1000 of an estimated 3350 boarders had been demolished or converted (Milligan & McAllister 1982, 58). In the City of Sydney 540 licenses to boarding/rooming houses were issued between August 1981 and July 1983 but more than 2000 existed at the time of the 1961 census (Troy 1984, 17). The enforcement of licensing powers by local councils and stringent requirements regarding health and fire safety also encouraged boarding house owners to sell out or convert. They could not justify the major expenditure necessary to comply with the new requirements without a corresponding increase in rents which boarding house tenants could not afford. Owner of the Holyoak boarding house at 25 Milson Road, Cremorne Point, Bob Kemnitz, complained 'while it is well to talk about low-cost accommodation, it is becoming less practical in this municipality because of rising costs ... You cannot run an economically viable business unless the customer pays for the costs' (Mosman Daily 7 Mar 1985).

Until recently councils had little power to prevent the conversion of rental stock to strata title even if they wanted to. The City of Sydney and Leichhardt Councils, both areas with a high proportion of low income rental housing, opposed several such developments but had their decisions reversed in the Land and Environment Court on appeal. Legal opinion appeared to take the property owner's point of view that they should not be required to subsidise those on low incomes (*Baner Holdings Pty Ltd v Sydney City Council* 24 Aug 1981, reported in DEP Legal Digest 3). In the case of *Modipa Holdings Pty. Ltd v Leichhardt Municipal Council* (27 Jan 1982) for example, the company appealed against Council's refusal to permit conversion of a block of bachelor bedsit flats to strata title flats. The Court decided that no

adverse social and economic effects (under Section 90 of the Environmental Planning and Assessment Act) would result from the strata subdivision and the council was powerless to do anything about it (DEP Notes of Cases, 9/92).

The City of Sydney's opposition to the loss of its low income rental stock met with limited success and between 1962 and 1980 3300 flats were converted (City of Sydney Strategic Plan 1980, 49). The dilapidated blocks of 1930s style flats and two and three storey terraces in Kings Cross with boarded up balconies and peeling paintwork were a natural target for keen investors wanting to convert to strata title. The old premises were 'renovated', often with little more than a lick of paint and wall-to-wall berber carpet and high rent tenants moved in. Thousands of low rent tenants were displaced in the process. As the 1980 City of Sydney Strategic Plan noted, '[conversions] fragments ownership, renders future comprehensive redevelopment difficult, displaces low rent tenants and generally leads to significant increase in the cost of rented accommodation' (1980, 49).

In an effort to generate funds to build new homes for displaced tenants, the Labor-dominated council introduced a scheme in 1981 whereby developers of projects over \$200 000 paid a 2 per cent 'voluntary' contribution to help pay for future low income housing. Collection of the contributions paid for flats in Rose and Vine Streets, Chippendale and the Ultimo project, Stage I 14 flats in Blackwattle House, Stage II 40 flats in R J McKinney House and the yet to be completed Stage III, a recycled woolstore. In 1984 the Building Owners and Managers Association of Australia successfully challenged the validity of the voluntary contribution scheme. Judge Cripps said that the scheme contravened Section 90 of the NSW Environmental Planning and Assessment Act. The SCC took the case to appeal but the NSW

*I don't want to move miles out of town just to get our own place... isn't there something else we can do??*

**IS THIS YOU?**  
Do you dream of owning your own home but think you can't afford it. Now you can stop paying dead rent... forget about moving miles out into the suburbs... these superb top value apartments are at prices you can afford.

**HERE'S HOW TO STOP PAYING OFF YOUR LANDLORD'S MORTGAGE...**

**TWO BEDROOM BOND! UNITS FOR LESS THAN THE AVERAGE ONE BEDROOM.**  
*You can afford that!*  
**fr. \$56,950**

**FIRST RELEASE!**

**TWO & THREE BEDROOM BEACH APARTMENTS**  
**fr. \$69,950**  
Each unit has private off-street parking on title.

- Freshly painted and refurbished — not a penny to spend
- Modern kitchens, bathrooms, built-ins
- Sunny balconies
- 100 metres to beach
- Lots of attractive finance.

**46-48 RAMSGATE AVENUE, BOND!**

- Totally refurbished, freshly painted, new kitchens and bathrooms
- Sensational dress circle position, close to beach, transport, shops
- Car spaces, lock-up garages available
- Attractive finance available.

**332 BOND! RD, BOND!**

**COME TO SUNNY BOND! THIS WEEKEND!**  
**INSPECT SATURDAY & SUNDAY 1-5p.m. or Tel: 960 2411**

**haysons**  
Hayson Associates (Sales) Pty Ltd., 515 Military Road, Mosman. A Hayson Project

Fig. 9.3 Hayson Associates' advertisement for renovated Strata flats in Bondi. Haysons aimed their sales strategy at young couples on limited incomes, unable to buy a house unless they moved to an outer suburb and unwilling to continue paying 'dead money' to a landlord - if they could find an affordable flat or house to rent as the rental crisis grew more critical (SMH 24 Nov 1984).

Supreme Court and later the High Court rejected the appeal (NSW Supreme Court 170/84).

## Public Housing

The shortage of low cost private rental accommodation has placed enormous strains on the resources of the public housing sector already much depleted at the hands of the Fraser government (Carter 1983). The waiting list is larger than ever before. In Sydney alone over 33 000 new dwellings were needed to wipe out the list altogether at June 1984, but the Commission cannot keep pace with demand (NSWHC Annual Report 1984, 24). Housing costs, spiralling rents, unemployment and changing social values have created a new pool of low income earners seeking public housing. Young singles, who became eligible for public housing in 1984, single parent families and pensioners of one kind or another now comprise about half of all applicants. The greatest demand comes from single parent families. Between 1971 and 1981 the percentage of divorced and separated people in the Sydney Statistical Division rose from 3.6 per cent to 5.4 per cent with numbers more than tripling to 173000 by 1981 (Census). Nearly two thirds of these were women who, even if they could find paid employment, still earned less than average male weekly earnings. In 1975/76 the Commission received 2333 applications from single parent families in Sydney, five years later that figure had doubled and amounted to nearly one third of all applications received (NSWHC Annual Report 1980, 24).

Demand increased at a time when completions were on the decline and Commission houses were still being sold for owner occupation. Commission Chairman Mr J M Bourke faced considerable criticism because homes sold to private individuals were being redeveloped as flats and thereby lost to the low-income housing sector. The Daily Mirror cited the example of 25

Cumberland Street, Cabramatta, a fibro Commission house sold to its tenant Mr Ray in 1957 for \$3314. Mr Ray continued to live there until 1967 when he sold out to Mr Colin Marsh for \$8000. Mr Marsh resold in 1970 for \$10600 to Mr Leonardo Vitagliano who pulled the house down and erected four flats (Daily Mirror 27 June 1972). Bourke denied that such schemes operated on a large scale, claiming that home buyers had to pay out their mortgages before they could sell, hardly an insuperable obstacle when developers paid the lump sum in cash enabling the mortgage to be discharged (AFR 9 Aug 1972). The Commission's only recourse was its policy of not selling a Commission home to the same person twice but presumably the developer offered a sufficient financial inducement for the former Commission home owner to buy on the private market instead. It was not until 1976 that the incoming Labor government stopped the sale of Commission homes.

By then the rate of new completions was declining. Throughout the sixties the Commission added 2000 to 3000 new dwelling units to its stock per annum, in 1983 it completed only 1015 new dwellings, the worst year on record (Appendix H). The Commission's difficulties stemmed from the boom times when it had to compete with private developers for the best land. With vast resources at their disposal the private developers came off best. In 1972 the State government approved a \$5 m supplementary allocation but it was scarcely enough. As the 1972 Annual Report noted 'the fact that the plan (Sydney Region Outline Plan) identified in broad outline, areas which would become available for development to the year 2000 AD has, to a considerable extent, allowed speculators as well as genuine developers to pursue massive programmes of land acquisition with relatively little difficulty in obtaining financial backing' (NSWHC Annual Report 1972, 4). As a consequence building completions dropped to 1503 in 1974. Over half of them were flats and aged units. In 1976 house and flat completions jumped dramatically to



4051, the result of the 1974 property crash when developers, desperate to offload their portfolios, handed completed and half finished projects on to the Commission (NSW Annual Report 1975, 4).

When the 1980's recession hit, developers again offered the Commission several blocks in inner and middle range suburbs including 86 flats in Glebe for less than \$80 000 each and 47 at Chippendale for about \$61 000 each (SMH 4 Mar 1982). The Commission accepted 54 projects in Sydney, Wollongong, Newcastle and the Central Coast amounting to 996 dwellings for about \$66m. The Commission delighted in its acquisition, as no doubt did some much-relieved developers.

The great benefit for the Commission and its applicants from the operation was the diversity of sites and access gained to locations in which the Commission would not otherwise have produced housing ... Acquisitions in Sydney included a number of properties in the inner and middle ring suburbs where, under normal market conditions, the Commission would not have expected to secure such accommodation (NSWHC Annual Report 1983, 11).

This attitude represents a new strategy in public housing. The Commission's intention is to integrate public and private housing and to destigmatise the face of public housing. Vast, remote Commission housing estates, with their unmistakeable air of 'welfare' housing will supposedly be a thing of the past. 'Tenure neutrality' will be achieved by working with local councils to provide a mix of public and private development and by spot buying of property in existing suburbs. This may prove difficult if local residents object or if the property is tenanted already but nevertheless represents a major step forward for public housing.

The recent Commonwealth-State Housing Agreement (1984) allocated NSW an increased proportion of the \$500 m guaranteed for the entire country over the next three years and with the state government contributions the

Commission hopes to complete 5000 new dwelling units per annum. This will help to stem the growing waiting list but only if measures are taken to help private tenants who make up the bulk of the tenanted households. If private rents rise unchecked, those low income earners already struggling in the private sector will be forced to join the queue for public housing.

The Wran Labor government or an incoming Liberal government face the same problem: how to prevent another flight of private capital from the rental housing market, which is the likely outcome of the end of negative gearing and the introduction of a capital gains tax, especially as the state government has no direct control over either of these policies. One income households are having more and more difficulty in meeting their rents and if near city rental accommodation is not to become the preserve of two income households, then something has to be done. In the past both labor and non labor governments have experimented with rent control but the results were counterproductive, in that the net effect was a decrease in rental housing (Chapter 4). Neither will the federal or state government - whatever party is in power - want to reshape its budget to the extent that a major increase in public housing could be produced.

One short term solution seems to be to try to make rental property a more attractive investment proposition for small and medium size investors, people with \$20 000 to \$40 000 to invest who can manage to repay a \$60 000 interest and principal loan. The end of negative gearing means that interest only loans will no longer be attractive to property investors. But the power to bring about the necessary changes is not always in state hands. The state government only has responsibility for minor financial measures, such as water rates and land tax. While many landlords denounce land taxes as

exorbitant, they are not a major cause for disinvestment, especially at a time of low vacancy rates when the charges can be passed on to the tenant in the form of higher rents. Most of the tax instruments influencing rental housing such as negative gearing and capital gains are in federal hands. The end of negative gearing is likely to effect not only high marginal tax payers but also smaller investors, unable or unwilling to buy a property on their own, who in the past have invested with property trusts. A combination of the Balanced and Telford property trust collapses and the proposal to tax trusts at company rates, in effect to inflict double taxation, will deter many would-be small to medium investors.

The Wran government's efforts to conserve low and moderate income rental stock through planning and development controls have met with some success but face a constant battle against local council's parochial claims to resolve their own planning issues in ways which best serve their rate payers, that is, existing property owners.

In April 1982 the government issued a directive amending Section 117 of the Environmental Planning and Assessment Act 1979. It applied to rezoning of land for residential purposes and stated that a Local Environmental Plan could not reduce the permissible residential density and, where practicable and compatible with the environment should increase permissible residential densities. State Environmental Planning Policy No. 10 gazetted on 6 July 1984 went even further. It required council consent to the strata subdivision of buildings used as residential flat buildings or as boarding houses and applied to those councils most affected by conversions, i.e. Canterbury, Drummoyne, Lane Cove, Leichhardt, Hunters Hill, Manly, Willoughby and Woollahra municipalities and the Cities of Sydney, Newcastle and Wollongong. In determining its decision councils had to assess whether

the building provided rental accommodation for low and moderate income earners and if so, to assess whether sufficient rental housing was available within the local area to meet the needs of people likely to be displaced (DEP SEPP no. 10, 1984). The policies are a step in the right direction but are open to wide interpretation according to how each council sees its responsibilities. They have also had the unintended effect of allowing low rental blocks to deteriorate badly as landlords have no incentive to carry out repairs and maintenance (Paris 1985, 60).

To many, perhaps a majority of Sydney's flat tenants, flats provide a palatable home, with no gardens to maintain and little internal maintenance. Most of Sydney's flats are located on or near public transport routes, so their tenants often have better access to the joys of the metropolis than many house owners. When a household finds it impossible to afford the rents demanded in a tight rental market and faces overcrowding and miserable living conditions, then the picture suddenly changes. The security and status afforded to home owners and denied to many tenants ensures that most Australians will aspire to owning their own dwelling. Governments will continue to support home owners and aspiring home owners but if they do not make some concessions to tenants and landlords then the stock of low rental dwellings will continue to diminish while demand grows. The result can only be gross overcrowding and an increase in homelessness.

## CHAPTER 10

## A LOW RISE FUTURE

A low rise future for Sydney's residents seems assured. The dream of house and garden, nurtured by successive governments at both state and federal levels, will remain the housing ideal of most families though they may have to go further afield to achieve their dream. The established suburbs can no longer physically accommodate the demand for single storey houses and spacious backyards unless a high proportion of middle aged and elderly people decide to retire elsewhere which they show little inclination to do. Neither has the Department of Environment and Planning's advocacy of urban consolidation had much impact on urban sprawl. Town houses and villa homes may absorb some of the demand from new household formation but they mainly appeal to adults without young children (Census 1981). Given the hostility of local councils and residents to urban consolidation, the lack of government control over the land market and the decline in population even during Sydney's flat building boom of the sixties and seventies, it is far more likely that the inner suburbs will continue to lose population.

The state government appears uncertain of what direction to take, urging consolidation on one hand while proclaiming the attraction of Landcom's housing deals in far flung Campbelltown and Penrith on the other. What does seem certain is that Sydney will see much less high rise residential development in the future, though the city and some suburban centres with their high land values may continue to allow this type of development. Block after block of towering flats lining main roads, harbour foreshores and beachfronts, some of which are now decaying, the victims of shifting sanddunes and poor construction techniques, are permanent reminders of the worst excesses of the sixties flat boom. The strength of resident reaction

and local government's clamp down since then has all but precluded a repetition of the past. The distrust of flats is now so great that the state government's plan to allow even two storey medium density housing was greeted with anger and suspicion and had to be hastily revised. Nevertheless more flats and townhouses in middle ring suburbs close to jobs and transport are inevitable but they will not be as high as before, probably a maximum of three storeys instead of five to twelve.

Here we can have the kind of home we want. We could never have afforded a house like this in the City.

Barry Lister, his wife Joan and four sons live in Clarissa Place, Ambarvale on the edge of a Campbelltown housing estate. Their dream home, a large three year old brick house with three bedrooms, master bedroom with en suite, family room, formal entertaining area and modern kitchen is now a reality but the cost is high. Like thousands of other couples chasing affordable housing, the Listers found house prices in the inner and near-City suburbs well beyond their reach. They had to look further afield to Sydney's sprawling suburbs in the west and south-west before they found a block of land they could afford. They signed up for a large block developed by Lend Lease in 1978. It cost \$16 900. The basic Jennings project home cost a further \$37 600.

Money buys a lot more in Campbelltown but the Listers are only now realising the true cost of chasing their dream. They both have to work to pay off the mortgage and there is not a lot to do for the older boys (Tim is 18 and hangs out at Video Village with unemployed friends or goes to the local pub) but the main problem is lack of transport. Barry, a clerk, used to drive to work at Punchbowl until it became too expensive. He now takes the train and leaves home at 6.00 am. Joan used to leave home at 7.00 am for her secretarial job in the city and rarely returned home before 7.00 pm.

Then there was dinner to cook for six and school lunches to prepare for the next day. It didn't leave much time for leisure activities (SMH 20 Jan 1983).

The Listers are just one family among the thousands who swelled Campbelltown's population by almost 60 000 between 1971 and 1981. It had the greatest numerical increase of all LGAs as well as the highest percentage increase, 9.1 per cent between 1971 and 1976 and 11.7 per cent 1976-81. The South-West Sydney Subdivision (including Camden, Campbelltown, Liverpool and Wollondilly) grew faster than any other area of Sydney, nearly doubling its population between 1971 (142 400) and 1981 (224 650). While Campbelltown accounted for most of the increase, Wollondilly and Camden, areas designated for expansion under SPA and DEP planning, also showed strong growth yet Liverpool slowed down to the extent of having net outmigration in the period 1976 to 1981.

Only two other subdivisions showed a positive growth rate between 1971 and 1981, Gosford-Wyong - popular with retired people and tourists - and Western Sydney. Within this subdivision Penrith and Blacktown had the highest numerical increase between 1971 and 1981 with approximately 50 000 each, reflecting the attraction of these areas for families seeking relatively cheap housing. Baulkham Hills, a suburb which attracts the rising male executive with a young family, and the popular tourist and retirement areas of Blue Mountains and Hawkesbury also showed large increases in population.

While the South-West and Western Sydney Subdivisions gained population, Central Sydney, the Inner-West and Southern Sydney all lost population with the Northern Sydney Subdivision remaining virtually static (DEP 1984b, 3-9).

The rapid increase in the price of land in these areas during the late 1960s and early 1970s forced couples to look further afield for cheap house-and-land packages. Escalating costs of materials and labour and costs associated with subdivision, holding charges and more stringent building regulations forced up land and house prices to the point where the state government established a Land Commission in 1974 in an attempt to regulate and control the cost of urban land. The State Planning Authority, successor to the ill-fated Cumberland County Council, failed to anticipate the increase in land values which was to be such a dramatic force in shaping the metropolis as it failed to accurately predict the growth rate of Sydney's population (cf Troy 1978).

When the SPA released its Sydney Region Outline Plan in 1968, it anticipated the population would grow from 2.7m to 5m by the year 2000. It proposed to extend and redevelop the existing urban area to accommodate an 'ultimate population' of about 4½m, or about 1 ¾ million more than at present. The bulk of the new growth would take place in the County of Cumberland but the planners also hoped that the main built up area could accommodate an increase of about 250 000 by an intensive campaign for medium density housing and home unit development (1968, 18, 20). Their predictions proved wildly optimistic.

The population growth rate slowed to such an extent that the NSW Planning and Environment Commission, the Authority's successor, in its major review of the Sydney Region Outline Plan, forecast a regional population of 3.7m by the year 2001, an increase of about 600 000 (DEP 1980a, 5). While population growth of the metropolis decreased, its geographical limits have stretched to Gosford-Wyong, some 80 kilometres north, to the Blue Mountains in the west and 60 kilometres south west to Campbelltown. This is much as



the Authority planned, except that Sydney's urban sprawl has occurred in spite of low population growth. Fewer people than anticipated has not meant a more contained Sydney.

Alarmed by the extent of Sydney's urban sprawl and the escalating costs of providing the necessary infrastructure in the way of schools, hospitals and public transport, the State Labor government adopted the principle of urban consolidation in 1976. In his opening address at the conference on 'Urban Consolidation for Sydney' held at Sydney University in November 1979, Paul Landa, Minister for Planning and Environment stated

I fear that the present trends of growth in Australian cities, i.e., the depopulation of the older areas, coupled with low density horizontal growth on the outskirts, will result in urban forms which may be irrelevant to the needs of the future ... Urban planning ... has ignored the vast potential of the existing city for adaptation. A framework of zoning, development control, lending, taxation and rating policies has been established which favours single family, owner-occupied new housing on the city's outskirts. To plan for urban consolidation is to change this framework in such a way that redevelopment, conversions, recycling and in fitting development are given equally favoured conditions (quoted Reid 1981, 1-2).

The government argued and many planners agreed that urban consolidation would contribute to a reduction in house price inflation, contain the public sector costs of urban expansion and make more efficient use of existing services and facilities in existing suburbs, increase housing variety and enable the housing market to respond to the demand created by new household formation. The objectives were based on a number of questionable assumptions.

Perhaps the most vital issue that planners failed to come to terms with was the fact that overall the existing urban area had lost population rather than gained it despite a greater number of flats and other forms of medium density housing than ever before (Neutze 1977, 72-77). The number of

occupants in both houses and flats continued to fall as Table 10:1 indicates.

Table 10:1 Average number of occupants in flats and houses in Sydney at selected census dates (percentages)

	Houses	Flats
1933	4.3	3.0
1947	4.0	2.8
1954	3.7	2.6
1961	3.7	2.5
1971	3.5	2.3
1981	3.3	2.4 <sup>a</sup>

<sup>a</sup> This figure appears high because the category 'Flats' at 1981 includes all occupied private dwellings other than separate houses ie all semi-detached houses, row terrace house, other medium density, flats 3+ storeys, caravans, houseboats, improvised home, dwellings attached to non-dwellings and not stated as listed in Small Area Summary Data.

Source: Census

There was, however a significant variation between LGAs in 1971 (4.47 in Liverpool, 2.38 in North Sydney) and in 1981 (3.75 in Blacktown, 2.06 in North Sydney). The Central Sydney Subdivision and the established areas of Inner Western Sydney and Southern Sydney Subdivision experienced the lowest occupancy rates, while Gosford-Wyong showed very stable rates over the 1971-81 period. Only Baulkham Hills and Colo had an increase in occupancy rates 1971-76 although the Baulkham Hills rate had fallen by 1981. Population projections forecast a continuing decline in occupancy rates in most areas but a stable rate in areas where the decline is counteracted by increases in young family households (DEP) 1984b, 55). Thus more dwellings, especially in the inner suburbs does not necessarily mean more people. Instead it may further exacerbate the inequitable nature of the housing market including access to job opportunities.

Low income earners are finding themselves steadily being pushed out of the inner suburbs as boarding houses and cheap rental flats and terraces are swallowed up in the process of gentrification (cf Kendig 1979, pp 125-29). The problem is compounded when the developer, encouraged by the government's consolidation plans, moves in to build town houses and villa homes mainly for owner occupation. While more houses are owner occupied than any other type of dwelling, more than half the row and terrace houses are also owner occupied (Table 10.2) This dwelling type also showed the greatest percentage increase in owner occupation between 1976 and 1981.

The DEP has recently suggested that the inner suburbs have very little capacity to absorb additional medium density housing (DEP 1985c). They are already densely built up with pre-Great War, interwar and 1960s houses and flats which has pushed up the value of what little land remains. The private developer must take this, plus the high cost of amalgamating sites and the cost of complying with stringent council regulations into account when he finalises the price to the consumer. Low rise medium density development pushes the cost up even further because the developer must provide garaging, landscaping and paving which cannot be offset against increased dwelling density as in high rise blocks. Cordells Building Cost Indicators suggest these factors make a difference of 29 per cent between the cost of construction for attached dwellings and for cottages (Cardew 1982, 64-80). Increasing the supply of town houses and low rise flats in the inner suburbs is not likely to reduce inflation in dwelling prices (DEP 1983c, 78-9). They will merely become the preserve of higher income and predominantly adult households who can afford to opt for their locational preference at the expense of low income earners who will be forced to seek cheap accommodation elsewhere.

For some developers urban consolidation proved a godsend. When local government anti-flat regulations made flat building more difficult and less profitable they began to explore new avenues for investment. Converting and renovating older style Torrens flat blocks to strata title proved attractive during the mid to late seventies but the supply of suitable blocks has now all but dried up. Urban consolidation with its emphasis on unobtrusive low rise medium density housing and its acceptance by councils in preference to higher density flats represents a new wave of investment opportunity,

Table 10:2. Nature of occupancy by type of private dwelling in Sydney Statistical Division at 1976 and 1981

Type of structure	Owners/ Purchasers		Tenant Housing Authority		Tenant Other		Total	
	1976	1981	1976	1981	1976	1981	1976	1981
	%	%	%	%	%	%	100%	
House	83.0	84.5	4.0	3.8	13.0	11.7	647 198	714 351
Row or terrace house	44.5	52.4	2.9	6.8	52.6	40.8	22 490	23 947
3 or less storeys	37.8	34.4	7.4	8.4	54.8	57.1	157 284	193 343
4 or more storeys	43.1	40.3	12.7	11.4	44.2	48.2	33 186	41 499

Source: Census, 1976, 1981

especially for up-market developers like Mirvac. As the company's historical booklet published in 1983 noted 'a lack of suitable opportunities being presented has led to curtailment of the residential renovations in Sydney ... townhouses and villa homes satisfy the contemporary requirements of a wide cross-section of city and suburban dwellers. Both types of home fulfil the important role of providing housing which combines the advantages of the home unit and the detached bungalow' (Mircac 1983 np). By 1983 Mirvac had constructed twelve town house complexes (not including town houses that

formed part of a combined flat/town house scheme). The majority were in the LGAs of North Sydney (5) and Willoughby (4). Names like Brompton, St. John's Wood, Trafalgar Mews, Eton Place and Hartley Mews evoked the glamour of life in a small London mews, distinguishing their occupants from plebian suburbia.

The impact of town house development on the housing market is highlighted in Table 10:3 which shows the number of strata plans registered in Sydney for flats and townhouses. Flat registrations climbed steadily until the mid seventies but in the next five years period they declined, despite the greater number of flat conversions that took place in this period. By contrast town house registrations managed to show a slight rise between 1971-75 and 1976-80 even though the property market as a whole was going through a marked slump.

Table 10:3 Number of strata plan registrations by type in Sydney at five year intervals, 1961-80

	Flats		Townhouses <sup>a</sup>		Total
	No	%	No	%	
1961-65	1686	93.6	115	6.4	1801
1966-70	2617	87.6	372	12.4	2989
1971-75	3619	83.3	728	16.7	4347
1976-80	2703	78.2	753	21.8	3456

<sup>a</sup> Townhouses includes villa homes, townhouses, duplexes, mixed units and townhouses or villa homes, and mixed villa homes and town houses.

Source: Sample Survey Centre, University of Sydney, Data File on Strata Titles

While some townhouse development has taken place in inner suburbs, it is the mid to outer suburbs in which low density single storey dwellings predominate that have a much higher theoretical capacity to accommodate more people by the redevelopment of detached housing to town houses and infill development of underused land, especially large gardens. Much of the housing stock in the mid to outer ring suburbs is occupied by older couples whose children have left home. They might be encouraged to sell their homes to family households and move into a townhouse or flat or convert their large house into two dwellings thereby expanding the stock of private rental housing (Archer 1982, 7-9). This rosy scenario assumes, as Troy pointed out in his critique of urban consolidation policies, that only people with families need or want a dwelling with a backyard and that people should be encouraged to move every time their accommodation 'needs' change. This is inconsistent with other town planning values, particularly the notion that for a sense of community to develop one needs a relatively stable population (Troy 1982, 11).

The government's dual occupancy legislation first gazetted in 1980 allowed the conversion of an existing house to two separate dwellings or the attachment of a self-contained dwelling on sites not less than 400m<sup>2</sup>. It aimed to improve the range and location of housing to lower income households and reduce the trend of declining population in established areas. New dwellings could be created quickly with minimum disruption to the built environment and would help to break down Sydney's social segregation which some councils foster by prohibiting bedsits, one bedroom flats and 'granny flats' (DEP 1983c, 92-4).

Disappointed by the poor response to dual occupancy (only 600 applications were received in the first year ended March 1981) the

government has tried to make conversions even easier. Amended guidelines, due to be exhibited in late 1985 propose that the owner need not occupy one of the dwellings and that on sites greater than 600m<sup>2</sup> a second free standing building with distinct title would be allowed. This would exclude the inner suburbs where individual lots rarely meet the 400m<sup>2</sup> required under existing policy, and some of the middle ring suburbs where a dwelling might occupy an area of 550m<sup>2</sup> but outer suburbs like Hornsby and Baulkham Hills where many lots are 650-700m<sup>2</sup> would be definite targets. The proposals are unlikely to appeal to local councils which have consistently opposed the state government's urban consolidation plans.

When the government produced its Draft State Environmental Planning Policy allowing medium density housing, flats, townhouses and villa homes up to two storeys in height in most residential zones in 1982, local government reacted swiftly. The Local Government and Shires' Association immediately condemned the 'blanket' proposals for medium density housing in single dwelling zones arguing that it would lead to a loss of residential amenity and a fall in property values and that it was in conflict with the democratic principle of self determination (SMH 25 Oct 1982). North Sydney's Mayor Alderman Ted Mack said 'it's absurd to suggest that development in the centre of Sydney and the back of Tiboorurra requires the same planning criteria!' (SMH 31 Dec 1982).

In a bid to defuse the row the state government backtracked on its blanket enforcement of medium density housing and instead set target figures for each LGA in consultation with local councils. They were allowed to determine the nature and location of additional dwellings as long as the targets were met. The inner west, including Ashfield, Burwood, Concord, Strathfield and Auburn councils bore the brunt of the increases. During

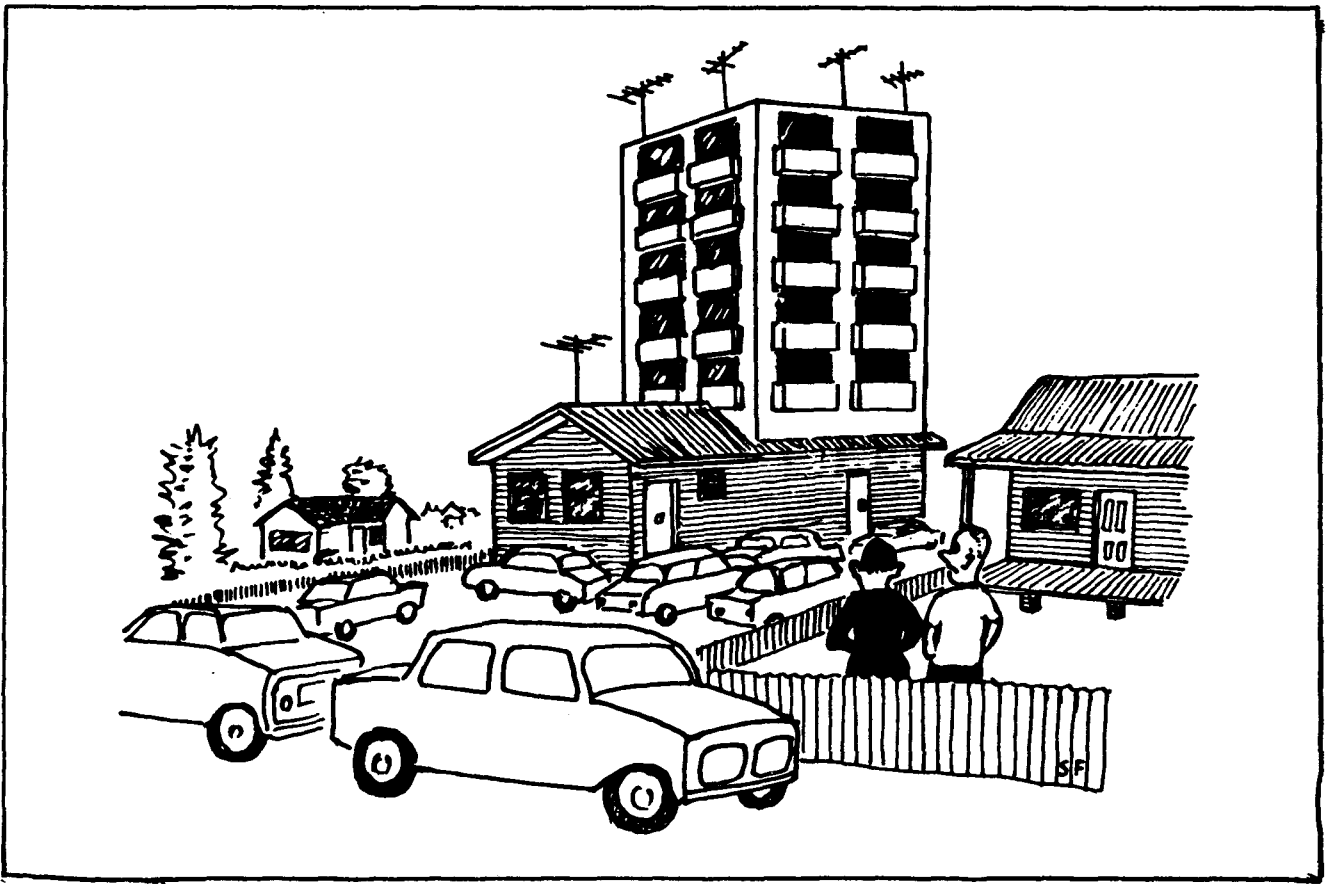


Fig. 10.1 'I think they may call it urban consolidation'. Cartoonist and local alderman Syd Friedlander's comment on urban consolidation (Friedlander 1983, np).



1980-81 Strathfield approved 31 medium density dwellings; for the 1983/84 year the DEP set Strathfield's target at 300 p.a. while Ashfield had to raise its approvals from 41 to 160 (DEP 1985, 18, 23). The DEP closely monitored the progress of local councils. Its 1984 Report detailed the disappointing levels of commencements of 'other dwellings' (includes flats, home units, semi-detached dwellings, villa units and townhouses as in the ABS definition). In 1983/84 there were approximately 5700 commencements in Sydney, well short of the 12 000 target set for 'other dwellings'. Most LGAs did not achieve their target figures nor initiate any major consolidation proposals. An economic recession in the first half of 1983 reduced building activity which partly accounts for the shortfall but, as the Report states 'in many councils there has been a reluctance to support the principles of urban consolidation. It is clear that many councils have not adopted those initiatives that they indicated they would support, at the time the draft SEPP was withdrawn ... in many cases, local consolidation initiatives have not been supported by council aldermen where local resident opposition has been strong.' (DEP 1985, 6). Most LGAs fell far short of their target, Concord, Hunters Hill and Lane Cove had no commencements in 1983/84 while only Warringah, Campbelltown, Ryde, Botany and the City of Sydney achieved a significantly higher level of commencements than the targets. The City of Sydney achieved its target of 500 with a few luxury high-rise blocks like The Connaught and The Quay; Botany's target was very low, only 20; and most of Warringah's commencements consisted of housing for the aged. Ryde used a number of little developed flat zones and Campbelltown's success rate was attributed to the urban release programme nearing completion and its zoning regulations which allowed medium density in all zones (DEP 1985,13).

Opposition by local councils to urban consolidation is partly a reaction to the sixties flat boom when three storey walk-up blocks of flat

monopolised street after street of suburban Sydney. Individual houses were bulldozed down and lawns and flower beds paved over for car parking. Ugly 'barrack-type buildings' took their place, greedily absorbing the full depth of the narrow allotments as every square foot counted in the scramble for profits. The total effect was 'truly horrifying' (Boyd 1980, 255).

Harsher controls have meant the drying up of rental stock at a time of greater demand from new household formations. Single persons households and single parent families comprise more than a third of all family types at 1981 (Census 1981). Between 1971 and 1981 single parent families showed the greatest percentage increase with their numbers doubling from about 27 000 to 54 000. By contrast nuclear families grew by only 15 per cent in the ten year period (Census 1971, 1981).

The likely impact of this trend is a greater demand for medium density housing. Already at 1981, as Table 10:4 shows, single person households formed the largest single group to live in row and terrace houses (46.4 per cent) with married couples the second largest (16.6 per cent). While the nuclear family and married couples wanting to own a family home still dominate Sydney's population and it is not at all clear whether demand among new household formations will continue at current rates, nevertheless the 1980 MSJ Keys Young report Towards a Regional Growth Strategy noted demand for dwelling types 'compatible with consolidation options' (1980, 10; DEP 1984b, 53-55).

The state government thus faces a continual battle with those councils that resist all reasonable moves to increase housing density. At the same time it also needs to decide how much more suburban expansion will be

Table 10.4 Family type by structure of dwelling in Sydney Statistical Division at 1981

Family type	House	Row or terrace house	Other medium density	Flats over 3 storeys
	%	%	%	%
Head only	16.0	46.4	50.00	57.7
Head children only	4.8	5.8	6.1	4.4
Head, spouse only	22.0	16.6	20.1	21.1
Head, spouse, children	31.9	15.7	12.7	7.3
Head, other adults, children	6.6	7.8	6.7	6.0
Head, spouse, other adults, children	18.7	7.7	4.4	3.5
percentage	100	100	100	100
Total number	785 790	27 156	209 948	45 020

Source: Census 1981

allowed and how far it is prepared to go to convince local councils that urban consolidation must be enforced. More data on various aspects of the policy would also help to clarify its aims and objectives. While it is difficult to predict population and economic trends it should be possible to quantify in dollar terms the much vaunted claim that urban consolidation means a more efficient use of the existing infrastructure.

The Sydney metropolis will continue to expand as far as it can to accommodate the Australian dream of house and garden, still the mode of living preferred by most Sydneysiders. More low rise medium density housing will be built in the established suburbs but very little high-rise. Suburban

councils are unlikely to permit more tower blocks and developers seem content to go along with the low rise consensus. Even the NSW Housing Commission, once intent on redeveloping inner slum areas with high rise blocks come what may, is looking towards working with local councils to provide public housing integrated with private developments. In the interwar years and in the 1960s and 1970s the flat seemed to represent the wave of the future for Sydney's housing. In the 1980s the town house or villa unit increased in popularity as the metropolis headed for a low-rise future.

## CONCLUSION

One quarter of Sydney's population now live in flats, which vary in size and location from harbourside penthouses to some of the most cramped and unpleasant suburban dwellings that Australia has to offer. Over the last sixty five years flats have often been the subject of political controversy usually at the local government level but occasionally at the state government level, especially when questions of rent control or property titles have arisen.

Despite the centrality of flats in Sydney they have been subjected to remarkably little critical analysis. A handful of researchers have wondered about the phenomenon and actually tried to analyse some aspects of flats and flat life in Australia. Their research, especially the work of Cardew, Neutze and Kendig has been drawn on here. Most of this research has concentrated on the nature of the housing stock and its occupants, but the social and political history of flats has received little attention. Even recent students of Australian housing, who purport to be concerned with the plight of tenants, such as Kemeny, Sandercock, Berry and Paris usually ignore dwelling type as a central variable in their commentaries. With few exceptions, social and economic historians have so simplified their story of the rise of the suburbs and the increase in home ownership that they have forgotten about flats entirely, as if this form of accommodation was foreign to Australia and therefore not worth mentioning (eg. Crowley ed. 1974; Forster ed. 1970).

Architectural historians have not found flats aesthetically pleasing enough to devote more than a paragraph or two to them (eg. Freeland 1970). Political scientists and political historians, with the exception of Jones

and Nelson, have avoided any discussion of housing and the housing market, apparently regarding this as the preserve of economists and sociologists. The latter have flirted with notions of housing classes (eg. Bell, Berry) but only one (Kondos) has taken dwelling type sufficiently seriously to think it worthy of study. Flats do not fit neatly into the crude debate about owning versus state-provided rental accommodation which has preoccupied most left wing analysts for the last decade.

This thesis set out to account for the growth in the number of flats in Sydney, including their location, reputation, tenure patterns and the political debates that have arisen around this form of dwelling. An attempt has also been made to study landlords, owners and tenants but the data about ownership and residency is less extensive than for the former set of questions, so heavy reliance was placed on what could be extracted from the census.

In a housing market as large and complicated as Sydney's, with an extraordinary array of locations and flat types on offer, and with varying household size, age structure and transience over the last twenty years, it proved impossible to construct typologies of typical flat investors, typical flat owners and typical flat tenants at any one time. In a thesis covering seventy five years a great array of data has been used. It would certainly be possible to mount an elaborate survey that might elucidate some of the questions which this thesis has been unable to answer definitively, especially questions about investment patterns and landlordism in Sydney's flat market. These should be major areas of future research, but given the nature of property relations in this country it should come as no surprise that data about landlords was not forthcoming from the relevant agencies (eg. MWSDB and Rent Control Board as outlined in the introduction) even

though such data is held by these agencies. The state government should insist that this information is made accessible to researchers. If not, a great deal of housing policy will continue to be formulated on grossly inadequate knowledge of the housing market.

The question of landlordism in Australia has been off the political agenda for a long time. Landlords have not been regularly castigated in the Sydney press since the 1950s, and with the abolition of rent control the landlords themselves have retained a low profile, not wanting to seek the political limelight. The question of rents, especially of flats, has surfaced in Sydney whenever housing demand is tight, but most of the economic journalists who write about it explain it away as a function of supply and demand, while both the Labor and Liberal parties in NSW go to great lengths to avoid getting involved in much overt manipulation of the private housing market, preferring to leave their federal counterparts to make the running in debates over interest rates, the deposit gap and the plight of young marrieds and the homeless.

The flats themselves occasionally come under scrutiny from the press and from architectural commentators, but most attention is focussed on the exterior appearance. The real tragedy of Sydney's flats is that up to half of them are appallingly designed, with poor layout, inadequate noise protection, inconvenient services (such as share laundries) and dubious fire precautions. These questions have been happily left by the state government to local councils. The latter have shown more concern about the location, height and external appearance of flats than they have about their internal layout and their adequacy as living spaces. So a goodly proportion of Sydney's flat tenants, and even some owners, exist in substandard accommodation, with little or no privacy from neighbours, let alone other

members of their own households. In a capitalist economy, where real estate agents and developers seem almost universally accepted as the arbiters of housing taste, these issues have simply never made it on to the political agenda of either the state government or local governments.

The state government has usually stayed on the fringes of flat regulation, the only notable exception being the Strata Title Act of 1961 which in itself was actually the product of pressure from a major property developer, Lend Lease. Other state government initiatives, like the ill conceived and politically naive urban consolidation proposals, have failed dismally. Local government, on the other hand, has taken an active role in regulating flats but usually to preserve the interests of its property owning, rate paying clientele. It has taken almost no interest at all in the living conditions of flat occupants. Too many aldermen put development before considerations of housing quality and for years councils got away with the most minimal standards of design they could - with catastrophic results. Flat dwellers, unlike house dwellers, were never consulted. If they had been, more blocks would be soundproofed, have integral laundries and security parking - standards that every flat dweller should expect but only a few attain.

The NSW Housing Commission must shoulder the blame for some of the most dreariest, unimaginative large blocks of flats in Sydney; most are cramped and poky, a last resort for tenants at the bottom of the housing heap. The Commission might well consider the London borough of Hackney's ultimate solution to the problem, and bulldoze the worst of them (SMH 5 Nov 1985). The nastiest blocks of flats in Sydney have been built by private developers; they will not go under the demolishers hammer until redevelopment pressures create a more economic use for the site. But because



Sydney has so many flats, up to a fifth of which are very unpleasant, rents vary greatly and at the bottom of the market are within reach of most tenants.

If the current restrictions on flat building continue many tenants who in the past have been able to afford a flat - and have been prepared to trade off cramped conditions for location - will find themselves with even less choice in the housing market. The state government is unlikely to act until tenants manage to persuade at least one major political party that tenants should be entitled to some of the rights of owner occupiers.