

Submission to Productivity Commission Interim Report on Housing Supply Regulation

From Janet Summerson, resident of a heritage house in [Redacted].

Thank you for the opportunity to provide a submission on your interim report and to identify issues that I believe should be further addressed in your final report.

I provide an individual submission as the part owner, with my husband, of a house in Barton, a suburb in the inner-south of Canberra which is protected under the ACT Heritage Act as part of the Barton Heritage Housing Precinct. The information published by the ACT Government in the heritage citation addresses the heritage significance and objectives in detail so I will not repeat this in my submission.

I provide my submission focussing on heritage issues in your interim report using the example of my own house. My professional background includes qualifications in museum conservation and extensive experience in management of heritage and over 20 years in policy and program experience in government agencies including industry policy and environmental management involving application of cost benefit modelling.

The PC Interim Report (hereafter the 'PC Report') tackles complex issues of great importance but I believe it does not provide sufficient context on the heritage constraints compared to other limitations on housing supply.

This means there is a risk that heritage protection could be set aside by sweeping regulation but not deliver on increasing the type of housing that people actually want to buy and instead produce massive unintended consequences and destroy the places that attracted people in the first place. Whole heritage suburbs would be placed at risk of delisting putting thousands of residents to extensive trouble to defend the value of their heritage.

My major concerns are Reform direction 2.1 and 2.5 which are discussed below noting the significant impacts on heritage for little prospective improvement in housing supply with insufficient consideration of whether alternative approaches would provide better options for increasing housing supply.

Reform direction 2.1

This proposes State and territory governments should allow up to 3-storey developments across all residential land, with exceptions made for areas with environmental protection, hazard-related overlays or heritage listed buildings **only where the benefits of exceptions outweigh the costs.** [my emphasis]

Regarding Box 2.2 (p41) stating that a lot of high-demand land is covered by heritage overlays:

In the case of the suburb of Barton, there is a heritage housing precinct which covers some 70 houses from the 1920s and 1930s. An analysis of geographical area may suggest that heritage overlays adversely affect housing availability in the suburb given these are almost all single dwelling one storey houses on blocks between 700-1,500 m². Many people desire to live in inner Canberra.

However, most residents in Barton live in apartments, typically 5-6 stories high. This means that the suburb as a whole has relatively high density for the ACT noting that a substantial area is also zoned for office blocks. This is a logical economic outcome given the proximity to Parliament House, DFAT, Finance and other significant employers, which are accessible by an extensive bus network.

The Barton heritage housing precinct would also appear, on a brief analysis, to be a 'broad heritage control' since it covers all original Federal Capital Commission houses built in the 1920s and some privately built houses dating from the 1920s-1930s. This implies that individual assessment and listing should be adopted instead and further, the PC report urges that heritage protection should be based on a positive cost benefit. However, a detailed heritage assessment of the entire Barton Housing precinct was undertaken before it was accepted on the ACT Heritage Register https://www.act.gov.au/_data/assets/pdf_file/0005/148289/barton-housing-precinct-entry-to-the-act-heritage-register.pdf

Replacing this 'overlay' approach with individual assessments for all houses in the suburb could increase the regulatory burden and costs.

It is important to note that the heritage protection came as a result of residents' actions and heritage organisations support to recognise and protect the suburb's intact 1920s streetscape, mature tree canopy and significance to Canberra's early history as a planned city- which is internationally valued by architects and urban planners.

The PC report cites limited examples of reports claiming heritage controls reduce the number of potential dwellings (Buxton et al. 2015, pp. 30–31) but these few examples concern Australia's larger cities rather than medium-sized cities such as Canberra. In Barton, removal of heritage protection would raise many issues and would need to be viewed in terms of current ACT government 'reforms' such as the 'missing middle' urban planning changes designed to increase density with townhouses in established residential areas and bridge the gap between single freestanding houses and high-rise apartments by permitting dual/tri-occupancies, townhouses, terraces, and low-rise apartments. High land values and proximity to Parliament House mean that de-listing of the heritage properties may lead to a perverse outcome that the heritage housing is replaced by higher value development such as commercial offices or hotels, noting the many new developments such as the Realm mixed use development, the National Security precinct currently under construction and office blocks being re-developed nearby along Brisbane Avenue.

The blanket approval of 3-storey developments, multi-unit occupancy and other changes would reduce the visual integrity of the suburb-wide protection and tree canopy that is a strong feature of both the heritage and aesthetic amenity of Barton. One developer submitted plans for a dual occupancy development next to our house which, if it had been permitted, would have destroyed the appearance of the original house on a prominent corner block and would necessitate removal of most of the tree canopy to build a new two bedroom house with a massive underground garage. Such developments would undoubtedly deliver a financial benefit to the owner but would significantly affect the neighbourhood amenity and the new house would have no backyard and would not provide affordable housing for a family.

The costs of heritage protection are not well evaluated against the benefits

If such developments are allowed at scale across the suburb this will destroy what attracted most residents in the first place. The PC report (p41) states that "the extent of heritage overlays

in Australian cities likely exceeds the benefit they provide”. However, the report does not seem to consider the externalities, that is, the value of heritage is enjoyed by many more people than just the owners of the property- it should include the wider community, visitors, researchers, film directors and even future residents. That is why heritage protection regulation was introduced in many places around the world.

When we bought our house in 1997 we actively sought to buy a heritage house in a heritage area with strong heritage protection to avoid past experiences where developers and owners have built unattractive massive houses, causing loss of privacy and light and reducing vegetation that provides so many benefits that are almost impossible to quantify in economic terms. Our decision to buy a heritage house has undoubtedly not been an economically rational choice and we are middle income earners (Barton was designed as a suburb for middle-ranking public servants!) but the heritage values were important to us.

Our house is nearly 100 years old and costs more to maintain and renovate but we love this suburb with its mixture of people from all backgrounds and diverse cultural origins. We do not want to be forced to sell up or move by new government policy to merely replace this with fewer housing options (ie apartments). Governments have powerful means to force change eg punitive taxation. For example, the ACT government is indicating it will increase rates on properties close to the new light rail development, which may affect Barton depending on the final choice of route. This value uplift approach should apply only to new properties built to take advantage of the new infrastructure, not heritage houses that long pre-dated the infrastructure.

We are not convinced by the limited evidence in your report that removing heritage overlays in Barton, or elsewhere, will help solve the housing ‘crisis’. There are so many other factors affecting supply of housing, tax incentives to build massive but largely unsuitable ‘suburban’ houses on increasingly diminutive blocks, decreasing household size, empty houses, etc that are not quantified against heritage constraints in terms of impact on housing availability in the PC report.

Cost benefit analysis for heritage in Barton would require an individual site-specific report prepared by the owner, then would need to be assessed by whom? Against what criteria? How detailed would the valuation process need to be to provide defensible decisions? What are the prospects of conflicting expert opinions? Will this end up in court? This would undoubtedly delay any prospect of unlocking large areas of ‘unworthy’ heritage protected areas for higher density housing. There are already planning processes that handle development applications for heritage properties in Canberra via ACTPLA. Is it better to have one single precinct-scale assessment or multiple individual assessments with possibly different methodologies. What is the case for creating another layer of bureaucratic power when one already exists in the ACT?

Heritage contests concerning development abound in Australia, even though most Australian urban heritage buildings are less than 200 years old. Developers and government proposed to remove the slums of the Rocks in Sydney- now a major visitor attraction that complements more contemporary landmarks such as the Harbour Bridge and Opera House. Developers and government proposed to replace Hobart’s Salamanca and Battery Point with apartments- one apartment block was built but this galvanised community protests leading to the protection of the entire area of low rise housing and heritage buildings.

No doubt a cost-benefit analysis conducted at the time this heritage removal was proposed (1960s for the Rocks, 1970s in Hobart) would have concluded the benefits of removal exceed

the heritage protection, but would this be so now? Removal of heritage at such large scale would have caused irreparable loss, not just of tourist potential, but loss of beauty and history and a sense of place valued by many more people than just those who live there or visit. The analysis in the PC report seems to lack references to hedonic valuation methods such as used by Heritage Victoria and other specialists who do attempt to produce rigorous assessment systems in what is an inherently difficult field of valuation.

<https://heritagecouncil.vic.gov.au/research-guidance/reports/valuing-victorias-heritage>

A blanket approach to 'improve' de-listing of heritage overlays as proposed in the PC report risks extended conflict and delays yet ironically many urban heritage areas already emulate the proposed 'missing middle' planning objectives of medium density, use of existing infrastructure (eg roads) and active travel (eg walking, cycling).

Reform direction 2.5

Review, reduce and remove land-use controls that reduce commercial feasibility and do not adhere to best practice principles

- **Remove or reduce parking requirements.**

In Barton we are close to numerous office blocks and workers park in our streets to avoid parking costs even though new parking buildings have been built to accommodate new office buildings. New apartments often have insufficient parking to accommodate all their residents and street parking is often full. Barton was assessed by a traffic engineer as having a deficit of 2,000 parking spaces before new buildings such as the National Security Precinct is finished. The streets in Barton are narrow and street parking impedes traffic flow. While reducing parking requirements may work in some areas it may produce unintended consequences if applied across Australia without assessing local conditions.

- **Replace broad heritage protections with more targeted heritage listings with cost-benefit analysis and review processes.**

Barton is a relatively small heritage area and issues relating to individual cost benefit analysis are discussed above.

Will delisting processes be based on individual analysis or 'blanket' approaches to whole suburbs? Whose assessments will be considered 'robust' given that cost benefit analyses are frequently contested even for more readily quantified values, let alone more esoteric values that are part of any heritage analysis.

I hope that in your final report that the Productivity Commission will provide further analysis and modelling on Reform Directions 2.1–2.6, in particular to publish the methodology used to estimate how the housing supply would benefit from removal of 'blanket' heritage protection in each jurisdiction and compare this with other proposals for increasing housing supply.

Yours

Janet Summerson