

# Compact cities



Moving away from urban sprawl to high amenity compact cities

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# Compact cities: A globally competitive alternative to sprawl

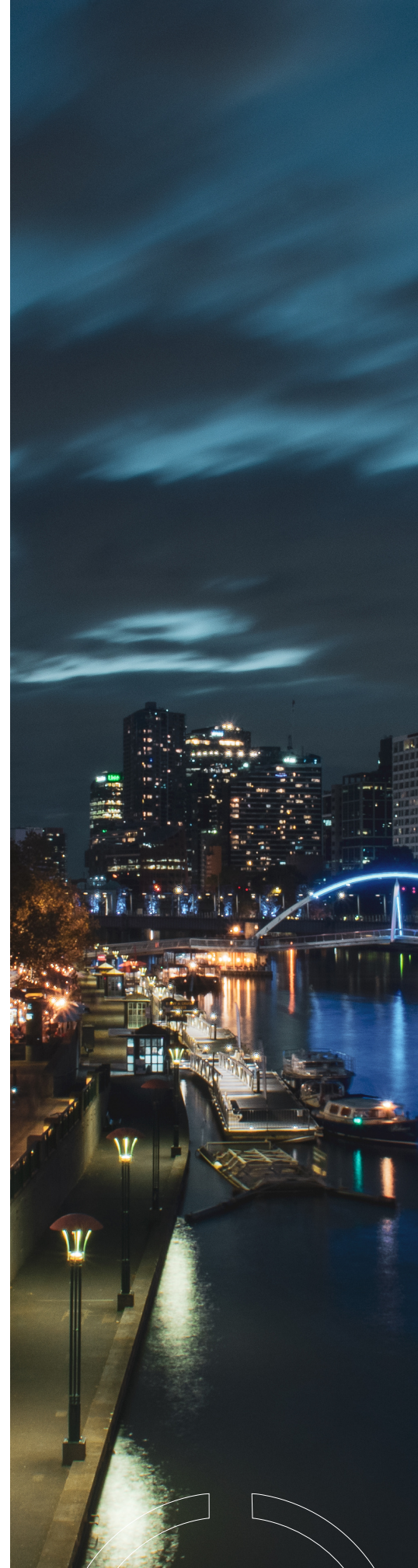
Melbourne and Sydney are sprawling cities. With significant growth in recent decades and set to continue into the future, the footprint of our cities is continuing to expand.

Infrastructure Victoria and the NSW Productivity Commission have both recently released analysis into the shape of our future cities, and how where we live, and the way we live, can impact economic, social and environmental outcomes.

Both organisations promote densification as key to future planning and make clear recommendations for a step change in the way we live in our major cities.

Hadron Group consider densification as a necessary step to facilitate sustainable growth and deliver better lifestyles for more people. However, getting it right will not be easy.

To be truly globally competitive, our cities need to provide high quality, stable housing choice in different locations that meet the diverse needs of our future populations.



# Infrastructure Victoria: Choosing Victoria's Future



Infrastructure Victoria's *Choosing Victoria's Future*, released in October 2023, considers how different ways of growing might affect Victorians in the future.

The report analysed five different future development scenarios: compact cities, dispersed cities, consolidated cities, a network of cities and a distributed state, and found that compact cities deliver better economic, social, equity and environmental outcomes.

## NSW Productivity Commission: What we gain by building more homes in the right places

In February 2024, the NSW Productivity Commission released the third report in a series exploring housing location and affordability.

The series aims to shift Sydney-siders mentality to consider appropriate density, and identifies the economic, social and environmental gains for everyone when people are supported to build more homes in Sydney's inner areas.



## Quick stats



### Victoria

**11 million** people will live in Victoria by 2056

**+4.5 million** additional people in 2056 compared to 2022

**73%** of all houses in Victoria are detached, with the rate typically higher in new suburbs

**20%** of total income typically spent on rent



### NSW

**11.5 million** people will live in NSW by 2061<sup>1</sup>

**+3.3 million** additional people in 2061 compared to 2020<sup>1</sup>

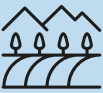
**2x** no. of upper-income households living within 5kms of the CBD, compared to the lowest income households

**25%** of total income typically spent on rent

## What happens if we don't densify?



Highly urbanised and sprawling cities result in more people driving longer distances, including to access employment, impacting both amenity and transport emissions.



More land is needed for dispersed growth, with almost 30,000 more hectares of land would be required to support Melbourne's projected growth, twice that required for a compact city approach.



Social outcomes and economic benefits are also lower, with people living further from work, education, shops and services, with fewer stable, high paying jobs close to home.

<sup>1</sup> NSW Intergenerational Report, 2022

# Why compact cities?

Both papers identify a number of benefits of densification and compact cities, with the benefits shared by everyone.



More abundant and affordable housing



Better access to high quality, high paying and secure jobs, and less time spent commuting



Better access to quality education, healthcare and social services



A stronger economy, with better connectivity to businesses, staff, customers and markets



Most infrastructure is more affordable and accessible, with higher public transport and active transport use



Enhanced equality and inclusion



Better sustainability and adaptability to climate change

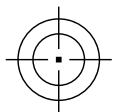


More open space for the public and the environment

# How to make compact cities work?

The two papers make several recommendations for policy makers to consider when planning for our future growth and development.

## Infrastructure Victoria's recommendations



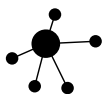
Reinforce growth in established areas, set regional city urban growth boundaries, and set housing targets for established areas



Develop long term plans for infrastructure sectors to meet the new housing targets, and inform project funding



Reform infrastructure contributions, remove taxes and subsidies that fuel dispersed growth, and change planning rules



Deliver infrastructure that supports people and jobs in established parts of major regional cities



Plan for efficient and resilient electricity distribution infrastructure



Stimulate development and use of zero or low carbon materials and building methods that reduce greenhouse gas emissions

## NSW Productivity Commission's recommendations



Community consultation should consider the full range of benefits, rather than focus on the costs of density



Recognise the needs of all demographics, including future residents



Focus on accessible, quality open space, not ratios



Balance heritage with renewal, diversity and vibrancy

# What we see as the major challenges

While there is a clear and evident need to move towards more compact and liveable cities, getting it right will be a challenge.

### **A fundamental change in public values and expectations is needed.**

Australian's place a high value on space and have come to expect certain lifestyles - which are proving to no longer be affordable or sustainable. Convincing the public requires a compelling case of the benefits to be gained for everyone.

### **People in outer, regional, and rural areas are already at a higher risk of disadvantage.**

It is critical that any shift towards compact cities does not redirect the fundamental need for government services and essential infrastructure to 'catchup' in outer and regional areas, with many of these areas already facing much higher levels of disadvantage and social isolation than inner urban areas.

### **All levels of government and industry must come together to collaborate.**

City and town planning impacts all levels of government. A consistent and aligned approach requires strong collaboration from governments and industry. Some parts of government and industry may stand to 'gain' or 'lose' more than others.

### **If not done correctly, it could lead to overcrowding and congestion.**

Successfully delivering high amenity compact cities requires an incremental transition with infrastructure and development closely aligned. Failure to do so risks overcrowding, congestion and poor amenity - and will work against the challenging task of convincing Australian's to embrace a new style of compact living.

# Our recommendations

**The current approach to urban planning is no longer working.**

A move towards high amenity, people-focused, compact cities has to be a priority. Getting it right needs commitment, an overhaul of planning mechanisms and an openness to diversity and choice.

### Compact cities



1. **Provide diversity, choice and autonomy** - the public has unique and varied needs. Allow for quality housing, genuine travel choice and amenities that can suit different abilities, cultures, values and families
2. **Deliver excellent 'third spaces'** - ensure access to high quality green, open and public spaces to gather, connect, relax and engage away from work or home
3. **Build a pathway to allow for private sector innovation** - open doors to new ideas and market-led innovations

### Outer, regional & rural



1. **Change planning rules and incentives** - limit the continuation of overdevelopment and expansion
2. **Fund critical infrastructure** - particularly for essential services such as reliable energy, healthcare, education, and connectivity to community and employment
3. **Reduce disadvantage** - listen to and respond to community needs, and act to reduce isolation
4. **Empower local government** - to deliver bespoke regional solutions



# Questions?

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