

Reassembling the City: understanding resident-led collective property sales

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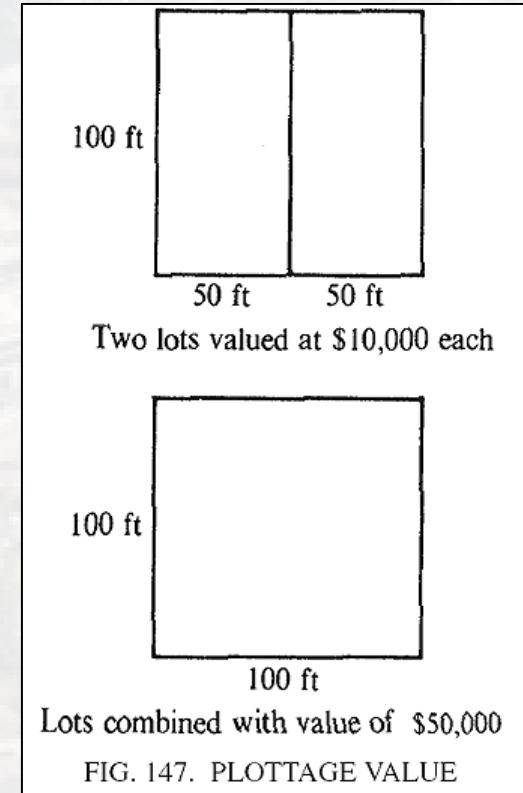
Research

- ARC Discovery Project ***Reassembling the City: understanding resident led collective property sales*** (CIs Simon Pinnegar, Hazel Easthope, Laura Crommelin, Kristian Ruming; RAs Charlie Gillon and Sha Liu)
- Three-year project looking at 'collective sales' (Sydney) and 'land assemblies' (Vancouver) – where owners get together with neighbours to realise the assembly value of their properties
- 7 precincts/neighbourhoods in Sydney (5) and Vancouver (2) as case studies
- We've looked at both 'horizontal' and 'vertical' collective sales and how this emergent phenomenon positions residents at the interface between policy, planning systems and the development industry
- 79 interviews across Sydney and Vancouver, providing insight from over 100 experts – property brokers, agents, planners, lawyers and residents themselves
- An associated MPhil - Michael Teys' thesis looks at the particular challenges of collective sales in the context of mixed-use/'stratum' properties in Sydney



Collective sales, land assemblies, en bloc: what are we talking about?

- Where property owners get together with neighbours (either 'horizontally' or 'vertically') to sell their properties in 'one-line' to a purchaser
- An arrangement to realise the shared benefits of a common-pool resource – the assembly surplus or 'plottage'
- Prompts a form of short-term 'collective governance', and thus a focus on how individual property 'rights' and interests relate to broader community interests and city growth/planning imperatives



Source:
https://www.allbusiness.com/barrons_dictionary/dictionary-plottage-value-4957176-1.html



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The Sydney street paved in gold: Chinese developer buys NINE homes in one street for \$66 MILLION - up to seven times their individual value

- Nine neighbouring homeowners sold their properties collectively
- Homes from 31-41 Canberra Ave and 28-32 Holdsworth Ave in St Leonards
- A Hong Kong-based developer bought the nine properties for \$66.06m
- The nine owners each took an average of \$7.34 million
- JLL Realtors said buyer could build 257 residential apartments

By RACHEL EDDIE FOR DAILY MAIL AUSTRALIA
 PUBLISHED: 23:12 AEDT, 30 September 2015 | UPDATED: 07:59 AEDT, 1 October 2015

24 shares

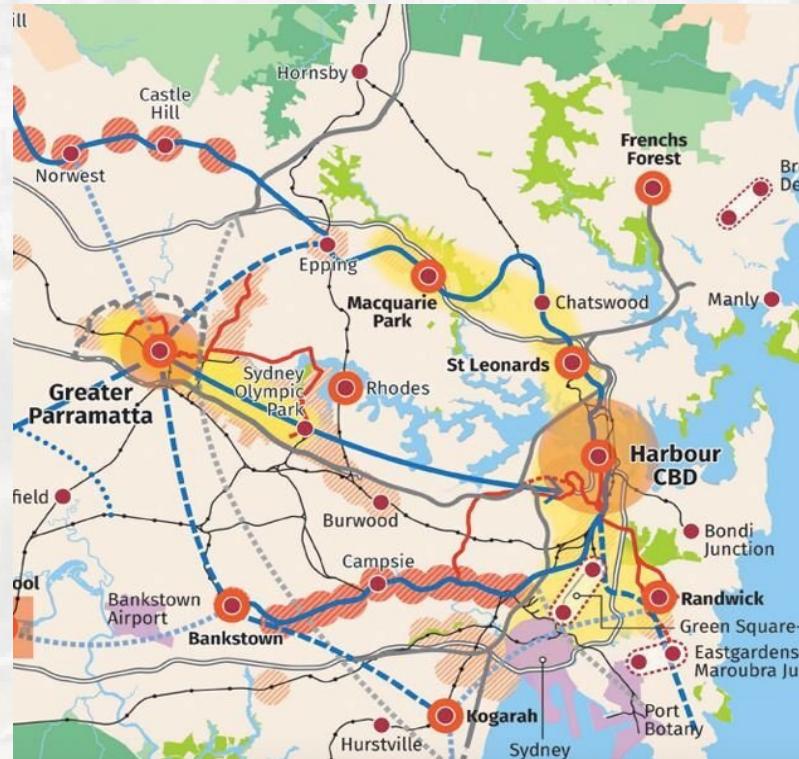
Neighbouring homeowners have each sold their properties to a Hong Kong-based property developer for millions of dollars more than their worth.

Source: Daily Mail Australia

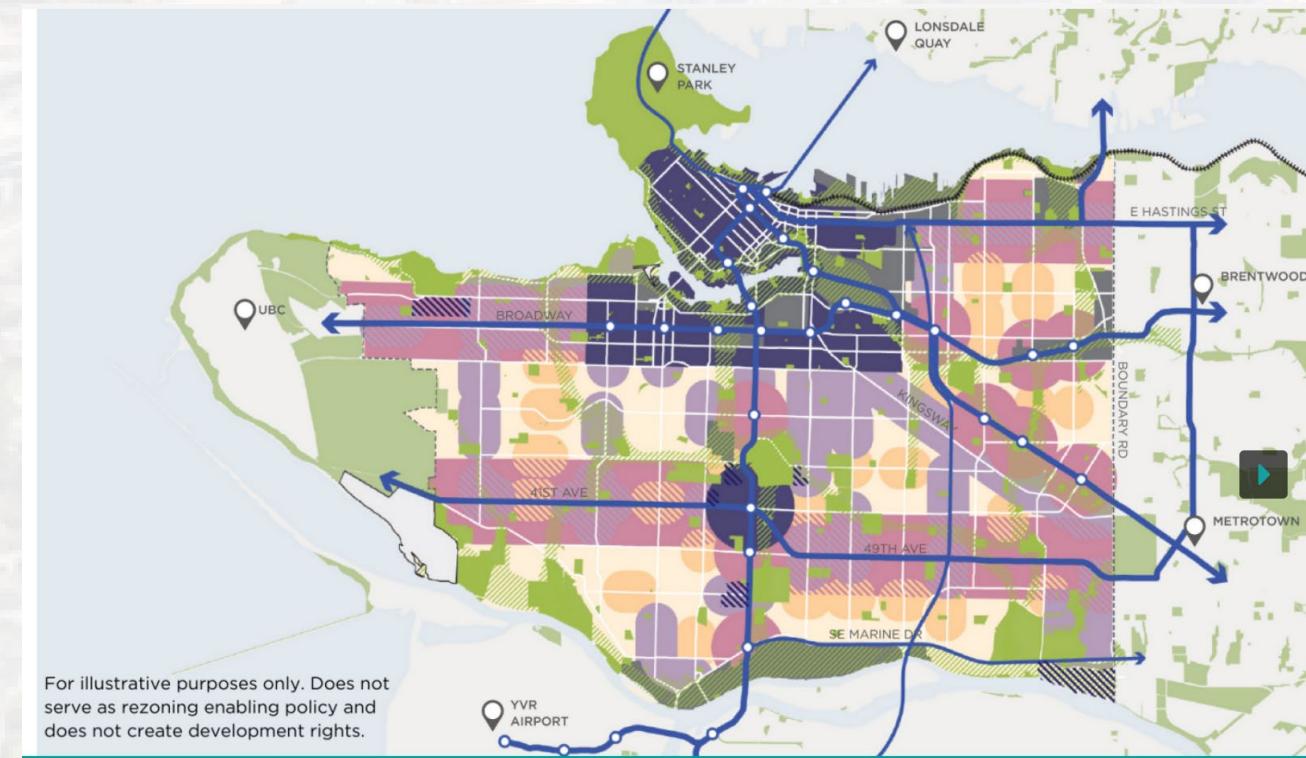


Context: Planning the Compact City

- Last 20 years have seen iterative strategic planning of Sydney and Vancouver around densifying centres
- Transit-oriented development, with density intensified along transit corridors, 'priority growth areas' and 'precincts'
- Uplift driven renewal: rezoning as a market signal; lot amalgamation enables viable development sites, maximising FSR allowances, height incentives etc.



Source: Greater Sydney Commission (2018)



Source: City of Vancouver (2022)

Context: Assembling land, assembling people

- Need to '...take seriously the way densification and compact city strategies are experienced, made sense of, and mobilized around, by those who live in and with them' (Haarstad et al 2023, p. 16)
- Behind the big numbers and housing targets and design-led place-making tied to urban densification are the people who 'live' the process
- It becomes a people story, about human behaviour, relationships, and when they assemble together, group dynamics
- The lived experience and practicalities of a collective sale involve rather more than 'winning the lottery' and moving on
- The process of individuals grouping together to help 'reassemble the city' is typically a long, fraught journey with twists and turns
- To understand the challenges of delivering the Compact City, understanding this *people-focused experience* is key

Group of neighbours in Sydney's Frenchs Forest make \$200 million property play



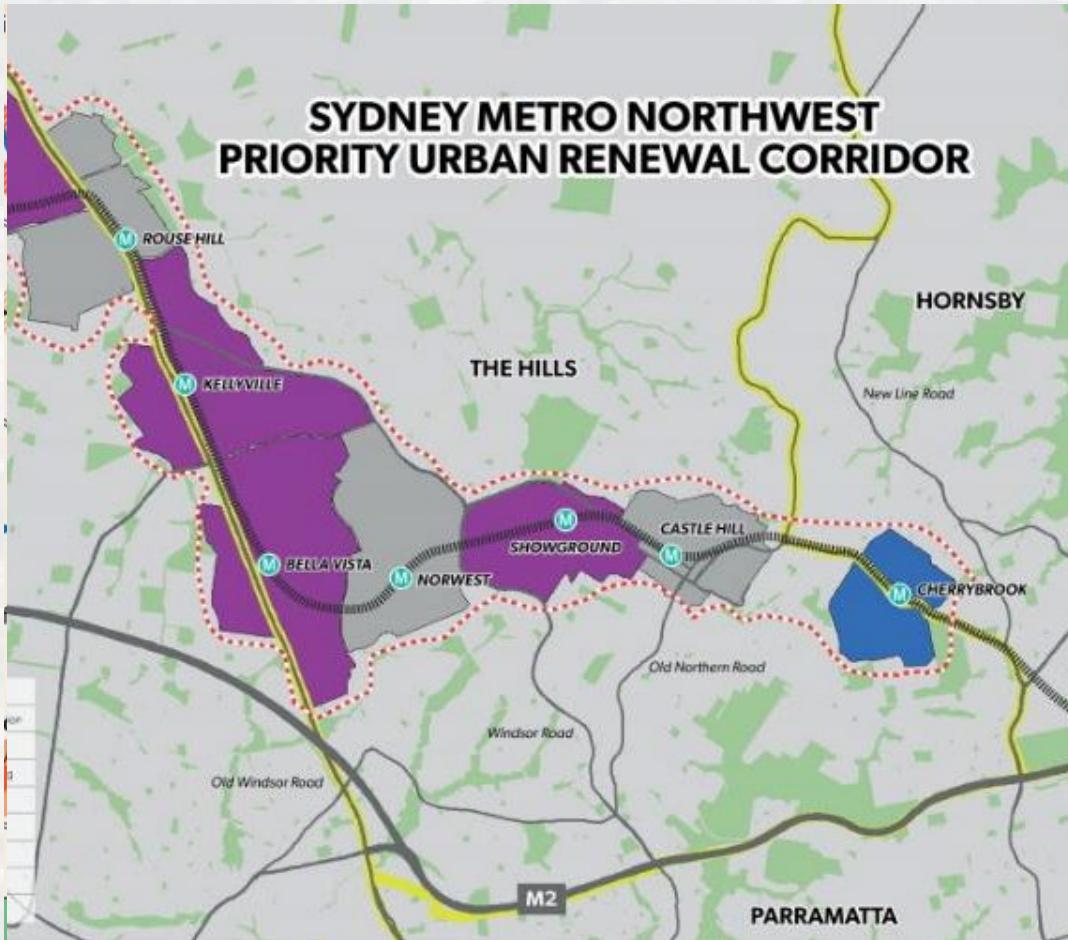
Source: Sydney Morning Herald(2017)



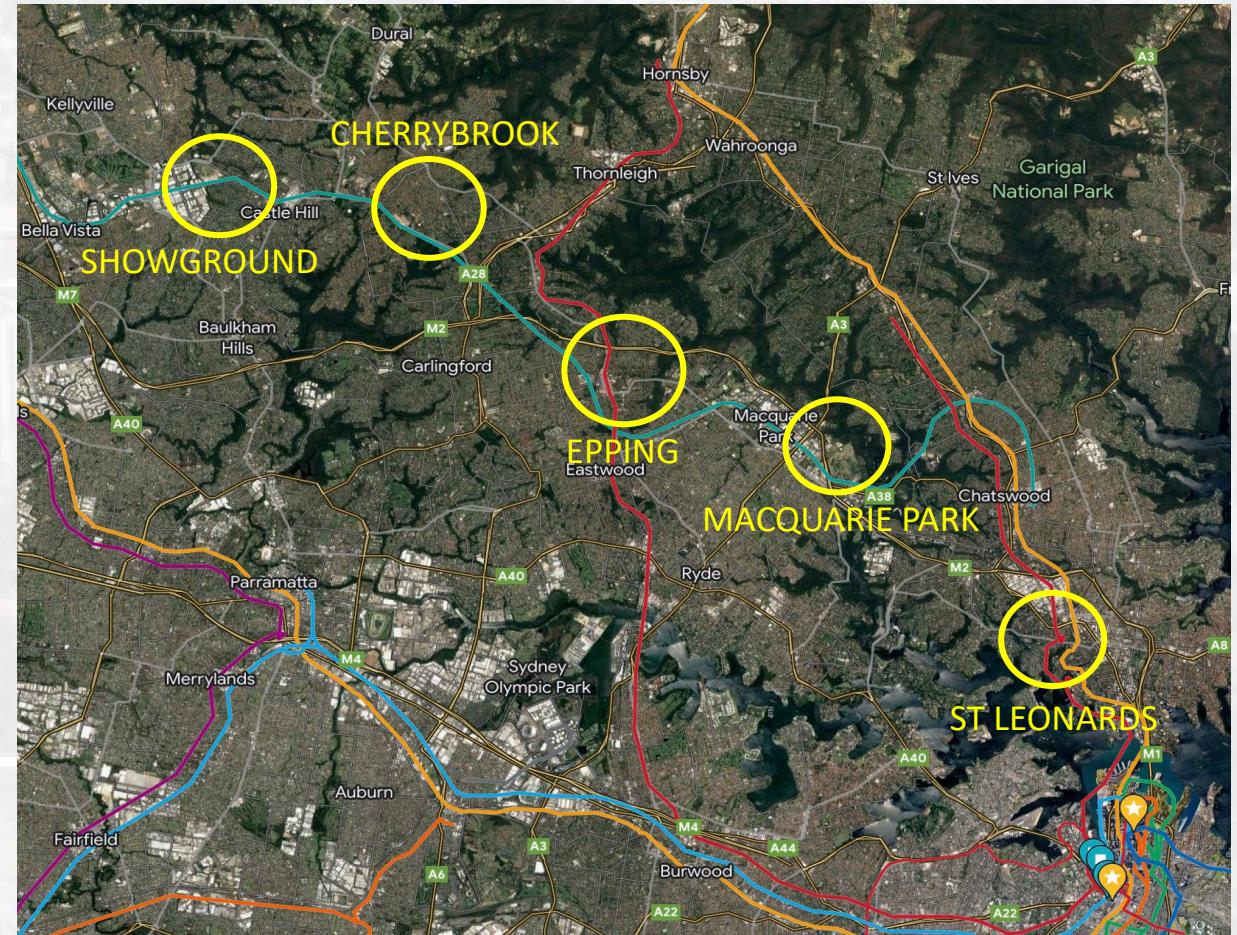
Source: Niabc.ca(2022)

Sydney case study areas

St Leonards, Macquarie Park, Epping, Showground and Cherrybrook



Source: NSW Department of Planning/NSW Department of Transport (2013)



St Leonards South

Lane Cove



Source: <https://www.lanecove.nsw.gov.au/Home/Tabs/Hot-Topics-and-Major-Projects/St-Leonards-South>



Source: Sydney Morning Herald (2022)



Showground (Castle Hill)

Hills Shire



Source: <https://integratedsecurities.capital/project/theshowground/>



Source: <https://www.carrington-place.com.au/location>

Macquarie Park

Ryde



Source: <https://www.meriton.com.au/apartments/viciniti/> 2023



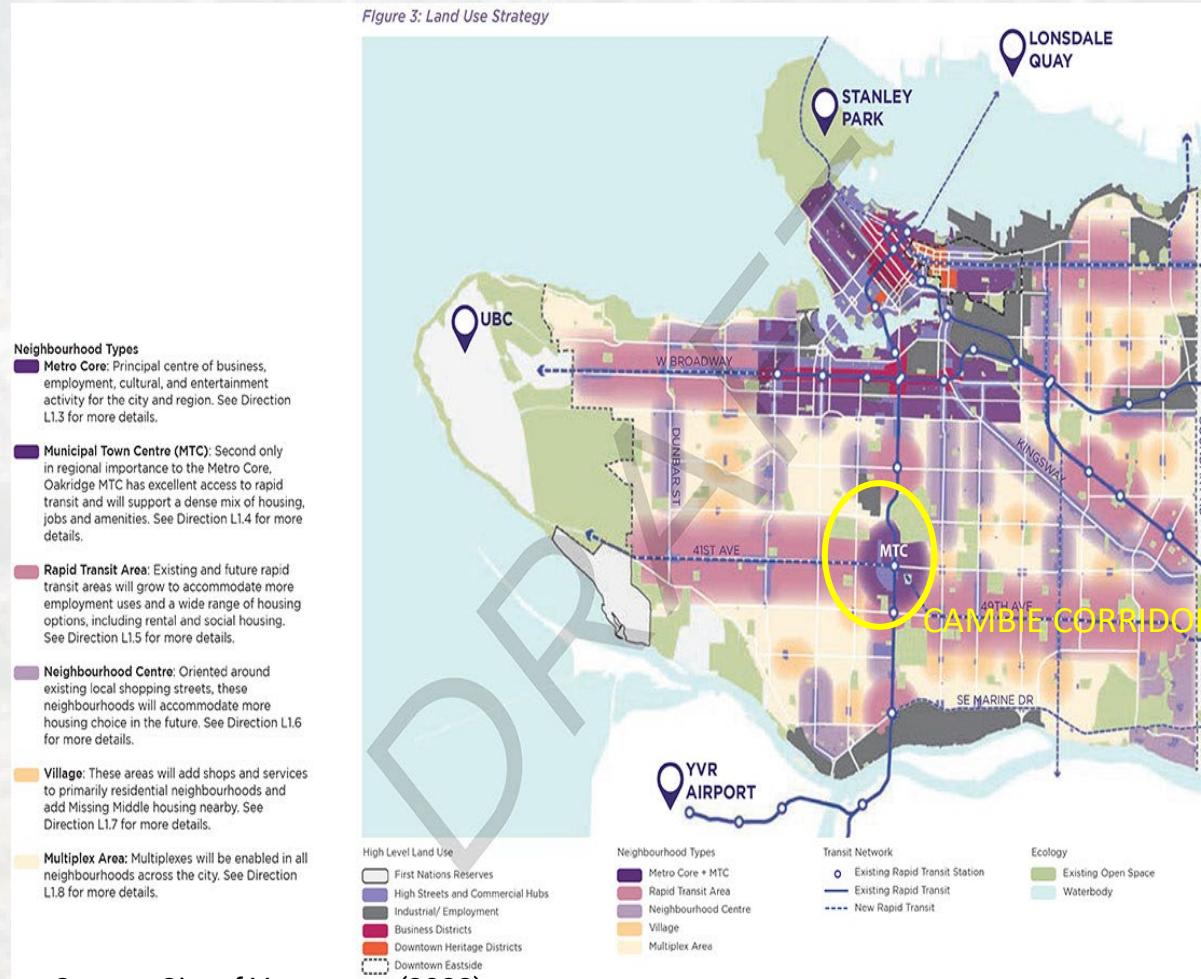
2-10 Cottonwood Crescent, Macquarie Park
Photo: Real Commercial



Vancouver case study areas

Cambie Corridor and Burquitlam

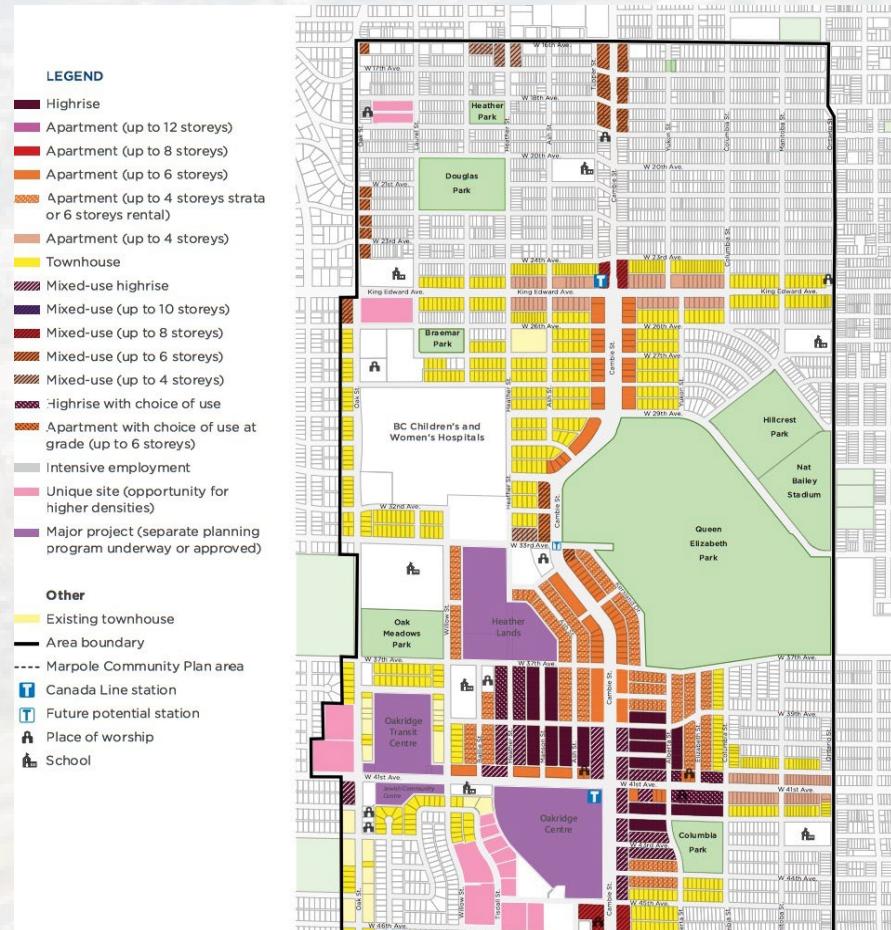
Figure 3: Land Use Strategy



Source: City of Vancouver (2022)

Cambie Corridor

City of Vancouver



Source: The City of Vancouver's Cambie Corridor Plan final draft, 2018.
(City of Vancouver) [section]



Source: <https://dailyhive.com/vancouver/oakridge-centre-redesign-renderings>

Burquitlam

City of Coquitlam



Source: Colliers (2022)



Source: Photo - Simon Pinnegar (2022)



Burquitlam

City of Coquitlam



Source: Photo - Simon Pinnegar (2022)



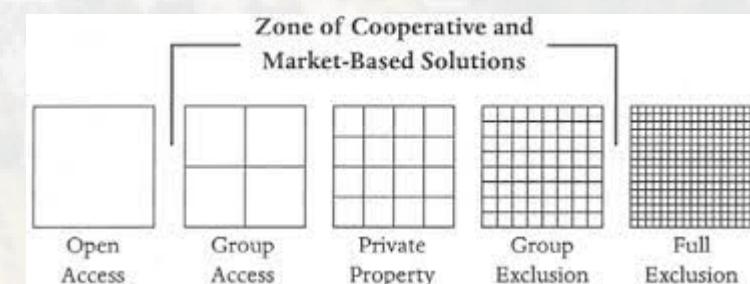
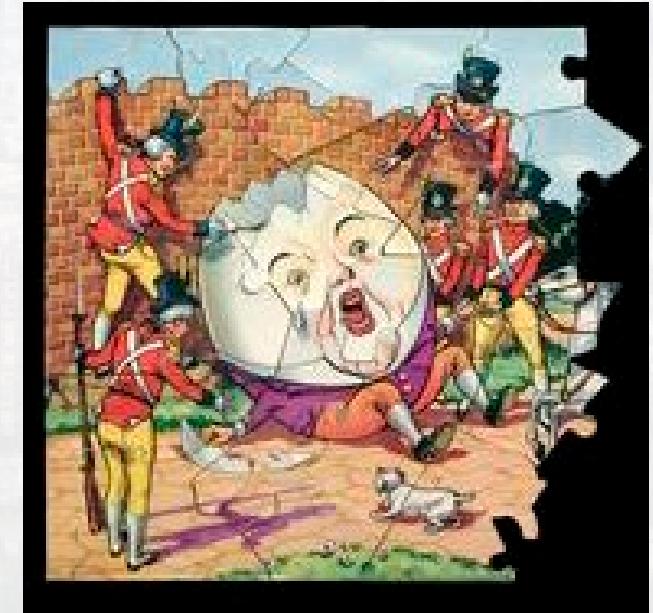
Source: Photo - Simon Pinnegar (2022)



Conceptualising collective sales

Unpacking property rights

- **Interface between property rights and planning systems** exercised through redevelopment – seeking to address ‘tragedy of the anti-commons’ resulting from over-fragmentation (Heller, 1998)
- ‘*Private property is a difficult idea to pin down precisely; its boundaries always fray at the edges*’ (Dagan & Heller, 2003, 556)
- Blurred boundaries exist across the property spectrum; how may intermediate arrangements straddle the divide? (Ostrom 1990; Dagan & Heller, 2003; Blomley 2016)
- Focus often on inefficiencies caused by non-collaboration, but work on *hybrid institutions* - arrangements governing the ‘interdependencies among discrete property holders and regimes’ (German & Keeler 2010, 573) - provides space to think about **cooperation**
- ‘*We cannot continue to assume that every individual is a selfish egoist in all settings*’ (Ostrom, 2009, 57)



Source: Heller (2013)



Conceptualising collective sales

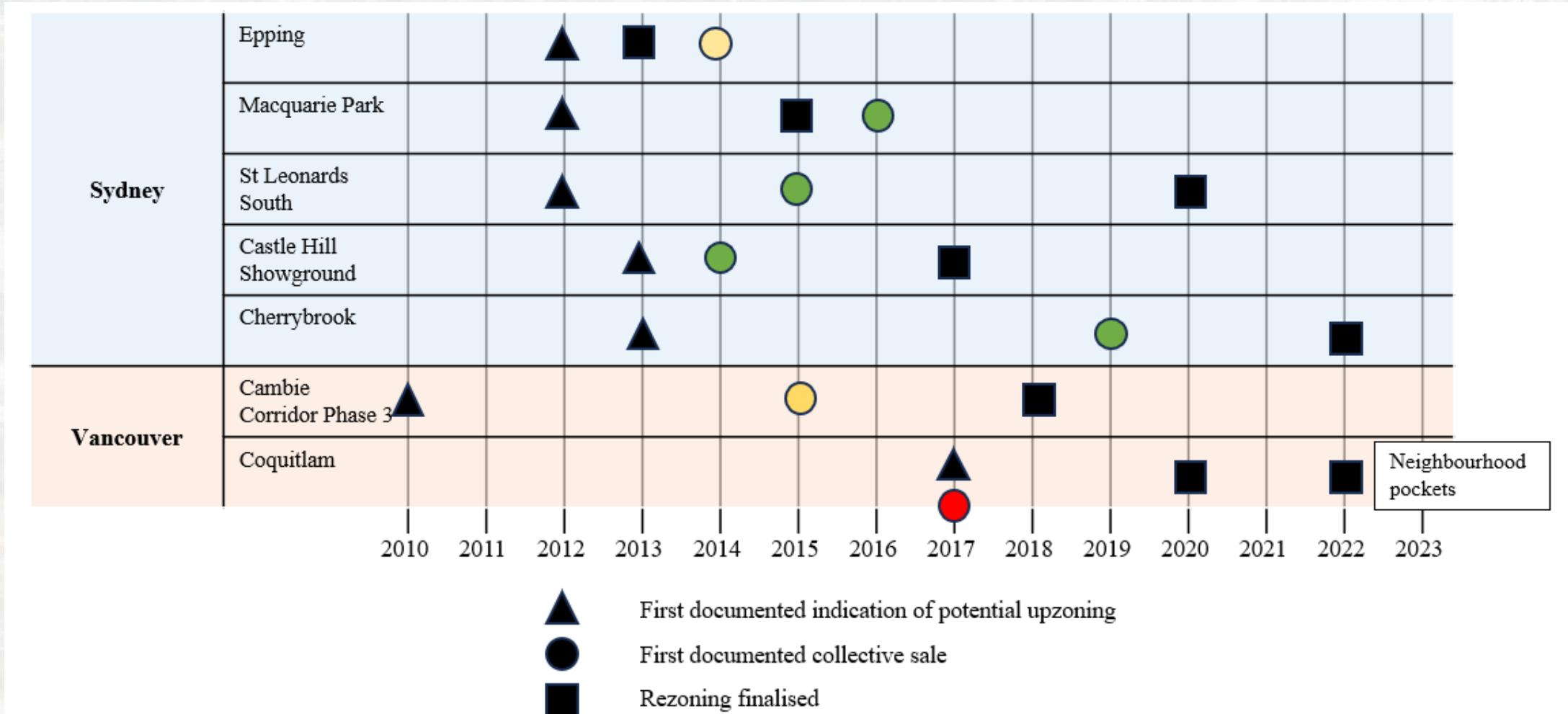
Time

- Time is as big a factor as money in shaping redevelopment outcomes
- *“Timing is ...a crucial and deeply challenging dimension of planning practice”* (Laurian & Inch 2019), but impact of time/temporalities is under-researched
- Although the collective forms around a single goal – the sale of assembled land – it is far from a ‘one shot deal’
- The final transaction may be in one-line, but that point in time is the end of a complex journey, often over many years
- Ability to manage/weather time is powerful; thus *“the temporalities of planning are deployed strategically and become politicised”* (Raco et al. 2018)



Redevelopment timeframes

Across our case studies



Collective governance?

Neighbours getting together

- Who makes the first move?
- Initial conversations about combined/collective interests to address shared reality
- 'Holdouts', 'free-riders' and unengaged always a factor – but typically realisation of working together better than alone – a shared voice/position to engage with developer interest

The Common Good Group was formed to ensure the interests of the residents of Cliff and Carlingford Roads etc. in the area shown above are not disadvantaged as the result of the proposed development in Epping, NSW.

Our commitment to each other:

- To cooperate and work for the common good of our neighbours in our dealings with developers.
- To inform any developer who approaches us that we are working in cooperation with our neighbours, and any dealings will need to be discussed with the group before proceeding further.
- To not enter into any agreement with a developer without first advising the "Common Good Group".
- To pool our expertise and knowledge, and to communicate regularly with each other.

Source: <https://commongoodepping.weebly.com/uap-plans.html>

So I organised [with] next door and the two neighbours behind, just to get together one afternoon. If this does happen, would we be prepared, as four of us, to at least talk to each other so that someone doesn't buy one property out and then they've got a way of pressuring the person behind or next to them? So, we got agreement with that, on a handshake. [...]

I think if you're looking for a formula, what do you need there? You need the legal side, you need this, you need that, but you need someone that can manage the relationships. (Epping - Resident)



Collective governance?

Working collaboratively

- **Is there a common goal? Who defines this?** Does this help shape approach to the journey ahead?
- Maximise profit, or minimise collective 'harm'? self-interest, public/common good? Rules of engagement, transparency
- Managing expectations in relation to negotiations, options, transactions, price, timing
- Getting the collective to common-pool the assembly dividend: GFA, variable height controls, open space considerations
- The size of the tent: who's in, who's out?
- A homogeneous driver and goal, but typically heterogeneous circumstances?

I thought, hang on, this is - we've got to be a bit more organised than this ... A neighbour up the street, he was very civic-minded and we talked about something and I said, we need to get people together. I hit on the idea, let's call it the Common Good Group... our thing was, at least let's get out of this with the least damage to others - what we can do together, what information we can share (Epping - Resident)

Now we have agreements signed by everyone that says, information can be shared amongst the group, we meet as a group, we operate as a group, everyone has their own listing agreement, everyone gets their own offer but we operate as a collective and we bargain as a collective. (VAN – Expert, Real Estate)

Collective governance?

Together but apart

- Not all groups come together as a 'self-defined' collective, nor work as collective through the process
- Cooperation sometimes more of an orchestrated 'marriage' in response to developer and/or intermediary triggers
- Particularly so in Vancouver case studies, where collective goals and outcomes are often channelled through a broker, and individual real estate agents and legal representation retained
- Individual privacy versus equity/transparency – the deals struck aren't necessarily the same in such circumstances

It can go either way. We had a site where we had a property owner who owned a property on both sides of the street. On one side of the street, they were already wanting to list and wanted to work together as a group. On the other side of the street [...] the street didn't want to meet and work together. They all wanted to negotiate their own contracts individually with confidentiality.

(VAN – Expert, Broker)

Even now we still don't know them all that well. We talk to them, obviously. It was – nobody was talking. Nobody was anything. So, my wife and I set up the meetings in our [...] garage and had a tent set up and we had our neighbours come over to talk to try and organize, since nothing was happening.

(VAN - Resident)



Collective governance?

Underestimating the importance of time, and timing

- Owners often underestimate time involved for collective sale – both time commitment and timespan
- Price may be the easy part; also need to agree on settlement length and best time to sell (ie. current vs future market)
- The temporal dimensions of a collective journey both internally and externally shaped:
 - Contracts, conditional sales terms and expired options
 - Uncertain market fluctuations and planning processes
 - Deals falling through, owners get 'stuck'
- Little of how participants experience time is a shared enterprise:
 - how they perceive the future direction of the market over time
 - how much time pressure they feel to conclude a sale
 - how they weigh up the relative value of time against money

When they first hear the news, it's all celebrations and champagnes across the backyard fences, but we're coming up on eight, 10 years in some of these places and they get really sour about it and they really start to dig their heels in.

(SYD - Expert, broker)

How much time must be invested to convince them to pursue a sale - I think that's what you're trying to convince people of. That there is a time and a place and if you hang out for every individual's best expectations, then nothing will ever happen and we all have to compromise a little bit and therefore, the benefits had to at least be worth it for all of us to do that.

(St Leonards - Resident)

Collective governance?

Group dynamics: relationships, trust, factions and fallout

- The journey presents challenges for groupings, and individual perspectives/ongoing positions regarding the process
- Often responding to external triggers, not least changing planning frameworks and knock-on development expectations
- However, also a story of very real human behaviours, relationships and vested interests – winners and losers, splinter groups, claims of poaching, accusations of duplicity ...
- Trust within the group, and with intermediaries, becomes key

They had a leader who was a very nasty dictatorial person, and that's one of the reasons why we walked away ... They basically thought they owned your house, and basically telling you that you're part of this group and you should abide by what the rest of the group is doing, and me, personally, I quickly turned around and said, well, no, this is my house and no one will tell me what to do with it, and basically we just abandoned that group after that

(Showground - resident)

...The group was still a group of eight, we were still a commercial entity, but trust had been broken at that point and the relationships in the neighbourhood had changed. So - we no longer greeted one another; we no longer were neighbourly to one another [...] The group fractured, and that fracturing of the group led to the demise of the broader group and not just our group of 6 homes or 8 homes, but the deal with 70-odd homes collapsed [...] to this day, they're pariahs within the neighbourhood. Nobody speaks to them.

(Showground - Resident)

'Community' Planners

Bottom-up impetus, iterative process

- At heart, planning is a co-constituted process between communities, the market and institutional rules and frameworks
- All case study areas can be seen as intensely 'planned' places, shaped by complex and often contested planning interests, which evolve and shift over time
- Collectives may emerge from the 'bottom-up', but the trigger is typically rezoning signalling significant density uplift (or, more accurately, the 'sniff'/prospect of rezoning)

As neighbours we all got together to protest that we didn't want development to come - so where we came from was fairly - an anti-development stance. Then, by the time we get to about 2011, 2012 or whatever, the realisation hit us all. That adage, you can't stop progress, and if it is going to come at least let's be aware of it and manage it as best we can. At some point they talked about these urban activation zones and then council zoning. I think it was just pre that. If I was a conspiracy theorist, I'd say either the government or the state planners dropped enough seeds for us to start thinking that way.

(Epping - Resident)

So with that nugget of information you can do nothing or you can do something ... so we got a piece of paper like this, we got a map on it, we got crayons and we coloured it in and used zoning that might be coming up. It wasn't passed by the Official Community Plan yet, OK ... because when the Official Community Plan comes out, every realtor goes click and they get out there with their suit on and they start knocking on doors.

(VAN – Expert, Realtor)



'Community' planners

Coming round to putting up the neighbourhood for sale

- Residents may lead and organise others, put up a fight, ignore, or become resigned. All must engage with the prospect of change
- Residents may become key actors in the planning process and 'growth coalition' – experts in strategic plans, DCPs and LEPs, the planning process, the world of developers and development feasibilities
- In Sydney, this has typically taken place within confused and oft-changing strategic and precinct planning frameworks
- In Vancouver, a more explicit, transparent process can be seen – particularly in Coquitlam. OCP drafting process used to get owners and neighbourhoods ready for change, and, in turn, advocates for change - agreeing to put their neighbourhoods up 'for sale'

We find the residents that are interested and we usually put together a letter that will – what we've done in the past is a two-fold approach on some of them, where it was one letter to planning and then one letter to mayor and council or just a letter to planning. The idea is basically coming up with a list of community benefits from having more density. Then all the owners will sign off on that. Then we send that in to planning and council for their review and that's part of the community consultation.

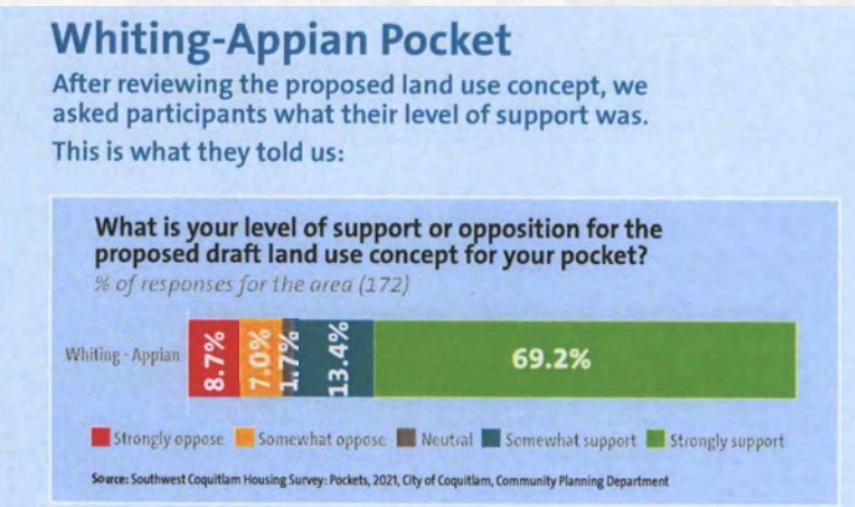
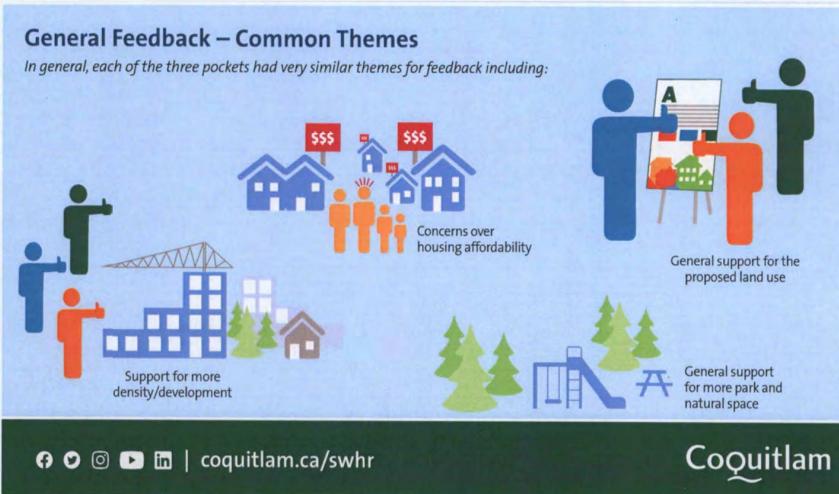
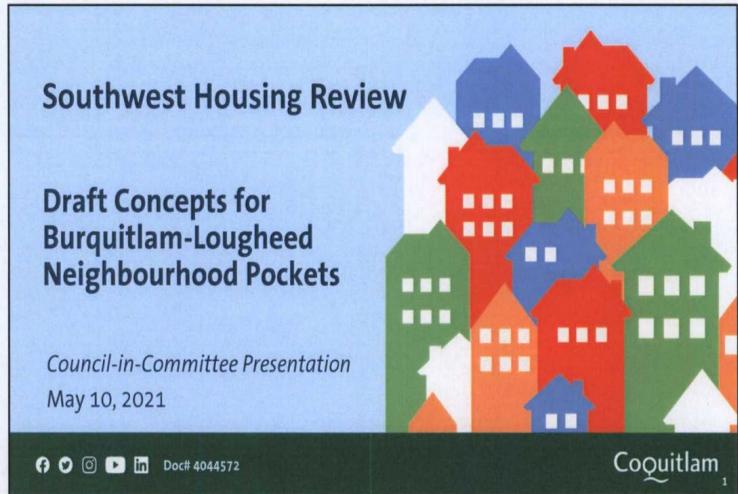
(VAN - Expert, Real Estate)

I remember at the public hearing for the Burquitlam – Lougheed plan, at the end of it I think this little old lady got up to the podium and basically, we weren't really sure what she was going to say, but her main comment was 'it's not dense enough'. I remember the Oakdale neighbourhood in particular, which is one of the groups that initially opted out and then came in later, had a whole - at the public hearing for that update, had a whole group of residents all wearing matching t-shirts that said 'sub-area B equals high density'.

(Coquitlam - Expert, Government Planner)

'Community' Planners

Coquitlam SW Housing Review: Whiting-Appian pocket

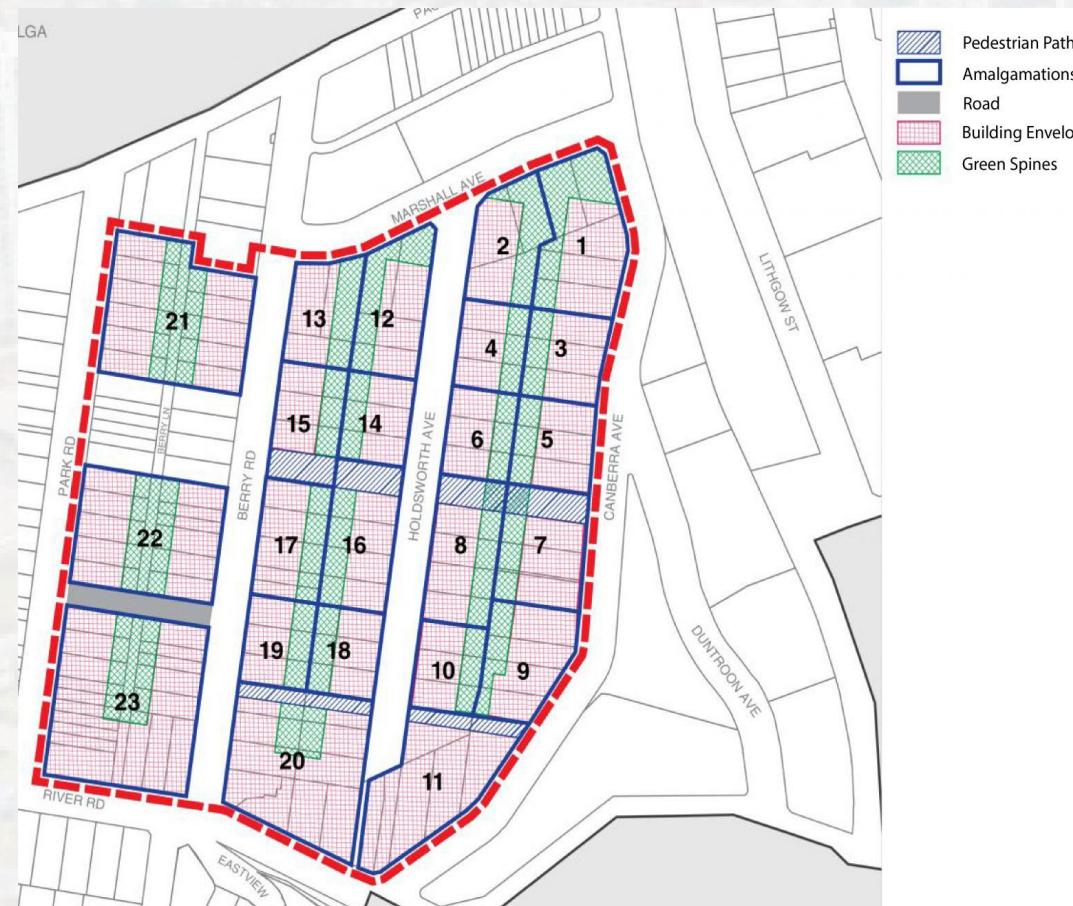


Source: <https://www.coquitlam.ca/939/Southwest-Housing-Review>

'Community' Planners

Iterative nudging from multiple directions

- As planning process unfolds, draft community plans/ masterplanning starts to mould the spaces of collective interest and possible built form outcomes
- New street layouts/lot sizes essentially guide neighbours who they need to work with
- Amalgamation plans, large site bonuses, density transfer bonuses all 'herd' neighbours into desired groupings



Source: Draft Development Control Plan – Part A, (2017)

There are some areas in particular where we've been really explicit about what those assemblies must be, particularly around that connection at 35th and Cambie. Yeah and that caused [...] and still, I bet, is causing a lot of anxiety and angst. People have been trying to skirt that and get around not having to comply but that was an important policy to make sure.

(Coquitlam - Expert, Government Planner)

Some of the legislation around bonus FSRs and bonus outcomes, if they were able to get to a minimum site area of, say, 10,000 metres. Now when you're talking about a typical house lot that's about 1,000 square metres, you're all but enforcing 10 owners to come together because that's how they're going to get the most value.

(SYD – Expert, broker)



'Community' Planners

'Hyper' involvement

- Fighting to preserve interests – calling in planning expertise, developing counter masterplans
- Multiple groups coming together to push for shared interest, but also against one another if needs be
- Going into bat against Council – lobbying for 'more', suspicion of realtors and developers in the background pulling the strings
- Blurring the lines of expectation – plans and planners expected to support residents in getting deals done, negotiating the development process

I think we're used to having to try our darndest to get people involved in our planning processes ... But when people are involved in the minutia of detail and they're being coached sometimes by realtors in the background and say 'okay well the city adopts this particular policy, you're going to lose X value', that becomes a challenging dynamic to navigate.

(Coquitlam -Expert, Government Planner)

The council released a draft planning study which - and again, this is my opinion, not a statement of fact - looks like to me had been worked up in concert with a small group of homeowners interacting with council already and looked specifically to advantage certain homeowners and not me and I was probably specifically disadvantaged relative to - not just me, but my entire side of the street was specifically disadvantaged. So, I went and started approaching various town planners to do a competing masterplan to council's and in that process, we then started talking just as part of our information gathering, we started talking to some of the biggest developers in the world as well who was saying well, gee, this looks like it could be a pretty interesting area.

(St Leonards - Resident)



'Community' Planners

State/local tensions

- Planning process unpredictable and contorted: residents/ collectives are embedded in this journey – whether proactively or pragmatically
- Sydney case studies highly 'planned spaces', with tensions across different scales of interest and jurisdiction and across time
- Interventions risk undermining/recasting collective groupings and development feasibilities

Source:

<https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2018/11/planning-proposal-for-the-st-leonards-south-residential-precinct/report-to-minister/advice.pdf>
<https://integratedsecurities.capital/project/theshowground/>

St Leonards South Timeline

- May 2015 St Leonards South planning proposal supported by Lane Cove Council
- September 2016 DPIE issued Gateway determination
- October 2017 – January 2018 St Leonards South planning proposal exhibited.
- October 2018 Draft 2036 Plan recommends referral to IPC for advice
- July 2019 IPC advice released
- November 2019 St Leonards South Design Charette held
- February 2020 Design Charette Outcomes and Recommendations Report released.
- May 2020 Lane Cove Council submits the planning proposal to DPIE with a request the plan be made.
- August 2020 Minister's delegate makes the LEP amendment.



Some conclusions

Assembling land, assembling people⁽¹⁾

- Collective sales/land assemblies get to the heart of the land use-development rights nexus and the scalar tensions which exist in negotiations between individual property and neighbourhood interests
- They capture the complex realities of planning as a co-constitutive process, where individual owners get together as a collective governance arrangement which transcends the bounds of their legal entities
- Compact City policies depend on mechanisms such as collective sales/land assembly to work through the 'anti-commons' of fragmented land ownership to create parcels appropriate to contemporary needs
- As such, enabling land assemblies is far more than just a debate about efficiencies, 'holdouts' and 'takings', it is **about the complexity of assembling people – and questions of cooperation, trust and persistence over a long journey**



(1) after Schnidman (2007) 'Land Assembly by Assembling People'

Some conclusions

Winning the lotto? Perhaps the odds aren't quite what they first seem...

- Given the complexity involved, many collective sales/land assemblies do ultimately 'find their place in time'; the road is long and winding, but none of the case study areas will look much the same in 10-15 years' time
- Whatever their initial starting positions, all residents become embedded in an evolving process – regardless of whether they are proactive or otherwise
- Whether the time is 'worth it' depends who you ask, but in this phase of compact city planning, being able to navigate the multiple and messy timeframes of urban redevelopment is more valuable than ever
- To fully understand the planning and market processes reshaping our cities, we must look far more closely at how time shapes them and helps to determine who wins and who loses over the longer term
- We should also use this widening of 'growth coalitions' to open up 'the business of densification' (Debrunner, 2020) itself to a more diverse array of actors capable of reflecting a wider range of interests and delivering more variegated outcomes



I drank the Kool-Aid. I was invested. I thought, okay, I'm going to be fat and wealthy in 12 months' time. As things progressed, as we found complications and difficulties, you realise how naïve a view you had when you found out the hard way that developers weren't necessarily 100 per cent truthful, you found out the hard way the impact that Council delays can have, you found out the impact of the changes in the lending laws and the ready availability of money to developers and the banking Royal Commission.

... Every excuse you can think of, many of them factual, was put forward as to why we're experiencing the delays that we are and why it was warranted to request another extension. The upshot is, here we are in 2022, we don't have a deal. Whilst we do have an agent representing us, it's not a large international agent. We don't have tenders or submissions that we're sifting through [...] Interest rates are starting to go up and that's been put forward as another reason why development is harder. The impact of COVID and the cost of materials and the cost of building and construction – again, that's been offered as a reason why we're not realising the prices that we like because the developers aren't going to be able to get the profit that they want. All of these things combined to leave us in a position that we're still in our home.

(Showground resident)

Ambitious \$3 billion Castle Hill development plan rejected by local council



By Eddy Meyer • Reporter | 7:42pm Apr 25, 2018



4,500 new homes to confront the housing crisis

Published: 15 September 2023

Released by: Minister for Planning and Public Spaces

Housing and construction



Castle Hill's Showground Station precinct is now capable of accommodating an extra 4,500 potential new homes following an amendment to The Hills Local Environment Plan (LEP).

Source: 9news (2018) <https://www.9news.com.au/national/castle-hill-showground-development-plans-rejected-by-hills-shire-council/>; NSW Government (2023)

