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By Email: Eric.Wisgard2@sa.gov.au

Feedback on the Affordable Housing Developer Toolkit

Dear Mr. Wisgard,

Thank you for the opportunity to provide the South Australian Housing Authority with feedback on the Affordable Housing Developer Toolkit.

In February, The Property Council of Australia released a thought leadership paper titled *A Stark Reality*.

This paper articulates three compelling drivers for policy makers to respond to in addressing the housing crisis:

- The need for more choice in housing types to suit the needs of diverse Australians.
- The need to improve affordability whether you rent or own, and
- The need to plan for a growth in our cities as Australia's population expands.

Affordable housing is recognised by The Property Council as a key component in supplying diverse and quality housing stock.

The Property Council's local Residential Committee has been engaged to review the Affordable Housing Developer Toolkit. The committee is comprised of professionals from a diverse expertise range within our local membership who work on affordable housing, legal practitioners, planning consultants, lawyers and architects.

We are delighted to share this feedback with you.

Yours sincerely



Bruce Djite | SA Executive Director

High Level Feedback

- Regarding Affordable Housing Price Points, the committee suggested separating apartments from house-and-land packages and including different rates based on location such as CBD versus inner metro versus greenfield.
- Regarding the definition of a minimum design standard, the committee suggested that ensuring good design, improved quality and liveability should be at the core of the system and that consideration of standards may be beneficial.
- The committee suggested that adding a requirement for developers to clearly outline who will benefit (the beneficiaries) from the housing provided should be considered.
- Corrections to the terminology used and caveats on affordable housing incentives should be made to provide accuracy and clarity for a developer proposing affordable housing.
- The committee noted there are also some errors and omissions in respect of the development application process which should be rectified/clarified to ensure consistency with the Planning, Development and Infrastructure Act 2016, Planning, Development and Infrastructure (General) Regulations 2017, and the Planning and Design Code.
- The committee noted that each reference to land lease communities is not accurate for South Australia. Land lease is the reference used interstate and in South Australia such communities are known as Residential Parks. Residential Parks are governed by the Residential Parks Act – the relevant Act is not mentioned in the toolkit documents. Both errors should be corrected. As a general comment, the committee considered it inappropriate for SAHA to suggest tenure or modes of property holding. That could constitute advice (and with the mentioned example is incorrect). Rather it was thought that SAHA should focus on its policy suite and not attempt to suggest approaches for developers.
- The committee proposed that SAHA consider only using images of project examples that are completed and built.

Detailed Feedback

Omissions/Errors

1. Pg 5 – The first dot point under “Key points” – the reference to “significant residential developments” is meaningless. It should be replaced with the policies in the Planning and Design Code such that it reads:

The Planning and Design Code includes an Affordable Housing Overlay. The Overlay envisages that residential developments comprising 20 or more dwellings or residential allotments on land located within the Overlay will provide at least 15 per cent affordable housing.

2. Pg 5 – To ensure consistency with the Code, the second-to-last and third-to-last dot points on this page should be amended as follows:

- *A reduction of the minimum site area for a dwelling by up to 20 per cent, or the maximum density per hectare increased by up to 20 per cent;*
- *An increase in the maximum building height by one building level or up to 30 per cent (dependent on zone and overlays)*

3. Pg 6 - The affordable housing incentives section should include a caveat which states that the applicability of the incentives will depend on the subject land's location within particular Zones or Overlays. For example, the minimum allotment size reductions are applicable except where the development is located within the Character Area Overlay or the Historic Area Overlay. There are also limitations on the building height incentive.

4. Pg 7 - Amend the first paragraph under the heading “How to apply the planning incentives to your development” as follows:

To understand whether planning incentives apply to your development, visit code.plan.sa.gov.au or sappa.plan.sa.gov.au to confirm that the subject site is within the Affordable Housing Overlay and that no exemption applies (e.g., land located in the Character Area Overlay or the Historic Area Overlay will not get the benefit of the reduction in minimum site area incentive).

5. Pg 11 - to ensure consistency with the PDI Act, Regulations and the Code:

The second dot point under “Planning referrals to the Authority” should read:

The relevant planning authority (Council or the State Planning Commission) refers a development application which provides for affordable housing to the Authority for the purpose of enabling the Authority to provide direction on the conditions required to secure the provision of dwellings or allotments for affordable housing.

The referral process and power under “What is a planning referral?” should read:

...A referral will typically allow the Government agency to provide technical advice and comments to the planning authority about the proposed development, including a power of direction to refuse the grant of a planning consent or to impose conditions should consent be granted by the relevant authority....

6. Pg 16 – to ensure consistency with the PDI Act, and to provide greater clarity, the following amendments should be made:

Under the heading “What are planning conditions?”:

Depending on the elements of the proposed development, development applications must be assessed for land division consent, planning consent, and building consent (or any combination of these) before a development approval is granted.

Each assessment stage is subject to conditions with development approval listing all conditions and notes.

When decisions are made, these are provided as Decision Notification Forms at each stage of the development assessment process.

For example, a planning authority usually requires a development to be consistent with the submitted approved plans, drawings and specifications. This condition would ensure that no substantial changes are made to the design of the development unless a variation is sought and granted. A fact and degree test usually applies to consideration of variations by the relevant authority.

Conditions are binding and enforceable on the subject land; that is, the conditions will be binding on anyone who undertakes the development, anyone who acquires the benefit of the development, including the owner(s) and occupier(s) of the land on which the development is undertaken.

Under “How are conditions used to deliver affordable housing?”:

Development applications that include affordable housing are referred to the Authority for comment. The referral allows the Authority to direct the imposition of conditions on any land division and/or planning consent granted by the relevant authority. The relevant authority must follow this direction.

It is an offence to contravene or fail to comply with a condition on a consent or approval under the Planning, Development and Infrastructure Act 2016. You must undertake your development in good faith that affordable housing will be provided in accordance with your development approval (including any relevant conditions).

Further Guidance and Suggested Improvement Opportunities

1. Page 2 – Build-To-Rent (BTR)

Members of the committee noted that typically BTR operators do not see their projects as providing social or affordable housing. These developments are focused on providing a lifestyle rather than providing homes for life. Whilst BTR may be an important step in achieving home ownership it is not generally considered affordable housing. It was suggested that SAHA meet with operators like Greystar who could provide insights on this.

2. Page 3 – Affordable Housing price points

Members of the committee suggested separating apartments from house and land packages given these typologies have very different metrics. In addition, it was suggested that a separate Price Point for Adelaide CBD be created. It was posed whether consideration be given to establishing commentary on construction rates.

3. Page 3 - Price point versus a minimum standard

The committee proposed that good design, improved quality and liveability be at the core of the system, with incentivized engagement of architects for the design of social, accessible, and affordable housing. The committee also asked whether there are minimum energy and sustainable design requirements and noted that passive sustainable design outcomes could be an easy minimum standard.

The question was also asked where infill development sits in the context of the toolkit and whether SAHA considers multifamily dwellings in the suburbs, given a high percentage of development applications are this type of development.

4. Pages 4-8 - Stakeholders

The committee proposed that consideration be given to listing potential stakeholders to establish a collaborative approach as part of the development application and formation of the project design. SAHA, government institutions, funding institutions, private developers, home builders, architects, designers, cooperatives, social support providers, building occupants were listed as examples.

5. Pages 4-8 - Outline beneficiaries (people focus)

The committee proposed that consideration be given to adding a requirement for developers to clearly outline who will benefit from the housing provided and consider the following questions.

- What is the overall target population? (low income segment, young families, disability etc).
- Who is eligible? (key worker, city resident, families, etc).
- What is the ranking mechanism? (income, age, hardship, waiting time etc).
- What assistance do candidates qualify for? (do people who are potentially at risk have continued support?)
- What model for selecting tenants will be used? (Lottery, first come first served, needs based, agency driven, market driven)

6. Pages 4-8 - Design outcome

The committee posed whether guidelines could be included to ensure good design outcomes.

They also asked whether SAHA provides at minimum a table of different standard apartment sizes based on your analysis of housing in South Australia and asked what would be a minimum size requirement?

It was also asked what the process is if a developer wants to innovate away from non-standard housing typologies that may deliver more affordable outcomes? How will this be assessed and encouraged?

Under the section on “Environmental Efficiencies” it was asked whether there is a policy for local industry participation and utilising South Australian based trades and professionals.

7. Page 5 – Planning Incentive

The second paragraph under the “Planning incentives” heading could be improved by providing a clearer explanation about overlays, zones, etc and by making it clear that an overlay provision will only prevail over a zone/sub-zone provision to the extent of an inconsistency. The paragraph could read:

“The Planning and Design Code (code.plan.sa.gov.au) is the single source of planning policy for assessing development applications across South Australia. It provides the policies and rules for development assessment across the State. The Code applies overlays, zones and subzones (which form spatial layers across South Australia), to specify policies and rules that govern the use and development of particular areas. The “Rules of Interpretation” in the Code provide that, to the extent of any inconsistency between policies, the provisions of an overlay will prevail over all other policies applying in the particular case.

8. Pg 6 – Site area density and minimum site area

The Committee suggested that it would be more logical to combine the “Site area and density” and “Minimum site area” sections for purposes of clarity.

General

9. Incentive considerations

Some potential financial and non-financial incentives were posed:

- Financial: Rent subsidies, infrastructure subsidy, adjacent public realm contribution.
- Non-Financial: Fast track permits, transferable development heights allowing developers transfer their density bonus to other buildings /sites. Sometimes the additional height doesn't benefit the site and the metrics of the project.

10. Approach to reduce affordable housing cost

It was asked whether the toolkit document gives some guidance or requests information from developers on what cost reduction approaches they will adopt.

For example:

- Land (releasing land strategy, densification, land use changes unlocking development)
- Development (engaged architects and design professional, design standards, efficient procurement, modularity and prefabrication, competitive tendering)
- Operation and maintenance (decrease cost of operations, robust materiality, energy efficient design)