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20 September 2018

Ms Sally Smith
General Manager – Planning & Development Division
Department of Planning, Transport and Infrastructure (SA)
Via email: [REDACTED]@sa.gov.au

Dear Sally,

DRAFT STATE PLANNING POLICIES FOR SOUTH AUSTRALIA (JULY 2018)

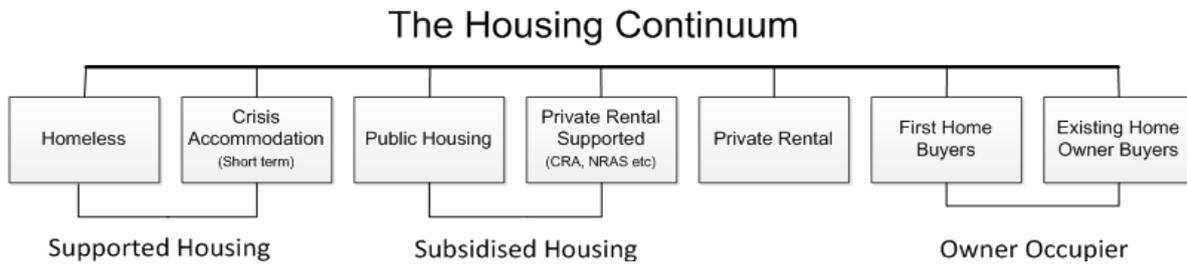
The Housing Industry Association (HIA) appreciates the opportunity to provide feedback on the proposed State Planning Policies and congratulates the work undertaken to update and consolidate the suite of state agency policies into a single document. HIA supports the view that ease of use and understanding should be significantly enhanced by collecting all the varied state interests into a single location.

At the outset HIA is disappointed that Housing Affordability has not been identified as a stand-alone policy. HIA acknowledges the various references to affordable housing and housing affordability sprinkled throughout the various policies and was buoyed at several acknowledgements within the papers of how critical maintaining affordability is to the state. On this basis alone HIA would argue there is a strong need to have a stand-alone policy addressing affordability.

In order to address housing affordability issues, the housing choices available to all households must be improved. The supply of new housing needs to be more responsive to household dynamics and changes in housing demand.

The long term failure of new housing supply to keep pace with the growth in demand manifests itself in a considerable constraint on the housing choices available. Households experience lower levels of housing affordability when their housing choices are restricted.

This dynamic has the effect of placing pressures back down through the housing continuum, from owner occupiers onto the private rental market, into the public and social housing sphere, and ultimately to those without any shelter.



When affordability is low, the ability to enter the market is restricted for those on low and moderate incomes. When affordability improves, the ability to enter the market, and remain in the market, for these households also improves.

Poor housing affordability most affects those people at the centre of the housing continuum, private renters and first home buyers. The effects cascade down the housing continuum and more severely impact those on public housing wait lists and families in supported housing.

In simple terms an imbalance between the supply of and demand for housing, in any form, will lead to reduced housing affordability.

Adding weight to this discussion are recent articles summarising the findings of a nationwide survey of Local Governments undertaken by the Sydney University of Technology. The survey confirms what many of us in the residential construction industry already know, Councils have a very poor understanding of the real impact their planning scheme and development related requirements and processes have on the industry's ability to bring to market housing product at a cost that is affordable and that is in a configuration that meets the desires of the home buying public. The consequence of this lack of understanding is they are often completely bereft of ideas on how they as a Council can contribute to any solutions.

The results of the University of Technology survey clearly indicated that while the majority of Councils that responded acknowledged housing affordability as a problem within their jurisdiction, most councils reported they didn't prioritise housing affordability because they did not have the funding, resources or policies available to them to tackle the problem. More than half the councils who responded didn't have an overarching housing plan or strategy and eighty-eight percent of councils didn't have an explicit housing affordability target or goal. It was broadly viewed by the Councils that solving the problem lay at the feet of State and Federal Government.

The findings of this survey provide a clear indication for the state to take the lead on this issue.

Further, while HIA acknowledges the overall merit of the specific issues tackled within the proposed policies, previous experience from across the country indicates that unless the appropriate checks and balances are put in place single issue interest groups tend to overlook the very real cost implications for prospective home buyers in pursuit of a particular outcome. HIA is already witnessing such behaviour with endeavours by agencies within the government to introduce water sensitive design requirements despite evidence provided by HIA outlining the significant costs to future home owners associated with meeting the proposed requirements. Requirements that are addressing a community wide issue not a problem created by new housing.

HIA would argue there is a strong argument for the need to develop a stand-alone state policy that establishes the need for Local Government to facilitate housing diversity through their planning schemes as well as to provide an overarching requirement for all agencies to consider the cost impacts on new housing of any new initiatives.

For the most part State Planning Policies create issues for HIA members when they impact directly on residentially zoned land at the point at which development or construction is about to commence.

The message delivered to State Agencies and Local Government with the introduction of the new SPP's must be that constraints need to be identified and dealt with as early as possible in the plan making process and at the appropriate stage of development. To do otherwise results in the situation where highly valued land identified and purchased for development based on an expected yield is taken out of the land supply chain.

To this end HIA was somewhat alarmed at the recommendation within the paper that the applicability of policy issues will be identified through the use of Overlays.

Experience from other states particularly Queensland has highlighted that the over reliance on Overlays as a catch-all tool is unnecessarily adding complexity and cost to the delivery of housing.

HIA's view is that it is far more preferable for the community to have the issues which overlays are trying to address clearly resolved during the planning scheme preparation process.

There are many examples where overlays have been used as a mechanism to delay serious consideration of issues and hard decisions about a range of issues particularly of an environmental nature until an application on an individual parcel of land is triggered.

The residential construction industry should not be burdened because of the lackadaisical attitude of Local Government. In Queensland the overuse of overlays has created inconsistent approaches to important issues and has simply resulted in a higher level of inconsistency in decision making. The use of overlays in Queensland has created a level of complexity and uncertainty for industry practitioners that has not been previously witnessed. A less generous interpretation of the use of overlays is that it simply provides councils with an opportunity to derive higher fees from applicants.

For participants in the construction sector access to finance is contingent upon an assessment of risk. In a world where the finance sector has become extremely conservative how does a developer/builder approach a conversation with a financier to discuss the risk associated with developing a parcel of land when issues remain unresolved, including the level of assessment. The outcome is that despite land being residentially zoned the heightened level of uncertainty results in financial risk, additional costs, delays and ultimately a restriction on the supply of build ready land.

HIA would strongly suggest that stringent requirements be put in place governing the use of overlays and only those issues that are already known and mapped be addressed in this manner. HIA's position on the need to identify constraints at the appropriate stage in the process is included below.

HIA's Truth in Zoning Policy identifies the following key points.

1. Governments (being all governments or relevant authorities) should provide certainty in the application of planning controls on residential land.
2. In applying planning and environmental controls to land, Governments should firstly verify and then disclose all known constraints which they intend to apply and at which stages of the development process.
3. The key stages at which known constraints should be declared and applied by governments are:
 - a. Designation for urban development;
 - b. Zoned for urban Development;
 - c. Subdivision planning approval;
 - d. Registration of title and sale or redevelopment of lots.
4. The known constraints should only be applied by Governments at the designated stage in the development assessment process.
5. If a constraint is missed, or unknown, by a Government at an earlier stage of development, it cannot be retrospectively applied.
6. All major constraints on land should be accounted for by the build stage (that is prior to stage 4: registration of title) leaving builders, and home buyers, to only account for site layout, setback matters and known environmental constraints as outlined in council planning schemes.
7. Requests from councils to apply constraints that have no foundation in state planning schemes or documents incorporated within planning schemes should be rejected outright.

In conclusion, HIA maintains that one of the overarching principals of the Planning Reform process should be that a streamlined and efficient planning system not come at the cost of a negative impact on housing affordability. To ensure this is achieved, a Cost Benefits Analysis of all proposed initiatives that have a possible impact on residential building and land supply costs should be undertaken as a priority.

HIA has provided more detailed commentary on the most concerning aspects of the proposed planning policies in the attached submission.

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED



Stephen Knight
EXECUTIVE DIRECTOR
South Australia



SUBMISSION BY THE
Housing Industry Association

State Planning Policies
for South Australia

September 2018

HIA Comment – State Planning Policies

State Planning Policies are the policies that guide matters of importance to the state in relation to land use and development activities that influence our environment, livability, sustainability and prosperity. The policies therefore need to be explicit as possible to ensure state and local governments and the development industry work cohesively together to grow our economy making South Australia an attractive location to live, work and to invest.

South Australia has a 30 year strategic plan with set targets. Planning Policy must therefore be instrumental to ensure those targets are reached through practical / cost effective design code requirements. Increasing residential densities of 85% in metropolitan Adelaide and 90% in the Outer Greater Adelaide area in many cases will create its own difficulties.

The current level of 76% of new housing in the Greater Adelaide (2018) is infill development in existing metropolitan suburbs, through “small lot housing”; which has demonstrated that it generally provides “no” practical opportunity to create high quality public green spaces, rejuvenated street scape or the 20% increased green cover. Planning Policy must therefore provide incentives to encourage Local Government (caretakers & managers of residential open spaces, parklands & residential streets) and state authorities to acknowledge that they have a major roll, to be instrumental in establishing the infrastructure needed to support livable and walkable neighbourhoods within existing communities. New residential developments such as Lightview, Bowden, St Clair and Tonsley, have not compensated for the lost opportunities where increased density levels have occurred in the established metropolitan areas.

The increases in rate revenue, property valuations and the income from the planning and development fund from the development occurring in these existing areas, is being enjoyed by the state and local authorities without any real commitment towards the targets of the strategic plan or these proposed Planning Policies around rejuvenated street scape, increased green cover. In fact current information indicates that some Councils are reducing the amount of open green spaces and reduced numbers of street trees, because of high maintenance costs, the exact opposite to the draft planning policies.

Policies around regeneration and renewal of neighbourhoods to provide a diverse range and choice of high quality affordable housing, quality public spaces, rejuvenated streetscapes especially with additional green cover will only be achieved with active participation and commitment of local and state governments. The allocation of funds from the so-called “planning and development fund” must be reviewed so that funds are allocated in the area of the development or alternatively in the areas of most need. The fund should also be available for rejuvenation not just new projects.

Policies around higher density and walkable neighbourhoods appear to be at odds to the general inner suburban communities who appear to be mobilizing against density increases, diversified housing choices and reduced car parking around intense residential developments. Reduced reliance on cars, increasing public transport, electric cars in the inner metropolitan area will need to be introduced gradually as community expectations adapt to proposed planning policies. Reduced car parking in high density developments is currently not be acceptable to the general community.

Climate Change

Planning has an important role to play in creation of healthy neighbourhoods and managing the built environment to ensure the ability of the community to adapt to climate change and the reduction of greenhouse gas emissions. Policies that promote alternative sources of energy at the neighbourhood level should primarily be aimed at Class 1 buildings that represent the majority of buildings constructed, and would therefore have the greatest impact. Class 1 buildings are currently the only classification required to achieve a 6 star rating through construction requirements without the ability of tradeoffs for such items as ceiling fans, alfresco areas, solar fans or such other equipment.

Affordability of housing through alternative energy efficiency measures would benefit from concessions for alfresco areas and ceiling fans being included within the 6 star criteria. Climate smart housing using solar panels again included within the 6 star criteria will provide that alternative neighbourhood energy supply, without impacting on affordability.

Housing Supply and Diversity

One of the objectives of the Planning Policy is the supply of a diverse range of affordable and sustainable housing that are well serviced with local shops, community facilities, walkable neighbourhoods and public transport. The objectives around livable housing and water sensitive urban design add considerable costs and will defeat any concessions provided through planning policy bonuses.

Water Sensitive Design

Planning Policies around water sensitive design in Class 1 residential projects is of major concern to the Housing Industry Association, through the impact of affordability from performance based solutions and additional infrastructure. Development applications with performance based solutions will also be unable to be treated as complying development. This matter was previously proposed in 2003 resulting in the development of Ministers Specification SA 78AA where the use of onsite retention devices is restricted to soil types class A & S or class M-D where the characteristic surface movement (γ value) is equal to or less than 25mm, as defined in AS 2870 and where the following conditions exist;

- The slope of natural ground does not exceed 1 in 10; and
- The depth of rock is 1.2m or greater; and
- The ground water table is permanently below 1.5m from the natural ground surface or the final ground surface, whichever is the lowest.

The use of on-site retention devices is NOT recommended on residential sites classified as H-D, E- and P. The existence of water sensitive design devices coupled with the proposed deep zone plantings on metropolitan allotments particularly small allotments will have an immediate effect on the performance of residential footings on reactive clay soils. The issue of potential liability of the approving authority is present and must be considered seriously before the introduction of WSUD guidelines.

One solution put to industry when discussing WSUD on residential sites that may be affected by reactive clay soils was simply to make payment to the Planning and Development Fund. Such solution is just another tax on development affecting affordability. The WSUD principles may be more suitable for larger allotments such as those used for commercial and industrial infrastructure or community parks and gardens administered and maintained by local authorities. Increased greening of metropolitan streets may also provide opportunities for such practices.

Summary

The South Australian community have been advised that the State Planning Policies set the foundations for a very new planning system designed to implement the 30 year strategic plan through integrated delivery and management of the state's infrastructure, but also to have oversight of land use planning and development control. The new "e" planning system will no doubt facilitate development activities proposed by the private sector, but until such time as the Design Code and Planning Development & Infrastructure Act Regulations are produced there is no real indication of how these policies will be delivered, and without impacting on affordability. The Planning Policies will require some commitment by State and Local Governments whom in many instance are the caretakers of the public infrastructure.