

AFFORDABLE HOUSING

Developer Information Sheet 01:

AN OVERVIEW OF THE AFFORDABLE HOUSING PROCESS

What is affordable housing?

Affordable housing provides people with varying incomes with new housing opportunities, as well as delivering housing which is compatible with the community's needs. With low to moderate income households making up over 60 per cent of the households in our state, the provision of 'affordable housing' has been incorporated into South Australian Government policies to ensure people in this income bracket have an opportunity to purchase and rent in significant new housing developments.

Affordable housing is included in the:

- *Development Act 1993*
- *Planning Development and Infrastructure Act 2016* (not yet enacted)
- Housing Strategy 2013-2018
- State Planning Documents (*30 Year Plan for Greater Adelaide* and other regional policies)
- State Planning Policy Library
- Local Government Development Plans
- The Premier's Seven Strategic Priorities - 'An affordable place to live' and 'SA – the most affordable State in the Nation'.

Criteria for affordable housing is described by Notice in the Government Gazette under the *South Australian Housing Trust Regulations 2010*.

Currently, affordable housing is a dwelling or land that is:

- Offered for sale at or below a nominated affordable price point (table below), and updated periodically by notice in the Government Gazette.
- Offered for sale to eligible low to moderate income earners (up to \$75,000 for singles, up to \$95,000 for couples and families, plus a further allowance of 8 per cent per additional child) or affordable rental providers
- Subject to a legally binding agreement that ensures these requirements are met.

Affordability Indicators as at June 2017 (Pricepoint)	Greater Adelaide	Located with the CBD	Greater Adelaide Approved 15% Variance	Rest of State	Rest of State approved 15% Variance
House and land purchase price (Inc. of GST)	\$332,000	\$381,800	\$381,800	\$269,000	\$309,350
Land purchase price (Inc. of GST)	\$149,400	N/A	N/A	\$121,050	N/A

'Greater Adelaide' means Greater Adelaide as defined in Map D1 of the 30 Year Plan for Greater Adelaide, a volume of the south Australian Planning Strategy published in 2010.

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As well as being affordable, it is also important that the housing or land:

- Addresses the needs of the targeted demographic
- Is good quality, similar/complementary with the rest of the development and well integrated
- Provides for a mix of dwelling types and tenures
- Is located to maximise access to transport and services wherever possible
- Can incorporate energy efficient features that lower the ongoing costs of running the dwelling.

When do I need to include affordable housing?

The provision of 15 per cent affordable housing must be addressed in applications for development approval for residential projects where the:

- Development Plan Residential Code, Overlay and Zones show affordable housing should be included
- Developer wants to gain access to planning concessions for affordable housing outlined in the Development Plan
- Development is categorised as a major project
- Land derives from government sale or government joint ventures.

Proposals which do not include affordable housing need to show a clear planning rationale in the application, or undertake a discussion with Council or the relevant authority, to satisfactorily demonstrate why the provision will not be met.

How do I include affordable housing in my development?

1. Address affordable housing in relation to your Development Application
2. Contact Renewal SA and sign a Land Management Agreement to commit to deliver affordable housing
3. Your development application is assessed and approved
4. Lodge your Affordable Housing Plan with Renewal SA that outlines your stage plan and product mix
5. Design your affordable housing lots and dwellings to meet affordable housing price point and market demand. These can be completed homes, house and land packages, or land allotments
6. Ensure you include your affordable housing product in the marketing activities for your project, and access free listings on our website – www.affordablehomes.sa.gov.au, as well as www.realestate.com.au and www.domain.com.au by promoting home ownership product through the Affordable Homes Program. This will target your product to eligible buyers as required by your Land Management Agreement
7. Report sales

What is the role of Renewal SA in the development approval process?

Renewal SA's Affordable Housing team provides referral advice to assessing authorities on development applications regarding affordable housing. Our role is to:

- Meet with proponents to understand the nature of proposed developments and identify opportunities to integrate affordable rental and home purchase options

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- Negotiate relevant legal agreements
- Advise on available affordable housing programs, such as funding and partnership opportunities, including with affordable rental providers
- Assist you to market homes and land to eligible buyers and manage the eligibility process
- Report to State Government on affordable housing and land delivered under the policy
- Liaise with other government agencies on the Affordable Housing Policy.

What does Renewal SA do with my application?

Renewal SA advises the relevant authority whether there is a legal agreement in place to provide affordable housing. If there is no legal agreement, Renewal SA may recommend the Development Assessment Commission or Council to stop the clock while further information is sought, or that they refuse the application on the basis it does not provide affordable housing.

If the development plan includes different planning requirements for affordable housing that you propose to take advantage of (i.e. reduced site area and car parking), the relevant authority will need evidence/confirmation that the development has an affordable housing legal agreement in place.

Can Renewal SA issue a development approval?

No, the approval authority for developments is the assessing authority.

What is an affordable housing legal agreement?

Renewal SA provides a standard legal agreement in the form of a land management agreement under section 57 or 57A of the *Development Act 1993* for securing affordable housing. Agreements can also be negotiated individually to respond to particular circumstances that may require variation.

The agreement is fundamental to your development application and should ideally be negotiated prior to lodging. The agreement does not require final plans and prices to be specified at this point, as these will be worked through with you after you have development authorisation.

What information is required for an affordable housing pre-lodgement agreement?

To satisfy the affordable housing requirements, an executed legal agreement is required. The agreement covers all the conditions described above.

What is an affordable housing plan?

An affordable housing plan is a staging plan that outlines how your development will meet the 15 per cent affordable housing requirement across the project. The plan should take into consideration the location of allotments, indicative pricing, and target tenure mix of the affordable housing.

The plan can be revised and amended to reflect changes to subdivision and development plans as the development project progresses.

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Can I sell a house and land package at greater than the set price point?

Yes - dwellings being sold for the purpose of affordable rental (i.e. to a community housing provider) can be sold for more than the set price point, as the 'affordable outcome' is captured by the affordable rental.

For sales to eligible home buyers, a variance of up to 15 per cent above the maximum sale price can be applied for in specified circumstances. The variation helps developer's offer better quality affordable housing, both in the initial purchase price and ongoing costs (where ongoing living costs may be reduced as a result of these initiatives). Affordable housing being offered as land only is not able to receive a variance to the price.

What is an exclusive listing period?

For affordable allotments and housing aimed at home ownership, developers will be required by the legal agreement to offer product exclusively to eligible buyers for a specified period of time at a fixed price before releasing that product to the open market at the same listed price. This is usually a period of thirty days but refer to your affordable housing agreement for details.

If a developer/agent subsequently reduces the sale price, the lower price must be advertised for eligible buyers for a further 30 days. This may be a part of your original exclusive period, or after the original exclusive offer period has ended.

Can I use a display home as an affordable house?

Yes - display homes showcasing affordable housing allow eligible buyers to actually see the house rather than having to visualise it from floor plans and drawings. For more information, contact your Affordable Housing Officer for more details.

What if I have other ideas to develop affordable housing?

The Affordable Housing team is always looking for new innovative ideas to develop affordable housing and may be able to help you identify partnership and funding opportunities. Contact the team to discuss your ideas.

Further information

Affordable Housing Team

Housing Strategy & Development

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