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**SOCIAL SUSTAINABILITY THROUGH  
AFFORDABLE HOUSING IN SOUTH AUSTRALIA**

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**ABSTRACT**

The South Australian Government is implementing an ambitious 30 Year Urban Plan to provide a transit driven future accommodating high population growth within existing areas and on fringe land.

Provision of Affordable Housing is a key planning initiative supporting this socially sustainable mix and growth.

The government has set a target of 15% Affordable Housing in all new significant developments, with a major focus on the Adelaide Metropolitan area. Planning and Housing Legislation has been aligned at all levels from the State Strategic Plan and the Planning Strategy through to Council Development Plans, with enabling planning policy. The private and NGO /community housing sectors are considered key partners in achieving these outcomes.

Within the housing continuum, holistic urban regeneration in areas of high public housing concentrations as well as small scale incremental infill programs are in progress, delivering best practice adaptable housing and energy efficiency. Running parallel with this, Housing SA is pioneering a raft of innovative financial mortgage products in the State such as a 'shared equity' product that provides easier access to home ownership in high demand areas.

The paper will outline the progress made, highlight project outcomes and deliver some thoughts on existing and future challenges in meeting the affordable housing targets.

## **1. INTRODUCTION**

Affordable housing provision is central to the objectives of spatial and land use planning in supporting, maintaining and rebuilding communities in socially sustainable ways that are well designed, well located and serviced and inclusive of diversity.

This brief paper provides an overview of the interrelated national and state strategic contexts for affordable housing and the approaches South Australia is taking to achieve a greater supply and better distribution of affordable housing.

The strategy draws builders, developers, planners, designers, not for profit organisations, local government and local communities in delivering stronger more sustainable communities.

## **2. THE AFFORDABILITY ISSUE**

In line with many other countries during the last decade, Australia has experienced rising housing purchase and rental prices that have significantly affected housing affordability for many Australians, particularly low and moderate income earners. Over 1 million Australians are currently experiencing housing stress, which means that they are paying over 30% of their gross income in housing costs, negatively affecting their quality of life. On average, households are now paying seven times their annual income to purchase a median priced home, compared to three times household income thirty years ago.

There are many complex and interrelated factors affecting housing affordability driven by changes in financial markets, demand patterns, and lack of housing supply and costs. Supply shortages are most acute in the lower cost end of the rental and home purchase market.

Our cities are in danger of becoming increasingly polarised – location by income. In Adelaide's well located, middle ring suburbs, home ownership is becoming more difficult to access for households seeking entry and re-entry into the market.

A very tight rental market with high rental bonds and high rental prices is making it difficult to save for a deposit. Increasingly, many households are being forced to live a long way from the city in city fringe suburbs and satellite towns with limited and costly access to transport, services and employment. Furthermore, traditional house designs, such as the three bedroom suburban home on a large allotment, no longer meet the needs of a significant number of households due to changing demographics such as smaller or very large households and the growth of the aged population.

The South Australian Government has implemented a number of measures to address these affordability issues and to ensure that its suburbs are accessible and socially inclusive.

### **3. STRATEGIC CONTEXT FOR CHANGE**

The following national and state government initiatives provide key strategic and policy direction for sustainable settlements and affordable housing in South Australia.

#### **South Australia's Strategic Plan (SASP):**

The South Australian Government released South Australia's Strategic Plan (SASP), titled 'Creating Opportunity', in March 2004. It has recently undergone an extensive consultation and review period with an updated plan released by the Premier on 8 September 2011.

The SASP contains six priorities: Community; Environment; Education; Prosperity; Health; and Ideas. The SASP includes 100 targets across these six objective areas. Relevant Housing targets include:

- Halve the number of 'rough sleepers' in South Australia by 2010 and maintain thereafter;
- Double the number of people with disabilities appropriately housed and supported in community accommodation by 2014;
- Increase affordable home purchase and rental opportunities by 5 percentage points by 2014;
- Lead the nation in the proportion of low income earners not experiencing housing stress;
- Reduce overcrowding in Aboriginal households by 10 percent by 2014;
- Maintain regional South Australia's share of the state's population (18%); and
- Increase South Australia's population to two million by 2027.

Government of South Australia, Department of Premier and Cabinet, South Australia's Strategic Plan 2011, <<http://saplan.org.au/media/>>, accessed 21 September 2011.

#### **South Australian Planning Strategy:**

The Planning Strategy for South Australia provides strategic direction on all land use and spatial development in South Australia for the greater metropolitan and regional areas over the medium term (a period of 10-15 years). It is divided into several parts.

The 30 Year Plan for Greater Adelaide sets out the state government's vision to 2036 for the growth and development of this most populated and rapidly growing part of South Australia.

The plan envisages steady population growth of 560,000 people, construction of 258,000 additional dwellings, creation of 282,000 new jobs and economic growth of \$128 billion. It outlines where people will live, where jobs will be located and where future transport and other infrastructure will be provided. It also describes how the city's history, character and environmental heritage can be protected and how the risks and potential effects of climate change can be managed.

A key thrust of the plan is to better restructure the city around transit corridors and nodes, encouraging medium and higher density within walking distances of public transport. Each of the eight metropolitan sub regions has been allocated a dwelling growth target and an affordable housing target.

The total 30 year affordable housing target for greater Adelaide is 38,700 or 15% of the total 258,000 new dwellings predicted over that time, to be achieved through the Government's policy of 15% affordable housing provision in new significant developments.

The significant challenge lies in the fact that over 70% of the anticipated net total of 258,000 homes will be provided through infill and urban regeneration in established areas. Large and small scale urban regeneration of public housing concentrations will continue to contribute significantly to this process but to realise this level of infill growth is going to require collaboration by all stakeholders in housing and urban development.

The 30 Year Plan for Greater Adelaide, A volume of the South Australian Planning Strategy, Government of South Australia, Department of Planning and Local Government, <<http://www.planning.sa.gov.au/index.cfm?objectid=A1338ACE-96B8-CC2B-6441074DC0CE0767>>, accessed 21 September 2011.

### **National Affordable Housing Agreement (NAHA)**

The Council of Australian Governments (COAG) agreed to a National Affordable Housing Agreement (NAHA), which commenced on 1 January 2009. The NAHA is a broader agreement than the former Commonwealth State Housing Agreement. It covers measures at all levels of government that impact on housing affordability and provides greater flexibility to address the housing issues that are specific to each state and territory.

Australian Government, Department of Families, Housing, Community Services and Indigenous Affairs <<http://www.fahcsia.gov.au/sa/housing/progserv/affordability/affordablehousing/Pages/default.aspx>>accessed, accessed 21 September 2011.

Australian Government, Department of Families, Housing, Community Services and Indigenous Affairs, Regulation and Growth of the Not-For-Profit Housing Sector: Discussion Paper: <[http://www.fahcsia.gov.au/sa/housing/pubs/homelessness/not-for-profithousingsector/Pages/social\\_housing.aspx](http://www.fahcsia.gov.au/sa/housing/pubs/homelessness/not-for-profithousingsector/Pages/social_housing.aspx)>, accessed 21 September 2011.

## **South Australia's Housing Plan & Affordable Housing Policy**

The State Housing Plan was launched in March 2005 and outlines the South Australian Government's plan of action in meeting the housing needs of South Australians. The Plan sought new productive relationships between government, industry and the not-for-profit sector as the foundation for the provision of affordable and high need housing.

A centrepiece of the 2005 Plan was the target of 15% affordable housing, including up to 5% high needs in all new significant new developments.

Affordable housing outcomes include new social housing stock, affordable rental through the Commonwealth Government's National Affordable Rental Scheme (NRAS) and homeownership opportunities targeted exclusively to eligible buyers. Eligible buyers can either be low and moderate income home buyers or community housing organisations looking to provide affordable rental opportunities.

The eligibility criteria and price point for the Affordable Homes Program are gazetted annually. The current Government Gazettal defines affordable housing in South Australia as new-build product, typically a house and land package, for sale under \$288,000. To date more than 2,000 affordable housing outcomes have been committed, with a further 2,000 currently under negotiation.

The current emphasis in the administration of the Affordable Homes Program is communication and policy development for new growth areas arising from the 30 Year Plan for Greater Adelaide. Work is ongoing with Councils in policy development at the local level and to support their adoption of affordable housing policies. Work is also ongoing with industry to develop good practices in the delivery of affordable housing options.

Increasing supply and improving quality of affordable housing continues to be a high priority. Its delivery will see an increased emphasis on partnerships between government, the private sector and not for profit housing providers.

### **4. PROPOSED HOUSING STRATEGY FOR SOUTH AUSTRALIA**

In response to changing national and local contexts a new Housing Strategy for South Australia is proposed that will position South Australia as one of the most affordable and liveable states in Australia.

The lead proposals to achieve this include:

- Facilitating place-making and community development approaches to urban redevelopment, and not simply the production of housing as we deliver on the Planning Strategy for SA.
- Opening up new markets in designated growth areas and transit oriented developments, and promoting innovative approaches to housing, including the provision of more than 1,000 new affordable homes per year. This includes an increasing range of affordable housing products from home purchase to rental and supportive housing.

- Supporting the growth of sophisticated not for profit providers as a major force in delivering the 38,700 metropolitan and 7,000 new regional affordable housing outcomes. This will be supported by a new Development Initiative which will identify and tender strategic development opportunities based on stated affordable housing objectives and encourage private and non government partnerships in their delivery.
- Setting up a new Consumer's Network to advise the Minister for Housing on community engagement strategies for housing services and provision.
- Advancing social housing renewal to improve the physical and social infrastructure of former social housing estates to make a substantial contribution to the reshaping of our urban form envisioned in the 30 Year Plan for Greater Adelaide. Success will be measured by the delivery of high quality, integrated design that is driven by neighbourhood and consumer engagement.

The lead proposals of the proposed Housing Strategy provide significant opportunity for growth of organisations and housing supply. They will also present challenges which require innovation and resilience. Some of the key opportunities include:

- Increased effort in integrated design, sustainability and capturing the vision and strengths of existing communities;
- Expanding affordable housing choice;
- Supporting capacity and growth of larger not for profit providers; and
- Working with government and community agencies to provide more support to ensure successful tenancies in private rental are achieved.

Ultimately the Housing Strategy should deliver reforms which result in a housing sector that delivers high quality affordable housing within sustainable inclusive communities.

## **5. INNOVATION IN AFFORDABLE HOUSING DELIVERY**

Housing SA is the key agency within the Department for Families and Communities in South Australia tasked with delivering a broad continuum of housing outcomes and client management in partnership with NGOs, community housing and the private sector.

Accessibility, good quality housing and urban design are central to any development. Housing SA has been working to encourage innovation in built form that achieves new housing at lower prices than the prevailing market product, while also retaining quality and providing ongoing affordability and greenhouse gas reduction by incorporating sustainable features.

For home purchase, often affordability can be achieved through built form alone and therefore not require any subsidy or protection of that subsidy (ie market value is within the affordable price point set). In the future, that property will then retain its position in the market and provide a built form that will theoretically sell at a lower price point than surrounding larger product.

In many affordable housing developments, it may be desirable to secure affordability outcomes in the longer term, such as through maintaining the housing outcome as affordable rental stock or ensuring any subsidy provided for home ownership is protected.

## **Financial innovation**

Housing SA has worked with HomeStart Finance to develop the Shared Value initiative, a shared equity product that enables eligible buyers on low to moderate incomes to purchase a home at below market value in higher costs areas, typically in well located middle ring suburbs with good access to critical services such as transport and health.

The process allows for the purchaser to take out finance on a percentage of the value of the home (up to the affordable price point of \$288,000 for example), and defer payment of the remainder (up to the market value). The value between the price paid by the purchaser, and the market value, is 'held' by Housing SA/ HomeStart Finance. The deferred payment, plus an appreciation factor, is then used to provide for affordable housing shared equity product in the future thereby providing long term community benefit.

Government of South Australia, Department for Families and Communities, Affordable Housing Innovations Program <[www.housing.sa.gov.au/affordable](http://www.housing.sa.gov.au/affordable)>, accessed on 21 September 2011.

## **Ensuring quality housing and urban design**

Quality housing and urban design issues are central to every development, but its importance can be heightened in developments that include a proportion of affordable housing where there is a need to counter negative public perceptions. In addition, lower income households have less market choices that are affordable to them and therefore can be compromised on desirable quality issues.

Housing SA guidelines such as the draft **Affordable and Market Design Guidelines, Good Residential Designs of SA and the Housing SA Sustainable Urban Design guidelines** are important resources for Councils and developers that provide affordable housing. Housing SA works with developers and builders to provide housing that incorporates the quality and design elements as outlined in these Design Guidelines.

The values that underpin housing design and management to achieve socially sustainable development are:

- integration and inclusivity;
- access and movement;
- vitality and creativity;
- community wellbeing; and
- sustainability.

Principles derived from these values which are being explored and incorporated include:

- Housing designed to meet the needs of a diverse range of households, incorporating a mix of dwelling unit sizes and tenures catering for families, couples, youth and children with some dwellings designed to accommodate older and disabled residents.
- Provision of adaptable dwelling designs to enable residents to age in place.
- Housing designed to be integrated with and responsive to adjoining land uses and amenity.
- Affordable housing designed to promote equity and fairness in the distribution of facilities and ongoing maintenance.

- Housing that invites residents to be involved in the maintenance of public/communal and semi-private open spaces.
- Housing that is managed in a way that does not preclude normal household or family living and functioning such as by the inclusion of non-family provisions in Body Corporate By-Laws.

Government of South Australia, Department for Families and Communities, Housing SA, Draft - Commentary on housing design guidelines: Bell Planning Associates, September 2011.

### **Affordable Housing in practice – Housing SA demonstrations**

Housing SA has been involved for many years in small and large scale urban regeneration programs and projects, either on its own or with private sector partners. These are usually associated with efforts to reduce locational disadvantage experienced in areas of high social housing concentration, while replacing poor quality housing that no longer meets the customers' needs.

### **Large scale Urban Regeneration**

#### **Playford North**

This is a 4,000 home urban regeneration initiative involving the Land Management Corporation, City of Playford and Housing SA. The project is one of the largest in Australia and will cover approximately 1,000 hectares in Northern Adelaide (including the suburbs of Munno Para, Andrews Farm, Smithfield Plains and Davoren Park) located about 30 kilometres north of Adelaide.

The existing suburbs of Smithfield Plains and Davoren Park will experience extensive upgrading, while new residential areas will be established in Munno Para and Andrews Farm. The project will deliver:

- improved and new public housing
- deconcentration of public housing stock
- construction of more than 8000 new houses
- better education and job opportunities
- improved public transport
- improved health and other community services
- improved quality of open spaces
- a stronger voice for the local community and more opportunities for you to have a say.

Government of South Australia, Land Management Corporation, <<http://www.playfordalive.com.au>>, accessed 21 September 2011.

## Woodville West

The Woodville West Urban Renewal Project is a \$130 million transit proximate project that aims to create a new neighbourhood of innovative medium and higher density residential redevelopment, and provide inner suburban living for a diverse range of households. The project represents the new generation of urban renewal for Housing SA and is one of the first urban infill projects to be implemented under the 30 Year Plan for Greater Adelaide. The project area is approximately 10 kilometres from the Adelaide CBD within the City of Charles Sturt, and extends across approximately 13 hectares.

Woodville West will be reinvigorated over a period of seven years to include a better mix of housing and affordable housing opportunities which are close to a key transport corridor and station with transit oriented development (TOD) potential. Through the project, more than 425 new dwellings will be constructed. Of these, it is proposed that 64 will be for social housing, 139 will be for affordable rent or home ownership and 225 will be sold on the private market.

The project will incorporate:

- a mix of new house styles
- improved traffic management
- an increase in open space
- provision of pedestrian and cycle paths
- improved street lighting and landscaping
- new public spaces, including a village square that will provide space for shops and community facilities.

Government of South Australia, Department for Families and Communities, Housing SA, <<http://www.dfc.sa.gov.au/pub/Home/Communitydevelopment/Urbanrenewal/WoodvilleWestUrbanRenewal/tabid/1021/Default.aspx>>, accessed 21 September 2011.



*Woodville West is a lead renewal demonstration project to provide a mix of affordable and market apartments and housing in a walkable, liveable community. Construction began in 2011 and will include over 425 dwellings, with:*

- 15% social housing, provided by government or not for profit agencies
- 85% to be sold to private sector, including at least 10% affordable rental and 10% affordable home purchase

## Small Scale Urban Regeneration

### Better Neighbourhoods Program

This small and medium scale redevelopment program provides new for old public housing which is more appropriate to tenants' needs; energy efficient; indistinguishable and adaptable. The program is self funding by subdividing and selling additional lots created. Tenants can stay in the same neighbourhood, close to services, friends and facilities.

The Better Neighbourhoods Program is:

- creating a better, more sustainable social mix;
- reducing Housing SA's maintenance liability;
- enhancing streetscapes; and
- slowing the loss of public housing.

The Better Neighbourhoods Program has been operating in most suburbs throughout Adelaide and in country towns with aging public housing stock.



## High Rise

The UNO Apartments at 102 Waymouth Street in the Adelaide CBD was funded by the Commonwealth Government as part of the Nation Building Economic Stimulus Plan in conjunction with the South Australian Government, Housing SA and the Affordable Homes Program. It provides an innovative new direction for the government in high rise construction that specifically includes an affordable housing component. The 16 floor building has a mix of apartment types that are priced from the affordable, entry level to the premium end of the market for established buyers and investors. The building incorporates street level retail space, car parking and a selection of 1, 2 and 3 bedroom apartments.

### The UNO Apartments:

- Deliver an innovative residential development that provides housing affordability, adaptable and accessible housing well located with access to services and public transport.
- Provides housing diversity with 1, 2 & 3 bedroom apartments and youth housing;
- Includes tenure mix with social housing, affordable rental, affordable home purchase and market sales;
- Support environmental and economic sustainability through use of low maintenance materials

Government of South Australia, Department for Families and Communities, Housing SA <<http://www.unoapartments.com.au/uno-apartments-location-waymouth.html>>, accessed 21 September 2011.



*UNO Apartments at 102 Waymouth Street, Adelaide is another example of the tenure and affordability mix in this Prospectus.*

*It comprises 146 housing outcomes, with:  
116 individual apartments:*

- 27 social housing,
- 27 affordable rental - NRAS (leased @ 80% of market rent),
- 28 affordable home purchases, ranging from \$195,000 to \$331,000), and
- 34 market housing, ranging in price from \$260,000 to \$700,000.

*The podium contains a separate 30-bed youth service facility for homeless youths. There is also retail on the ground floor fronting Waymouth Street.*

*Construction of this 17-level apartment building commenced in October 2010 and is due to be completed by June 2012.*

## **6. CONCLUSION**

Achieving and maintaining socially sustainable communities is a guiding objective for South Australia. This objective is made up of many contributing attributes and underpinned by principles like equity, fairness, access, social justice, mobility and social and cultural diversity.

While housing affordability is not a new issue, it has been exacerbated over the last 10 to 20 years due to a number of interrelated and compounding factors such as changes in financial markets, demand patterns and lack of housing supply and costs.

In South Australia, reduced access to affordable rental and home ownership for low and some middle income households compromises a number of these principles.

South Australia is proactively and successfully implementing measures to more clearly identify housing affordability problems and opportunities, and solve these by establishing a coordinated raft of initiatives, including a new Housing Strategy, that seek long term change through the collaboration of a range of key players, and one that places households and communities at its centre.

## REFERENCES

Government of South Australia, Department of Premier and Cabinet, South Australia's Strategic Plan 2011, <<http://saplan.org.au/media/>>, accessed 21 September 2011.

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Australian Government, Department of Families, Housing, Community Services and Indigenous Affairs, <[http://www.fahcsia.gov.au/sa/housing/progserv/affordability/affordable\\_housing/Pages/default.aspx](http://www.fahcsia.gov.au/sa/housing/progserv/affordability/affordable_housing/Pages/default.aspx)>accessed, accessed 21 September 2011.

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Government of South Australia, Department for Families and Communities, Housing SA <<http://www.unoapartments.com.au/uno-apartments-location-waymouth.html>>, accessed 21 September 2011.

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